



**UNIVERSITY OF AZUAY
FACULTY OF LAW
SCHOOL OF INTERNATIONAL STUDIES**

**INTERNATIONAL MARKETING PLAN FOR THE COMMERCIALIZATION OF
WOOL SWEATERS PROCESSED BY THE ARTISAN PRODUCTION
"TEJEMUJERES" ASSOCIATION OF THE CANTON GUALACEO.**

**THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
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**AUTHOR:
TATIANA CAROLINA ORELLANA ESPINOZA**

**DIRECTOR:
ENGINEER MARCELO CALLE CALLE**

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DEDICATION

With all my love I dedicate this thesis to my beloved parents, whose unconditional support has made it so each of my dreams can be realized. They are my example of effort and improvement, which has motivated me to achieve a goal in my life.

To my beloved husband Javier, for being by my side at all times, for being my partner, friend and constant companion; who with his great love, understanding and patience has supported me with every step I have taken during my college career.

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ABSTRACT

The Artisan Association of "Tejemujeres", despite already having entered international markets such as Europe and the United States, has found it difficult to retain its long-term customers, since nowadays the trade takes place in a highly competitive environment. Due to these aspects, the need arises to develop strategies of differentiation and positioning of their brand in order to attract new customers and retain existing ones. For this reason, it is essential that "Tejemujeres" develops an international marketing plan so that there is a long-term strategic vision.

RESUMEN

La Cooperativa de Producción Artesanal “Tejemujeres”, a pesar de ya haber entrado en mercados internacionales como Europa y Estados Unidos, le es difícil retener por largo plazo a sus clientes, ya que hoy en día el comercio exterior se desarrolla en un entorno altamente competitivo. Debido a dichos aspectos, se presenta la necesidad de desarrollar estrategias de diferenciación y posicionamiento de su marca para lograr atraer nuevos clientes y retener a los actuales; por tal motivo, es esencial que “Tejemujeres” disponga de un plan de marketing internacional para que así exista una visión estratégica a largo plazo.

INTRODUCTION

The creation of small and medium enterprises (SME's) in Ecuador has increased in recent years, which looks beyond the domestic market, seeking entry into international markets. However, the situation of Ecuadorian SME's becomes complicated when the great global competition is present and the unlimited needs and wants of potential customers require these companies to adapt to the demands of a competitive market. Currently, consumerism is increasing due to a heavy bombardment of advertising, publicity and promotion of products and/or services that exists by brands already existing worldwide. That is why SME's must adapt to these major changes arising from globalization and adopt its strategies to keep their products in a market for a long period of time, and not be moved by constant competition that exists around world.

This is the case with the Tejemujeres association, which produces handmade wool sweaters. They have not had great success in the domestic market, but have found increased growth in markets such as European countries and the United States. However, the absence of international marketing strategies to promote the commercialization of this product has made it difficult for Tejemujeres to get the loyalty of customers in the United States. It is also because of the lack of a competitive advantage that allows them to achieve positioning in this market.

This present work, is an international marketing plan for marketing wool sweaters made by artisan production of the "Tejemujeres" association in the Canton of Gualaceo. It is based on the need to increase exports and have a greater share of the US market, which has already been entered previously, but has not been able to make a difference and possess a brand. Therefore, it is essential to generate international marketing strategies to promote the marketing of this product and, hence, increase the volume of exports in the target market.

CHAPTER 1

MICROENVIRONMENT ENTERPRISE: INTERNAL ANALYSIS OF THE TEJEMUJERES ASSOCIATION

Introduction

In chapter 1, there is an analysis of the internal characteristics of the Tejemujeres Association, from the moment the idea of creating the association emerged, until the process had to cross the artisans to develop and grow as a microenterprise in the local, national and international environments.

In addition to the history of the Tejemujeres Association, an analysis is also performed of the strengths and weaknesses of the group, which will help to know about the actual situation that Tejemujeres is going through, in order to improve certain aspects that prevent the exportation of sweaters making progress in a given target market.

It is important to know the production process that Tejemujeres performs to obtain an optimal product, customers with whom the association has been involved and it is certainly important to know who the competition is in order to be prepared and able to offer the superior product that they are offering.

In this chapter, an external analysis of the company will also be made, which will be divided into 5 major factors: demographic, economic, political and cultural; essential variables which should be known about a company to develop in a given environment. The years in which the analysis of the macro environment is based on will be: 2011, 2012 and 2013.

1.1 Background of the Tejemujeres association

In the Canton of Gualaceo, Azuay Province, women in rural areas of this sector, are teachers of weaving wool sweaters. They initially worked individually and marketed their products through

local intermediaries, which often exploited them and imposed unfavorable conditions for the artisans. Therefore, in 1992 a group of 39 women artisans from two communities in the cities of San Francisco and Huinzhun, decided to join and form a company called Artisan Production Tejemujeres Association in order to remove the link with the local intermediaries and go directly to their customers and in turn, improve their socio-economic and community conditions. In 1997, it was legally established as an association, and its model is best identified with the following principles: equality, solidarity, democracy and participation.

Between 1994 and December 1999, this group of women sought help to progress their microenterprise, getting support from a local NGO, called by its acronym SENDAS: Servicios para un desarrollo Alternativo del Sur, development organization whose mission is to enhance processes and social rights of women. Through this relationship with SENDAS was achieved, a project entitled "Consolidación Productiva de la Cooperativa Tejemujeres", which was funded by the Canadian Ecuadorian Development Fund, it lasted until the end of 1999. The overall objective of the project was improving economic and social conditions of women artisans involved, promoting gender equality. Also, their specific objectives are: 1) To improve the income of women by direct marketing to sweater segments of higher prices and 2) Build internal capacity for self-management of the Cooperative.

In December of 1999, the funding and support of Sendas ended. Since 2000, the Tejemujeres Association faced the challenge of self-management, discontinuing foreign aid and the association started financing their own members. However, in this year, dollarization emerged in the country, creating many problems for small and medium businesses in Ecuador. But the Tejemujeres Association still managed to adapt to economic and political changes, achieving the growth and stability of a micro-enterprise.

Currently Tejemujeres is composed of artisans from different communities in the rural area of the canton: Pagrán, Zharban, Guazhalan, Chaguarloma, San Francisco, Laguan, Huinzhun, Jumpiran and Granda.

The tradition of weaving wool sweaters has been a legacy passed down from generation to generation; performing quality production in which the handcrafted skill of Gualacenan Women weavers, who form part of the Tejemujeres Association, becomes present. In this way, it satisfies the requirements of both domestic customers, but with a greater international share. The profits obtained by the micro-enterprise, besides being aimed at a fair payment to each of the members, also are targeted for social projects such as training courses for the members, health programs, community projects and socio-organizational programs.

The production that takes place within the Tejemujeres Association, are exclusive models that are intended for cold weather, where consumers are both men and women of all ages. In addition, the characteristic that makes the difference in this production is the use of totally natural fibers which are developed in these unique garments that project the Andean culture of the Ecuadorian people, since the raw material used is wool, alpaca and cotton.

1.2 Characteristics of the Tejemujeres Association

1.2.1 Strengths that the association possess for internationalization

- The members of the Tejemujeres Association have a large degree of experience. Since before the creation of this micro-enterprise, artisans have produced wool sweaters to sell to middlemen. Later, with the creation of Tejemujeres over 20 years ago, they have gained greater experience in the marketing of handmade textiles, during which time they have managed to enter several international markets generating significant export growth volumes in sector and achieving the status of a micro-enterprise, recognized in the US market and in certain European countries. Therefore, Tejemujeres is already a small business that has been released internationally, commercializing their product in certain cities.
- A key feature of Tejemujeres is being built by women artisans who have inherited a tradition of surprising skill and quality production that has been passed from generation to generation. Consequently, carrying a meticulous quality control and efficient use of

each of the handmade garments, an essential factor that makes the difference from other sweaters, since they are a 100% handmade product. The product before it is ready for sale goes through several stages of quality control, ranging from control in delivering a certain amount of yarn to each member that makes the garment, controlling the colors that have been requested by the customers, and placement of the label that identifies the micro-enterprise.

- Another important factor regarding the quality offered by the Tejemujeres association is that the material used in the production of sweaters are natural fibers such as wool, alpaca and cotton. Also, each product is subjected to rigorous quality testing so that they can offer a product that meets the customer requirements and subsequently label and package in accordance with the agreements negotiated with the customer, which makes the production of sweaters an added value in the international market.
- Tejemujeres is an organization where profits are divided among all members, who are the direct beneficiaries. Because of being a community organization that is formed by rural women with a low economic level, by weaving they can benefit by earning an income.
- By being a small business with a social order, in addition to seeking profit for the payment of labor, each of the members also spend their profits to train themselves. It is a very important aspect for the company to have a proper function both in administration and in the production area, which results in providing quality products to customers. Training programs carried out by Tejemujeres are carried out by what is required by the members; because each time the number of members who have assumed managerial and control has been thanks to these developed training programs .
- Tejemujeres knows the different tastes of its customers and in turn adheres to the their demanding needs in terms of fashion trends; for example, in the markets of Europe they seek a combination of strong colors in products, while the US market wants the classic colors in the clothes they want to buy.

- The fabric, being made entirely by hand, is developed in a natural environment which does not cause any pollution. Therefore sticks and crochet are used, which are simple work tools, instead of large sophisticated machinery, which can cause damage to the environment.

1.2.2 Weaknesses possessed by the association for internationalization

- The Tejemujeres association has not emphasized designating their income for an adequate and efficient advertising campaign to promote their products. Because of this, it has not become a well-possessed brand internationally, nor have they been able to retain customers long term.
- As a micro-enterprise formed by peasant women who from an early age have worked, dedicating themselves to weaving wool sweaters, and thus, have a low educational level, they have gaps in knowledge about international trade and negotiation.
- There is also a low corporate strategic level by the producers because they have not developed an effective and efficient plan of action to have a competitive advantage. And so the Tejemujeres association has not been able to excel and stand out from the great competition abroad.
- Ignorance of potential markets is what has caused Tejemujeres to not be able to increase their level of exports to a greater extent. This is also due to a lack of knowledge among the members, about foreign trade. Since they have not sought alternative markets where they can commercialize the wool sweaters, so they maintain the level of exports with these markets and with those whom they have already maintained trade relations.
- The lack of attractiveness in the packaging that Tejemujeres uses for their products, has not made a difference with international markets and has not achieved brand positioning in the minds of consumers, because the packaging is an important feature of products, which draws the attention of potential customers.

1.3 Wool Sweater Production Process for the Tejemujeres Association

- **The Raw Material:**

The association is responsible for providing all the necessary supplies for their members' products, so they have records of material delivery. In turn, they are supplied with the necessary technical information: dimensions, instructions and production details, as the members prepare the products at home.

Once completed, the products are returned to the distribution center for delivery. The finished products undergo a quality control process, and the remaining production materials are returned. (Fernández G., 2013).

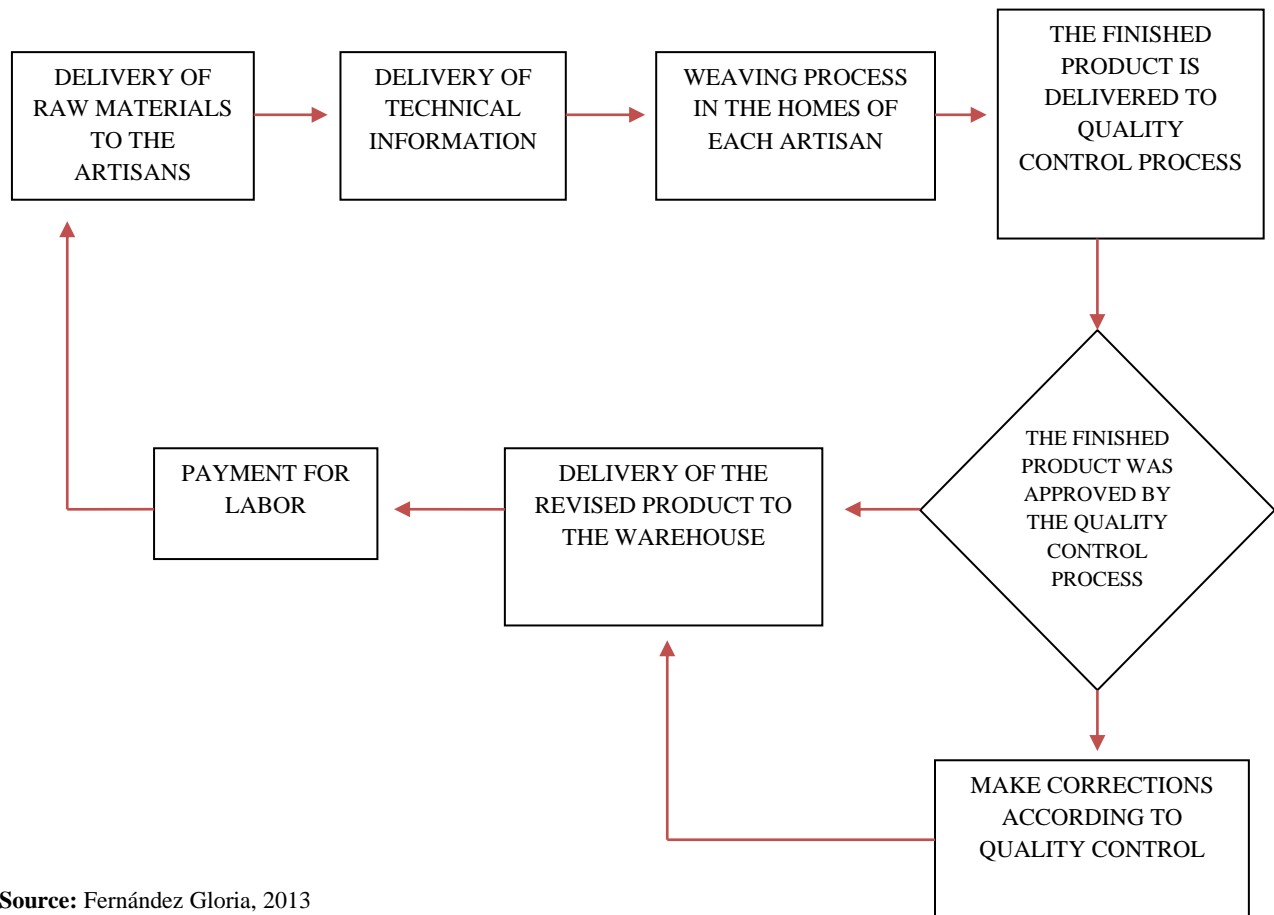
- **Quality control:**

Each product is subjected to rigorous quality testing that verifies that they have met with sizing, designs and specifications of production. This allows the Tejemujeres Association to provide a product in accord with the requirements of customers.

Once the products have been approved by the quality control system, members receive their payment and receive new raw materials to repeat the production process.

Afterward, the products are sent to the warehouse to be labeled and packaged in accordance with agreements negotiated with the client.

Production Process Flowchart



Source: Fernández Gloria, 2013

1.4 Customers

A minimum percentage of production remains in Ecuador, where customers fall into two types:

- Consumer markets, that is, people who purchase the product for their own use.
- The market resellers, who are wholesalers and retailers that buy the product and resell it at some value.

However, the main customers of the Tejemujeres Association are international markets, included in the following destinations are:

- The United States

- Spain
- France
- Belgium
- England
- Ireland

However, with regard to Ireland, Belgium, France and Spain, trade relations are no longer constant. Sales made by Tejemujeres to these destinations have declined significantly in recent years due to the severe economic crisis in these European countries; the negotiations with Spain have especially suffered a great decline and they have not been able to regain their customers in this country.

The United States and Britain are the partners with whom negotiations are still ongoing, and are considered the main export destinations for the Tejemujeres Association (Fernández G., 2013).

The United States has been the main importer of products from Ecuador for several years, with a remarkable growth of its imports. Analyzing the last three years of overall imports from the US, Ecuador, in 2011 grew by 29.14% compared to the previous year with a value of 9.622.000.000 dollars; on the contrary, in 2012 it had a -1.4% drop being the dollar value of 9.484.000.000 this year. However, in 2013 the figures changed, having a growth of 21.15% with a value of 11.490.000.000 dollars (United States International Trade Commission), which shows that although in 2012 there was a decrease by a small percentage in figures for imports to the United States from Ecuador, these two countries have a stable business relationship, becoming the largest customer for Ecuadorian companies within the global environment.

Additionally, in 2013 the United States ranks third in the world for consumers and importers of wool sweater products from Ecuador, followed by some countries of the European Union (International Trade Center). In 2013, the US imported wool sweaters from all over the world, worth \$ 435 million (United States International Trade Commission).

1.5 Providers

As mentioned above, the raw materials used by Tejemujeres for its production process are natural fibers: sheep's wool, alpaca wool and cotton. The sheep's wool and cotton is purchased from domestic suppliers in Riobamba and Guaranda. The alpaca wool is imported by Tejemujeres from Bolivia and Peru since these two countries have a large supply of this raw material at reasonable prices. for Tejemujeres thus, making the purchase abroad of this type of wool. However, Tejemujeres often acquires alpaca wool from domestic suppliers also. Depending on the volume of production they are going to make, Tejemujeres will analyze whether to import alpaca wool from the outside or if it would be better to purchase from domestic suppliers (Fernández G., 2013).

1.6 Competitors of the Tejemujeres Association

International trade is conducted in a highly competitive environment, where companies have to have a competitive advantage and differentiation to enter international markets, even for small businesses such as Tejemujeres who have to face competition from large companies that have more experience and positioning in certain foreign markets. Therefore, it is essential that Tejemujeres gains knowledge of the competition since they have to compete in the international environment in order to generate strategies of differentiation and positioning of the brand.

Included among the main competitors Tejemujeres found within South America, as highlighted in the international markets for their high quality natural fibers are: Peru, Bolivia and Chile. These three countries have a meticulous care concerning the raising of camels, since they obtain the raw material which will later be used in their production of sweaters. In turn, Bolivia has a significant benefit for competing in international markets because production costs are low compared to Ecuador because its national currency is undervalued against the US dollar, the official currency of Ecuador. This is considered an advantage for Bolivia because the business partners tend to prefer business with countries where the currency may be undervalued and therefore production costs are low with respect to the change; thus, the importing country will

have greater purchasing power because their official currency will be worth more (Fernández G., 2013).

Supplying countries that compete with Ecuador in the field of marketing wool sweaters.

The main countries from which the US imports wool sweaters are: Italy, which in 2013 exported \$84 million, subsequently followed by China with a value of \$73 million, Mexico exported \$55 million, fourth is Canada with an export value of \$48 million, and in fifth place, India, with a value of \$39 million (World Integrated Trade Solutions).

Included with South American countries that export wool sweaters to the United States are Colombia, which in 2013, had an export value of \$1,649,661, followed by Chile with a value of \$872,173 (World Integrated Trade Solutions), compared to Ecuador with exports were valued at \$360,910 (Banco Central del Ecuador). This is showing that the latter is at a lower level than these two South American countries regarding sales of wool sweaters. Therefore, the microenterprise Tejemujeres should seek various ways to promote their products and gain a greater share in the US market because it has strong competition from several countries that export higher values to the US, such as Italy and Chin

MACROENVIRONMENT ENTERPRISE: EXTERNAL ANALYSIS OF THE TEJEMUJERES ASSOCIATION

1.7 Demographic Environment

The world population has a tendency to go on with a considerable increase. According to UN projections estimated for the next 12 years, the world population will increase by one billion, whereas the current figure is 7 million (Naciones Unidas, 2013). This growth will be in greater proportion in developing countries. Also, countries with extreme poverty will have growth in their populations which have very low incomes, decaying human development indicators and high economic vulnerability.

In addition, it is estimated that by 2050, developing countries will have a population of more than 8 billion, representing 86% of the global population. Whereas in this century, developed countries will not have a noticeable increase in their population, or it would be minimal, but this growth would be due to immigration from developing countries.

According to the director of the Population Division of the UN, fertility rates are decreasing at the same time in some countries like China, India and South Africa but the opposite is true in countries that are in development. "A group of countries with high relative levels of fertility, with five children on average per fertile woman remains. They are found in UN list of the 49 least developed countries and most are located in sub-Saharan Africa" (Naciones Unidas, 2013).

1.8 Economic Environment

After the global economic crisis that occurred in 2009, Ecuador's economic situation began to improve with a GDP growth rate of 7.80% in 2011 being the third-highest percentage in Latin America; reaching 5.10% in 2012. Similarly in 2013, the Ecuadorian economy was stable with a growth rate of 3.8% of GDP (Banco Central del Ecuador, 2014).

However, although the rates of growth of the Ecuadorian economy are remarkable, there still exists a significant rate of poverty in Ecuador, where over half the population remains poor or vulnerable to falling into poverty. This seeks to be corrected through public investment, which still depends on a large proportion of the revenues generated by a single sector, which is oil (Banco Mundial, 2014).

With regard to foreign trade, currently Ecuador has had a remarkable development since its exports made around the world have been increasing. The growth rate of Ecuadorian exports between the period of 2011-2013 amounts to 11.81%. This percentage is remarkable and transcendental in the progress of the economy, since exports are the main source of income for Ecuador (Instituto de Promoción de Exportaciones e Inversiones, Guía Comercial Ecuador 2014).

According to the Instituto de Promoción de Exportaciones e Inversiones (ProEcuador), Ecuador has had an advantageous development of international business through the first quarter of 2013. With regard to non-oil exports, they have increased both in value and volume sales, with a growth of 11.5% in value and volume has increased 4.1% compared to the first quarter of 2012.

In addition, non-traditional exports had increased at the beginning of 2013, increasing by 8.9% this year in volume exported tons. Also, the Instituto de Promoción de Exportaciones e Inversiones (ProEcuador) said that this years exports to new destinations were at an increase as in the case of China and Turkey, with an increase in sales volume of 75% and 150% respectively.

1.9 Technological Environment

According to the Banco Mundial, technological changes stimulate global economic growth and the establishment of employment sources, especially information technology and communications (ITC), which have contributed to the economy of the countries, their governments, and thus in different societies around the world. Developing countries are taking advantage of the developments taken by ITC's to improve in different aspects such as trade, public services and the expansion of social networks. "Currently in the world, over 75% of the population has access to a cell phone and the number of subscriptions to mobile services came to 7,000 million at the end of 2013" (Banco Mundial, 2014).

According to the Instituto Nacional de Estadística y Censos (INEC), from 2011 to 2013 the number of people (aged 5 years and over) who enjoyed access to the internet in Ecuador increased by 67.46%, while regarding the amount of people who own computers from the years 2011 to 2013, there was a percentage increase of 84.69%; plus the number of people who own desktops also a notable increase in proportion of 11.34% between the years 2011-2013.

The percentage of people in Ecuador who use computer increased between the years 2011-2013, in 2011 a percentage of 36.10% was recorded, in 2012 was 38.7%, and in 2013 it increased to 43.60%.

In 2013, 32% of Ecuador's population used the Internet as a source of information, while 25.5% used it for communication in general, and 31.7% used the Internet for education and learning.

The percentage of people who have a cell phone activated increased between 2011-2013, in 2011 a rate of 46.6%, in 2012 increased to 50.40%, and in 2013 the percentage was 51.30%.

In 2011 it was reported that 25.10% of people aged 15-49 years in Ecuador are digital illiterates; however, in 2012 and 2013 figures improved, percentages of 21.40% and 20% respectively were recorded.

In 2012, it was recorded that national households spend on average \$ 74.10 monthly on cellular telephones and on average \$ 44.26 monthly on the internet (Instituto Nacional de Estadística y Censos, 2013).

1.10 Political Environment

The year 2012 marked an important stage in terms of trade and foreign policy in Ecuador, where there were several changes and advances in both international relations and agreements reached with other countries, among them were: "achieving new partners, and new instances strengthening regional integration and promotion of human rights" (Presidencia de la República del Ecuador, 2012).

Also in this same year, Ecuador gave priority to promoting the development of regional blocs to which it belongs, such as the Union of South American Nations (UNASUR), the Community of Latin American and Caribbean States (CELAC) and the Bolivarian Alliance for Peoples of Our America (ALBA). With respect to foreign trade, in 2012, the Ecuadorian government adopted new ways to connect internationally by signing important trade agreements with countries recognized as world powers, such as with China, agreements based on electricity generation projects, mining, safety, health, infrastructure and cooperation. The Ecuadorian government has

also boosted economic and trade relations with Arab countries regarding the exchange of technologies and new markets for the export of products produced in Ecuador.

Currently, Ecuador has 26 trade negotiations with South America and other regions around the world. With regard to South America, Ecuador seeks complete liberation from tariffs in Argentina, Mexico and Nicaragua, and partial tariff liberation with Paraguay, Venezuela, El Salvador and the countries of the Caribbean and MERCOSUR.

It has also established 13 trade agreements with "Chile, 97% tariff elimination, Brazil, 100% zero tariffs, Cuba, 384 products with no tariffs, and Panama, zero tariffs for products from Ecuador. Venezuela maintains preferences of CAN and Guatemala 700 products without tariffs and 222 subheadings of MSMEs" (Agencia Pública de Noticias del Ecuador y Suramérica, 2013).

Trade policy has been developing in Ecuador by consolidating the various trade agreements mentioned above that contribute indirectly to the export of wool sweaters and to establish business relations with several countries which stimulates economic growth, increases exports, productive development, improves the political stability of Ecuador to become an attractive country for private and foreign investment. Therefore, with these features Ecuadorian SME's, such as Tejemujeres are developing in an environment that is progressing economically, and therefore, they have a commercial stability which allows them to grow and develop in several markets.

1.11 Cultural Environment

According to the consumer culture of developed countries, interest in purchasing textiles is reflected in greater proportion in these countries, which include the United States, Japan and the countries of the European Union, who consume 40% of the textile production (Centro de Información Textil y de la Confección, 2013). The consumer culture of these countries is primarily influenced by income per capita, i.e. developed countries consume more textiles where the rent is higher.

Another cultural aspect in the consumption of textiles, is gender, where the female gender consume more textiles in reference to the design for their wardrobe and for home decoration. In addition, women are having a major influence concerning the buying power decision within the family, since the woman decides on 2/3 of total purchases within the family.

Age is another factor in the consumption of textiles, because people who are in a stage of youth and maturity are those most interested in purchasing products for their personal wardrobe. However, according to some market analysts, the people who are within the range of the elderly spend more money to look and feel fine, so its consumerist culture increases more in the acquisition of clothing (Centro de Información Textil y de la Confección, 2013).

CHAPTER 2

SELECTION AND POTENTIAL MARKET ANALYSIS

Introduction

In this chapter, the potential market (United States), to which the Tejemujeres Association aims to increase the volume of their exports will be thoroughly analyzed. First, it will inquire about the general characteristics that identify the United States as a world power. In addition, another essential aspect to be discussed in this chapter are the preferences that the US population has. This is a fundamental issue in the development of this research because it will reveal whether wool sweaters are a product that can meet the needs and desires of the American consumer.

There will also be an analysis of the political and economic stability of the United States, the foreign trade that this country has made in the years 2011, 2012 and 2013; and in turn, important statistical data on imports of wool sweaters by the United States and its major suppliers will be discussed in this chapter.

It is of great importance that this research analyzes trade relations between Ecuador and the United States, therefore, in this chapter; trade figures of the relationship between these two countries will be presented.

2.1 Tejemujeres Association's Current Markets

Currently the Tejemujeres Association has made further negotiations, primarily with the United States and England, with whom they have always been in constant contact and are who acquire the largest volumes of production. The highest percentage of Tejemujeres' customers are wholesalers and distributors who maintained a profitable business relationship for a long period of time, therefore, constitute regular customers of this micro-enterprise.

The sales made to these markets are seasonal, since the composition of the fiber used as a raw material is a product for the winter season; therefore, between the months of May and September is the time in which shipments to these markets are made. The remaining months are the stage of production where Tejemujeres learn about the tastes and preferences of these markets and create new collections according to the demands of its customers.

2.2 Analysis of the potential market

This project will target the United States market for the development of an international marketing plan for the export of wool sweaters processed by "Tejemujeres" because this micro-enterprise has already made several exports to this country and have some degree of knowledge on negotiations with the market, but also on the needs and tastes of them. By performing an analysis of exports of wool sweaters from Ecuador, that ranks as the largest exporter of this product to United States, taking into account the last three years of analysis presented in the following table of data from the Central Bank of Ecuador, where it is notable that the imports of wool sweaters by the United States from Ecuador were increasing from 2011 to 2012. Although in 2013 a downward trend occurred of -6%, it can be considered that the negotiations with this market are stable, which has allowed the United States to be considered as a target market to possess the micro-enterprise "Tejemujeres".

Figure 1: Exports of Ecuador to the United States of Wool Sweaters



Source: Banco Central del Ecuador

Elaborated by: Orellana Tatiana

2.2.1 General characteristics of the target market (United States)

Area: The fourth largest country in the world, with an area of 9'631.418 km² (47% is agricultural land and 29% forest land).

Population: 316.7 million inhabitants

Ethnic groups:

- Whites: 79.96%
- African Americans: 12.85%
- Asians: 4.43%
- Native Americans and Alaska Natives: 0.97%
- Native Hawaiian and Other Pacific Islanders: 0.18%
- Hispanics represent 15.1% of the total population (Instituto de Promoción de Exportaciones e Inversiones, Guía Comercial Estados Unidos 2014).

Capital: Washington

Largest city: New York

Most prominent cities:

Table 1: Highlights of the United States Cities

CITIES	POPULATION
New York City, New York	8,175,133
Los Angeles, California	3,792,621
Chicago, Illinois	2,695,598
Houston, Texas	2,099,451
Philadelphia, Pensilvania	1,526,006
Phoenix, Arizona	1,445,632
San Antonio, Texas	1,327,407
San Diego, California	1,307,402
Dallas, Texas	1,197,816
San Jose, California	945,942

Source: United States Census Bureau (Census 2010)

Elaborated by: Orellana Tatiana

The State Constitution: 1776

Form of government: Federal Constitutional Republic, consisting of 50 states and one federal district. It is a federal power but there is autonomy in the states where there is a national legal order but also sectional laws. The federal power is in turn divided into three branches: executive, legislative and judicial.

The states which form the United States are independent and are governed by laws of each state, with exceptions in matters of defense, international relations, foreign trade, the same ones that are governed by laws of federal power.

The United States for several years has been dominated by two political parties, Republican and Democrat, of which since 1852, have won presidential elections

Current President: Barack Obama

Languages: English is the official language in 28 states, but not a recognized official language at the federal level. The Spanish, French Cajun, and Hawaiian are officially recognized by several States.

Currency: United States Dollar

Human Development Index: The United States is located in fifth place in countries with high human development, with an index of 0,914.

Economy: Leading producer and exporter of food, cattle breeding, timber, fish, petroleum, natural gas, coal, automotive, pharmaceuticals, computers, weapons, finance, and tourism.

Member of: World Trade Organization (WTO), World Trade Organization (WTO), Organization of American States (OAS), United Nations (UN), International Monetary Fund (IMF), World Bank (WB), Inter-American Development Bank (IDB), Treaty Organization (NATO), Asia-Pacific Economic Cooperation Forum (APEC), Organization for Economic Cooperation and Development (OECD), Organization for Security and Cooperation in Europe (OSCE), North American Free Trade Agreement (NAFTA), G-8 , G-20.

2.2.2 Tastes and preferences of the target market

America is a country made up of a variety of subcultures (religious, ethnic, regional, racial and economic); therefore it is considered as a diverse country, where society is dynamic and changing due to constant technological advances. American society has conflicting values in their tastes and preferences, which causes confusion; for example, they have traditionally supported the freedom of choice and individualism, but equally show strong tendencies to adapt to the rest of society, as it is with the manner of dress (Schiffman & Kanuk, 2001).

According to Peter and Olson (2006), "In different parts of the US, physical (topography, climate and natural resources) and social (economics, demographics and lifestyles) environments are completely different, and these factors affect culture and buying behavior. Actually, it is a multicultural nation, a mosaic of sub-markets and subcultures "(324).

Tastes and buying preferences depend largely on the cultural values possessed by the target market, as in the case of American culture that prefer a wide range of products and choose those expressing their respective personal lifestyle. According to Peter and Olson (2006), "many Americans value dominance and control of their life and environment. Their fascination with gardens (control of nature), remote controls (control of television exposure) and time management systems (time control) reflect this value "(292).

A fundamental cultural value of Americans is individualism, they are always looking to be themselves, where self-esteem, self-fulfillment and independence are present at all times in the lives of Americans; therefore, at the moment of purchase, the American consumer looks for a unique or customized product that reflects and exalts their identity.

Also, freedom is another cultural value of the United States who show preference for freedom of choice. According Schiffman and Kanuk (2001), "this value has historical roots in democratic ideals such as freedom of expression, freedom of the press and

freedom of worship" (339). With respect to consumer behavior, Americans place interest in broad product lines, where they have more options to choose from; for example: range of sizes, colors, designs and styles.

Humanitarianism is reflected in American culture because they are concerned for others, especially the disadvantaged, by supporting charitable causes so that they can be overcome and cope with adversity. Americans tend to be charitable and collaborate with those less fortunate (Schiffman & Kanuk, 2001). Therefore, the US will choose to buy products that have a social purpose, supporting companies that compete against market leaders.

"Americans tend to attribute an almost sacred value to youth and cheerfulness" (Schiffman & Kanuk 2001, 340). This cultural value of the United States is not young in terms of age, but is related to psychology as it is a mental state shown by the pursuit of being young at heart, or presenting a youthful aspect, irrespective of chronological age. This fact is presented in this culture due to rapid technological development that occurs in the United States, where they always seek to have or acquire new things that hit the market, and put aside the old which becomes obsolete. Therefore, Americans are looking for products that will satisfy their desire to feel young or that promotes rejuvenation (Schiffman & Kanuk, 2001).

2.2.3 Political and economic stability of the target market

- **Political Stability**

Since 2008, Democrat Barack Obama assumed the US presidency, and to this day, continues in power, becoming the first African American in US history who has come to assume this position. Barack Obama has faced several challenges as president since 2008 both nationally and internationally.

With regard to the challenges faced by the government at the national level, several issues can be described as an emergence of economic and financial crisis, redirecting the great debt of the country and control of the excesses of financial institutions.

On the international side, the government has sought the return of the country's image in international forums, and the reformulation of the international policy of the United States.

In the years 2012 and 2013, the US government has highlighted and consolidated certain important policies for the US states: infrastructure, through improved planning and highways; innovation, creating zones of economic growth; education, providing scholarships, improving the infrastructure of schools, and the elimination of approximately 2.000 million in government administrative expenses, such as travel (Agencia Andaluza de Promoción Exterior, 2013).

- **Economic Stability:**

According to the UN (2013), "the global economy weakened considerably during 2012". Developed countries are trapped by high unemployment, financial fragility and a burden of high public debt. In the case of the US, there is a considerable percentage of unemployed, which remained throughout most of 2012, over 8% making it the number of unemployed 12.506.000; however, since September of that year, this percentage has reduced slightly (Bureau of Labor Statistics). On the other hand, in 2012 the rate of US inflation eased also, falling to 2% from 3.1% in 2011.

In 2013, the US economy continues to recover; however, according to the United Nations, high unemployment is a major challenge for developed economies, because even though the unemployment rate in the US has been declining it still remains high (Naciones Unidas 2014, Situación y Perspectivas de la Economía Mundial 2014). The unemployment rate in the United States in 2013 had a decreasing trend, which by December aforementioned year stood at 6.7%, becoming the number of unemployed in total 11.460.000 (Bureau of Labor Statistics).

On the other hand, the United States Department of Commerce argued that the most developed indicator for demonstrating the growth or decline of a country's economy, is the GDP; therefore, between the years 2011-2013 increased considerably, having in 2011 a GDP of 15,52 billion, in 2012 16,16 billion and 16,77 billion in 2013 (Bureau of Economic Analysis).

According to an analysis by the International Monetary Fund, the US economy grew at a faster rate than projected for 2013; an important factor that intervened to obtain this result was a strong increase in exports. In turn, consumer spending was revived, because housing prices and stocks were higher, and similarly, the net worth of households rose as a result of debt reduction in relation to disposable income by households (Fondo Monetario Internacional, Perspectivas de la Economía Mundial 2014).

Another key factor that measures economic stability is foreign trade, which is due to the strong influence it has on the economic growth of countries following the movement of capital in the purchase and sale of products and/or services. Thus, the United States having developed various trade negotiations around the world, has managed to become the largest importer of goods; where oil remains one of the main imported products, and is also the second largest exporter (Instituto de Promoción de Exportaciones e Inversiones, Guía Comercial Estados Unidos 2014).

2.2.4 Foreign trade in the target market

- **US Exports throughout World**

The United States, during the years 2011 to 2013, has had an increasing trend regarding exports to the world. US exports have been increasing year after year, having a percentage growth rate of 6.2% showing that foreign trade is stable and therefore an appropriate market for trade negotiations with the country.

Figure 2: US Exports throughout World



Source: Bureau of Economic Analysis
 Elaborated by: Orellana Tatiana

The main trade partners whom the US exports its products are its neighbors in North America, primarily Canada, and then followed by Mexico. The following table shows which are the top 10 importers of products coming from the US.

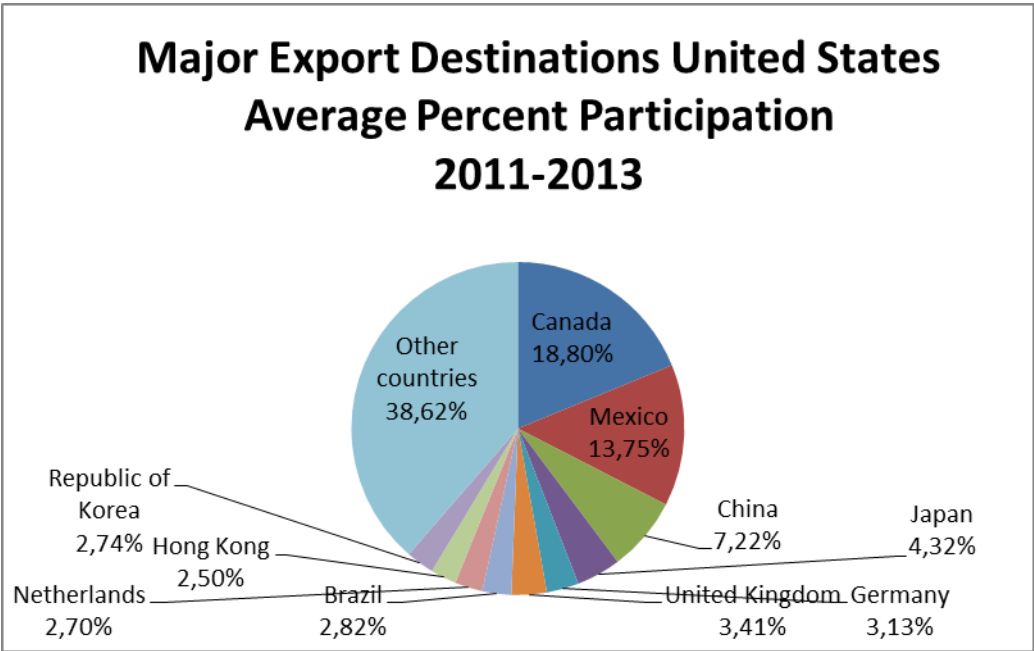
Table 2: Major trading partners with whom the US exports its products.

IMPORTERS	EXPORT VALUE	EXPORT VALUE	EXPORT VALUE
	IN MILLIONS	IN MILLIONS	IN MILLIONS
	2011	2012	2013
<i>Canada</i>	281.292	292.651	301.610
<i>Mexico</i>	198.289	215.907	226.079
<i>China</i>	104.122	110.516	121.736
<i>Japan</i>	65.800	69.964	65.206
<i>Germany</i>	49.294	48.801	47.362
<i>United Kingdom</i>	56.033	54.860	47.353
<i>Brazil</i>	43.019	43.807	44.119
<i>Netherlands (Holland)</i>	42.227	40.619	42.572
<i>Hong Kong (China)</i>	36.399	37.471	42.342
<i>Republic of Korea</i>	43.462	42.265	41.715

Source: United States International Trade Commission
 Elaborated by: Orellana Tatiana

As an analysis of the percentage share of these countries, Canada covered a participation of 18.80% between the years 2011-2013, being the main destination for US exports. The other main destinations had the following representation in exports between the years 2011-2013: Mexico with a 13.75% share, China with 7.22%, Japan 4.32%, the UK with 3.41% followed by Germany with 3.13%. Brazil, Holland, Hong Kong and South Korea had a representation ranging between 2.5% and 2.8%. The other destinations had a declining share of 2%, which totals with a sum of 38.62% between them.

Figure 3: Top destinations for US exports 2013



Source: United States International Trade Commission
Elaborated by: Orellana Tatiana

The main products exported by the US with a steady growth in export value are machinery, nuclear reactors, and mechanical appliances, also being a second product with high exportation value of electrical equipment, their parts and recording equipment value; these products are being acquired by its major trading partners which include Canada, Mexico and thirdly China.

Table 3: Main products exported by the United States

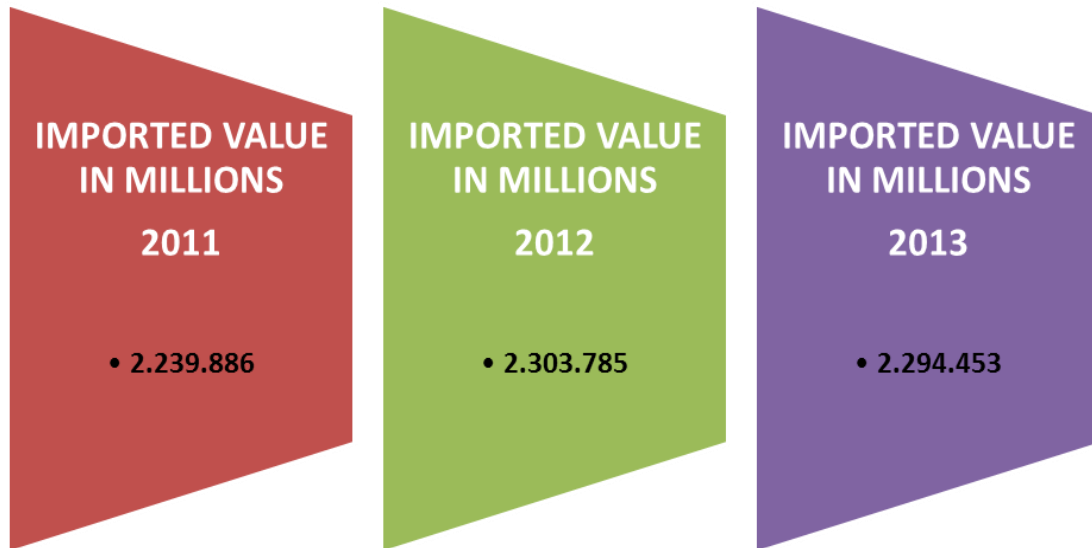
PRODUCT	EXPORT VALUE	EXPORT VALUE	EXPORT VALUE
	IN MILLIONS	IN MILLIONS	IN MILLIONS
	2011	2012	2013
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	205.826	215.235	213.498
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	159.469	162.375	165.815
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	130.567	137.310	149.018
Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	120.012	133.083	134.004
Aircraft, spacecraft, and parts thereof	87.757	104.483	114.907

Source: United States International Trade Commission

Elaborated by: Orellana Tatiana

- **US Imports from the World**

Figure 4: US Imports from the World

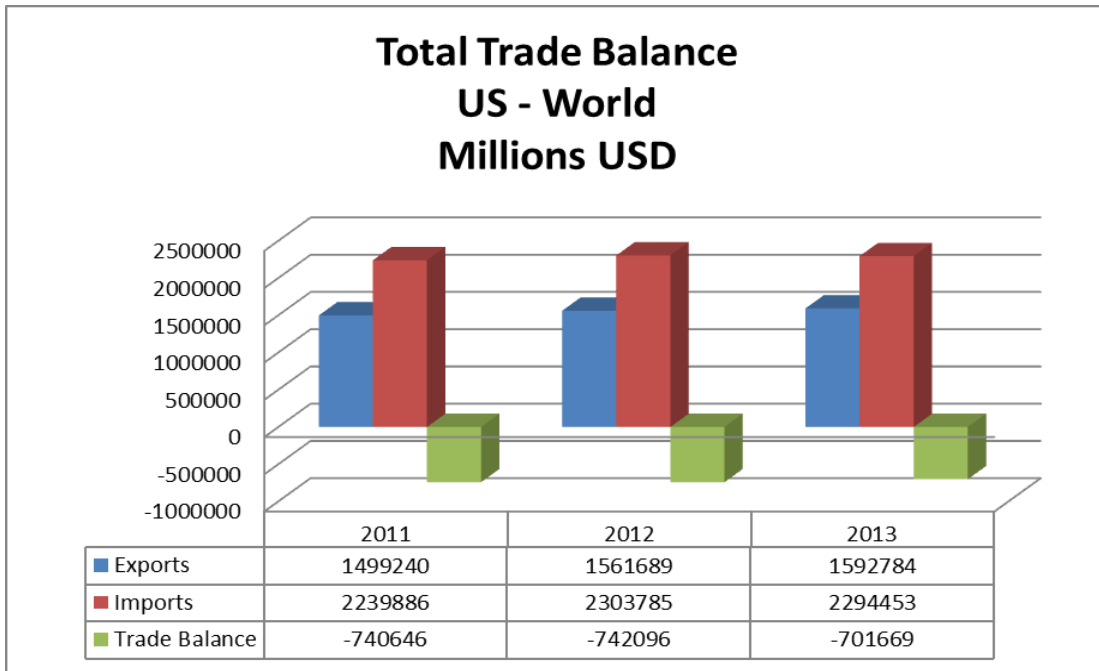


Source: Bureau of Economic Analysis

Elaborated by: Orellana Tatiana

Imports from the United States have a greater value than their exports. taking into account the years 2011, 2012 and 2013, so its trade balance is in deficit in these three years analyzed. As shown in the trade deficit that the United States has taken, a value of -701.669.000.000 dollars in negative trade balance could be obtained in 2013, which shows that the United States does not have sufficient production to meet the diverse needs and desires of its people; so they need to acquire foreign products. This has led the United States to be considered an adequate market for trade negotiations, becoming the largest trading partner for several countries around the world.

Figure 5: Total Trade Balance, US – World



Source: Bureau of Economic Analysis
Elaborated by: Orellana Tatiana

The United States acquires different products mainly from China, with a percentage growth from 2011 through 2013 of 10.29%, followed by Canada, Mexico and Japan

Table 4: Key countries where the United States imports products

EXPORTERS	VALUE	VALUE	VALUE
	IMPORTED IN	IMPORTED IN	IMPORTED IN
	MILLIONS	MILLIONS	MILLIONS
	2011	2012	2013
China	399.371	425.626	440.448
Canada	315.325	324.264	332.553
Mexico	262.874	277.594	280.529
Japan	128.928	146.438	138.573
Germany	98.684	109.226	114.345
Republic of Korea	56.661	58.902	62.386
United Kingdom	51.263	55.003	52.817
Saudi Arabia	47.476	55.667	51.807
France	40.049	41.647	45.708
India	36.154	40.513	41.845

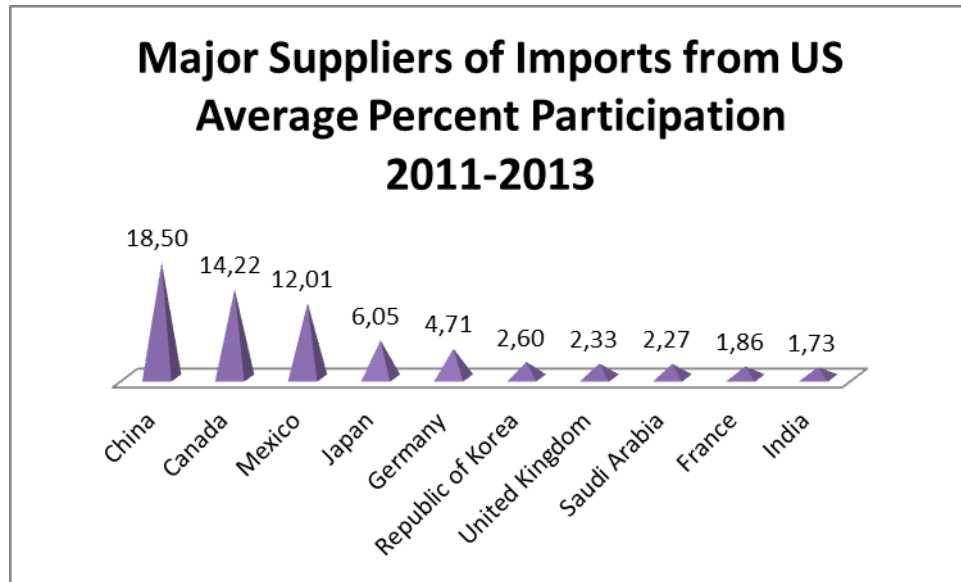
Source: United States International Trade Commission

Elaborated by: Orellana Tatiana

The percentage share of the main supplier of US imports (China) reached 18.50% between the years 2011-2013, followed by Canada with a representation of 14.22%, Mexico with 12.01%, Japan 6.05% and Germany with a 5.71%.

Republic of Korea, United Kingdom and Saudi Arabia are distinguished by a minimum percentage of participation between each one of them, with 2.60%, 2.33% and 2.27% respectively. And while France and India have a percentage share of 1.86% and 1.73%.

Figure 6: Main Suppliers of Imports from The United States 2011-2013



Source: United States International Trade Commission
Elaborated by: Orellana Tatiana

Ecuador is located at number 32 among the countries in which the United States buys products with a value imported from Ecuador in 2011 of 9.622.000.000 dollars, in 2012 9.484.000.000 dollars, and in 2013 11.490.000.000 dollars (United States International Trade Commission). Between 2012 and 2013 there has been a remarkable growth in imports from Ecuador of 21%; which is a very significant figure for Ecuador, as it shows that its trade relations remain active; and therefore Ecuador exports are benefiting from the growing tendency of purchases from the United States to Ecuador.

Mineral fuels, mineral oils and their distillation products are the main products imported by the United States from Canada, Saudi Arabia and Mexico. Subsequently, the items which are second in US imports are machinery, nuclear reactors, boilers, machinery and mechanical appliances which are mainly imported from China, Mexico and Japan. And third, imported items include machinery, mechanical appliances and electrical equipment, parts and recording devices coming equally from China, Mexico and Japan.

Table 5: Main products imported by the United States

PRODUCT	VALUE IMPORTED IN MILLIONS 2011	VALUE IMPORTED IN MILLIONS 2012	VALUE IMPORTED IN MILLIONS 2013
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	453.933	423.992	379.906
Nuclear reactors, boilers, machinery and mechanical appliances; PARTS THEREOF	287.636	308.088	304.737
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	278.579	291.566	298.484
Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	202.619	240.005	249.004
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	66.081	68.810	71.164

Source: United States International Trade Commission

Elaborated by: Orellana Tatiana

2.2.5 Imports of wool sweaters made by the target market "The United States"

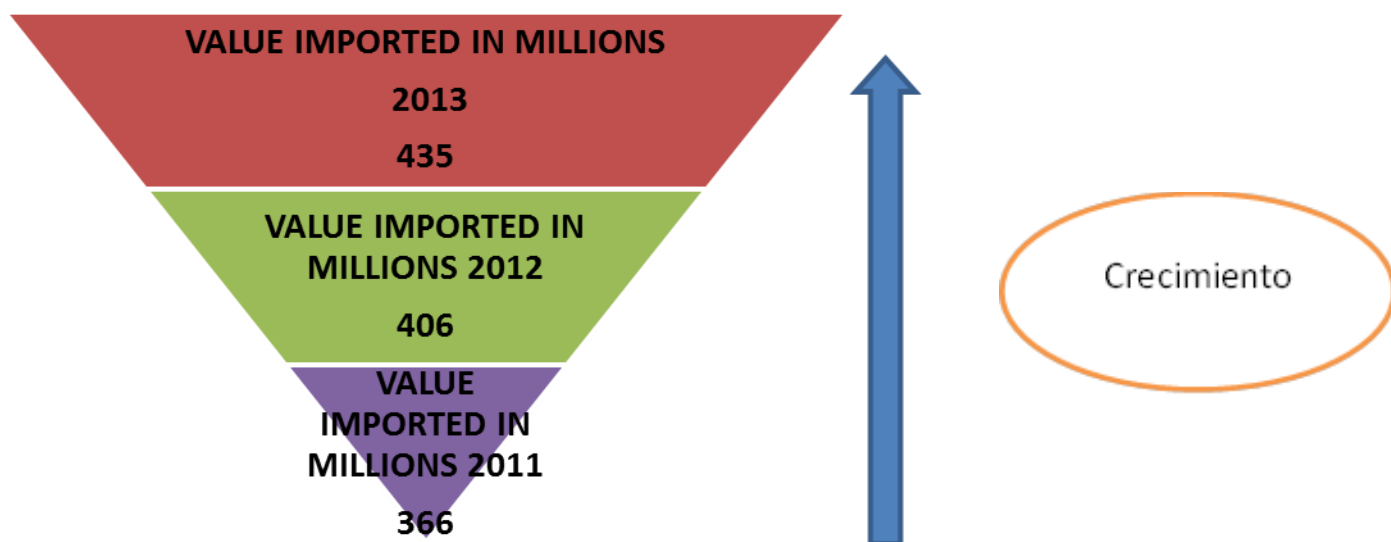
The tariff item that will be used for an international marketing plan for this product developed and exported by the cooperative "Tejemujeres" and in which all this research and analysis are based, is as follows:

62033100: *Jackets (bags) of wool or fine animal hair, for men and boys.*

United States has had a growing trend in the years 2011, 2012 and 2013 regarding imports of wool sweaters located in Item 62033100 having a growth among the years of 19%.

PRODUCT: 62033100 Jackets (bags) of wool or fine animal hair, for men and boys

Figure 7: Imports of Wool Sweaters by the United States



Source: World Integrated Trade Solutions
Elaborated by: Orellana Tatiana

2.2.6 Major suppliers of wool sweaters to the United States

Among the major providers of wool sweaters to the United States are: Italy in first place, followed by China; with an importation difference between these two countries in 2013 of \$ 11 million, showing that the supply of wool sweaters from Italy occupies a prominent place in the American market compared with other major suppliers ranked in the box below:

Table 6: Major suppliers of wool sweaters to the United States

PROVIDERS	VALUE IMPORTED IN MILLIONS 2011	VALUE IMPORTED IN MILLIONS 2012	VALUE IMPORTED IN MILLIONS 2013
Italy	69	78	84
China	61	69	73
Mexico	48	43	55
Canada	47	50	48
India	20	27	39
Indonesia	25	30	37
Vietnam	18	17	15
Guatemala	3	9	12
Haiti	8	11	9
Bangladesh	5	8	8

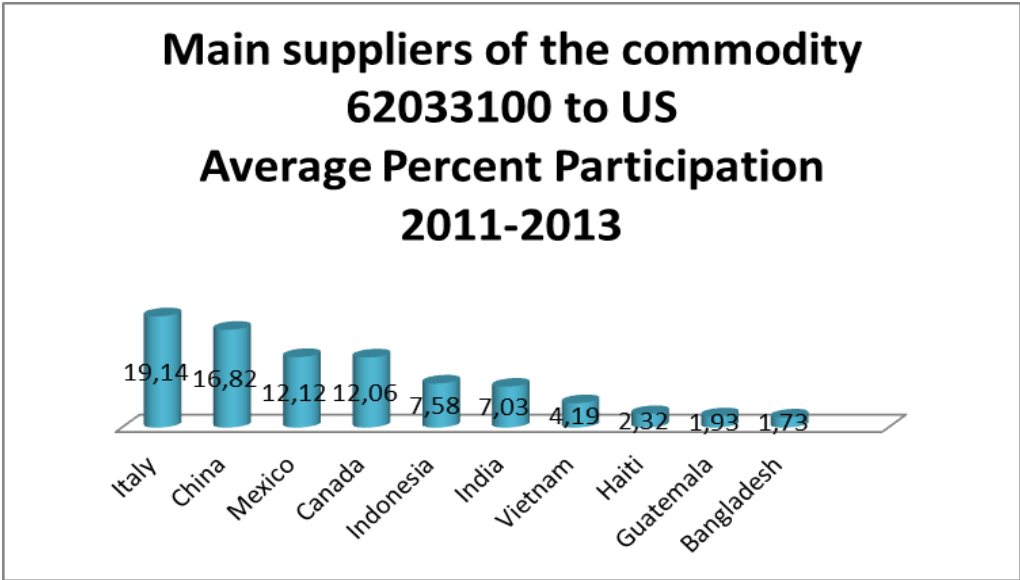
Source: World Integrated Trade Solutions

Elaborated by: Orellana Tatiana

As for the participation percentage of these providers, Italy encompasses a 19.14% stake in the US market between the years 2011-2013, differing with 2.32% of China which is the second largest supplier of wool sweaters to the United States and which has a percentage of 16.82%. The

other countries are having small percentage differences towards the decline as shown in the following bar chart:

Figure 8: Main Suppliers of Item 62033100 to the United States.



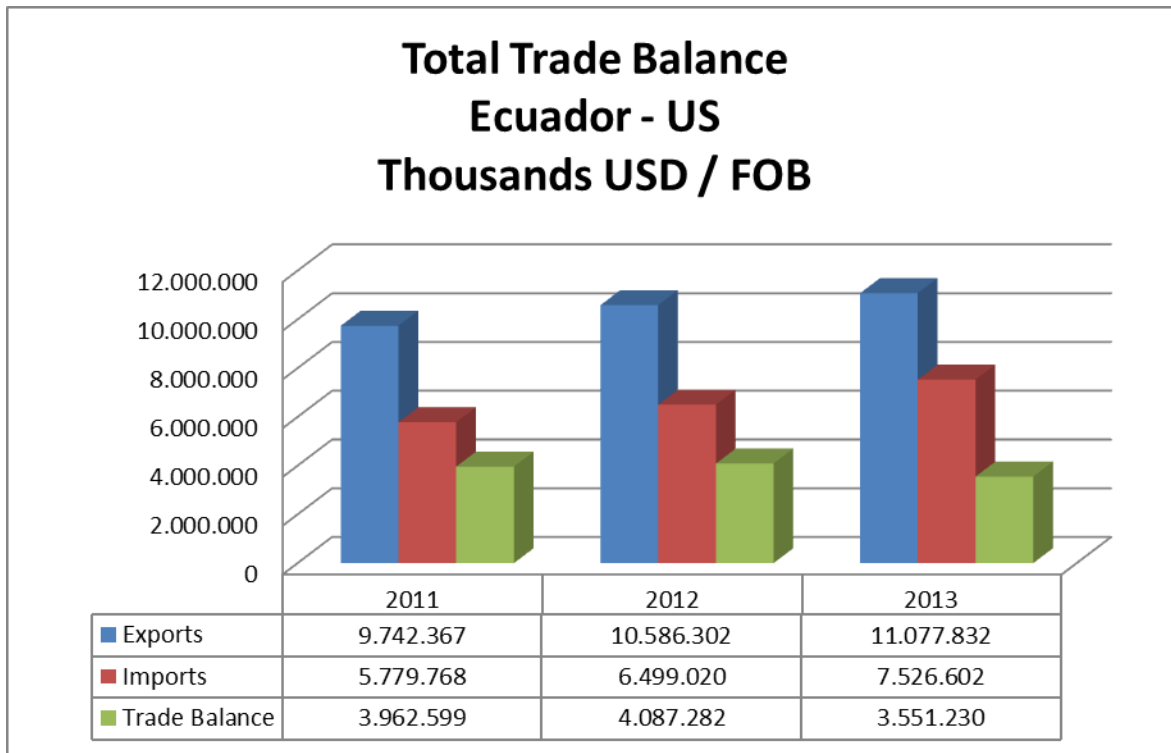
Source: World Integrated Trade Solutions
Elaborated by: Orellana Tatiana

2.3 Bilateral Trade between Ecuador and the United States

Ecuador presents a positive trade balance with the United States in the years 2011, 2012 and 2013, obtaining in 2013 a balance of 3.551 million dollars.

According to the Central Bank, Ecuador has exported 1,341 items (10 digits) to the United States in 2013, the product that tops the list is crude petroleum oil with 75.89%.

Figure 9: Trade Balance Ecuador - United States



Source: Banco Central del Ecuador

Elaborated by: Orellana Tatiana

In addition to oil which is the main export product of Ecuador to several countries including to the United States, there are other traditional non-oil products that are exported to America, such as bananas, shrimp, roses, cocoa, raw gold and tuna, which excel in international sales that Ecuador has.

Imports made by Ecuador from the United States are mostly of manufactured goods, being the solid residues from the extraction of soybean oil, the product most imported from the United States, with a growth rate of 52% from 2008 to 2012 (Instituto de Promoción de Exportaciones e Inversiones, Guía Comercial Estados Unidos 2014).

2.4 Access to the target market

2.4.1 Customs Barriers

The United States importer establishes the following tariff rate on imports to item 62033100, from Ecuador:

Figure 10: Customs Rates

Product Code	Product Description	Tariff
<ul style="list-style-type: none">• 62033100	<ul style="list-style-type: none">• Mens/boys Jackets and blazers of wool or fine animal hair, knitted or crocheted	<ul style="list-style-type: none">• 17,50%

Source: Market Access Map
Elaborated by: Orellana Tatiana

Ecuador having no trade agreements to date with the United States (see next point) has a tariff rate of 17.50% for exports of wool sweaters, which puts them at a disadvantage with other countries that have rate of 0% for that product, as is the case of its main competitors in South America: Peru and Chile which are free of tariffs for having free trade agreements with the United States.

In the case of the Tejemujeres Association, they use the incoterm FOB for exports of their products; therefore, the buyer is who is responsible for assuming all costs: domestic and

international transportation, and permits and taxes from the destination until it reaches its warehouse. Therefore, the American buyer purchasing wool sweaters produced by Tejemujeres would have to comply with the payment of tariff rate of 17.50%, which represents an extra value of the price of the sweater.

Watching them in a superficial way, this tariff rate directly affects exports from Tejemujeres because the American consumer will opt for purchasing wool sweaters at a lower price, like the case of Peru and Chile that have a 0% rate. However, it is important to add value to the production of wool sweaters from Tejemujeres for quality and for being a product 100% handmade, marking a clear differentiation from the competition, so in this way Americans do not acquire wool sweaters to have a lower price or more comfort for them, but rather they purchase from the micro-enterprise to have a production that appeals to them to a greater extent, fulfilling their unlimited needs and / or desires. It is for this reason that in the next chapter various marketing strategies are developed to attract and retain customers, and thus, increase sales from Tejemujeres to the United States.

2.4.2 Trade Agreements

There are no trade agreements between Ecuador and the United States.

CHAPTER 3

PLAN OF ENTRY INTO THE POTENTIAL MARKET

Introduction

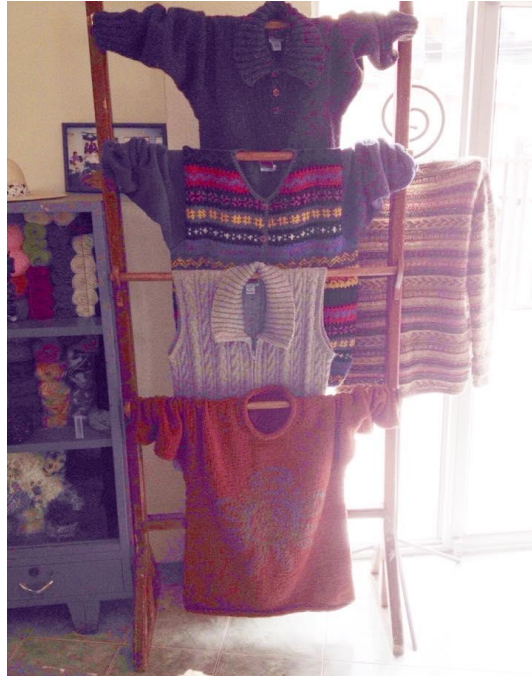
In chapter 3, various strategies will be designed and developed that should be implemented by the Tejemujeres Association so that wool sweaters can be made more attractive to the target market and be able to get new customers, or in turn, achieve the loyalty of existing customers. For which purpose, strategic ideas in each of the 4 P's of International Marketing will be proposed: Product, Place, Price and Promotion.

3.1 Product strategy

- **Product Characteristics**

Wool sweaters are the product sought to be introduced with greater force in the US market, it also possesses a series of features that will be described below:

- It is a product with an added value, as it is 100% handmade with all natural fibers, suitable for protection from the cold by the physical characteristics within the product. There are three natural fibers used for making sweaters: wool, alpaca and cotton.



Orellana T, 2014. Sweaters wool, alpaca and cotton developed by Tejemujeres. (Photography). Gualaceo

- It is a consumer product; according to Kotler and Armstrong (2003), "consumer products are those that final consumers buy for their personal consumption" (282). Also, there is a classification within consumer products, where the wool sweaters are within products shopped for because American consumers take time to acquire them because they first analyze and compare various aspects such as quality, price, fashion and colors; thereof which are important factors when choosing a garment. Therefore, being a product the customer seeks to first compare with the competition, must provide quality, possess the brand from Tejemujeres, and provide an added value. These are important factors to attract customers by satisfying their needs and/or desires, seeking primarily competitive differentiation.



Orellana T, 2014. Exclusive design Sweater Alpaca wool. (Photography). Gualaceo

- **Standardization vs. Adaptation**

Because protection from the cold is the need that Tejemujeres is looking to satisfy through the development of wool sweaters, the most appropriate strategy is product standardization since the sweaters that are offered are composed of 100% wool and are optimal for use in cold weather; therefore, the markets which offer them are mainly those with four well-defined seasons, as in the case of the United States which has the winter season during the months of December through March. Therefore, Tejemujeres must offer a product that meets all the necessary characteristics in order to become a useful product during this time of year in the United States, that often has a temperature below 0 degrees celsius.

Tejemujeres seek a global market for the product; therefore, it will not resort to the adaptation strategy as despite of differences between nations, Tejemujeres offer the same product in all markets because it allows current and potential customers to identify the product wherever they are. In addition, Tejemujeres implement product promotion strategies in order to homogenize consumer tastes and purchasing behavior to facilitate the development and sale of wool sweaters in any market.

Furthermore, the adaptation strategy is optimal when markets where you want to go behave totally different; however this is not the case since as mentioned above, markets where wool sweaters are marketed are those having the 4 seasons, emphasizing the winter; therefore, the product will be the same for all places because what characterizes this product made by Tejemujeres is to satisfy the need for protection from the cold.

- **Brand**

Branding is an important strategy of the product offered, and that through this product is made known in the market to which they want to reach; in this case to America, to gain acceptance of it and then seek to identify a particular product and occupy the minds of consumers to obtain a clear differentiation from the competition.

Name:

TEJEMUJERES (name used globally)

Logo:



Source: Tejemujeres Association

According to Kotler and Armstrong (2003), the brand is "a name, term, sign, symbol, design or combination of these elements, seeking to identify the goods or services of one seller or group of

sellers and to differentiate them from the competition" (288). For this reason Tejemujeres, is a brand which through the design of their logo and the name that has been given, seeks to communicate to potential customers that the product is manufactured by an association of rural women with their hands, perform the weaving of the sweaters. The colors used in the trademark "Tejemujeres" are purple, yellow and white, which convey a specific meaning. The purple seeks to convey the arts accomplished by the artisans. yellow is a color that seeks to conquer the attention of customers because it is a color that the gaze registers more quickly; and white means goodness, and solidarity since the Tejemujeres Association is a small business with a social purpose that seeks profit for its members, who have a low socioeconomic status.

The Tejemujeres Association has already established its brand globally to achieve greater identification by consumers worldwide; therefore, TEJEMUJERES is a brand that seeks to take possession in the US market, by offering handmade wool sweaters.

With regard to the sponsorship of the brand, a product can be launched in a given market as a manufacturer brand, private label, brand under license or creating their own brands (Kotler & Armstrong 2003, 288). In this case of wool sweaters, they will continue throwing into the US market with the brand manufacturer that is "TEJEMUJERES", which in turn is the brand used in the domestic market.

- **Lifecycle**

The wool sweaters produced by Tejemujeres are found in the maturity stage within the domestic market as there is large number of competitors such as the case of Otavalo which also offers handmade wool sweaters at a lower price. However, in the international market, this product is in the growth stage as it seeks to increase its export volume through strategies of promotion and advertising to the international market where it is known; that the demand is growing, in this case the United States. Similarly, Tejemujeres is growing internationally because of the increased number of applicants. Therefore, this micro-enterprise should seek to make a difference by demonstrating the added value of their product and possession of its global brand; in this way increased international marketing will be achieved.

- **Labeling**

Fernandez (2014), manager of the Tejemujeres Association, mentions that the labels placed on their products contain provisions for the INEN Guidelines, which are:

- ✓ **Caring for the garment**



Orellana T, 2014. Rear label about caring for the garment. (Photography). Gualaceo

- ✓ **Composition of the fibers**



Orellana T, 2014. Front label about fiber composition (Photography). Gualaceo

Furthermore, Tejemujeres also included size on the label, either: S (Small), M (Medium) or L (Large).

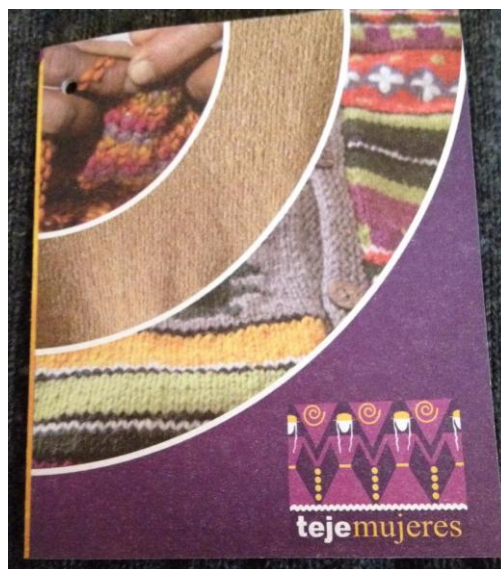
On the other hand, Fernandez (2014) also mentions that for exports, it is mandatory that each product's country of origin is placed. Tejemujeres placed “Handmade in Ecuador”, on the front of the product.



Orellana T, 2014. Label Tejemujeres Cooperative. (Photography). Gualaceo

Similarly, based on an International Standard two labels should be put on the product; one is that which is placed inside the sweaters and the other is placed outside, the latter must principally show the country of origin.

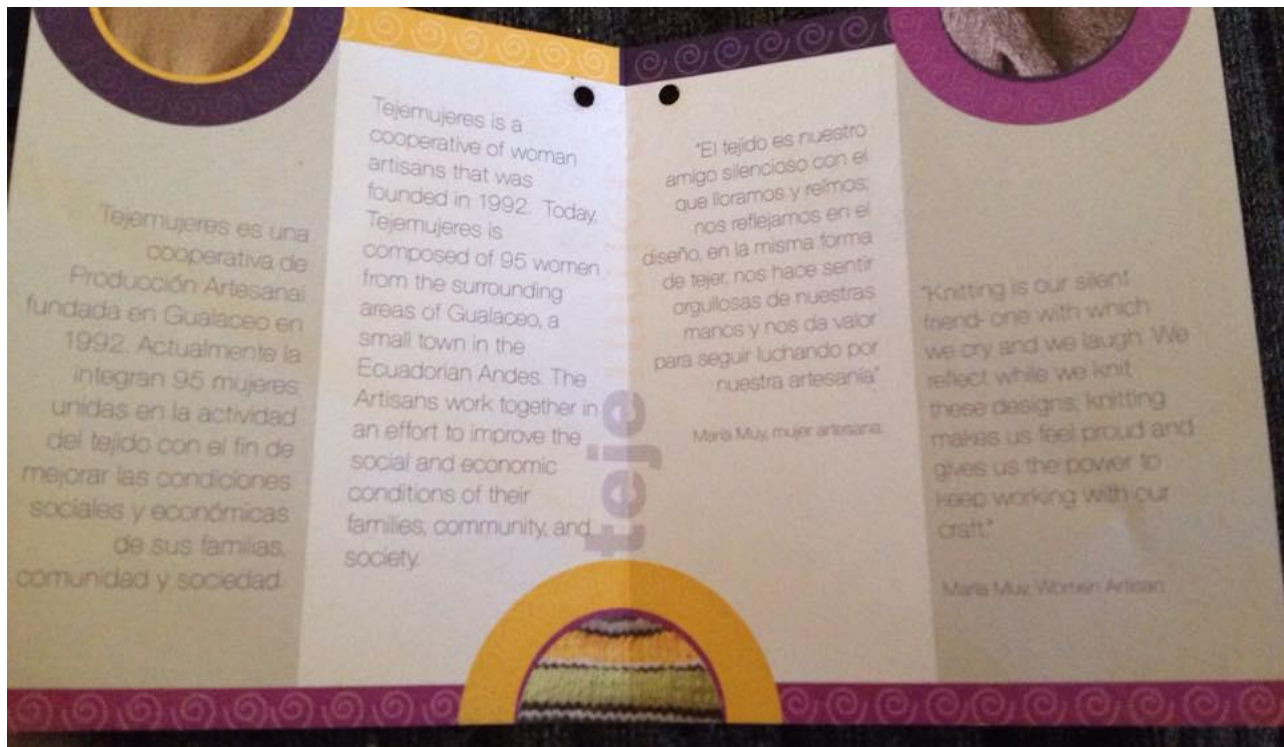
Tejemujeres places a cardboard tag which is hung on the neck sweaters, which contains a brief description of the company on the front of the label and the country on the reverse side. However, it is important that Tejemujeres changes the position where the writing of the country of origin is, by placing it in front of the cardboard tag to attract the customer's attention, primarily showing that Ecuador is the place of origin.



Orellana T, 2014. Label cardboard front. (Photography). Gualaceo



Orellana T, 2014. Label cardboard back. (Photography). Gualaceo



Orellana T, 2014. Contained within the label. (Photography). Gualaceo

- **Packaging**

With regard to product packaging, Tejemujeres primarily uses a clear plastic cover for each product, protecting it from damage and moisture, the plastic sleeve is pierced with 6 holes since it is a product composed of natural fibers, it requires ventilation .

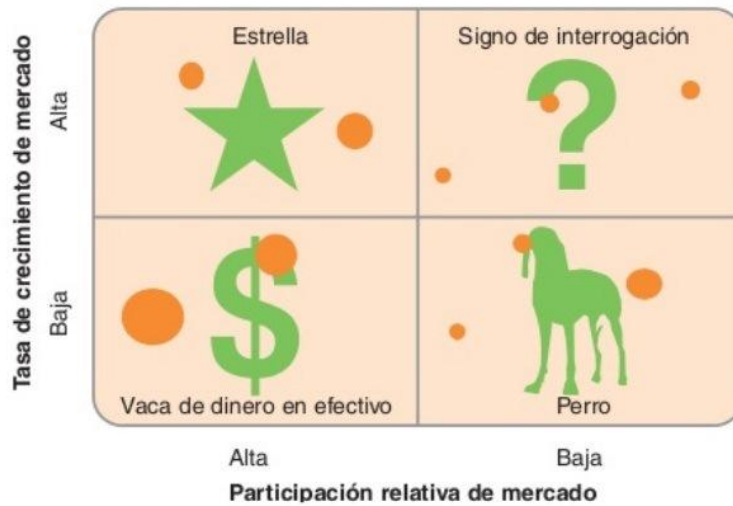
Subsequently, for the international transfer of wool sweaters they are placed in cardboard boxes, ones that have a measurement of 40cm wide by 50cm long and 60cm high, have no company name or logo and are not of any distinctive color of the company; they are simply colored cardboard boxes. However, they should be ones that can withstand any handling so they will be reinforced double walled boxes (Fernandez, 2014).

As was previously analyzed, the package of the company is not attractive to the customer, transparent plastic bags and cardboard boxes are used. Therefore, a total change from the packaging covers is needed; the product protection must be distinctive and draw attention and it must be of the typical color of the company, yellow would be ideal because it is a color that captures a faster look; also, the case must bear the name and logo of the company, as they are important aspects to identify the product and the company itself. The sweaters are to be composed of natural fibers and must be completely protected from moisture, so it is necessary that the sleeves are resistant to it. The cost of cases that should be used to protect the product is \$350 thousand cases.

Similarly, it is important that the boxes bear the name and logo of the company because this way the competing product is identified and becomes an attractive product for the customer. It is essential to place an important characteristic that identifies Tejemujeres on both cases and cartons, that their products are 100% handmade.

The cost of the boxes to be used Tejemujeres protection and transfer of the product is \$0.85 each.

- **The Parent Company BCG**



Source: Kotler & Armstrong 2008, 41

The BCG parent company (Boston Consulting Group) helps in deciding what business or product it should invest in, make a divestment or abandon. This parent company will help establish what type of product these wool sweaters made by Tejemujeres will constitute within the US market.

Wool sweaters by Tejemujeres are a product that has already been offered in America for a long period of time. However it was unable to have a significant sales growth because there is no customer loyalty and therefore it has failed to take possession within the US market; however, Tejemujeres has strong potential for growth in this target market. These characteristics identify wool sweaters as an unknown product because Tejemujeres needs to innovate to face the competition and improve its market position.

Wool sweaters by Tejemujeres should pass from being a mystery to being a flagship product, by generating profitability to the company. The flagship product is one that has a high market share and contributes to the growth of the company. For wool sweaters to become a flagship product, they must develop strategies that enable greater participation of Tejemujeres in the target market, which is analyzed below:

- Investment in product quality.
- Find a distinct advantage over the competition.
- Provide a value added product.

- **Quality**

The wool sweaters by Tejemujeres Association are a product whose priority is to provide quality customer service. These wool sweaters, before being exported to their destination, will go through a strict quality control process, in which the raw material used will be thoroughly inspected to make sure it is within appropriate measures to ensure processing, the fabric is in perfect conditions; and that the size, model and color are exactly what the client requires. An important feature of the sweaters made by Tejemujeres is that they are made by hand; therefore quality is an essential requirement that producers should control from the moment they proceed to the development stage because each producer will be given the technical specifications required for each order, so that control quality can determine whether or not the product complies with the required characteristics such as the measurements of the sleeves, collar and cuffs being exact, or otherwise they are rejected by the person who does the proper control.

The Tejemujeres Association must have a system of supervision and control not only of the production process but also of all labeling and packaging processes in order to monitor every step in creating sweaters before entering the US market, because the quality offered to the customer is essential for the company to have a position in the target market; and thus, getting the client to repurchase, and achieving loyalty to the company.

- **Differentiation**

The great competition internationally, in turn has meant that there is less difference with respect to the characteristics and quality of products made by different companies, since they seek competitiveness within the various international markets, which strive to offer products that meet the multiple desires of their potential customers. For this reason, the development of a

differentiation strategy is needed to let customers know how to distinguish the wool sweaters developed by the Tejemujeres Association over companies offering similar products.

A key feature that differentiates Tejemujeres from large market-leading companies with regard to clothing is that their wool sweaters are made 100% by hand. This particular feature influences the psychological aspect of the American consumer who has their humanitarian side and seeks the protection of the environment. Therefore, when developing Tejemujeres' crafts, they are helping to preserve and protect the environment by reducing pollution because it saves energy, waste management exists and big machines that remove toxins and harm the environment are used. On the other hand, these aspects make the cost of producing these wool sweaters higher hence the retail price can be more competitive because they are paying for a different product than others.

Since a comparative analysis is the case of organic products, which are produced through processes that are in harmony with the environment, no chemicals are used for production and recycled materials. Therefore, organic products have a higher price than conventional products since they are offering different features in the product, which does not affect the health of people or the environment.

Similarly, a differentiation strategy would allow customers to generate their own collections in terms of the characteristics possessed by these wool sweaters. Creating their own collections will be based on allowing customers to choose the type of wool, either sheep, alpaca or cotton; also the design, which may be a new design provided by the client; in turn, colors and size, which is an important characteristic; because a key aspect for customers regarding clothing, is that a garment fits them as they like. Such a differentiation strategy can be incorporated into this company because product development is not by machines, which produce large quantities by launching products with the same characteristics, but the development is entirely handmade, and can make the necessary changes depending on the tastes and desires of the client. The creation of their own collections will be made through the Tejemujeres website, where they will find several choices to choose from and design the product according to the customer's preferences.

In turn, by e-mail, customers may send the designs they wish to purchase to be subsequently developed.

- **Added Value**

A key aspect that appeals to American consumers is social responsibility; therefore Tejemujeres is a small business that has as its main objective being economic and social benefit of its own members who in turn are producing. This factor becomes the added value that Tejemujeres Association's wool sweaters have, since behind this product being offered in the international market, is the effort of a group of enterprising women belonging to the rural sectors of Gualaceo, and that through the work of their skilled hands obtains profits to support their families. Also, the social order that Tejemujeres as an association has is the training of the members in different areas which is done with the money of the earned profits.

Therefore, it is important that the Tejemujeres Association is known to the world, especially the United States, that their products bring a social responsibility, since this aspect will make wool sweaters more attractive in this market. In turn, demonstrating to the international market that their product has met certain basic standards in society such as:

- jobs for economically disadvantaged producers.
- gender equity.
- environmental protection.
- payment of a fair price.
- teaching new skills to producers.

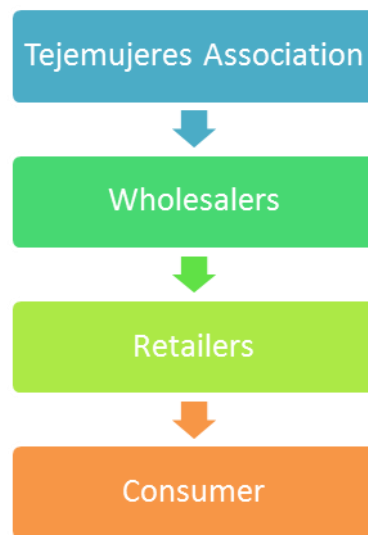
3.2 Strategy Square

The Tejemujeres Association handles an indirect distribution channel as they sell to wholesalers and they are the ones who are responsible for bringing the product to the end consumer. According to Kotler and Armstrong (2008), a distribution channel is "a set of independent

organizations involved in the process of bringing a product or service to the consumer or industrial user" (300).

Each of the intermediaries who help bring the product to the consumer is a distribution channel level; in the case of Tejemujeres, the channel will be three levels, as this micro-enterprise offers their production only to wholesalers, who in turn sell to small boutiques and handicrafts (retailers) and those sold to the final consumer.

Figure 11: Distribution Channel of the Tejemujeres Association



Source: Kotler & Armstrong 2008, 303
Elaborated by: Orellana Tatiana

According to Kotler and Armstrong (2008), farmers prefer to sell to wholesalers and not directly to consumers for the following reasons:

- the wholesaler has more contacts.
- the wholesaler is often closer to the buyer; therefore delivery orders will be faster.
- the wholesale provides financing to the buyer through loans.
- the wholesale assumes all risk of owning the goods, whether by theft, spoilage and obsolescence.
- the wholesale informs the producer about the competition and price changes.

On the other hand, it is important to define the types of intermediary channels, the number of intermediaries and responsibilities of each member.

With regard to the types of intermediaries it is important that Tejemujeres work with certain distributors in each of the top 10 US cities (Chapter 2.2.1), to thereby have greater market coverage, but in turn it is essential that Tejemujeres ensures that its intermediaries have exclusive distribution, good margins, product training and promotional support.

The number of intermediaries refers to the number of members who will have each level of the distribution chain; for that there are three strategies: intensive distribution, exclusive distribution and selective distribution. For Tejemujeres it is suitable for them to handle the selective distribution strategy as it will allow better market coverage and lower costs compared with intensive distribution, it requires a strong investment to stock their products in the highest possible amount.

It is important to define the responsibilities of each member of the distribution channel in order to have a relationship and proper coordination among all; and thus, the product will arrive in a better condition to the end consumer. Both Tejemujeres and the intermediaries should meet the agreed services and mutual obligations between them, which will be described below:

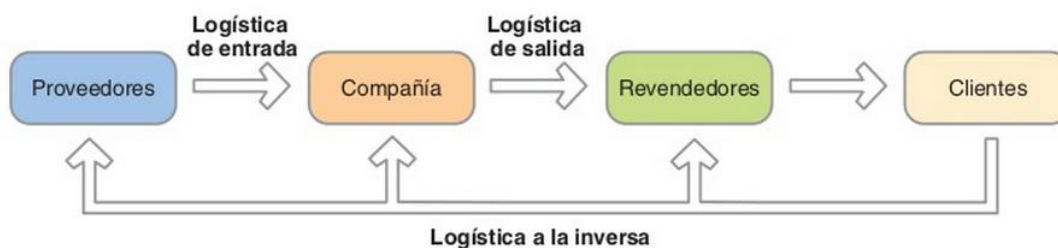
- pricing policy.
- conditions of sale.
- territorial rights.
- specific services to be provided by each channel member (Kotler & Armstrong 2008, 314).

It is also important that Tejemujeres not only have the aim to sell to wholesalers, but in turn encourage all channel members to work together to increase sales to the end consumer through trading strategies, promotion plans and advertising.

Physical Distribution of the Channel Distribution

Delivering the product in the right amount, conditions agreed upon and timely manner customer is a difficult task for Tejemujeres, to deliver the product in the right amount, conditions agreed upon and timely manner customer is a difficult task for Tejemujeres, since this depends on customer satisfaction and thus the repurchases. Therefore, it is essential to employ a strategy called physical distribution, which implies "planning, implementation and control of the physical flow of goods, services and related information from point of origin to point of purchase to meet customer needs so profitable "(Kotler & Armstrong 2008, 318).

The physical layout extends not only to bringing products from the factory to the intermediaries or to consumers (outbound logistics), but also encompasses carrying the raw materials from suppliers to the factory (inbound logistics), and in turn, the reception of decomposed products, unwanted or surplus returned by intermediaries or consumers (reverse logistics).



Source: Kotler & Armstrong 2008, 318

Tejemujeres implements a logistics department, so that the director himself is responsible for all physical distribution processes from the time of the order of raw materials from the suppliers is performed until the time when the finished product is delivered to customers. The activities the logistics manager shall oversee include: purchasing, production control, order processing, inventory control, storage, and transportation planning for the respective delivery to the customer.

The implementation of the logistics department will cost \$ 3.000.

Proper control of logistics will allow cost reduction for Tejemujeres, and thus, it will have a significant competitive advantage, as it will offer customers better service and lower prices. For example, in the case of delivery to the customer, if the logistics director helps control the whole process of labeling, packing, loading, unloading and transport, then costs are reduced and at the same time, products can be offered at a lower price.

Below the manner in which Tejemujeres develops adequate physical distribution, using four functions are detailed:

- **Storage:** As mentioned in Chapter 1, Tejemujeres performs seasonal sales for the winter season; thus, the cycle of production and consumption do not match. During the months between May and September they start making shipments, whereas the for the remaining months, wool sweaters are produced and then are stored pending the intense winter shopping season. The storage of the products ensures better service to customers, as it ensures that the production is ready at the right time when customers are willing to buy them. Tejemujeres must use storage warehouses, which have sufficient space to deposit the amount which is produced during each month before the dispatching stage.
- **Inventory Control:** Tejemujeres must have a balanced inventory, which is neither excessive nor insufficient. Tejemujeres is a small company that operates by soliciting orders from customers and thereafter the company is dedicated to producing the requested orders; therefore, they are not required to cover high costs for handling the existence of excessive freights. The inventory that Tejemujeres must manage, has to supply all orders complying with the requested volumes and not run the risk of default.
- **Transportation:** Tejemujeres will use the terrestrial environment for local transportation, that is, for the transfer of goods from the factory to the airport. For international transportation, an maritime environment will be used for the transportation of sweaters to the United States. When products do not spoil or damage they do not need special treatment when transported, as long as they are packed and packaged in good condition, under close supervision of quality. Shipping is chosen to be cheaper when traveling long

distances; also because it requires fewer restrictions on loading in weight and volume. Additional shipping is a safe means for transporting products.

- **Managing Logistics Information:** All data such as orders, inventory, billing and information about each customer helps decision making within the distribution channel. Therefore, it is important to communicate with Tejemujeres intermediaries in written form by email or orally via Skype to share data the aforementioned logistics, and achieve the proper functioning and development of the distribution channel.

3.3 Price Strategy

Price is one of the most important factors in the marketing mix, since it is the only variable that generates profits for the company. Therefore, to fix the pricing, you need to consider two important aspects, being attractive to potential customers and in turn generating profits for the company.

To make this company a profit it is necessary that the pricing of the products are offered primarily based on this value, the margin of the sector, product price and costs generated in the production thereof. As for the cost, it is a primary factor to fix the price, since we must determine the price of retail based on all costs incurred in the production, distribution and sale of the product, and additionally obtain a degree of utility by setting a margin on each of the products offered. The sum of all these aspects helps us determine the price of the wool sweaters, thereof having an aggregate value which is the social responsibility since Tejemujeres seeks economic and social benefits for its members; also, the product is made from 100% natural fibers, providing quality customer service. Therefore, these features give an additional value in pricing, making it a product with a (neither high nor low) intermediate price in order to continue to be marketed in the US market.

Fernandez (2014) says that the average price of wool sweaters sold abroad is \$ 22.50, the price varies depending on product design, as there are designs that take much longer to be developed; therefore, the price will be higher.

In regard to fixing the price, the portfolio analysis that we are offering, which are the wool sweaters, with variations in design, color, size and raw material used is essential. Therefore, our portfolio should be differentiated from the competition so that it can be offered at a higher price than them. This is another aspect to fix the price, to arrive at the US demand not only for the price given either high, medium or low, but the added value that the product has, which in our case is the quality of the raw materials used which are natural fibers; and thus, making the portfolio that is offered, have a higher price, where the applicants have the desire to purchase the product not only on the basis of the price, but on the characteristics and satisfaction that the product gives them, by taking possession of the enterprise, Tejemujeres, for the quality offered.

The pricing will also depend on the existence or emergence of the competition in the target market, and also the constant rate of change in which the company has to adapt to market changes and in turn is forced on many occasions to modify the price. As for competition, we consider it important to differentiate based on a business model with a lasting strategic base, offering basically good quality products, qualified raw materials, and using natural fibers; these remarkable features make the price higher than the competition.

It is also important that the product price is a function of its life cycle, the same as in many cases, forced to change prices at different stages so that products continue to have market acceptance and do not reach a stage of decline, where you would modify the products and in the worst case scenario, removal from the market. To do this we consider it necessary to apply the following price fixing strategies based on the product life cycle; starting from the stage of growth, as the wool sweaters were already introduced from years ago in the US market; therefore an analysis introducing step is performed.

- **Growth Stage:** the pricing strategy will be applied to penetrate the market, where the price starts to decrease in a small percentage, since at this stage they are attempting enter the market faster and more more effectively; and thus expanding its market share to begin obtaining occupying therein and achieving a competitive advantage by reducing the price.

- **Maturity Stage:** a psychological pricing strategy will be applied, since being a stage where a price war takes place with the competition, it is preferable to lower the price of the product and attract customers highlighting the features of the product and applying an added value thereto to achieve differentiation from the competition; and reach the customer unconsciously where they feel identified with the product offered by the benefits that is offered and not for the price. This strategy will be aimed at a particular segment of customers, that small percentage of Americans who have their humanitarian side, but not the large percentage of American consumerism. US humanitarians aim to help the disadvantaged in this case, small businesses looking to win customers in a competitive market such as the United States.
- **Declining Stage:** the strategy to be used in this stage is affordable because it is a stage where the products have ceased to attract consumers and are not very quoted in the market so it is necessary to lower certain percentage rates, and achieve attracting consumers for a low price, to get applicants and emerge among competitors through low pricing generating a competitive advantage, and thus consumers will not seek alternative products.

3.4 Promotion Strategy

As discussed in Chapter 1 of this work, one of the great weaknesses of the Tejemujeres Association is the lack of promotion strategies to inform and raise awareness about their products to existing and potential customers, since promotion is essential for a company to be known in the target market and achieve brand positioning. According to Kotler and Armstrong (2008), "it is necessary to promote a mixture consisting of the combination of specific tools of advertising, sales promotion, public relations, personal selling and direct marketing to communicate persuasively the value to customers and build relationships with them "(363). Therefore, it is necessary to generate appropriate strategies to communicate the characteristics featuring handmade wool sweaters and persuade the purchase of these technologies through the various forms of promotional strategies that are available.

Forms of promotion:

The most appropriate form of promotion that will be used to inform applicants about handmade wool sweaters by Tejemujeres and the attributes they possess are three: sales promotion, public relations and direct marketing.

Sales Promotion: "Short-term incentives to promote the purchase or sale of a product or service" (Kotler & Armstrong 2008, 385). By promoting sales, they are looking to have a lasting relationship with customers, obtaining their loyalty.

Based on the goals Tejemujeres wants to achieve, it is necessary to apply the following sales promotion strategies: make showrooms in some US cities analyzed in chapter 2 to expose the different options that produces wool sweaters by Tejemujeres; current and/or potential clients will know the three options using natural fibers, designs and colors. Moreover, in these showrooms discounts will be offered with the product price depending on the amount customers acquire; the greater the number of purchases, the greater the discount will be. This strategy will be convenient and effective as long as the Tejemujeres Association provides the necessary capital to make the showrooms, thereof which have a very high cost. Therefore, it is important that members of Tejemujeres take into consideration, whether their income can cover all expenses covered by the implementation of showrooms in several US cities. The approximate cost will make every showroom is \$15.000; this value includes the cost of the stand, airfare, hotel, travel, and other expenses.

Public Relations: The main goal of public relations is to generate a good corporate image, establishing relations with the public to which the promotion of the products offered is directed. We have chosen public relations as a promotional strategy for Tejemujeres because it creates a great impact on relations with customers at a lower cost of advertising.

Tools of Public Relations:

- **News:** Carrying out the showrooms in different cities in the United States is an event worthy of being released to the public through the news; therefore, a number of mass media outlets from the United States will be invited so that through the news, the company and the product that is being offered, will become known. In addition, they will seek to establish relationships with the media in the United States to conduct reports on the Ecuadorian micro-enterprise Tejemujeres, the history of it, the process of product development, social responsibility that lies behind the company, etc. If it is a visual medium, interviews with producers and employees, and videos showing the way of making these handcrafted wool sweaters will be facilitated.
- **Websites:** The creation of a website is essential to make a product known in the international market. Therefore, Tejemujeres will design an interesting model page that allows those who visit this site to make their own models; that is, there will be options on the type of natural fiber, color, design, and size. Thus, those who visit the website can order the product according to their own creations. Another important aspect to be provided on the website are the different showroom dates with the respective places they will be held.
- **Written Materials:** Developing brochures, fliers and magazines about the Tejemujeres Association, where the product offered and their respective characteristics are displayed. In turn, the process of preparing these, as this aspect is essential to demonstrate the difference between the products of Tejemujeres and the competition, being a handmade product made with natural fibers by the skilled hands of rural women in the Canton of Gualaceo. The materials described will be distributed in the showrooms that will be held in the United States and in many Ecuadorian hotels, so that those American tourists who visit the country can learn about the product that Tejemujeres provides the world.
- **Audiovisual Materials:** Development of a video where the whole process of production of the wool sweaters is displayed, interviews with producers and workers; also, make

known that the sale of this product has a social purpose which is the generation of income for farmers in rural areas of the canton Gualaceo. This video will be displayed on the Tejemujeres website, on the Facebook page for Tejemujeres, and visual media for those interested in submitting reports on this microenterprise.

- **Association Identity Materials:** In order for a company to take possession in a market, it must first create their own image as a company to be able to grab the attention of potential customers; therefore, letterhead will be made to send quotes that are required from current and potential customers. Business cards for distribution among the people who come to the booths of the showrooms that will be held will also be made.

Direct Marketing: Allows direct communication to consumers individually, those whom are carefully selected to thereby obtain an immediate response, establishing lasting relationships with customers (Kotler & Armstrong 2008, 417). Direct marketing is a form of promotion that allows greater knowledge about the needs and desires of the client and allows for direct contact with them. In turn, another fundamental aspect of direct marketing is that it identifies the different opinions that customers have about the product offered.

It is important that Tejemujeres rely on a database of customers, which declares not only names, emails and phone numbers, but also other important characteristics such as location, age, interests, purchase preferences , quantity purchased, and frequency of purchase.

The form of Direct Marketing that will be used by the Tejemujeres Association will be described below:

- **Direct Mail Marketing:** Tejemujeres through the database of their customers shall proceed to send emails to them to communicate about the product being offered. This email should be attractive to catch the attention of recipients, sending different images of the product so customers can know the different options available to them, they will also send the audiovisual material which will be developed about the process of production for the wool sweaters , interviews with the producers and workers.

MEDIA SELECTION FOR COMMUNICATION OF THE PRODUCT

According to Kotler and Armstrong (2008), you must follow these steps for media selection:

- 1) Scope decision, frequency and impact:** the scope that Tejemujeres aims to reach is the population of the 10 most prominent cities within the United States. The frequency with which the message is to be broadcast to the target market through email will be monthly, where each month, different types and styles of sweaters that are produced by Tejemujeres will be made known; similarly, each email of the company's audiovisual material will be sent. As for the website and Facebook page, the display of the product portfolio that Tejemujeres provides in this way will be permanent. With regard to the impact that the message has on the client, audiovisual media has been selected, because they allow the customer to see the product offered, especially its production process because this way it encourages the prospective buyer to buy.
- 2) Choice of media:** It was mentioned earlier that the media to be used to promote wool sweaters made by Tejemujeres are: a website, Facebook, and direct mail.

Kotler and Armstrong (2008), describe the advantages and limitations with each of these media types, here are the relevant characteristics about websites and direct mail:

Table 7: Advantages and Limitations of the Media

Media	Advantages	Disadvantages
Internet (web and facebook page)	Low cost, immediate impact, interactive capabilities.	Small groups, relatively low impact, public exposure controls.
Direct mail	High public selectivity, flexibility, there is no advertising competition within the same media, allows customization.	Image of "spam."

Source: Kotler y Armstrong 2008, 380
 Elaborated by: Orellana Tatiana

3) Decision on the times of the media: Tejemujeres shall proceed to send emails more often customers and prospects between the months of October to April, since it is the production stage of this micro-enterprise. Thus, in the months from May to September they will proceed with the shipment of the goods before the winter season in the United States. Moreover, the pattern of ads that Tejemujeres will use will be pulsation, which according to Kotler and Armstrong (2008) means "scheduling the ads at irregular intervals over a certain period" (382), what they are looking with pulsation is to generate ads intensely for a short period of time (production stage) to remind the customer about the product offered until the next period (Kotler & Armstrong, 2008).

CONCLUSIONS AND RECOMMENDATIONS

The association of "Tejemujeres," being a small company looking for both economic and social improvement of its small number of members, presents a deficiency in terms of manpower, since being they themselves who weave wool sweaters; and in turn, those who collaborate in quality control, labeling, and packaging. Based on this research, it is proposed to recruit qualified staff that efficiently perform these three processes described above so that the members who were in charge of this work can be devoted exclusively to the production of sweaters also. In this way there will be additional staff dedicated solely for production and new personnel in the quality control areas, labeling, and packing; resulting in being able to delegate determined functions both to the members who perfectly know the art of weaving, and the rest of the employees who will fare in their respective areas. It is also considered important to implement an exclusive foreign trade department, which allows continuous monitoring of the entire export process conducted by the Tejemujeres Association; and in this way, periodically determine the status of the various markets in which its products are offered, and likewise conduct market research for potential sales to new markets.

Tejemujeres was founded and continues by a group of rural women from rural areas of the Canton of Gualaceo, because of low economic status have not been able to study or have knowledge about negotiations. However, a portion of the revenue that the association has obtained for various trainings towards the members on a number of topics relating to their work. However, there are still gaps of knowledge about foreign trade and international marketing; which is reflected in the lack of a marketing plan to enhance exports and development of features that make them different from the competition and achieve occupancy for their brand. It is considered vital that Tejemujeres hire professional advisers to give them the necessary training to all members on these issues; so that, members are able to suggest and develop new ideas for the benefit association, such as the search for new markets, improvement in the production area, proposals for promotion of the products, efficiency in quality control, etc.

United States is one of the leading countries whom the Tejemujeres Association sells its products, throughout its career as a micro-enterprise, much of its productions are destined for this country. Although for some years American distributors have been Tejemujeres customers, relations with them are not stable, since the lack of differentiation and positioning strategies has not achieved retaining these customers. However, based on actual data analyzed in this work, being the United State's third largest consumer of wool sweaters around the world, and in turn, Ecuador's main purchaser of this product to United States, it is important to be persistent and formulate appropriate strategies to not disappear from the US market getting new customers, obtaining loyalty steadily gaining repurchases.

According to data from the United Nations, the global population will grow by one billion over the next 12 years, but this growth is reflected in greater proportion in developed countries, which account for 86% of the world population, consequently, the United States will significantly increase its population. As a positive, relatively the applicants wool sweaters also will increase; it is therefore important to develop promotional strategies encompassing much of the US population, because if the demographic situation in this country will increase, consequently the environment becomes increasingly competitive, and if Tejemujeres wants to win in the market, it must adapt to constant advances that the competition have and likewise formulate a competitive advantage that allows them to continue in the US market.

The United States as a country that hosts a variety of subcultures, tastes and preferences are also diverse, which has caused confusion. Nevertheless, there are important aspects that identify a significant portion of the US population; for example; they prefer having to choose from a wide range of products, to choose the one that best fits their lifestyle. Also, the American consumer likes to show their identity by purchasing unique or custom products. The US also prefers products that gives them options to choose from like variety of sizes, colors, designs and styles. In addition, the US is characterized by being charitable to the disadvantaged; therefore, they seek to support small businesses that compete with leading companies in the market, acquiring products that bring with them a social purpose. Also, the search to feel younger in the psychological sense is another feature that identifies Americans, looking for products that will satisfy this desire. For these reasons, Tejemujeres should develop appropriate strategies, which

are aimed at satisfying the tastes and/or wishes of the American consumer. Being a small business with social purpose that seeks the socioeconomic development of its members, Tejemujeres should arrive in this respect to the psychological part of the charitable United States, showing in its different forms of promotion that wool sweaters besides fulfilling the function of covering from the cold buying it will help rural families with a low economic status. Furthermore, a strategy of product differentiation offered by Tejemujeres, is to allow the client to create their own collections; that is to say, they can request a new and unique design that fits their personality, the size that is most flattering, and the colors of their choice, which can be bold and stylish colors that make them feel younger.

The United States, throughout its history has been the main trading partner for many countries around the world. Regarding exports, it has had a percentage growth rate of 6.2% between 2011 and 2013, and imports grew by 2.4% in these same years, this demonstrates that foreign trade is stable and appropriate for negotiations with it. In addition, US imports have higher values than exports, showing that the United States consumes products in a great majority than other countries to meet the diverse needs of its large population. With regard to imports from Ecuador, between 2012 and 2013 the States have had a significant growth of 19.41%. Based on this data, it is considered that the United States is an appropriate market to offer the wool sweaters that Tejemujeres produces, since imports generally do not decay; but rather, every year are increasing. In addition, consumerism is notably present in this market, and if an effective marketing plan is made, it gets to attract American consumers by offering a product that fits their tastes, wants and/or needs, gaining market share and possessing the Tejemujeres brand.

The imports made by the United States of wool sweaters within Item 62033100 situated between 2011 and 2013 have had an increasing trend of 19%, Italy and China being the main suppliers of this product to the market with an export value of \$84 million and \$73 million respectively, while Ecuador exports a value of \$ 360,000. The difference in these numbers is enormous; however, Ecuador being a developing country, has managed to enter the US market with the sale of wool sweaters, competing with these powerful countries that are considered leaders in the market. Although the quantity exported by Ecuador for this product is reduced, this research seeks to improve these figures, although we know that it is hard to match or surpass countries

like Italy and China, the objective is aimed rather to improve the situation of the Tejemujeres micro-enterprise in the US market, by increasing exports. To do this, it aims to add value to the product which is a social responsibility of Tejemujeres with its members; also demonstrating the difference that this company offers with its products, highlighting that the wool sweaters that are produced by Tejemujeres, are 100% handmade, offering a product with different characteristics that may influence the psychological aspect of the American consumer that often prefers conservation and environmental protection. Undoubtedly, quality is another key aspect that allows a competitive advantage; therefore Tejemujeres has developed strict quality control system, from the moment that the delivery of raw materials is made to its members, until the last moment of the packaging, thoroughly reviewing that the product meets all the specifications required by the customer.

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