



LAW FACULTY

International Studies School

**Thesis previous to obtaining the Bachelors Degree in International Studies,
bilingual minor in Foreign Trade**

TOPIC:

**The use of ICTS as a tool for internationalization of small and medium
industries in Ecuador.**

Case Study: “Empresa Rafael Paredes e Hijos”

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DEDICATION

This thesis is dedicated to my grandparents, my parents, my sisters Micaela and Manuela and Diego Sebastián for his unconditional support.

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ABSTRACT

The topic of this thesis has been chosen as a result of the dynamic of SME'S in Ecuador and how they could achieve the internationalization of their Brand through new technologies less expensive than the traditional ones. Currently, information technology and communication strategies are used by industries to improve their Brand and to be known internationally. In the past the options that could be used by companies were limited. They needed to have a huge budget to achieve an international name. Internet has inaugurated a new era of business opportunities. This paper is an analysis of the Case Barranco's Company. The study will be developed through the use of TICS as a way to the internationalization of the brand using a Facebook campaign in a period of three months comparing the traditional ways that were used before and the new, better and cheaper ways.

Through this thesis I will analyze how efficient the use of specific TICS can be for small and medium industries in Ecuador. Additionally, I will demonstrate how much money can be saved using these technologies.

GENERAL INTRODUCTION

Information and Communication Technologies are changing the world and especially the way in which we do business. Through the analysis of this paper I propose the use of digital marketing as a new alternative when internationalizing a brand.

In this paper I analyze the brand internationalization of small and medium enterprises because of their limited budget and the costs that its internationalizations represent in the past were so high for these companies. Through this thesis a Facebook campaign will be developed for three months, which will be applied to Rafael Paredes & Hijos Company, through it I propose a new way of internationalization for small and medium industries.

Throughout the paper a detailed analysis of small and medium industries is performed in this way we will know their reality and what they everyday, in the first chapter we will know more about the development of small and medium industries in the world, their reality in Latin America and how they operate in Ecuador, how they work, what they seek and aspire. In this chapter it also be found the history of the Business Case Study

In the second chapter Internationalization Strategies of a brand will be discussed, ICT will be analyzed, its history, and what has been the process to generate the impact they have today, it is also the subject of study of ICT in Ecuador and what is its impact today. It also discusses terms used in digital marketing such as e - commerce, then the impact that ICT has on small and medium industries is analyzed. We also analyzed some virtual channels to promote products and what kind of options we can find in the market, we analyzed the case of Google Adwords and Facebook and finally we compare the traditional methods of internationalization vs. new technologies.

Finally in the third and final chapter there we find the Internationalization Strategy of Company Rafael Paredes & Hijos , for which we proceed to analyze Facebook as a tool for promoting small and medium businesses abroad, then we analyze the

campaign process and how it was carried out, its costs, duration and finally the results generated.

CHAPTER NO. 1 THE USE OF ICT AS A TOOL FOR INTERNATIONALIZATION OF SMALL AND MEDIUM INDUSTRIES

1.1 Introduction

Along the first chapter I will analyze what small and medium industries are. I will determine their importance and how they have evolved in the world and also in Latin America and Ecuador. Within this chapter it will be found the history of the company, case of study which name is “Rafael Paredes e Hijos”. I will analyze how it has been working the last years.

1.2 Small and medium industries definition

In order to make a correct analysis and understand small and medium industries, it is essential to know what they mean and what they entail.

According to the dictionary of the Spanish Royal Academy “Small and medium industries are commercial and industrial enterprises that are formed by a small number of workers and with a moderate turnover” (Real Academia Española, 2013).

The International Labour Organisation (ILO) believes that a small and medium industry "is a small business, it is an entity in which both production and management are concentrated in the hands of one or two people, also responsible for the decisions made in the company. "(OIT, 1982).

In developing countries and in those that already have strong economies there are some aspects to consider when we are rating companies. Some consider factors such as the number of employees working in the company, others combine some aspects and take into account both the number of workers as well as the annual sales volume or the amount of the initial capital. However, the most commonly used criterion is

the number of staff employed by the company. It is important to note that the participation of small and medium industries in the economy of a country is essential for the sustained growth of it.

Small and medium industries development varies according to the country where they are however the basic gist is the same. State policies currently focus on providing greater value to these companies so that they represent to their economies, in particular its role in generating jobs.

It is necessary to define some of the characteristics that define these industries as such. According to Ferrer and Tresierra (Julio, 2009), a company is classified as a small and medium industry if it has most of the following characteristics:

- No securities issued.
 - The owners don't have diversified investment portfolios.
 - The owners' liability is unlimited
 - The first generation of owners are entrepreneurs and risk-prone.
 - They don't have a full management team to lead the company.
 - They face high market costs.
 - The relationships between shareholders are less formal, and compensation schemes are highly flexible.
 - The fact that they don't have a financial history limited these companies at the moment of seeking funding
 - Its investors and lenders tend to demand personal guarantees and their shareholders could risk their personal bankruptcy
 - During the first year of incorporation, benefits and allowances of the owners may be delayed to safeguard economic and financial stability of the company.
- (Espinosa Mosqueda , Archundia Fernández, & Contreras Soto, Sistemas Contables,Fiscales en las Sociedades de Producción Rural, Sociedades Unipersonales, Fuentes de Financiamiento y Pymes, 2011, p.136).

It is also important to analyze some of the characteristics of the management of small and medium industries. In general these companies have very few technical talented

people and good customer contact at their management areas. Most of the times they don't have a plan for the future of the company. Their knowledge in specific areas such as finance, production, marketing, and others are very ambiguous and scarce, it is difficult to adjust themselves to changes caused in the environment and one of the greatest features is that the relationship between the managers are very informal which usually causes some conflicts when running the business.

Among small and medium industries we can find both industrial and commercial organizations as well as rural businesses or subcontractors working for larger companies, we also find specialty shops that offer certain products in the local market and small independent producers. According to the Centro de Estudios Bonaerenses (CEB, 1993) within the small and medium industries sector there are three main types.

First we find the innovative industry, which invests and takes risks. In second place we find the subcontractor industry, which has links with big business and is created as a result of strategies of these companies, therefore it has a strong dependence on them. Finally we find the informal industry, its market stability is based on subsidies received, tax evasion, family work, etc. (Lemes Batista & Machado Hernández, 2007)

After a brief introduction to what small and medium industries are and what their characteristics are, it is necessary to know a little more about their origin and how they have been developed over the years.

1.3 Small and medium industries in the world and in Latin America

The small and medium industries phenomenon was globally generated from the 70's, because of the fall of 500 large U.S. companies. On the other hand, the growth of the computer world, the services and the need for states to solve problems such as labor absorption give rise to this phenomenon.

The growth of services generates a change in the paradigm that companies are only those production units that produce goods. Through the growth of the field of

services there is also an appreciation of knowledge as a factor of wealth production. It begins to add value to intangible products that grow to an equal value or even greater than the tangible ones. To all of this it must be also added the growth of technology and the development of informatics. Now is when companies are on the need to reduce its size to have more efficiency, so the products make smaller and also industries do. (Villafuerte, 2003, p.4-5)

The fall of these 500 U.S. companies changes business dynamics and accelerates the growth of small and medium industries, the late 70's USA decides to adopt the neoliberal model leaving aside the same as Keynesianism that had helped the country to survive depression of the 30s.

During this time the expansion in size and staff of U.S. companies increased. Despite they produced durable goods, their production was being reduced leading to chaotic results in the financial sector and thus less competitive.

This led to all those companies to lose presence in the international market and therefore the U.S. economy was also affected and reduced by this fact. During this period Japan arises under a new philosophy led by Hiram and Deming about total quality and continuous improvement known as "Kaizen". It begins to have an important role in the economy taking charge and dominating large markets including the U.S. market offering products of high technology, user size and foremost products are available to customers. With this new philosophy, Japan breaks paradigms and starts a business domain by the hand of their production and outsource their production strategy of a TNC (Transnational Corporation) to a set of small and medium industries subcontractors . (Villafuerte, 2003, p.4-5)

Today, small and medium industries account for 90% of companies in the world and in the case of Latin America it is much higher even with the 97%, it means that the backbone of development of Latin American economies depend on them. Small and medium industries also generate 60% of employment in the region. These companies are characterized by being family businesses, they are still run by family members, and the affectionate tie that exists in one hand strengthens the bonds of the company

in the competitive issue but the process to take decisions becomes more complicated and slow. (Gómez B, 2012)

In the case of Latin America the amount of unemployment was very hard to face, they didn't find a final solution, subsidy policies and unemployment insurance were only temporary solutions to this problem. In less developed countries the entrepreneur state failed and this led to a continental order hyperinflationary process. The level of poverty in this area grew and as a result a greater number of people migrated to developed countries looking better life expectancies, this migrant population solves many problems in developed societies, however they also represent a burden for them. That is why there is the initiative that everyone develops their jobs, this idea is well accepted, the state should only provide better promotional framework to bring this new sector of small-scale family businesses called small and medium industries.

During the 80's some researchers appeared in Latin America as Fernando Villaran and Hernando de Soto, they talk about the benefits of these new sectors. The famous Peter Drucker believes that everyone can be an entrepreneur by identifying a business opportunity that has a long-term growth. He begins to eliminate the idea that to be an entrepreneur you need to have lots of money and large physical spaces, it also changes the prototype of the entrepreneur, it is no longer a need of high studies abroad and have a high socioeconomic level to lead a company, the new employer focuses on the common man, fighter who works every day to take his business forward and to make grow small and medium industries.

Within the statistical background it is important to mention that in the U.S. "40% of small and medium industries die before age 5, the 2/3 goes to the second generation and only 12% survive to the third generation. Also in the U.S. there are 22.1 million businesses that generate 129 million jobs and 5.8 persons per company occupies " (Villafuerte, Informe PYME-Región de Arequipa 2002, 2003, p.7)

"In other countries, considering the G-7 members as in the case of Japan, there are an average of 9.1 million small businesses that generate 67.2 million jobs, the average employment per enterprise is 7.4 people. While in Italy 5.2 people work per

company” (Villafuerte, Informe PYME-Región de Arequipa 2002, 2003, p.7) When we see this reality we realize that the small and medium industry sector is taking greater force in the economic and social area.

According to the Foundation for Sustainable Development (Fundes) (private organization that is responsible of the development of joint projects with large enterprise customers, government and other development agencies to improve market access, cost-effectiveness and efficiency of micro, small and medium enterprises in Latin America) in the region there are around 145 000 medium businesses and 716 000 small businesses, they contribute with 88% of all jobs and it is always related to the commercial sector, this is compared to only 10% represented by large companies.

In Latin American small and medium industries sector plays a very important role in the development of middle and low society areas. It also helps to create substantial revenue for the country. Its capacity to generate jobs and to hire people qualified or not helps to decrease unemployment. The role of small and medium industries is therefore vital for the economy of a country and also helps big companies to make their products. (Bustos, PYMES, 2003, p.4-5)

An important case to point is the one of small and medium industries in Chile where in most situations these are family companies, most of these companies provide services and in other cases they manufacture products, which are usually intermediate products and others for final consumption to be distributed in the local market. In this case the local development and product imports have forced small and medium industries to maintain a process of management professionalization and technological modernization in order to be more productive and clearly defined a business strategy to position itself in an specific area of the market. But the reality is that most of them haven't begun the process yet or they have difficulties due to lack of internal capacity or because both technological and financial market is not suited to their characteristics and needs. (Bustos, PYMES, 2003, p.4-5)

The change that are experiencing both small and medium industries in Latin America and in the world has had no historical precedent. It is a fast and independent

transition and this requires an adaptation to survive and at the same time develop a capacity for continuous learning. It is the time to question what went wrong, fix errors, innovate and create. It is also necessary to begin to evaluate issues and trends of the environment, lifestyle, technology, and actions habits would also be important to generate up to both speculation and move in unknown fields to adapt industries to the time and renew themselves. (Lemes & Batista Hernández Machado, 2007).

According to the report of Latin American Economic Outlook 2013 of the Economic Commission for Latin America and the Caribbean (ECLAC), small and medium industries have the potential to help increase the productivity of the region and complement the economies of scale of large companies. They also encourage and assist in the creation of clusters that can help reduce the poverty in certain sectors. In the last ten years it has begun to have more force small and medium enterprises, it is necessary to multiply efforts to break entirely low productivity and be more competitive in the marketplace. Government policies play a crucial role and they must go through a maturation process in order to achieve sustainability in time. The government should be aware about the heterogeneity of these companies and the deal or policies offered should be imposed depending on each.

While small and medium industries in Latin America provide employment, production continues to maintain very low, this is a clear reflection of a heterogeneous production structure. These industries have products with low added value and low export share, which is less than 5% in most countries. Another problem that they face is the high cost of their fixed costs by the little economy of scale.

In Latin America there are high differences in terms of productivity, these differences are present within sectors, there are differences between them and between companies within countries, these differences are much larger than those that exist in developed countries. This term is defined as structural heterogeneity, and as a result it creates huge differences between companies and employees, it also creates social inequality, meanwhile the business sector is affected because its incorporation into the technical process and their bargaining power is reduced.

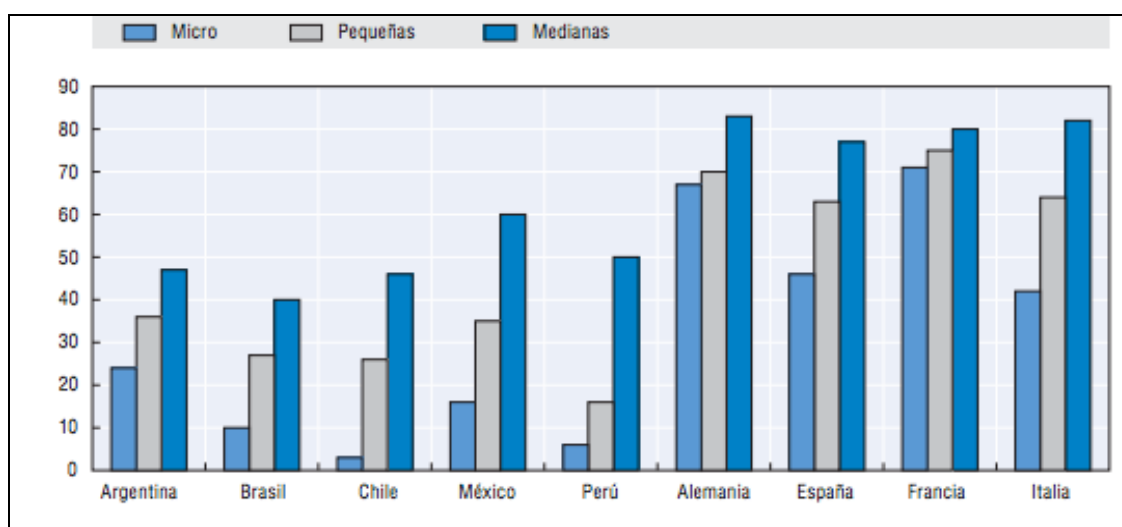
Small and medium industries are in a disadvantageous position compared to the other companies, and if they fail to overcome their difficulties, they won't overcome their poverty problems and they won't neither improve their productivity and competitiveness. (Cimoli, 2005).

For an improvement of small and medium industries it is necessary to evolve strategies through a new and clear public policy for this segment, it is also necessary to include longer periods of maturation through actions that endure over time. It is important to strengthen the institutional capacities to develop these policies in an effective manner. Flexibility is very important to adapt to changes in production structures and international stages and finally do not forget to consider the various segments of the heterogeneous group of small and medium industries. In this way these companies could become a transformation engine for Latin America economies.

One of the main characteristics of small and medium industries in Latin America is their heterogeneity. We find companies that meet survival needs, as other high-capacity seeking to take advantage of market opportunities through innovative management. Due to the high degree of heterogeneity, there is no common recipe. Besides having different potential growth, the different types of small and medium industries have different restrictions, sometimes these barriers are a result of internal constraints of the same company, while other times these are a consequence of the external environment that may not be very favorable.

Small and medium industries in Latin America have similar patterns in terms of productivity. Average relative productivity levels reach lower than those recorded in the countries selected by the Organization for Economic Cooperation and Development (OECD). Latin America's small businesses have a 16% to 36% of the productivity of large enterprises, while small businesses in Europe ever reach 63% to 75% of the productivity of large enterprises.

Graphic No. 1 Relative productivity in selected countries of Latin America and the OECD (in percentages, large firms productivity = 100%)



Source: CEPAL (2010). <http://dx.doi.org/10.1787/888932718991>

According to ECLAC in 2008 over 70% of workers worked in Latin America in low productivity areas such as agriculture trade, among others, 20% did so at a median productivity sectors such as manufacturing and transportation and 8 % in high productivity sectors such as finance.

In Latin America small and medium industries represent 99% of all companies. This factor reiterates the importance of these companies within the production context and the potential they possess as a structural changing agent.

Graphic No. 2 Proportion of firms by size in selected countries of Latin America and the OECD (in percentages)

Pais	Micro	Pequeñas	Medianas	Grandes
Argentina	81.6	16.1	1.9	0.4
Brasil	85.4	12.1	1.4	1.0
Chile	90.4	7.8	1.2	0.6
Colombia	93.2	5.5	1.0	0.3
Ecuador	95.4	3.8	0.6	0.2
México	95.5	3.6	0.8	0.2
Perú	98.1	1.54	0.34	0.02
Uruguay	83.8	13.4	3.1	0.6
Alemania	83.0	14.1	2.4	0.5
España	92.6	6.5	0.8	0.1
Francia	93.0	5.9	0.9	0.2
Italia	94.4	5.0	0.5	0.1

Source: *To Latin America countries and México, it was made with official information from the countries, to Germany, Spain and Italy OECD (2011).*

Small and medium industries in the region generally have low entry barriers and they need incentives to operate in conjunction with other companies (generating networks or clusters). As a result of this it becomes more difficult to specialize and thus be more innovative and productive.

Another problem that these industries have to face is low level of internationalization, this occurs largely by how their exports are structured, they are focus in natural resources and their derivatives which are sectors that are already dominated by large companies because of the high levels of capital required for these businesses. Low internationalization of these companies generates dependence on macroeconomic conditions of the country and is constrained to satisfy the domestic market only. (Peres y Stumpo, 2002).

Chapter No. 1 Participation of the companies by their size in exports (in percentages)

	Argentina	Brasil	Chile	España	Italia	Alemania	Francia
Micro	0.3	0.1	-	11.1	9	8	17
Pequeñas	1.6	0.9	0.4	13.3	19	12	10
Medianas	6.5	9.5	1.5	22.6	28	18	15
Grandes	91.6	82.9	97.9	47.1	44	62	58

Note: In the case of Brazil it is not included microenterprises and special small ones, that represent 6.6% of total exports; in the case of Chile, the information about small industries includes microenterprises; in Spain, a 5.9% unknown size company miss, in Germany it is exclusively intraeuropean exports.

Source: Para Argentina, Rotondo, et al. (2009); para Brasil, SEBRAE (2011); Chile, datos de OIT/SERCOTEC (2010); para España, OECD (2012); para Alemania, Francia e Italia, Eurostat (2008)

If we compared the number of companies that are created and the ones that survive in Argentina, Brazil, Colombia and Mexico with the ones in European countries, big differences could be found (Bartelsman et al., 2004). In Mexico they create a larger number of companies than other countries like Argentina and Brazil and in most European countries, however companies survive and endure is below the countries of the region. There is a good environment to create businesses but very difficult to keep them in the medium and long term.

One of the biggest problems that small and medium industries face is managing its life cycle. The only fact that engages in a business is already difficult not only because of the funding for the initial investment, the most complicated is to achieve a strong company with sustainable competitive advantages in time. In our region the mortality rates of small and medium enterprises are shocking, according to the Commission for Latin America and the Caribbean (ECLAC) 80% of these industries does not exceed 5 years and 90% is not even the 10. Only between 50% and 25% remain alive after three years of existence.

1.4 Small and Medium Industries in Ecuador

The Internal Revenue Service of Ecuador (SRI) defines small and medium countries "to all small and medium enterprises according to their sales volume, capital, number of workers, and their level of production or assets "(Internal Revenue Service, 2013).

Small and medium industries are located in the area of production of both goods and services, thus constitute one of the axes for the social development of the country, as well as producing other products require. These companies play a major role in the Ecuadorian economy.

Regarding the tax treatment mentioned by the Internal Revenue Service of Ecuador, small and medium industries according to the type of RUC that they have are divides into societies and individuals.

In Ecuador small and medium industries represent 95% of the production units, they participate of 50% of country's production and they generate 60% of employment. They are quite flexible companies and are tailored to the circumstances and context, however despite these benefits small and medium industries in Ecuador face great difficulties such as poorly trained staff, limited technology, inadequate equipment and low export capacity. They face those problems due to ignorance of requirements and procedures in quality standards of foreign countries, on the other side they also face weak distribution channels that limit their productivity and competitiveness. (Quiñonez Cabeza, 2012)

Now in Ecuador 70% of companies registered in the Superintendence of Companies are small and business industries. These are responsible for a contribution of more than 25% to non-oil GDP. These industries had revenue of USD 23 000 million in 2011 and its contribution to income tax exceeded was USD 270 million in the same year. (EKOS, 2012)

According to Quiñones Cabeza in his "Study of Competitive Management of Small and Medium Business Enterprises", so there is a highly competitive and successful insertion some factor should interact together.

- It should generate innovation through the correct use of the technology developed in the company.
- There must be a favorable development of the company's business environment, through training entrepreneurs to properly assume the demands of technology growth and penetration of new markets.

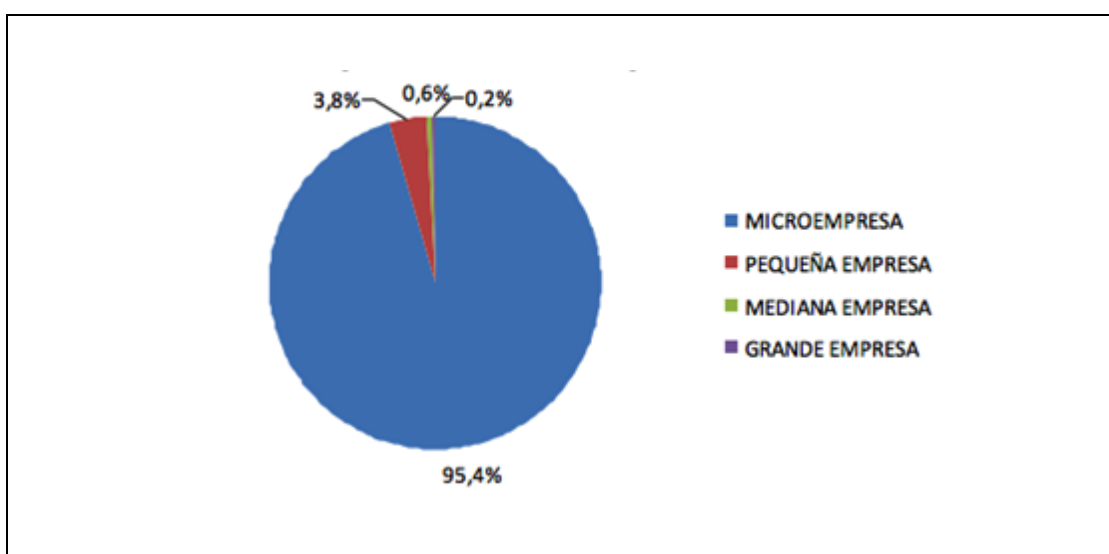
Ecuador should assess the importance of small and medium industries as a tool not only for job creation but also as a generating competitive tool as long as it is incorporated into the production process in a proper way.

According to SRI in 2012 in the 24 provinces of Ecuador there were 56 291 companies of which 86% were represented by small companies and 14% for medium enterprises. They are clustered in the most developed areas of the country such as Quito and Guayaquil where we can find 59% of them, between Azuay, El Oro, Manabí and Esmeraldas are 15%, and 26% corresponds to the remaining provinces.

About 35.7% of small and medium industries are related to retail, that is why they have great importance satisfying social needs (Quiñonez Cabeza, 2012)

According to the National Economic Census of 2010 there was found that 99 out of 100 establishments in Ecuador are small and medium industries, these data make us think again about the importance of these companies within the Ecuadorian economy.

Graphic No. 3 National companies by size



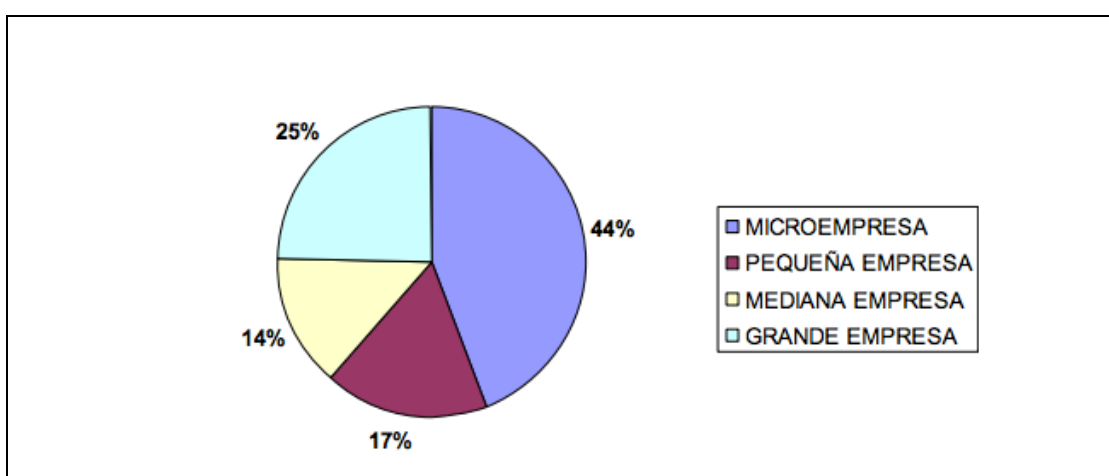
Source: Censo Nacional Económico –CENEC- 2010 – INEC

Elaboration: Observatorio de la PyME de la Universidad Andina Simón Bolívar

It is important to note the indicators presented in Figure 3, since the time of the creation of business strategies by government they must be aligned with countries reality generating strategies focused on small industries that take up the most percentage.

The role played by small and medium industries in generating employment in the country is quite significant because these companies generate 3 out of 4 jobs.

Graphic No. 4 Contribution to employment generation



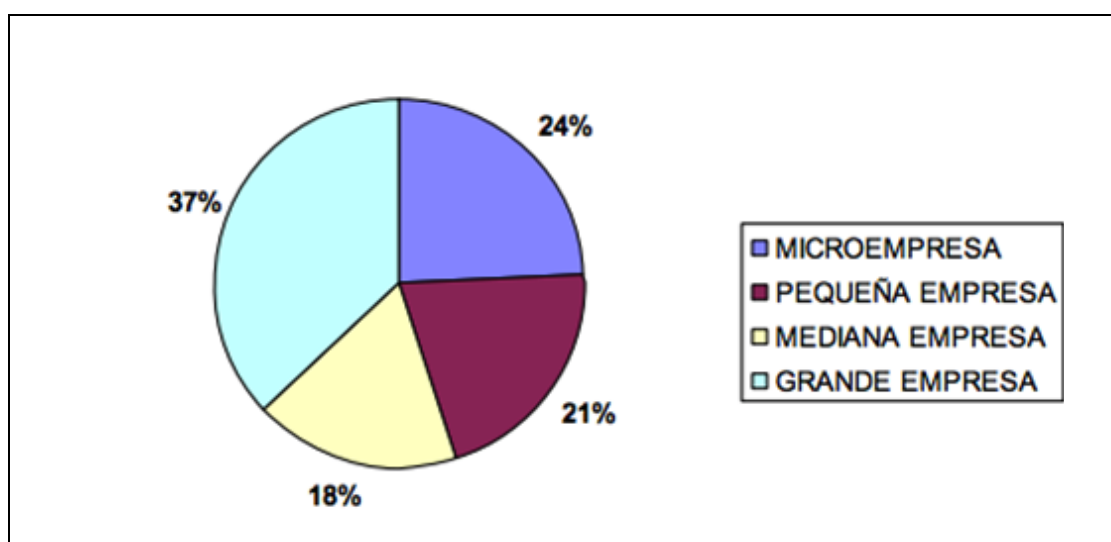
Source: Censo Nacional Económico –CENEC- 2010 – INEC

Elaboration: Observatorio de la PyME de la Universidad Andina Simón Bolívar

According to the National Economic Census INEC 2010, 44 of 100 jobs are generated by micro-enterprises. As shown in Figure 4 these represent 44% of the contribution to employment generation, therefore there must be greater support for the sector from the private and the public area, offering greater support in the financial field and through laws that support these sectors.

When we analyze the contributions of income through the sale of goods or services by companies depending on their size we find that are small and medium enterprises, which contribute the most. For \$100 generated for sales in the business sector in the country \$ 39 are contributed by small and medium industries as shown in Figure 5.

Graphic No. 5 Contribution to the generation of sales revenue

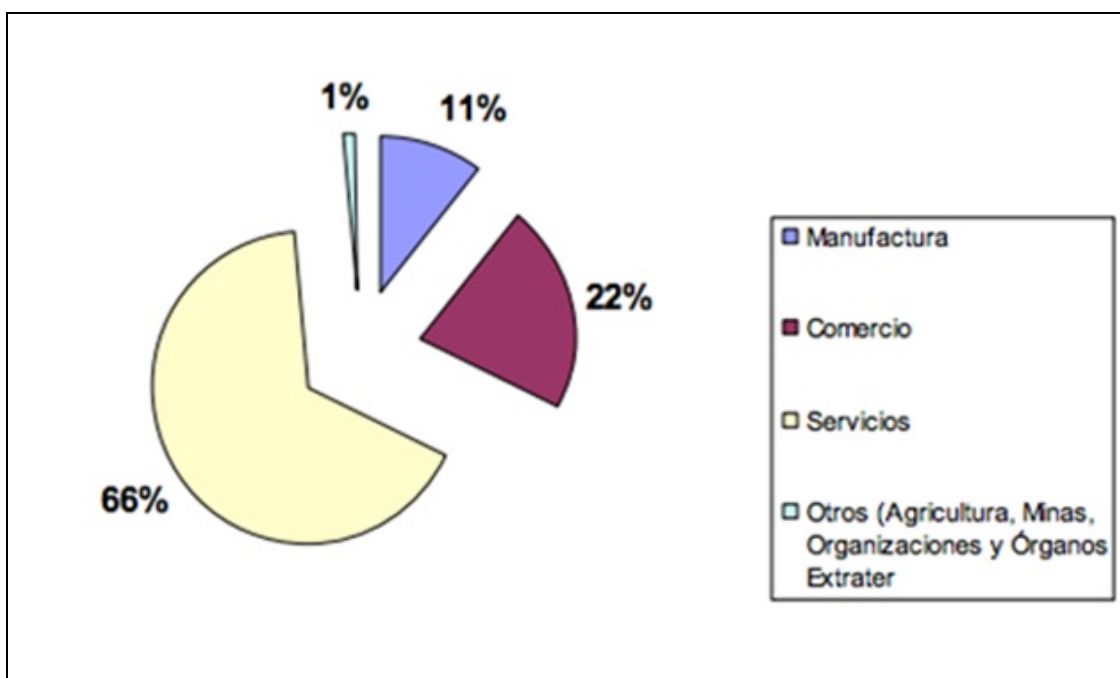


Source: Censo Nacional Económico –CENEC- 2010 – INEC

Elaboration: Observatorio de la PyME de la Universidad Andina Simón Bolívar

Regarding the productive orientation of small and medium industries INEC shows us the following indicators reflected in Figure 6, the dominant sector are services where 7 out of 10 industries are engaged to this area, they are followed by companies related to the sector of trade with 22% and thirdly we find the industries that are linked to the manufacturing sector, followed finally by other sectors such as agriculture, mining and others with just 1%.

Graphic No. 6 National small and medium industries



Source: *Censo Nacional Económico –CENEC- 2010 – INEC*

Elaboration: *Observatorio de la PyME de la Universidad Andina Simón Bolívar*

According to the data analyzed, Ecuador is a country that is mostly populated by small and medium industries, whose activities are mainly concentrated in trade, followed by services and finally manufacturing, this last one should gain importance because it offers lots of jobs. It is also important the fact of adding value to production and in this way the demands of raw materials and other materials will be higher than the demand for labor.

As a consequence of determining the importance of small and medium industries in Ecuador there have been identified some challenges that these companies face to improve their competitiveness in a sustained way. These challenges were addressed in the public and private sectors to achieve actions that generate a productive transformation seeking a equity in the Ecuador's businesses.

It should be good to expand the installed capacity of small and medium industries, the association between companies as a strategy to empower this industries, it is also important the certification programs to improve quality systems and be more competitive locally and abroad, on the other hand it is very important the use of technology in terms of improvement of production equipment , processes, etc.. It is necessary to improve distribution channels and promotion and the most important is to implement information and communication technologies that act as enhancers of these companies to make know their products domestically and internationally.

Trading is one of the most important activities along with the manufacturing and construction in the country, within the trade sector small businesses have a stake of 32.4% and median 44.3%. Medium-sized enterprises in the country have an average annual income of USD 2.5 million, while small USD 451,341. Medium-sized enterprises within the sectors with higher income are animal husbandry, agriculture and food and beverage and within small businesses are the fisheries, banana, aquaculture, and construction. It is important to note that the profitability of small and medium industries in 2011 was 6% according to data from SRI. (EKOS, 2012)

In the last years small and medium industries in Ecuador have been consolidated as more formal enterprises, today 42.8% of them have been established as limited companies and 28.6% as corporations which enabled them to earn a greater reliability. One of the strategies suggested throughout this document was the association between companies, it has evolved from 14% in 2007 to 23% in 2011, and this has been a significant achievement.

According to Ricardo Zambrano, Undersecretary of small and medium industries and handicrafts, these companies represent 95% of the productive structure of the country. Ministry of Industry and Productivity (MIPRO) has implemented a number of programs to provide more support. It has generated a range of services for national productive sector that is based on implementing productive infrastructure, develop staff capacities, increase quality process, strategically substitute the imports and encourage exports, for each of these activities MIPRO also aims to facilitate financing.

To implement all of the processes mentioned 62 Small Business Development Centers and Support for Entrepreneurship (CDEAE) were created in the country, these spaces aspire to strengthen capacities of producers, entrepreneurs and artisans, In these centers we can find an area of Design in Azuay and also there we find a cluster of wood managed by Colineal Company, leather and footwear in Tungurahua, wood and furniture in Pichincha, and handicraft in Santa Elena.

The MIPRO also seeks to generate support in terms of the culture of quality products and obtain certifications through competitions they seek to implement quality management systems in small and medium enterprises.

Another problem faced by these industries is the low level of creative businesses, this is a challenge not only for Ecuador but for Latin America, it is very clear what explains the Inter-American Development Bank (IDB) in its work on "Entrepreneurship in emerging economies ", stating that one of the differences that make entrepreneurs more competitive in East Asia in relation to Latin America, is their eagerness to compete not only in local markets but also in international goods and services with a high degree of innovation.

It is important to see how Ecuador is located in this competitive field, according to the Global Economic Forum in its Global Competitiveness Index, despite the improvements the country has registered, in their place and score in the ranking of competitiveness there is still a lack of innovation and business sophistication, reaching a rating of 43% as regards innovation and sophistication it reaches 52.86% of mark in excellence. Although the ratings are not the best Ecuador has already begun to develop strategies to improve innovation and sophistication in their small and medium industries as mechanisms to be more competitive. (Araque, 2012)

Although small and medium industries are one of the main drivers of today's economies, they cannot forget that they must remain competitive in the market, they must be productive and they must innovate in new technologies. Now these companies require equipment with the latest technology and training in new information and communication technologies (ICT). With the implementation of these technologies they will solve problems with greater agility, better service they

would also endure over time unlike other industries that do not innovate (Xerox, 2012)

1.5 History of Rafael Paredes e Hijos Company

The Company “Rafael Paredes & Hijos” was founded over 60 years ago in the city of Cuenca by its owner Mr. Rafael Paredes, who in that time saw a great potential in straw hats and decided to start the business.

This company is located on the banks of river Tomebamba in Cuenca Ecuador. It has been doing the famous "Panama hats" for 68 years. The factory has become a popular place to visit as it has a museum inside where it is shown step by step the process of making hats and how they have changed through the years.

When the company started they used to sell hats to the north of Cuenca, and then they took them Panama City by horse. The hats were moved to Panama city because it was the main export center for hats in that time.

In the early 1980 the factory began exporting hats directly to English merchants in Britain without completing them, English people were the ones that finished the hats and sold them all over Europe.

At the beginning the business of the company was to export hat bells, they didn't export the final product because the major European companies wished half finished for them to develop their own models and impose their Brand. This mode of export of the product half done represented for the company higher profits than selling the finished product. They used to sell large volumes and foreign companies could give their final touch. In their prime export they reached 3000 dozens of hat bells per month, the process of export they made credit cards via air telex.

Since 1990, the factory has imported from Brazil necessary equipment to perform the full process of making hats and visitors can buy directly from the factory in Cuenca. Today many tourists that want to learn about Panama hats how they are made and enjoy them visit the factory.

Over the years the dynamics of the market changed and it was no longer profitable to export hat bells so in 2004 they stop exports and they began to focus in the domestic market. During these years the hat museum was created, it can be visited by tourists to know the history of straw hats how they are made and how they evolved through years, after the visit they could choose any hat they want to buy and it will be done according to their measure.

According to Juan Fernando Paredes, Manager of the Company, the idea of the creation of the hat museum was born as a result of one of his trips to London, he said that when he visited the famed wax museum "Madame Tussauds" he got fascinated with the dynamic that the museum managed when they give the tours and the distribution of spaces, he said that the main thing that caught his attention was that at the end of the tour visitors were directly taken to a museum gift shop, in that way people were forced to see store items and most of the times they buy them.

This idea was kept by the mind of Juan Fernando who wanted to design something similar for his museum, that's why when you visit the Hat Museum at the end of the tour the visitor will meet the artisans who are developing hats, and the client will sell one.

Currently the process of preparing and exporting straw hats is carried out as follows

Production: The hats already done arrive from Sigsig and rural areas from Cuenca to the marketer. Usually these are the basic hats and semi fines. The superfine come directly from Manabi.

Image No. 1 Making of straw hats



Source: Biblioteca Personal Ana Paulina Crespo, Empresa Rafael Paeredes & Hijos.

The first step is to cut all the excess straw of the hats, after they bleach and they do a process called maceteado, which compacts all the Straw and gives it softness. The colorful hats are pre-dyed by the producers of straw shawl.

Image No. 2 Making of straw hats: la presser



Source: Biblioteca Personal Ana Paulina Crespo, Empresa Rafael Paredes & Hijos.

The second step is to pass the hat to the squeeze. The machinery used is from Brazil and it is hydraulic. Here the water rises and presses certain tubes in the rubber, which presses aluminum for 30 seconds, equivalent to 80 pounds of pressure. This process is repeated about 4 or 5 times.

Image No. 3 Making of straw hats: giving shape to the hat



***Sourcee:** Biblioteca Personal Ana Paulina Crespo, Empresa Rafael Paredes & Hijos.*

After they are formed with a compass, this can be 2, 3, 6 inches depending on the customer. Then they are taken to cook and made morocco where the company Brand will be put. The hats are adjustable in the case they are too large.

Image No. 4 Making of straw hats: final product



***Source:** Biblioteca Personal Ana Paulina Crespo, Empresa Rafael Paredes & Hijos.*

At the end they are packaged and shipped according to the destination. Shipping is by courier from Ecuador, and export orders are made through the website. In the export cartons there come up 7 or 8 hats.

Image No. 5 Making of straw hats: the package



Source: Biblioteca Personal Ana Paulina Crespo, Empresa Rafael Paredes & Hijos.

Most hats are ready, however, others are manipulated at the time that the customer makes the purchase. Customizing hats has an estimated of 20 minutes. Orders can also be made and sent after purchase. The cost of shipping varies according to weight. The hats can cost from \$ 20 to \$ 1,000.

The hats are quoted based on the "grade", this determines how many straw fibers they have per cm^2 . While more fibers they have they are more expensive. The grades range from 1 to 40, the grade 1-2 is determined as basic quality, this has about 5 fibers per cm^2 and its price is between \$ 20 and \$25. There are intermediate stages

such as the grade 12-13 this has about 8 to 10 fibers per cm² and its price is \$50, finally the finest grade is 40, this has 35 fibers per cm² and its price is about \$2 000.

Among exports abroad hats best selling are the basic and intermediate level, but if the customers want they can request a hat according to the degree they want.

The main export destinations are France, USA, Canada. Most orders are made at the end of the year.

From January 2010, Paredes family, who have owned and operated business since 1942 decided that the use of e-commerce approach would be the best option for those who could not come and visit their factory in Cuenca or to those who visited it once and want more. Thus the factory begin to export again and promotes the internationalization of its brand through e- commerce through its website, which has several credit cards, PayPal and safety certifications

The factory was looking for new opportunities, to find new buyers (retail / wholesale) to increase productivity through new markets. The online sale of this company seeks to offer new styles of straw hats that are not normally offered online. The site has the advantage that the customer can bring its measures, and once he chooses the model that will be developed based on the specific measures it becomes in a completely personalized and unique service.

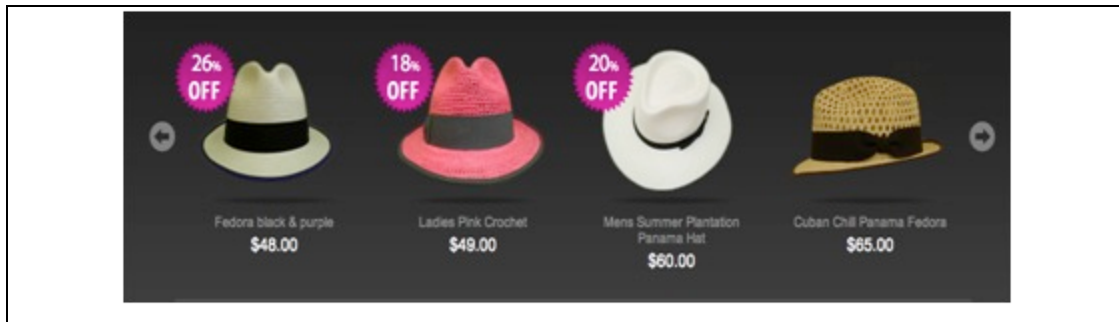
Image No. 6 Design elements of the website Barranco's Panama hats:

Company's Logo



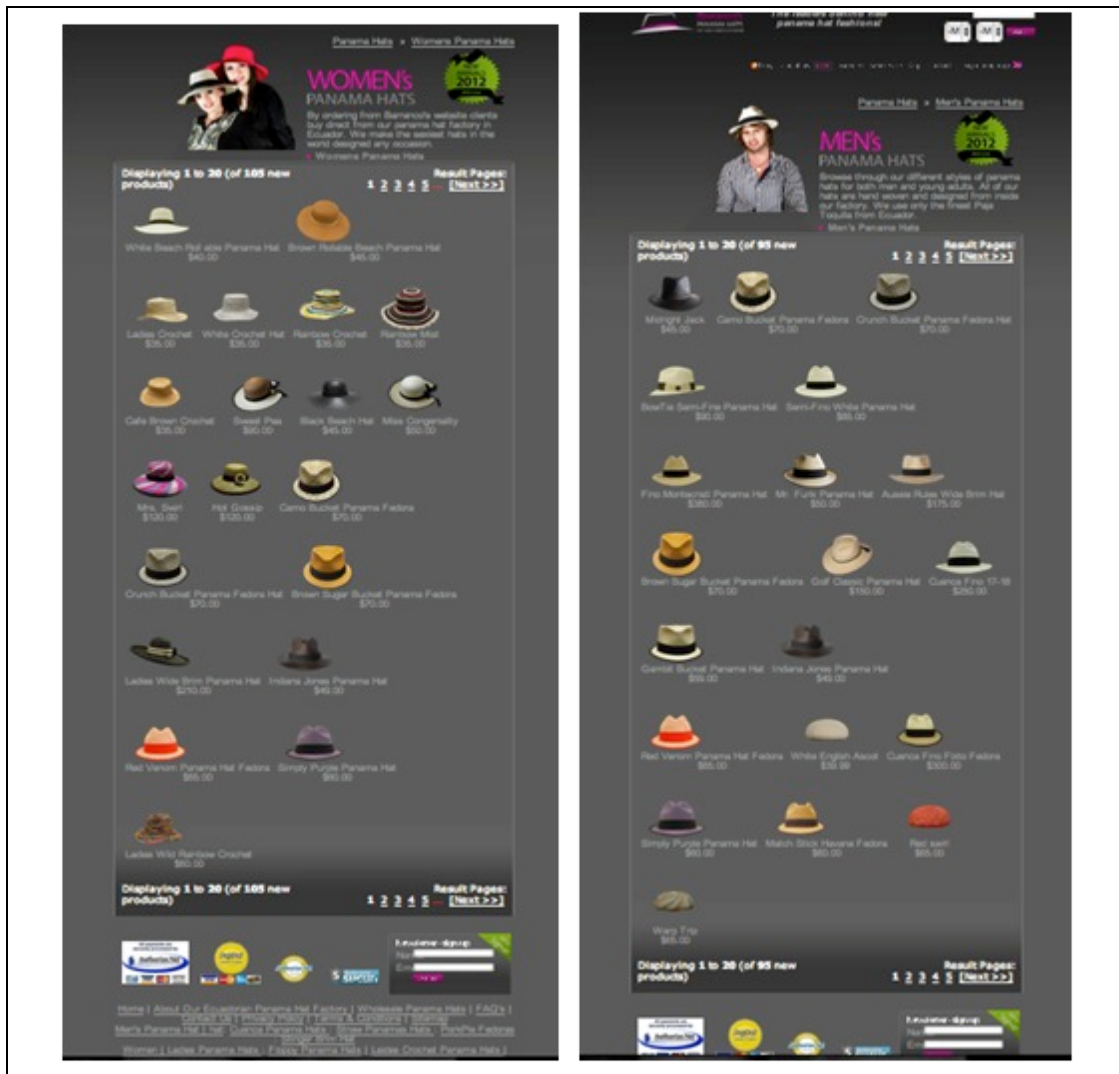
Fuente: Barranco's Panama Hats, <http://barrancospanamahats.com/>

Image No. 7 Design elements of the website Barranco's Panama hats: Product Presentation



Source: Barranco's Panama Hats, <http://barrancospanamahats.com/>

Image No. 8 Design elements of the website Barranco's Panama hats: Product categorization according to the buyer's gender



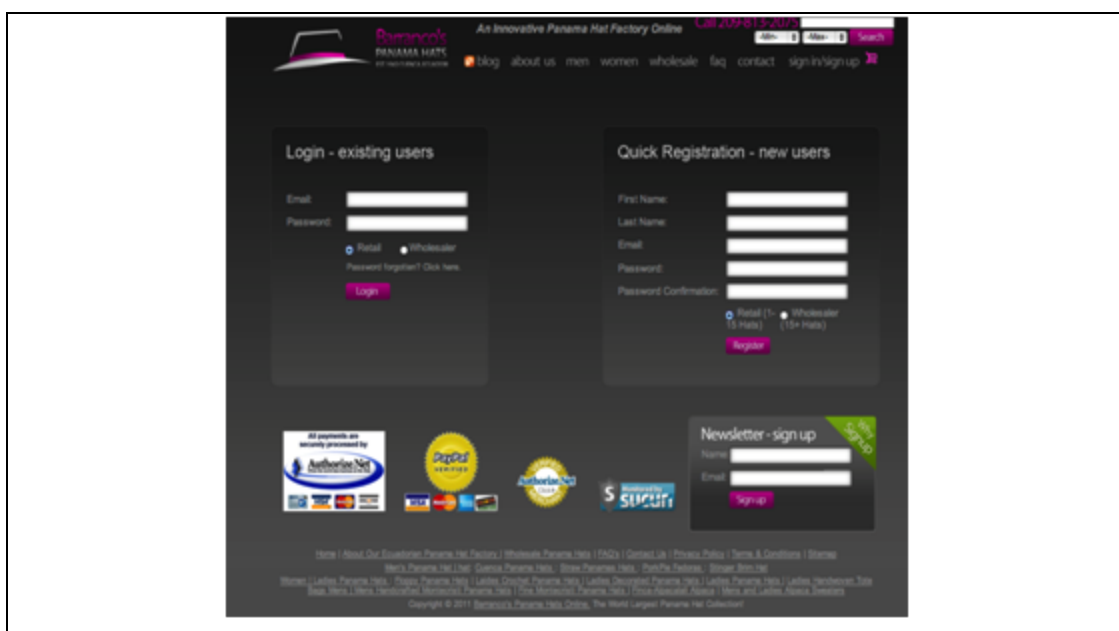
Source: Barranco's Panama Hats, <http://barrancospanamahats.com/>

Image No. 9 Design elements of the website Barranco's Panama hats: Display product characteristics



Source: Barranco's Panama Hats, <http://barrancospanamahats.com/>

Image No. 10 Design elements of the website Barranco's Panama hats: Accounts creation y payment methods



Source: Barranco's Panama Hats, <http://barrancospanamahats.com/>

The following data shows the online sales in terms of dollars and in terms of units since 2010 when the website was created until this year.

Chart No. 2 Sales during 2010-2013 (in USA dollars)

MES	AÑO 2010	PROM. VENTAS DIARIO	AÑO 2011	PROM. VENTAS DIARIAS	AÑO 2012	PROM. VENTAS DIARIO	AÑO 2013	PROM. VENTAS DIARIO
ENERO	\$ -	\$ -	\$ 60,00	\$ 2,00	\$ 1.595,00	\$ 53,17	6621	220,70
FEBRERO	\$ -	\$ -	\$ 972,00	\$ 32,40	\$ 9.385,00	\$ 312,83	4534	151,13
MARZO	\$ -	\$ -	\$ 366,00	\$ 12,20	\$ 666,00	\$ 22,20	3554,99	118,50
ABRIL	\$ -	\$ -	\$ 2.923,00	\$ 97,43	\$ 13.019,00	\$ 433,97	5162	172,07
MAYO	\$ -	\$ -	\$ 1.540,00	\$ 51,33	\$ 5.480,00	\$ 182,67	16252	541,73
JUNIO	\$ -	\$ -	\$ 9.516,00	\$ 317,20	\$ 4.068,00	\$ 135,60	1618	53,93
JULIO	\$ -	\$ -	\$ 2.711,00	\$ 90,37	\$ 4.233,00	\$ 141,10	2012	67,07
AGOSTO	\$ -	\$ -	\$ 2.841,00	\$ 94,70	\$ 3.356,00	\$ 111,87	\$ -	0,00
SEPTIEMBRE	\$ 50,00	\$ 1,67	\$ 3.025,00	\$ 100,83	\$ 5.612,00	\$ 187,07	\$ -	0,00
OCTUBRE	\$ -	\$ -	\$ 8.439,00	\$ 281,30	\$ 10.633,00	\$ 354,43	\$ -	0,00
NOVIEMBRE	\$ 585,00	\$ 19,50	\$ 4.795,00	\$ 159,83	\$ 1.190,00	\$ 39,67	\$ -	0,00
DICIEMBRE	\$ -	\$ -	\$ 3.390,00	\$ 113,00	\$ 7.825,00	\$ 260,83	\$ -	0,00
TOTAL	635		40578		67062		39753,99	

Source: Empresa Rafael Paredes e Hijos

Chart No. 3 Sales during 2010-2013 (in units)

MES	UNIDADES VENDIDAS 2010	UNIDADES 2011	UNIDADES 2012	UNIDADES 2013
ENERO	0	81	47	240
FEBRERO	0	43	353	159
MARZO	0	10	11	124
ABRIL	0	88	430	73
MAYO	0	40	210	531
JUNIO	0	329	127	11
JULIO	0	71	122	37
AGOSTO	0	70	121	0
SEPTIEMBRE	1	108	121	0
OCTUBRE	0	315	400	0
NOVIEMBRE	8	208	32	0
DICIEMBRE	0	67	303	0
TOTAL	9	1430	2277	1175

Source: Empresa Rafael Paredes e Hijos

1.6 Conclusions

In this chapter it was determined that small and medium industries play an important role in Latin America economy. Most countries of the region are underdeveloped, so the contribution of small and medium industries to the GDP of these countries is what moves its economy. Another important fact is how these industries work internally, especially in Ecuador. They are usually family businesses and those that are not are very informal in their internal management. They need more organization, and they need people trained in different areas because the manager is the one who usually takes all roles. An important point to note is the low technological development that they have because they always see it as a cost and they are unwilling to invest in training their staff, or purchase technological inputs, as a result they prevent a sustained growth of the company.

CHAPTER NO. 2 TRADITIONAL AND INNOVATIVE STRATEGIES FOR BRAND INTERNATIONALIZATION

2.1 Introduction

Today Information and Communication Technologies (ICT) penetrate all areas of human life, the future is now, and it is digital. Today the exchange of digital products is replacing the traditional exchange of objects. It is a time of paradigm shift.

Nowadays nothing is permanent only change, there is a new revolution of information, it does not involve only the replacement of machines or software but is a revolution of concepts, especially it poses a new relationship between space and time, that changes social, human structures and our way of life.

To speak about ICTS it is necessary to know its meaning, the following definition was developed by two researchers from the University of Manchester, UK, Europe: Richard Duncombe and Richard Heeks. They defined the ICTS as the processes and products consequence of new technologies (hardware, software and communication channels) associated with the storage, processing and digitized transmission, information, allowing the acquisition, production, processing, communication, recording and presentation of information in the form of voice, images and data. (Andrada, 2010, p. 9)

To understand certain terms such as processes and products of the new technologies of the above definition, we need to analyze our daily lives and look around because our lives are full of technological objects and the human being has a fundamental place in the research development and innovation of those objects.

These products are called tangible assets, because they can be seen and touched physically. Then there are the developments, called intangible assets, they introduce the concept of knowledge economy, as defined by the United Nations Educational, Scientific and Cultural Organization (UNESCO) as the capital of ideas.

Intangible assets are recorded in the financial statements, but they are quantified in the market at the moment of decision making. Kevin Kelly, editor chief of a ICTS major magazine in the U.S., called Wired (which in English means "wired") wrote ten rules of the new economy or knowledge economy. One is the "displacement law", which states that the materials are replaced by information, concepts for bits and dynamics of the old economy by the behaviors of networks. (Andrada, 2010, p. 10)

A very important feature of ICTS is its immateriality, which is determined by the possibility that this information can be digitized. ICTS convert physical information into intangible information through this digitalization there could be achieved storing large amounts of information in small physical devices also users can access information found in remote electronic devices through communication networks. (Andrada, 2010, p. 12)

Today, ICTS user is a person who uses the computer as a mean of communication, through the development of experiments in which interaction takes the form of human language.

2.2 History

The concept of ICT was originated in the late 70's. They reached an important stage of development in the 80s where the technological processes developed in three areas that are the computer, electronics and telecommunications. These processes reach their point of consolidation in the 90s and the shift towards the new millennium there is a major transformation changing the way people communicate, work, study and entertain. (Andrada, 2010, p. 16).

This revolution created in the 70's was established as the starting point for the development of Digitized Era. Advances that were made in the electronics area had two important consequences, the first the fall in raw materials prices and the second the preponderance of Information Technologies that combined electronics and software.

Later in the early 80s some investigations done allowed that electronics, computing and telecommunications converge creating an interconnection between networks in this way ICTS have been established as a strategic area for the "New Economy". Since then the success of a company heavily depends on its ability to adapt itself to new technological innovations and on the ability to learn and use technologies in a useful way.

According to Harvey Brooks and Daniel Bell their definition of technology is "the use of scientific knowledge to specify ways of doing things in a reproducible manner," it can be said that ICTs are scientific processes whose main objective is to generate knowledge, more than generate final products. These skills will influence the behavior of societies and their way of life not only in a technical field but especially in the creation of new forms of global communication and coexistence. (Bonilla, 2009)

There could be established some comparisons between the revolution of ICTs and the Industrial Revolution. The main difference is in the raw material of its machinery, in the past they based on the use of energy while today they are based on the knowledge and information. If we evaluate ICTS from the historical point of view they mark a before and an after in the global society, they have penetrated in all areas of human life, not as an external agent, but as a driver on social interrelationships.

Today it could be argued that ICTS have opened up a territory in which the human mind is the direct productive force. Through these new technologies, the human being is able to convert his thinking into goods and services and distribute them. ICTS have significantly modified the way in which we live. (Bonilla, 2009)

It is important to echo the words of "Jean Paul Sartre" when he says that it is not about asking ourselves if history has a meaning, he says it is up to us to give it the meaning we look better and give our full cooperation to the actions required. This can be applied to the active participation of every member of society in ICTS development which will bring us not only results in economic growth but also social and cultural. (Bonilla, 2009)

2.3 The World and ICT

According to global statistics 4/5 of the population are excluded from access to Internet therefore there is a disadvantaged at the moment of making progress in areas of education, production, etc. (Andrada, 2010, p. 24).

In underdeveloped countries, investment in new technologies or massification does not spread widely. Due to these differences it was created the "Digital Divide" this expression refers to the socioeconomic gap between those companies that can access to Internet from those who can not, this gap also refers to those who have access to information and communication technologies such as personal computer, mobile telephony , broadband and other devices. The state should ensure the welfare of citizens and facilitate their development through greater access minimizing the gap.

The following table shows the countries with less access to ICTS.

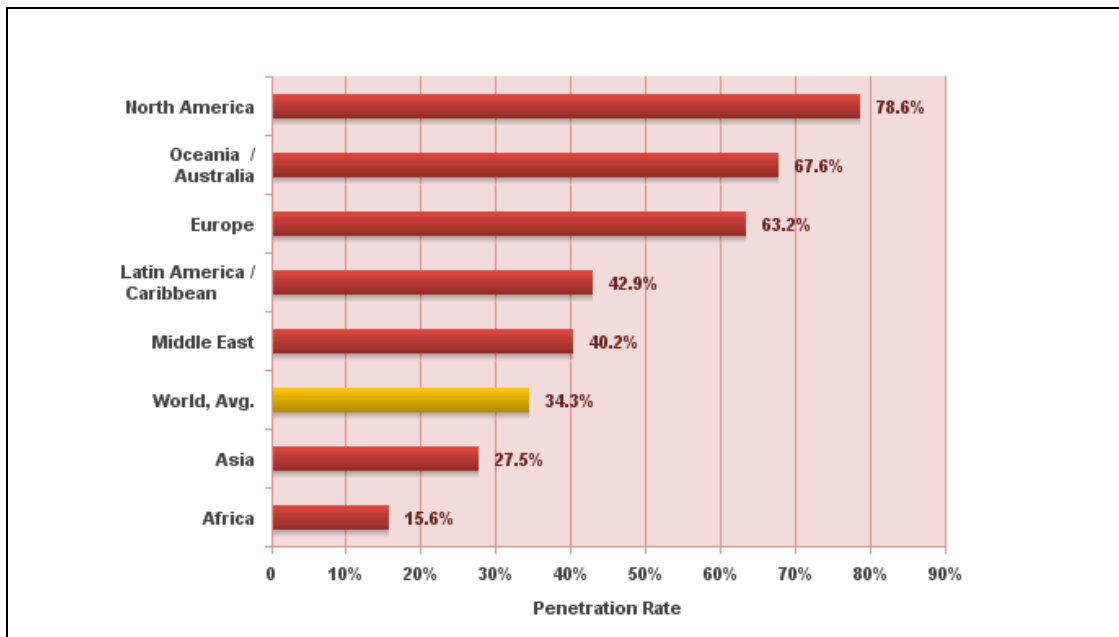
Chart No. 4 Personal computers per thousand people

Computadoras personales cada mil personas		
Los diez países más desfavorecidos según región		
PAÍS	REGIÓN	COMPUTADORAS PERSONALES CADA 1.000 PERSONAS
República Dominicana	América latina y el Caribe	0.5
Niger	África Subsahariana	0.7
Malawi	África Subsahariana	1.6
Chad	África Subsahariana	1.6
Burkina Faso	África Subsahariana	2.2
República Centroafricana	África Subsahariana	2.8
Camboya	Asia Oriental y el Pacífico	2.8
Angola	África Subsahariana	3.2
Etiopía	África Subsahariana	3.2
Mali	África Subsahariana	3.2

Source: Andrada Ana María, 2005, *Nuevas Tecnologías de la Información y la Comunicación / NTICX*

In terms of Internet penetration in the world it was found that in North America there is a 78.6%, while the less penetration continent is Africa with only 15.6%, Latin America has a penetration of 42.9%.

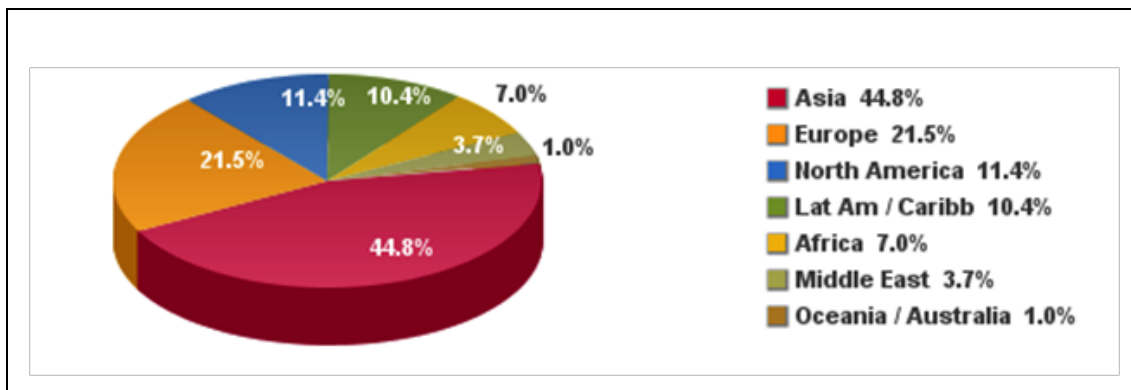
Chart No. 5 Internet penetration in the world



Source: Internet World Stats, 2012, <http://www.internetworldstats.com/stats.htm>

The data about Internet users found by regions shows us that Asia has the most users, and Latin America has a 10.4%.

Graphic No. 7 Internet users by region



Source: Internet World Stats, 2012, <http://www.internetworldstats.com/stats.htm>

Today Latin America is not just trying to catch up it participates actively in the competition for market share and customer satisfaction through a proper use of ICT, today ICTS have great relevance to this region.

2.4 ICT in Ecuador

ICTS have been always linked to developed countries. However, its growth and strengthening within Ecuador has improved last years. From 2006 to 2012 Internet showed an increase ranging from 6.14% in the year to 54.7% in 2006, Jaime Guerrero current Telecommunications Minister highlighted the work of the National Government and the role played by the Ministry to achieve this expansion of access to ICTS. (Guerrero Ruiz, 2013). The Minister stressed that we are living under a computer revolution where ICTS become a main focus in the development of the country and which directly influence on the economic development of it and its global competitiveness.

Ecuador is now in third place in the region surpassed by emerging countries such as Chile and Brazil, and we are competing with Colombia. We have better indicators than Argentina, Uruguay and Venezuela, regarding ICTS. The minister also noted that 54.7% of people that use Internet in the country, are from users who start using from 5 years old, and are up to elderly people over 60 years that have not born with technology. This is a sign that the Ecuadorian population from all ages is Internet user age and this reflects nearly 55% of the population. (Guerrero Ruiz, 2013).

According to the INEC they found the following data in regard to Information and Communication Technologies in 2012 in Ecuador:

In the country, 600 thousand people use their phones to access to social networks, this means they have smartphones that have Internet. Guayas has a 20%, it has the highest percentage of customers with smartphones, followed by Pichincha with 12.6%.

13.9% of Ecuadorian households have a laptop, a figure that has increased by 4.3% more than in 2011. About wireless Internet 20.1% of houses own it, however a 53.5% accessed via telephone or modem.

Those who use the Internet the most are young people aged between 16 and 24 years with 64.9%, followed by 25 to 34 years with 46.2%. About the uses that Ecuadorians

give to Internet 36% of people use it as a source of information and 28.2% uses it as a communication channel.

In terms of geographical distribution in urban areas 43.9% of the population uses the Internet, while only 17.8% uses it in rural areas.

According to the INEC the users that use Internet the most are in quintile 5 (more revenue) with 57.1%. However, quintile 2 to 4 had increases of 14 points between 2009 and 2012. (INEC, 2012).

In Ecuador the Ministry of Industry and Productivity (MIPRO) has begun to develop programs to encourage the use of ICTS in small and medium industries, it seeks to promote learning environments, cooperation and communication in the field of ICTS. Now technology constitutes one of the main pillars of society through new developments and automated processes in companies.

The value chain of a company is crucial to identify more clearly the benefits of integration, the ability to coordinate tasks to make processes more effective. The famed Michael Porter points out that technology is very important in the value chain of a company when generating a competitive advantage, that is why we can say that the use of information and communication technologies have led to changes in businesses competitiveness, it has become a new pattern of competition that has led to a restructuring of enterprise systems. (Narváez, Fernández, & Gutiérrez, 2006).

According to the Center for the Development of Telecommunications of Castilla y León (CEDETEL) today ICTS constitute one of the most valuable company's tool in adapting to demanding market, especially if we talk about the case of small and medium industries because if these are not linked, they hardly may be part of the globalized world and be competitive. The use of ICTS enables new opportunities to close the gap between businesses and get any customer around the world.

The effects for small and medium industries will be reflected in the fact that information and transportation costs are reduced, technology flows become more

important in the business and innovation becomes a key requirement for the company to be more productive not only within the country but also internationally.

2.5 ICT Generation and E-commerce

The contemporaneity gap is related to the technologies that are invented in the time in which people are born, that is why a technology is constituted as one only for those born before that it was invented, all those born after its invention see it as part of their life and they see it as something quite common and they do not suffer from phobias or problems about how to use them.

Today children are completely naturalized with the use of technology because they were born with it, it is a part of their live and for them it is very easy to handle, meanwhile adolescents and youth with access to ICTS have great interest and they have a fluid access to it, they are very familiar with these new technologies and they are flexible to the constant evolution and change. But older people experience some phobia and frustration when they try to fit. In our country they are usually those who are in command of companies. This constitutes one of the major challenges for Ecuadorian firms. However the outlook has improved and the imminent need to communicate forced people to learn.

Access to information and communication technologies is important. However, this does not guarantee a well use of them. During the 90s the “You Syndrome” appeared: Underdeveloped Uses of Developed Technologies. It is proven that people use only 10 or 15% of equipment and services related to ICTS.

Computers are still the ones that have developed abilities, not people (Andrada, 2010, p 31.) Today everything is connected and in a constant change, this is a feature of the current technological reality, it facilitates to open the field of action and decision of enterprises and global organizations.

2.5.1 E-commerce

Today's societies are dominated by consumption and a large number of public and private services. The role of the Web and its importance in the area of electronic commerce has grown. The term e-commerce consists in actions related to buying and selling products or services through electronic means using various payment options including online transfers between bank accounts, credit cards, etc. Such transactions have increased substantially due to the development of the Web, and they have facilitated the purchase of products and contracting services. Today it does not matter in which part of the world we are to sell or buy products. However the information parameters and promotion have changed and it is necessary to be aware that those transactions are made in a very different way than they were done through physical means. It is necessary to change the strategies of persuasion to the client by other information, as people make the decision to purchase through this route you need to take your decision through a deep knowledge as possible about the product or service purchased.

One of the advantages of e-commerce is that when it comes to intangible products such as books, software, etc. the distribution cost is eliminated because once these are paid they can be downloaded immediately. In the case of tangible products tracking system is fully computerized via web. The Web also provides benefits to the buyer and seller, they can make the purchase at any time of day anywhere in the world. (Andrade, 2010, p. 148)

To succeed in e-commerce, it is essential to define the business model that the company will use, this tells us how the company is configured internally and we will know their strategic thinking, corporate culture, etc.

There are three aspects to consider when we are going to define the business model:

First, to whom we are going to sell, in the Company Barranco's Hats the model will be determined as B2C (business to consumer). Then the type of activity to be developed should follow the process, in this case selling hats online, and the third has to do with the source of funding, and how this will be achieved.

According Moncalvo to find the model that is most appropriate for their profits and to improve their client firms, different variables should be combined. On the other hand, it is crucial to globe the business model within the business and cultural essence to avoid inconsistencies. It is essential that the model is integrated with the strategic thinking of the company.

2.6 Evolution and Impact of Small and Medium Industries

Today's business environment is constantly evolving and it is dynamic. Suppliers and producers of goods and services have to be aware of what are the needs of their target market. Today these needs are not just limited to meet the demand for items, they are every day more related to ICTS and its implementation. The use of ICTS involves a number of factors, since these are the relevant merger of technology infrastructure equipment, personnel, strategy and issues change. (Campbell, 2010, p. 315)

Latin America and the Caribbean, 40 years ago were trying to catch up in terms of new technologies, the technological revolutions in Europe and the United States took place in the 40s and 50s, but it was not until the 80s that in Latin America and the Caribbean really begins to be a technological revolution. From this revolution and the need to be globally competitive, companies in this region understood that the adoption and development of these new technologies, were essential for economic growth.

Small and medium industries in Latin America have common symptoms that disrupt their growth in the world of ICTS

- They do not find economic benefits in access to information technologies.
- They do not find the benefits that ICT can bring to their businesses.
- They do not have enough infrastructure or sufficient knowledge.

Currently the location in which we are is no longer a limiting. The world has become a global village where the location of the supplier and the buyer does not hinder. The development of new technologies has facilitated the transactions and therefore lifestyle. Today everyone has the same opportunities. In today's world ICTS not only influence the way of working of companies they influence in the way their children, their customers, etc obtain information and thus take an informed decision about buying. We could say that ICTs are increasingly influencing the way in which people acquire their goods or services.

The market demands more and more people that know about technology and new developments. Today in Latin America if there is a manager that does not keep up with the latest in new technology will most likely start to fall behind, and be moved by the competition. It does not even depend on the geographic location, or region as a distant company can displace this, but that is their competence and that has a further technological development.

Therefore it is essential that employers and governments also leverage on the use of ICTS to increase competitiveness and productivity in small and medium industries, a great way to gain market share in an already competitive area is through the use of new technologies which will give them an added value. According to the renowned Peruvian economist Hernando Soto it is essential to ensure that small and medium industries in Latin America and the Caribbean have access to ICTS.

ICTS generate equality and this is a tool that small and medium industries in Latin America should use to our advantage, eg with a low cost we can send information to everyone on the Internet as big companies located world powers do. The question is how can we use these tools to enhance the profitability of business in the region? Well first of all we need effective strategies to improve competitiveness and productivity at the regional scale. To have a strategy involves having a long-term plan of action to meet specific organizational goals. Through a good strategy based on the ICTS we become more competitive it also helps the organization to do the better things in the areas it has an advantage. However it is important to emphasize that an ICT strategy does not replace traditional business practices but strengthens and potentiates it.

To achieve this it is important to use certain models that help us generate this success. Here we find one of the core models for Intelligent Business Advantage implementation of ICTS strategies, it is based on what we already know Revenues less Costs less expenses equal earnings, but applied to ICTS.

Graphic No. 8 Consulting key model from Intellligent Business Advanteg



Source: Campbell Bernard, 2010, *Tecnologías de la Información y la Comunicación (TIC) para mejorar la productividad de las pequeñas y medianas empresas (pymes)*

The ICTS strategy to be adopted must be clear in terms of generating profits for the company; this will allow all members of the organization to know where they are going and what they should do. This benefit in turn is transmitted to clients who develop confidence and make greater use of enterprise services, this involves updating by the organization and they should have a clear vision of where we want to go. (Campbell, 2010, p. 321)

Currently we can adopt some ICTS strategies to increase revenue, it is increasingly more common to use computers, mobile devices and Internet when seeking information about services or products to acquire. Sales and promotions online should be part of the strategy for Small and medium industries in Latin America. Owning an online advertising strategy is not just to have a website, it means to use it in an effective way to generate a greater impact on the market and as a result it would generate an increase in sales. Business owners should evaluate what are the

different types of buyers and the different steps performed before making a purchase and thus determine which is the best way to use their resources.

Today in Latin America and all over the world most employers look online before making a purchase. They do this to evaluate various options and determine the most appropriate. If we as company are online this could be a competitive advantage and an opportunity to increase sales.

We are in a new era where social networks prevail, to own a web page is no longer a strategy, it is basic and not innovative. Currently not regard social networks is a serious conflict, the opinions of experts in their social networks can have great influence at the moment of purchase, if small and medium industries lag behind in these strategies they will have a negative impact on their competitiveness. (Campbell, 2010, p. 323)

With this we do not try to convert Latin America small and medium industries into Internet companies, but these technologies represent an opportunity to promote existing businesses at low costs. We must be clear that the goal of any business is to get more customers, facilitate interaction with them and generate more business references. In this process social networks, like Facebook begin to intervene, they help to reduce the impact of this process and make it more simple, through personalized interaction we can find costumers that really want our products and they can become our “fans”.

A great added benefit of social networking is that customers who are fans of the page can generate content and make it through any mobile device, they can manage appointments, comments and actively interact with the company.

Other advantages of social networks, like Facebook are the tools that they give us to create communication strategies, with low prices we can have a big impact internationally, through promotions to groups properly segmented.

Small and medium industries revenues in Latin America are quite small so the access to certain types of improvements and technological training could be difficult. Small

and medium industries revenues in the region range from 7000-14000 dollars per month, this could be a difficult aspect at the moment of improve in certain areas of the company such as technology. They have to prioritize where the money goes and about Internet they won't invest in it unless they find an advantage (Falconi Canepa , p. 6)

An important fact at the moment of implementing information and communication technologies in small and medium industries is the level of education of the people that manage the company which allows an easier handling and understanding of technological tools such as the internet and a proper use of it by the company. Many of the entrepreneurs of small and medium industries in the country have only a high school level of education which means that their level of training in terms of internet tools are low, further this will be accentuated as the owners increase their age. On average 67% of people who are in charge of companies are more than 37 years, this has a great impact on the assimilation of new proposals for internet access and tools for businesses (Falconi Canepa, p. 8) however there is a hope for the future generation, nowadays young people have a much stronger academic preparation, they are more involved in the technological world and they see it as a daily part of their life.

The information and communication technology most used is Internet. It has low cost and high impact. In Ecuador although it becomes easier access to Internet there are many entrepreneurs afraid to use it as a business tool, most of the times the reasons are fear of costs and especially distrust.

The reality of generation of entrepreneurs who manage companies right now is very different from the reality that young people live today. It is very difficult to them to leave apart traditional methods and invest in new technologies that from their point of view do not have a physical backup. Little by little there have been some voluntary approaches from small and medium industries to use Internet.

Through the use of information and communication technologies in industries it is intended to obtain results reflected in economic terms, to acquire more customers and generate more sales.

According to a study made by the NGO COMPEME (Falconi Canepa , p. 9). Some reasons why small and medium industries do not use Internet, were identified:

Small and medium industries do not see Internet as a management tool. Companies are handled in a very casual way without established guidelines. They do not have adequate computing equipment and they don't have people trained in this area. All these things still represent a high cost for them and they do not look at it as an investment, there is a cultural resistance from the owners of the companies.

If the entrepreneurs accept to use Internet as a business tool we face new problems such as. Once the employer knows or locates information on the Internet, he does not share with other entrepreneurs in his industry.

Despite the lack of knowledge about the Internet and its use as a tool for business, entrepreneurs are aware of the need of it. This helps to lift some entry barriers.

For successful results in small and medium industries it is necessary to train people in terms purely related to Internet and its operation such as basic definitions like e-commerce, how to use free resources provided by the network and apply them to business solutions, e- email applied to business strategies of market segmentation and customer loyalty online, web portals and business opportunities through the web, also using search engines for productive purposes for business and finally the use social networks to promote and internationalize the company. (Falconi Canepa , p. 14)

E-commerce has been a tool to improve relations between those who make online transactions. It is estimated that in Latin America 47 billion dollars were moved in regard to electronic transactions in 2012. However, this new way of advertising helps to generate more sales and more money it is important not to make errors. (El Emprendedor, 2012)

The Entrepreneurs magazine in Spain interviewed a group of businessmen who did not fare well with this new way of doing business, they were able to determine some mistakes that were the cause of his failure within the e-commerce.

- A large number of entrepreneurs did not take care of their brand because they thought it was enough with online advertising. However, the marketing of a company is vital to this work and strong physical marketing must support digital marketing.
- They failed at the moment of choosing the right time. It is necessary as a company to have action plans to support the project and to help determine the right time according to how the market is moving.
- Many companies did not know when to hit the brakes, costs are normal at the beginning and even leak some times but we have to know when to hold the company.
- It is not enough just to focus on technology it is also necessary to have a business strategy for e-commerce, a marketing plan and a strong entrepreneurial vision.
- The fact that the company works with e-commerce does not protect it from competition, it is important to keep abreast of what they do to know how to handle it.
- A big mistake is to make drastic changes, employers often think that a change will be satisfactory for the company, however, a drastic change for example in the website can generate a fatal outcome because customers are already familiar with certain colors, forms, menus, etc., and a drastic change can be negative. Changes should be gradual.

- Companies often do not think about the worst case scenario and when their product is not sold online, they do not know what to do, it is necessary to always have thought out strategies in case of any emergency.
- One of the biggest mistakes made by the entrepreneurs, is the team work that they have, often they think that because they have a lot of employees, they have a great team, but each employee must be committed to the cause and join the team to make things go the right way and working with synergy. (El Emprendedor, 2012).

Some strategies for companies in which these new technologies can be applied, are online sale, where both products and services are marketed, it is necessary to define what are we going to sell and then it is necessary to identify strategies to be used.

When we look at marketing strategies we do not have to follow fashions, it is necessary to develop strategies based on our industry, market and needs. And rather than seeking immediate results look for a short-term success we should look for a future driven by a strong indicator of confidence for customers.

Selling online is usually complicated to achieve, to success we should offer to the client a number of options, we must also demonstrate accountability and responsibility for the data relies on the page. It is important that the client feels comfortable and safe with the payment system used and the company should establish a bond of trust with the client. (Mocalvo , 2008, p. 23).

Another aspect to be taken into account is the web page that the company has. Many times there are some sites that are not commercial and that should be changed to increase the traffic of the web page.

It is important to define what digital marketing is and what it implies, as Christian Azpiroz (CEO Founder www.cazpisem.com website), this is a branch of marketing that is based on digital media to generate developments in direct communications that cause reactions in the recipient, it does not only involve the use of computers but any technologies either television, internet, mobile phone and more.

Beyond investing in advertising campaigns or marketing alternatives, we can start winning customers in other ways. An small and medium industry must start with simple things. To reach the desired target audience it is not necessary to invest large amounts of money or to invest exaggerated amounts or mortgage property. It is necessary to see what it takes to make known the company. It is very important for the company to have completely clear what do they know? And if they do it right?

2.6.1 Virtual channels product promotion

Today companies need to adopt cyber strategies over those that already exist in physical world, it is important that your business has a great integration in technology selling online and interacting in the best way with their customers.

First, the company should define what role they play in the industry in which it operates, if it comes up as a leader attacking a segment or as a specialist attacking a niche. In the company case of study we are attacking a niche

Although the business is starting, it is necessary from the beginning to analyze the local and international environment. In the globalized world we live today it is very important to note that from the time that the company starts having web presence it can relate to almost anyone who can find them.

According to Mocalvo "The e-strategy is by definition the integration of strategies of business sectors but thinking and focusing on the business of this digital era, it is to propose a horizon and determine" how "to achieve it" (Mocalvo, 2008, p. 190). You need to put together a SWOT, strengths, weaknesses, opportunities and threats to reflect this evolution as they are showing the results. It is important to consider the critical factors of industry and enterprise.

According to Marcelo de Benedetti, Commercial Director of Axxon Solutions by his experience with companies of technology services he mentions that the concept of digital business encompasses much more than things related to the Web while this is a fundamental part it is also necessary the existence of synergy within the internal environment company and the communication that it handle.

Digital strategies are closely linked with digital marketing as they help to achieve marketers objectives, the more marketing, the better advertising and as long as better advertising there will be more customers and therefore more sales, if we talk about online marketing, we need digital strategies that strengthen it.

Since the early 90's where the Internet began to rage until today a lot has happened. There have been so many changes that the digital consumer has gone through. In that time to publish on Internet represented a very high cost and it was difficult to obtain reliable and high daily traffic sites.

Today the objectives at the moment of advertise on the Web is to be creative, to be seen by people on the web and especially to be clicked (Mocalvo , 2008, p. 78) many people wonders what is the number of views or impressions that we must have. It depends on which is the goal however the main objective of any company is to publicize its website, its product or service and thus attract more customers and increase sales.

"Statistics show that the contacts made through banners equals 1% of the contracted amount of views. This percentage can double or even quintuple depending on how attractive the message is, that is why it is important to consider: advertising creativity in design, visibility, incorporation of offers and promotions (Mocalvo , 2008, p. 80).

Today positioning and integrated search (hiring keywords and "pay per click"), are the basis of Web advertising, in today's market we can find a number of alternative digital advertising, the more known are Google ad words and Facebook which is the one that will be used in this study.

Each day becomes more common advertising through internet and especially through social networks, Facebook is in the first place and more than half of advertisers on this network also includes YouTube by 55% or whether Twitter 53%. It is also important to note that 25% uses Google. (Puro Marketing, 2013)

Advertising through social media is still low, according to Pure Marketing, investments in social networks have a small share of the total budget but it is believed that in the near future it will grow. 58% of companies spend only 5% of their total advertising budget on social networking and a 34% invests a 10%.

According to eMarketer this year social networks will reach 4.18 billion dollars and it is believed that in 2015 they will reach 6.45 billion.

2.6.2 Options (ads google, facebook)

Google AdWords

This is a tool created by the famous search engine "Google", it aims to reach new customers and boost business by the online advertising program that Google has. One of the greatest advantages is that regardless of the budget that you have you can access to the tool. With adwords you can choose where you want the ad to appear, set the most appropriate budget to the pocket of the company and assess the impact of it.

It allows to get to the users that are searching on Internet what you offer, through the CPC (Cost per Click) mode there only will be charged when a user click on your ad.

Graphic No. 9 The CPC from Google Adwords



Source: Google, 2013, [https://support.google.com/adwords/answer/1704410?hl=es-](https://support.google.com/adwords/answer/1704410?hl=es-419)

According to information from the Web page of Google customer service in Google Adwords the company creates its own ad, it determines certain keywords that should be relevant to your business to generate a greater public attraction. When users search on Google by typing some keywords about your business, your ad will appear on the right-hand column of the search results, In this way the ad will be shown to those who are already interested in your product or something similar to it. Users can click in your ad to make a purchase or to have more information about your company.

Graphic No. 10 Key words in Google Adwords

Las palabras clave son lo que los usuarios buscan en Google.

Su anuncio aparece junto a los resultados de búsqueda más importantes.

Source: Google, 2013, <https://support.google.com/adwords/answer/1704410?hl=es-419>

With Google AdWords you ads will arrive to users who search on Google. Although your company appears in the free Google search results, AdWords can help you target new audiences on Google and this will help your company to attract more attention. Through this system you can tailor listings and change the budget until you get the results you want. There are also different formats for ads and google gives

you the possibility to modify segment, language and region. You can configure the ads so people from a particular place could see it. The results are visible and measurable and the company will be able to measure the return on investment quickly and accurately. (Google , 2013)

There is no minimum investment required. It is your decision the amount to invest. For example you can set a maximum daily budget of \$ 5 and a maximum cost of 10 cents each time your ad receives a click. An advantage is that the payment is based on the results, it will be deducted from your budget each time someone clicks on your ad but not every time this appears. Google also provides a better planning service it offers to the company an estimate of traffic of each keyword and costs this benefits to the company to take the best decision, the payments options depend on country you are in and the currency it owns. (Google , 2013)

There are some advantages that make Google Adwords different from other advertisings.

- It allows the company to get users right in the moment they are looking for what you offer.
- The ad shows for people who have an interest in the products you offer, so it is more likely to generate a purchase
- The bidding company can choose where it wants the ad to appear, the company can segment and chose geographical areas, etc.

According to statistics from Google Adwords, it has a range of 80% of Internet users in the United States, which is a representative public. (Google , 2013) According to Daniel Gertsacov, director of new markets for Google Latin America, he believes that this region is the new axis of growth. During 2010 it was the region that generated the highest profits to Google and since then it has had a great growth. There is a high volume of prints especially in Mexico, Brazil and Colombia, in consequence of population size and technology penetration. In Europe, for example, e-commerce accounts for 14% of purchases, and this is projected to reach 123,000 by

2014 million, while in Latin America is 9% and in Colombia, barely 1% "says Gertsacov.

The biggest advantage of Adwords is the budget. The company decides how much it wants to invest monthly and it won't have to pay more.

Adwords also offers companies information about the performance of their ad, the new customers that they capture, where they come from, etc..

These are some successful cases of Google Adwords:

Iconshock.com

This company whose business is the selling of icons has been benefited from Adwords to position itself in the market with its brand and to establish itself as a leader in its sector. With the correct use of Adwords campaigns and online advertising Icon Shock has captured customers as Bank of America, SAP, NASA, among others.

Graphic No. 11 Iconshock.com Logo



Source: *www.iconshock.com*

Reservashoteleras.com.co

This company won presence in the international field, today 95 % of its reserves are international and this was a result of Google Adwords.

Graphic No. 12 Reservashoteleras.com.co Logo



Source: *www.reseervashoteleras.com.co*

Advertising on Facebook

Now social media occupy a key place at the time of advertising, according to a study conducted by Strata 90% of companies that want to advertise online singles Facebook as first choice. They chose it because it is the world's largest social network with over 1000 million users and translations into 70 languages surpassing television, radio or any media outlet.

40% of advertisers chose corporate announcements in the social network, Facebook allows doing a smart and analytical marketing, it is one of the reasons why it is revolutionizing advertising. Internet is the social network that tops that type of marketing. Today costly market research is no longer necessary because through Facebook you can know data as for example in which countries we can find the largest number of young people between 18 and 35 years, their tastes and preferences. (Inteligencia Web , 2013)

You can achieve a very effective advertising through proper segmentation depending on the product or service to offer, the segmentation could be according to gender, age, country, city and even town, education, interests, tastes, marital status, favorite programs, languages, etc.

Among the advantages of advertising through Facebook we can find that it is not considered an invasive advertising as it relates to the profiles of users and the actions being carried out. It is an advertising that does not seem as an advertising and which is contextual. Below you can observe how the ads are located in Facebook, you can find them on the right side of the user's profile.

Graphic No. 13 Ads in Facebook



Source: Websa100, 2012 <http://www.websa100.com/blog/2012/09/03/vale-la-pena-anunciarse-en-facebook/>

Graphic No. 14 Ads in Facebook



Source: Websa100, 2012 <http://www.websa100.com/blog/2012/09/03/vale-la-pena-anunciarse-en-facebook/>

Another major advantage is the budget issue. Since the money is debited whenever a click is made in the ad allowing a high return on investment from advertising.

The companies that will generate its ads can set a daily budget or a total spent during the time period of the campaign. For example, if you choose a daily budget it refers to the amount you decide to spend a day in the campaign, meanwhile if you choose a total budget it will determine the amount to be distributed throughout the campaign period, Facebook will never charge more budget that was set either daily or in the entire campaign. The ads don't have already set a price, and when it enters into circulation it will be charged for the number of clicks received.

Facebook provides an option when you are creating the ad called "recommended bid", this refers to the range of bids that are currently winning the auction listings similar to yours. Drawing on this information you can determine how much you want to spend per click, you can multiply that number by the number of clicks you want to receive each day to determine the approximate budget per day. (Facebook, 2012)

To avoid the budget ends too soon, Facebook system will regulate the amount you spend per hour before the day ends. Keep in mind that Facebook gives us the advantage of putting any amount for daily budget. To have small budgets limit the number of clicks per day.

If the company budget is limited it is convenient to advertise by a smaller amount period with a daily top as this will have a greater impact.

Graphic No. 15 Campaign Cost



Source: Facebook, 2013, <https://www.facebook.com/notes/facebook-marketing/cu%C3%A1nto-cuesta-un-anuncio-de-facebook/280849158636859>

2.6.3 Comparison Traditional Method of Internationalization vs New Technologies

Many times we tend to confuse the concept of what it means to internationalize a brand we think that it is only the occasional marketing of products or services abroad, but the internationalization represents a brand positioning and permanent establishment of the trademark in foreign markets. The question is: How is this accomplished? Could a small or medium industry internationalize their brand?

For large companies this process does not involve great inconvenience and thanks to their economic power they do not face major difficulties at the moment of creating and developing its international department, where converge various experts in areas of marketing, sales, etc. These are companies with solid resources that are able to allocate money for training their staff and hire experts in the area with knowledge of other languages, cultures and training in international markets.

Meanwhile small and medium industries have major limitations to achieve internationalization of their brands because of their limited budgets and lack of trained personnel in these areas. It is common that the responsible for the task of internationalization is the same manager or commercial director, however it is often

an incompatible task due to lack of time, lack of knowledge about foreign markets and lack of knowledge of foreign languages.

In the past there were some methods to internationalize our brands, one of the best known and used by the Ecuadorian entrepreneurs are International Trades, Trade Missions and Business Rounds, the most representatives and effective are Trade Fairs.

The Fairs are commercial business and entertainment events focus in the final consumer. Here products and services are sold, here you can test the product and you can evaluate the sales " in situ" you can also do an analysis of the sensitivity of prices in that market.

International fairs are important tools for business development, through them you can make promotions, personal sales, distribution work becomes easier. It constitutes an extraordinary impact on town and country it is celebrated.

International fairs are effective tools that help companies to improve their development however new methods have appeared in the market and they have reached a better position than the traditional methods.

Although fairs have been in the market from centuries ago, new technologies related to the Internet are changing the dynamics of doing business making easier the way of doing exchanges, finding markets, finding new customers and finding the best prices. (Molina Castillo & Cuesta Díaz , 2007, p. 141)

According to a study of 250 members of the Association of Professional Marketing U.S. (Business Marketing Association Survey, 2003), managers of the sample answered that they invest 18.6 per 100 of their budget on trade shows to enhance sales and internationalization of their products, meanwhile they invest 13.8 per 100 in specialized press and in electronic media 13.5 per 100, here we can see the importance of trade shows. However you need to bear in mind that trade shows are an option with low efficiency, this is because its cost impact is very high relative to

other marketing alternatives, and on the other hand not all fair types have the same impact or effectiveness.

Graphic No. 16 Level of Investment made in marketing tools

<i>Inversión realizada en las herramientas de marketing</i>	<i>%</i>
Ferias comerciales	18,6
Publicidad en prensa especializada	13,8
Internet y otros medios electrónicos	13,5
Promoción de ventas	10,9
Relaciones públicas	10,8
<i>Merchandising</i>	5,6
Investigación de mercados	4,1
Publicidad en prensa general	3,2
Otros	19,6
FUENTE: Business Marketing Association 2003 Marketing Reality (STEVENS, 2005).	

Source: ICE, 2007,

http://www.revistasice.com/cache/pdf/ICE_840_141153__4DA9526028440A9A847F1500CED956ED.pdf

Industrial buyers prefer fairs before any other marketing tool, however an important fact is that e- marketing is an important tool in North America and Europe the 17 and 12 of 100 respondents indicates that it is the instrument is more profitable in promotion in Asia while only 5 per 100 shares the same opinion this may be a result of low level of Internet penetration in these geographical areas.

E-commerce and advertising through the use of ICT offers a different alternative, innovative and with a much more comfortable budget adaptable to the pocket of an average businessman.

Today almost 18 per 100 of people worldwide have Internet access, plus the growth that has occurred in recent years, it have been generated new business models creating digital markets changing the dynamics of doing business. Today the electronic marketing is an alternative to trade shows and also it allows combining on an effective way elements of buying and selling process with elements of traditional communication. (Molina Castillo & Cuesta Diaz, 2007, p. 145)

By analyzing the advantages and disadvantages of trade fairs and trade and online promotion we note that despite the differences both of them have common features such as the fact that both seek to help internationalize the brand, both seek to capture public attention at an earlier stage, meanwhile fairs need other media in order to ensure the attendance of the public electronic marketing also requires other trade instruments to ensure that the client visit the web site, in addition when you use electronic media it is necessary to take into account the penetration of ICTs in the market in which you are working . Another similarity is that both trade promotion as electronics allow consumers to compare competitive offerings available simply that one is a physical market and the other digital.

But there are also differences such as in the fairs there is a face to face relationship between supplier and demander facilitating fixing agreements, meanwhile in e-commerce this is more complicated when put into practice, this largely due to the inherent insecurity of electronic media (Hanson, 2000). Although fairs have a social character where buyer and seller interact timeslots are very small and often the buyer does not have the time to decide.

The following graph shows some of the observed differences between these two internationalization alternatives.

Graphic No. 17 Trade Fairs and digital marketing: relations of the bidding company with the costumer and the competition

	Ferias Comerciales	Marketing Electrónico
Relación de la empresa oferente con los visitantes o demandantes	<ul style="list-style-type: none"> — Comunicación cara a cara con los clientes y de mayor calidad. — Contacto más distendido que la venta personal. — Permite establecer relaciones duraderas con los clientes. 	<ul style="list-style-type: none"> — La relación se produce a través del medio Internet o teléfono móvil. — Se interactúa con el cliente y con el medio. — Es más complicado establecer relaciones duraderas con los clientes debido a la impersonalidad del medio.
Relación de la empresa oferente con otras empresas oferentes	<ul style="list-style-type: none"> — Es muy difícil ajustar la oferta competitiva una vez comenzada la feria. — Posibilidad de establecer acuerdos de colaboración con la competencia. — Tanto compradores como vendedores han de competir en un período de tiempo y espacio muy pequeño. 	<ul style="list-style-type: none"> — Rapidez en el ajuste de la oferta competitiva. — Es complicado establecer acuerdos comerciales con la competencia debido a la inseguridad del medio. — Tanto compradores como vendedores compiten en un mercado global las 24 horas del día y los 365 días del año.

FUENTE: Elaboración propia a partir de STEVENES (2005); KONIKOW (1988); GUPTA et al. (2004).

Source: ICE, 2007,

http://www.revistasice.com/cachepdf/ICE_840_141153__4DA9526028440A9A847F1500CED956ED.pdf

Today, e- commerce is an alternative that allows the customer to make an inquiry, selection and purchase of the product or service from their home if the want or from the office, and in turn it allows the bidder to save large amounts of money in travel, having a store, etc. I mean if the owner of an small or medium industry wants to internationalize its brand through a trade fair abroad, the decision involves a great logistic and high investment, the entrepreneur should budget, how much his trip abroad will cost depending on the number of people that will travel, including their accommodation, food and travel expenses, he has to add the cost of registration at the trade fair, the booth cost depending on the location, the cost of transporting the tools to adjust the stand , advertising material offered and the promotion, wireless connections, electricity , lights, etc. . Together each of the items and depending on the prestige and quality of the show the employer should invest an amount of approximately \$ 5,000.

One of the biggest disadvantages of trade shows are their very high cost, and the worst thing is that if we analyze its cost impact compared to other distribution channels this is quite low. Savings of electronic marketing are clearly visible against other techniques. Many companies have reduced their physical presence in offices which have already led to a reduction in budget. The campaigns that e-

marketing offers now allow target to market faster and more efficiently with a reduced budget, one- campaign can target our market agreements to socio-economic, demographic, geographic, including allowing greater efficiency at the moment of selling.

In a comparison on real numbers between trade shows and e- marketing, we can see that while a fair costs the company an average of \$ 5,000 for about 4 days, a campaign by digital means such as through Facebook may be costing the company \$ 500 for a period of three months and developing a targeted campaign focused on the target market you want to reach. These figures actually show a great difference in costs and benefits to the company seeking to reach the foreign market. The difference between the fair and electronic advertising is seen in terms of pervasiveness and its deployment costs could be seen in the chart below.

Graphic No. 18 Trade Fairs and digital marketing: penetration capacity and implementation costs

	Ferias Comerciales	Marketing Electrónico
Costes de implantación	<ul style="list-style-type: none"> — Son más costosas que otras herramientas de comunicación. — Es necesario invertir tiempo y dinero en la fase previa para aumentar el impacto. — La rentabilidad es difícil de medir. 	<ul style="list-style-type: none"> — Bajos costes de entrada y de exposición de productos. — Es necesario contar con expertos en las TIC. — Es posible medir el efecto y la rentabilidad de la acciones mediante herramientas electrónicas.
Capacidad de penetración en el mercado desde el punto de vista de la oferta	<ul style="list-style-type: none"> — Duración limitada en el tiempo. — Posibilidad de impactar con la imagen de la empresa. — Dificultad para seleccionar las ferias más adecuadas debido a la atomización del sector. 	<ul style="list-style-type: none"> — Duración continuada en el tiempo. — Más difícil impactar con la imagen de la empresa debido a las limitaciones del medio. — Acceso a un mercado global tanto de clientes como proveedores.
Capacidad de penetración en el mercado desde el punto de vista de la demanda	<ul style="list-style-type: none"> — Posibilidad de comparar distintas ofertas y precios. — Los problemas de agenda pueden limitar la asistencia. — Limitado a áreas geográficas, lo que restringe la asistencia de partes del mercado. — Existe personal especializado para resolver dudas o fijar acuerdos. 	<ul style="list-style-type: none"> — Es posible comprobar la oferta en cualquier momento. — No está limitado a áreas geográficas, aunque la asistencia está limitada a los clientes con Internet. — Ausencia de personas de contacto en el proceso de compra.

FUENTE: Elaboración propia a partir de STEVENES (2005); KONIKOW (1988); GUPTA et al. (2004).

Source: ICE, 2007,

http://www.revistasice.com/cache/pdf/ICE_840_141153__4DA9526028440A9A847F1500CED956ED.pdf

Among the major advantages of e- marketing is its ease of interaction although you do not need to have knowledge of technologies to create a campaign to internationalize it is not difficult because before of the creation the same page gives you an explanation of how you have to create it step by step. The page also gives you the results with exact daily results and it provides statistical data this does not happen

with the fairs since the employer is responsible for counting the number of people visiting the stand and he has to analyze the impact it has had.

On the other hand e-marketing does not face problems such as certain geographic areas are limited as the company may apply to the whole world if it wants, there are no restrictions on hours or dates which also facilitates the process, the digital advertising is non invasive, it is not expensive and it has a longer range, it is a more targeted advertising therefore it comes in a straightforward manner to your target market.

The big advantage is that digital advertising is more effective speaking in terms of cost per sale. The user decides to become consumer with just a click, thus generating a business relationship, rather than a waste of money by going to the masses.

Exhibitions are still a valuable tool for companies, the purpose of this analysis does not seek to belittle its value we only seek to propose a new alternative that may be particularly attractive for small and medium industries specifically seeing it from the point of view of the budget as carries huge savings for small business and their level of impact is becoming extremely high as a new alternative for the internationalization of products and services offered by small and medium industries.

2.7 Conclusions

Throughout the second chapter I analyzed information and communication technologies and the impact they have generated in the world. Something to note is that ICT convert physical information into immaterial information, in that way they are revolutionizing the world. Something that is addressed in this chapter is that in Latin America and Ecuador small and medium industries still struggle to bet on ICT specifically on Internet, there is a lot of mistrust and disbelief on the subject. In addition there is very little training on these new technologies. It is noteworthy that Ecuador's government is already generating programs to encourage small and medium industries to train in this area and invest in these new technologies. Finally in this chapter we find the advantages offered by the use of Internet compared with

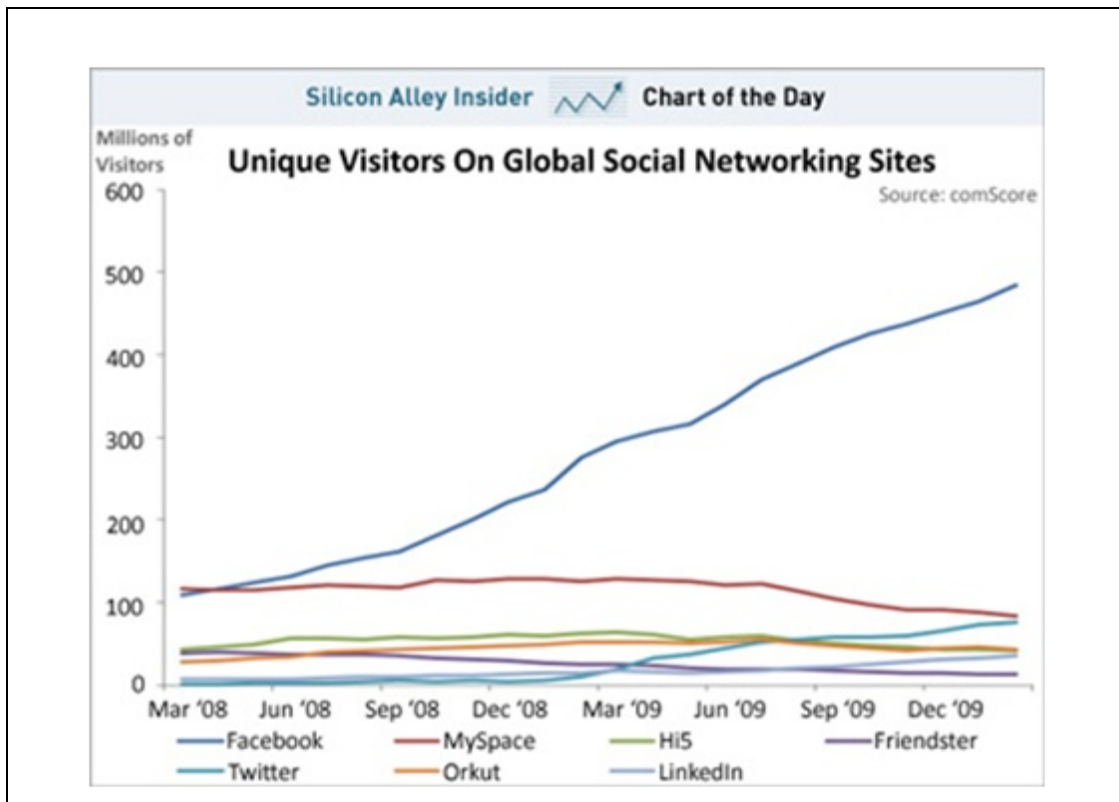
traditional methods of internationalization. Small and medium industries will reduce costs to generate a greater impact abroad.

CHAPTER NO. 3 INTERNATIONALIZATION STRATEGY COMPANY “RAFAEL PAREDES E HIJOS CÍA. LTDA.”

3.1 Introduction

In the second chapter we analyzed Facebook as the social network with the highest impact worldwide reaching over 1000 million users. Advertising for companies through this social network has earned a great reputation, over 900 million people click "Like" and introduce an average of 3,200 comments a million times each day (Facebook , 2013). I mean if it can generate a strong presence on Facebook, the company can have this kind of range. There are many companies that are committed by advertising on Facebook and they confirm their success while others do not take risks to do it.

Graphic No. 19 Network users growth



Source: Cuéntame la Red, 2010, <http://www.cuentamelared.com/facebook-rey-de-redes/visitante-unicos-facebook/>

The British company, Digital TBG conducted a study on whether advertising on Facebook is successful. According to the analysis from the second quarter of 2011 to the second quarter of 2012 TBG Digital evaluated 406 billion ad impressions (ad impressions) in Facebook in 190 different countries. The cost per thousand ad impressions increased by 58%. In countries like the U.S. and Canada also increased the cost per click. (Korntheuer, 2012).

Due to the importance that has won Facebook last years on issues of electronic marketing, it was determined that this is the most convenient social network for the Advertising Campaign of "Rafael Paredes e Hijos" Company, it aims to internationalize the website Barranco's Hats.

3.2 Campaign creation

To create the ad on Facebook, first you need to have a Facebook business page. In this case the company already had one. From this page the ad starts.

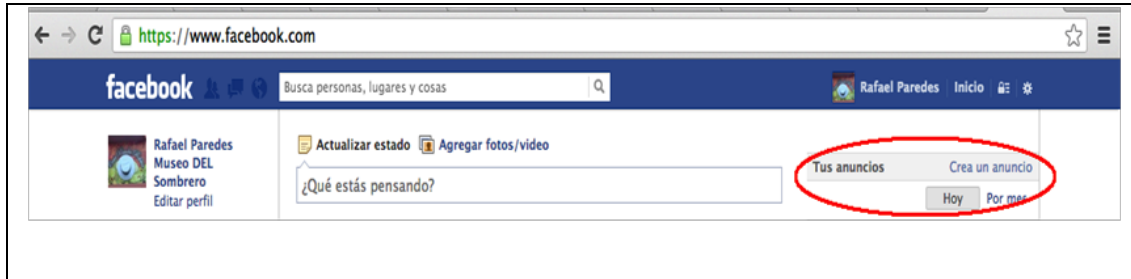
Graphic No. 20 Facebook page from the Company Barranco's Hats



Source: Facebook, 2013

This page led to the creation of the ad, to create it, it is necessary to give a click as shown in the following screenshot.

Graphic No. 21 Access for creating ads through facebook



Source: Facebook, 2013

Once selected the option the window shown in the picture will appear here we have to click in the indicated option which is “Clicks en el Sitio Web”.

Graphic No. 22 Definition of the type of result to get through the campaign on Facebook

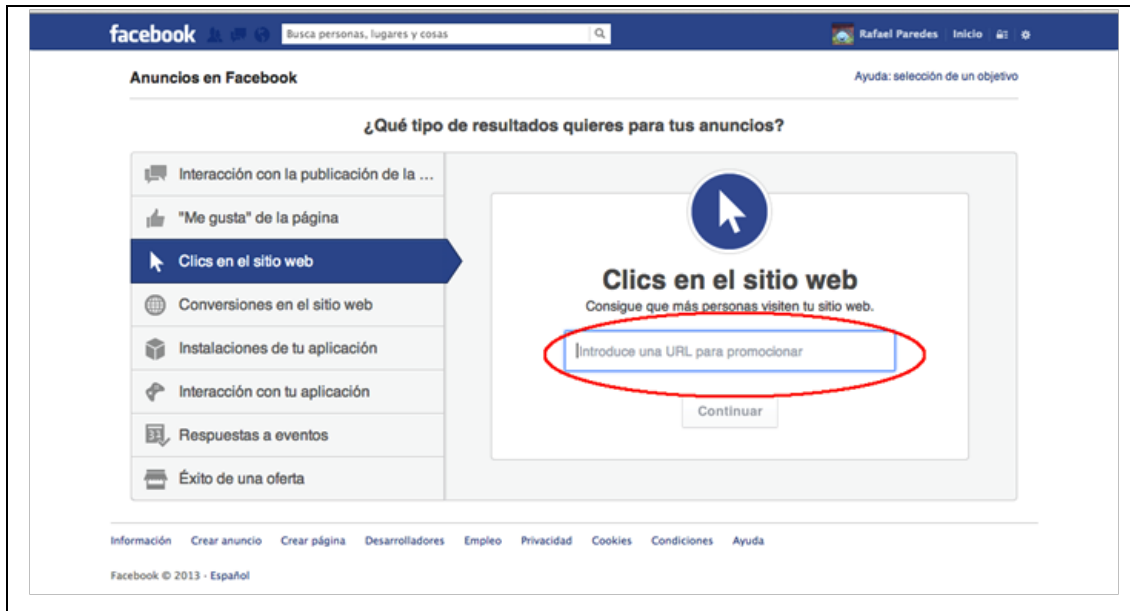


Source: Facebook, 2013

This option was selected because the objective of this campaign is to make people know about the Company's website through Facebook. The campaign will be created on Facebook and it will appear within this social network, however the users that will click the ad will be immediately redirected to the company's website, this will generate a greater impact on the site.

Once selected the option of “Clicks en el sitio web” the following window will appear, it allow to connect website with the Facebook campaign.

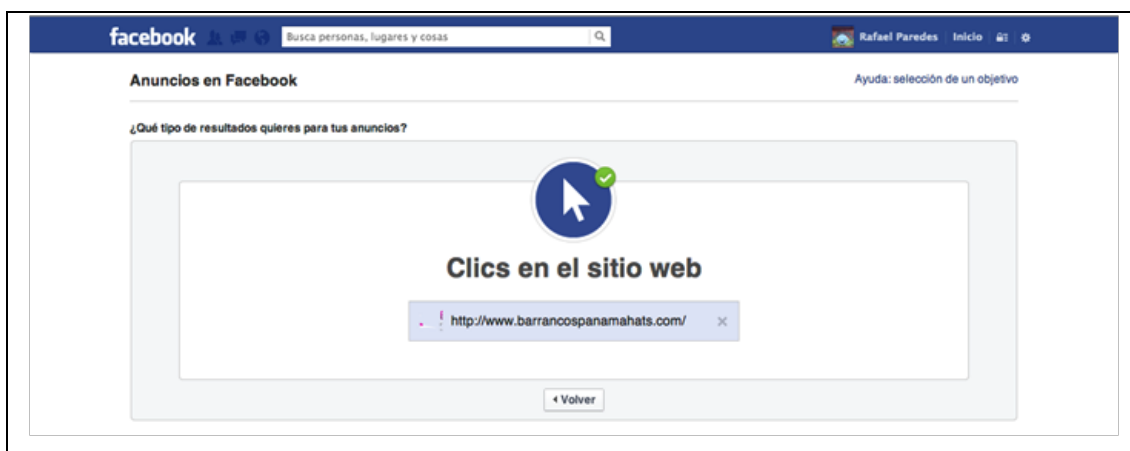
Graphic No. 23 Entering of URL company address



Source: Facebook, 2013

In the box designated we must enter the URL of the company, in this case it is: **http://www.barrancospanamahats.com**. Once the address is entered, it is confirmed the reception of information

Graphic No. 24 Confirmation of campaign creation



Source: Facebook, 2013

In this window, we can see that the address of company's website is already introduced. Following this we proceed to choose the photo that we want to be shown in the ad, in this case it is the logo of the company's website Barranco 's Hats. About the message, it is very important that this forward what makes the company and emphasize their most important values, it is also necessary to be clear and concise, not very long it is also important to use key words about the business. In this case the message was chosen by the Manager of the Company: *An " INTANGIBLE HERITAGE OF HUMANITY "could be yours now directly from Ecuador.* The manager of the company decided to choose this text because the short straw hats was named " Intangible Heritage " and it seemed a good idea to attract people using this message.

Graphic No. 25 Campaign creation: message that will appeared on Facebook

The screenshot shows the Facebook campaign creation interface. On the left, under 'Tu anuncio', there are fields for 'Encabezado' (Barrancos Panama Hat) and 'Texto' (An "INTANGIBLE HERITAGE OF HUMANITY" could be yours now directly from Ecuador). Below these is the 'Destino' (Biografía) and a section for 'Imágenes' with a recommended size of 100 x 72 pixels. A preview of the logo is shown with dimensions 180 x 135. On the right, a red-bordered box labeled 'Vista previa de la columna derecha' shows the final ad layout. The ad title is 'Barrancos Panama Hat', followed by the logo and the text: 'An "INTANGIBLE HERITAGE OF HUMANITY" could be yours now directly from Ecuador'. Below this, it says 'A 233 personas les gusta Barrancos Panama Hat Factory- Museo del Sombrero'.

Source: Facebook, 2013

Once the message and the image for the ad are established we proceed to segment the audience that we want to reach. In this case it was decided that the best country to develop the campaign was United States so this is established as its main market. The manager of the company wanted to focus the campaign in Beverly Hills, at the beginning he wanted to focus it in New York however due to the time of year when

the campaign was launched which was August 27 and like it had a duration of three months it was not convenient since the summer was over, but Beverly Hills has a temperate climate all year round another important fact is that it is a market with customers with a high socioeconomic status that like luxury and have a high value of fashion. We decided to include the cities that were 50 miles around to expand our segment

In terms of age the company determined that the segment that is interested in their products are men and women from 26 to 60 years.

As for the category we determined these products within the category of fashion because of the relationship they have with it.

Graphic No. 26 Creation of geographic and demographic indicators of the campaign

Crea tu público Ayuda: elige tu audiencia

Ubicación: [?]

☐ País
☐ Estado/Provincia
☒ Ciudad
☐ Código postal

☒ Incluir ciudades dentro de 50 millas

Edad: [?] 26 - 60

Sexo: [?] ☒ Todos
☐ Hombres
☐ Mujeres

Intereses concretos: [?]

Categoría amplia: [?]

- Estado familiar
- Juegos
- Market
- Usuarios de celulares (todos)
- Usuarios de celulares (otro SO)
- Películas
- Música
- Productos de belleza
- Aparatos electrodomésticos
- ☒ Moda
- Artículos de lujo

Público

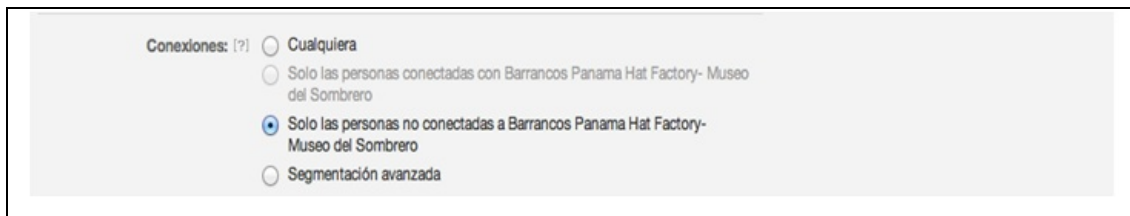
940,000 personas

- que viven en Estados Unidos
- que viven a 80 kilómetros de Beverly Hills, CA
- exactamente entre 26 y 60 años (ambos inclusive)
- que aún no están conectadas con Barrancos Panama Hat Factory- Museo del Sombrero
- que pertenecen a la categoría amplia Moda

Source: Facebook, 2013

About the connections we chose the option of people that are not connected with the company, because those are the people that have no idea about the company and its products.

Graphic No. 27 Conection type for campaign access



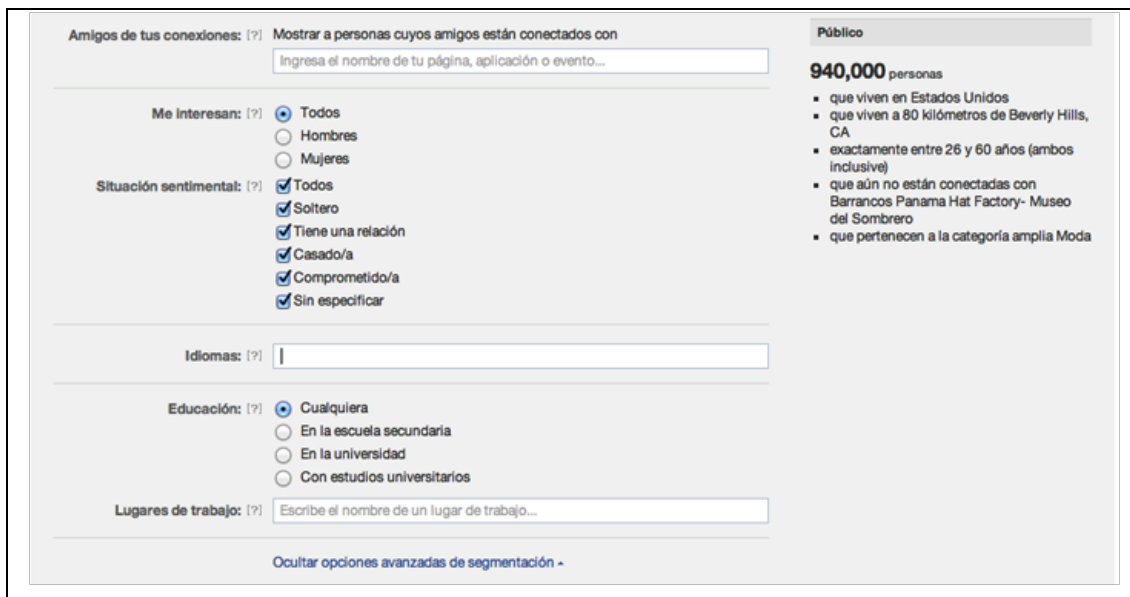
Conexiones: [?]

- ☐ Cualquiera
- ☐ Solo las personas conectadas con Barrancos Panama Hat Factory- Museo del Sombrero
- ☒ Solo las personas no conectadas a Barrancos Panama Hat Factory- Museo del Sombrero
- ☐ Segmentación avanzada

Source: Facebook, 2013

About the people that have access to the campaign, we chose men and women of any relationship status, the language was not established, even though the campaign was focus on Beverly Hills, there could be users that speak other languages besides English.

Graphic No. 28 Parameters for the accessibility of the campaign



Amigos de tus conexiones: [?] Mostrar a personas cuyos amigos están conectados con

Ingresa el nombre de tu página, aplicación o evento...

Me interesan: [?]

- ☒ Todos
- ☐ Hombres
- ☐ Mujeres

Situación sentimental: [?]

- ☒ Todos
- ☒ Soltero
- ☒ Tiene una relación
- ☒ Casado/a
- ☒ Comprometido/a
- ☒ Sin especificar

Idiomas: [?] |

Educación: [?]

- ☒ Cualquiera
- ☐ En la escuela secundaria
- ☐ En la universidad
- ☐ Con estudios universitarios

Lugares de trabajo: [?] Escribe el nombre de un lugar de trabajo...

Ocultar opciones avanzadas de segmentación -

Público

940,000 personas

- que viven en Estados Unidos
- que viven a 80 kilómetros de Beverly Hills, CA
- exactamente entre 26 y 60 años (ambos inclusive)
- que aún no están conectadas con Barrancos Panama Hat Factory- Museo del Sombrero
- que pertenecen a la categoría amplia Moda

Source: Facebook, 2013

Regarding education option Any was selected to have a larger segment.

Finally after we selected all segmentation options it was determined that the public that the campaign will have is 940,000 people that live in United States in Beverly Hills and 80 miles around, men and women between 26 and 60 years that are not yet connected to Barranco's Panama Hat Factory and Hat Museum, they belong to the fashion category. It is important to note that during the period of the campaign it grew from 940,000 to 1,140,000 people.

Graphic No. 29 Number of user that have the characteristics requested



Source: Facebook, 2013

3.3 Campaign cost

Determined the segment to which the campaign will be directed we need to determine the configuration of the account and the budget.

The account currency was determined in U.S. dollars as this is the currency in which transactions are made in Ecuador, the account's country is Ecuador and the zone time America / Guayaquil.

Graphic No. 30 Campaign budget and payment methods

Presupuesto de la campaña: [?] **Por día** \$5,00 [?]

Gastarás un máximo de \$160,00 en tu campaña debido a que se configuró un gasto de \$5,00 diario, durante 32 días.

Calendario de la campaña: [?] ☐ Poner mi campaña en circulación ininterrumpidamente a partir de hoy ☒ Define una fecha de inicio y término

Inicio: 27/8/2013 8 : 00 PM (America/Guayaquil)

Fin: 27/9/2013 8 : 00 PM (America/Guayaquil)

Configuración de la cuenta

Esta configuración no se puede cambiar después de haber creado el anuncio.

Divisa de la cuenta: Dólar estadounidense

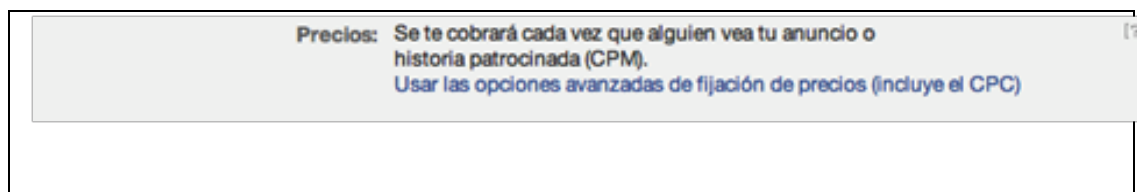
País de la cuenta: Ecuador

Franja horaria de la cuenta: America/Guayaquil

Source: Facebook, 2013

The budget per day for the campaign was set at \$ 5.00 this amount was determined by the company. Initially the campaign was established only for a month because the company wanted to see the results obtained in the first month and how effective it was. The following months the campaign was activated, it lasted three months and cost \$ 450.

Graphic No. 31 Confirmation of payment method CPC



Source: Facebook, 2013

The following step was to review the ad. Here we have a preview with the message that will arrive to the target audience.

Graphic No. 32 Preview of the ad



Source: Facebook, 2013

Facebook confirms the name of the ad, the target audience to which it is directed, the bid rate to be used in this case CPM, and finally the date of the campaign from August 27, 2013 to September 27, 2013.

Graphic No. 33 Preview of the ad: confirmation of the ad name

Nombre del anuncio:	Barrancos Panama Hat Facto
Público objetivo:	<p>Este anuncio se dirige a usuarios:</p> <ul style="list-style-type: none"> ■ que viven en Estados Unidos ■ que viven a 80 kilómetros de Beverly Hills, CA ■ exactamente entre 26 y 60 años (ambos inclusive) ■ que aún no están conectadas con Barrancos Panama Hat Factory- Museo del Sombrero ■ que pertenecen a la categoría amplia Moda

Source: Facebook, 2013

Graphic No. 34 Confirmaton of the daily rate of pay

Tipo de puja:	CPM optimizado
Puja:	Auto
Presupuesto diario:	\$5,00 USD por día
Duración:	Del 27/08/2013 8:00 al 27/09/2013 8:00 hora de Guayaquil

Al hacer clic en el botón "Realizar pedido", acepto la [Declaración de derechos y responsabilidades de Facebook](#), incluida mi obligación de cumplir las [Normas publicitarias de Facebook](#). Entiendo que el incumplimiento de estas Condiciones y de las Normas publicitarias pueden tener diversas consecuencias, como la cancelación de anuncios o la eliminación de mi cuenta. Asimismo, entiendo que si resido en Estados Unidos o Canadá o mi negocio se encuentra en estos países, formalizo este acuerdo con Facebook, Inc., mientras que si resido en otro país o mi negocio se encuentra en otro país, formalizo este acuerdo con Facebook Ireland Limited.

Source: Facebook, 2013

Finally we have to choose the payment, Facebook offers three options Credit Card, PayPal and Direct Debit. The company with which I worked chose credit card

Graphic No. 35 Definition of the payment method

Agregar una fuente de financiación

Anuncios de Facebook Presupuesto diario: \$5,00 USD [?]
Agrega una fuente de financiamiento a tu cuenta publicitaria de Facebook - Condiciones

☒ Tarjeta de crédito o débito 

☐ PayPal 

☐ Débito directo
Direct debit can take a few days to set up. Save time by choosing a different payment option. 

☐ Tengo un cupón para canjear [?]

Continuar **Cancelar**

Source: Facebook, 2013

In the next step we need to introduce the information of the credit card for the transaction.

Graphic No. 36 Creation of the payment method

Nombre: Juan Fernando

Apellidos: Paredes Roldán

Número de tarjeta de crédito: [Masked]

Tipo de tarjeta de crédito: 

Fecha de vencimiento: [Month] / [Year]

Código de seguridad (CSC): [Masked] [?]

Dirección de facturación: Calle Larga 10-41

Dirección de facturación 2: [Empty]

Ciudad o población: Cuenca

Estado/provincia/región: Azua

Código postal: [Empty]

País: Ecuador

Aceptar **Cancelar**

Source: Facebook, 2013

Finally as last step we need to confirm the billing address, Facebook asks if the ads that we are buying are for commercial purposes, we need to confirm the name of the company in this case Rafael Paredes e Hijos, we confirms the business address, the IVA number if we are located within the European Union and the last question is if we are an agency that buys ads on behalf of an advertiser 's, is this case the answer is not.

Graphic No. 37 Creation of the commercial address (billing)

The screenshot shows a Facebook form titled "Confirmación de la dirección comercial". At the top, a grey box contains a notice about VAT for EU residents. Below this, the "Información de la cuenta" section displays the account ID "4427134242067". The "Dirección de facturación" section includes a note about verifying the commercial address and lists the following details: "Dirección postal 1: Calle Larga 10-41", "Dirección postal 2:", "Ciudad: Cuenca", "Estado / Provincia / Región: Azuay", "Código postal:", and "País: EC". A question "¿Vas a comprar anuncios de Facebook con fines comerciales?" is followed by "Sí" (selected) and "No" radio buttons. The "Nombre de la empresa:" field contains "Rafael Paredes e Hijos", with a note below it stating "Si no tienes un nombre comercial, escribe tu nombre."

Source: Facebook, 2013

Once the ad was created we begin to track daily stats and especially the most important the number of clicks the ad has had and the potential reach of the people that the ad has had.

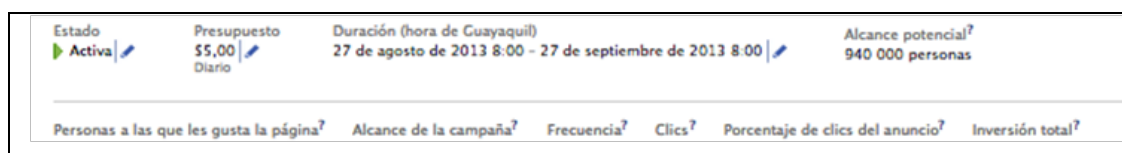
The announcement began on August 27, 2013 at 8:00 am.

We began to take screenshots of each day of the campaign to make a monthly analysis of the results. The main points to be evaluated in the analysis were the number of clicks per day and the percentage of clicks per ad because we believe that the main thing was to evaluate the results it generated. Below it is observed each of the variables presented in the Facebook campaign every day.

We find the status of the campaign, in this case active, then we find the Budget that is \$5 per day, then it comes the length it began on August 27 and it ends on September 27 at a request of the company the campaign was activated month by month for three months, then we find the potential scope that is the audience that can be reached which is 940,000 people.

In the bottom we can find other variables as the people that like the page and we can also see the reach of the campaign, the frequency, the clics, the percentage of clics that the ad has and the total investment.

Graphic No. 38 Confirmation of the campaign creation



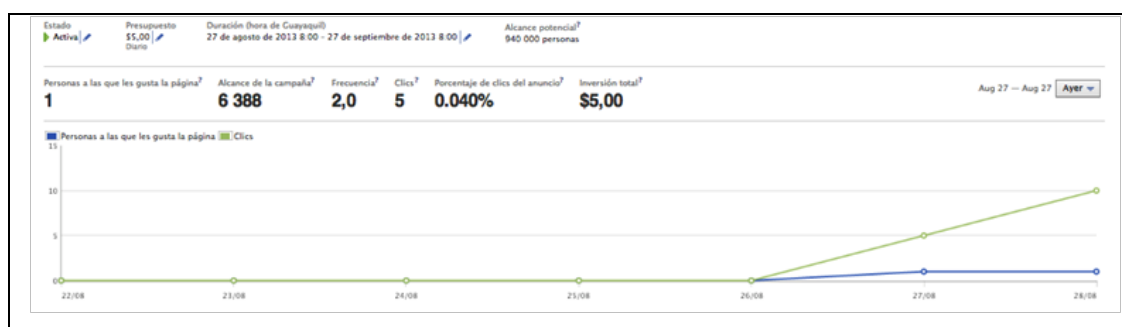
Source: Facebook, 2013

3.4 Results of Campaign Application

3.4.1 First month: August 27 – September 27

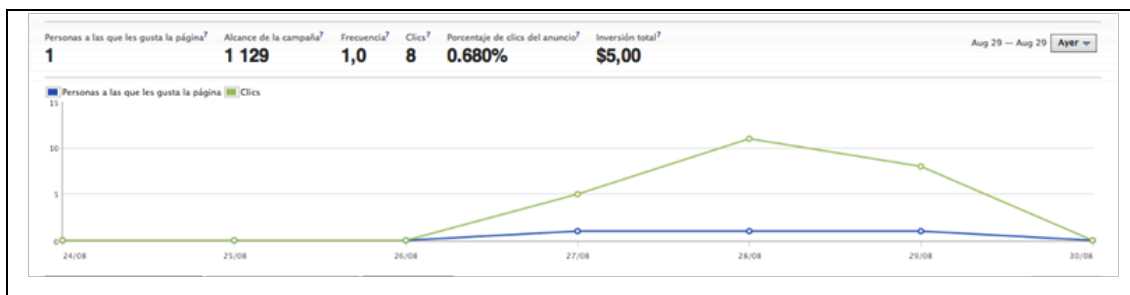
The following graphics collect the number of clicks that the ad receives, it is interesting to analyze the numeric variation because it shows the level of accessibility that the campaign has, it also measures the number of users obtained through this media.

Graphic No. 39 Statistics – Tuesday august 27



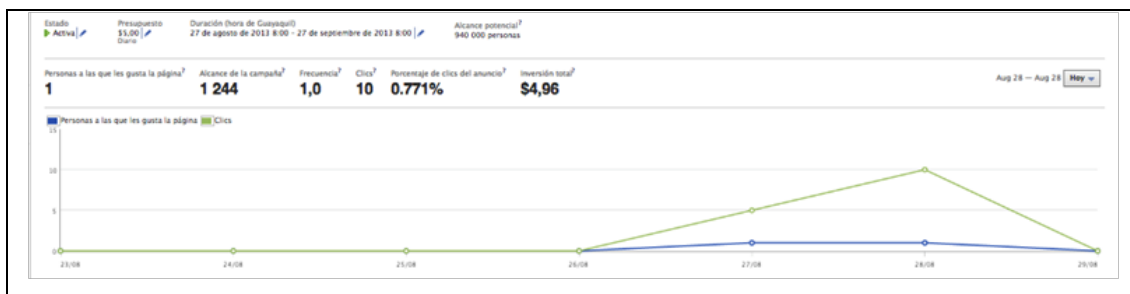
Source: Facebook, 2013

Graphic No. 40 Statistics – Wednesday august 28



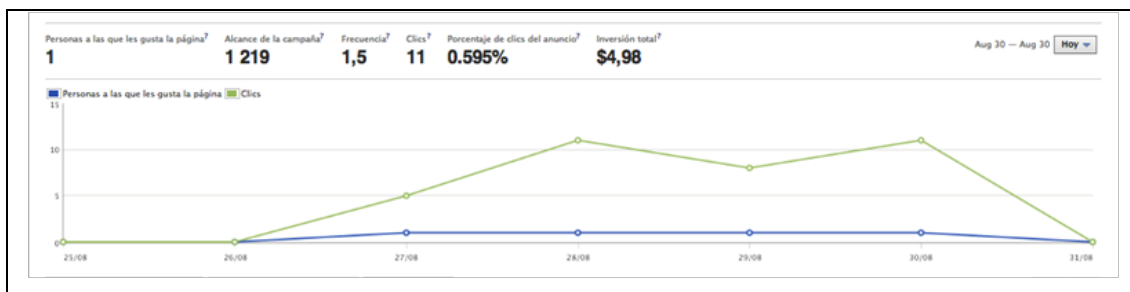
Source: Facebook, 2013

Graphic No. 41 Statistics – Thursday august 29



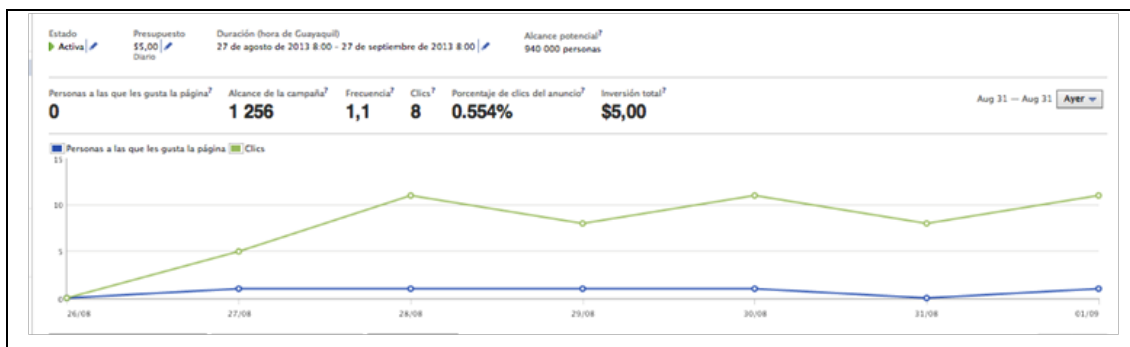
Source: Facebook, 2013

Graphic No. 42 Statistics – Friday august 30



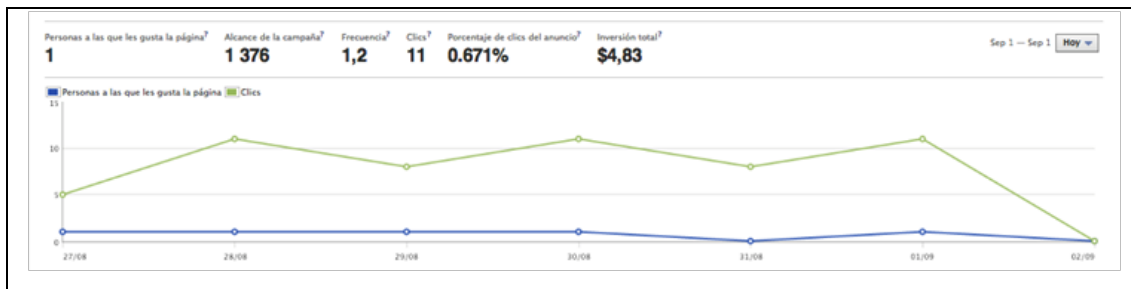
Source: Facebook, 2013

Graphic No. 43 Statistics – Saturday august 31



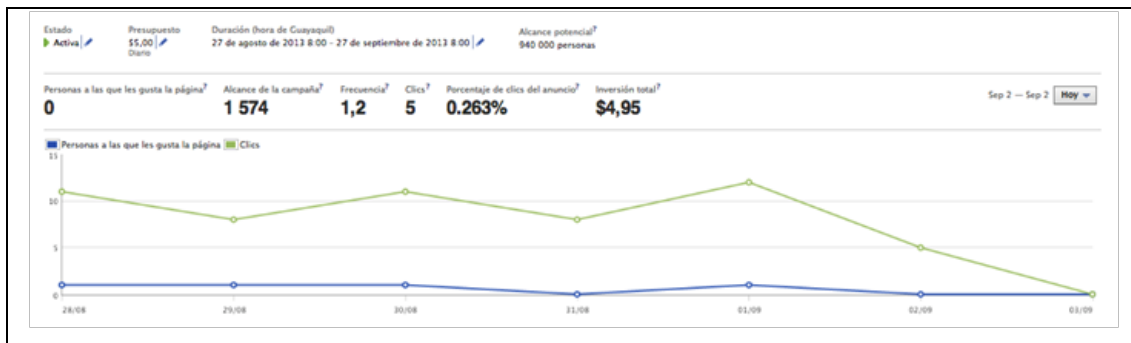
Source: Facebook, 2013

Graphic No. 44 Statistics – Sunday september 01



Source: Facebook, 2013

Graphic No. 45 Statistics –Monday september 02



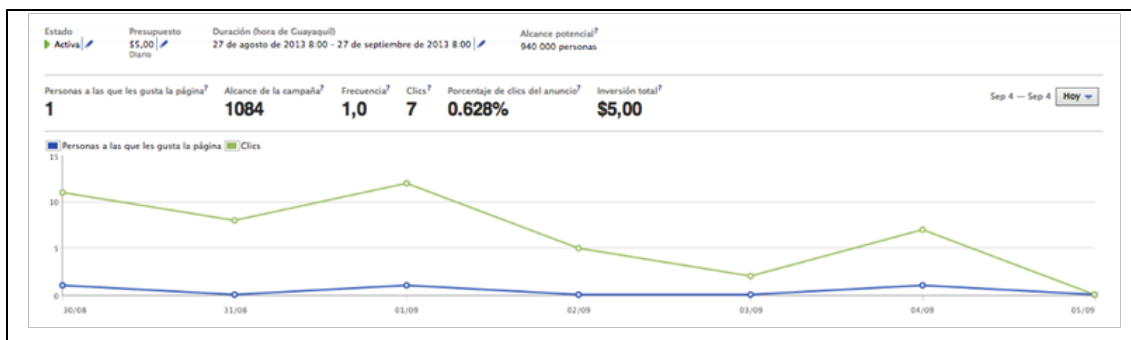
Source: Facebook, 2013

Graphic No. 46 Statistics – Tuesday september 03



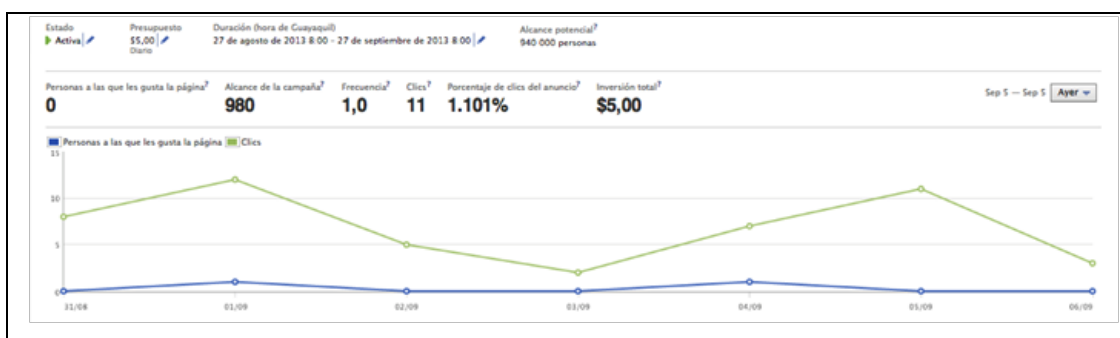
Source: Facebook, 2013

Graphic No. 47 Statistics – Wednesday september 04



Source: Facebook, 2013

Graphic No. 48 Statistics – Thursday september 05



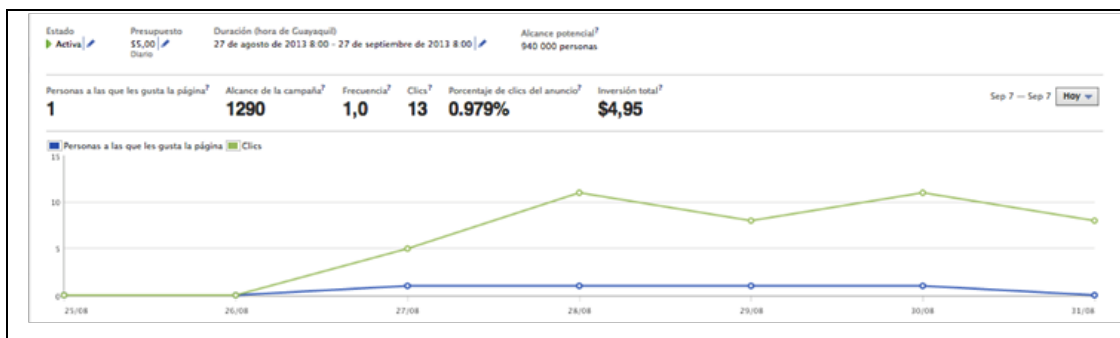
Source: Facebook, 2013

Graphic No. 49 Statistics – Friday, September 6



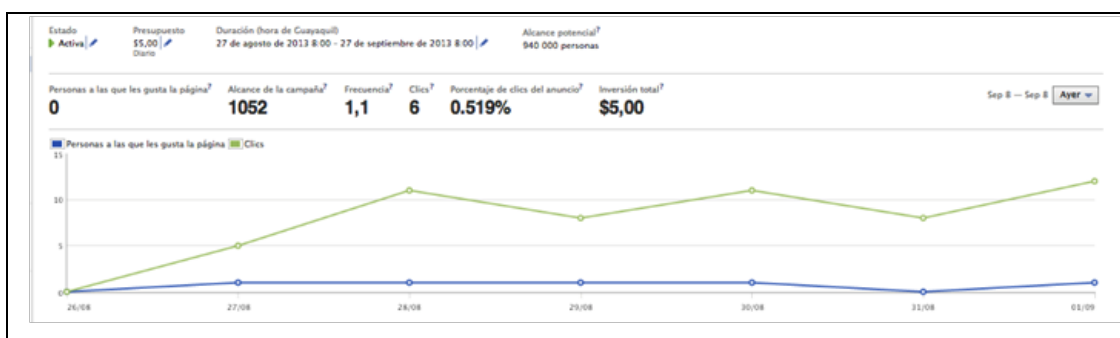
Source: Facebook, 2013

Graphic No. 50 Statistics – Saturday, September 7



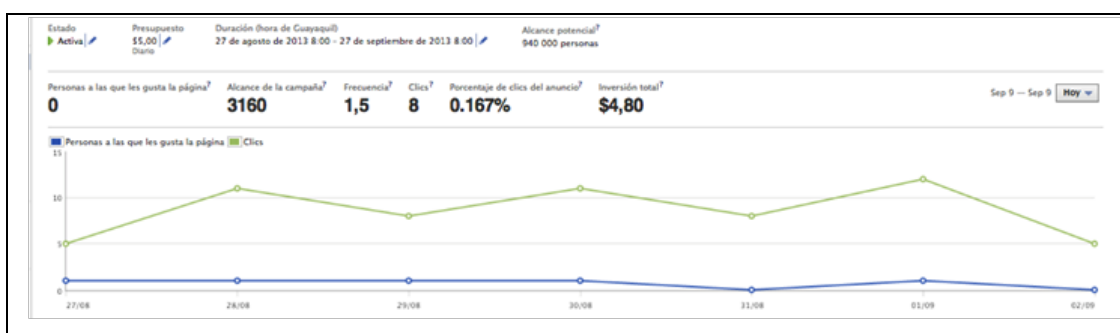
Source: Facebook, 2013

Graphic No. 51 Statistics – Sunday, September 8



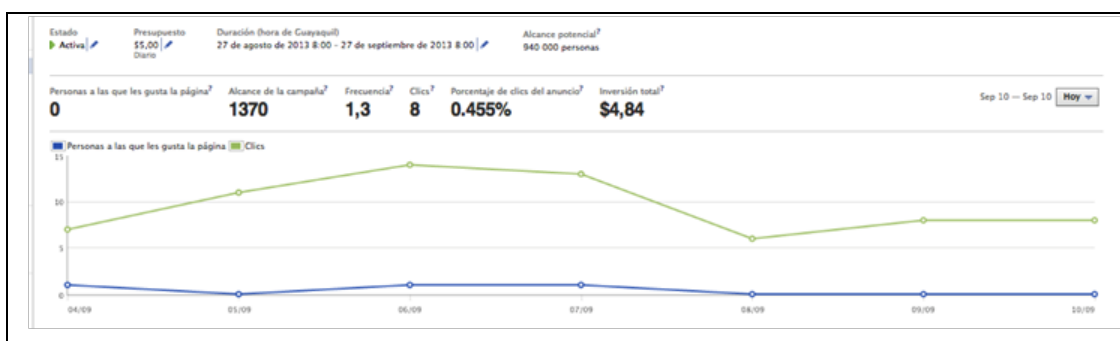
Source: Facebook, 2013

Graphic No. 52 Statistics – Monday, September 9



Source: Facebook, 2013

Graphic No. 53 Statistics – Tuesday, September 10



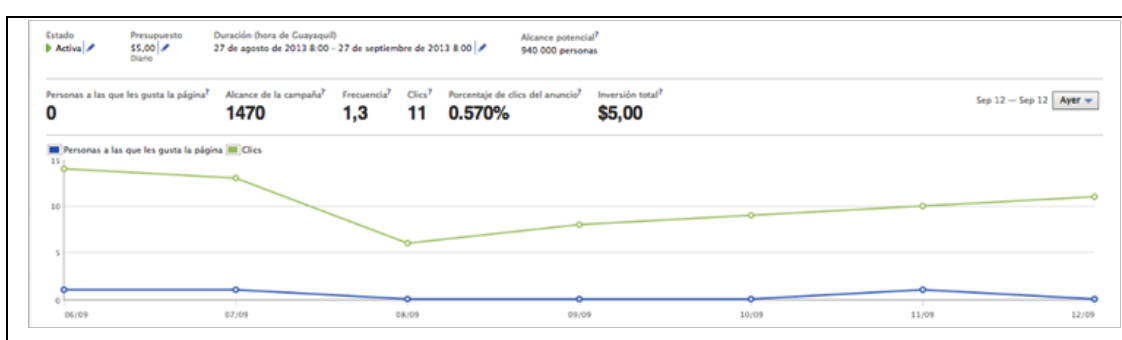
Source: Facebook, 2013

Graphic No. 54 Statistics – Wednesday, September 11



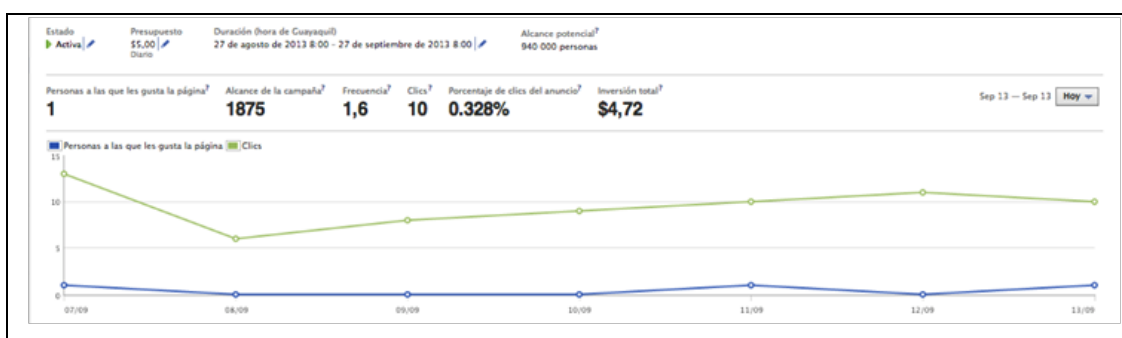
Source: Facebook, 2013

Graphic No. 55 Statistics – Thursday, September 12



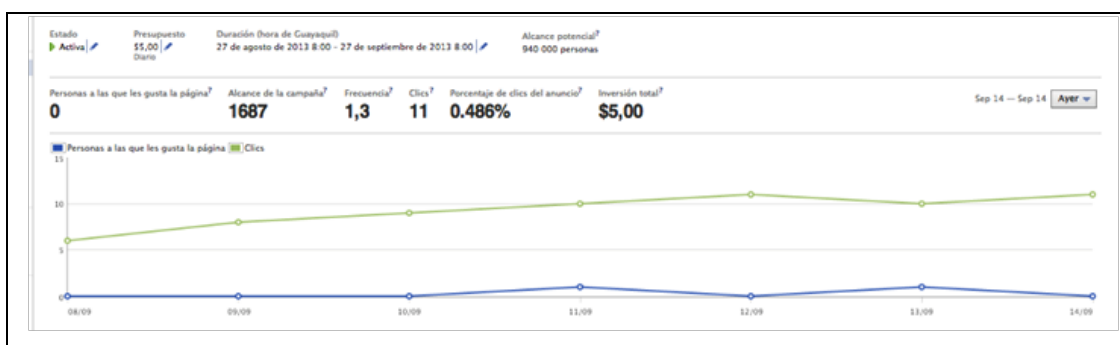
Source: Facebook, 2013

Graphic No. 56 Statistics – Friday, September 13



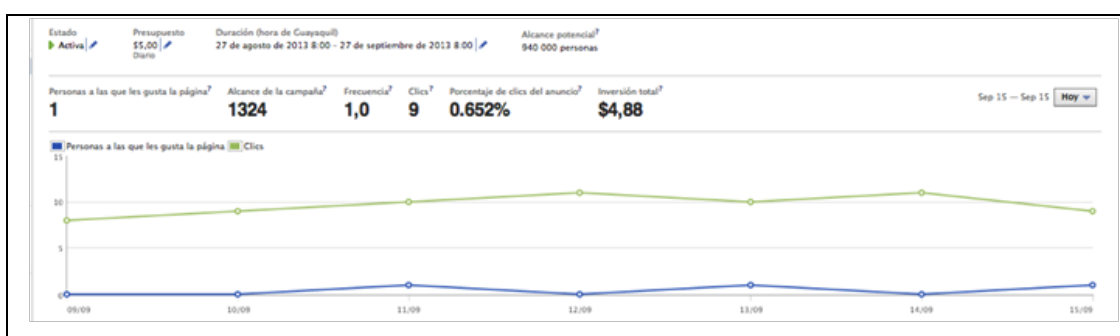
Source: Facebook, 2013

Graphic No. 57 Statistics – Saturday, September 14



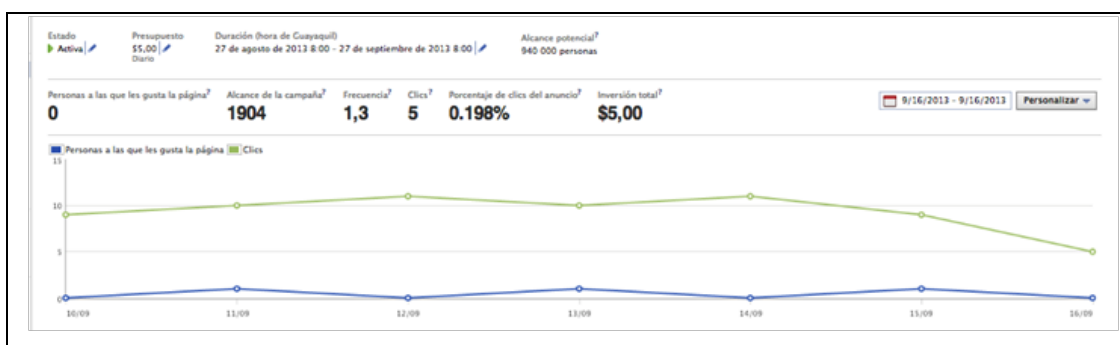
Source: Facebook, 2013

Graphic No. 58 Statistics – Sunday, September 15



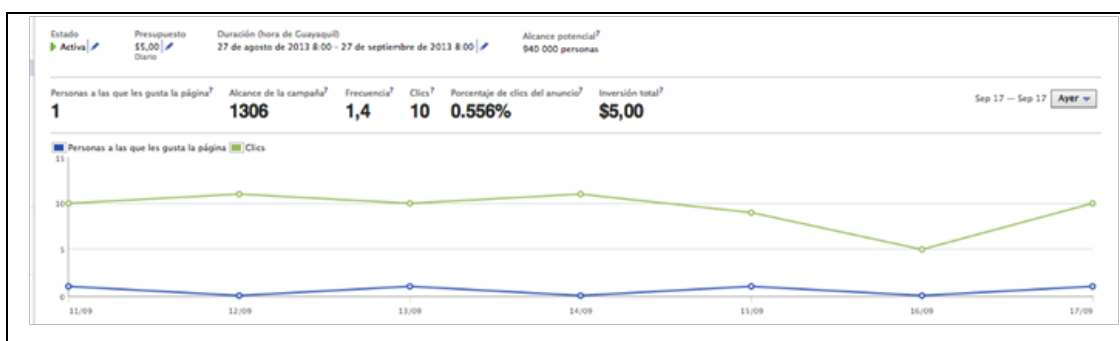
Source: Facebook, 2013

Graphic No. 59 Statistics – Monday, September 16



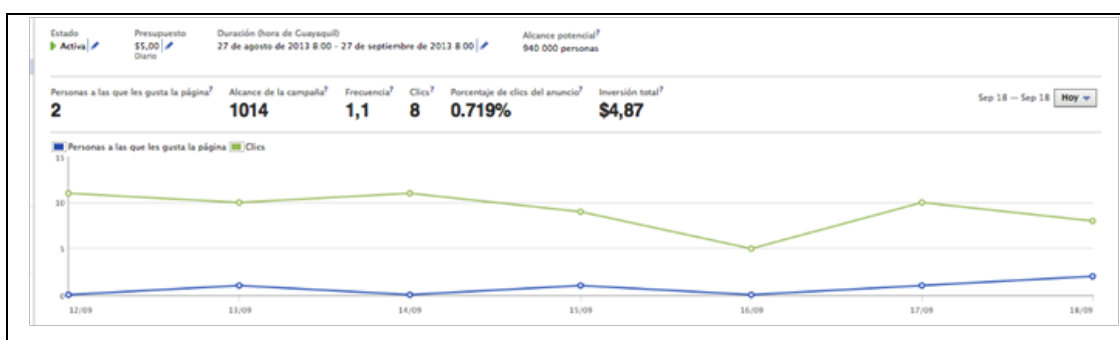
Source: Facebook, 2013

Graphic No. 60 Statistics – Tuesday, September 17



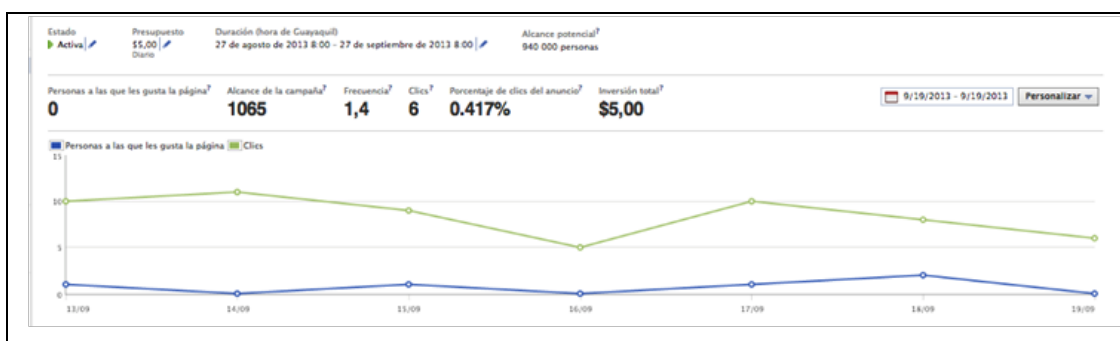
Source: Facebook, 2013

Graphic No. 61 Statistics – Wednesday, September 18



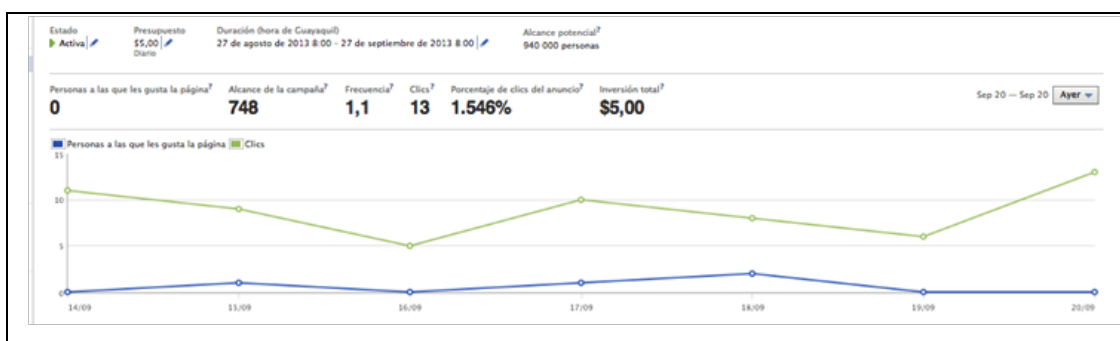
Source: Facebook, 2013

Graphic No. 62 Statistics – Thursday, September 19



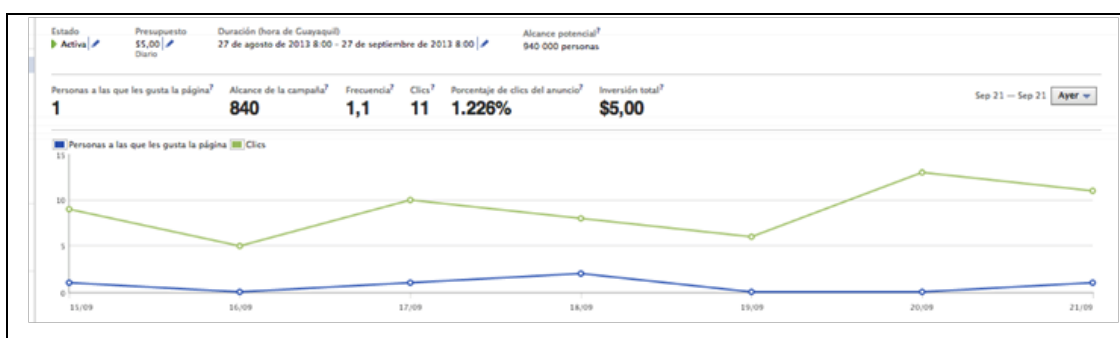
Source: Facebook, 2013

Graphic No. 63 Statistics – Friday, September 20



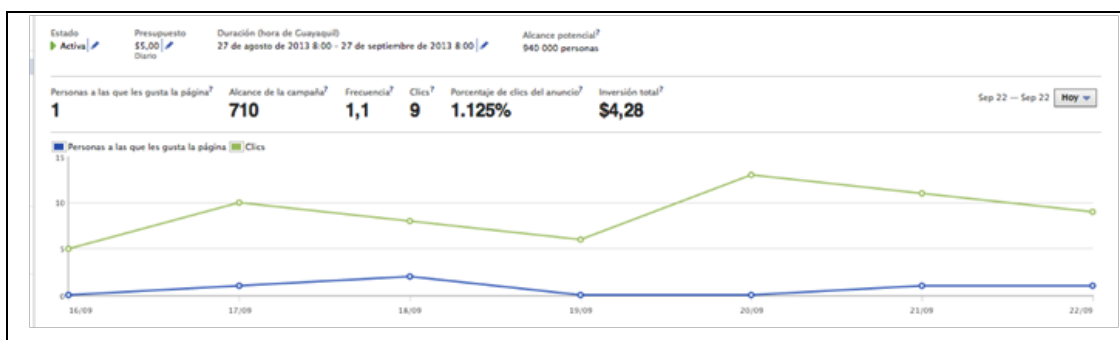
Source: Facebook, 2013

Graphic No. 64 Statistics – Saturday, September 21



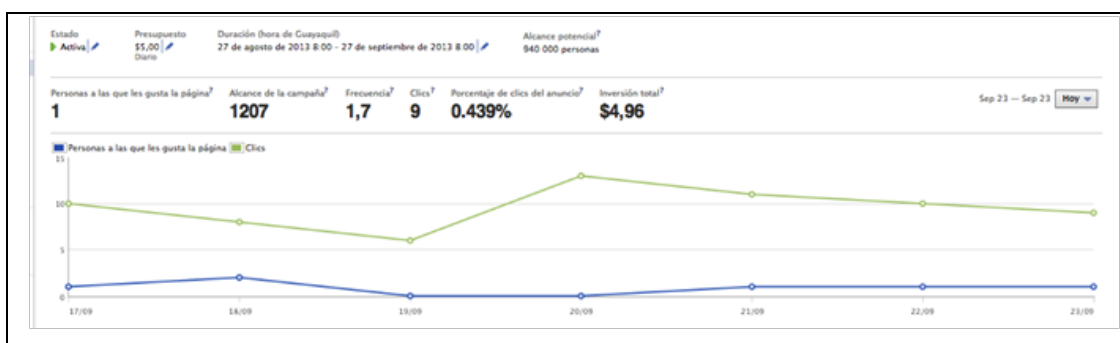
Source: Facebook, 2013

Graphic No. 65 Statistics – Sunday, September 22



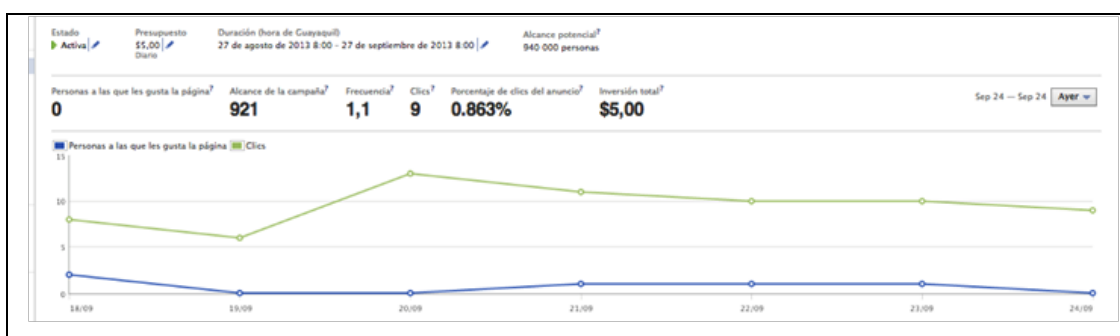
Source: Facebook, 2013

Graphic No. 66 Statistics – Monday, September 23



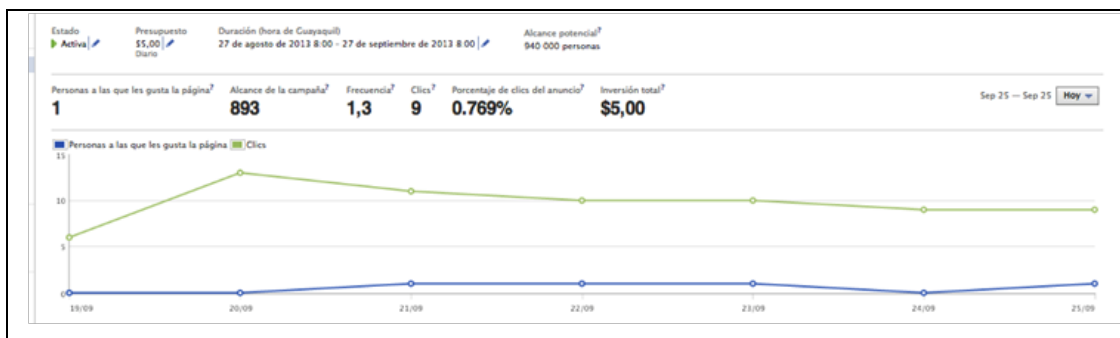
Source: Facebook, 2013

Graphic No. 67 Statistics – Tuesday, September 24



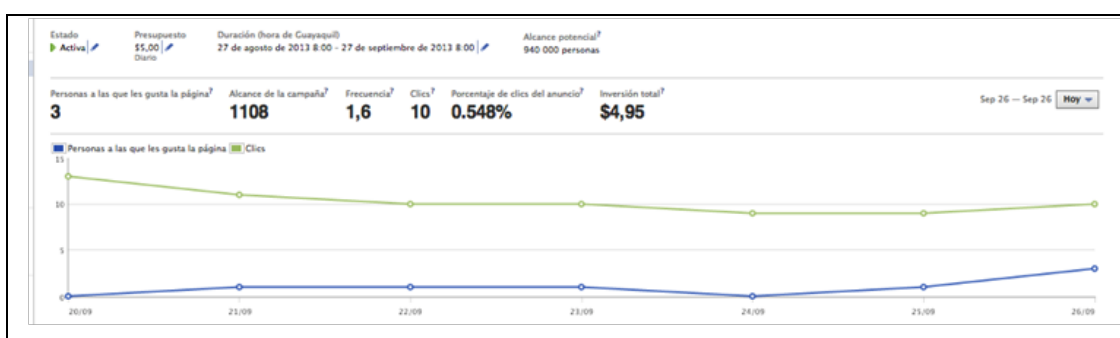
Source: Facebook, 2013

Graphic No. 68 Statistics – Wednesday, September 25



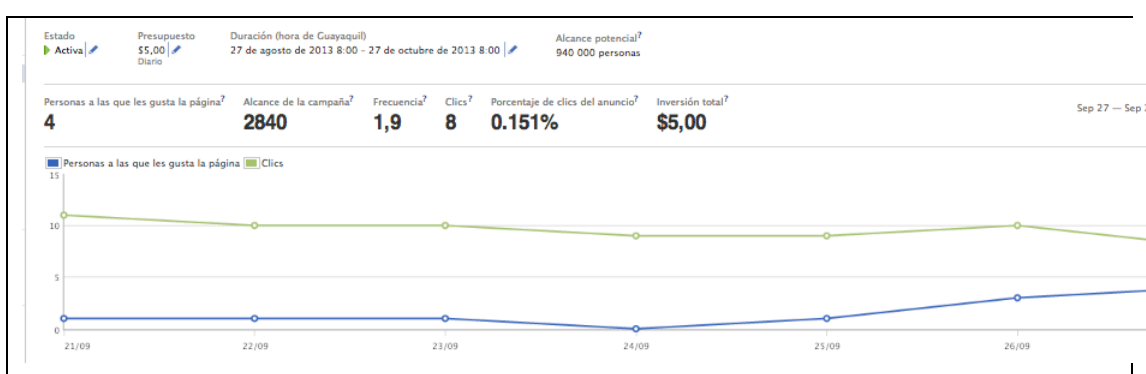
Source: Facebook, 2013

Graphic No. 69 Statistics – Thursday, September 26



Source: Facebook, 2013

Graphic No. 70 Statistics – Friday, September 27



Source: Facebook, 2013

The first month the total of clicks achieved in the ad were 285, the average was 9 and the most repeated number is 8.

Chart No. 6 Report first month: august 27 – september 27

DÍA	FECHA	ALCANCE DE LA CAMPAÑA	CLICS	PORCENTAJE DE CLICS DEL ANUNCIO
Martes	27-ago	6.388	5	0,04%
Miércoles	28-ago	1.244	10	0,77%
Jueves	29-ago	1.129	8	0,68%
Viernes	30-ago	1.219	11	0,60%
Sábado	31-ago	1.256	8	0,55%
Domingo	01-sep	1.376	11	0,67%
Lunes	02-sep	1.574	5	0,26%
Martes	03-sep	1.330	2	0,14%
Miércoles	04-sep	1.084	7	0,63%
Jueves	05-sep	980	11	1,10%
Viernes	06-sep	1.168	14	0,96%
Sábado	07-sep	1.290	13	0,98%
Domingo	08-sep	1.052	6	0,52%
Lunes	09-sep	3.160	8	0,17%
Martes	10-sep	1.370	8	0,46%
Miércoles	11-sep	2.934	10	0,15%
Jueves	12-sep	1.470	11	0,57%
Viernes	13-sep	1.875	10	0,33%
Sábado	14-sep	1.667	11	0,49%
Domingo	15-sep	1.324	9	0,65%
Lunes	16-sep	1.904	5	0,20%
Martes	17-sep	1.306	10	0,56%
Miércoles	18-sep	1.014	8	0,72%
Jueves	19-sep	1.065	6	0,42%
Viernes	20-sep	748	13	1,55%
Sábado	21-sep	840	11	1,23%
Domingo	22-sep	710	9	1,13%
Lunes	23-sep	1.207	9	0,44%
Martes	24-sep	921	9	0,86%
Miércoles	25-sep	893	9	0,77%
Jueves	26-sep	1.108	10	0,55%
Viernes	27-sep	2.840	8	0,15%

TOTAL DE CLICS	285
MEDIA	9
MODA	8

Source: Author

From the total of clicks obtained I analyzed the days that the ad had more impact comparing weekdays and weekends. I proceeded to count the number of clicks on weekdays. I determine the mean and compare it with the number of clicks and average on the weekend.

Chart No. 7 Report first month: august 27 – september 27 according to the day of the week

CLICS DIAS ENTRE SEMANA			CLICS FINES DE SEMANA		
Martes	27-ago	5	Viernes	30-ago	11
Miércoles	28-ago	10	Sábado	31-ago	8
Jueves	29-ago	8	Domingo	01-sep	11
Lunes	02-sep	5	Viernes	06-sep	14
Martes	03-sep	2	Sábado	07-sep	13
Miércoles	04-sep	7	Domingo	08-sep	6
Jueves	05-sep	11	Viernes	13-sep	10
Lunes	09-sep	8	Sábado	14-sep	11
Martes	10-sep	8	Domingo	15-sep	9
Miércoles	11-sep	10	Viernes	20-sep	13
Jueves	12-sep	11	Sábado	21-sep	11
Lunes	16-sep	5	Domingo	22-sep	9
Martes	17-sep	10	Viernes	27-sep	8
Miércoles	18-sep	8			
Jueves	19-sep	6			
Lunes	23-sep	9			
Martes	24-sep	9			
Miércoles	25-sep	9			
Jueves	26-sep	10			

TOTAL CLICS	151
MEDIA	8

TOTAL CLICS	134
MEDIA	11

Source: Author

In this case the weekdays have a total of 151 clicks they were obtained with an average of 8

In the weekends there were 134 clicks however the average was of 11, so it had more impact than the weekdays.

3.4.2 Second month: September 28 – October 26

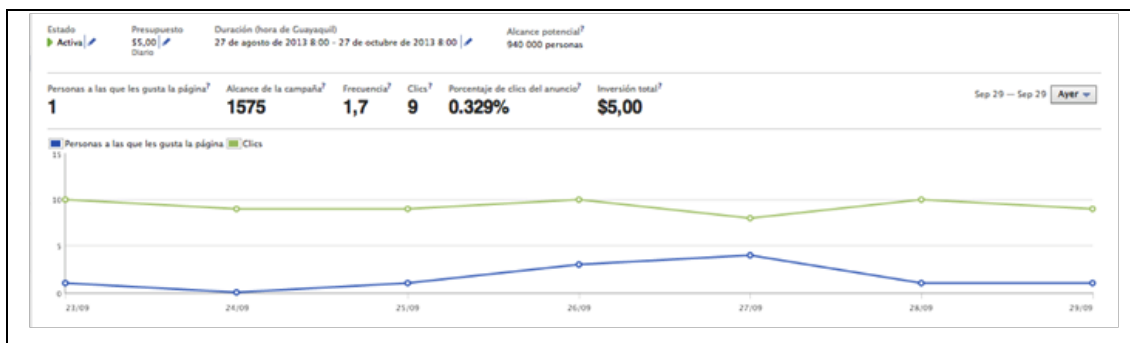
The following graphics show us the number of clicks that the ad received during the second month of campaign. It is interesting to analyze the numerical change as the level of accessibility the campaign has, at the same time it allows us to measure the number of users captured through this media.

Graphic No. 71 Statistics – Saturday, September 28



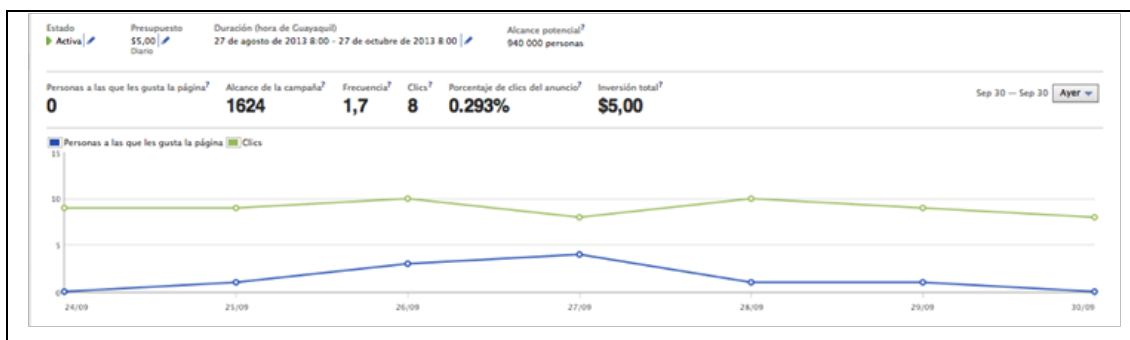
Source: Facebook, 2013

Graphic No. 72 Statistics – Sunday, September 29



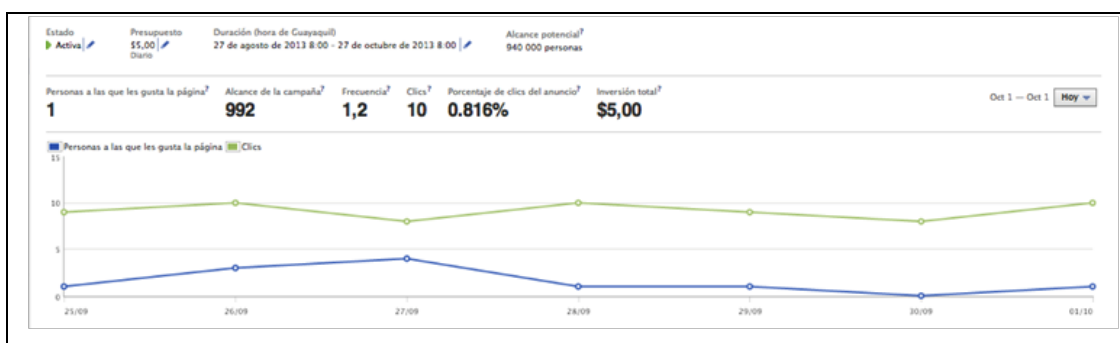
Source: Facebook, 2013

Graphic No. 73 Statistics – Monday, September 30



Source: Facebook, 2013

Graphic No. 74 Statistics – Tuesday, October 1



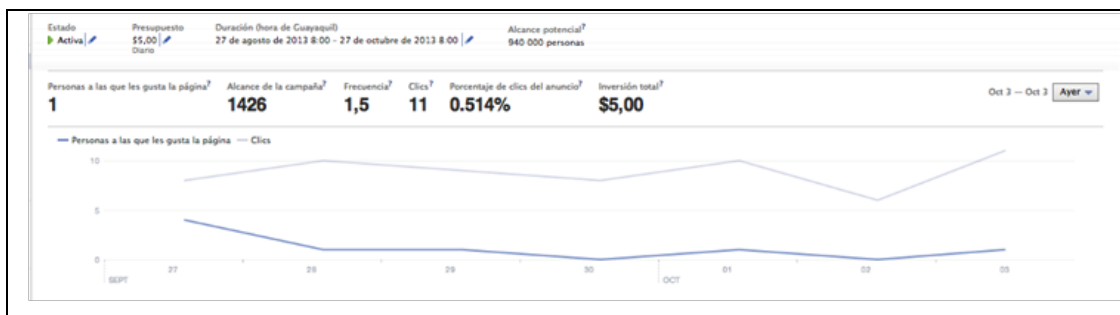
Source: Facebook, 2013

Graphic No. 75 Statistics – Wednesday, October 2



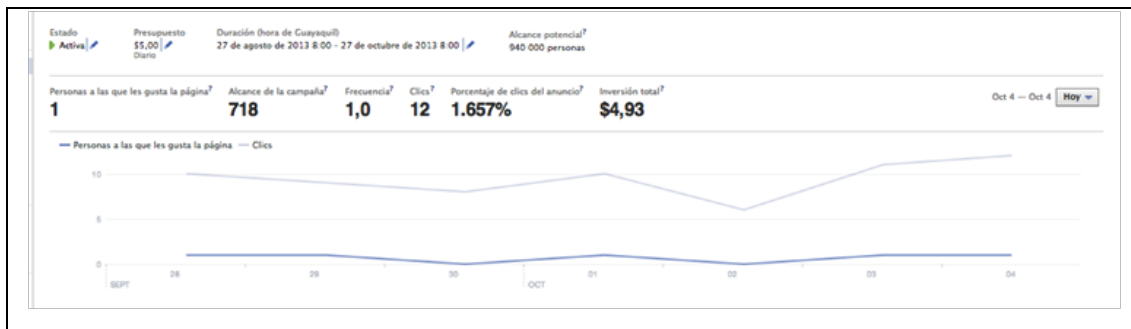
Source: Facebook, 2013

Graphic No. 76 Statistics – Thursday, October 3



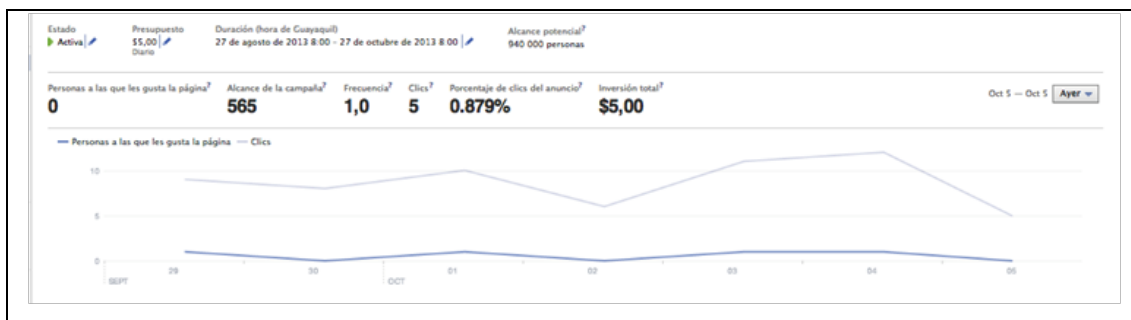
Source: Facebook, 2013

Graphic No. 77 Statistics – Friday, October 4



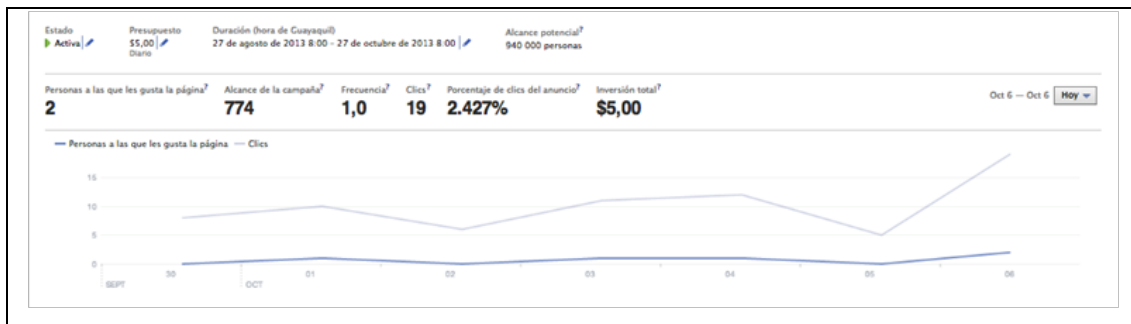
Source: Facebook, 2013

Graphic No. 78 Statistics – Saturday, October 5



Source: Facebook, 2013

Graphic No. 79 Statistics – Sunday, October 6



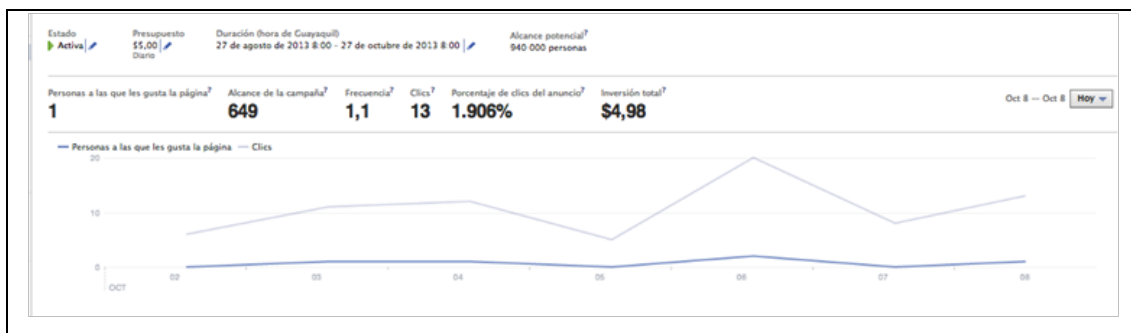
Source: Facebook, 2013

Source No. 80 Statistics – Monday, October 7



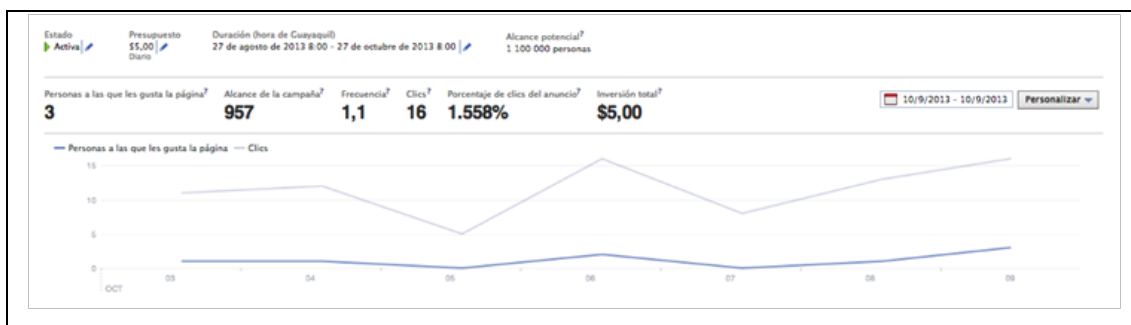
Source: Facebook, 2013

Graphic No. 81 Statistics – Tuesday, October 8



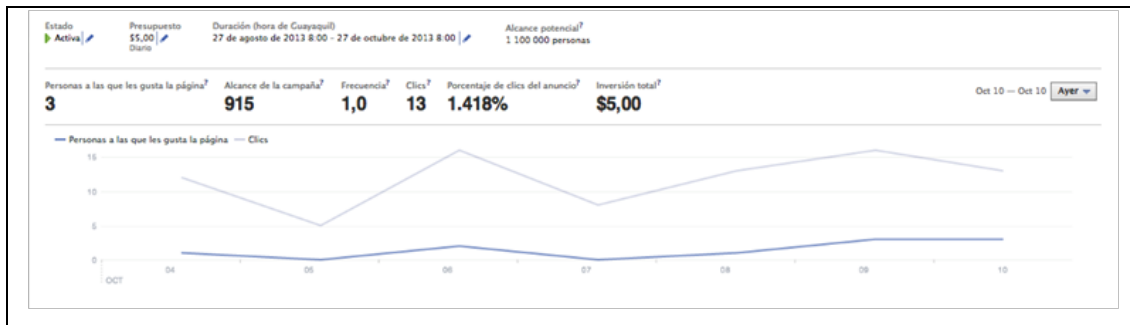
Source: Facebook, 2013

Graphic No. 82 Statistics – Wednesday, October 9



Source: Facebook, 2013

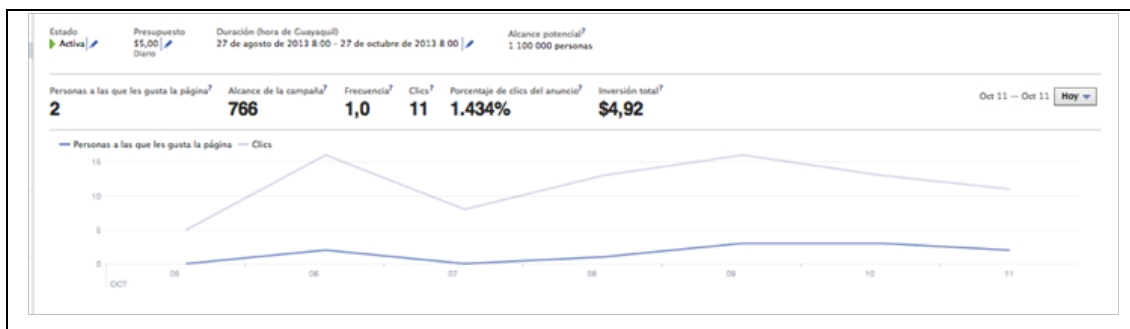
Graphic No. 83 Statistics – Thursday, October 10



Source: Facebook, 2013

From October 8 to 9 it is important to note that there is a growth in the potential reach of people from 940.000 to 1.100.000

Graphic No. 84 Statistics – Friday, October 11



Source: Facebook, 2013

Graphic No. 85 Statistics – Saturday, October 12



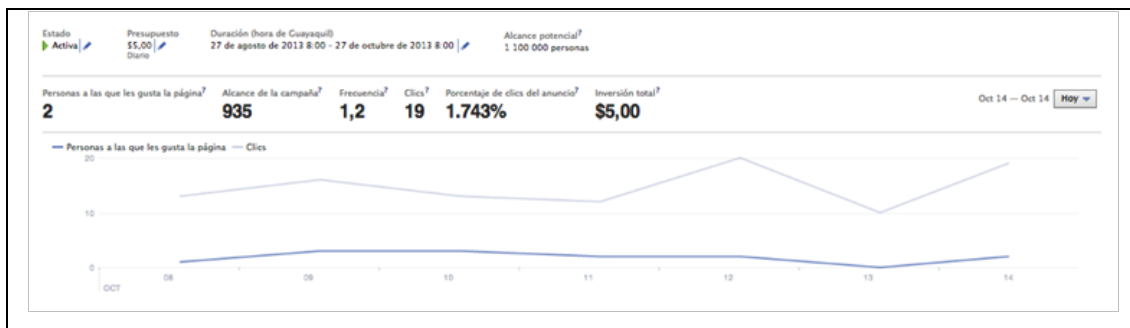
Source: Facebook, 2013

Graphic No. 86 Statistics – Sunday, October 13



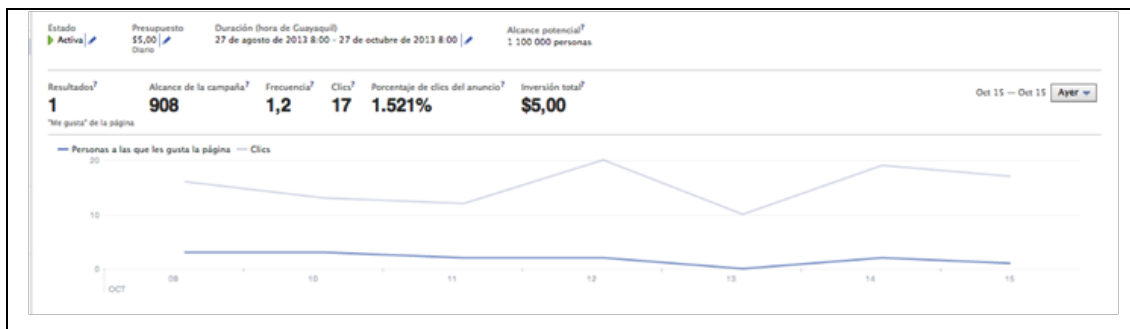
Source: Facebook, 2013

Graphic No. 87 Statistics – Monday, October 14



Source: Facebook, 2013

Graphic No. 88 Statistics – Tuesday, October 15



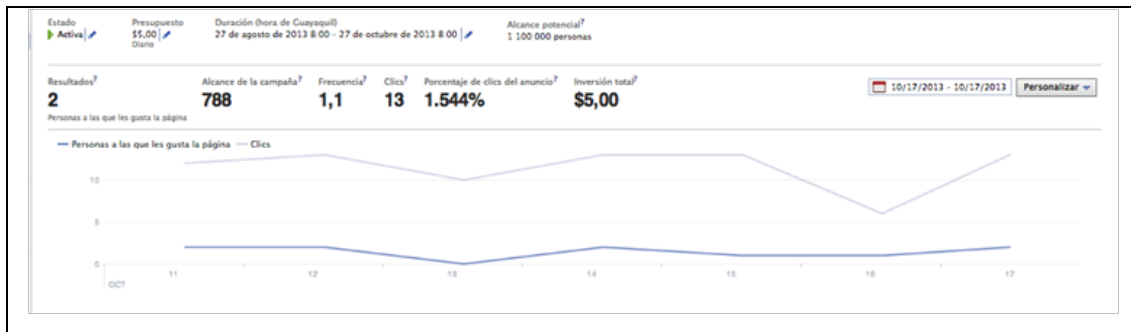
Source: Facebook, 2013

Graphic No. 89 Statistics – Wednesday, October 16



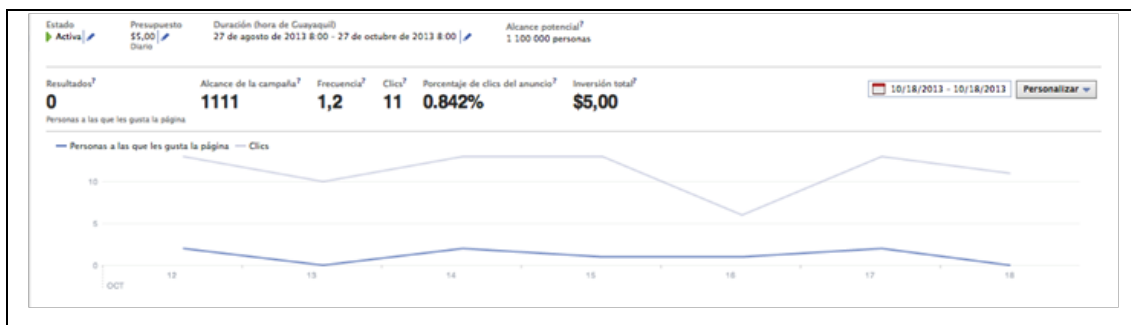
Fuente: Facebook, 2013

Graphic No. 90 Statistics – Thursday, October 17



Source: Facebook, 2013

Graphic No. 91 Statistics – Friday, October 18



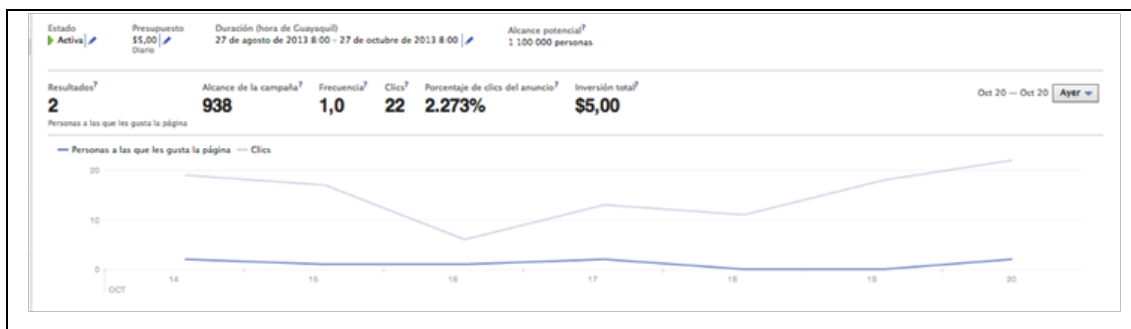
Source: Facebook, 2013

Graphic No. 92 Statistics – Saturday, October 19



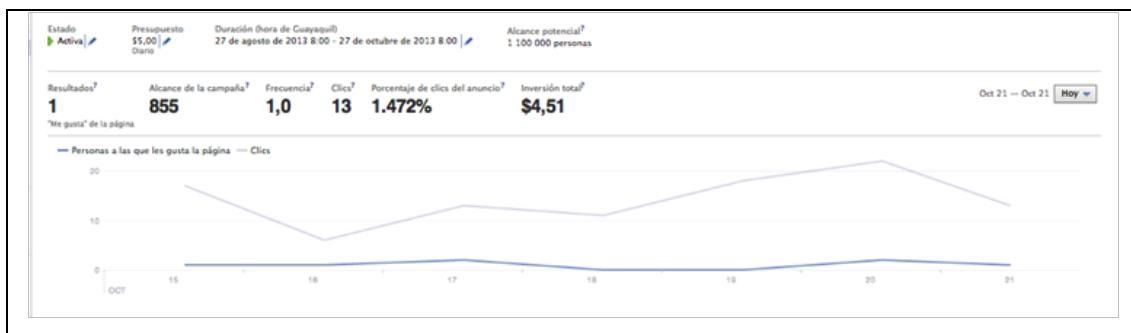
Source: Facebook, 2013

Graphic No. 93 Statistics – Sunday, October 20



Source: Facebook, 2013

Graphic No. 94 Statistics – Monday, October 21



Source: Facebook, 2013

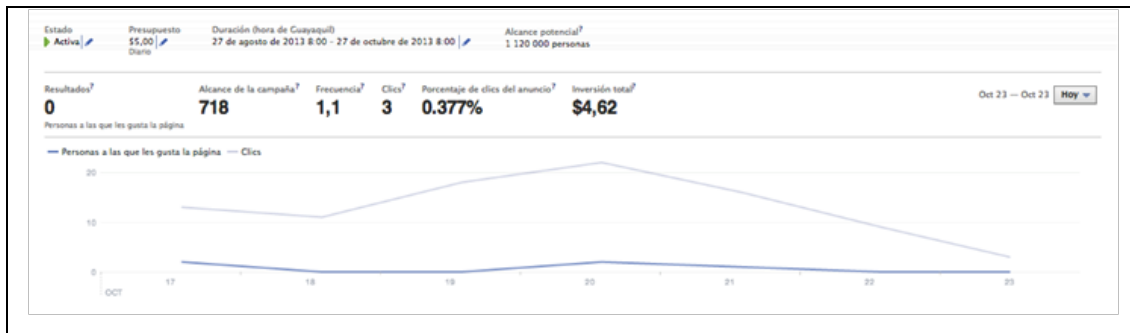
From October 21 to October 22 the potential reach grows from 1.100.000 to 1.120.000 people

Graphic No. 95 Statistics – Tuesday, October 22



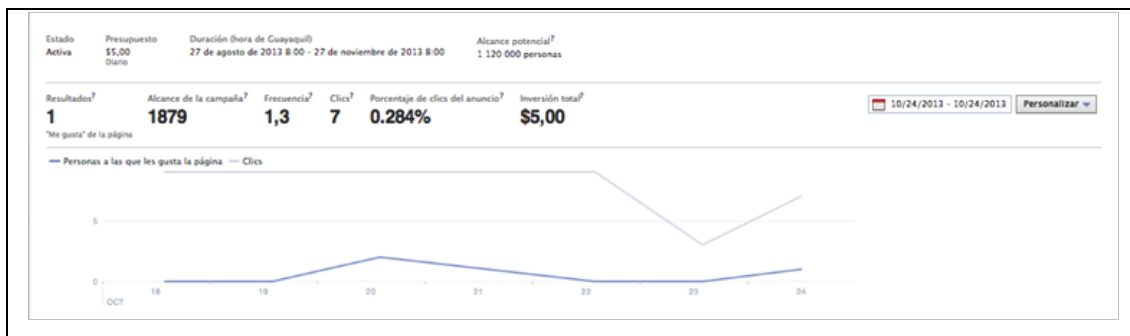
Source: Facebook, 2013

Graphic No. 96 Statistics – Wednesday, October 23



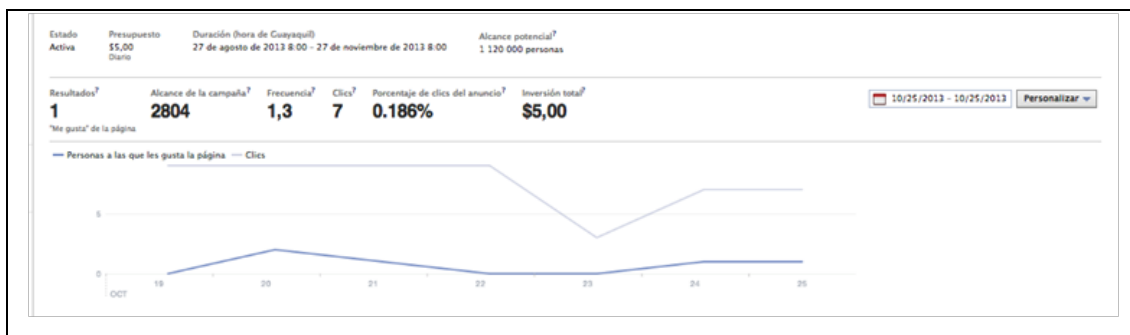
Source: Facebook, 2013

Graphic No. 97 Statistics – Thursday, October 24



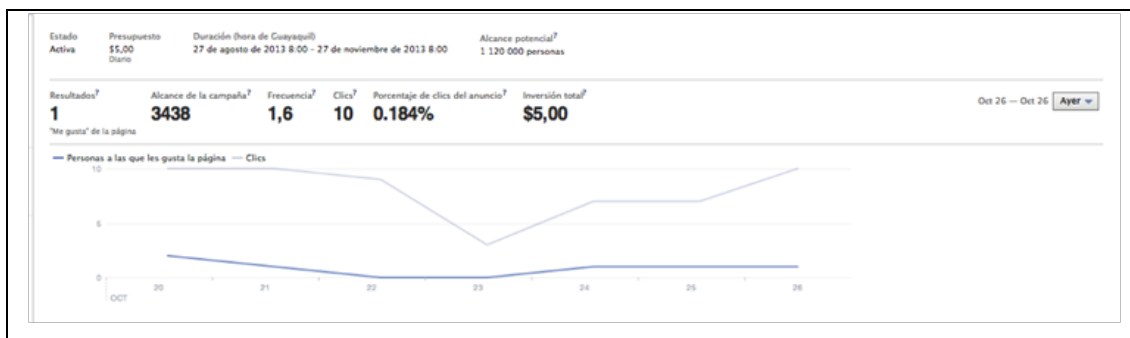
Source: Facebook, 2013

Graphic No. 98 Statistics – Friday, October 25



Source: Facebook, 2013

Graphic No. 99 Statistics – Saturday, October 26



Source: Facebook, 2013

From October 26 to October 28 there was a growth in the potential reach from 1.120.000 to 1.140.000.

Chart No. 8 Report second month: september 27 – october 26

DÍA	FECHA	ALCANCE DE LA CAMPAÑA	CLICS	PORCENTAJE DE CLICS DEL ANUNCIO
Sábado	28-sep	683	10	1,36%
Domingo	29-sep	1.575	9	0,33%
Lunes	30-sep	1.624	8	0,29%
Martes	01-oct	992	10	0,82%
Miércoles	02-oct	1.395	6	0,25%
Jueves	03-oct	1.426	11	0,51%
Viernes	04-oct	718	12	1,66%
Sábado	05-oct	565	5	0,88%
Domingo	06-oct	774	19	2,43%
Lunes	07-oct	1.077	8	0,46%
Martes	08-oct	649	13	1,91%
Miércoles	09-oct	957	16	1,56%
Jueves	10-oct	915	13	1,42%
Viernes	11-oct	766	11	1,43%
Sábado	12-oct	789	20	2,53%
Domingo	13-oct	784	8	1,02%
Lunes	14-oct	935	19	1,74%
Martes	15-oct	908	17	1,52%
Miércoles	16-oct	708	6	0,83%
Jueves	17-oct	788	13	1,54%
Viernes	18-oct	1.111	11	0,84%
Sábado	19-oct	796	18	2,14%
Domingo	20-oct	938	22	2,27%
Lunes	21-oct	855	13	1,47%
Martes	22-oct	916	9	0,82%
Miércoles	23-oct	718	3	0,38%
Jueves	24-oct	1.879	7	0,28%
Viernes	25-oct	2.804	7	0,19%
Sábado	26-oct	3.438	10	0,18%

TOTAL DE CLICS	334
MEDIA	11
MODA	13

Source: Author

During the second month the number of clicks had growth reaching 334 clicks in the ad. The average also growth compared with the month before and it was of 11 and the number most repeated was of 13 that is also high.

Chart No. 9 Report second month: september 28 – october 26 according to the day of the week

CLICS DIAS ENTRE SEMANA		
Lunes	30-sep	8
Martes	01-oct	10
Miércoles	02-oct	6
Jueves	03-oct	11
Lunes	07-oct	8
Martes	08-oct	13
Miércoles	09-oct	16
Jueves	10-oct	13
Lunes	14-oct	19
Martes	15-oct	17
Miércoles	16-oct	6
Jueves	17-oct	13
Lunes	21-oct	13
Martes	22-oct	9
Miércoles	23-oct	3
Jueves	24-oct	7
TOTAL DE CLICS	172	
MEDIA	10,5	

CLICS FINES DE SEMANA		
Sábado	28-sep	10
Domingo	29-sep	9
Viernes	04-oct	12
Sábado	05-oct	5
Domingo	06-oct	19
Viernes	11-oct	11
Sábado	12-oct	20
Domingo	13-oct	8
Viernes	18-oct	11
Sábado	19-oct	18
Domingo	20-oct	22
Viernes	25-oct	7
Sábado	26-oct	10
TOTAL DE CLICS	162	
MEDIA	11	

Source: Author

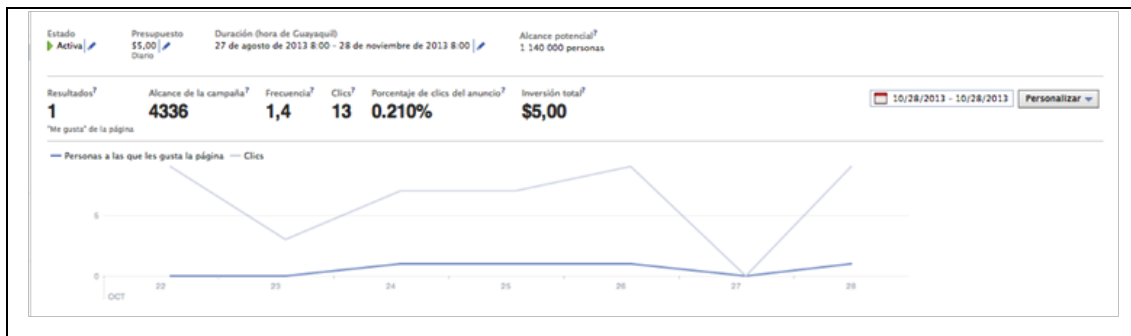
The clicks in the weekdays were of 172 and the average was of 10,5.

In the weekends we find a similar reality to the last month even though the clicks are less the average is higher but here the difference is really small. The total of clicks is de 162 and the average is 11

3.4.3 Third month: October 28 – November 27

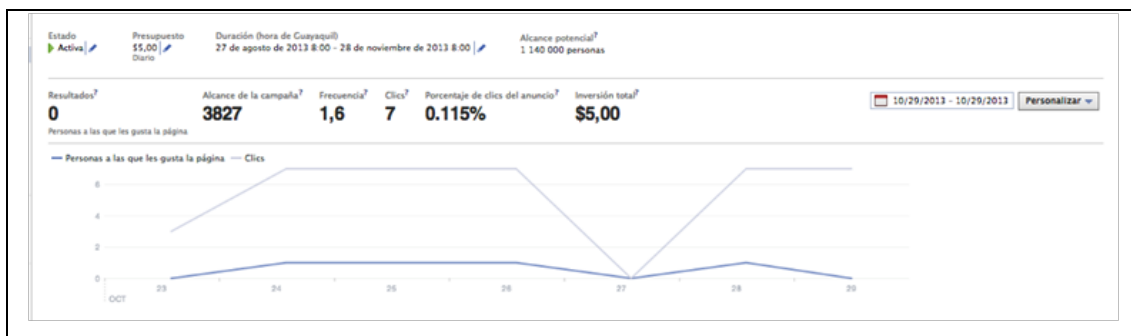
The following graphics shows us the number of clicks that the ad receives during the last month of campaign. It is interesting to analyze the numerical change as the level of accessibility the campaign has, at the same time it allows us to measure the number of users captured through this media.

Graphic No. 100 Statistics – Monday, October 28



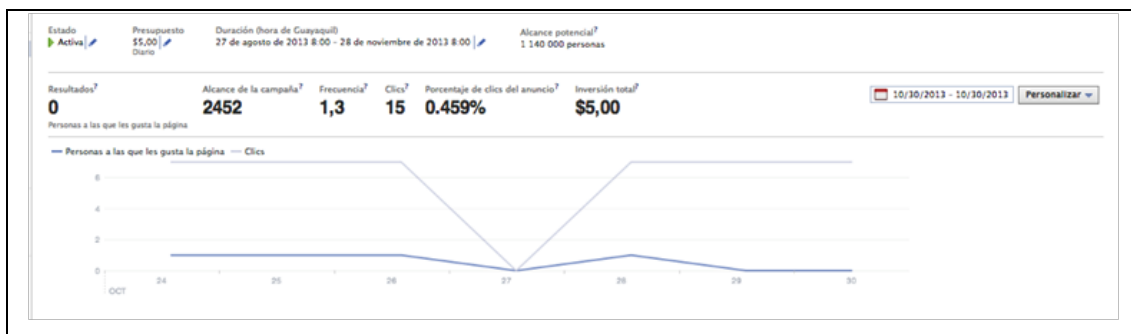
Source: Facebook, 2013

Graphic No. 101 Statistics – Tuesday, October 29



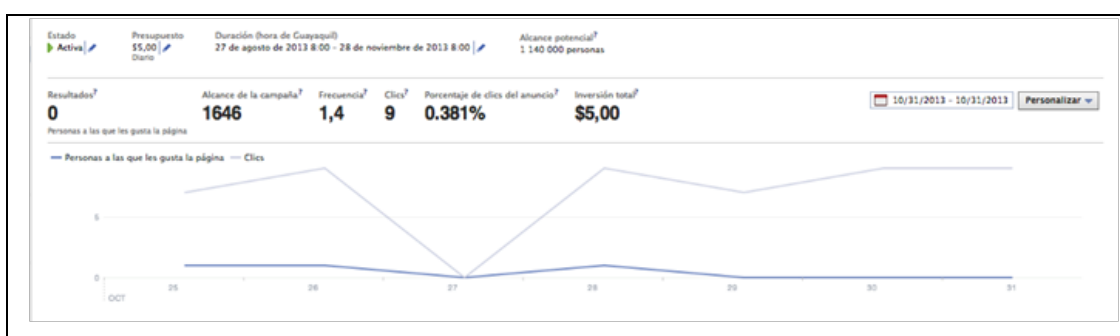
Source: Facebook, 2013

Graphic No. 102 Statistics – Wednesday, October 30



Source: Facebook, 2013

Graphic No. 103 Statistics – Thursday, October 31



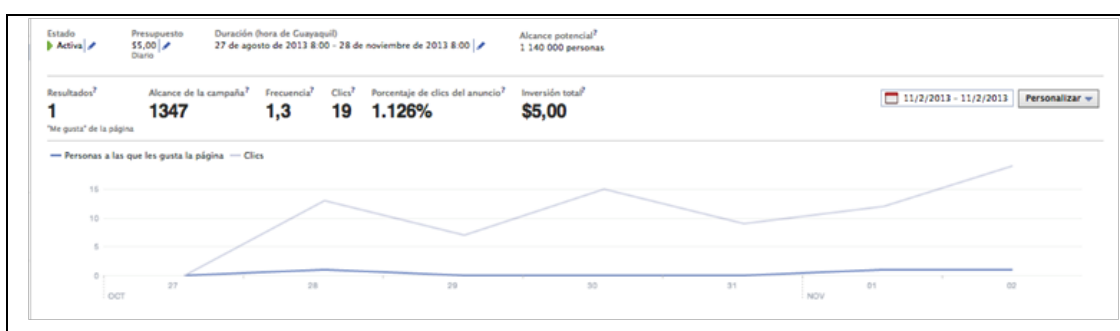
Source: Facebook, 2013

Graphic No. 104 Statistics – Friday, November 1



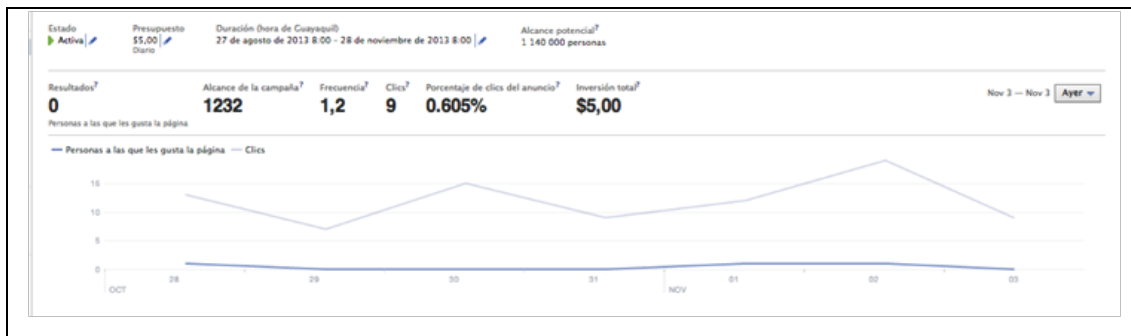
Source: Facebook, 2013

Graphic No. 105 Statistics – Saturday, November 2



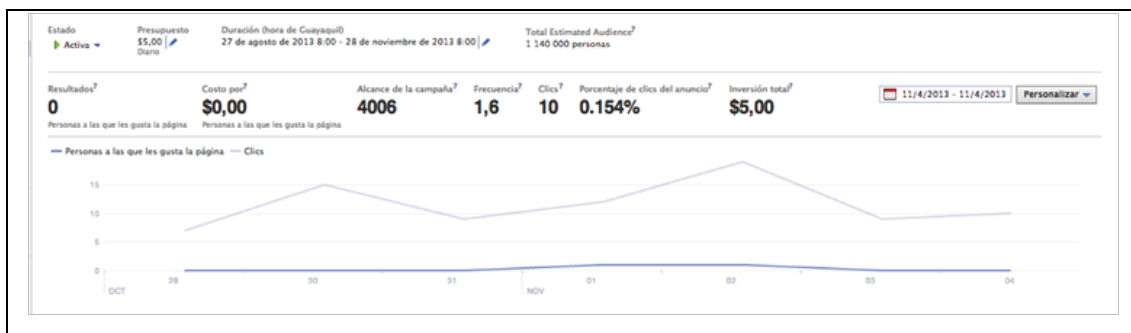
Source: Facebook, 2013

Graphic No. 106 Statistics – Sunday, November 3



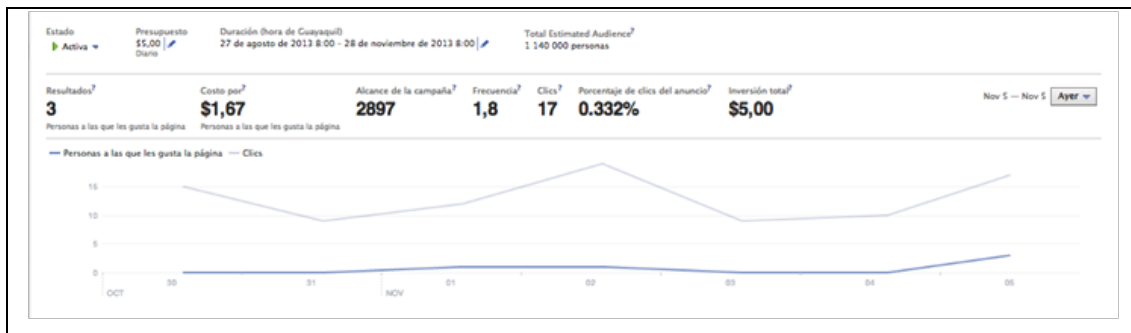
Source: Facebook, 2013

Graphic No. 107 Statistics – Monday, November 4



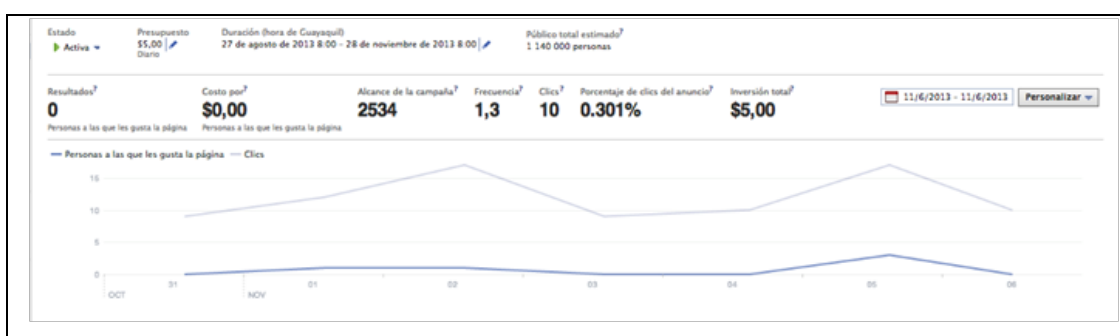
Source: Facebook, 2013

Graphic No. 108 Statistics – Tuesday, November 5



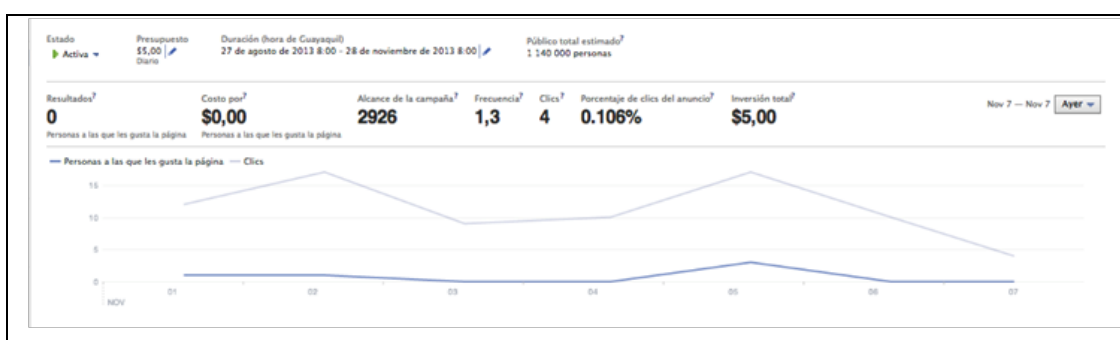
Source: Facebook, 2013

Graphic No. 109 Statistics – Wednesday, November 6



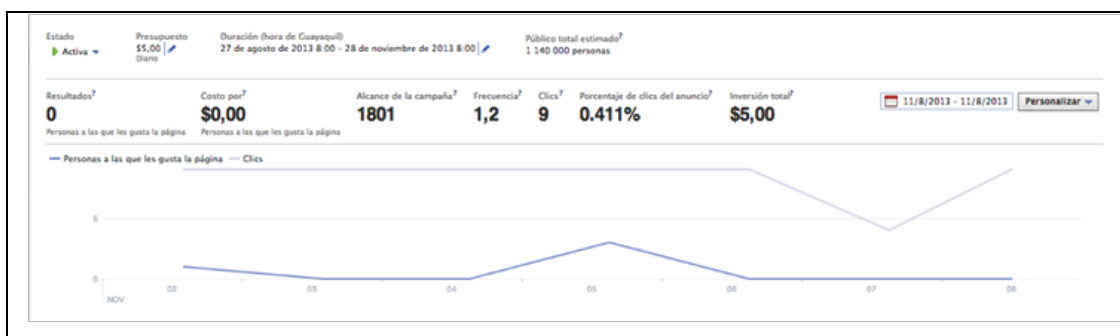
Source: Facebook, 2013

Graphic No. 110 Statistics – Thursday, November 7



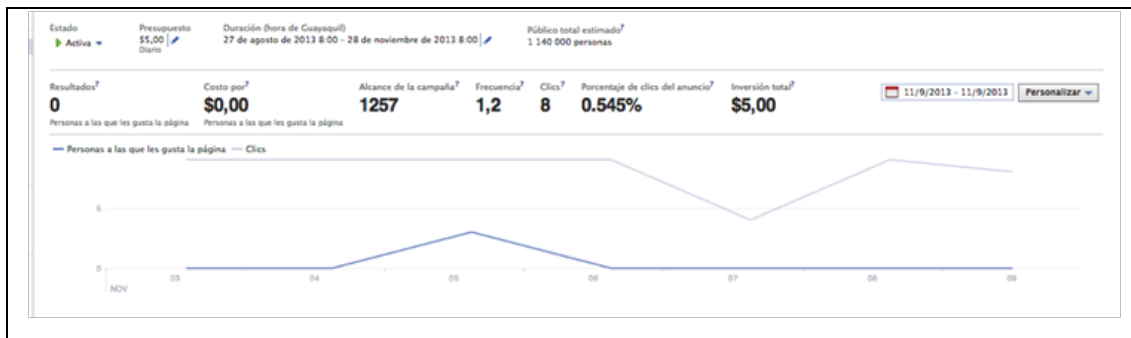
Source: Facebook, 2013

Graphic No. 111 Statistics – Friday, November 8



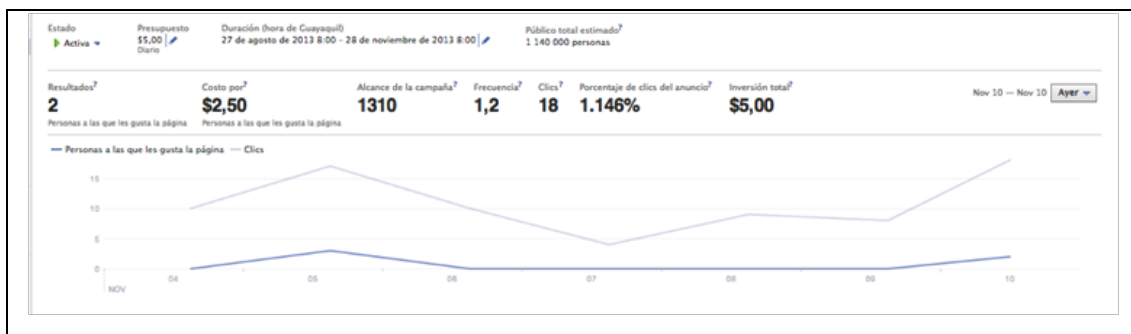
Source: Facebook, 2013

Graphic No. 112 Statistics – Saturday, November 9



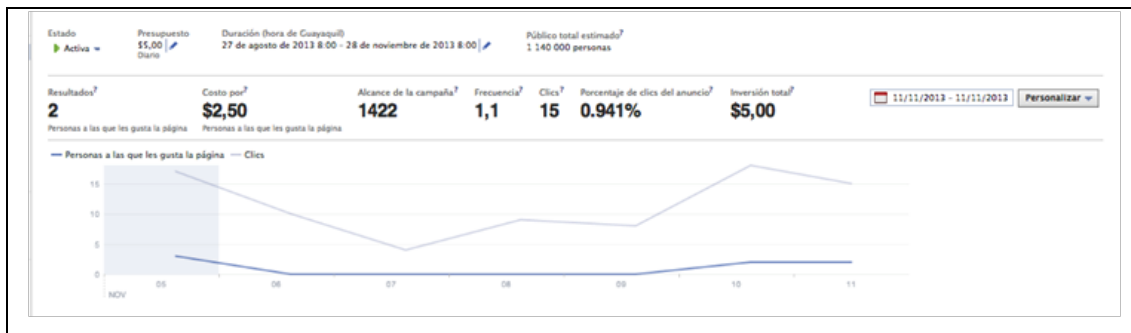
Source: Facebook, 2013

Graphic No. 113 Statistics – Sunday, November 10



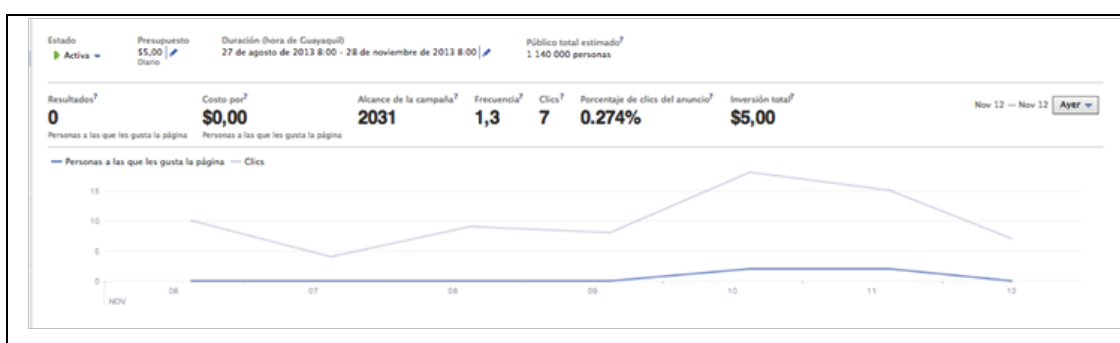
Source: Facebook, 2013

Graphic No. 114 Statistics – Monday, November 11



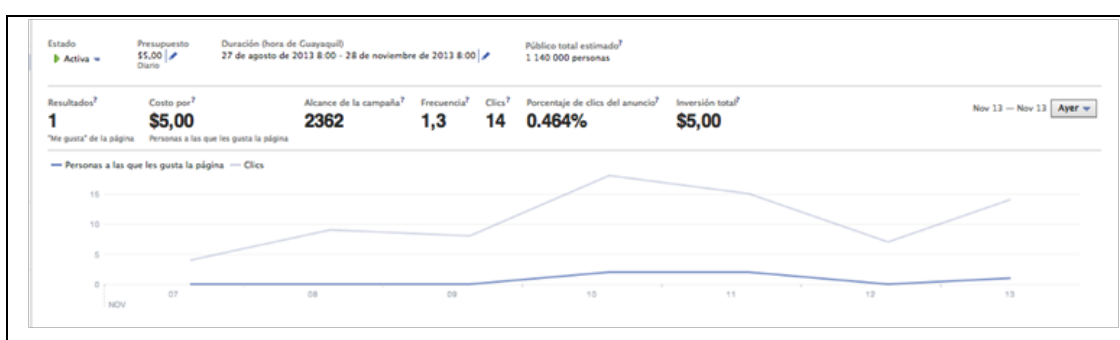
Source: Facebook, 2013

Graphic No. 115 Statistics – Tuesday, November 12



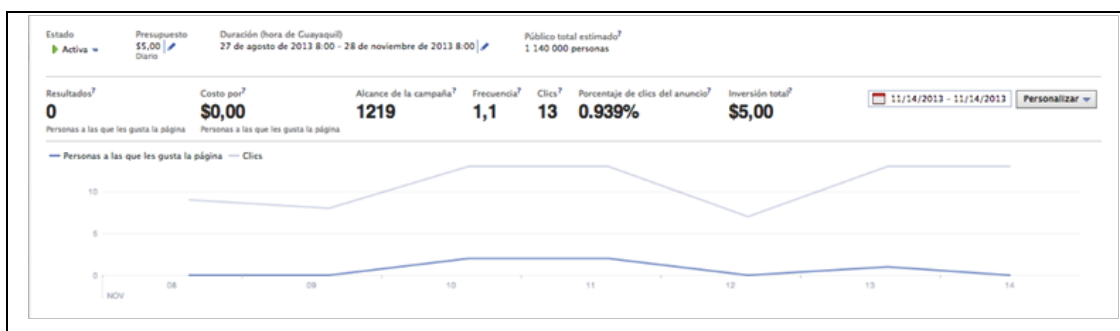
Source: Facebook, 2013

Graphic No. 116 Statistics – Wednesday, November 13



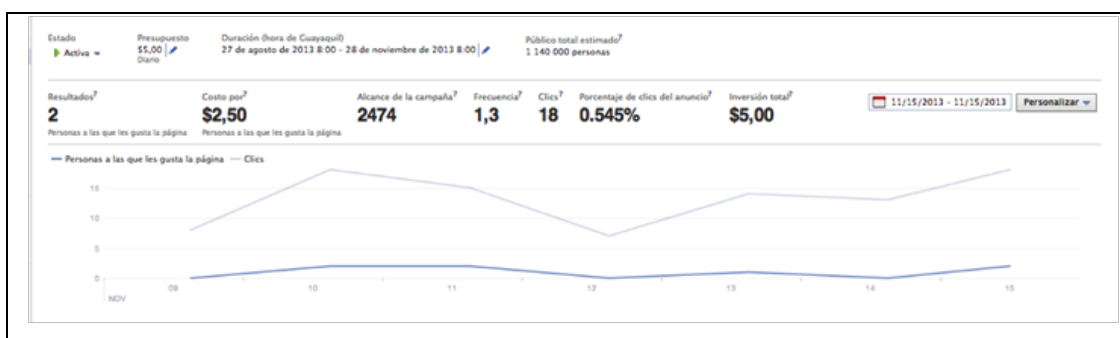
Source: Facebook, 2013

Graphic No. 117 Statistics – Thursday, November 14



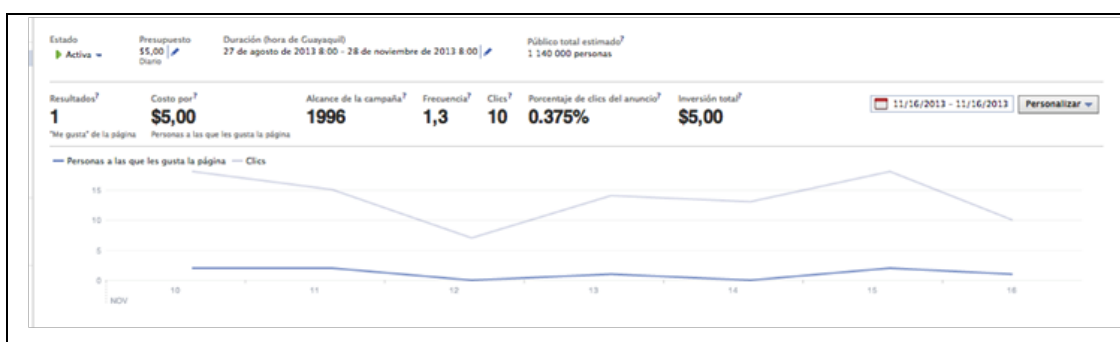
Source: Facebook, 2013

Graphic No. 118 Statistics – Friday, November 15



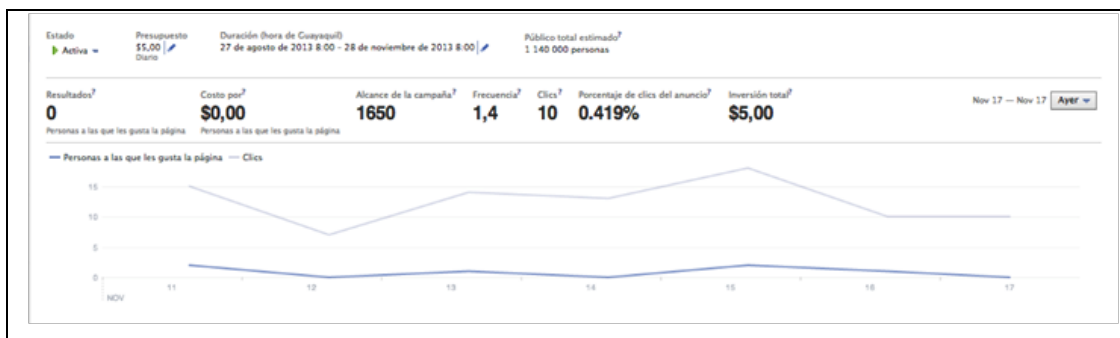
Source: Facebook, 2013

Graphic No. 119 Statistics – Saturday, November 16



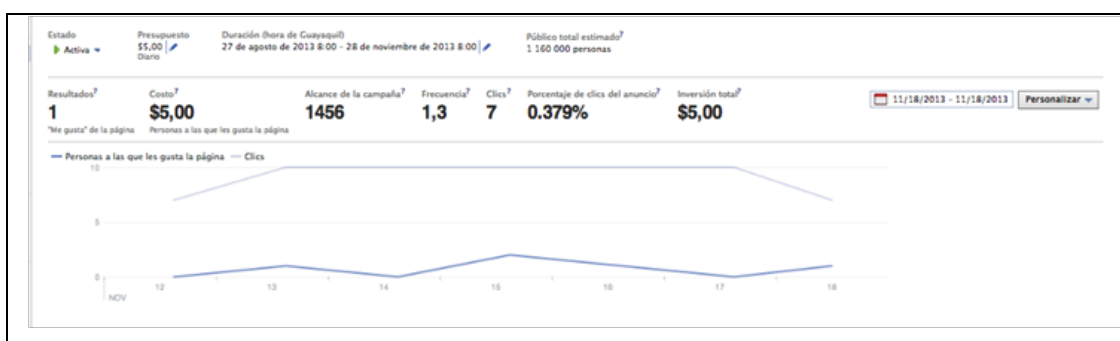
Source: Facebook, 2013

Graphic No. 120 Statistics – Sunday, November 17



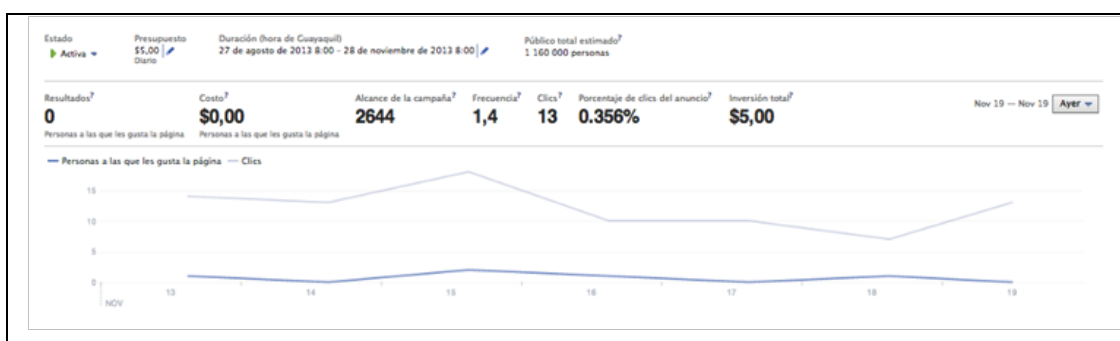
Source: Facebook, 2013

Graphic No. 121 Statistics – Monday, November 18



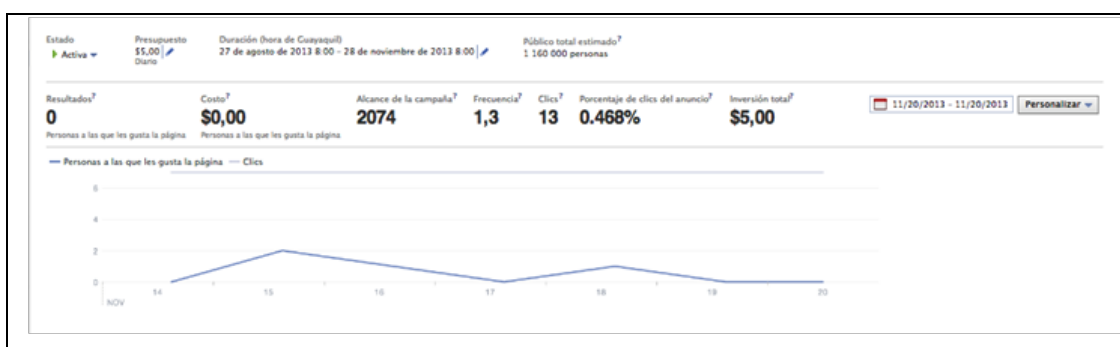
Source: Facebook, 2013

Graphic No. 122 Statistics – Tuesday, November 19



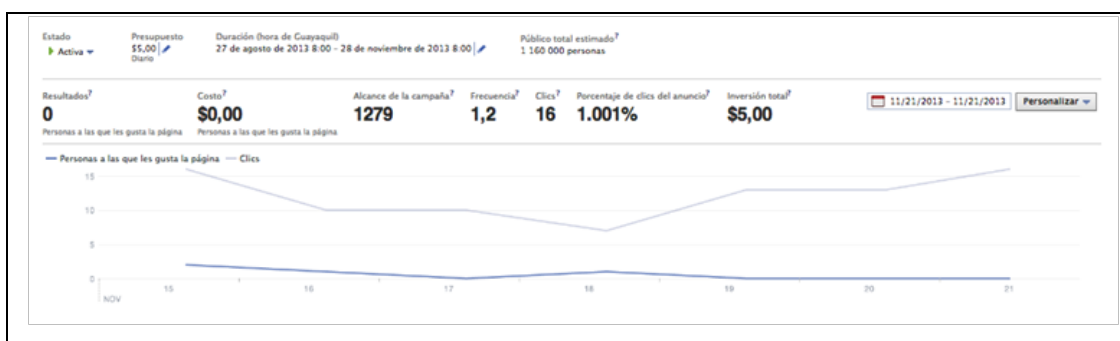
Source: Facebook, 2013

Graphic No. 123 Statistics – Wednesday, November 20



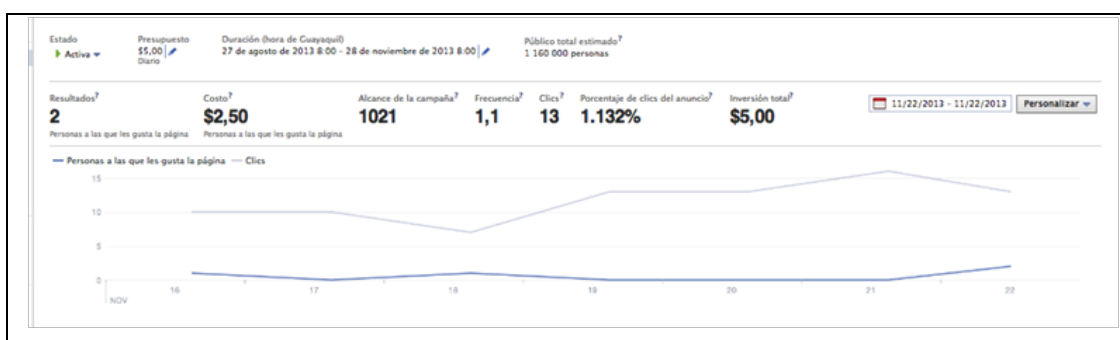
Source: Facebook, 2013

Graphic No. 124 Statistics – Thursday, November 21



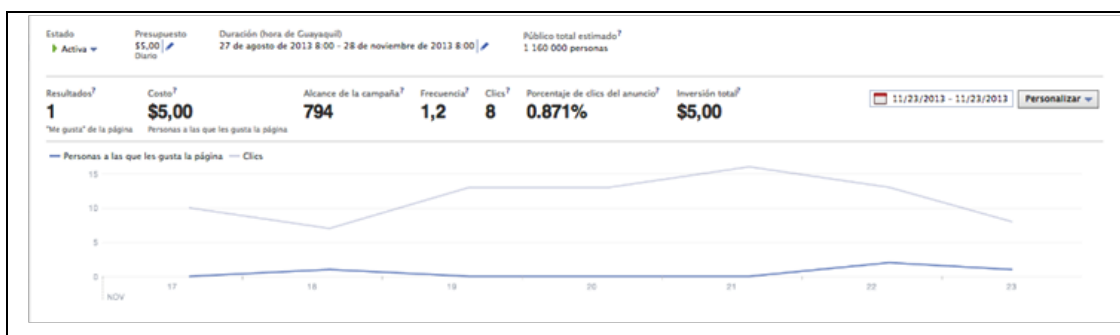
Source: Facebook, 2013

Graphic No. 125 Statistics – Friday, November 22



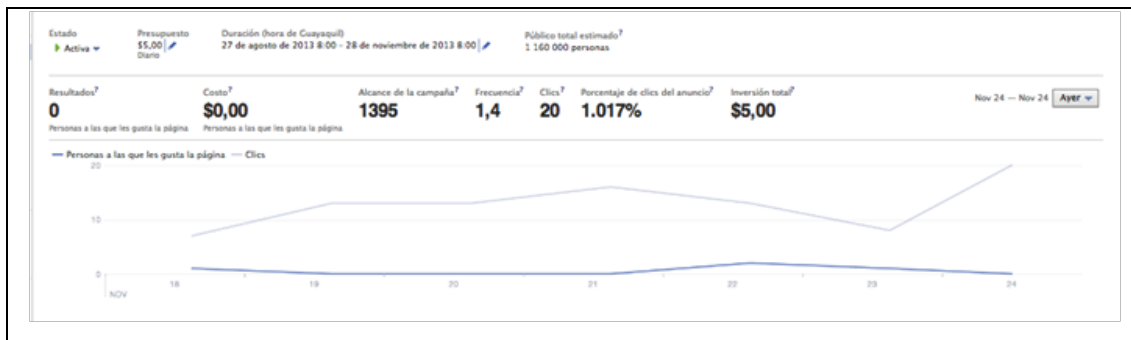
Source: Facebook, 2013

Graphic No. 126 Statistics – Saturday, November 23



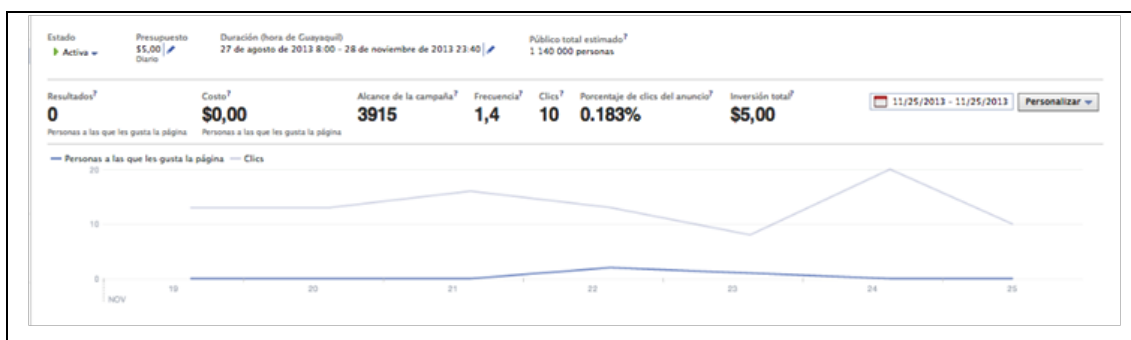
Source: Facebook, 2013

Graphic No. 127 Statistics – Sunday, November 24



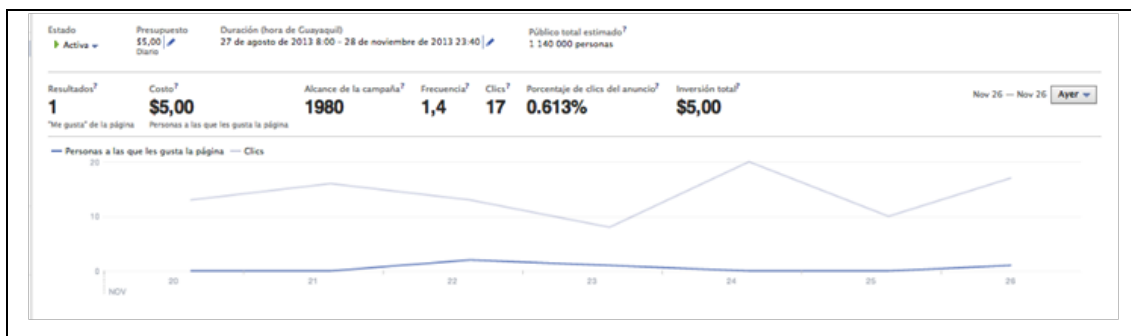
Source: Facebook, 2013

Graphic No. 128 Statistics – Monday, November 25



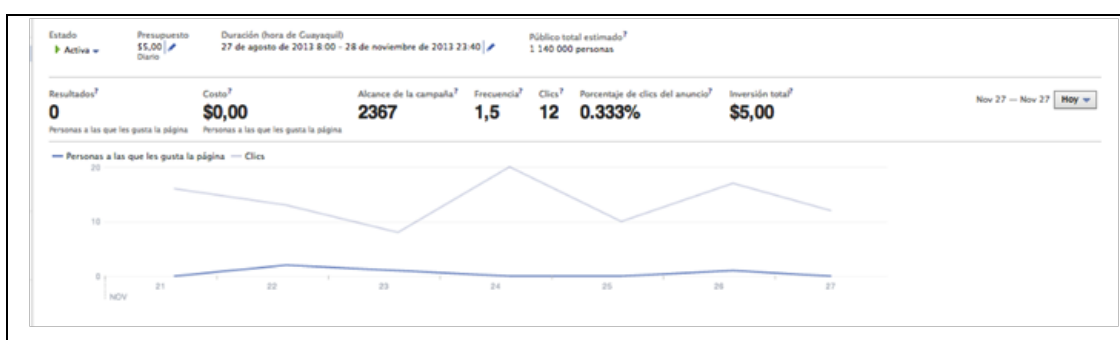
Source: Facebook, 2013

Graphic No. 129 Statistics – Tuesday, November 26



Source: Facebook, 2013

Graphic No. 130 Statistics – Wednesday, November 27



Source: Facebook, 2013

During the last month of the campaign there was a problem. When the last stage should begin the credit card of the company didn't work, and a day was lost. Fortunately the problem was immediately solved, but these things are important to note because these are problems that we can commonly face during the campaign.

The campaign of the last month began on October 28.

Chart No. 10 Report third month: september 27 – october 26

DÍA	FECHA	ALCANCE DE LA CAMPAÑA	CLICS	PORCENTAJE DE CLICS DEL ANUNCIO
Lunes	28-oct	4.336	13	0,21%
Martes	29-oct	3.827	7	0,12%
Miércoles	30-oct	2.452	15	0,46%
Jueves	31-oct	1.646	9	0,38%
Viernes	01-nov	3.924	12	0,20%
Sábado	02-nov	1.347	19	1,13%
Domingo	03-nov	1.232	9	0,61%
Lunes	04-nov	4.006	10	0,15%
Martes	05-nov	2.897	17	0,33%
Miércoles	06-nov	2.534	10	0,30%
Jueves	07-nov	2.926	4	0,11%
Viernes	08-nov	1.801	9	0,41%
Sábado	09-nov	1.257	8	0,55%
Domingo	10-nov	1.310	18	1,15%
Lunes	11-nov	1.422	15	0,94%
Martes	12-nov	2.031	7	0,27%
Miércoles	13-nov	2.362	14	0,46%
Jueves	14-nov	1.219	13	0,94%
C	15-nov	2.474	18	0,55%
Sábado	16-nov	1.996	10	0,38%
Domingo	17-nov	1.650	10	0,42%
Lunes	18-nov	1.456	7	0,38%
Martes	19-nov	2.644	13	0,36%
Miércoles	20-nov	2.074	13	0,47%
Jueves	21-nov	1.279	16	1,00%
Viernes	22-nov	1.021	13	1,13%
Sábado	23-nov	794	8	0,87%
Domingo	24-nov	1.395	20	1,02%
Lunes	25-nov	3.915	10	0,18%
Martes	26-nov	1.980	17	0,61%
Miércoles	27-nov	2.367	12	0,33%

TOTAL DE CLICS	376
MEDIA	12
MODA	13

Source: Author

During the last month of the campaign the number of clicks growth even more they were a total of 376 higher than first and second month, the average was of 12 being higher than the other months and most repeated number was 13.

About the weekdays clicks they were 222 and the average was of 13, which was really high.

Chart No. 11 Report third month: september 28 – october 26 according to the day of the week

CLICS DIAS ENTRE SEMANA		
Lunes	28-oct	13
Martes	29-oct	7
Miércoles	30-oct	15
Jueves	31-oct	9
Lunes	04-nov	10
Martes	05-nov	17
Miércoles	06-nov	10
Jueves	07-nov	4
Lunes	11-nov	15
Martes	12-nov	7
Miércoles	13-nov	14
Jueves	14-nov	13
Lunes	18-nov	7
Martes	19-nov	13
Miércoles	20-nov	13
Jueves	21-nov	16
Lunes	25-nov	10
Martes	26-nov	17
Miércoles	27-nov	12

CLICS FINES DE SEMANA		
Viernes	01-nov	12
Sábado	02-nov	19
Domingo	03-nov	9
Viernes	08-nov	9
Sábado	09-nov	8
Domingo	10-nov	18
Viernes	08-nov	18
Sábado	09-nov	10
Domingo	10-nov	10
Viernes	22-nov	13
Sábado	23-nov	8
Domingo	24-nov	20

TOTAL DE CLICS	222
MEDIA	13

TOTAL DE CLICS	154
MEDIA	11

Source: Author

About the weekends the total of clicks were of 154 and the average was of 11 during this months the weekdays were higher than the weekends different from the past months.

3.5 Campaign Results

Finally we have a final report where there is information obtained during the three campaign months.

Chart No. 12 General report

Fecha de Inicio	Fecha de Termino	Costo por Clic (CPC) (USD)	Impresiones (CPM) (USD)	Gasto Total (USD)
2013-08-27	2013-11-27	0,456551	2,178254	448,79
		Clicks	Impresiones	
		983	206032	
		Clicks a través de la tarifa (UCTR)		
		0,732822		

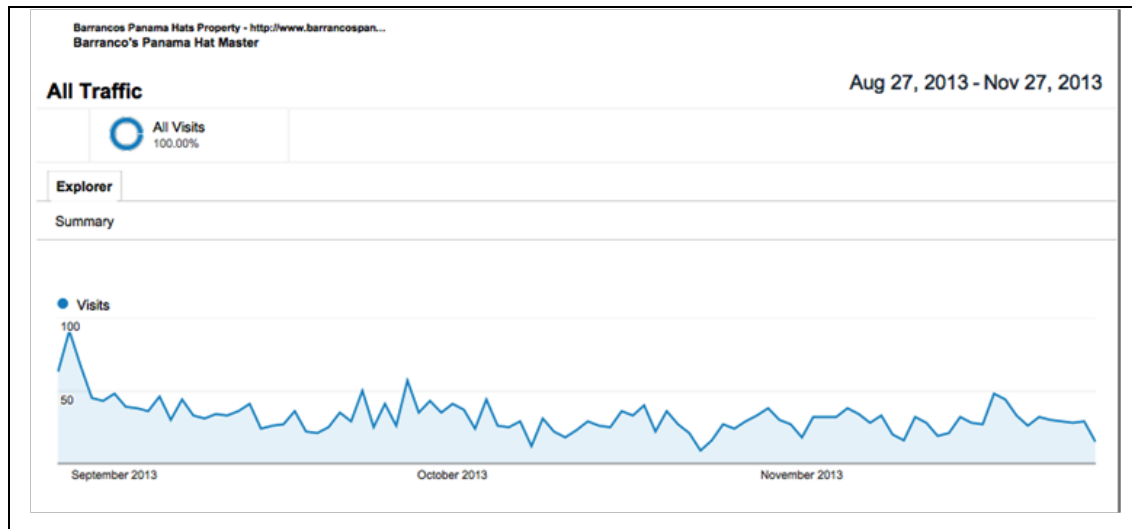
Source: Autora

We can see that the campaign started on August 27, 2013 and it ended on November 27, 2013, about the clicks reached they were 983 and the clicks through rates (UCTR) were 0,732822. About impressions in dollars they were of 2,178254 y and the number of impressions were 206.032. The total budget for the campaign was of \$448,79.

According to statistic data obtained in the campaign, it generated a great impact, which is reflected in the audience reached and in the amount of clicks generated during these three months. In this way the company could reach a new market far away from Ecuador.

To evaluate the impact of the campaign we proceeded to conduct a traffic report of <http://barrancospanamahats.com/> page during the months in which we conducted the campaign.

Graphic No. 131 Total traffic of the Facebook campaign



Source: Facebook

Graphic No. 132 Procedence of the campaign traffic

Source / Medium	Acquisition			Behavior			Conversions	eCommerce	
	Visits	% New Visits	New Visits	Bounce Rate	Pages / Visit	Avg. Visit Duration	Transactions	Revenue	Ecommerce Conversion Rate
	2,999 % of Total: 100.00% (2,999)	66.66% Site Avg: 66.52% (0.20%)	1,999 % of Total: 100.20% (1,995)	48.98% Site Avg: 48.98% (0.00%)	5.79 Site Avg: 5.79 (0.00%)	00:04:23 Site Avg: 00:04:23 (0.00%)	1 % of Total: 100.00% (1)	\$390.00 % of Total: 100.00% (\$390.00)	0.03% Site Avg: 0.03% (0.00%)
1. google / organic	1,213	69.66%	845	50.62%	5.78	00:03:59	1	\$390.00	0.08%
2. (direct) / (none)	1,050	66.48%	698	48.76%	5.90	00:04:41	0	\$0.00	0.00%
3. bing / organic	69	75.36%	52	55.07%	5.99	00:04:21	0	\$0.00	0.00%
4. barrancospanamahats.com / referral	65	3.08%	2	24.62%	6.57	00:09:50	0	\$0.00	0.00%
5. yahoo / organic	62	70.97%	44	48.39%	5.29	00:03:00	0	\$0.00	0.00%
6. facebook.com / referral	51	43.14%	22	41.18%	6.25	00:03:50	0	\$0.00	0.00%
7. google.com / referral	46	91.30%	42	69.57%	3.22	00:02:13	0	\$0.00	0.00%
8. barrancostest.com / referral	42	4.76%	2	35.71%	7.24	00:12:15	0	\$0.00	0.00%
9. captivatingcuenca.com / referral	40	75.00%	30	12.50%	8.88	00:04:32	0	\$0.00	0.00%
10. pinterest.com / referral	38	97.37%	37	81.58%	1.32	00:00:07	0	\$0.00	0.00%

Source: Facebook

Graphic No. 133 Procedence



Source: Facebook

When we analyze the total traffic of the campaign it can be demonstrated that:

1. The campaign generated impact in the selected zone
2. That there is variation in access, which can be understood as acceptance in the people because 66.66% of all visits are new
3. The average time spent on the website of the company is 4:23 minutes
4. That there is a marked number of "likes" on page from July to December 2013 growth.

3.6 Survey made to Digital Marketing Enterprises

In addition to the campaign, at the end it was considered necessary to conduct interviews regarding Digital Marketing in the city of Cuenca, in order to evaluate their opinions on the use of digital marketing by small and medium industries and how they see the future of them the city and in the country

3.6.1 Interview to Enrique Rodas, Manager-Owner of Cuencanos.com

In an interview with Enrique Rodas owner and creator of the website called Cuencanos.com he told us about his beginnings in digital marketing and his vision about it in the country and in the city. He started his work in the internet area about 20 years ago , through the creation of what he called the Virtual Community of Cuenca in the World, here he created a chat through IRC conversation roms. At the

beginning there were one or two people from Cuenca but they did not live here so he decided to make a page called Cuencanos in internet, he put it on the air through Geocities, that is a portal that provides free pages.

The page seeks people from Cuenca in the world and their names were adding in it. During this period a person from Cuenca resident in Washington DC contacted Enrique and suggested him to create a website, but the domain was very expensive and he did not have the enough budget. That person from Cuenca sent \$ 20 to Enrique to begin his website that in that time was a lot. He did it because in 30 years out of Ecuador it was the first time that he saw something of Cuenca in Internet and he wanted this initiative to grow. Enrique decided to buy the site, and he asked his mother to buy him a camera at that time he was only 16 years old, he began his work taking photos of Cuenca, of its streets, its food, its monuments, etc in that way he created the first page of cuencanos.com which also had an interactive chat.

Every year he used to make cyber meetings with people from Cuenca, he organized a meeting of 300 cuencanos through the network in New York. Even though Enrique won fame and success he did not earn any money that is why he began to offer services to do websites. He studied systems engineering, now 30 companies work with him.

The initial focus of Cuencanos.com were young people, Enrique used to go to events where he used to take pictures and then he promotes them in his page. However, he had some job though it was necessary to generate a higher impact and he created the classified section where land, houses were offered it was a good business for 5 years approximately, however, a city newspaper pulled free classifieds and business began to decline despite the prices were not very high. Other services that the page have are: a business directory created 5 years ago with more than 300 companies, there is also a directory of professionals who pay an annual amount to be there.

He is involved with technology and Internet 30 years. During this period he says there were dramatic changes in technology and in the world of the web, from his personal opinion he believes that Facebook is not going to last long in the market because it 's considered a fashion.

His vision about digital marketing and investment by companies in it, it is considered that right now companies are more concerned about the Internet world and the digital marketing. Although there are Facebook pages that are free, the cultural level of the people is much higher and they are committed to invest in Internet, before they did not believe in it, there was a high degree of distrust about the Internet and what it generates.

Enrique believes that the problem lies in the companies that do not give a good service and these companies are the responsible of a low credibility by the costumers. That is why Enrique manages its customers in a different way, he makes constant advertising and so they still work with him over the years. He has customers in other parts of the world like the United States and he also promotes them through his page.

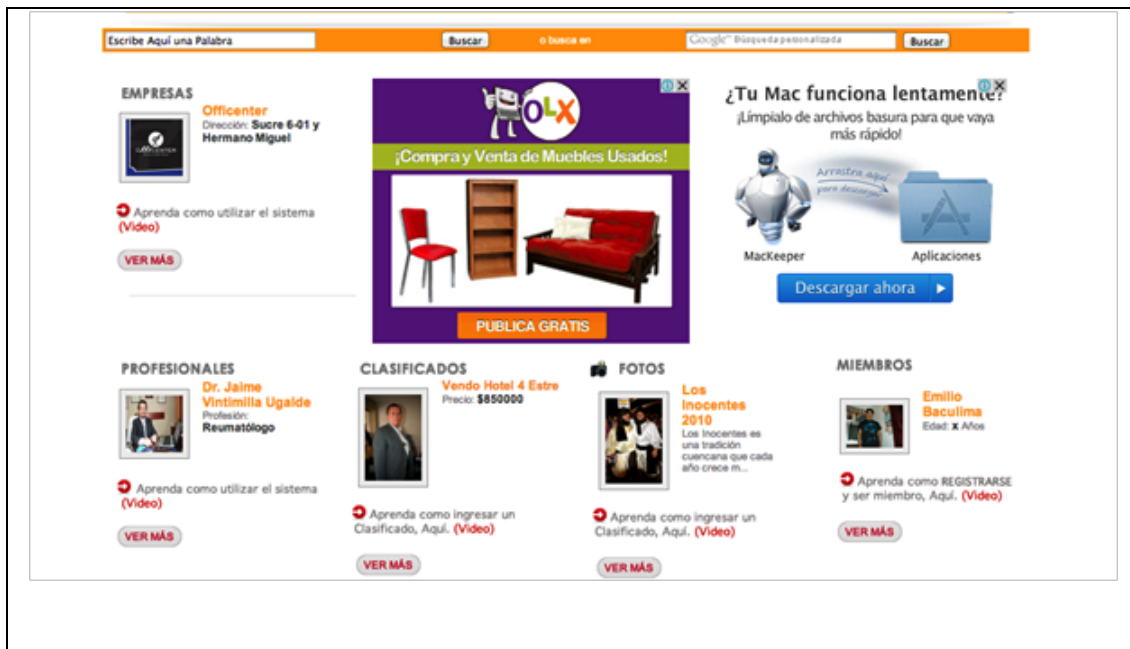
Enrique believes that electronic marketing does work, however businesses in Ecuador and in Cuenca only do the page and nothing else, they do not give the customer forms of statistics or advices or how many visits the page has. That is why Rodas is committed to a comprehensive work where the client can demonstrate results. He considers that it does not matter if it costs a little more. He believes that it is essential a full service to have results in the site and it is also necessary to provide the best service to customers.

Graphic No. 134 Website cuencanos.com



Source: cuencanos.com

Graphic No. 135 Website design cuencanos.com



Source: cuencanos.com

Graphic No. 136 Navigation menu of cuencanos.com



Source: cuencanos.com

Graphic No. 137 Footer and sponsors of cuencanos.com



Source: cuencanos.com

3.6.2 Interview to: Pedro Crespo, Partner of La Motora

During the interview with Pedro Crespo Flandoli one of the company owners, he told us about how the company began, what they do and how he sees from his perspective, digital marketing in Ecuador, especially focusing in small and medium industries regarding this new type of advertising.

La Motora is a digital marketing agency that was created in 2009, its job is to create, plan, develop and measure digital media campaigns. Comprehensive Digital Marketing, based on objectives and results.

Within the areas they work we find:

- Website development from simple static html to dynamic and e-commerce
- Development of mobile applications for phones and tablets from product catalogs to transactional
- Content management in social media, publications, answers, designing campaigns and strategies, graphic image, sponsored ads and segmented in Facebook twitter youtube and google

- Connection of digital world with real world, QR codes, digital mapping structures that are projections over structures, augmented reality which works with smart devices through the camera that captures an image and superimposed on reality and it shows a 3D model.

The initiative to create a business of this type was idea of Pedro and one of his partners Juan Diego Rodas both Systems Engineers, in that time they used to develop websites and they realized that social networks had won a great importance and even they do not replace websites they won a space at the moment people search for files, for example if you wanted to know about a product or service brand people sought it in google or Facebook in this way it became a search engine. They realized about this in 2008 when the business pages of Facebook came out and they saw the potential of the social networks as a place to interact with the costumer. It was much more valuable the comment of a customer than what the brand said, people believed more in the comment a person published because it was based on experience according to Pedro people had stopped believing in brands due to the amount of misleading advertising that exists in the market, that is why they started to give much more value to customer comments that lived the experience.

According to Pedro, digital marketing has greatly increased in the country. At the beginning brands did not want to get involved, this was related to who was in charge of the companies because many of them were in a process of transition from one generation to the other. However this has helped us said Pedro. Department heads and managers of less than 50 years have a very different view about new ways of advertising. Generally the most common problem they face in the company is that those who hire the service want immediate results. They have no problem on paying large amounts of money to advertise in radio for a month and generating relatively good and fast results they want everything reflected immediately. But in the case of social networks they work different, the costumer invest little money in mid-term and better results.

Companies that manage advanced systems such as RP, good SMS customer management understand very well the issue of generating segmentation leks, and

using marketing advertising because they see the potential that this type of marketing has.

According to Pedro, businesses that do not have much knowledge about digital advertising prefer to invest \$ 600 in a publication of a day in a written press media that has a circulation of 15,000 copies and that is focus to a wide audience not segmented, meanwhile through digital marketing with the same money in 3 months of social networks the company can reach 250,000 or 300,000 segmented people and you can reach the niche you want through a platform that allows you to interact with the customer and receive a feedback. It is very different from the traditional advertising that it is only one way. Pedro believes that the most difficult challenge is to break the mold, the mindsets of customers.

At the time of the results even though managers are young it is quite complex, they want immediate results, however it is difficult to them to understand that through social networks we not only intend to sell, it is basic to understand that as social networks are a multimedia and audiovisual media including video, audio, images, they can position the brand in a way that never before has been. The company is investing for positioning of products and services in addition it generates interaction between costumers and the company, and finally we will have new sales. Social networks are not used to sell according to Pedro they go much further and it is a concept that still is difficult to understand to businessmen.

For Pedro it is very important the positioning of the brand, according to him it not only corresponds to the successful implementation of a strategy and a strategy is not only to be on Facebook or twitter. A real strategy is to have sponsored ads on Facebook, twitter, also it is important to have the company registered in the best directories in its area, it is necessary to advertise in specialized websites, and besides having good content it is also important to advertise on google. It is a whole STRATEGY that focuses on the sales segment.

It is also important that if the company has a web page it must have a constant dynamism, the website cannot be static, it should attract the customer all the time.

According to Crespo success on social networking and websites is that the customer have a reason to return.

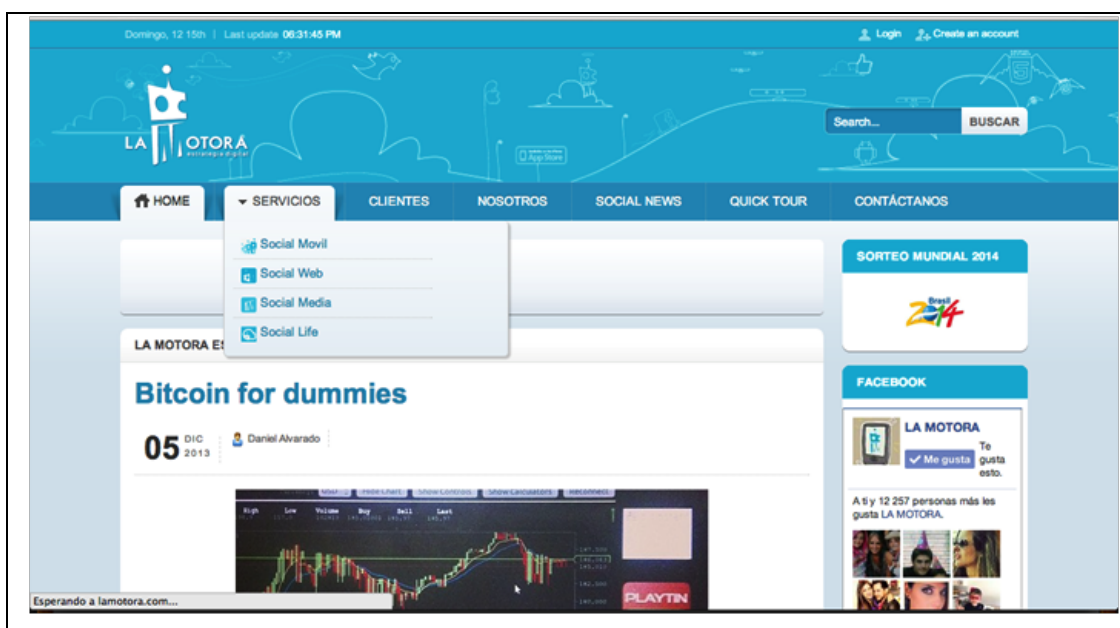
About small and medium industries and their participation in digital media Pedro believes that these companies do not risk because of the Budget it is still high for them and they do not know how to handle it. For example Pedro in his company charges \$ 450 a month for the promotion package for the company that includes ads, Facebook and twitter management, publications, answers, some graphics, and campaigns. That compared to the costs that represent the company to have a Community manager, a designer, a marketer and a programmer show that an optimized cost of \$ 450 a month is not much for what it represents. However, small and medium industries still do not risk and often they choose not to enter the in the digital world, and if they do it they intend to handle the issue internally but as they do not have knowledge in the area, they fail.

The new media law may favor to further development of digital marketing, as content production must be local. This will empower businesses involved in this environment. Companies with problems will refuge in social networks and digital media that cannot be regulated by the local jurisdiction. It will be impossible to regulate social networking and this will lead to an increase in online marketing in the country and that budgets of large companies are going to dump to this new way of marketing.

According to Pedro, radio, television and other media are massive and expensive. The most important of the digital part is the possibility of segmentation. A company that has a well developed website, plus a business Facebook page by investing \$ 100 a month they can get very good results in a year, however this does not guarantee that the product or service is sufficiently attractive to the market.

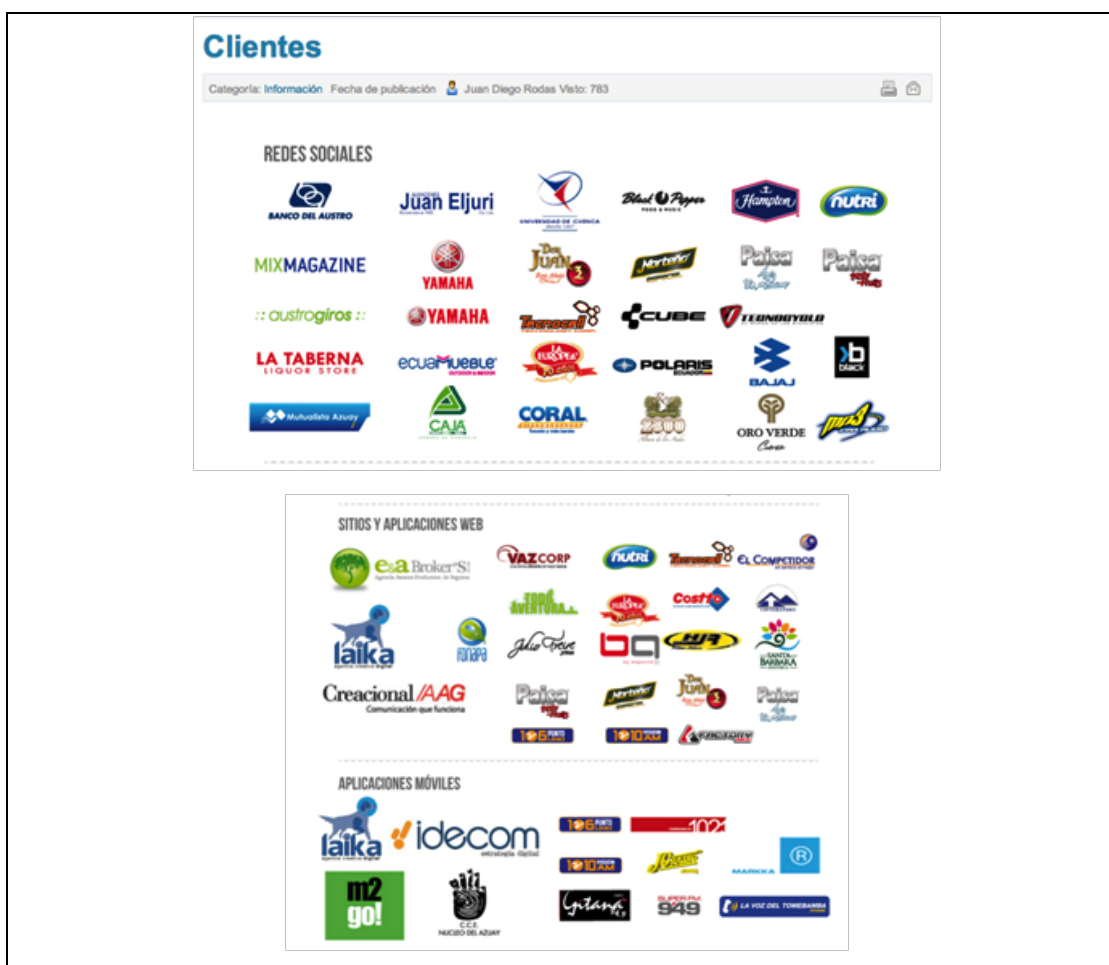
Today the customer sets the trend and not the company, now the company asks the customer what they want, now it is necessary to specialize, when small and medium industries understand that, the landscape will change.

Graphic No. 138 Website lamotora.com



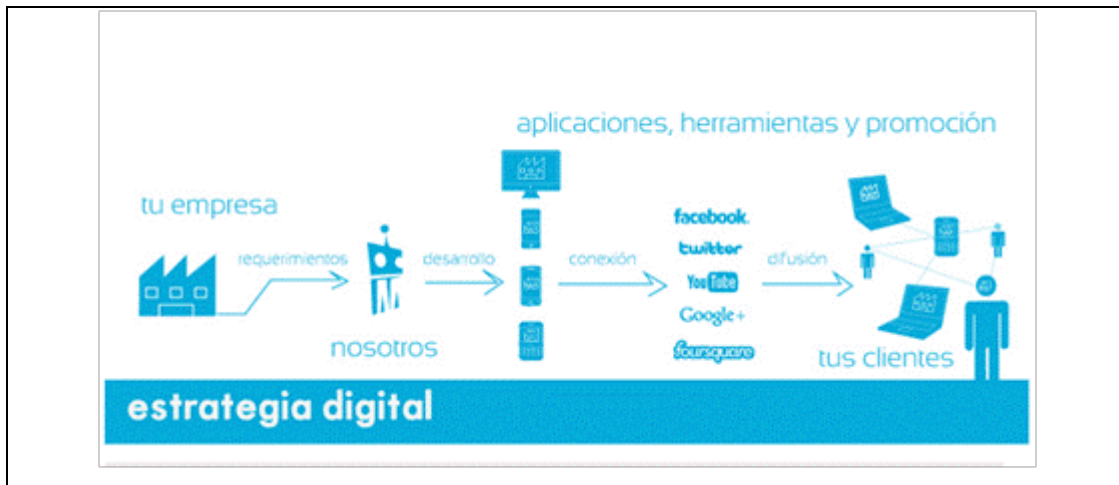
Source: www.lamotora.com

Graphic No. 139 Costumers from lamotora.com



Source: www.lamotora.com

Graphic No. 140 Digital strategy from lamotora.com



Source: www.lamotora.com

3.7 Conclusions

In this final chapter, the Facebook campaign applied to the company was developed. It shows step by step the creation of the Facebook campaign, then the results of the campaign are analyzed every day by analyzing the number of clicks generated and the results obtained. Finally the results are evaluated and the conclusion is that a Facebook campaign is an excellent tool to position internationally, it allows small and medium industries to reach markets never thought before. It also allows segmenting the audience in this way you will reach the desired niche, the customer who really wants the product offered by the company.

CONCLUSIONS Y RECOMMENDATIONS

After making the internationalization campaign for the enterprise Rafael Paredes & Hijos for three months through the social network Facebook, I could identify as the main factor that work with small and medium industries in Ecuador in the use of ICT is extremely complicated.

First, entrepreneurs in the country still do not believe in the use of Internet because they do not see it as an investment, they see it as an expense. There is much mistrust about the use of Internet in the Ecuadorian industries, this is mainly based on those who are in charge of companies, and they are people that belong to a generation that is not immersed in the new digitalized world.

The reality that I faced at the time of the campaign was first that the company case of study did not want to spend a large amount of money, its budget was minimal since they regarded Internet as an unreliable medium and little effective. It was a challenge to fight the generation gap that existed with the company. However at the end they accept to develop the campaign setting some conditions especially on the budget to be spent, for example they determined that they would pay month to month and not as it was established that the total payment would be done at the beginning.

Regarding the development of the campaign and the statistical results provided by Facebook, there was not any problem.

There were some troubles with the company, at the moment that I request for information such us about online sales they did not have it or for example in the middle of the campaign the company's credit card stopped working. These are some of the unexpected things that one may face when a campaign of this type is done.

Once the campaign was completed, the manager wanted immediate results. He expected a great increase in sales, which did not happen. It is necessary to note that the use of social media does not guarantee the immediate sale of the product, as mentioned in the interviews. An increase in sales comes with a number of extra

factors that is a whole STRATEGY that reflects a change in the company. As we do in physical advertising digital advertising is not alone, we need to pursue strategies in specialized websites, be in the best online directories of our industry, have sponsored ads on social networks like Facebook, have a good handle on Twitter, have sponsored ads in Google Adwords, the combination of these factors will lead the company to have a stronger digital advertising generating an increase in sales.

Even if the impact of the campaign did not reflect an increase in sales of the company, it is necessary to go beyond that, the campaign succeeded in creating a positioning of the company in a market that they saw as unreachable. They reached the market of Beverly Hills with a large number of clicks and the specific niche they wanted, this is established as one of the biggest advantages of advertising through social networks, all types of companies from small and medium industries to companies with a large budget could reach markets far away or market they thought were unreachable.

In my opinion I recommend that Ecuadorian small and medium industries need training about the use of ICTs, they should bet on digital advertising, and once they do it, they should manage a proper record of the flow of sales that allows them to identify their origin between physical media and Internet.

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