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"Proposal for the creation of a virtual store for the commercialization of paintings by  
Cuenca artists through a C2C model using the tool  
Easy Export"

**Thesis prior to obtaining the Bachelor's Degree in International  
Studies Bilingual Mention in Foreign Trade**

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**Dedicated to,**

My parents Karina and Juan Guillermo, for supporting me in my daily life; specially my mother who taught me to persevere and "always use my head".

My grandparents Eduardo, Rosa and Eudoxia for their constant love, understanding and teachings, which have modelled me to achieve my goal.

Finally, to three angels who always watch over me, Guillermo, Paúl and Silvana.

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A pleasing memory from my colleagues who made this time a very representative one that will be treasured in my memories: Luz, Evelyne, Martín and Fernanda. And an eternal gratitude to someone who were there for me in this road, JJ.

## **Abstract**

This thesis aimed to answer whether it is feasible to propose the commercialization of art paintings through a C2C model using the Easy Export tool to the markets of France, Spain and Italy. To this end, the basis of the functioning of the art market was analysed and it was proven that virtual art sales exist in Cuenca in an inconspicuous manner. With this statement, we continue to relate it with technology and found that there was no impediment to carry out an electronic marketing of paints in the proposed countries. When analysing the Easy Export tool, it was found that the site is secure and can be used for the delivery process the company needs. Finally, it was verified that by means of a projection of sales, costs and expenses, this proposal was feasible with a low profit margin.

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## INTRODUCTION

Currently, the internet has had an undeniable impact globally. It marked a before and after its discovery, causing a great furore in daily life to the point of not needing to go to a specific place to purchase a product that is desired, but to acquire it through a web page (Statista, 2014). This situation translates into electronic commerce, which is expected to have an increase of 276.9% in sales around the world until the year 2021 aspiring to earn \$ 4.8 billion USD (Orendorff, 2019). This brings as a result that several companies opt for this type of trade instead of the traditional one. On the other hand, art was traditionally sold directly or by intermediaries in physical locations, however, the way in which art is sold must evolve together with the way in which consumers act and interact with the products and services that people want to acquire. The best way to do this is through a virtual and friendly platform that can reach to any type of person at the time of making a purchase, as well as guarantee receiving the product in a reliable and safe way.

Introducing a new marketing model in a market is complex, since there may be certain aspects that delay or stagnate this change. However, it is possible to get many more advantages if the change is handled properly and with the appropriate tools for it. The purpose of this present work is to opt for the use of electronic commerce as Consumer to Consumer (C2C) as a new marketing model in the field of the art market, using the tool of Easy Export that the Ecuadorian government promotes.

The situation that has driven the issue of work is to try to be part of the change of productive matrix that has been working since the last presidential administration, preceded by the Eco. Rafael Correa Delgado, which promotes Ecuador as a country that exports products and services with added value.

A work of art, considered by Michelangelo as "a shadow of divine perfection," has a high added value due to its emblematic characteristics that transmute with the passage of time; peculiarity evidenced with the different artistic movements. This means that their marketing must be treated in the same way, carefully and at the forefront of the moment. Because of this context and the aforementioned figures, electronic commerce may be the appropriate marketing model for the sale of works of art, to verify the feasibility of the

commercialization of paintings of Cuenca artists through a C2C model using the Easy Export tool towards the European market.

This objective will be determined by the application of methodologies that involve an analysis of secondary data that provide adequate information about electronic commerce, the art market, legislation that supports the application of this modality for the commercialization of art, and how is the product in statistical terms, among others. In addition, this project included a fieldwork with semi-structured interviews with trade experts from the public institution Ecuadorian Post Office (*Correos del Ecuador*) about the Easy Export tool, directors of art galleries in the city of Cuenca whose services include the use of a virtual store for exhibitions such as the Jonathan Koupermann's Bunker Cultural Centre, the *SALADENTRO* Art Gallery directed by Arc. Diego Jaramillo Paredes, and the current president of the Municipal Foundation of the Cuenca Biennial, Cristóbal Zapata. For the proposal, the name of Larrazabal Gallery was used, with the participation of three artists: Eudoxia Estrella Ordoñez, Patricia Ramón, and Felipe Galindo, by using ten works by each artist for the beginning of the establishment of a catalogue for the page web.

In chapter 1, the two aspects that are involved in the present work are analysed: Internet and art market. The art market needs to be developed from the basic point of its concept, characteristics and how it is managed. Starting from the international art market, through the Latin American and Ecuadorian to the market of Cuenca art in which is directed towards how this area is in this city through its art galleries. The part of the Internet is explained by a research on Information and Communication Technologies (ICTs), electronic commerce, the C2C electronic commerce modality and the computer systems that are currently used for the marketing of paintings around the world. Finally, the aim is to establish the adequate markets for the product to be offered through an alternative of diversification.

Continuing with chapter 2, it focuses on the legal part that strengthens electronic commerce in Ecuador, the European Union and the countries that have been selected as target markets: Spain, Italy and France. On the other hand, the laws concerning intellectual property and free circulation of works of art are going to be analysed. The change in the

productive matrix corresponds to the initial theme of this chapter because it is proposed that this work would be patronizing with what the Ecuadorian government intends to achieve in its search for a new productive model. To close the chapter, it is included a study about the Easy Export tool, answering what it is, what its advantages are, what is required, what the process is, and what modalities can be used. This issue is of great importance since it allows to establish if it can be suitable for the export of paintings from Ecuador to established markets.

Finally, chapter 3 is formed by the proposal of the virtual store, which includes a design of the web page, a catalogue, its system of orders and forms of payment, and, the costing of the paintings. This last topic refers to the epitome of work, since it leads to obtaining the profit margin of the sales that are made through the whole proposal. With the profit margin, it is possible to know whether or not the feasibility of the web page exists to export paintings by young artists from the city of Cuenca.

## **CHAPTER 1: MARKET ANALYSIS OF ART, ELECTRONIC COMMERCE AND MARKET SELECTION**

### **INTRODUCTION**

Firstly, when dealing with art, a balance must be sought between the concept that each person has regarding this term, and the real concept that implies a deeper study. However, in this chapter it is expected to analyse this meaning and join with the market concept in order to obtain a conceptualization necessary to understand how the market works; an area that for many may not have a relationship but which is important to understand in a detailed manner. The characteristics that involve the art market are diverse and interesting to scrutinize. Art as a good is easy to be marketed; however, it involves other features that prevent to be treated in the same way as a common product. This chapter offers an answer to this question through different considerations about levels, types of markets, characteristics, and a follow-up to the international, Latin American, Ecuadorian and Cuenca's art market.

Secondly, this work tries to explain not only the immense art market, but also the Internet, that sea of data where humanity navigates until it is satisfied by this activity. The Internet will be explained through ICTs; these have the purpose of communicate information by using different kind of technologies. The study of them is essential to understand their relationship with electronic commerce which must be taken from the starting point in which it is conceptualized and evaluate its various types in order to verify that the correct modality to apply in this work is the so-called C2C. In addition, currently different computer systems are involved in the marketing of paintings in the world.

Finally, in order to obtain an adequate market that has the essential characteristics that the company needs to offer its products, a selection of markets is sought in which the diversification alternative is established. This means that different European markets must be compared to find the one that best suits the needs of the company.

## **INTERNATIONAL MARKET FOR ART: CHARACTERISTICS**

Firstly, to analyse the art market, the concept must be divided into what the word art and the word market mean, in order to achieve a conjugation of both meanings. Art according to the Master Xavier O. Domínguez is a concept in constant and uninterrupted transformation. This transformation is a quality connected with the value that is applied to a work, as well as the interpretation and use of this transformation (Domínguez Arcos, 2011). Likewise, the professor explains that this term is linked to what we understand as the aptitude in the creative field that can be found in music, literature, visual or scenography arts (Domínguez Arcos, 2011).

In another instance, the term market constitutes a group of consumers classified as potential that possess a feeling of need or desire to acquire specific goods and / or services that would satisfy these feelings through the exchange of another element of determined value (Kotler, 1987). Therefore, according to the authors Xavier Domínguez and Leticia Pérez, the art market comes together through the intervention of intermediaries such as galleries, museums, biennials, auctioneers, and agents that sell works of art so that buyers, collectors, or individuals can acquire a product, in this case a work done by a particular artist. This market is constituted by the judgment of history due to the characteristic of rarity and distinction (Moulin, 2012). The art market, not because having history as a characteristic of it, has financial stability; this is quite the opposite. Raymonde Moulin affirms that the art market has two broad uncertainties one of which is related to the characteristics of the work and its authenticity; and the other to the instability either in the medium or long term in terms of its hierarchy of aesthetic values (Moulin, 2012).

Consequently, any kind of market works with different products or services, in the case of the art market, it operates with artistic works, which can be a painting or a sculpture that will be put on sale. A work to be constituted as such must comply with four specific characteristics: be singular, irreplaceable, indivisible and irrecoverable (Moulin, 2012). With respect to the characteristics, they tend to be fragile, because the financial market of these values can positively or negatively influence the demand for art as an investment either in yield rates, risk, or other expected financial variables (Campos & Barbosa, 2009).

The art market has an established hierarchy. At the base is the "primary level" where the artist individually goes to galleries, local art fairs, collective exhibitions, small distributors and local buyers to offer their product. This level is considered basic by the fact that there is no organization but an agreement between the artist and the aforementioned prospects. At the "secondary level" there is a more established organization. This level is developed in large cities where art is marketed, such as New York, London, Paris and Tokyo. The secondary level is a more structured relationship in which artists, dealers, and collectors circulate public and private works of artists who overcame the transition from primary level. In other words, where there is not a close relationship between the artist creator of the work and the end customer through physical places, but outsiders are responsible for looking for potential end customers without physical exposure. Finally, the highest level is established in the international market in which the large auction houses make their appearance and are the largest actor. A prominent example of this is Sotheby's and Christie's. In these auction houses there are the works of artists with a high reputation and that are sold for very high prices (Campos & Barbosa, 2009). For artists to go beyond the primary level to an international market, it is mainly necessary an adequate construction of their reputation.

Gerard-Varet explains that in the primary level there is a limited number of buyers, therefore, a much lower profit is obtained; this because of the high uncertainty about the artistic quality of the works. On the other hand, at the international level, the reputation of artists and their works minimize this hesitation, which leads to more potential buyers for the works and lower market volatility (Campos & Barbosa, 2009). As a result, the variable of reputation falls transcendently to measure an artwork, which allows intermediaries to optimally market the product. However, this variable has a negative aspect that can be considered subjective or impartial.

The date or the time that a work is created is important to classify it in the framework of a trend and a period (Domínguez Arcos, 2011). This has greater relevance in catalogued and unlisted art market, which, in turn, refers to the market of old and modern painting, which have appreciable differences with respect to the marketing of their works. According to Moulin, the "antique painting market is based, in general, on works

that are neither signed nor dated and whose identification requires a long documentary work" (Moulin, 2012). Elsewhere, the modern paint market does not have the backing of false works (Moulin, 2012). To determine if a work corresponds to be treated in a catalogued art market, an expert intervenes. In the case of the art world, the intervention of an expert is essential. An expert is an "agent that reduces uncertainty" (Moulin, 2012). They end up certifying artistic values and guarantee the complete veracity of works that end up being part of the heritage. In the contemporary art market<sup>1</sup>, there is no imperative need for an expert, curator or art historian to certify the authenticity of a work. However, it does increase the fame of the artist by giving greater reputation to his current and future work. Likewise, there are two objective reference elements that the catalogued art market possesses and the contemporary art market lacks: the limited offer together with a growing rarity and the artistic value that gives the passage of time (Moulin, 2012). In counterpart, when talking about the elements of speculation, the catalogued and uncatalogued art market converge in the same characteristics: "anticipation capacity, intervention in the short term, concerted action and precise selection of the objects on which to arbitrate" (Moulin, 2012).

When we enter the market of contemporary art, we start with a new classification with reference to the works that come from artists who are still alive, which become a "plethoric and heterogeneous offer" (Moulin, 2012). This classification corresponds to the market of traditional figurative art, a term given and used in art galleries to refer to an accurately homogeneous market. On the other hand, the contemporary art market with its various variations has as characteristics the diversification of works, instability, dynamic and fragmented market, among others (Moulin, 2012). The argument to put a work corresponding to the contemporary art market obeys a decorative value and leaves aside the historical value already mentioned in the catalogued art market. You can also see the excellence that the artist possesses, the curriculum vitae of the author of the work, which gives presence to the work exhibited in galleries.

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<sup>1</sup> The author when mentioning the market of modern, contemporary or current art refers to the art market not catalogued.



The price that is designated for a painting in an art exhibition located in a gallery is determined according to the artist in consideration with the evaluation of his work and that given by specialists, critics, contemporary art historians, curators, museum curators, among others. The trend of "monopolizing" artists by art galleries becomes a monopolizing market. At the moment that the gallery has a monopoly under its lap, a promotion strategy begins in which it seeks to create a specific demand that is willing to accept the new artist with his work. A gallery, to ensure its artist success, must have a reputation whereby the artistic establishment<sup>2</sup> recognize the new artist and his creations. This commercial and promotional strategy directed to the cultural field, was much used at the end of the last century (Moulin, 2012).

"International trade in art is not a recent event" (Moulin, 2012), affirming that Moulin manages to give way to the fact that although the art market has expanded to become a global market, it does not stop giving life to the art trade at national, local or regional levels. Consequently, it refers to the fact that the art market with works with higher prices and works belonging to a contemporary world cease to be juxtaposed in a national market, but that they converge and come to be seen as a world market. "Each national artistic space is inserted in a global system of cultural and economic exchanges" (Moulin, 2012). A primary reason for this new commercialization is the dematerialization of the financial flows that are apt to get to invest in art. The so-called art operators<sup>3</sup> have to know how to manage their market according to the conditions that are given by different laws and regulations that are assigned by the countries in terms of their taxes, in order to carry out a deterritorialization of the market. Favourable factors exist for the global commercialization of art when the so-called free ports are present, which "authorize the purchase of goods abroad, without paying customs duties or VAT" (Guex, 2002).

The world metropolis is the main place that multinationals occupy to organise the sale of works of art, while "there is not a week without a new contemporary art fair being created in the world" (Moulin, 2012), where invest a high amount of money. However, it has its downside due to the high concentration of the market in specific places. For the year 2007,

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<sup>2</sup> Most advanced sector of influential collectors, curators, renowned critics

<sup>3</sup> Private and public collectors, distributors, artists.

the world market of auctions had profits of 9,200 million dollars, being the market of the United States of America the one that personifies half of the world market. France, on the other hand, reaches the fourth place with 6%, consequently Paris is one of the dominant places, as well as New York, Hong Kong and London (Artprice.com, 2007). Therefore, the art market is completely internationalized and at the same time, it can be concentrated in world metropolises that are related to financial markets due to its interdependence between the world market and the concentration in these metropolises (Menger, 2003).

The world market of auctions is dominated by Anglo-Saxon companies, the most relevant being Sotheby's and Christie's. In 2006, they controlled 75% of the art market (Moulin, 2012). These companies are scattered in more than forty countries, which have a very high prestige and the use of technology always at the forefront of the era in which the society finds itself. Having their offices throughout the world, they have had to develop a commercial strategy where they can be coupled in terms of political, economic and legal contexts. The politics of the auction houses are related to an association agreement or through the repurchase action of galleries that already have important stocks to their credit (Bellet, 2001). As a result of this policy, competition among auctioneers<sup>4</sup> increased and *marchands*<sup>5</sup>, who in order to obtain new clients, whether artists or buyers, have been able to implement certain financial services: sales advances, fixing a reserve price, minimum guarantees of the price of the works and flexibility of commission expenses (Bellet, 2001). Similarly, the globalization model that has been given over the years has come to bear fruit between the relationship of *marchands* and auction houses, achieving a dependence on each other. The production cost of the so-called contemporary works and their global promotion cost can only be covered by large international galleries.

On the other hand, international fairs and art shows are another type of sector that the art market commercialises and where ancient art collectors are the main actors. For example, Tefaf Maastricht, Biennial of Antique Dealers of Paris, Armony Show in New York, among others. The objective of these fairs is that collectors and *marchands* find new trends in art. A clear example of this situation is the Basel fair, considered the most

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<sup>4</sup> People in charge of art auctions in English speaking countries.

<sup>5</sup> Entrepreneurs who assume the risks, and can become lenders, organizers or innovators.

important of contemporary art, which gave commercial value to movements and artists who exhibited at the Venice Biennale or the *Documenta de Kassel*. These fairs are essential in the secondary market of art, where artists benefit by exhibiting their works in different stands at the same fair, thus achieving a good reputation. The commercialization of these works during the fairs is given according to the offer of prices that varies between works by the same artist that may end up being the same price that the author assigned or that the dealer doubled (Moulin, 2012).

The ultimate expression of internationalization of the art market translates into sales online, which had their highest peak in the 90 's with online auctions. During this time, e-commerce companies sought to connect with prestigious companies of art auctions to have sales of works of art where reputation has a big influence. Thus, Ebay.com was acquired in 1999 by the third largest auction house in the United States, Butterfield & Butterfield. Nonetheless, sales with the highest online marketing are related to works of art of low and medium range (Moulin, 2012). The negative points that the art experts affirm about these sales are the non-existence of serious objects, lack of guarantee on authenticity and financial appreciation. Therefore, the multinationalism where actors converge and the place where a transaction of these works of art is made with their final buyers gives way to the absence of a correct application and the absence of national regulation, which has become the biggest criticism from the detractors of the use of electronic commerce to market works of art.

The art market in 2018 had all its positive indicators. Artprice.com, the largest and most important art sale database, alleges that there was a 19% increase in global business volume, which represents 1,900 million dollars. Another increase also occurred in the number of lots sold by 17% with a total of 66,850 of allotments. On the other hand, there was a stability in the percentage of 39% in the amount of goods sold worldwide. Finally, the Contemporary Art price index (Artprice.com, 2018) also increased by + 18.5%. These indicators have as conclusion that a balanced and rapid development of Contemporary Art is taking place.

- Market of Latin American Art

For 2012, Eloísa Gongora said: "The interest in Latin American art grows" (Río Negro, 2012). This occurs because as she mentioned, people from Latin America express what artists want at that time, while, "Europe is colder" (Río Negro, 2012). This increase in interest is due to fairs and exhibitions that take place in the region, where Alicia Herrero, artist from Argentina, analyses the art market and argues "the dichotomy between real value as work and the price of works"; as a result, collectors, gallery owners and art lovers opt for Latin American art. The most representative fairs of this region belong to the countries of Argentina (Artebaa), Mexico (Zona Maco), Colombia (ArtBo), Brazil (SP-Arte) and Chile (Chaco); which belong to modern and contemporary art (France 24, 2018).

In 2015, Tonic Magazine of the Contemporary Art and Latin American Collectables Market affirmed that the Latin American art market was "the second most attractive art market to invest in the next 12 months" (TONIC, 2015). In the same way, in 2016, the website Artprice.com in its annual analysis of art sales in auctions confirmed that "Latin American art is a very promising sector" (Artprice.com, 2016). The usual prominent authors of Latin American who sold more than one million dollars were Rufino Tamayo, Frida Kahlo and Wifredo Lam. While, other artists like Mariano Rodríguez, Mira Schendel, Carmen Herrera, Carlos Enríquez Gómez and Guillermo David Kuitca had their sales between 500 thousand dollars and 1 million 80 thousand dollars (Artprice.com, 2016).

The edition of ARCOmadrid 2017, important contemporary art fair in Europe, which aims at discovering new artists and whose contents had as a special guest the country of Argentina. In addition, ARCOmadrid is positioned "as a Latin American reference in Europe" (IFEMA, 2017). Concomitantly, Miami Beach fair in the same year had 30 Latin American art galleries from the 200 from all over the world. The Director of the *Mor-Charpentier* Gallery, Alex Mor, affirms that "there is a direct relationship between geopolitical contexts and the art world; if the geopolitical contexts go well, the art world will also go well" (France 24, 2018).

In addition, according to the Trademap website, in the year of 2017 the world has exported \$ 17,991,353 USD for tariff code 970110, which refers to "Paintings and

drawings, entirely made by hand (except drawings of item 4906 and hand-made articles)" (TradeMap, s.f.). Of this amount, Latin America and the Caribbean Aggregation exported \$166,541 USD which represents only 0.926% of the total sold worldwide. The most outstanding export country in the region is Brazil with a total sale of \$118,649 USD, which represents the 71.243% of total exports from Latin America and the Caribbean Aggregation, followed by Bahamas with a total of \$20,754 USD, giving 12,462% and in third place is Argentina with total sales of \$5,808 USD, which is 3.487%.

- Market of Ecuadorian Art

The market of Ecuadorian art has evolved over the years; its maximum splendour came in the 80s where there were several art galleries. However, as the new century arrived, the galleries closed due to the economic crisis that the country suffered in 1999 (Guschmer Tamariz, 2013). Something important that has evolved in the Ecuadorian art market is the relationship between the artist and the gallery. As David Pérez affirms, in the past there was no commitment between the two subjects, so the artist exhibited his works in the gallery and if it was not possible to sell, resorted to another gallery and thus a cycle of stability and fidelity between supplier and intermediary was nil (Perez, 2002). The creation of the Ministry of Culture and the opening of several art faculties in various universities in the country, have managed to innovate contemporary art, as well as to obtain the evolution that Jaime del Hierro confirms is due to the new artists who have emerged (Guschmer Tamariz, 2013). In the city of Guayaquil, the University of the Arts was founded in 2013 and the Technological Institute of Art of Ecuador in 2015, Larissa Marangoni affirms that these educational institutions have made society aware of what art really represents (Marangoni, 2002). On the other hand, Maria Nicole Guschmer concludes her doctoral thesis saying that "the lack of support from the institutions makes the art market in Ecuador stagnant." This can be evidenced by the commercialization of the artistic works outside the country, where from the total world export of \$ 17,991,353 USD in the year 2017, Ecuador only exported a total of \$ 6,000 USD which represents

0.004% of the total. This figure is very small for what other neighbouring countries have managed to do as mentioned above.

- Market of Art from Cuenca

Diego Carrasco, former president of the Cuenca International Biennial, alleges that in Cuenca "there is an art market, a non-visible, latent market" (Domínguez Arcos, 2011) exemplified by the Museum of Modern Art, that holds exhibitions where the sale prices for private collectors is openly shown (Domínguez Arcos, 2011). Cuenca, with its most representative galleries such as the Mayor's Gallery, E. Vega Gallery, Chalco Gallery, Bunker Culture Centre, Larrazabal Gallery, Illescas Gallery, Ariel Dawi Gallery, SALADENTRO Gallery, bring dynamism to the art market of the city (Domínguez Arcos, 2011). In Guayaquil, the NoMínimo gallery works with very important artists who keep 65% of the sale of their works, while the gallery obtains the remaining 35%. On the other hand, the Patricia Meier Art-Culture-Design gallery located in the same city, has chosen to handle a profit margin of 25% and the artist takes 75% (El Comercio, 2014).

Also, something that denotes the importance of the movement of the art market is the International Biennial of Cuenca that began with the concept of a paint sample in 1987 and was directed and managed by Eudoxia Estrella Ordoñez. In the year 2018 the biennial is in its nineteenth edition and has as a mission "to develop, support, disseminate and encourage the production and circulation of contemporary art" (Fundación Municipal Bienal de Cuenca, s.f.) which favours the city of Cuenca to create art and improve an art market.

In an interview with the current president of said event, Cristóbal Zapata, he mentioned that the art galleries of the city do need change and modernization. The use of technologies nowadays is something that should be applied to obtain the most out of them. Among the galleries that have the most potential, according to Zapata, are the aforementioned Larrazabal Gallery, SALADENTRO Gallery, Bunker Cultural Centre and *Salón del Pueblo*. He also thinks that websites or digital platforms where works of art are sold worldwide are null with respect to Ecuador, and his opinion about the "new artists" is not very good since he believes that Cuenca has stagnated and does not present a market of

art. To have an art market in the city, many years have to pass and people from Cuenca must try to work together with private institutions, boost the middle - high social class and after a long term they will be able to obtain positive results in an art market that could begin to resurface (Zapata, 2019).

The city of Cuenca, as mentioned in previous demonstrations, has art galleries that have gained fame in the city and the country. The existence of an art market in Cuenca can be considered, but it does not work with the same dynamism that other types of markets do. Jonathan Kouperman, manager of Bunker Cantina & Gallery, affirms that there is an art market in the city; however, the situation with it is that it is not very evident and it is very limited (Kouperman, 2019). This statement is related to the view of Arc. Diego Jaramillo, co-director of the SALADENTRO art gallery, who considers that although there is an art market in the city, it is reduced (Jaramillo, 2019). Through the three interviews, three considerations were achieved and these were taken into account when retail sales of works of art in the city of Cuenca were analysed, since for such sales to exist, a market must pre-exist in which to consolidate and expand.

Bunker, Cantina & Gallery; is a remarkable establishment on the outskirts of the city that provides its space for art exhibitions. In December, 2018, one of the Ecuadorian artists, Luigi Stornaiole, made an exhibition. It was a great success; however, sales did not have the same result because they were affected by the current economic situation of the country and the Christmas season in which the exhibition took place (Kouperman, 2019). This gallery has a virtual store for works of art that are on display or belong to the inventory of the gallery. This store has made several sales of art works that customers discovered by using the store (Kouperman, 2019).

SALADENTRO Gallery is an establishment dedicated to the dissemination and promotion of art, as well as an expansion of the art market in the city. It intends to contribute to "create and strengthen art collecting in Cuenca" (Jaramillo, 2019). Due to its clear mission with respect to art and its relationship with the city of Cuenca, the gallery has a strategic vision for national artists, seeking their insertion in international markets (Jaramillo, 2019). Being an art gallery, it must obtain a commission for each work that has been sold, which has been established on 30% (Jaramillo, 2019).

## **INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) AND CONSUMER TO CONSUMER MODEL (C2C)**

"In the next century, the Earth will have its collective consciousness suspended on the face of the planet in a dense electronic symphony, in which all nations - if they still existed as separate entities - will live in a web of spontaneous synaesthesia, and will painfully acquire awareness of the triumphs and mutilations of each other. Then they are blameless for that knowledge. As the electronic age is total and comprehensive, the atomic war in the global village cannot be limited " (McLuhan & Powers, 1989).

The North American economist Theodore Levitt affirms in his work on the "Globalization of markets" that there is a very large force that makes the world come to have a convergence in something in common, this force is technology (Aliber & Click, 1999)<sup>6</sup>. This premise gives way to what technology has come to produce in people's daily lives, since almost everyone everywhere wants all the things they are able to see, hear or experience through new technologies. Consequently, there is the so-called "global market", that is, a new commercial reality in which there is a very high scale of standardized products (Aliber & Click, 1999).

Due to this new denomination, emphasis should be placed on the difference between the well-known multinationals and what global corporations represent. The multinationals are working in different countries and need to adjust their products and processes in each of these with very high prices. Global corporations tend to work with absolute constancy and at very low prices, even selling the same products in one way in any part of the world. In relation to these new global corporations that have managed to reach places where it would not be possible to arrive, we have clear examples such as McDonald's in the Champs Elysees, Coca-Cola in the Kingdom of Bahrain, Pepsi-Cola in Moscow, among others (Aliber & Click, 1999).

These are good examples when describing globalization as a process that has reached its peak and has been taken hand in hand with technology, information and communication (ICT) since they have broken boundaries and their feature is that they sell the same product anywhere in the world without the need for a change in it, this being its main characteristic

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<sup>6</sup> This book has grouped several articles on international business, one of them the professor economist Theodore Levitt " The Globalization of Markets ".



when it comes to promoting sales items and thus giving shape to what Professor Levitt says in the already mentioned study.

When referring to ICTs, it should be clarified that these are considered as a group of new technologies that help people to access, produce and treat the infinite information that exists in the world, and at the end of this process, to communicate something to as many people<sup>7</sup>. Professor Julio Cabero Almenara mentions the essential characteristics of ICTs: immateriality, interactivity and interconnection, instantaneity, high parameters of image and sound quality, digitization, influence more on processes than on products, penetration in all sectors, innovation, trend towards automation and diversity<sup>8</sup> (Delgado, Ortega, & Martínez, 1998). In the same way, William Ávila Díaz concludes his research on the evolution of ICTs by asserting that they have gone hand in hand with the "evolution and revolution of society's innovations" (Ávila Díaz, 2013). They have been decisive in changes in the basic sectors of humanity such as the economic, cultural and social. The author sees ICTs as a promotion platform for social groups, through the use of the internet because people have been able to exchange their own ideas and find similar ones, thus forming groups with the same characteristics, regardless of where they are located, optimizing the fluidity of information worldwide.

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<sup>7</sup> Compendium of the author of the present work when using several sources that have defined to the term "TICs".

<sup>8</sup> Characteristics obtained from a compilation of articles from the University of Seville, one of them by Professor Julio Cabero.

## ELECTRONIC COMMERCE

The Internet, as previously stated, is the tool used by society to carry out many daily activities and which can be considered a panacea or a curse (Bargh & McKenna, 2003). According to the International Telecommunications Union (ITU), an organization of the United Nations (UN), in its Measuring the Information Society Report of the year 2018 proclaims that 51.2% of the world's population uses the internet, highlighting that in developed countries every four of five people are online and this figure is inversely proportional in the less developed countries, since every four of five people do not have Internet access. Finally, in the group of developing countries (Ecuador is part of it) 45% of its population use the internet. Which means that the people with the greatest skill with ICTs come from the developed countries (ITU Publications, 2018).

In Ecuador, in its *Código Ingenios*, in article 40. - Access to Internet: refers to the Internet as a public service and the State must guarantee it (Asamblea Nacional República del Ecuador, 2016). This service is a network that is interconnected with thousands of other networks in their computers and that interrelates commercial businesses, educational and governmental institutions, and individuals with each other (Laudon & Guercio Traver, 2013). Even though there is no organization as such that has control over this network, this has not prevented it from transforming commerce, scientific research, and culture. In turn, the internet owns the web, which is a service that gives access to billions of web pages (documents with text, graphics, audio, video, among other objects that has been created through the use of a language of programming) (Laudon & Guercio Traver, 2013). The evolution of the internet has been complex since it has managed to get into the life of a person to the point of many times depending on it in many social, cultural, economic, political, educational, etc.

The present title work focuses on what refers to electronic commerce, which emerged in 1994 with Netscape Corporation, which was the first commercial web browser. The next year the two largest e-commerce companies in the world are founded, Amazon and eBay (Laudon & Guercio Traver, 2013). E-commerce corresponds to the digital commercial transactions that occur between organizations, between people, and between these two (Laudon & Guercio Traver, 2013). This occurs through the use of electronic means with the purpose of hiring

goods or services (Davara & Davara Asesores Jurídicos, 2002). E-commerce presents eight unique characteristics to its credit: ubiquity, global reach, universal standards, wealth, interactivity, information density, personalization and adaptation, and social technology (Laudon & Guercio Traver, 2013).

Table 1.2 EIGHT UNIQUE CHARACTERISTICS OF THE TECHNOLOGY OF E-COMMERCE	
DIMENSION OF THE TECHNOLOGY OF E-COMMERCE	IMPORTANCE FOR BUSINESS
<b>Ubiquity</b> Internet and web technology is available everywhere: at work, at home, and anywhere else through easy devices, at any time.	The market extends beyond traditional boundaries and is removed from a temporary and geographical location. The "Marketspace" or virtual market is created; it can make purchases anywhere. The convenience for the customer is improved and the purchase costs are reduced.
<b>Global reach</b> All over the world, technology extends beyond national borders.	Trade is allowed through cultural and national boundaries without problems or modifications. The virtual market includes billions of customers and millions of potential businesses around the world.
<b>Universal Standards</b> There is a set of technological standards; specifically, internet standards.	There is a common, economic and global technological base for companies to use.
<b>Wealth</b> it is possible to transmit video, audio and text messages.	Marketing messages with video, audio and text are integrated into a single marketing message and consumer experience.
<b>Interactivity</b> Technology works through interaction with the user..	Consumers engage in a dialogue that dynamically adjusts the experience for the individual, and makes the consumer a partner in the process of distributing goods in the market.
<b>Information density</b> Technology reduces information costs and improves quality.	Processing costs, storage, and communication of information are reduced in an impressive manner, whereas, accuracy, timing and opportunity increase considerably. The information is abundant, economic and accurate.
<b>Personalization and adaptation</b> The technology allows sending personalized messages to individuals and groups.	The personalization of marketing messages and the adaptation of products and services are based on the indivisible characteristics.
<b>Social technology</b> Generation of user content and social networks.	New social and business models online allow the user to create and distribute their own content, and support social networks.

*Figure 1. Characteristics of E-Commerce*

Source:(Laudon & Guercio Traver, 2013)

- Types of Electronic Commerce:
  - Direct and online electronic commerce. It is carried out entirely by electronic means, clearly referring to the marketing of goods and / or services in a digitalized form.
  - Indirect or offline electronic commerce. It corresponds to the trade that at some point of the transaction requires physical support.

(Davara & Davara Asesores Jurídicos, 2002).

- Electronic Commerce Agents

In the combinations of electronic commerce, three agents intervene<sup>9</sup>:

- Administrations (A): refers to the Government (Government) in relation to the electronic procurement of public services.
- Companies (B, Business): corresponds to legal or physical persons who perform professional activities or a part through an electronic medium.
- Consumers (C): natural person who acquires goods or services through a digital medium.

Table 1

*Types of Electronic Commerce*

	<b>A</b>	<b>B</b>	<b>C</b>
<b>A</b>	A2A	A2B	A2C
<b>B</b>	B2A	B2B	B2C
<b>C</b>	C2A	C2B	C2C

Author: Larrazabal. Source: (Davara & Davara Asesores Jurídicos, 2002)

- A2A: transactions between Administrations.
- A2B: electronic transactions from the Administration to companies.

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<sup>9</sup> The classification has been obtained from Davara & Davara's book, cited above.

- A2C: electronic transactions from the Administration to the managed.
- B2A: electronic transactions from companies to the Administration.
- B2B: electronic transactions between companies.
- B2C: electronic transactions between companies and consumers.
- C2A: electronic transactions between consumer / managed and Administration.
- C2B: electronic transactions between consumer and company.
- C2C: electronic transactions between individuals / consumers.

### Electronic Commerce Consumer to Consumer (C2C)

The simple definition of this type of electronic commerce refers to a given transaction through a digital market where consumers offer goods and / or services to other consumers (Laudon & Guercio Traver, 2013). E-commerce generated revenue in 2017 of a total of \$2.3 trillion USD with a total of 1.66 trillion people around the world who acquired goods online, so, it is estimated that by the year 2021 a total income of \$4.48 trillion USD will be obtained.

The first companies that started with this type of trade were the aforementioned eBay and Amazon. Both have had a trajectory and a highly recognized evolution since their founding in 1995 and have managed to reach almost the entire world. At present, there are several companies with this type of marketing format in which not only goods are offered, but services, such as the hosting service without the need for the establishment to be a legal hotel, such as Airbnb website. In the United States of America, in 2017, 33.9 million adults used Airbnb and it is expected that by 2022 they will reach 45.6 million (Statista, 2018).

As another example, we find Alibaba, a Chinese company founded in 1999 with an electronic Business to Business (B2B) that sought to trade between this company of Chinese manufacturers and their buyers. It has become part of the group of digital platforms in the electronic commerce. It is used among consumers as its main competitors such as Amazon and eBay, although it has not obtained too much revenue since closing the fiscal year in March 2018 resulted in its income being \$39.9 billion USD (Statista, 2018).

## COMPUTER SYSTEMS USED FOR THE MARKETING OF PAINTS IN THE WORLD

A computer system corresponds to “a set of elements that make possible the automatic processing of information” (Instituto de Andalucía de Administración Pública, 2011). In this case, the information to be discussed is related to the marketing of products, specifically, works of art. Therefore, there are several computer systems where works of art are commercialized, giving greater emphasis to paintings, around the world. The most important ones correspond to art auction houses such as Sotheby's & Sotheby's, Christie's, Bonham's, Phillips de Pure & Company, and, Dorotheum (Lasso, 2018). These websites are characterized by selling high quality art where artists are well known and buyers always look for "the best". This reputation that these auction houses have been able to acquire has been generated through the public exhibition of the sale of art figures (Lasso, 2018).

- Sotheby's & Sotheby's

The one that occupies the highest rank is the auction house Sotheby's & Sotheby's, which has a website dedicated to the purchase and sale of art, jewellery, high-end items for the home, antiques, wines, among other products related to art. In 2018, Sotheby's sold \$2.1 million USD of contemporary art online through its website and third platforms. This is due to the advantage it has obtained by eliminating commissions for sales “only-online” (Rodríguez, 2018).

- Christie's

The second largest auction house, Christie's won its opposition to Sotheby's in 2017 with sales "only-online" earning \$72 million USD, becoming this figure 12% of total sales by the auction house. In the same year, there were 12 million visits to the website and Christie's mobile application; being its online channel Christie's LIVE its biggest attraction for new clients where it raised \$144 million USD (Rodríguez, 2018).

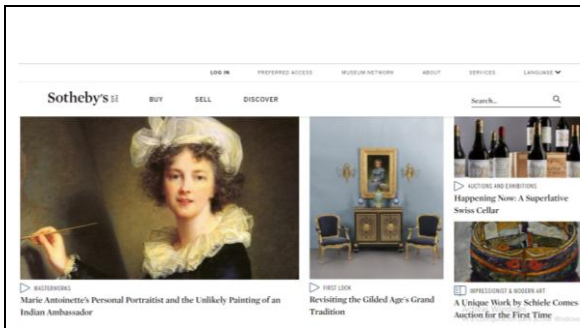


Figure 2. Sotheby's Home Page

Source: <https://www.sothebys.com/en/>

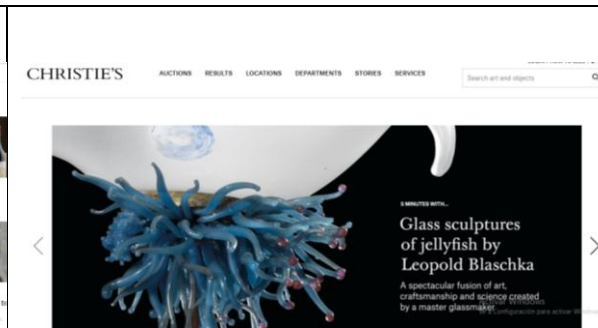


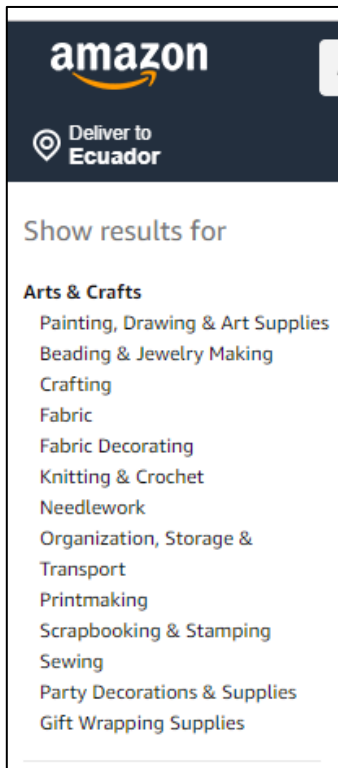
Figure 3. Christie's Home Page

Source: <https://www.christies.com/>

- Amazon

In other instances, there are also websites that sell art, which are not auction houses, but work as virtual galleries. They are websites in which electronic commerce operates Consumer to Consumer (C2C). This type of trade, as its name indicates, refers to consumers selling to other consumers through the help of an online market generator (Laudon & Guercio Traver, 2013) like eBay, Amazon, *Mercado Libre*, among others.

The Amazon computer platform for the year 2017 represented 54.3% of all commercial sales in the world, and is operating in five countries in Europe (United Kingdom, Germany, France, Spain and the Netherlands). In addition, this platform is located in the list of leaders in online retailer in Europe (Ecommerce Europe - EuroCommerce, 2018). Amazon has 27 categories on its official page where each one has subcategories for its different products. In the Arts & Crafts category, it is not possible to find a subcategory that covers art paintings, but there are categories for buying products that are used to make art. For example: painting, drawing & art supplies, beading & jewellery making, crafting, fabric, sewing, party decorations & supplies, among other categories related to the aforementioned.



*Figure 4. Amazon Categories*

Source: [https://www.amazon.com/s/ref=nb\\_sb\\_noss?url=search-alias%3Darts-crafts-intl-ship&field-keywords=](https://www.amazon.com/s/ref=nb_sb_noss?url=search-alias%3Darts-crafts-intl-ship&field-keywords=)

- eBay

Another very important platform is eBay which dealt with 8.06% of the total sold online in Europe in 2017 (Ecommerce Europe - EuroCommerce, 2018). In 2014, the company eBay and Sotheby's made an alliance, under the assumption that to "develop an innovative platform online will make it easier for millions of people around the world to discover, browse and acquire exceptional works of ancient and collectable art" (Business Wire, 2014). As an infographic made by eBay to explain this alliance, in the virtual platform every day there are more than 3,500 auctions with prices over \$5,000 USD, while more than half of Sotheby's auctions were closed with prices between \$5,000 USD and \$100,000 USD (eBay Inv. Staff, 2014). To better understand the reasons and expectations of eBay to ally with the largest auction house in the world is the following infographic.





EBAY & SOTHEBY'S

## A WORLD CLASS BUYING EXPERIENCE

The global leader in commerce and technology partners with the most iconic international art business and auctioneer

### AN OVERLAPPING OPPORTUNITY

Each day on eBay, more than 3,500 auctions close with a price of **>\$5K**

In 2013 more than half of Sotheby's lots were sold within **\$5K and \$100K**



### MOBILE INNOVATION

eBay Mobile Sales (2013)

eBay Volume Touched by Mobile

Sotheby's Mobile Growth (2012-13)

Sotheby's Mobile as % of total website traffic



### COMPLEMENTARY AUDIENCES

#### Sotheby's



Online bidders competed for **17%** of total lots in 2013



Number of lots purchases online increased **36%** from 2012-2013



Access to **145M** active online buyers in 190 countries

Collectibles accounted for nearly **\$8 billion** of GMV with 36 million active buyers in 2013

Figure 5. Info-picture of eBay and Sotheby's

Source: <https://www.ebayinc.com/stories/news/ebay-and-sothebys-join-forces-new-live-auction-experiences/>

eBay, with its categories "Collection and Art"> "Art"> Paintings, offers different paintings with various techniques and with categories ranging from "Pre-1800" to "Unknown". In these categories are paintings with costs ranging from \$2.50 USD to \$12,906,000 USD.

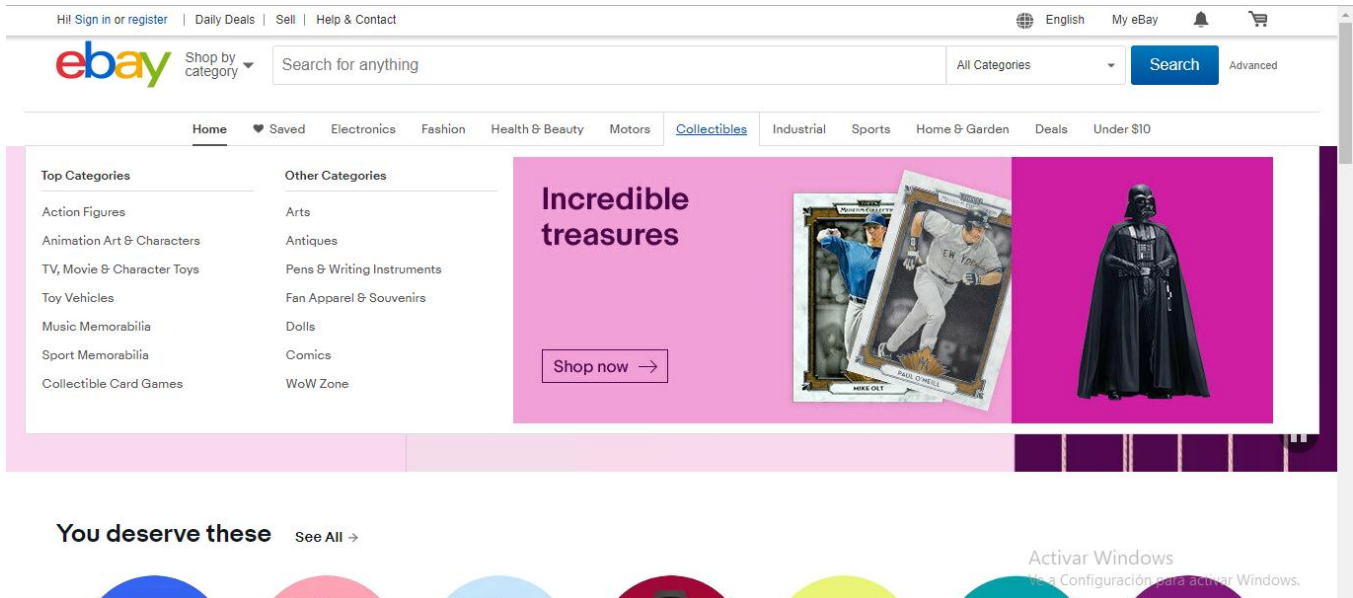


Figure 6. eBay Art Categories

Source: <https://www.ebay.com/>

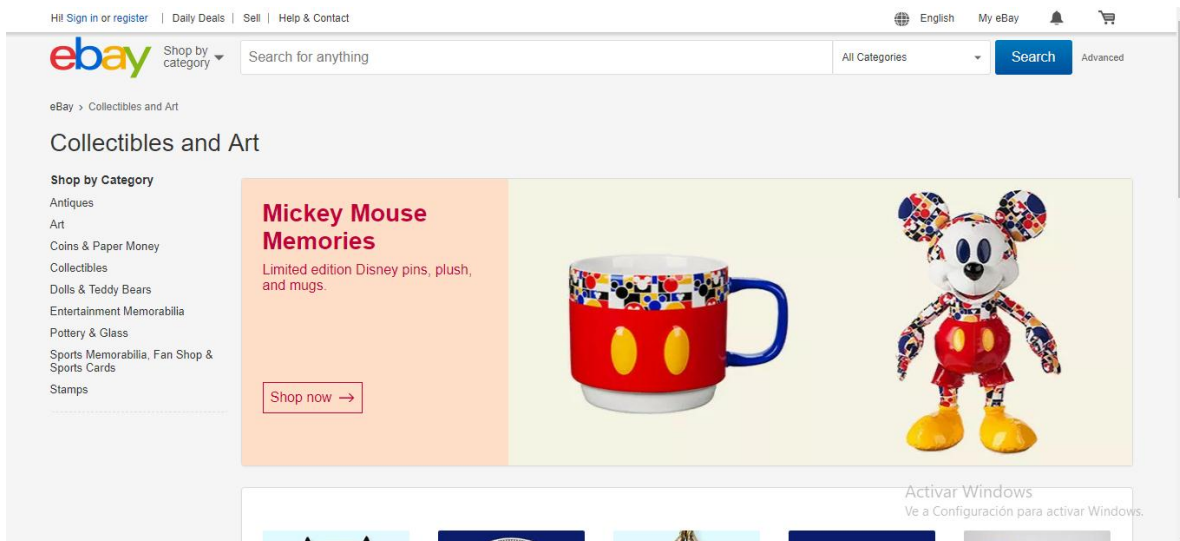


Figure 7. eBay collection and art items

Source: [https://ec.ebay.com/b/Collectibles-Art/bn\\_7000259855](https://ec.ebay.com/b/Collectibles-Art/bn_7000259855)

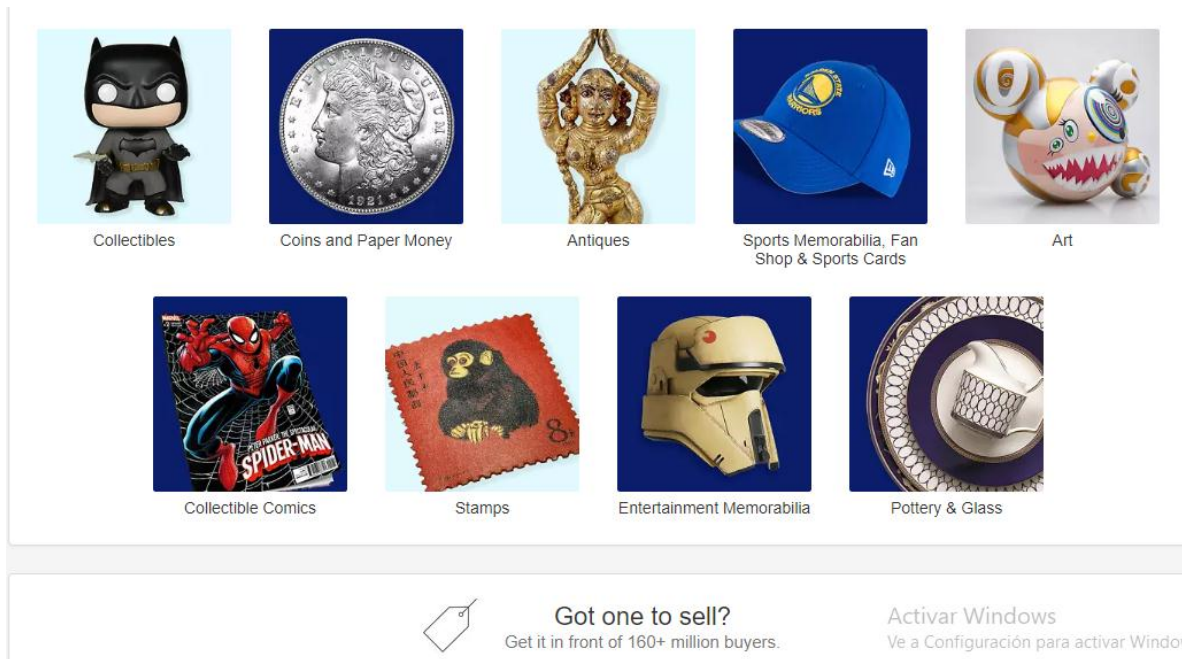


Figure 8. eBay Art Categories

Source: [https://ec.ebay.com/b/Collectibles-Art/bn\\_7000259855](https://ec.ebay.com/b/Collectibles-Art/bn_7000259855)

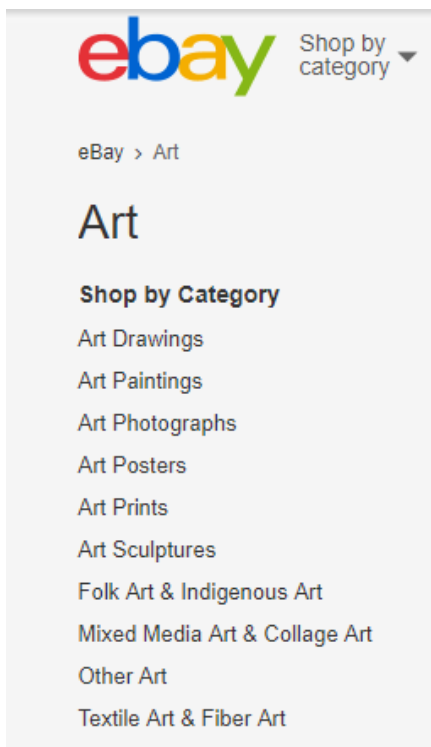


Figure 9. eBay Art Categories

Source: [https://ec.ebay.com/b/Art/550/bn\\_1853728](https://ec.ebay.com/b/Art/550/bn_1853728)

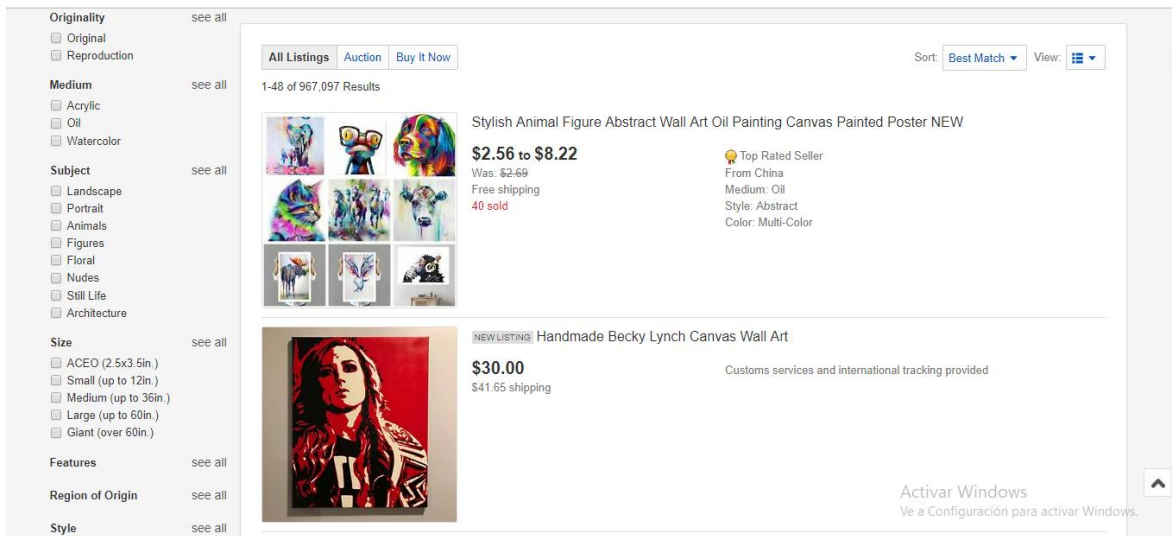


Figure 10. Page of art objects on sale from lowest to highest on eBay

Source: [https://ec.ebay.com/b/Art-Paintings/551/bn\\_2310891](https://ec.ebay.com/b/Art-Paintings/551/bn_2310891)

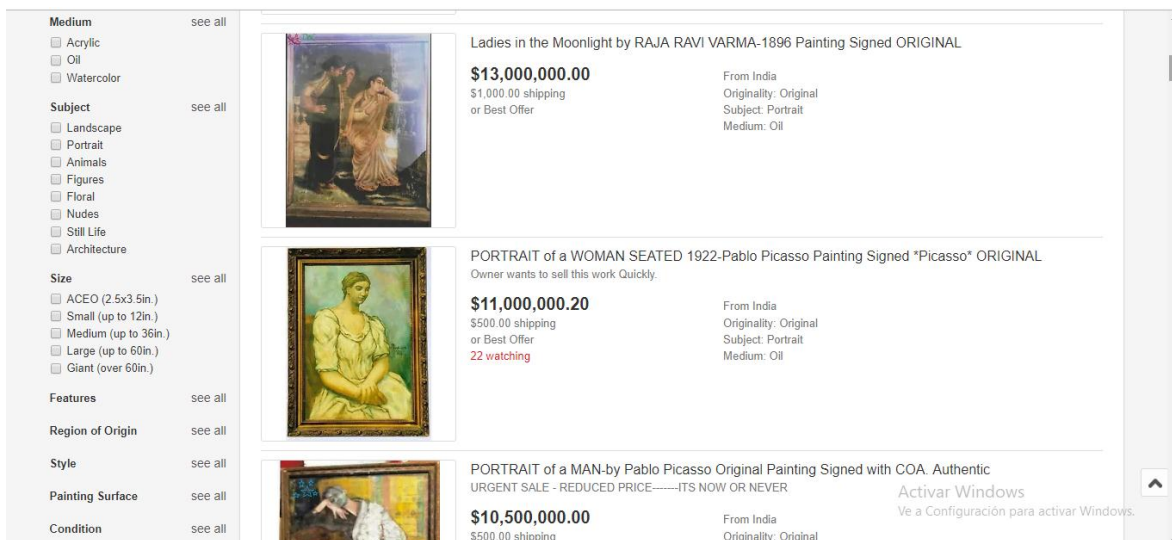


Figure 11. Page of art objects for sale from highest to lowest on eBay

Source: [https://ec.ebay.com/b/Art-Paintings/551/bn\\_2310891?rt=nc&\\_sop=1](https://ec.ebay.com/b/Art-Paintings/551/bn_2310891?rt=nc&_sop=1)

- *Mercado Libre*

The e-commerce company *Mercado Libre* was founded in 1999 by Marcos Galperin in Argentina. By 2017, it was established in 19 countries and is considered the Latin American leader in e-commerce. Its differentiation is found in its "complete ecosystem composed of *Mercado Pago*, *Mercado Shops*, *Mercado Libre Publicidad*, *Mercado Envíos* and *Mercado Crédito*" (Mercado Libre, 2018). Among its most important numbers is that for the aforementioned year a total sale of \$11.7 billion USD was obtained for transactions of 270.1 million items (Mercado Libre, 2018). This platform currently works in Ecuador, and many users are from this country. In relation to the sale of art, this computer system has the category of "Art and Antiques", which in turn has a subcategory called "Paintings". In it, it is possible to find paintings by great Ecuadorian artists such as Gonzalo Endara Crow with prices that surpass \$5,000 USD, as well as works of lower price (\$100 USD) that can be easily replicated leaving aside the characteristic of a work of art, which must be original.

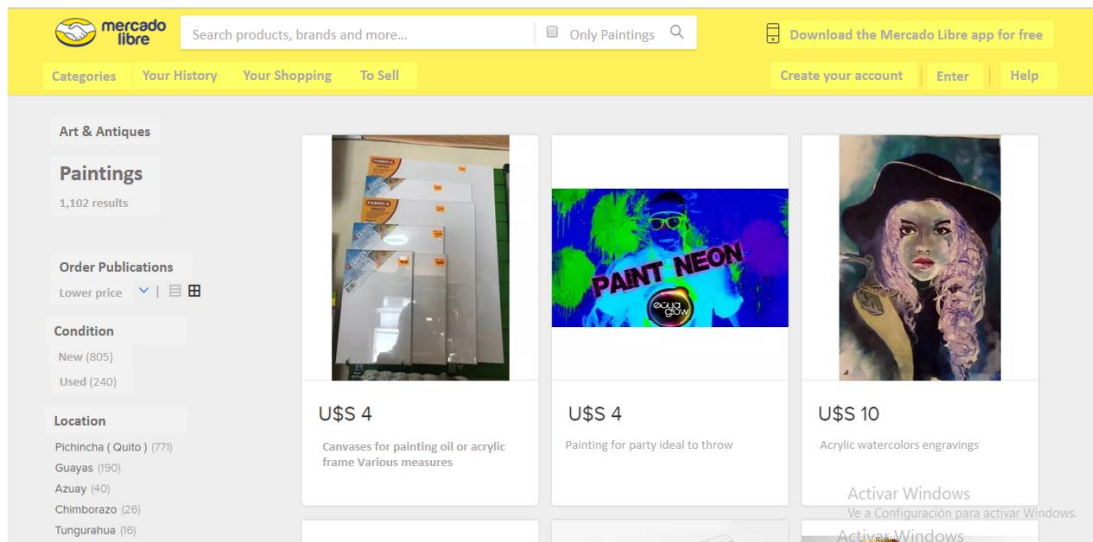


Figure 12. Page of paintings sale from lowest to highest price on Mercado Libre

Source: mercadolibre.com



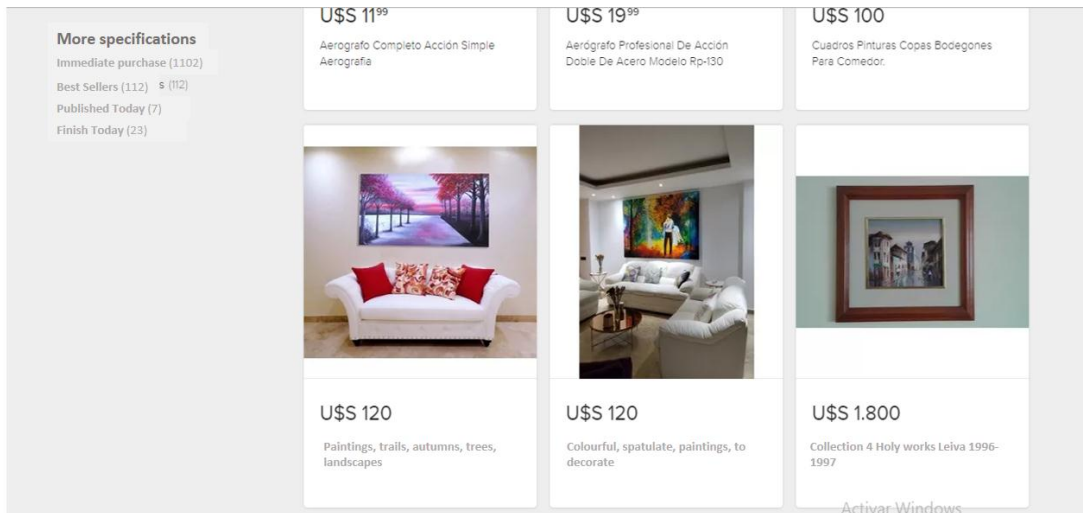


Figure 13. Page of paintings sale on Mercado Libre

Source: [https://arte-antiguedades.mercadolibre.com.ec/pinturas/\\_OrderId\\_PRICE](https://arte-antiguedades.mercadolibre.com.ec/pinturas/_OrderId_PRICE)

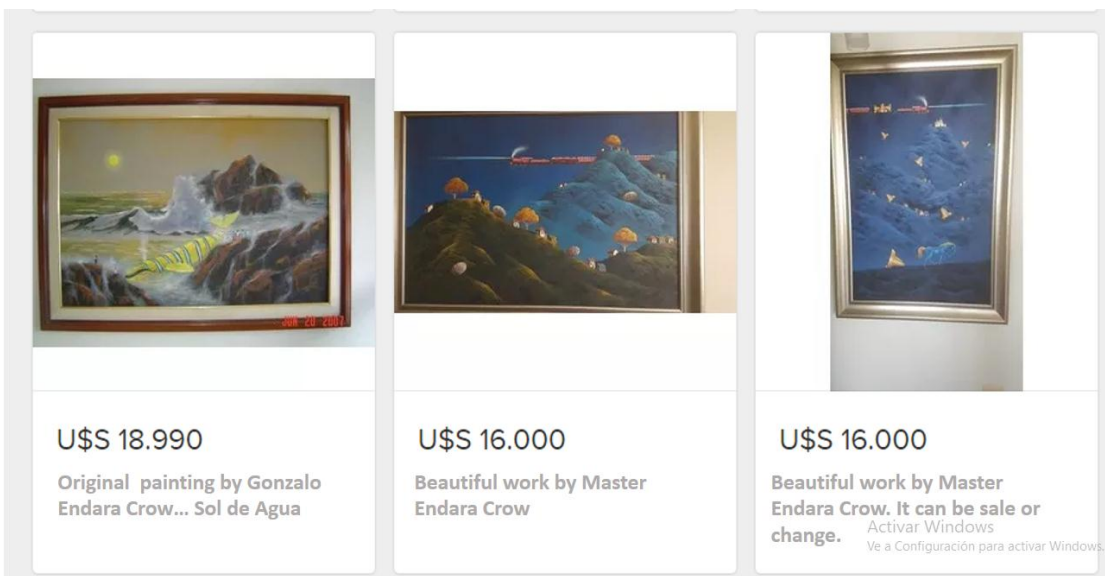
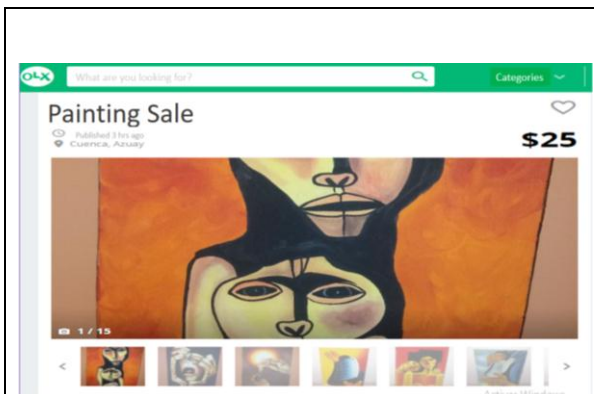


Figure 14. Most expensive paintings on Mercado Libre

Source: [https://arte-antiguedades.mercadolibre.com.ec/pinturas/\\_OrderId\\_PRICE\\*DESC](https://arte-antiguedades.mercadolibre.com.ec/pinturas/_OrderId_PRICE*DESC)

- OLX

Finally, another digital platform for the commercialization of products through the sale, purchase and exchange of used goods and services is OLX, which carries out its operations in more than 40 countries and received 1.7 billion visits per month in 2016 (OLX, n.d.). As well as the aforementioned website, *Mercado Libre*, it has low relevance tables where prices are low, but there are also paintings made by important artists such as Julio Cevallos, who have a picture of his authorship with a price of \$3,749 USD.



*Figure 15. Painting on Sale on OLX*

Source: <https://cuenca.olx.com.ec/se-vende-cuadros-iid-1039615248>



*Figure 16. Painting on Sale on OLX*

Source: <https://quito.olx.com.ec/cuadro-feria-esquinas-de-la-escrita-de-julio-cevallos-iid-900239265>

Computer systems have evolved to be a great help in the daily life of people. The aforementioned computer platforms are an example that from the comfort of home you can make a purchase of something not included in the list of "basic needs," works of art. However, people from all over the world acquire them for large sums of money, as evidenced by the large auction houses Sotheby's and Christie's.

## MARKET SELECTION

### Diversification Alternative

When defining a market for the export of works of art through the company Larrazábal Gallery, it has been concluded that it is more convenient to opt for a market diversification in which a country is selected from the established geographical area, based on a strategic decision in which the company tends to "sell in a greater number of markets" (Llamazares García, 2016). There are certain relevant aspects that make this the best option: the company would conclude with adequate comparative information of each target market, there is a less dependence on the market, the option is established that in a short term the competitive priority of the company can be exploited and, a very important advantage, the company avoids a direct competition with main contenders<sup>10</sup>.

The reasons for opting for this strategy correspond to the supremacy of diversification factors over those of concentration in terms of international markets, according to the book International Marketing:

Table 2

#### *Differences between Concentration and Diversification*

<b>Concentration</b>	<b>Diversification</b>
The potential number of clients in each market is high.	The potential number of customers in each market is small.
The <key> markets are stable, with a sustained demand.	The <key> markets are very cyclical, with a changing demand.
The sale is based on factors other than price. The life cycle of the product is long.	The sale is made fundamentally by price. The life cycle of the product is short.
The buyer is faithful to the usual supplier. The product needs a complex and expensive adaptation.	The buyer is not faithful to the usual supplier. The product is standard in the different markets.

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<sup>10</sup> The information on the advantages of the alternative of concentration comes from the book of Olegario Llamazares, International Marketing



The sale requires investments in promotion/advertising.	The sale does not require investments in promotion/advertising.
The costs of administration and monitoring of sales are high.	The costs of administration and monitoring of sales are low.
The company is in an intermediate stage of the internationalization process.	The company is in an initial or advanced stage of internationalization.

Author: Larrazabal. Source: (Llamazares García, 2016)

Taking into account the aforementioned factors, the company has a very small potential number of clients, as it is a work of art; the demand depends on the economy of a country, having a cyclical or changing market. The art market, as already mentioned, has a somewhat closed competition, so there is not a large number of competitors. The sale is not only given by the price factor, but by other factors. The life cycle of the product is long. There are art buyers who are very sporadic and are not always loyal to their supplier. The product does not need modifications to enter a market, nor a high investment to promote itself because the company is virtual, as well as the costs of administration and monitoring. Finally, the company is in an initial stage of internationalization. Therefore, Larrazabal Gallery having eight factors of the ten indicated by the book International Marketing by Olegario Llamazares has opted for the diversification strategy.

The diversification strategy consists of choosing two geographic zones and choosing the one that scores better with a methodology established in the mentioned book. The geographical areas to be studied will be Western Europe-large markets and Western Europe-medium markets. In the geographical area of Western Europe-large markets are Germany, Spain, France, Italy, and United Kingdom. On the other hand, in Western Europe-medium markets are the countries of Austria, Belgium, Denmark, the Netherlands, Sweden and Switzerland. However, to establish the countries that will enter the geographical area, they must meet five criteria: relevant information, accessible information, objective information, homogeneous information and up-to-date information (Llamazares García, 2016). Taking into account these criteria, Spain, France and Italy have been established for the geographical area Western Europe-large markets (WELM) and Belgium, the Netherlands and Austria for the geographical area Western Europe-medium markets (WEMM).

Then, ten criteria are established for each geographical area that will be used for the respective evaluation, which will be divided into two groups: market potential and accessibility and risk. It was convenient to include four more criteria in the list of market potential to obtain data more in line with this work: purchases through electronic commerce, e-shoppers, total exportation of the product from the world, and export of the product from Ecuador.

Table 3

*Selection criteria*

<b>Selection criteria for objective countries</b>	
<b>Market Potential</b>	<b>Accessibility and Risk</b>
<b>1.</b> Economic growth of the country	<b>6.</b> Customs barriers
<b>2.</b> Purchasing power per capita	<b>7.</b> No duty barriers
<b>3.</b> Volume of imports	<b>8.</b> Commercial risks
<b>4.</b> Import growth	<b>9.</b> Ease of doing business
<b>5.</b> Exports of the company's country	<b>10.</b> Transparency and corruption

Author: Larrazabal. Source: (Llamazares García, 2016).

The methodology consists in using weighting coefficients and a scale of scores for each criterion. There will be four coefficients: the coefficient 0 means that it does not apply; coefficient 1 means less important, where the criterion can be similar between the established countries; coefficient 2 with its meaning of importance, where very relevant differences are found. Finally, coefficient 3 being for the criteria considered very important for the final decision as volume or growth of imports.

The scoring system consists of a scale of 1 to 5, where 1 means very unfavourable conditions, 2 unfavourable conditions, 3 neutral conditions, 4 favourable conditions and 5 very favourable conditions. Subsequently, it will proceed to "multiply the valuation of each criterion by the weighting coefficient and the score obtained in each criterion will be added, so the total score will be obtained" (Llamazares García, 2016).

Geographic Zone N°1: Western Europe-Large Markets (WELM)

Table 4

*Geographic Zone 1: Spain, Italy and France*

Western Europe - Large Markets			
Criteria	Spain	France	Italy
<b>Market Potential</b>			
Economic growth of the country (%)	0,60%	0,30%	-0,10%
Purchasing power per capita (USD)	\$ 32.406,00	\$ 42.568,00	\$ 34.878,00
Import volume (K USD) (2017)	\$350.091.562,00	\$613.132.640,00	\$451.415.535,00
Import growth (%) (2016-2017)	15,72%	9,38%	11,58%
Total Export from Ecuador (K USD) (2017)	\$ 674.825,00	\$ 450.904,00	\$ 537.581,00
Total export of the product from the world (K USD) (2017)	\$ 33.389,00	\$ 496.659,00	\$ 63.617,00
Export of the product from Ecuador (K USD) (2017)	\$ 121,00	\$ 2,00	\$ -
Income from electronic commerce (Millions USD) (2019)	\$ 18.731,00	\$ 54.469,00	\$ 17.339,00
E-Shoppers (%) (2017)	57,00%	67,00%	34,00%
<b>Accessibility and Risk</b>			
Internal tariff barriers (% tariff)	10%	20%	22%
No duty barriers (n° documents required to export)	0	0	0
Commercial risks (classification) (2018)	A2	A2	A4
Ease of doing business (ranking Doing Business) (2018)	30	32	51
Transparency and corruption (ranking) (2017)	42	23	54

Author: Larrazábal. Source: (COFACE For Trade, 2018); (Doing Business, 2018); (Ecommerce Europe - EuroCommerce, 2018); (European Commission, n.d.); (European Commission, n.d.); (European Commission, n.d.); (Statista, 2018); (Statista, 2018); (Statista, 2018); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trading Economics, n.d.); (Trading Economics, n.d.); (Trading Economics, n.d.); (Transparency International, 2018); (Transparency International, 2018); (Transparency International, 2018).

Table 5

*Markets Selection Matrix*

Coefficient	Criterion	Spain		France		Italy	
Market Potential							
2	Economic growth of the country (%)	3	6	3	6	2	4
2	Purchasing power per capita (USD)	4	8	4	8	4	8
3	Import volume (K USD) (2017)	3	9	4	12	4	12
3	Import growth (%) (2016-2017)	4	12	3	9	4	12
1	Total Export from Ecuador (K USD) (2017)	4	4	4	4	4	4
2	Total export of the product from the world (K USD) (2017)	1	2	4	8	4	8
3	Export of the product from Ecuador (K USD) (2017)	5	15	4	12	1	3
3	Income from electronic commerce (Millions USD) (2019)	4	12	4	12	4	12
2	E-Shoppers (%) (2017)	4	8	4	8	2	4
Accessibility and Risk							
2	Internal tariff barriers (% tariff)	4	8	3	6	3	6
4	No duty barriers (n° documents required to export)	5	20	5	20	5	20
2	Commercial risks (classification) (2018)	4	8	4	8	2	4
2	Ease of doing business (ranking Doing Business) (2018)	4	8	4	8	3	6
2	Transparency and corruption (ranking) (2017)	4	8	4	8	3	6
	TOTAL CRITERIA	128		129		109	
TOTAL		366					

Author: Larrazábal. Source: (Llamazares García, 2016)

Geographic Zone N°2: Western Europe - Medium Markets (EOMM)

Table 6

*Geography Zone 2: Belgium, the Netherlands and Austria.*

<b>Western Europe-Medium Markets</b>			
<b>Criteria</b>	<b>Belgium</b>	<b>the Netherlands</b>	<b>Austria</b>
<b>Market Potential</b>			
Economic growth of the country (%)	0.3%	0.2%	0.4%
Purchasing power per capita (USD)	\$46,079.00	\$ 53,598.00	\$ 49,129.00
Import volume (K USD) (2017)	\$ 406,412,281.00	\$ 450,075,698.00	\$ 166,475,081.00
Import growth (%) (2016-2017)	9.04%	12.99%	10.99%
Total Export from Ecuador (K USD) (2017)	\$ 276,464.00	\$ 355,382.00	\$ 45,288.00
Total export of the product from the world (K USD) (2017)	\$ 73,134.00	\$ 58,428.00	\$ 111,283.00
Export of the product from Ecuador (K USD) (2017)	\$ -	\$ -	\$ -
Income from electronic commerce (Millions USD) (2019)	\$ 7,412.00	\$ 15,434.00	\$ 8,890.00
E-Shoppers (%) (2017)	60.00%	84.00%	46.75%
<b>Accessibility and Risk</b>			
Internal tariff barriers (% tariff)	6%	21%	13%
No duty barriers (n° documents required to export)	0	0	0
Commercial risks (classification) (2018)	A2	A1	A1
Ease of doing business (ranking Doing Business) (2018)	45	36	26
Transparency and corruption (ranking) (2017)	16	8	16

Author: Larrazábal. Source: : (COFACE For Trade, 2018); (Doing Business, 2018); (Ecommerce Europe - EuroCommerce, 2018); (European Commission, n.d.); (European Commission, n.d.); (European Commission, n.d.); (Statista, 2018); (Statista, 2018); (Statista, 2018); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trade Map, n.d.); (Trading Economics, n.d.); (Trading Economics, n.d.); (Trading Economics, n.d.); (Transparency International, 2018); (Transparency International, 2018); (Transparency International, 2018)

Table 7

*Markets Selection Criteria*

Coefficient	Criterion	Belgium		the Netherlands		Austria	
Market Potential							
2	Economic growth of the country (%)	3	6	3	6	3	6
2	Purchasing power per capita (USD)	4	8	4	8	4	8
3	Import volume (K USD) (2017)	4	12	4	12	3	9
3	Import growth (%) (2016-2017)	3	9	4	12	4	12
1	Total Export from Ecuador (K USD) (2017)	4	4	4	4	2	2
2	Total export of the product from the world (K USD) (2017)	4	8	4	8	4	8
3	Export of the product from Ecuador (K USD) (2017)	1	3	1	3	1	3
3	Income from electronic commerce (Millions USD) (2019)	3	9	4	12	3	9
2	E-Shoppers (%) (2017)	4	8	5	10	2	4
Accesibility and Risk							
2	Internal tariff barriers (% tariff)	4	8	3	6	3	6
4	No duty barriers (n° documents required to export)	5	20	5	20	5	20
2	Commercial risks (classification) (2018)	4	8	4	8	4	8
2	Ease of doing business (ranking Doing Business) (2018)	4	8	4	8	4	8
2	Transparency and corruption (ranking) (2017)	4	8	4	8	4	8
	TOTAL CRITERIA	119		125		111	
TOTAL		355					

Author: Larrazábal. Source: (Llamazares García, 2016)

## ANALYSIS OF MARKET SELECTION: DIVERSIFICATION STRATEGY

According to the data obtained in each of the criteria, the final qualification was obtained where the Geographic Zone 1: Western European-Large Markets was the one that obtained the highest score with respect to the Geographic Zone 2: Western Europe-Medium Markets. WELM obtained a total of 366 points, while, WEMM reached 355 points. Next, each established criterion will be analysed in comparison with the two geographical zones evaluated.

### Market Potential

- Economic growth of the country: collecting data from each country through the Trading Economics website, although the GZ WEMM has a positive percentage and does not go up by 0.40% between its countries, the GZ WELM arrives with Spain at 0.60%. However, Italy is in this area where its percentage is negative, so this data must be taken into consideration.
- Purchasing power per capita: the GZ WEMM has a greater purchasing power than its opponent, with the Netherlands being the country with the highest purchasing power per person with a total of \$53,598.00 USD, followed by Austria and Belgium. In the GZ WELM the figures are not low, France tops the list with purchasing power of \$42,568.00 USD, Italy with \$34,878.00 USD and Spain with \$32,406.00 USD<sup>11</sup>. All these values are high, which means that the countries evaluated have a high and promising purchasing power.
- Import volume: the GZ WELM is the most important in this comparison, taking the lead to France with a total of \$613,132,640.00 USD; followed by Italy with \$451,415,535.00 USD and Spain with \$350,091,562.00 USD. In the GZ WEMM the largest import is the Netherlands with \$450,075,698.00 USD, followed by Belgium and Austria<sup>12</sup>.

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<sup>11</sup> The data for this criterion was obtained from the Trading Economics website.

<sup>12</sup> The data for import volume criteria, import growth, total export from Ecuador, total export of the product from the world, export of the product from Ecuador were taken from the Trade website. Map

- Import growth: as in the previous criterion, the GZ WELM has had a greater increase in its imports between 2016 and 2017. Spain leads with 15.72%, Italy continues with France. In the GZ WEMM, the Netherlands continues to have the highest growth in its geographical area, followed by Austria and Belgium.
- Total Export from Ecuador: this criterion seeks to determine the geographical area with the greatest commercial relations with Ecuador (the main exporting country in this titling work) and its various products. The GZ WELM, during the year 2017 has marketed more with Ecuador, being its main partner Spain with a total of imports of \$674,825.00 USD, followed by Italy with \$537,581.00 USD and France with \$450,904.00 USD. However, GZ WEMM has had a commercial activity with Ecuador since the Netherlands has imported \$355,382.00 USD in various products, followed by Belgium and Austria.
- Total Export of the product from the world: the purpose of this criterion is to know if the countries have imported the product, object of the present work from any part of the world. The product to be exported has tariff heading 970110, which is made up of Paintings and drawings, entirely made by hand (except drawings of heading 4906 and manufactured articles decorated by hand). The GZ WELM is once again the biggest importer in 2017, with France in the lead with a total of \$496,659.00 USD; Italy is next with \$63,617.00 USD and Spain with \$33,389.00 USD. In the GZ WEMM, the country which most imports this product is Austria with \$111,283.00 USD, followed by Belgium and the Netherlands.
- Export of the product from Ecuador: probably, this criterion has the greatest importance in the matrix because it is about seeing not only what geographical area has a commercial relationship with Ecuador, but also which one has imported the product to its country and how much has been collected by the sale of this one product. Like other categories, the GZ WELM has imported more of this product, having Spain as the main partner with a total of \$121,000.00 USD. Followed by France with only \$2,000.00 USD and, unfortunately, nothing has been exported to Italy. On the other hand, the GZ WEMM does not register any import of this product from Ecuador, which assumes that it would be very risky to opt for this area since it would be a high investment of economic and administrative resources.



- Income from electronic commerce<sup>13</sup>: this criterion was increased because the titling work to be treated envisages exporting the aforementioned product through electronic commerce. It is essential to know how the target market is in this situation. The geographical area with the highest income from this type of trade is the GZ WELM, in which France leads the way with a total of \$54,469.00 USD, followed by Spain with \$18,731.00 USD and Italy with \$17,339.00 USD. In the GZ WEMM the figures are low in relation to those already mentioned in the other geographical area. The Netherlands will reach revenues of up to \$15,434.00 USD, Austria \$8,890.00 USD and Belgium \$7,412.00 USD.
- E-Shoppers<sup>14</sup>: this category is relevant for the selection of markets since it is the percentage of the total population of each country that buys online and is called e-shoppers. The GZ WEMM has the highest percentage of e-shoppers, with the Netherlands having 84% e-shoppers in its population total, followed by Belgium with 60% and Austria with 46.75%. On the other hand, the percentages of e-shoppers in the GZ WELM are not low, on the contrary, they exceed 50%, with the exception of Italy, which has 34% of e-shoppers in its total population.

### Accessibility and Risk

- Customs barriers<sup>15</sup>: the two geographical areas correspond to the European Union, which does not have tariffs for the specified product. However, each country has its own internal tariffs that vary according to the product. For item 970110 from Ecuador, the geographical area with the highest tariffs is the GZ WELM, in which Italy has a 22% tariff, France 20% and Spain 10%. In contrast, the GZ WEMM has lower rates such as Belgium with 6%, Austria with 13% and the Netherlands with the highest of the group with 20% in internal tariff.

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<sup>13</sup> The data obtained from this criterion correspond to an estimate for the year 2019 made by the Statista website.

<sup>14</sup> Data obtained in the European Ecommerce Report 2018 Edition.

<sup>15</sup> The criteria data of tariff and non-tariff barriers have been obtained on the European Website Commission of the European Union.

- Non-Tariff Barriers: this category corresponds to all the requirements that the product must meet in terms of documents or certifications. However, when researching this category on the official website of the European Union, there is no non-tariff barrier that the established product needs regardless of its origin. Therefore, in this category the data is the same and there is no one geographical area that surpasses the other.
- Commercial Risks<sup>16</sup>: both geographical areas have very good levels in terms of their country risk. However, in the GZ WEMM the three countries have a very good solvency as the Netherlands with A1, like Austria and Belgium with A2. On the other hand, in the GZ WELM France and Spain share the level of A2, which means that, they have a good solvency. However, Italy has an A4 level where the risk is present and must be assumed. This represents that very likely large buyers will fail in their payments. The nature of the business that arises in this titration work refers to individual buyers, who are subject to payments by electronic means that are expected to give greater security when marketing.
- Ease to do business: the website Doing Business carries out a ranking each year in which it rates the countries of the world on the ease of doing business in that country. Both geographical areas are in very good positions where they do not go beyond post 51, which corresponds to Italy, it is linked to the previous category that gives rise to an assumable risk.
- Transparency and corruption: The Transparency International organization analyses the different countries on the corruption situation. The GZ WEMM has the best positions since two countries got the sixteenth position (Belgium and Austria), and the Netherlands is in the eighth position; resulting in this category being very high. On the other hand, Italy has the lowest position in its geographical area, followed by Spain and France.

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<sup>16</sup> Data obtained from the Annual Ranking of the company COFACE for Trade. This establishes seven levels of risk for countries (A1, A2, A3, A4, B, C, D) ranging from very solvent A1, A4 assumable risk and high level of political and economic risk, D.

Finally, the selection of markets through the matrix carried out, has resulted in the company Larrazabal Gallery opting for the Geographic Zone of Western Europe-Large Markets conformed by Spain, France and Italy. This result is consistent with the issue raised since Ecuador (as an exporting country) has a good relationship with these countries. In addition, these three countries have a high reputation in terms of what art is concerned, so they are very attractive markets.

## **CONCLUSION**

When starting with a research work like the one being carried out, several concepts must be analysed to continue with its correct development. So it was prudent to understand what art and its market mean to conclude that the art market is in a constant transformation not only for the final product that is handled, but for its intermediaries, who are agents that facilitate the artists' sells, so they must adapt to what their clients want and offer what is being handled at that moment.

Art consists of a subjective and complex term to explain; however, the works have to have specific characteristics that can be defined as a true work of art. The characteristics that most stand out are the rarity and distinction that must be maintained so that the work persists in time, transcends and manages to attract the attention of potential buyers. A company dedicated to the sale of art understands that the essence of a work of art is its uniqueness, indivisibility and the fact that it cannot be substituted or replaceable. Therefore, the importance of finding artists that reflect this type of qualities in their works. Also, when working with artists, their background should be analysed, since reputation in the artistic world is very important, and the curriculum that they have either in experience or partly academic, speaks a lot of them.

In previous years, according to studies about art, the Latin American market had a great reception, but exports have not reflected this. Affirming that the art market is changing and unstable, it needs to be in a good economy for people to acquire works of art. The same happens with the Ecuadorian art market, which has given birth to important artists who live by art. In Cuenca, with specific galleries that have emerged gracefully from the

passage of time, are those that have been analysed to understand their development, especially if you are looking to be intermediaries for the sale of works by young artists.

A substantial assertion is that society is living in a globalized world, even more if trade is considered, since the term "global market" can be evidenced by products such as the Coca-Cola soft drink, which needs to be the same everywhere it is sold. Globalization has come to influence the way of marketing products or services are traded, taking as an example web pages such as Amazon, eBay, Alibaba, Airbnb, among others. What these platforms share is electronic commerce. Their consumers are those who offer their products or services, and they apply a type of electronic commerce, C2C.

The art world has gained an advantage with this new form of commerce. Many auction houses have taken advantage of this process to not stagnate with a traditional sale. In addition to the Sotheby's and Christie's auction houses, there are commercial platforms that have been able to profit from the sale of art like eBay and *Mercado Libre*. Figures from the platforms are interesting to analyse, since these vary according to the artist and the size of the art work, thus creating a new target.

Finally, the selection of markets is the basis of a work in which it is sought to export paintings to European countries, which from this analysis has resulted in France, Spain and Italy. This is the most convenient group of countries for exports to gain a successful commercial partnership. Having as a result that the proposed work is only aimed at exporting to these markets and adapting them in terms of their legal norms and the catalogue to offer.

## **CHAPTER 2: LEGISLATIVE ANALYSIS ON ELECTRONIC COMMERCE AND EASY EXPORT TOOL**

### **INTRODUCTION**

This second chapter will focus on three issues that are combined with the first chapter to make way for the final result that will be obtained in the third chapter: productive matrix change, legislation of the countries involved and Easy Export tool. It is essential to start with what the change of productive matrix represents for local companies and in general for the production of the country. The reason why this chapter begins with what is integrated in the "Good Living", is due to the fact that the present work tries to obtain in its last chapter the establishment of a website proposal to export works of art, which is a product with added value.

Likewise, this chapter seeks to establish the legal context necessary to clarify any doubts surrounding what Ecuadorian and European Union legislation can affirm about trade, with special emphasis on e-commerce. The relevance of this analysis corresponds to the fact that it is necessary to know what can or cannot be done with respect to a business, even more so when dealing with a business that is developed in digital media. It does not have an organ of control that can constantly monitor what it does and accommodate necessary sanctions against consumers or suppliers. However, States have tried to legislate such activities where no element of it is harmed. The same situation occurs with regard to Intellectual Property, which will be explained in a detained way due to its close relationship with art, in order to benefit the artists with whom it wishes to work in the most appropriate way.

Finally, the Easy Export tool will provide its services for the export of the final product, the paintings of art. This tool should be studied very well in aspects such as how it works from the moment of registration, the shipment, its modalities, its benefits, the tariffs to its disadvantages, among others. This analysis must be correctly carried out because with this platform the whole shipment will be made and if its characteristics are not known in advance, all the work can fail.

## **CHANGE OF PRODUCTIVE MATRIX**

The Republic of Ecuador, since the last presidential administration of Ec. Rafael Correa, applied the proposal of the National Plan of Good Living 2013-2017 that sought, among other parameters, that the country change its current export of primary products and become an exporting country of products with added value where technology makes its maximum appearance through the transformation of the productive matrix. The so-called "productive matrix" is considered the set of production processes, social relations that occur through this process, and the final products (Secretaría Nacional de Planificación y Desarrollo (SENPLADES), 2012). A very clear fact is that Ecuador has a certain pattern of specialization given by the primary productive matrix that is based on the export of primary goods with very little or non-use of technification.

This situation has been happening throughout the republican era of the country, having as examples the "commercial booms", such as the boom of cocoa (1890-1920), the banana boom (1946-1968) and the petroleum boom (1965-1976) (Secretaría Nacional de Planificación y Desarrollo (SENPLADES), 2012). These three moments in Ecuador's history constitute the referents of what happens in terms of exports today. Ecuador exports valuable raw material for other countries with low profits; the buyers transform them and include added value to their final product, thus having greater profits at the expense of the Ecuadorian primary producer.

The objective of the transformation of the productive matrix is to stop exploiting the natural resources that the country has today, and to concentrate on the use of the diverse capacities and knowledge that Ecuadorians possess or can acquire. The plan has four axes that seek:

- Diversification of production focused on chemicals, steel, metallurgy, and other related areas for strategic industries.
- To add value through the use of technology and knowledge about other productive processes involved in biotechnology, renewable energies, and environmental services in general.
- Replace imports which are now taking place in the country for goods and services produced domestically and in a short period of time.
- Encourage exports of new products with higher added value.

(Secretaría Nacional de Planificación y Desarrollo (SENPLADES), 2012).

In the new presidential administration led by Mr. Lenin Moreno, he is still looking for this change through the National Development Plan of 2017-2021 with the Objective 5: To promote productivity and competitiveness for sustainable economic growth in a redistribute and solidarity way. It aims to "[...] incorporate greater added value to national production to establish quality standards that allow their differentiation in the national and international market..." (Secretaría Nacional de Planificación y Desarrollo (SENPLADES), 2012).

Consequently, the proposed project is related to what this objective establishes because it is intended to give greater potential to human talent and incorporate a greater added value to national products in order to offer online information about each artistic work and facilitate its acquisition from anywhere in the world with secure and reliable parameters. A work of art is defined as a "material object created by an artist," (Peñuelas, 2008) which means that its added value is justified.

## LEGISLATION OF ECUADOR

- Constitution of Ecuador

In 2008, through the Constituent Assembly the new Constitution of Ecuador was established. It has eight titles in which are elements of the State, rights and duties of Ecuadorian citizens, constitutional guarantees, participation and organization of the State, territorial organization, Good Living regime, international relations, and development regime. Within these eight titles, it is intended to analyse the articles related to the subject of this degree work.

Initially, in title II "Rights", second chapter following "Rights of good living", third section "Communication and information", article 16, the State grants the right to all individual or collective to have universal access to the so-called information and communication technologies (ICTs). ICTs being all the innovations in technology that allow storing, processing and distributing information through communication networks (Fernández Muñoz, 2005). Within the same title, in its fourth section "Culture and Science", article 22, the right is given to every person to develop their creative capacity and the exercise of cultural activities, the protection by moral and patrimonial rights to authorship scientific, literary or artistic works. As a result, every Ecuadorian has the right to develop, exercise and be protected over artistic works that they have authored. Finally, in the ninth session "User and consumer users", article 52, the right is granted to all persons to acquire goods and services with the highest quality and without deceptive advertising of any kind regarding their content and characteristics.

Continuing with title II of the constitution, sixth chapter "Rights of freedom", article 66, several rights granted by the State are recognized. In its numeral 15, it expresses the right to develop economic activities by citizens either in a particular way or in association fulfilling the principles of solidarity, social, and environmental responsibility. This right gives the possibility to any person to exercise an activity whose purpose is a monetary compensation in exchange of goods and/or services.

In another instance, in the title VI "Development Regime", chapter four "Economic Sovereignty", seventh section "Commercial Policy", article 304, several objectives of the country's commercial policy are established. In Section 2, it is explained that the State will



regulate, promote, and execute necessary measures in a strategic way to enter the world economy; and in its 3rd, it seeks to invigorate national production. These objectives are basic for a company to develop its internal production and seek to expand it to worldwide levels, that is, to export goods and/or services worldwide. This clarification is related to article 306, which establishes that the State will promote exports, when they comply with environmental responsibility, generate employment, and there is an added value in their product and/or final service; seeking preference in exports from small and medium-sized companies, as well as from the artisanal sector.

Following in the same title and the same topic, sixth chapter "Work and production", first section "Forms of organization of production and management", article 319, second paragraph, the State will guarantee that the country, in an active way, participate in the international context with its production. Second section "Types of property", article 322, intellectual property arises as a type of property which will be conditioned by the same law and abide by the prohibitions about the appropriation of collective knowledge in science, technology and ancestral knowledge.

In its chapter VII "Regime of Good Living", first chapter, "Inclusion and equity", fifth section "Culture", article 377, it is established that the national system of culture has the purpose of encouraging people to have free artistic creation, production, dissemination, distribution and enjoyment of cultural goods and services, through the guarantee of an exercise of the cultural rights of citizens. The State will be responsible for the fact that the distribution, public exhibition and mass diffusion do not condition the creators. And how to support artists in the exercise of their activity and encourage people, institutions, companies and media to promote, develop and finance cultural activities. In its numerals 7 and 8, the State must be guarantor of the promotion, dissemination of national cultural production, and of adequate funds for the exercise of cultural policy.

Title VIII "International Relations", second chapter "International treaties and instruments", article 417, Ecuador will abide by the provisions of international treaties that the country has ratified provided that it does not go against what is dictated by this Constitution. This is established as a very important article since, being a work, which has its central theme is trade, international treaties are essential for the facilitation of this activity.

Ecuador has ratified several international treaties that are very significant for itself, and one relevant within the context of this work is the commercial agreement with the European Union. It entered into force on January 1, 2017 and has the advantage of that the products of Ecuador that are within the treaty can enter with tariff 0 (Ministerio de Comercio Exterior e Inversiones, 2016). Likewise, within this agreement, intellectual property is discussed, which will be complied with by the WTO Agreement on International Property Rights related to Trade (AIPR), which strengthens copyright and similar rights found in Ecuadorian legislation. Therefore, it protects the right of authorship for 70 years after the author of a literary work dies and 50 years for artists, performers or interpreters (Ministerio de Comercio Exterior e Inversiones, 2014).

- Organic Code of Production, Commerce and Investments

In this legislation all purposes which it is responsible are explained, which are specified in article 4. The most relevant purposes are about the transformation of Productive Matrix in order to have a production with high added value made in a sustainable way and based on innovation. The literal c, goes hand in hand with the above, since, seeks to boost domestic production, trade and consumption, the use of technologies that do not harm the environment, and the use of renewable energy. In relation, the literal e corresponds to the generation of an integral system that is as a help to entrepreneurship, through science and technology; having as purpose the change of the productive matrix. In the literal o and p, the OCPCI aims to increase exports and provide easy operational processes for foreign trade to have good mobility.

This new production with high added value seeks to be achieved through the implementation of a commercial policy, incentives and specific instruments that contribute so that companies can market in an eco-efficient manner. The incentives used will be general, sectorial and for depressed areas. In Book III "On the Business Development of Micro, Small and Medium Enterprises (MIPYMES)<sup>17</sup>, and Democratisation of Production "Chapter I and II the concept of MIPYMES is established and the power to coordinate development policies for them to

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<sup>17</sup> Art. 53 OCPCI.- Micro, Small and Medium Company that can be constituted by a natural or juridical person that realizes an activity in the commercial, productive fields or by means of offer of services that fulfils with a number of workers and a gross value of sales annuals specified in the COPCI Regulations.

Production Sector Council is given. Among the duties of this institution is "formulate, prioritize and coordinate actions for sustainable development" (COPCI, 2010) of this type of companies, encourage participation by national universities in programs of entrepreneurship, clean production and responsibility social, etc.

Book IV "On Foreign Trade, its Control Bodies and Instruments", constitutes that the Committee of Foreign Trade will have the power to approve the national commercial policy, as well as to create, modify or eliminate customs taxes, non-tariff rates, customs requirements, among other attributes. In its chapter IV "On Furtherance and Promotion of Exports", article 93, the incentive to export through preferential tariff programs or given advantages from agreements or international commercial treaties.

Book V "Systemic Competitiveness and Customs Facilitation" establishes the import, export, other and exceptional customs regimes. The exception regimes are relevant on this point, because in article 164, it is about postal traffic which refers to the "import or export to consumption of shipments or parcels whose customs value does not exceed the limit established in the National Customs Service and international agreements" (COPCI, 2010). This article is the legal basis by which the Easy Export Tool was constituted, and which will be used in the present work.

- Electronic Commerce Law

The so-called Law of Electronic Commerce, Electronic Signatures and Data Messages, issued in 2002, explains that considering that through the use of the Internet there are economic and commercial relations, as well as, civil and commercial acts. Therefore, it is necessary to regulate, regulate and control these relationships through a Law. As the name of the Law explains, it is divided into five parts; which correspond to data messages, electronic signatures, electronic services, electronic evidence and computer infractions.

In the first chapter of its first title referring to data messages, the general principles that govern this section are established. Among the most relevant principles are that any data message will have legal recognition as well as any physical written document. Likewise, all data messages will be regulated by intellectual property laws. It incorporates the principle of original information in which it is detailed that, at the moment of needing the data message,

it must be the original, preserving the integrity of the same. For a data message to be complete, it must be complete and unaltered in its content. On the other hand, there is the provision of express data, all types of collection and use of personal data will correspond to the so-called rights of privacy, intimacy and confidentiality found in the Constitution of the Republic and will only be used with the prior authorization of the owner.

Continuing with the second title of the Law, everything related to electronic signatures is established. Conceptualizing, an electronic signature is a set of electronic data associated with a data message and serves to identify the owner of the signature. This electronic signature is equally valid for a handwritten signature, so it will have the same legal effects and will be recognized as evidence at the time of a trial. To become valid, an electronic signature must be individual for the owner, it must be able to identify the owner, at the time of creation it must come from a secure creation method, as well as the data of the signatory. Finally, the signature must always be controlled by the owner. Signing Electronic certificates, as its name implies, are data message which have the function of certify the electronic signature by the relationship between the owner and the same. These certificates are issued by entities, which can suspend the electronic signature due to the verification of false data or breach of contract, among others.

Chapter IV, explains the agencies for the promotion and dissemination of electronic services, and those for regulation and control of accredited certification bodies. The Council for Foreign Trade and Investment is in charge of the promotion and dissemination of electronic services, which includes electronic commerce, electronic signatures and investment promotion. Meanwhile, the agency in charge of the regulation, authorization and registration of certification entities is the National Telecommunications Council.

In Title III, we talk about electronic services, these correspond to "any activity, commercial transaction, financial or services, which is carried out with a data message" (Congreso Nacional, 2002). In article 46, it is stated that electronic contracts are given by data messages and these will have the same validity as a written contract. The electronic contracts will be subject to the laws and not to receive, confirm the receipt or open a data message confirms the acceptance of the contract, provided that it is not previously agreed between the parties.

The rights of users or consumers of electronic services are established in Chapter III. Beginning with the acceptance of a data message, the user or consumer must expressly consent. If it becomes necessary that the information on something related to the electronic commerce activity be physically, in writing, the consumer must give his consent. Consumers or users of electronic services must have all the information of their rights, which are found in the Organic Law of Consumer Protection and its Regulations. At the moment that there is a commercialization of a good or service by an electronic means, the person who offers it must give all the information about requirements, conditions and restrictions that the final consumer needs to acquire the good or service that is being offered to him. Regarding the advertising, promotion and information of electronic services that are given by the Internet, they must be in accordance with the law and within the reach of every consumer.

Title IV "Of the proof and electronic notifications", it describes that any "data message, electronic signature, electronic documents and national or foreign electronic certificates, will be considered proof means" (Congreso Nacional, 2002). In addition, it includes that the electronic notifications will be given in a judicial box and/or in the electronic address.

Finishing with chapter V about computer infractions, this is based on what the Penal Code has defined as such. They are considered computer infractions when:

- A person who, when using an electronic or computer means, has accessed security codes without permission to obtain information.
- A person gives or publishes information about personal data that he or she obtained illegally.
- A public employee or a civil employee has maliciously destroyed or hidden any type of document or data that was in an electronic medium.
- The person who knowingly acts causes harm to a third party due to the alteration or modification of a data message.
- The person who, when using an information system, seizes the property of a third party through the non-consensual commercial relationship of banking assets or securities and that has harmed the third person.

## LEGISLATION OF THE EUROPEAN UNION AND THE COUNTRIES OF SPAIN, FRANCE AND ITALY

- Legislation on Electronic Commerce of the European Union

Directive of the European Parliament and of the Council of the European Union of 8 June 2000 on legal aspects of information society services, in particular electronic commerce in the Internal Market (Directive on electronic commerce)

The document of the Directive of the European Parliament and of the Council of the European Union on legal aspects of information society services, in particular electronic commerce in the internal market, was issued in mid-2000 (Directive on electronic commerce) in order to ensure an adequate circulation of information society services<sup>18</sup> in the internal market between the Member States of the European Union. The Directive considers that electronic commerce should not be hampered by legal obstacles that do not allow a free movement of services or goods. This document seeks to apply the principles related to the protection of consumers' personal data as commercial communications that have not been requested by the recipient. The aforementioned services of the information society are linked, mainly, to the sale of goods online, and the Member States have full power to adopt measures that restrict the free movement of these services. However, with regard to electronic commerce, the Directive seeks to have meaningful cooperation with third countries, especially with developing countries, which is why its legislation must be compatible with that already established in other regions.

The Directive establishes principles in its Chapter II, among which is the "General information required" which specifies that all service providers must have clear and easily accessible to the consumer and the competent authority all information regarding:

- Provider's name;
- Geographic address where the provider is located;

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<sup>18</sup> Service of the information society, corresponds to any service that has been given with the expectation of receiving a remuneration, without the two parties being in the same place present and at the same time, by means of an electronic channel, always and When there is a request from a recipient of services (Parlamento Europeo y Consejo de la Unión Europea, 1998).

- Email address or other contact information;
- Name of the commercial register (if the bidder is registered);
- Authorization regime (if the activity requires it);
- Identification number of the activity that imposes value added tax (VAT);
- Information on prices, taxes and shipping costs.

Another relevant principle is in relation to the treatment of contracts issued through an electronic channel, in which every member state must have in its legislation the validity of a contract electronically; with the exception of contracts issued on real estate issues, family law, credit or where the courts need to take part.

In articles 10 and 11, the required information that all bidders must comply with for their consumer in the process of executing the order is explained, as well as that it is easy to access, clear and simple to understand. Among the information requested that the bidder should have available to the consumer is that:

- All the steps must have to be very well specified on what the consumer should do to celebrate the contract;
- If the bidder considers that the contract must or should not be registered, it must clearly inform to the consumer;
- Indicate in a simple way the procedure to correct errors when placing an order;
- Specify the language in which the contract will be celebrated.
- When the order is given, the bidder must, immediately and electronically, acknowledge the receipt for the consumer.

If there is a disagreement between the bidder and the consumer, the Member States must ensure that extrajudicial means of settlement are used, even electronically. Likewise, it is expected that, if any infraction occurred, provisional measures will be taken to not produce new or greater damages. When sanctioning, Member States may apply their national legislation without going against what the Directive allows in this document.

(Parlamento Europeo y Consejo de la Unión Europea, 2000)

- SPAIN.- Law on Services of the Information Society and Electronic Commerce of the Kingdom of Spain

In accordance with what was written in Directive 2000/31 / EC on the legal aspects of the services of the information society and electronic commerce, Spain adopted its own law in which it extends the definition of "information society services" and adds that the activities carried out by newspapers or digital magazines, the provisioning of the network, the transmission of data by means of telecommunications, the services that have been requested by a user are the same as the procurement of goods and services to through an electronic means, always taking into account that these services correspond to a commercial activity.

Within the general dispositions of the exposed law, it is dictated that this will be applied only for the companies established in the Kingdom of Spain. The place of establishment of the service provider is very relevant because this law and the other related laws may be applied to the provider. This provision is rectified in article 2, "Providers of services established in Spain", numeral 1, the development of this law may be given on the service providers of the information society that are established in the Spanish country. That is, it will be established in Spain when the residence or corporate domicile is located in that country, as well as the administrative and business area. However, article 4 specifies that for service providers that are not established in a State of the European Union, the principle of freedom to provide services evoked in international agreements will be applied. This law will be applicable when the Spanish territory appears as the final market for the sale of services by a provider.

In Title IV "Hiring electronically", electronic contracts are given effectiveness, as they are valid and effective as documentary evidence in any trial. There are obligations that the lender must comply with before, during and after the electronic contract has been given. These obligations correspond to those already explained in the previous section, in the document of the Directive of the European Parliament and of the Council of the European Union regarding legal aspects of the services of the information society.

(Ministerio de Economía y Empresa, 2002)



- FRANCE.- Law No. 2004-575 of June 21, 2004 on Trust in the Digital Economy

The second part of the French law on trust in the digital economy explains what is related to electronic commerce, starting with a basic concept about this economic activity that a person offers electronically remote goods or services. As in the case of the Spanish law on the services of the information society, this law will be applied to persons who have been established in a constant and stable manner in the French territory, without prejudice to the seat of the legal entity. Therefore, in article 17 he explains that this activity will be subject to the law of the State in which the person is established, in this case, Ecuador (Asamblea Nacional y Senado Francés, 2004).

- ITALY: Implementation of Directive 2000/31 / EC on certain legal aspects of information society services in the internal market, with particular reference to electronic commerce

The Italian law to regulate the activity of the services of the information society and electronic commerce explains that what the directive has proposed in its document on the aforementioned subject will be observed and that said law will be enforceable for service providers established in the Italian country. In addition, in article 4, literal e, it is mentioned that the parties that have agreed to an electronic contract will have the possibility of setting the law that will be applied at the moment of a conflict (Consejo de Ministros, 2003).

## **LEGISLATION FOR THE FREE CIRCULATION OF ART WORKS**

- UNESCO.- Document of Recommendation to the Condition of the Artist

In general conference number 21 of the United Nations Educational, Scientific and Cultural Organization (UNESCO), in its chapter VI "Employment and conditions of work and life of the artist; professional and union organizations" manifests that the Member States of this organization are obliged to promote and ensure the free circulation of works of art, by means of an agile management of the customs controls of each State and seek to apply exemptions

to these products. This article supports the premise that the States should seek to apply policies and measures so that the circulation of works of art (in this case, paintings) are given in an agile, easy and effective manner (UNESCO, 1980).

## **INTELLECTUAL PROPERTY**

- History

Intellectual property corresponds as a branch of Law it has a difference with respect to its origin with other branches of Law because intellectual property is not derived from the Roman world. It is a modern concept and relates to events important throughout history. Man, through his capacity for invention gave way to the first technological advances between the 15th and 18th centuries, which in turn brought the privileges of invention (prerogatives granted by the King to exploit an idea or invention). The first privilege of invention known in the world was given in 1421 by the Republic of Florence to the architect Brunelleschi to realize the "Barge with crane for the transport of marble". Throughout the sixteenth century various privileges of invention are granted and systematized through legal regulations in England, France and the United States of America; these were like modern patent laws.

The distinctive signs correspond to another space where intellectual property is put into practice, these are given from prehistory in which man has felt a great interest in identifying himself and his creations, this refers to the signatures of artists in some work of art. The trademark law is given in 1373 with the Ordinances of Pedro IV of Aragon that forced the cloth weavers manufactured in Villa de Toroella to use a tower as a local brand. After the Industrial Revolution the brand is strengthened and the first laws on trademark registration and annulment are given.

Copyright is a modern phenomenon that occurs through the appearance of the printing press. The legal recognition of authors is given in 1709 with the Statute of Queen Anne, this gives the right to edit a work to the creators themselves. Finally, thanks to the Paris Convention for the Protection of Industrial Property in 1883, the Berne Convention for the Protection of Literary and Artistic Works in 1886 and the creation of the World Intellectual

Property Organization, the appropriate importance has been agreed upon. to Intellectual Property.

Intellectual Property protects "creations of the mind: inventions, literary and artistic works, as well as symbols, names and images used in commerce" (Organización Mundial de la Propiedad Intelectual (OMPI), n.d.). The term property has a legal relationship whose content is patrimonial, the copyright has a moral and patrimonial content: moral as for a group of powers to exploit exclusively given to the creator and patrimonial, in which the faculties involved are imprescriptible, inalienable and irrevocable. In copyright the legal power does not fall on a movable or immovable body object but on intellectual creation. This arises from the creation itself, so that, if it were to give a total sale of the work, the author retains control over it, since, by moral right, the work will always remain attached to the personality of its creator.

- Types of Goods

Article 90 of the *Ingenios* Code (IC) establishes four types of goods that are used in intellectual property rights: goods that guarantee fundamental rights; goods related to strategic sectors; goods related to biodiversity and traditional knowledge, and; the other assets (Asamblea Nacional República del Ecuador, 2016).

- Copyright

Copyright is a set of subjective rights that creators have over their literary and artistic works (Organización Mundial de la Propiedad Intelectual, n.d.), these rights according to the IC in article 102, states that they are born and will be given from the moment of creation of the work (Asamblea Nacional República del Ecuador, 2016). This protection will be given to any work (literary, artistic or scientific) that complies with the characteristics of originality, ability to reproduce or disseminate by any means or means already known or to be known (Asamblea Nacional República del Ecuador, 2016). It is established by article 104 of the IC.

Right holders correspond only to the natural person who can be the author; a legal person can be the owner of economic rights. To determine the ownership of a work must be provided what the law of the country of origin of the work establishes, this according to what was established in the Berne Convention, article 108 IC (Asamblea Nacional República del Ecuador, 2016).

In the IC, in article 118 four moral rights are granted to the author, they are irrevocable, inalienable, indefeasible and imprescriptible:

1. Keep the unpublished work or disclose it;
2. Claim the paternity of his/her work at any time;
3. Oppose any deformation, mutilation, alteration or modification of the work that attempts against the decorum of the work, the honour or reputation of its author, and;
4. When the support of these works is owned or owned by a third party, the author has the moral right to access the copy after compensation to the owner

The fourth does not give permission for a displacement of the work, access to it will be given in the place and the way in which the legal owner decides it, if any damage of the work happens, it will be compensated. The second and fourth right will be imprescriptible, if the term of protection of the works is fulfilled, automatically the rights in numerals 1 and 3, will cease to be demanded from third parties (Asamblea Nacional República del Ecuador, 2016).

Patrimonial rights are six exclusive rights given to the author or his/her successor in title, as determined in article 120 of the IC:

1. Reproduction of the work by any form or procedure;
2. Public communication of the work by any means that diffuses words, signs, sounds or images;
3. Public distribution of copies or copies of the work through sale, lease or rental;
4. Import of copies made without authorization of the owner;
5. Translation, adaptation, arrangement or other transformation of the work, and;
6. Making the works available to the public, so that at any time or in any way they have access to it (Asamblea Nacional República del Ecuador, 2016).

The duration of economic rights covers the author's entire life and seventy years after his death, adopted in article 201 of the IC (Asamblea Nacional República del Ecuador, 2016).

A relevant article for this titling work is the 121 in which the right to equitable remuneration is established, this right is recognized towards the author in an irrevocable manner, which is a compensation for certain uses or forms of exploitation of his/her work. Corresponds to a right to receive compensation for resale of plastic works. Equitable remuneration rights are compulsory collective management (Asamblea Nacional República del Ecuador, 2016).

With respect to this right to resell a work, article 158 grants the author or his/her heirs the right to claim 5% of the resale price, provided that this has been greater than that of the first sale. This is an irrevocable, inalienable right and can be exercised only for the term of the economic rights over the work and "the action to demand the payment of this right for each resale will prescribe two years from the date of the respective resale " (Asamblea Nacional República del Ecuador, 2016).

## **COMPUTER TOOL: EASY EXPORT<sup>19</sup>**

- What is it?

It is a government program involving several public institutions, including the Ministry of Commerce, Ministry of Industries and Productivity, *Correos del Ecuador CDE EP*, National Institute of Cultural Heritage, Customs of Ecuador (SENAE), Regulation Agency and Postal Control, Ministry of Telecommunications and the Information Society, and, Pro Ecuador. This program developed the Easy Export computer platform, whose main objective is to facilitate and promote exports of Ecuadorian products that come from MIPYMEs and artisans to an international market to ensure that Ecuador consolidates its competitiveness in the field of exports (Correos del Ecuador CDE E.P., n.d.).

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<sup>19</sup> The information about Easy Export has been obtained through an interview made by the author of the work to two public servants of the *Correos del Ecuador CDE EP* institution at the headquarters of the city of Quito, Ecuador (Mármol & Cueva, 2019).

- Advantages of using the tool

The tool has been perfected to support small producers because exports often require the use of containers, which in turn must be met with large quantities of production. Many MIPYMEs do not have these amounts of products to their credit. Due to this precedent, the tool gives the exporter an established weight range of up to 30 kg and a declared commercial value of \$5,000.00 USD, and does not restrict the number of quantities by exports. That means that, an export is already considered as such if it is sent from only one unit to the quantity that the exporter wishes, as long as the weight range and declared value previously exposed are not exceeded, this is considered as its main advantage.

Being a government program, there is an agreement that the institutions involved participate and simplify the procedures that must be fulfilled to carry out the export. An example is between *Correos del Ecuador* and the National Institute of Patrimony and Culture. If the tariff item that has been placed must comply with the certification document of non-patrimonial goods, this certificate will be generated automatically in the system through a statement that the exporter must make stating that the product does not belong to the list of heritage assets of the country, resulting in the elimination of having to go to the institute and request this certificate. The NIPC will be notified about a next shipment that contains merchandise with a requirement for this type of certificate, so this institution randomly checks in the classification centres of *Correos del Ecuador* that in effect no asset is being sent. According to the tariff items of the products to be exported it will be necessary to comply with said certificate, it can be checked if the object to be exported is included in the written list of patrimonial assets of the Organic Law of Culture in its article 54, the works of art that this thesis intended to export does not appear on the list, therefore, it is not necessary to remove said certificate.

The program turns out to be a logistically for the exporter, this is because there is the facility that the institution provides the stamps, guides and declarations necessary for export online and at a reduced cost. Likewise, at the moment of sending, the transport process can be controlled, that is, to know where it is located and what the approximate time of arrival is, regardless of the weight of the merchandise or the place of destination. Logistics costs are

very low since a broad advantage is that the tool works with a net and non-volumetric weight rate. This being a benefit for being part of the Universal Postal Union (UPU) and having signed the Universal Postal Convention, since this agreement for an international shipment is not charged by volumetric weight. As an example, we can mention straw hats, they have a very light weight as a product, what weighs more is the box per se. Therefore, the tool takes into account the net weight of the merchandise, giving as an advantage the low cost to pay, unlike the courier business, which charge based on a volumetric weight.

- Requirements

The indispensable requirement to use the tool is that the exporter has a Unique Taxpayer Registry (UTR) because the export is a commercial activity, however, it is not necessary for the UTR to be an exporter, only that whether it corresponds to a commercial activity. Anyone who owns UTR can register to use the tool. There is the possibility that a person with a teacher's UTR is registered on the platform, however, if the exports are constant, it is advisable to acquire a secondary activity in which it is indicated that a product or service is being sold, this only for IRS topics.

- Process

1. Own UTR
2. Register on the Easy Export website. Registration is free.
3. Take into account the tariff heading number for the export to be made. There are no limits to add the tariff items, for example, if a person registers with the tariff of chocolates and at another time decides to export *toquilla* straw hats can enter the new tariff and the problem is solved.
4. Create a username and password.
5. Generate Simplified Customs Declaration (SCD), the data that is entered in the SCD must go in relation to the commercial invoice.
6. Take the package to the counter of *Correos del Ecuador*.

7. The counter staff gives the exporter the guide number and indicates the actual weight and the collection of the shipment.
8. Through the platform with the guide number the package is tracked until it arrives at destination.

- Packaging

The program facilitates exporters by providing information about how to package their products to send, however, does not require a single way of packaging. The responsibility of packaging is the person who is going to send. In addition, packaging is often a form of marketing, then it depends on its design, style and what the exporter decides to express with it. The only restriction that is specified when exporting a package is its dimensions: 1.05 x 1.05 x 1.05 meters.

- Packing

Packing and packaging are different concepts, on the one hand, the packaging is "any material that encloses an article with or without a container to preserve it", on the other hand, the packing is "all the materials, procedures and methods that serve to condition, present, transport a merchandise" (Beltran , 2014). However, this circumstance does not have responsibility for the institution either, so the advisors of the platform suggest that the packing is resistant and the exporter is advised to protect its product well. There have been cases in which sculptures carved by artisans from Ibarra have been exported, who have considered packing and packaging as an expense and their products have suffered the consequences. Through a meeting between the exporters and the advisors of the platform they realized that the artisans packed their products in toilet paper with packing tape, which resulted in very serious damage to their works. Although, there are other cases in which exporters have designed their own wooden boxes where they immobilize their product by means of screws, then proceed to apply sponges throughout the work to avoid any damage at the time of arrival of the goods. If the package at the time of taking it to the counter for the shipment presents a bad packing, it will not be accepted.



Something important to remember for packing and packaging are the controls of the anti-narcotics police, given that if they consider that something suspicious exists in the merchandise they will proceed to investigate in search of illegal substances, having as a consequence that they scratch the painting of a work painting. The exporter should advise on this issue and find out if a previous inspection by this department is necessary to be carried out from the beginning and throughout the packaging and packing process. Some exporters who are aware of this situation have decided to send an extra unit of their product as a precaution in case the police open their product and damages it. Personnel in charge of this program have reached an agreement with the police so that even if they control the merchandise belonging to this program, they do so with more care than usual. The police anti-narcotics department normally has two types of controls: canine and scanner. The package goes through a scanner, if nothing bad is found, they proceed to let the dogs smell it and if they find something strange, they continue to register the contents of the package.

- Simplified Customs Declaration (SCD)

This declaration consists of a document carried out electronically in a simplified manner, which proves the authorization by the National Customs Service of Ecuador (SENAE) that is given to an exporter or importer in a regime of "Re-shipment" and to a public operator or private in a regime of "Postal Traffic" or "Accelerated Courier or Courier". So that they can carry out their respective activities complying with the weights, amounts, regimes and other requirements that are necessary to fulfil said activity (Servicio Nacional de Aduana del Ecuador (SENAE), 2015). This statement is the one used by the Easy Export tool to take control of the merchandise that will leave the country, the same one that contains six areas that must be filled electronically:

1. Customs / Regime: regime to be exported and filing date.
2. Data of the exporter or sender: company name, address, telephone, RUC, city, e-mail, ISIC code and postal code.
3. Recipient information: name of the recipient, country of destination, city of destination, address, postal code, telephone, e-mail.

4. Detail of the goods / Series: tariff heading, commercial description, physical units, weight in kg and FOB value.
5. Determination of the tax base: total series, total FOB, total weight (kg), total insurance, service, freight without VAT, freight with VAT.
6. Attached documents: type of document, document number, issuing entity, date of issue and effective date.

- Accompanying documents or attachments

As the name implies, they are documents that must accompany the SCD to demonstrate that the merchandise to be exported contains certain restrictions or special attributes for its export. The certificate given by the NICP has been mentioned, which consists of ensuring that no asset is being exported. However, there are other documents that will be mentioned below:

- Certificate of inspection
- Certificate of origin:
- Commercial invoice
- Packing list
- Phytosanitary certificate

From the aforementioned documents, the commercial invoice will be essential to send a package through the platform because it constitutes a document that will be used by the customs at destination to check that the product that has been sent has in effect the cost that is indicated in the SCD and the invoice and thus check if tariff taxes will be levied that will be paid by the recipient. On the other hand, the certificate of origin depends on the tariff heading of the product, this is a document that endorses an international agreement between two countries, indicating that the product that is being sent is of Ecuadorian origin and should not tax, that is, that the product sent has a minimum or zero tariff for the negotiation given between the country of origin and the country of destination. This type of document is optional, if the client requires that this certificate be generated, the exporter must obtain the certificate by means of the previous acquisition of a token.

- Shipping methods

The Easy Export tool maintains two shipping methods at the moment: EMS and certificate. The two services are handled through the postal network, the same as Ecuador is a participant. In the Universal Postal Union there are 192 countries with which Ecuador works and are responsible for receiving the packages and distributing them internally.

Postal Service EMS, is a faster, priority service, in the sense that when it reaches the operations centres of each postal operator, this is one of the first packages that are shipped. When using this service, the client obtains a better tracking, where he/she will have complete information as opposed to if he/she chooses the certificate service.

Postal Service Certificate, consists on a service with a standard treatment, is not a priority but normal. Therefore, delivery times for this type of service are longer. By not having a priority in the postal network and being interconnected with airlines, the processes in customs offices are long-term, differing in each country.

		Easy Export	
		CERTIFICADO	EMS
Delivery Form		At the destination	
Maximum Dimensions		Height 1.05 x Width 1.05 x Depth 1.05 (meters).	
Maximum Weight	Small Package	2 Kg.	30 Kg. *
	Postal Order	30 Kg. *	
Tracking		Through web page	
Insurance		Yes	
Coverage		192 countries worldwide, according to UPU (Universal Postal Union).	
Treatment		Standard	Express

\*It will depend on the country of destination, check [Permitted weights by country](#).

Activar Windows  
Permited weights by country

Figure 17. Delivery forms Easy Export

Source: (Exporta Fácil, n.d.)

## ARRIVAL TIMES

Zones	Coverage	EMS	CERTIFICATE
		Business Days	Business Days
Zone 1	Andean Pact and rest of South America	15	20
Zone 2	USA, Mexico, Guyanas and Surinam.	12	20
Zone 3	Canada, Central America and the islands of America	15	20
Zone 4	Europe	10	12
Zone 5	Asia	10	12
Zone 6	Rest of the world	12	15

\*Consider once the package arrive in the country of destination from 2 to 3 business days estimated by the customs clearance process which depends on each country.

\*Consider that these times may vary in high season.

Figure 18. Estimated arrival times Easy Export. Source: (Exporta Fácil, n.d.).

Exceptions		
Country	EMS	CERTIFICATE
	Business Days	Business Days
Australia	15 to 20	20 to 25
New Zealand		
Bulgaria		
Qatar		

Figure 19 Exceptions. Source: (Exporta Fácil, n.d.)

*Correos del Ecuador* is developing a new modality that is a prime service, which will manage arrival and delivery times between 2 to 5 days. This service will have a higher cost because it will handle a volumetric weight rate.

- Corporate benefit

When an exporter begins to have a much higher frequency of delivery in the month, there is an additional discount to the rate that is available at the counter. The rates that the platform counts are considered economic, different from the normal rates of the postal service for a normal person. The corporate discount is applied to this economic tariff, which is a higher benefit for the exporter, as well as a more personalized treatment and payment facilities. The development of this benefit is that the exporter makes all his/her shipments in a month, and at the end of the month the exporter will receive a form indicating the must pay amount, for this payment the exporter has 15 days to cancel such shipments. In addition, the staff of *Correos del Ecuador* goes to the company and pick up the packages, saving the exporter to go to the counter to leave the shipment.

- Insurance

The shipments that are made through the tool are mandatory since the product on FOB is \$50.00 USD. The insurance acts in case of loss, damage or theft during shipping and may have a compensation of 90%, having a 10% deductible. The platform works with two insurance premiums, 1.5% for products in general such as textiles, toquilla straw hats or frames and 2% for products such as jewellery, ceramics or glass that are more susceptible to breakage or be stolen. If the declared value is less than \$50.00 USD, there is no obligation to pay insurance.

- Experience of using the Easy Export Tool

In 2008, *Correos del Ecuador* closed a total of 7000 processed pieces<sup>20</sup>. In the north of the country, they work with artisans from Imbabura, who use the tool to export their wood carvings that consist of replicas of other important works. These have a cost in the international market between \$ 2,000 USD and \$ 3,000 USD. Entrepreneurs who began to export their works because a tourist saw potential in said product and asked to be sent by the

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<sup>20</sup> Denomination of packages sent.

DHL company, but decided to send through the platform due to its various benefits, being that they now have a portfolio of Wide clients in Europe and the United States.

## CONCLUSION

Ecuador, a Latin American country has gone through several economic booms that have resulted in that many companies continue to do what they do best, that is exporting raw material to buy processed products at a higher price. However, the government became aware of this disparity and has sought to change the process by introducing its "change of productive matrix" plan, which has been explained in the chapter. This change can be applied with this work's proposal to export art paintings to European markets through a digital medium using a public tool because the product has a high level of added value. This being the reason that best exemplifies the fact that the proposal is intertwined with the government proposal, in the same way, when working with a public company such as *Correos del Ecuador*, it means that the proposal contributes in a greater way to the economic dynamism sought for the country.

Laws in general are those that allow or prohibit situations or activities that individuals or company perform. Therefore, the legislations of Ecuador, Spain, France and Italy are cited in this chapter as well as the European Union's since they provide the legal basis to follow for a company that tries to emerge. The legislations that have been treated are those that act in favour of an activity that has taken a very good journey so that a commercialization is carried out in accordance with the technological revolution that the world is experiencing at present. No law prohibits the activity of electronic commerce, instead it is promoted by the different countries in which it is expected to work. However, the company must comply with any legislation seeking the confidence and security of its product and its consumers.

Intellectual property is a law of extreme importance for artists. This is what helps them to sell their creations knowing that there is no unfair treatment that could harm them. Many artists are unaware of their rights as authors. Therefore, the importance of applying a clause in the sales contract for the paintings explained in article 158 of the *Ingenios* Code of Ecuador in which it is agreed to grant the author or his/her heirs the right to claim 5% of the

resale price of the painting, provided that this has been superior to that of the first sale. With a clarification that this action will prescribe two years from the date of resale.

Finally, the Easy Export tool will be the right platform to be used by the company to accommodate the sale of the paintings that are registered on its website. When analysing the benefits, this tool offers, in terms of what could be investigated, many more advantages than other shipping companies. The prices that the tool handles as being part of a government plan in which several public institutions participate, are very competitive and lucrative for companies that are undertaking with their businesses, as is the case of this company that starts with this type of modality. Through the marketing study, it can be concluded that it is the best option to send the paintings to the selected countries.

## **CHAPTER 3: ELABORATION OF THE PROTOTYPE OF WEB PAGE AND COSTING**

### **INTRODUCTION**

This chapter is the epitome of the thesis made, because here all the previous study is applied and the creation of the virtual store is proposed. To create this store, the proposal must be understood in terms of how to make a web page that has the purpose of selling physical products digitally. Therefore, this chapter will analyse what a virtual store needs, from the domain to sales its forecast.

Although the commercial activity that is being offered through the website is digital, it requires the same things as a traditional commercial company. As a result, this chapter seeks to mark each step so that a sales contract is effective and the customer has his/her product in a satisfactory manner. Due to this reason, we will proceed to explain in detail the process of design and creation of the virtual store, and the shipment process.

Within the design and creation of the page will be investigated the best website to fulfil the purpose of a virtual store that is friendly with the user and who manages it. Also, in this chapter it is necessary to find the company responsible for solving the electronic payment, that is, finding a business that provides the service if a person pays for the product electronically, so the virtual store can access that money and have the possession in exchange for a percentage of the sale for the company that provides the service.

The shipping process must consist of the packaging specification, and the pacing that will be used so that the final product arrives in the best way to its destination. In addition, each of the costs that the company will be responsible for and the costs that will be borne by the customer must be established. Finally, obtaining the utility of the company is the most relevant aspect of this chapter, since it seeks to know whether or not it meets the objective set for this work.



## INTERNET

As the Internet was discussed in Chapter 1, it is a network of networks interconnected through computers or host and links to businesses, education institutions, government areas and individuals (Laudon & Guercio Traver, 2013). Internet provides different services to 4,208,571,287 people around the world, among these services are email, applications, news, sale and purchase, instant messaging, videos, music, etc. (Internet World Stats, 2018). Among the services already mentioned, the web is one of the most important services to access billions of web pages. A web page is an electronic document that is found on the Internet or on the World Wide Web, it has a specific coding given in a language called HTML. To reach these pages the person must access through Internet browsers, which interpret the coding and display the web page as it is known visually. A web server or host is the place where web pages are hosted (Begoña, 2018).

### Elements of a web page

A web page contains main elements that give life to it:

- Text: can be written by the author of the page or users of it.
- Image: they have the option to be in different image formats such as gif, jpg or png.
- Audio and video: with the development of technology these two elements can be embedded videos that are found in other web pages such as the YouTube platform.
- Other: Adobe Flash, Adobe Shockwave, Java or links.

(Begoña, 2018).

### How to create a website?

The creation of a website is simple if it is worked with specialized programs to make this process easy:

1. Acquire the domain: after being sure that the name chosen for the website to be made is free, the domain must be acquired for a fee of around \$ 35 USD per year. In Ecuador, there is the company NIC EC, it is the only one authorized to sell the .ec

domain. That is, if the name of a company is Larrazábal Gallery and want to create a web page for it but that it is indicated that it is from Ecuador, its URL would be [www.galerialarrazabal.ec](http://www.galerialarrazabal.ec) and it should be purchased with the company NIC.

2. Create a sketch: a sketch is very practical at the time of creating a web page, this establishes the pages that make up the site.
3. Define the content: all the information that is placed on the website must be controlled, experts recommend that this content be fresh and interesting for future clients or users of the page. Keep in mind that the home page is the first thing that people see, so it must be a specific amount of information for the client to understand what is sold and decide to opt for that page and not go to another.
4. Design: there are two possibilities to design a web page. It can be done by an expert in the field or through the help of other websites. In the first instance, a text or HTML editor is needed, among the editors that have a simple programming are SharePoint Designer<sup>21</sup>, Expression Web<sup>22</sup> and Dreamweaver. On the other hand, to create the visual part of the website, there are websites that provide the user with templates so that he can configure them in his own way. There are many examples, as Weebly, IM Creator, SimpleSite, Shopify, Wix, among others. Wix, is the website that has been chosen to use for the creation of the prototype web page of this work.
5. Place the site on the web: for a website to start to work, it must be placed on the web. This is given by the lease of space or also known as hosting. The Wix website offers this option for a fee of \$16.16 USD per month.

(Caferri, 2016).

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<sup>21</sup> It was known as Microsoft Office SharePoint Designer; it is used to create and modify the websites that are made in Microsoft SharePoint by means of its HTML edition and the freeware tool.

<sup>22</sup> SharePoint Designer and Expression Web are the successors of Microsoft's FrontPage.

## DESIGN OF THE WEBSITE FOR LARRAZÁBAL GALLERY

### Larrazábal Gallery

Larrazábal Gallery is one of the most important art galleries in the city of Cuenca. It was founded in 1984 by the Cuenca artist Eudoxia Estrella, in honour of her late partner Guillermo Larrazábal. Because of the long duration of this business, the gallery has had in its space very important and prominent artists. However, as every business, it needs to accommodate to the technology that surrounds society today. At the moment, the gallery has an employee in charge of all the tasks, from organizing the exhibitions to selling the paintings.

### PROTOTYPE OF THE WEB PAGE OF THE ART GALLERY LARRAZÁBAL

Having this premise, the creation of a virtual store for the art gallery proceeds to apply the previous steps. The Wix website for monthly fees of \$16.16 USD offers several services to its credit, including unlimited bandwidth, 20GB of storage, domain connection, premium help, free domain acquisition, favicon<sup>23</sup>, Custom, Form Builder App<sup>24</sup>, Site Booster App<sup>25</sup> and online store.

Upon receiving the free domain for the acquisition of this service package, the first step was completed. Then steps 2, 3 and 4 were merged to establish the design and content of the website which will consist of 4 pages:

- Home page: when accessing the website, an image will be found with the logo of the Larrazábal Gallery, downloading it there are the three categories that this first page contains: purchases, about us and contact. In the shopping section are the images of the paintings that are on sale, the technique they have, the name and the price. In this section there is a button on the right side, if it is selected the order in which the costumer wants to see the boxes, appears. In addition, when superimposing the cursor

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<sup>23</sup> It is an image or icon that corresponds to the web page that appears in a tab, address bar and browser markers (Piñeiro, 2018).

<sup>24</sup> It is used to create forms, surveys, contests or web votes (Wix, n.d.).

<sup>25</sup> Helps pages be more relevant in search engines (Wix, n.d.).

on a box and clicking on the option of Preview, that redirects to a page in which when the cursor is overlaid on the image of the box, it is zoomed so that its details can be appreciated. find the name of the product, the price, you have the option to choose the type of framing wanted and the button to add the product in the cart.

In the following section, About Us, there is a short article about the gallery and its objective to promote the work of Cuenca's young artists. Also, the three artists with whom the gallery is working for the moment are briefly explained.

The Contact section is the telephone number of the gallery and the professional mail of the company. Also, there is the possibility of sending a message by entering a name, e-mail, and the message in question. There is an option so that, if a client is interested in news related to the page, he/she can enter his/her email address and be part of the mailing list of the company.

Finally, three important categories for a web page are the frequently asked questions, which will be formulated throughout the use of the same; everything related to the reimbursements and the policies of the company.

- Page of the Cart: the logo of a supermarket cart accompanies the website in the upper right corner and moves throughout the revision of the page so that, if a product is entered in the basket, the person clicks on it and is directed to the cart page. Next to the title My Cart, in parentheses is the number of products that are in the cart. In the same row is the price, quantity and total title. Below this row, there is the image of the painting that is expected to be acquired, its name, the chosen style of framing and an option to eliminate the unwanted item from the shopping cart. It is accompanied by the price, the quantity (since they are original works it will always include the amount of 1) and the total price of that painting.

At the end of the products wanted to buy, there are two extra options for the purchase: by entering a promotion code (in case the person to buy it, had it) and adding a note or message about the purchase.

Following these options is the subtotal of the purchase, the shipping amount with the name of the country to which the order will be sent, the VAT to be imposed and the total of the entire purchase.

If a customer is sure of the purchase, he/she must click on the button Finish the purchase. When selecting this option, the page is directed to another page where all the personal data of the customer for the purchase will be entered, as well as the payment method that the customer wants. If the customer wants to continue buying, there is another button with the same name to do that action.

- Product page: this page is addressed when a click is made on a specific product. At the beginning, there is the image of the chosen painting in a larger size, the name of the article, its price, who the painting is made by, the technique used, the measurements and four sections of additional information:
  - Right to resell the work: Following article 158 of the *Ingenios* Code of Ecuador, the author or the heirs of the latter are granted the right to claim 5% of the resale price, if this has been greater than the price of the first sale. This action will expire two years from the date of the respective resale.
  - Certificate of authenticity: Every work is original and comes from the artist who created it. A certificate of authenticity by each author is attached with each shipment.
  - Shipping price: Shipping price will be according to online quote platform Easy Export Ecuador. This price is only an estimate.
  - Insurance: The shipment of the product contains a 1.5% insurance to the final sale value; this is an additional mandatory cost.
- Page Thank you for your purchase: this page appears at the end of the purchase; in which it explains the gratefulness for having opted for this web page to acquire pictures. In this section the order number is given to the customer, the address the package will be sent to and the total paid.

In all the pages, an instant messaging icon will be found. In it a customer can type a message for the person in charge of the store to read and respond at the moment he/she connect, thus helping to clarify any doubt about a product or of a purchase in a shorter time.

The page is also, for the moment, in two languages: Spanish and English. All its content has been translated in both languages and the option to change to the desired language is found in the upper central border of each page.

## Homepage<sup>26</sup>



*Figure 20. Home GL SP*



*Figure 21. Products GL SP*

<sup>26</sup> All the screenshots of the Larrazabal Art Gallery Virtual Shop were created by Daniela Larrazabal.

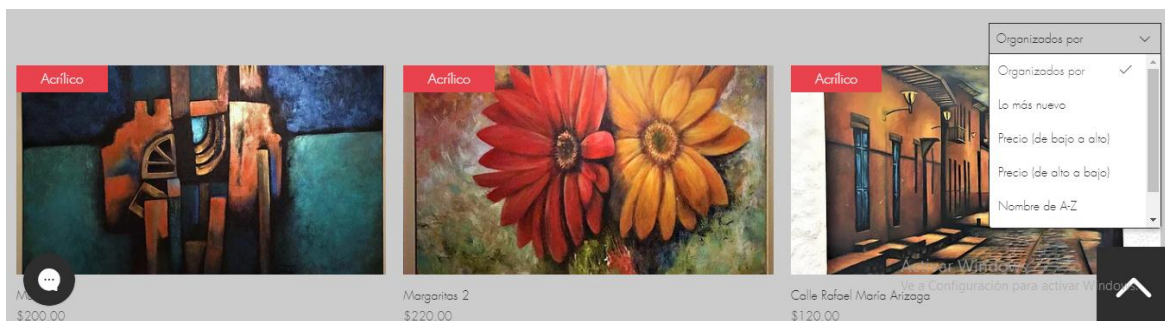


Figure 22. Products, order by GL SP

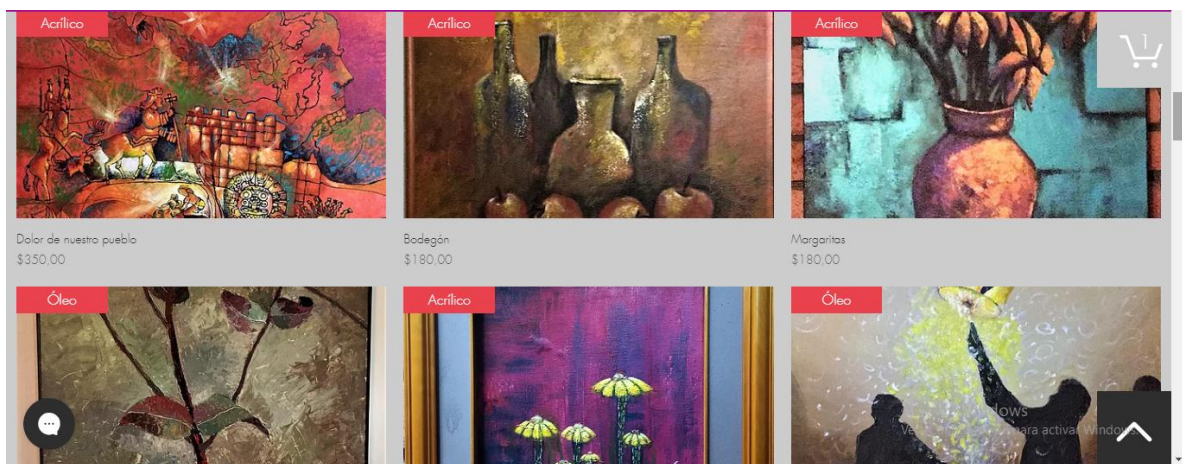


Figure 23. Products GL SP

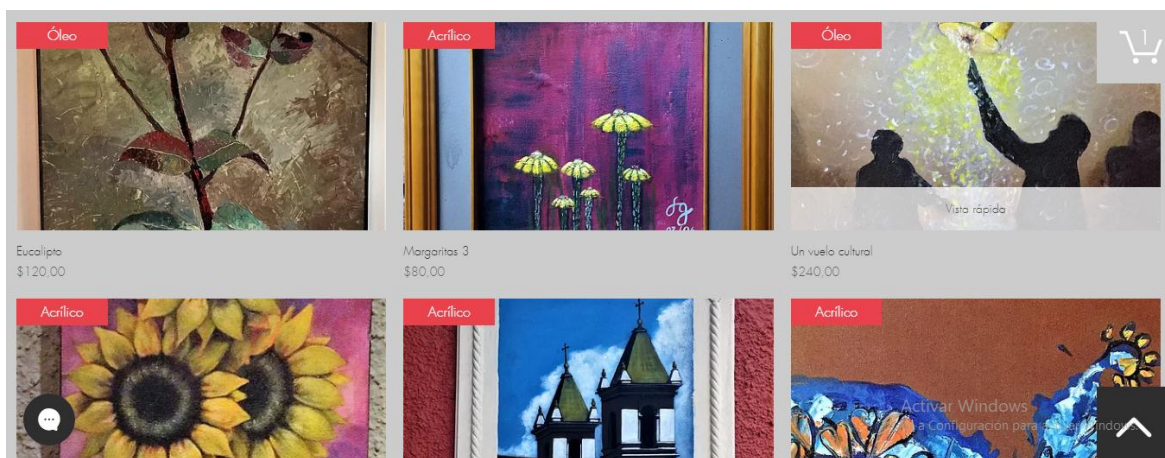


Figure 24. Products GL SP





Figure 25. Product Preview GL SP



Figure 26. Product augmented view GL SP

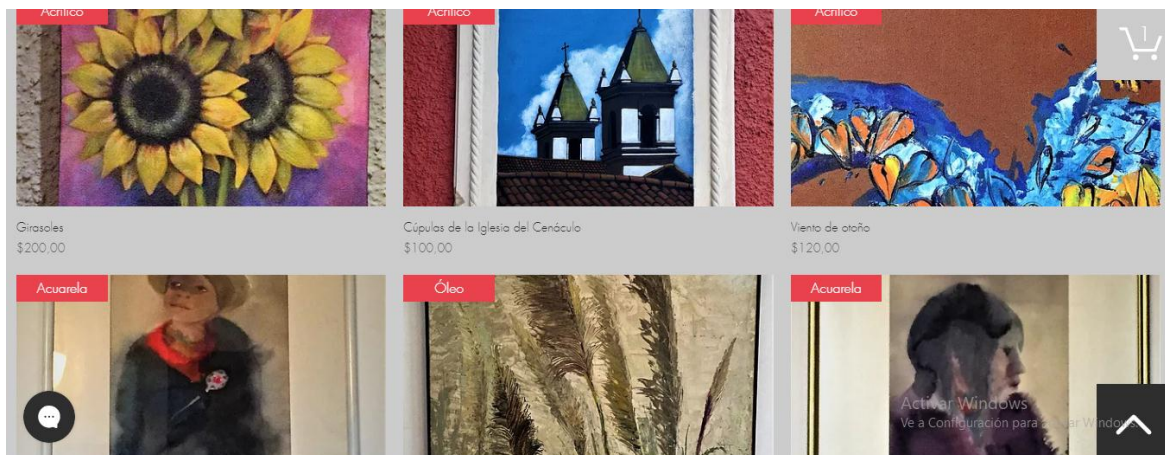


Figure 27. Products GL SP



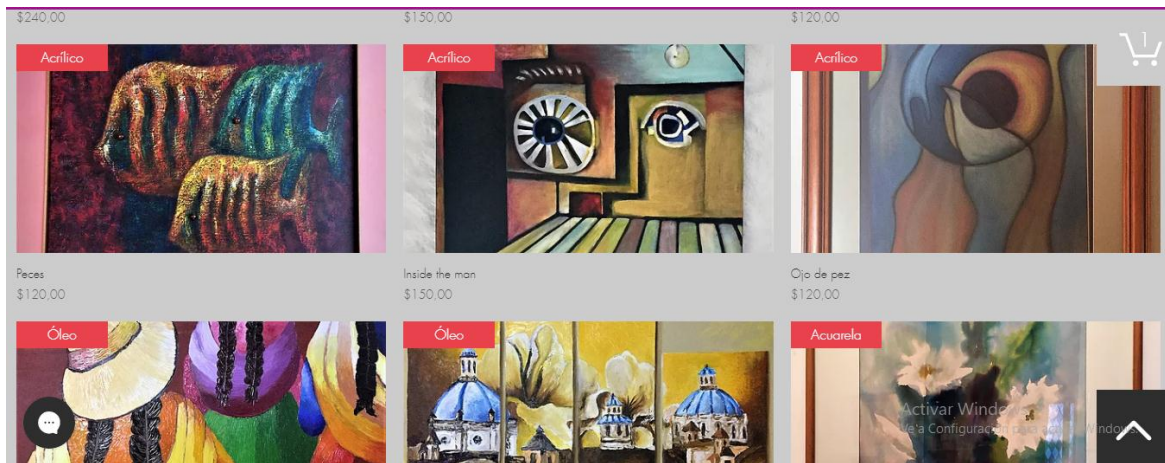


Figure 28. Products GL SP

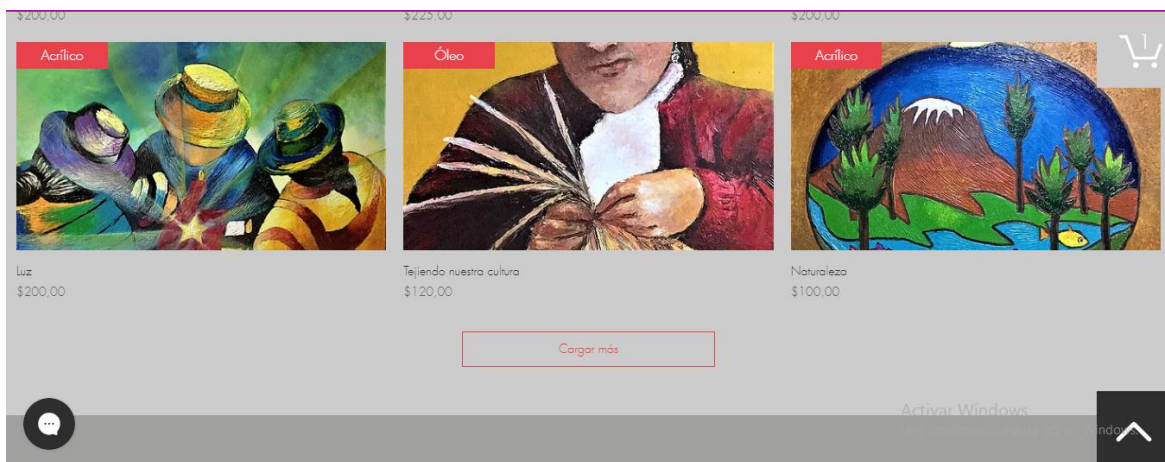


Figure 29. Products - Load more GL SP

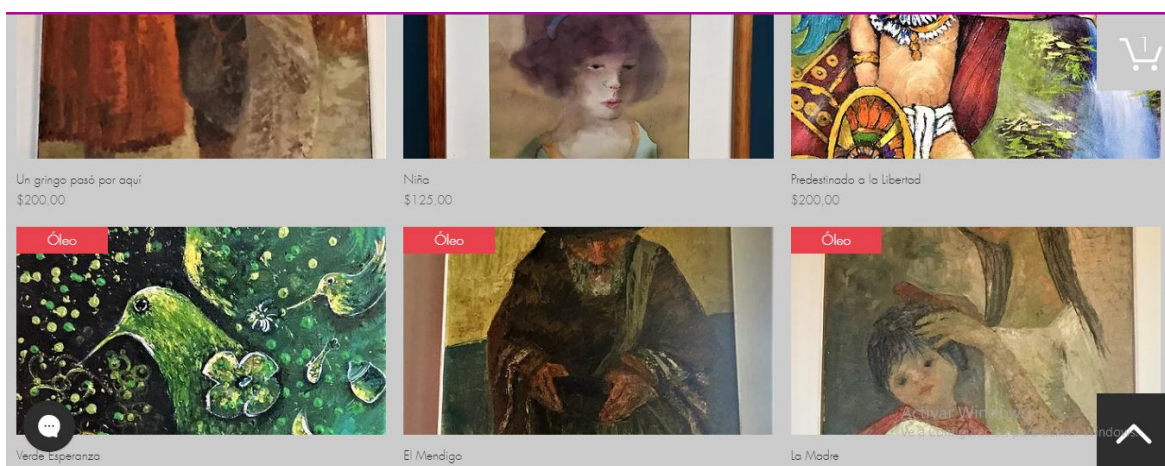


Figure 30. Products GL SP

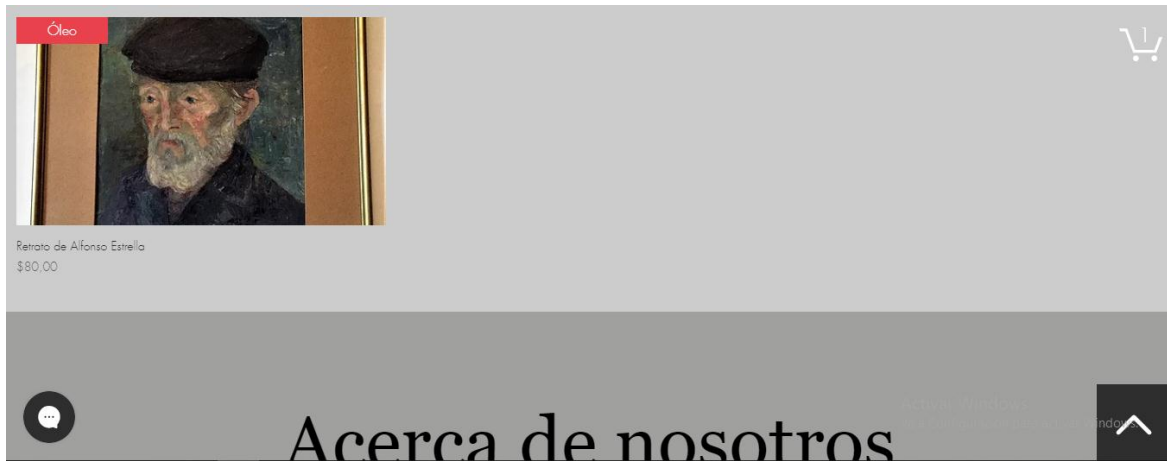


Figure 31. Product GL SP

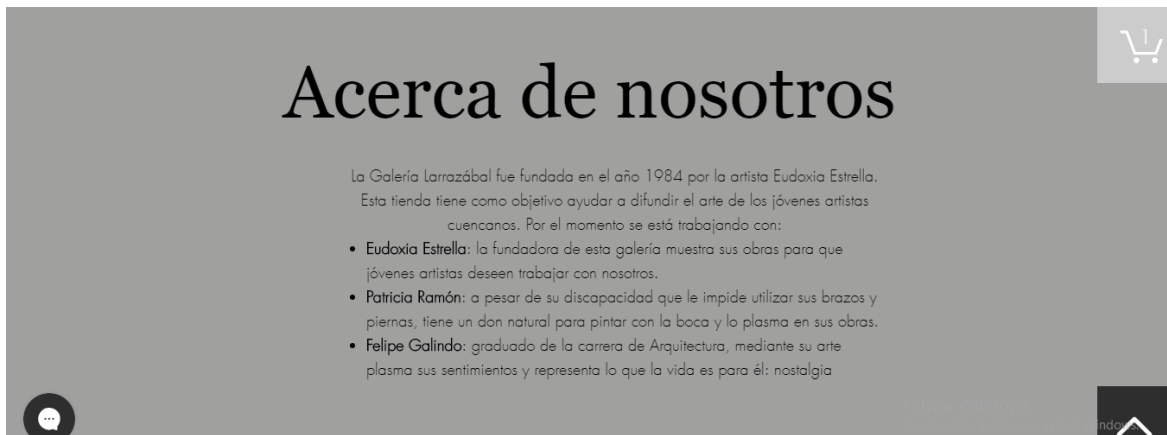


Figure 32. About US GL SP

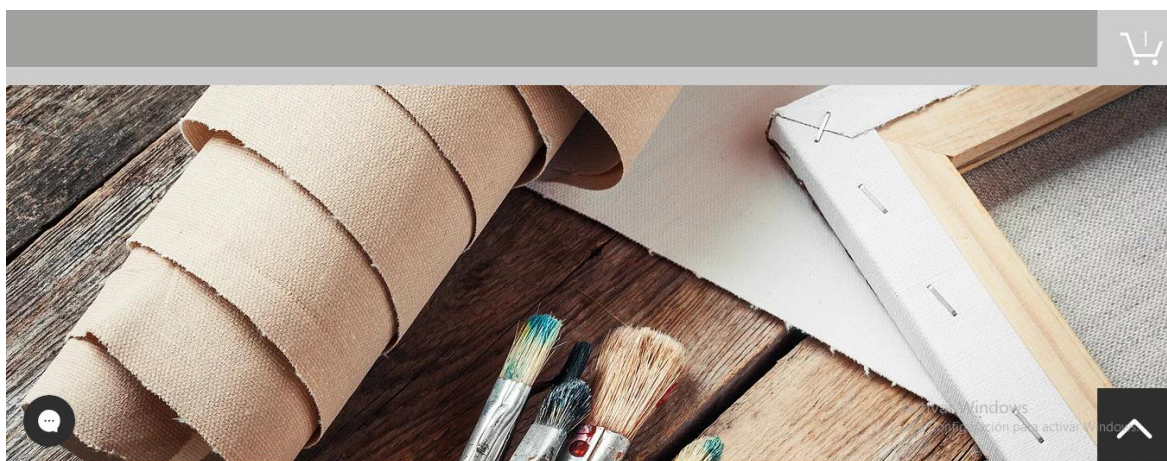


Figure 33. Painting Image GL SP



Figure 34 shows a contact form titled "Contacto" on a grey background. At the top right is a shopping cart icon. Below the title is contact information: "T. +593 - 987 - 283 - 670 | danni9larrazabal@gmail.com". The form consists of four white input fields: "Name", "Email", "Subject", and "Message". A circular chat icon is on the bottom left. A Windows activation watermark is visible on the right. A home button is at the bottom right.

Figure 34. Contact GL SP

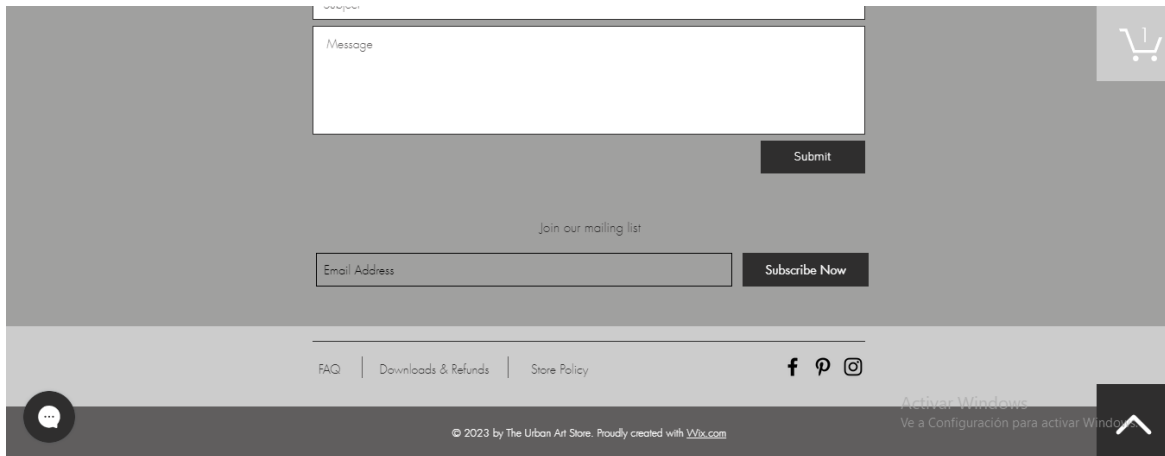


Figure 35 shows a form for "FAQ / Company policies" on a grey background. It features a large "Message" input field and a "Submit" button. Below this is a "Join our mailing list" section with an "Email Address" input field and a "Subscribe Now" button. The footer contains links for "FAQ", "Downloads & Refunds", and "Store Policy", along with social media icons for Facebook, Pinterest, and Instagram. A Windows activation watermark is present on the right. A home button is at the bottom right.

Figure 35. FAQ / Company policies GL SP

## Products Page



Figure 36. Product Page GL SP

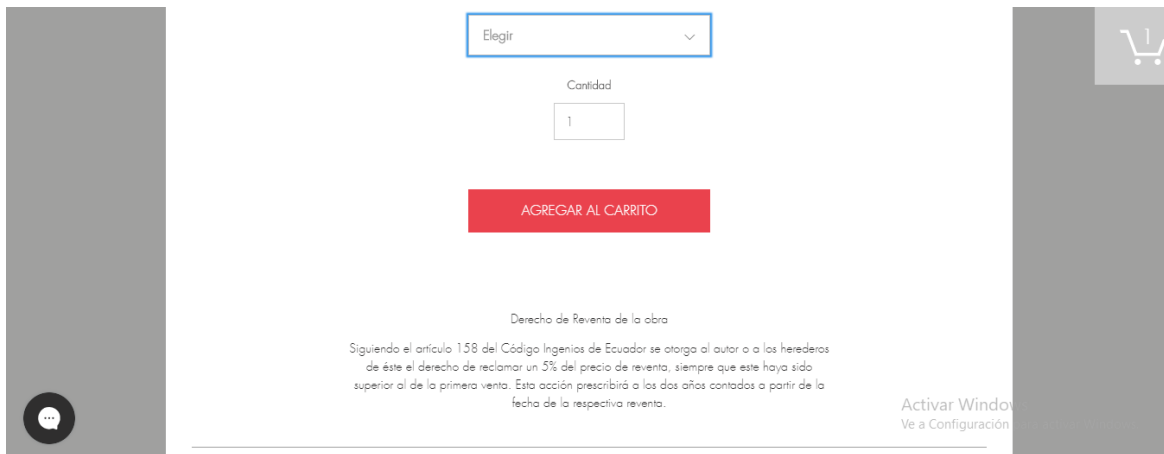


Figure 37. Page Products Add Cart GL SP

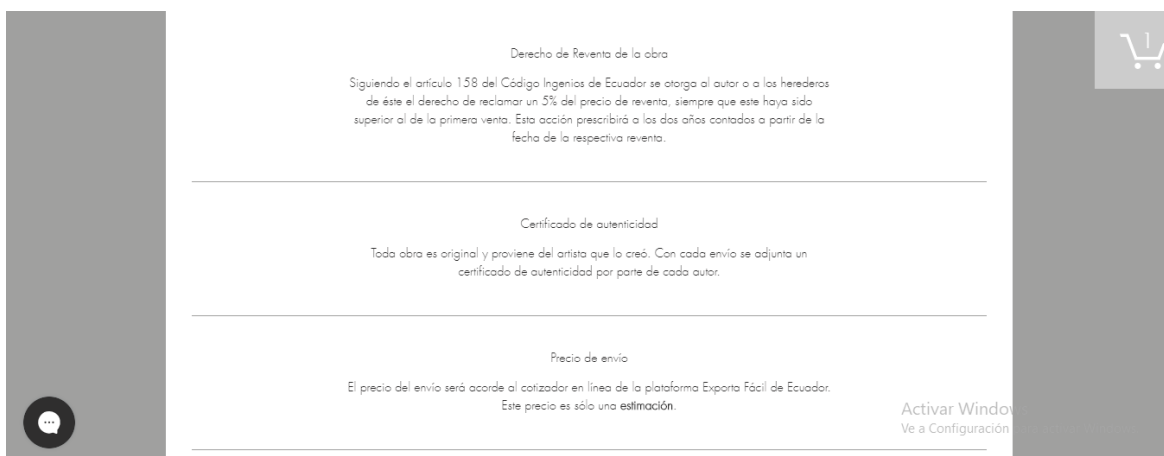


Figure 38. Purchase Policies GL SP



Figure 39. Purchase Policies GL SP

## Purchase Page

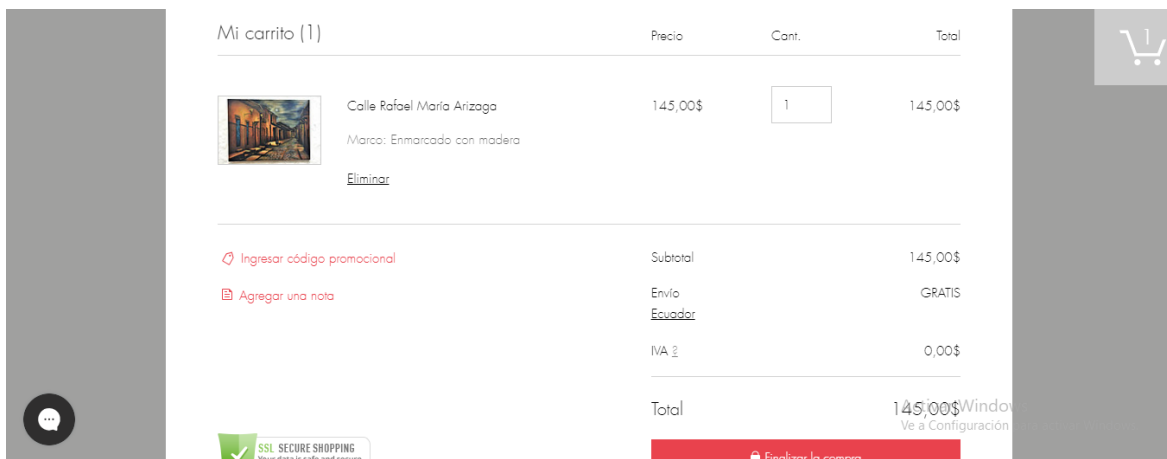
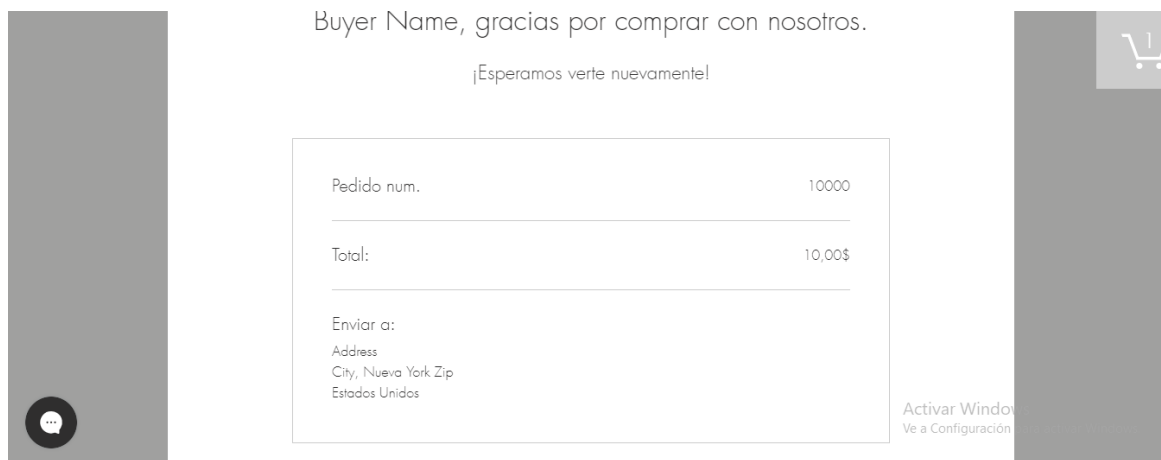
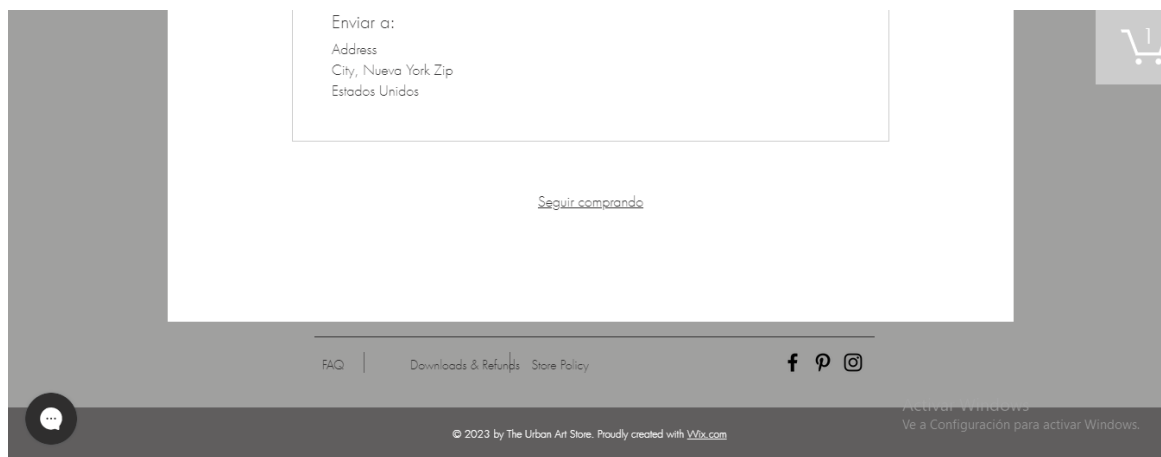


Figure 40. Purchase Page GL SP

## Page "Thank you for your purchase"



*Figure 41. Page Thank you for your purchase GL SP*



*Figure 42. Page Thank you for your purchase GL SP*



## Virtual Store English version

### Homepage (English)

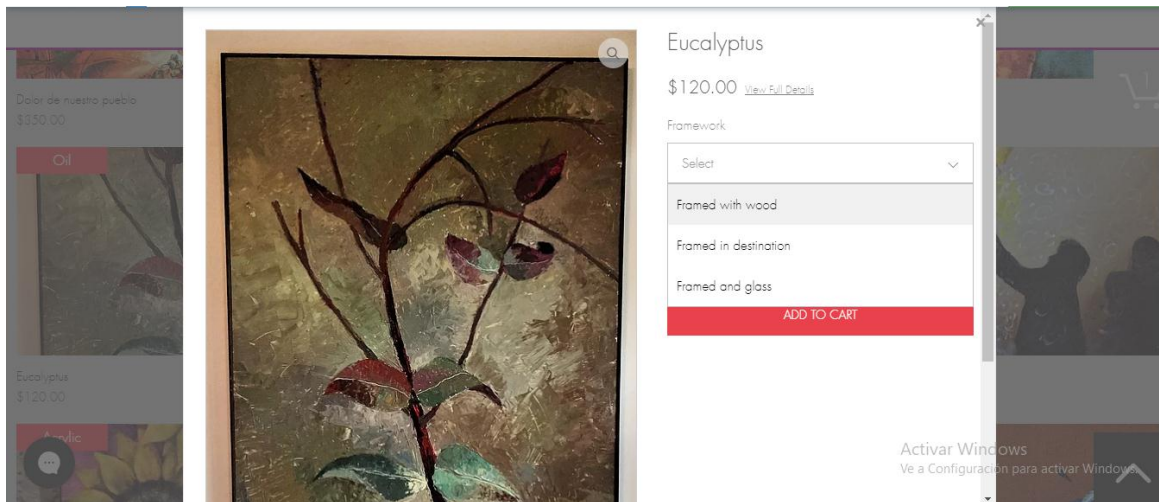


Figure 43. Product preview GL EN

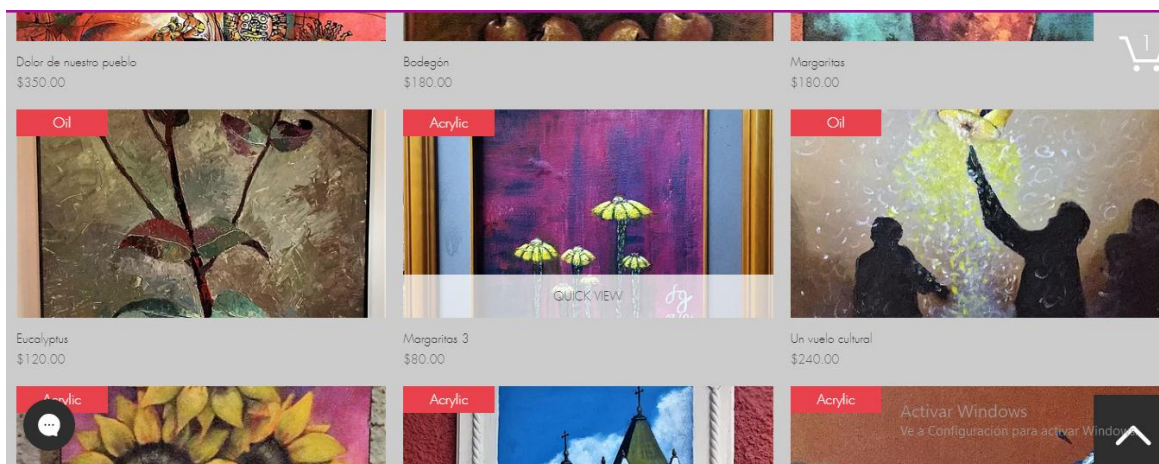


Figure 44. Products GL EN

## Products page English version

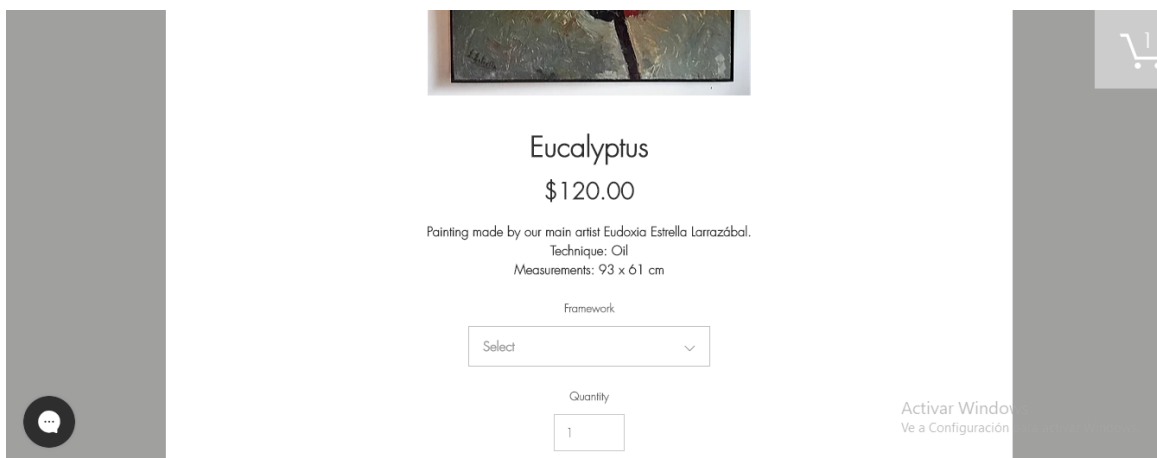


Figure 45. Page Products GL EN

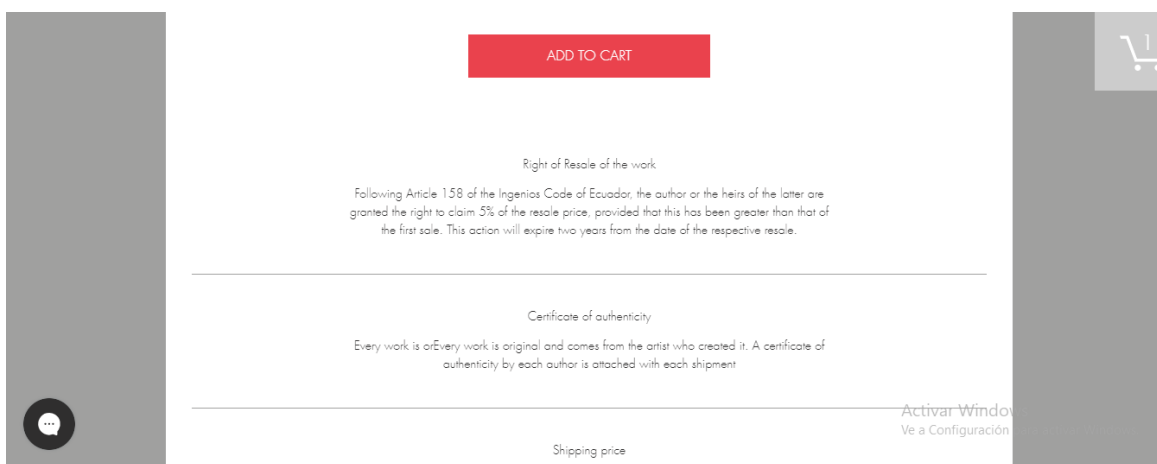


Figure 46. Purchase policies GL EN

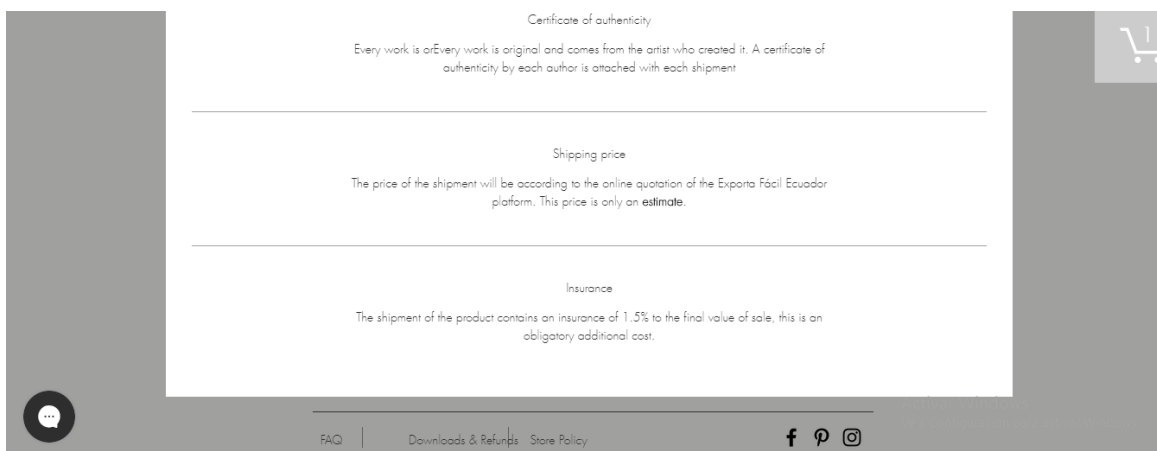


Figure 47. Purchase policies GL EN



## Purchase page English version

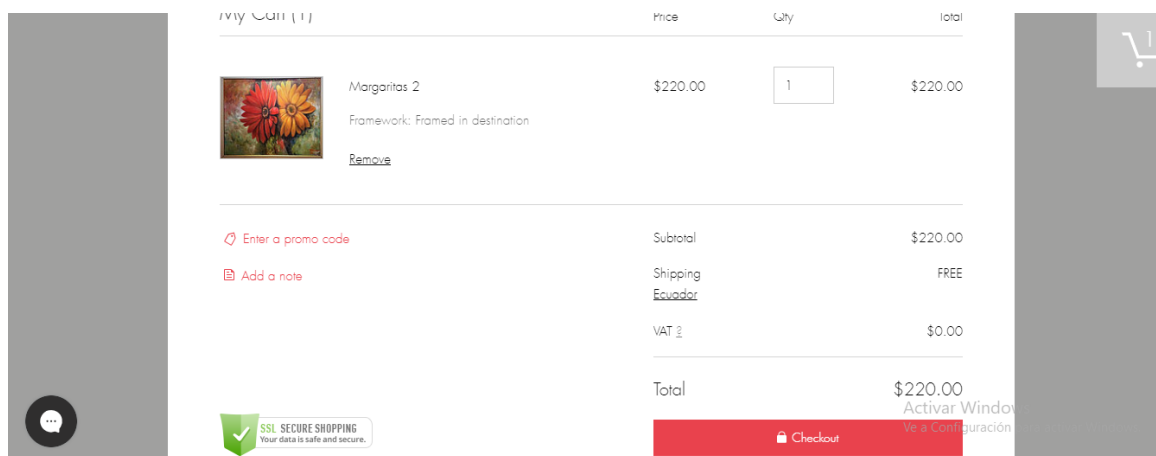


Figure 48. Purchase page GL EN

## Page "Thank you for your purchase" English version

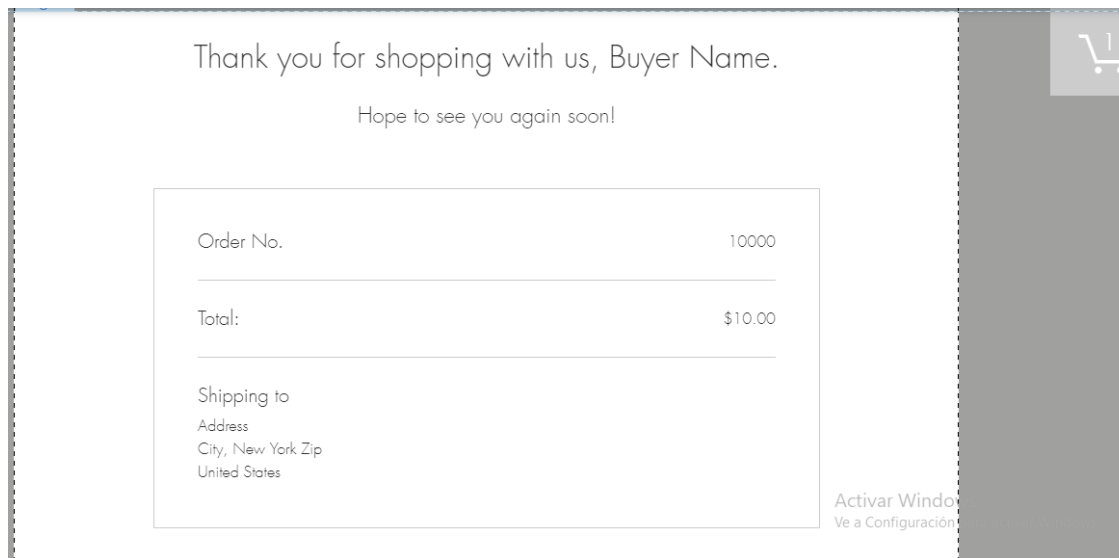


Figure 49. Page Thank you for your purchase GL EN

## Home page - English version

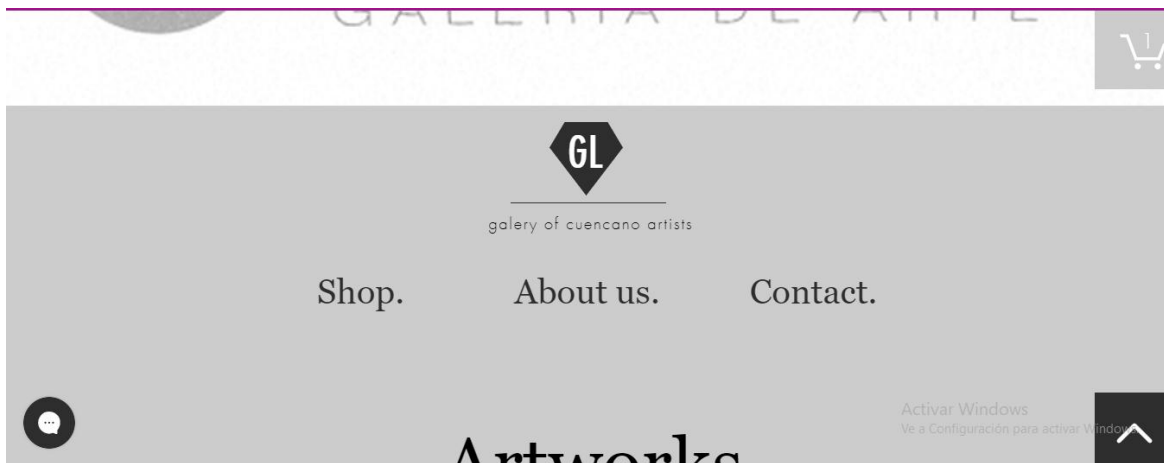


Figure 50. Home Page GL EN

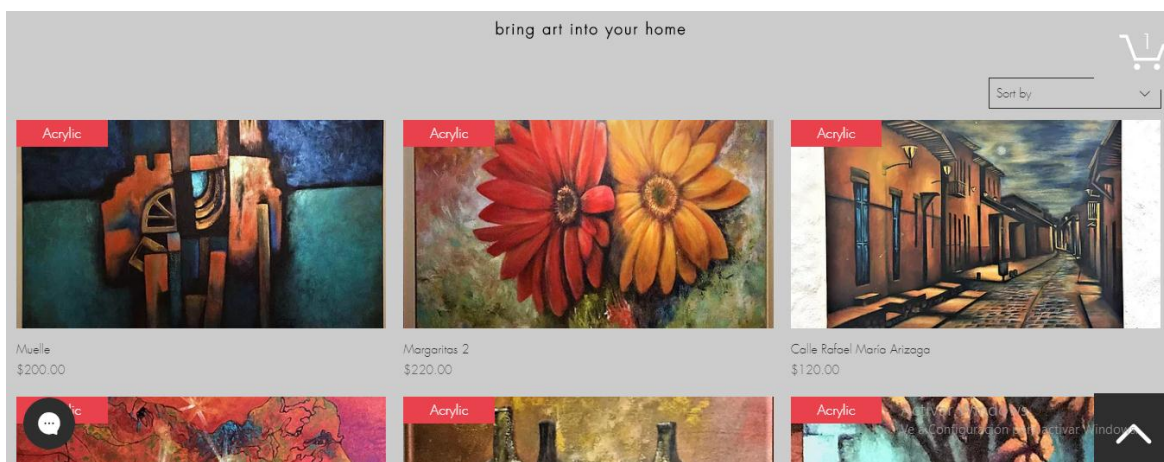


Figure 51. Products GL EN

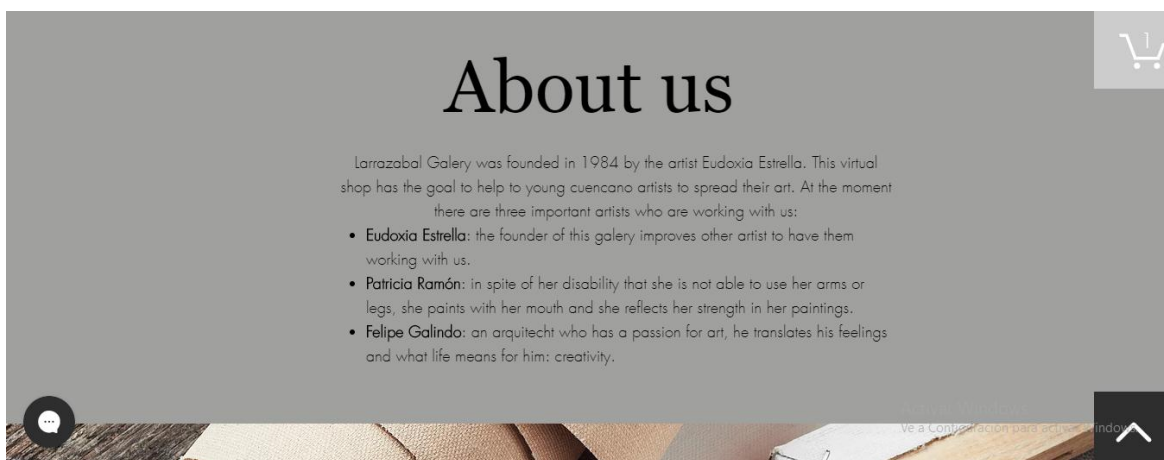


Figure 52. About us

**Contact**

T. +593 - 987 - 283 - 670 | [danni9larrazabal@gmail.com](mailto:danni9larrazabal@gmail.com)

Name

Email

Subject

Message

[Submit](#)

*Figure 53. Contact GL EN*

### Payment method

In Ecuador, there are a diversity of virtual stores that have the possibility of buying products and / or services online in a safe and efficient way. The electronic businesses established in the country can opt for two platforms that are dedicated to the collection and sending of electronic invoices.

- **Kushki**

Kushki is an electronic platform that provides its digital payments service. It processes more than \$ 30 billion dollars per year. Its mission is to make people in Latin America stop using cash to make their purchases, through the use of technology that this company sells to other companies. This platform has a multi-channel payment process with real time and integrated with social networks, as well as the convergence between physical stores, e-commerce and m-commerce. Kushki works in seven countries in America: Chile, Colombia, Ecuador, Mexico, Peru, Canada and the United States; they all have a different rate.

For Ecuador, the transaction fee is 1.5% + \$ 0.50 USD + VAT and has services such as the cost of processing the transaction itself; an anti-fraud module; technical support of operations and integration; connection and output to production, means of payment by credit and debit card, and, access to the back office to make inquiries about the transactions, reports, cancellations and generation of Smart Link's. In addition, among its costs it is specified that the banking commission for credit cards is 4.02% and for debit cards it is 2.0%; a fixed

monthly payment of \$100 USD must be paid (unless it is invoiced equal to or greater than \$6,000 USD). This platform works with American Express, Maestro, Mastercard, Visa and Visa Electron, and charges a fixed commission and a percentage fee for each payment with a credit or debit card (Kushki, n.d.).

- *Dátíl*

Dátíl is a company dedicated to the issuance of electronic invoices. In three steps a sale can be executed and carried out by this platform and the electronic invoice that corroborates said sale will be issued. To do this, all the consumer's data must be entered, just as would be done in a physical invoice. Then the specifications of the sale are defined, such as the item being sold, the quantity, the payment method and finally, through the use of an electronic signature key, the sale is authorized and the customer will obtain the invoice in an email.

The *Dátíl* platform offers plans in which a virtual store is located, however, the one that would be more suitable for the gallery would be the personal package with a cost of \$8.00 USD per month. The personal package contains the

"Issuance of invoices, withholdings, credit notes and referral guides, compliance with the SRI electronic billing rules, catalogue of products and customers, automatic backup of all information, API to develop applications, reception and unlimited download of electronic receipts, automatic billing notifications, sales reports, purchases and customers" (Dátíl, n.d.).

- 2checkout

2checkout is a company dedicated to the monetizing process all-in-one, which allows companies engaged in e-commerce to expand internationally and obtain their income efficiently. It started developing antivirus programs for Microsoft and with the sale of software online, when doing this sales activity, the company Avangate started in 2006. For 2017, the company expanded through the acquisition of 2checkout, and adopted this name for the company. Currently, it is considered the leading platform for digital commerce in the area, helping its buyers and subscribers to develop their businesses (2checkout, n.d.). This

platform is an option that the Wix website offers to be used to collect the sales made on the website of each person.

To connect this platform as a provider the owner of the web page has to fill out a form, open an account and choose the plan he/she wants to acquire. There are four types of plans that this company offers. For the art gallery it was considered that the 2Sell basic plan is the right one. 2Sell is the plan that makes a sale easy with a rate of 3.5% + \$ 0.35 for each sale obtained. The facilities that this plan offers are the amplitude of connection since it has an access to 200 countries or territories in the world. A person can quickly work with more than 120 sales carts; it facilitates the growth of international scale of a business through the sale of any item and finally, the business that opts for this plan invoices simply and recurrently (2checkout, n.d.). In Ecuador, this platform works with various credit cards such as American Express, Bank Transfer, JCB, Master Card, Neteller, PayPal, PO, Skrill and Visa; and the currency accepted for transactions can be in US dollars or euros. The credit cards mentioned are also available to access a sale through this platform in Europe. Because this is the target destination of the virtual store raised, it is a very successful option (2checkout, n.d.).

### Packaging and packing

To make the packaging of a painting, it should be treated very carefully because a poor handling of it during the trip to its destination can cause the product to be damaged. By offering four ways of framing it should be considered that the packaging and packing will be the same in the options of framing with wood and framing with wood and glass; while, when the customer wants the option of sending the art work in a tube, or to be framed in destination, it will be different.

- Framing only with wood or wood with glass. For the packaging of a painting with either type of framing, the final cost will change according the size of the box, thus having three prices, as can be seen on Table 8.

Table 8

*Costing Packing and Packaging Framed with wood or wood with glass*

Packing and Packaging							
Articles	Unit Price/Box	# Paintings	Box 1 (1,3mx1,3mx30cm)	# Paintings	Box 2 (1mx1mx30cm)	# Paintings	Box 3 (50cmx30cmx30cm)
Scotch Tape	\$ 2.75	5	\$ 0.55	7	\$ 0.39	10	\$ 0.28
Bubble wrap paper film	\$ 1.30	5	\$ 0.26	7	\$ 0.19	10	\$ 0.13
Kraft Paper	\$ 12.00	5	\$ 2.40	7	\$ 1.71	10	\$ 1.20
Foam profiles (#70)	\$ 226.80	17.5	\$ 12.96	17.5	\$ 12.96	17.5	\$ 12.96
Strapping (120 m)	\$ 47.45	40	\$ 1.19	50	\$ 0.95	80	\$ 0.59
Box	\$ -	1	\$ 15.00	1	\$ 11.00	1	\$ 9.00
<b>TOTAL</b>			<b>\$ 32.36</b>		<b>\$ 27.20</b>		<b>\$ 24.16</b>

Author: Larrazábal.

**Calculation of cost of each item**

To understand how the packaging and packing prices were obtained for each box size, a simple rule of three was calculated with an adhesive tape that costs approximately \$ 2.75 USD and will be used completely to seal 5 frames for the size of the box # 1 (1.3 mx 1.3 mx 30 cm); which means that for each picture it will cost \$0.55 cents. With the same adhesive tape, if it is used to seal boxes in box # 2 (1m x 1m x 30 cm) it will be used in seven boxes, at a cost of \$0.39 cents. Finally, for box size # 3 (50 cm x 30 cm x 30 cm), ten pictures can be sealed at a cost of \$0.28 cents for each frame. This relationship has been used for each item in the packing list and packaging for pictures that are framed only with wood, wood and glass, and for boxes that will be packed at destination. However, it is important to notice that the hard canvas cannot be sent through a tube. With regard to foam profiles, these come in boxes with 70 units each; therefore, as a frame has four corners four profiles will be used for each frame, which gives a total of 17.5 frames that will carry profiles with a cost of \$12.96 USD. Also, the straps are bands of plastic similar to flanges, in a much larger version, the chosen ones have a size of 120 meters with a price of \$47.45 USD and can be used for packaging of 40, 50 and 80 frames, approximately, for each box size which entails a price of \$ 1.19 USD, \$0.95 cents and \$0.59 cents; respectively.

- Sending the box in a shipping tube. Not having a frame, the painting is only the canvas with the paint on it. When selecting this option, it has to have a shipping tube that is consistent with the measurements of the painting. There are four options for it:

Table 9

*Costing Packing and Packaging Shipping Tube*

Packaging and Packing for shipment in Shipping Tube				
Articles	A4	A3	A2	A1
Shipping Cardboard Tube	\$ 0.73	\$ 0.73	\$ 1.02	\$ 1.69
Scotch Tape	\$ 0.55	\$ 0.55	\$ 0.55	\$ 0.55
Plastic Film Paper	\$ 0.13	\$ 0.13	\$ 0.19	\$ 0.26
<b>TOTAL</b>	<b>\$ 1.41</b>	<b>\$ 1.41</b>	<b>\$ 1.76</b>	<b>\$ 2.50</b>

Author: Larrazábal.

**Calculation of the costs of each article**

There are four measurements for the shipping tubes, but only three sizes of tubes in which A3 and A4 size pictures can fit into a single size of shipping tube. The costs of each tube option are from \$0.73 cents, \$1.02 USD and \$1.69 USD; the adhesive tape does not vary in its cost since it is taking the cost that goes out for the boxes with size of 1.3 mx 1.3 mx 30 cm, this due to the size ratio that is in tubes of different sizes. On the contrary, the plastic film with bubbles is different since it goes with the size of each canvas which varies and must be accommodated with the sizes of the normal boxes; it will be the same portion of film for a canvas that go to box size # 1 as the canvas that goes into an A1-sized shipping tube.

- Framed in destination<sup>27</sup>. If the client wants the work without any prior framing and the painting in question is with an oil or acrylic technique, for the hard canvases that are used that are not suitable for rolling and sending by a shipping tube. The picture will be sent with the canvas in a similar box as for a framed picture, therefore, the same prices will be taken for that category:

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<sup>27</sup> By having the same sizes for the shipping boxes the packaging will be the same, therefore, the how the cost of each item was calculated corresponds to the one already explained in the packing and packaging section of the frames framed only with wood or wood with glass.

Table 10

*Packing and Packaging Framed in destination*

Packing and Packaging							
Articles	Unit Price/Box	# Paintings	Box 1 (1,3mx1,3mx30cm)	# Paintings	Box 2 (1mx1mx30cm)	# Paintings	Box 3 (50cmx30cmx30cm)
Scotch Tape	\$ 2.75	5	\$ 0.55	7	\$ 0.39	10	\$ 0.28
Bubble wrap paper film	\$ 1.30	5	\$ 0.26	7	\$ 0.19	10	\$ 0.13
Kraft Paper	\$ 12.00	5	\$ 2.40	7	\$ 1.71	10	\$ 1.20
Foam profiles (#70)	\$ 226.80	17.5	\$ 12.96	17.5	\$ 12.96	17.5	\$ 12.96
Strapping (120 m)	\$ 47.45	40	\$ 1.19	50	\$ 0.95	80	\$ 0.59
Box	\$ -	1	\$ 15.00	1	\$ 11.00	1	\$ 9.00
<b>TOTAL</b>			<b>\$ 32.36</b>		<b>\$ 27.20</b>		<b>\$ 24.16</b>

Author: Larrazábal.

The materials that have been mentioned for the packaging and packing of the product will be acquired in different suppliers of specialized products for this activity since information was not obtained from a specific supplier that owns all these articles. Among the companies that will be used are Juan Marcet, Monsalve Market, and Gabriel Soto Market. For packaging through shipping tubes and boxes with different sizes, the company Cartobag will be used.



*Figure 54. Folder Boxes*

Source: <https://www.ebay.es/itm/40-Cajas-Carpeta-Funda-de-carton-para-envios-postales-embalaje-27x20x2-5cm-/112286107726>



*Figure 55. Boxes for paintings*

Source: <https://www.telecajas.com/es/104-cajas-cuadros-grandes.html>



*Figure 56. Shipping Tube*

Source: [https://www.rajapack.es/sobres-bolsas-tubos-envio/tubos-envio/tubo-envio-marron-rajatube\\_PDT05623.html](https://www.rajapack.es/sobres-bolsas-tubos-envio/tubos-envio/tubo-envio-marron-rajatube_PDT05623.html)



## COST

In order to explain the relative cost of the sale prices to the public of each work of art, the commission of the virtual store and the utility that will be obtained by the sale of the offered product must, first, explain how it is possible to determine the price of a work of art. This situation can occur in different ways. The website will allow the artist to assess their works for sale, but the price and the work has to be related to their physical characteristics and the prestige of the author. Pricing works of art for their authors is essential, so many people resort to certain types of ways to "put a price on their work":

- Comparison: like in a business, looking for the competition is something healthy and when assessing works is a very common way to compare with artists who have similar characteristics in terms of prestige, number of exhibitions, technique, medium, quality, size, among others; in order to look up the price that other artists put on their works and build on it.
- Size of surface: it is used mainly by galleries since the price per centimetre is put, with distinction by the technique and the format. That is, for a small box of 10 cm by 30 cm with an oil technique, and a cost of 0.50 cents per centimetre, it will end up costing \$160.00 USD.
- Instinct: Many artists use their instinct to price their own works because they already have experience with this method or their works correspond to commercial gifts.
- Costs: the work of art is assessed in relation to the time it took the artist to create the work, the cost of the materials and their fee. It is the least recommended method since the results of the prices are not consistent and the time delayed in a work may vary due to their experience or the lack of it.
- Theme: it is a form occupied by artists who offer their work under commission, being that for a portrait they charge a specific price, while, by using a different technique they obtain another price, etc.

(Lasso, 2018)

One method that can serve an artist who is starting with his/her career, is the use of the online quote provided by the website. In it, the person must enter data such as the name of the artist, the title of the work, the category, whether or not it has a signature and the place where it is

located, the measures of height and width of the painting, the year of creation, existence or not of a certificate and uploading a digital picture of the painting. When filling out the form with the details already mentioned, an estimate report is made by the experts in this area, with a delay of 72 hours. This service is paid, with three rates. For the estimate of a painting the cost is €49.00; for five paintings, €195.00; and, for ten paintings, € 330.00. The report obtains a minimum and maximum estimate in dollars, euros and sterling pounds. In addition, they present works by artists with characteristics similar to those of the painting and the sale price of these, which provides the artist with the reason for the estimation price that the website has given. The use of this method is paid by the artist and does not have any additional charge to the commission or the final price of the work (ArtPrice, n.d.).

Table 11

*Sales projection in one year*

		A1SP	A1MP	A1MP	A1BP	A2SP	A2MP	A2MP	A2BP	A3SP	A3MP	A3MP	A3BP	TOTAL
PRICE	RETAIL PRICE	\$ 200.00	\$ 450.00	\$ 450.00	\$ 600.00	\$ 400.00	\$ 600.00	\$ 600.00	\$ 1,000.00	\$ 320.00	\$ 500.00	\$ 500.00	\$ 850.00	\$ 6,470.00
	COMMISSION 20%	\$ 40.00	\$ 90.00	\$ 90.00	\$ 120.00	\$ 80.00	\$ 120.00	\$ 120.00	\$ 200.00	\$ 64.00	\$ 100.00	\$ 100.00	\$ 170.00	\$ 1,294.00
	VALUE OF THE ARTIST	\$ 160.00	\$ 360.00	\$ 360.00	\$ 480.00	\$ 320.00	\$ 480.00	\$ 480.00	\$ 800.00	\$ 256.00	\$ 400.00	\$ 400.00	\$ 680.00	\$ 5,176.00
TYPE OF FRAME	FRAMED WOOD AND GLASS	\$ -	\$ 80.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130.00	\$ 50.00	\$ -	\$ 80.00	\$ -	
	FRAMED WOOD WITHOUT GLASS	\$ 25.00	\$ -	\$ -	\$ 45.00	\$ -	\$ 35.00	\$ -	\$ -	\$ -	\$ 35.00	\$ -	\$ -	
	CANVAS	\$ -	\$ -	X	\$ -	X	\$ -	X	\$ -	\$ -	\$ -	\$ -	X	
PACKING AND PACKAGING	SHIPPING TUBE A4/A3	\$ -	\$ -	\$ -	\$ -	\$ 1.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	SHIPPING TUBE A2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.76	\$ -	\$ -	\$ -	\$ -	\$ -	
	SHIPPING TUBE A1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	BOX 1,3mx1,3mx30cm	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32.36	\$ -	\$ -	\$ -	\$ 32.36	
	BOX 1mx1mx30cm	\$ -	\$ 27.20	\$ 27.20	\$ -	\$ -	\$ 27.20	\$ -	\$ -	\$ -	\$ 27.20	\$ 27.20	\$ -	
	BOX 50cmx30cmx30cm	\$ 24.16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24.16	\$ -	\$ -	\$ -	
SHIPPING MODE	EMS	\$ 40.66	\$ -	\$ 40.66	\$ 144.48	\$ -	\$ 64.62	\$ 30.24	\$ 95.31	\$ 68.88	\$ 59.58	\$ 85.01	\$ -	
	CERTIFICATE	\$ -	\$ 78.29	\$ -	\$ -	\$ 22.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39.54	
COSTUMER	SUBTOTAL	\$ 289.82	\$ 635.49	\$ 517.86	\$ 789.48	\$ 423.47	\$ 726.82	\$ 632.00	\$ 1,257.67	\$ 463.04	\$ 621.78	\$ 692.21	\$ 921.90	\$ 7,971.53
	INSURANCE 1.50%	\$ 4.35	\$ 9.53	\$ 7.77	\$ 11.84	\$ 6.35	\$ 10.90	\$ 9.48	\$ 18.86	\$ 6.95	\$ 9.33	\$ 10.38	\$ 13.83	\$ 119.57
	TOTAL TO PAY (COSTUMER)	\$ 294.17	\$ 645.02	\$ 525.63	\$ 801.32	\$ 429.82	\$ 737.72	\$ 641.48	\$ 1,276.53	\$ 469.98	\$ 631.11	\$ 702.60	\$ 935.72	\$ 8,091.11
WEB PAGE	2CHECKOUT (3,5%+0,35)	\$ 10.65	\$ 22.93	\$ 18.75	\$ 28.40	\$ 15.39	\$ 26.17	\$ 22.80	\$ 45.03	\$ 16.80	\$ 22.44	\$ 24.94	\$ 33.10	\$ 287.39

Author: Larrazabal.

### Analysis of sales projection in one year

The website Larrazábal Gallery has made a projection of annual sales, stating that a painting will be sold per month; four paintings for each artist in the three sizes that the company offers: small, medium and big. The medium size is the most commercial, therefore, it is expected to sell two medium-sized paintings for each artist. This decision has been made because the company wants to obtain a profit with a basic assumption with an annual sale of one item per month.

The previous table shows the annual sales projection of the web page. The denomination A1SP, corresponds to Artist 1 (Felipe Galindo) Small Painting, A1MP (Artist 1 Medium Painting), A1BP (Artist 1 Big Painting), A2SP (Artist 2, Eudoxia Estrella, Small Painting), A2MP (Artist 2 Medium Painting), A2BP (Artist 2 Big Painting), A3SP (Artist 3, Patricia Ramón, Small Painting), A3MP (Artist 3 Medium Painting), A3BP (Artist 3 Big Painting) Each artist sells four paintings in the year: 1 small painting, 2 medium paintings and 1 big painting. The prices of the paintings have been established by the artist, that price refers to the sale price to the public, of the same, the company will be with the 20% commission for being intermediary of the sale. The percentage of commission will be used to pay the monthly maintenance of the website with a cost of \$16.16 USD, the commission of the payment button 3.5% + 0.35ctvs for each sale, and 5% of the commission will be used for the salary of the gallery assistant, which will be only sales commission. The 20% commission on the page has been determined by a comparison between galleries in Guayaquil and Cuenca, which are left with 25 to 30% commission on sale of the paintings displayed in their establishment. As it is a company that is starting its way in the market, in addition, that it is intended to help the young artists of the city, it is only intended to get 20% commission.

With this explanation, the first section of the table can be described, which corresponds to the price of the painting. Being prices established by the artist, these vary, however, they are more homogeneous in relation to their size. In the section of type of framing, three options are given so that the client can select if he/she wishes that the painting to be bought is framed with wood, wood and glass or only the canvas so that it is framed in destination. The three options have different prices:

Table 12

*Costs by type of framing*

<b>TYPE OF FRAMING</b>	<b>SMALL PICTURE</b>	<b>MEDIUM BOX</b>	<b>LARGE PICTURE</b>
<b>FRAMED WOOD AND GLASS</b>	\$ 50.00 USD	\$ 80.00 USD	\$ 130.00 USD
<b>FRAMED WOOD WITHOUT GLASS</b>	\$ 25.00 USD	\$ 35.00 USD	\$ 45.00 USD
<b>CANVAS</b>	\$ 0.00 USD	\$ 0.00 USD	\$ 0.00 USD

Author: Larrazábal.

Previously, the prices of each type of packaging were explained, therefore, the shipping boxes are related to the size of the boxes, and if the customer wants his/her canvas to be only canvas, it must be verified if it can be sent in a shipping tube or a box designed for this type of shipment.

The shipping method section relies on the two options that the Easy Export platform provides to send a package abroad, the price for this shipment is according to the net weight of the merchandise, so each box has a specific weight due to that each technique needs different types of canvas and its framing also influences the weight of the final painting. Both EMS and Certificate modalities have their own prices, with the EMS modality being the most expensive. The client will decide with which of the two modalities wants to receive the merchandise.

In the client section, the subtotal of the sale price of the article will be explained after deciding on the type of framing, the cost of packaging and packing, and the mode of delivery. In addition, any shipment that exceeds \$50.00 USD will be sent with insurance, which corresponds to 1.5% of that subtotal. The aforementioned options will be borne by the client because the page will pay directly to the people responsible for the framing service, shipping and the cost of packaging and packing. It means that all these costs are external to the company, so it is not an own cost but an extra expense that the client has to pay for the selection they want. The cost that the company does have to support is the commission charged by the payment button for each successful transaction that is made.

To illustrate what has been mentioned, there is the projection of annual sales. A painting will be taken for each artist for a description of each cost and to find the final price to be paid by the client, the company and what the company earns.

Firstly, with artist 1 (Felipe Galindo), if you take the "*Bodegón*" painting with a medium size, with a retail price of \$450.00 USD, the commission for the gallery is \$90.00 USD and for the artist \$ 360.00 USD. The client wishes that the painting is framed with wood and glass, which has a cost of \$80.00 USD and will be packaged and packed with a case of 1m x 1m x 30 cm that the whole process has a cost of \$ 27.20 USD. In turn, the customer established in France does not mind having to wait about 30 days to receive the package, so he chooses a certified delivery method, due to the fact that the box weighs 3.17 kg; the quotation of Easy Export tool gives value to pay for shipping of \$78.29 USD. The subtotal that the client must pay for all these services is \$635.49 USD, its shipping insurance will be \$9.53 USD, resulting in the total to be paid \$645.02 USD. On the other hand, the transaction costs to the page \$22,93 USD, which will go to the 2checkout company, that is, the payment button company.

As a second example, the small size picture of artist 2 (Eudoxia Estrella), it has a retail price of \$400.00 USD<sup>28</sup>; the gallery is left with \$80.00 USD and the artist with \$320.00 USD. The client established in Italy wants his work to be sent on canvas to frame in destination, therefore, there is no additional cost in the framing. As the chosen picture is a watercolour, it can be packed and packaged in a shipping tube A3/A4 size, the same one that has a cost of \$1.41 USD. Likewise, the client does not need a fast shipment so he chooses the certified delivery method, and having a weight of 0.45 kg the cost for the service is \$22.06 USD. This results in a subtotal of \$423.47 USD and an insurance cost of \$6.35 USD; adding both amounts get a total to pay of \$429.82 USD and a commission for the payment button of \$15.39 USD.

For the third example, the medium-sized painting of artist 3 (Patricia Ramón) is taken, its retail price is \$500.00 USD, the gallery commission is \$100.00 USD and for the artist \$500.00 USD. The framing option that the client has chosen is a simple one, only with wood,

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<sup>28</sup> The price difference that is observed between the artist 1 and the artist 2 is due to the trajectory and experience of each artist. Artist 1, has not had exhibitions in his curriculum; while, artist 2 has a very large recognition in the country and in Latin America.

which costs \$35.00 and its packaging and packing costs \$ 27.20. The client established in Spain wants her delivery to be in a shorter time, so she chooses the option of sending EMS, the painting goes in a medium-sized box and with the wood framed its weight is 2.26 kg, having an approximate cost of \$59.58 USD. The subtotal to pay is \$621.78 USD and the shipping insurance is \$ 9.33 USD. Finally, the total that the client will pay will be \$631.11 USD and the commission that the gallery will pay to the payment button is of \$22.44 USD.

With nine other sales similar to those already exemplified, in a year it would get a total of \$6,479.00 USD, leaving as commission for the gallery \$1,294.00 USD and for artists \$5,176.00 USD. Adding the total already obtained with what the clients paid for the extra expenses that are given for the shipment and the presentation of the product, a subtotal of \$7,971.53 USD is obtained. For the insurance of shipment of the boxes in the year, \$119.00 USD is paid, \$57.00 USD, obtaining a total sale of \$8,091.11 USD and the payment made to the company 2checkout for all transactions made in a year is \$287.39 USD.

These results are used to know what would be the net and gross profit of the page, for which this short account of results has been made with the projection of annual sales (Table 13).

Table 13

*Results Account Virtual Store*

<b>PROFIT ACCOUNT</b>	<b>AÑO X</b>	
SALES REVENUE	\$ 6,470.00	
SALES COST		\$ 5,176.00
<b>GROSS PROFIT</b>	<b>\$ 1,294.00</b>	
EXPENSES		
WEB PAGE		\$ 193.92
PAYMENT BUTTON		\$ 287.39
ASSISTANT GALLERY COMMISSION 3%		\$ 38.82
<b>OPERATIONAL UTILITY</b>	<b>\$ 773.87</b>	
FINANCIAL EXPENSES	\$ -	
<b>UTILITY BEFORE TAXES</b>	<b>\$ 773.87</b>	
TAXES 25%		\$ 193.47
<b>NET PROFIT</b>	<b>\$ 326.66</b>	
<b>GROSS PROFIT %</b>	<b>20.00%</b>	
<b>NET PROFIT %</b>	<b>5.05%</b>	

Author: Larrazábal.

### Analysis of the income statement

In this table, it can be seen the sales income obtained in a fiscal year (sales projection) that corresponds to a total of \$6,470.00 USD. Of that amount subtract the costs of sale that belongs to the artist, which is 80% of the total sales: \$5,176.00 USD. By subtracting both quantities, the gross profit of the company is \$1,294.00 USD, which represents 20% of the total sales plus the commission of the page for being an intermediary. Then, there are the yearly expenses of the company that include maintenance of the website up to \$193.92 USD, and the monthly payment of \$16.16 USD. Another expense, that was previously explained, is the payment button, which for 12 transactions with different prices gives a total of \$287.39 USD; and, finally, the assistant gallery's commission that is 3% for the gross profit: \$38.82 USD. These costs added and subtracted less the gross profit, result in operating income, \$773.87 USD. By not having financial expenses, that category remains at zero, leaving the same result as profit before taxes, \$773.87 USD. Being a company that is obliged to keep financial statements, it must submit to the payment of taxes. The amount to be paid is 25% of the profit before taxes, which results in \$193.47 USD, thus reaching a net profit of \$326.66 USD, which represents 5.05% of the company's total sales, that is, for every \$100 USD, the company enters \$5.05 USD to recapitalize and improve the service.

### **CONCLUSION**

Because of the importance of this chapter, it has been discussed in the best way to be explained. Each of the processes that have been carried out to obtain the corresponding profit margin has been explained in detail. To begin, the website was designed by a person not expert in the subject of computer science. However, thanks to the help and easy management that allows the Wix.com portal to design and create web pages, in this case, store virtual, it was made by me. The design was a sober one, with neutral colours like grey, red, white and black. The logo of Larrazabal Gallery was also used to save the design of a new logo.

The artists with whom the Gallery works: Felipe Galindo, Eudoxia Estrella and Patricia Ramón, have different experience that promote the purpose of this web page, that is to promote the artistic career of young people who with their talent can sell their works abroad.



At the moment, the amount of 30 art paintings was observed to be suitable to start with a virtual store. Likewise, having the four options of framing and shipping give a touch of distinction among the competition in order to have greater added value by providing a specialized service for their customers.

Finally, it must be confirmed that the profit margin of 5.05% that was obtained after making an annual sales projection of 12 paintings, one painting per month does not necessarily constitute a failure for the page. The fact that it is an entrepreneurial company in this subject as delicate and subjective as it is the sale of art paintings to markets as competitive as the French, Spanish and Italian markets; a percentage of 5.05% does not correspond to a low one. It should be analysed, in the same way, the fact that the webpage does not have an advertising campaign that helps sales to be a success. Therefore, the objective that arises throughout the thesis and that tries to reach this chapter can be positive.

## CONCLUSIONS AND RECOMMENDATIONS

At the end of the study and development of a virtual store prototype for the commercialization of paintings by artists from Cuenca through a C2C model using the Easy Export tool, it can be said that there is a feasibility with respect to the proposed project. This feasibility corresponds to the utility that was exposed in chapter 3 of the proposed work because, although there is a low amount of 5.05% as a net profit, for the company it is an achievement because it was obtained through a reduced sales projection, 12 frames per year, and although that amount of sale is reduced, there is a profit that can be reused by the company to continue developing it. A big advantage for a feasibility in this prototype is the low prices to pay for the maintenance of the website by the Wix.com server and the commission that receives the 2checkout payment button, reflecting the use of technology. It is the best alternative for ventures, in which the investment will be low.

It is taken into account that there may be disadvantages in terms of the space that a web page can initially offer, that is, that the website has limitations in terms of its volume of products. However, when selling works of art because they are unique, no more than one can be sold at a time, which will be replaced, without lowering the volume of the works offered.

The countries of destination that the work proposes, France, Italy and Spain; are places in which the culture of art is very well positioned. In addition, as explained above, the economic situation of the countries is responsible for the existence of dynamism and movement in the art market, and according to the selection of markets in Chapter 1, it was evident that these countries have an economic situation adequate for that movement to occur. Spain, Italy and France belong to the European Union, so they enjoy having similar legal documents that allow marketing to these destinations by electronic means. Likewise, there are rights that protect consumers and dictate the guidelines that suppliers should consider at all times of marketing their products.

Different laws on trade, electronic commerce, consumers, intellectual property and circulation of works of art made by Ecuador and the European Union expose the appropriate ways in which a product must be treated, its final buyer, and the trade itself. These laws seem to be much stricter when dealing with e-commerce, since there can be a lot of uncertainty about how to get completely efficient and safe commercial activity. However, the legislative

part of Ecuador, Spain, Italy and France have established prudential laws for companies that, although they are not established in their territory, comply with the purchase and sale contract, which favours the feasibility of the website.

Ecuador, with its history as a country that exports raw materials and imports processed products, has become impatient to change this type of marketing. Therefore, in the administration of the Eco. Rafael Correa promoted the "change of productive matrix", looking for the country to become an exporter of products with high added value. The use of technology in this area of change is very important, so, taking this premise, it was seen that the website's proposal to export works of art is within the parameters sought by this change, by applying technology to take an essential part of the trade and being a unique work of art, its added value is valuable. This situation goes hand in hand with the use of the Easy Export tool, which greatly facilitates this type of exports that does not intend to send large quantities of merchandise.

The city of Cuenca having a reduced art market, has the possibility of obtaining an extension of it through an update of marketing mechanisms and thus extend the reach of new artists to get to show their works in international markets. Young artists often lack the necessary investment to make the first sales of their works. This situation reaffirms the reason for the creation of this web page, since it seeks to give these young artists the opportunity to make the world realize that, in the city of Cuenca, Ecuador exists export quality art and provide the artist a permanent development.

The recommendations for this proposal are aimed at advertising, catalogue, and promotion, artists, among others. The advertising that should be strengthened for this type of web pages is to look for an objective target that is in accordance with the proposal. At the moment there is a boom in promotion and advertising in social networks; however, it should be analysed if this way is the right one for the target of people who collect art, who are interested in acquiring unique works of art from the city of Cuenca or people who are looking for works of art with specific techniques or themes that are not easy to get in places that have not been cutting edge.

Many artists fear that their works can be copied. That is why the catalogue of works with which they worked was limited. Due to this, it is recommended to look for more artists

willing to work with the web page and thus expand its catalogue, without losing the essence of the page. In other words, the company must set a theme to follow. The beauty of art consists of its various branches, techniques, artistic movements, etc. so it can get a variety of works with the technique and movement that the artist has chosen to develop. This does not mean that the content should have everything and in a disorganized way. If the company chooses to set the sale of frames of different movements, they should be organized in a very good way so that the client does not get lost among them and find the product that best suits their taste and need.

Although the countries of destination have been chosen through a selection of markets focused on the economic part, their export percentages, levels of corruption, ease of doing business, among others, it is recommended that these be studied more thoroughly. A more in-depth study is necessary about France, Italy and Spain as target markets because even though in those countries there is a great acceptance of art they also have their own artist and a large number of people who are dedicated to it. Therefore, these people have greater advantages of marketing their paintings in their own country, without the need to add the costs of shipping, packaging and packing as does the export that is intended to be made.

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## APPENDICES

### Interviews

#### **Interview with Arc. Diego Jaramillo, co-director of SALADENTRO Gallery**

The degree work by which I intend to get closer to a feasibility conclusion is called "Proposal to create a virtual store for the commercialization of Cuenca artists' paintings through a C2C model using the Easy Export tool".

The information that I try to gather through the response to the following questionnaire is related to Cuenca's art market and galleries. In this sense, you as representative of the SALADENTRO Gallery and its background of integration in the artistic world:

- **Do you think Cuenca has an art market?**

I believe that at present the art market in Cuenca is a small market.

- **For you, how has this market developed, can there be a greater evolution in this topic so that the city grows adequately achieving an appropriate commercialization of art?**

It has been developed in a traditional way: purchase-sale of works of art, similar to any merchandise, through museums and galleries. I think that there should be and can be an expansion and growth of this market.

- **Do you think that SALADENTRO Gallery can encourage the increase in the commercialization of works of art as a promotional platform for young artists from Cuenca?**

Part of the management of SALADENTRO, is to support the expansion of the art market in Cuenca, contribute to create and strengthen the collection of art in this city, support young local artists, national and foreign. If the dissemination and promotion of art, in general, is strengthened, young artists are also favoured. SALADENTRO has special projects for young artists.

- **Do you think that art can be mixed with technology to get benefit from this interaction?**

The field of this interaction is enormously broad: it covers the areas of creation and production, circulation, marketing; and, in all of them, this interaction can be positive for the development of art. This interaction is one of the signs of contemporaneity.

- **What is your opinion about the galleries in Cuenca, do you think they need modernization?**

The question is not very precise, because the modern term or modernization has a clear meaning in the field of culture and art. Maybe you want to find out about the need to update the galleries in the sense of new ways of art management and marketing. If so, I believe that it will always be necessary to adjust the forms of management to the new cultural, social, technological, artistic realities, etc., which are changing so rapidly in today's world.

- **Do you think that the idea of creating a website to export works of art from young people to European markets is viable?**

Completely viable, but I think it would not be the most appropriate to do it only for the art of young people.

- **Do you have knowledge about websites that sell works of art, either through sale or promoting art in Ecuador or the world?**

Yes, there are some found on the internet

- **For your knowledge about the artistic field and its marketing do you consider that a virtual gallery could be successful with this new style of selling works of art?**

It is a good option that expands the mechanisms of commercialization of works of art. Success depends on several conditions of page management: quality and variety of work, dissemination of the page, page design, integration to networks, etc., etc.

- **How do you consider that an artist establishes the sale prices to the public of their works of art? Characteristics, factors, values.**

The sale prices of the work of art are subject to the conditions of the art market: insertion of the artist in this market, in the national and international artistic circuits, quality of each work, sizes, etc.

- **At the time of a sale given in the gallery, what percentage of the same does the gallery acquire?**

The 30th%

- **Do you think that artists are advertising in digital media? Is this technique appropriate for you?**

If they are doing it because it is an appropriate medium

- **Do you know the percentage of Cuenca works that are sold abroad?**

I do not know

- **With regard to the prices of the works, do you consider that they are adequate?**

While it is known that the prices between national and foreign works are different, do you think they can have a smaller gap between them?

The comparison of prices is a complex subject, what works of what artists are compared to what works of other artists? Perhaps what is needed is a greater presence and insertion of national artists in international art markets.

- **Do you think that the art market has stagnated due to the lack of support from public institutions for young artists in the city of Cuenca?**

If there is a stagnation of the art market as the question suggests, I do not think it relates directly or solely to the lack of support for young artists; I reiterate that the subject is complex and the reduction or expansion of the art market depends on many factors; among them the support for new artists.

Arc. Diego Jaramillo Paredes

Co-director of SALADENTRO

## **Interview with Jonathan Kouperman, director of Bunker, Cultural Centre and Cantina**

The degree work by which I intend to get closer to a feasibility conclusion is called "Proposal to create a virtual store for the commercialization of Cuenca artists' paintings through a C2C model using the Easy Export tool". The information that I try to gather through the response to the following questionnaire is related to Cuenca's art market and galleries. In this sense, you as the owner of the Cultural Centre Bunker and with its background of integration in the artistic world:

- **Do you think Cuenca has an art market?**

Yes, it has it, but it is an extremely small and not very evident market.

- **For you, how has this market developed, can there be a greater evolution in this topic so that the city grows adequately achieving an appropriate commercialization of art?**

The Cuenca art market is largely a legacy of the 80s and 90s, years in which the dynamics of collecting was more active, and was complemented by diffusion spaces at local and national level with an impact at various levels of the society. There was a deeper approach between cultural spaces, artists and their buyers, a greater interest in learning and getting carried away by a technique, images or sponsor a particular artist. Many of the people who collected, and still collect, art from those years, continue to do so because of the sensitivity they have, because maybe they make exchanges or sales among collectors. Additionally, there has been an influence of these people on their children, who inherited several of these works and grew up in that environment related to art. In other cases, that line was also lost, reducing the market.

- **Do you consider that Cultural Centre Bunker can encourage the increase in the commercialization of works of art as a promotional platform for young artists from Cuenca?**

Of course. We are a space open to all kinds of manifestations and expressions. Young art is fundamental because it connects with many who are willing to bet on

someone who starts that creative path, and because in other cases it breaks with the fear of starting a collection.

- **Do you think that art can be mixed with technology to get benefit from this interaction?**

It is fundamental to use technology as a working tool for the dissemination and commercialization of art. We cannot extract ourselves from technological progress.

- **What is your opinion about the galleries in Cuenca, do you think they need modernization?**

The galleries in Cuenca are few. Most of them have web pages and those who administer them make extensive use of social networks and publications in virtual spaces. I do not think there is a need for modernization, more than ordering and addressing. Training in digital marketing techniques is a permanent necessity for all those who make use of these resources.

- **Do you think that the idea of creating a website to export works of art from young people to European markets is viable?**

Yes. But I think that it must be accompanied by a counterpart in Europe that lands and diffuses locally the offer to be presented, otherwise it would be just another web page.

- **Do you have knowledge about websites that sell works of art, either through sale or promoting art in Ecuador or the world?**

Yes. Galleries such as Bunker, Ariel Dawi, Hernán Illescas, CIDAP or ARTEX. Additionally, there are many American and European art trade pages, but I do not know what impact they have had on the sale of Ecuadorian art.

- **In the official website of its cultural centre it has a "virtual store" in which works are available to those interested in acquiring them. If so, have you been successful with this new style of selling works of art? How are retail prices established? What percentage of the total sale does the cultural centre acquire?**

Yes. We have a virtual store that has served for people to see what we have and sales have been made concrete because they saw them there.

- **Do you think that artists are advertising in digital media? Is this technique appropriate for you?**

Yes, many, if not most, do it. As I mentioned before I think it is important that they or a person or institution dedicated to this work must use digital media to be a contemporary tool of communication.

- **Do you know the percentage of Cuenca works that are sold abroad?**

Very reduced. At the moment, most of them are works that are acquired in Cuenca by passing tourists, who take them or require post-visit shipments. Additionally, there are artists who, through their presence in international exhibitions, manage to close sales, but it is very sporadic. In the same way there are cases of Cuenca artists who migrated and are selling very well abroad, as is the case of Tomás Ochoa and Que Zhinin. If we use these sales to make a calculation within the global market segment of the art produced in Cuenca or by Cuenca artists, I do not believe that it will reach 5%. I'm speculating that we need data.

- **With regard to the prices of the works, do you consider that they are adequate? While it is known that the prices between national and foreign works are different, do you think they can have a smaller gap between them?**

Talking about the prices of the works requires a specific analysis. First you must consider how much it cost the artist to produce the work, in materials and time. Then the career of the artist and his own positioning or of a series or technique in particular in the national or foreign market must be considered. In addition to this, the market itself must be considered. Currently, for example, it is not a good time for the art market, therefore, prices generally fall. But it is always the artist who marks the limits.

- **Knowing that an exhibition of the famous Ecuadorian artist Luigi Stornaiolo was made at the end of last year, would you consider that this was a successful exhibition in relation to the economic results achieved in terms of number of sales and the amount of them?**

No. Although the exhibition project was a success, it was not so with sales. Although the works were very desirable and had several prices, the current economic situation of the country did not allow any sale to be made, even offering payment facilities in instalments or with a credit card. It should be considered that the exhibition was held at Christmas time and until January, when people were very worn out by the festivities.

- **Do you think that the art market has stagnated due to the lack of support from public institutions for young artists in the city of Cuenca?**

No. I do not think that at this moment it is due to a lack of support. I must admit that in these years there have been many initiatives to democratize spaces and financing through calls. I think it has more to do with the formation of public at local and national level. After the sensitivity of the prospective buyer, I think that the idea of an investment opportunity or vanity still weighs more heavily (Not necessarily something negative).

- **Do you think that the new artists who graduate from the faculty of arts and similar, the University of Cuenca and the University of Azuay have the training and ability to become part of the group of artists in the city?**

Yes, they all have the same capacity. It depends on your work impetus, dedication, vision and effort.

Thank you for your cooperation.



## **Interview with Cristóbal Zapata, President of the Cuenca Biennial Municipal Foundation**

As current President of the International Biennial of Cuenca, which in its mission aims to develop, support, disseminate and encourage the production and circulation of contemporary art through the organization that presides.

- **Do you think that Cuenca has an art market?**

The truth, no, it does not have it and if it had it was a black market because it does not exist.

- **For you, how has this market developed, can there be a greater evolution in this topic so that the city grows adequately to achieve a proper marketing of art?**

Since the 80s, 90 there was an increase in the galleries in the city so the market was in dynamism. After the crisis many galleries began to close because art sells when the economy is fine. Yes, there may be an evolution in this sense, but an investment of public and private institutions must be sought so that both can function correctly and achieve the step in the evolutionary scale.

- **Do you consider that the Biennial can encourage the increase in the commercialization of works of art by being a promotional platform for young artists from Cuenca?**

One of its objectives as such is that, that there is a pleasure to go to see art exhibitions that get to incentive that people want to buy and streamline their trade.

- **Do you think that art can be mixed with technology to get benefit from it?**

Clearly, today technology is present in our daily life, therefore, it becomes indispensable for all activity. Art is not fought with technological advances, it is the opposite, because art tries to be at the forefront constantly, it seeks to merge with technology, and for me that's fine.

- **What is your opinion about Cuenca's galleries, do you think they need modernization?**

If modernization, you mean to be more in line with its time, yes, I think that all the art galleries that have survived in the city should adapt to the modernization of today.

- **Could you mention the most important Cuenca art galleries that you consider at your discretion, and argue your answer?**

Among which I can mention and are already recognized, Gallery Larrazabal, Dawi, Bunker, Jonathan, I think it's a good idea, is new, but has a new style of gallery, not only the typical gallery with exposure, but with an environment of fun. SALADENTRO Gallery and that of the municipality.

- **Do you think that the idea of creating a website to export works of art from young people to European markets is viable?**

I consider it a beautiful utopia, something that in idea sounds very nice, but little credible for the realization.

- **Do you have knowledge about websites that sell works of art, either through sale or promoting art in Ecuador or the world?**

No, I really do not know them.

- **Do you think that artists are advertising in digital media? Is this technique appropriate for you?**

I think it's completely adequate, social networks are everywhere nowadays and use of them as advertising is very good.

- **Do you know the percentage of Cuenca works that are sold abroad?**

I do not know that fact.

- **Do you believe new artists who graduate from the faculty of arts and similar from the University of Cuenca and Universidad del Azuay are able to become part of the group of Cuenca artists?**

Being honest, I see a lot of apathy on the part of the students of these faculties for art, although one would expect art students to be the first to visit the Biennial's exhibitions, this does not happen, which has the result that they do not realize in practice what art represents and what tendencies you have at the moment. Although I can rescue the name of Juliana Vidal, who won the prize of the French Alliance in the Biennial.

**Questions from the interview with Noemí Cueva and Gonzalo Mármol, officials of the Post Office of Ecuador on Easy Export Tool**

1. How does the Easy Export Tool work?
2. Is there a process to register to be able to export through this tool?
3. What prerequisites are needed for the use of the Easy Export Tool?
4. What regulations apply to the Easy Export Tool?
5. What are the benefits of using this tool?
6. Are you aware of the handling of tariff heading 9701100000, which corresponds to Paintings and drawings, made entirely by hand (excluding drawings of heading 4906 and manufactured articles decorated by hand)?
7. What modality exists for the treatment of the aforementioned game?
8. Are there any data that evidences the exports made with this tool to the markets of Spain, France and Italy? If so, are there data for exports under this heading?
9. What are the costs of using this tool? Freight, insurance, FOB, FCA
10. This tool, is it an extra help provided by the State for SMEs to export their products?
11. Are there tariff or non-tariff barriers that hinder the export process with this heading using your tool?
12. How many products should I send per year to be considered my marketing as "export" using this tool?
13. What incoterms are handled?
14. Do you have experience sending works of art through this tool? If your answer is affirmative, what is the amount that has been sent and the most common destinations?