

## INTERNATIONAL BUSINESS

Degree project before to obtaining  
the degree of Bachelor of  
International Business

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Crafting and marketing handmade candles  
infused with native ingredients from the  
Ecuadorian Amazon in Loja

**Tutor Endorsement**

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**Certification of Original Authorship**

I, Evelyn Nayelly Viñan González, declare under oath that the work described herein is of my authorship; that it has not been previously submitted for any degree or professional qualification and that the detailed bibliography has been consulted.

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SIGNATURE AUTHOR

### **Thesis Dedication Statement**

To my mother Lorena, for being the most important person in my life, for supporting me unconditionally from the beginning and throughout this process. Her example of effort and perseverance has been my greatest inspiration. This achievement is not only mine, but also ours.

To my aunt and uncle, Julio César and Marlene, who have been like second parents to me. Thank you for your love, advice and for always being willing to always help me.

To my cousin Daniela, who has been like my sister and has given me joy and affection to get through difficult times.

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## **Abstract**

Design Thinking has been a crucial methodology for the creation of business ideas focused on problem solving through innovative ideas. The present study employed this technique using tools such as field research applied to 100 people previously selected to empathize with the market and gain an in-depth understanding of the problem of work-related stress by determining the characteristics, behavior and needs. As a result of this research, it was defined that the problem affected women in the province of Loja between 25-45 years of age, and based on this finding, the production of handmade candles with essences from the Ecuadorian Amazon was devised to counteract work-related stress. It should be noted that this business idea was selected considering the principles of desirability, feasibility and viability. Therefore, the next stage focused on the validation of the project, carrying out a market study and applying the A/B test to prototype the products with the target segment, and based on this, the marketing plan was designed. Once the desirability and feasibility had been validated, the organizational study and financial analysis were carried out, verifying the viability of the business idea through the projection of financial statements and indicators such as the Net Present Value and the Internal rate of return to determine the profitability of the project. Finally, the internationalization plan was implemented as an alternative to consider for the growth of the project in the future, selecting the ideal market for its expansion and considering the opportunities and requirements of the market.

Key words: Design Thinking, handcrafted candles, business idea, A-B testing.

## Introduction

At present, stress has become an overconcern in modern society, affecting people of different ages and lifestyles. As awareness of the impact of stress on mental and physical health increases, so searches for effective methods to combat it and reduce its detrimental effects.

As stated by Gallup, in a study on the *State of the Global Workplace* applied to some 160 countries, it was determined that 43% of working women have suffered high levels of stress compared to men. It is worth noting that 42% of workers, under 35 suffer from this problem and 40% of them over 35 (GALLUP, 2024, p. 27). Therefore, it is important to find valuable alternatives to counteract its incidence and improve mental and physical health.

There are different strategies to manage stress, nevertheless, relaxation practices have achieved great recognition for their ability to provide relief and well-being. In this context, candles, often underestimated as mere decorative accessories, have emerged as a powerful tool in promoting relaxation and stress relief. Through their various sensory and therapeutic qualities, candles offer an effective means of creating a tranquil environment conducive to mental and emotional rest.

According to the situation mentioned, this thesis project focuses precisely on these difficulties, concentrating on the elaboration of handmade aromatic candles. This product is created to be used both for young people and for the rest of the people who are under the domain of stress and are interested in natural products in the market. The growing search for healthy practices and emotional well-being, the progressive demand for innovative products that provide peace of mind, as well as its contribution to boosting the local economy, combine as a strategic key to the penetration and recognition of this initiative.

The methodological process applied in this work is Design Thinking, a method that seeks to empathize and promote continuous improvement to create innovative ideas that respond to problems demanded by consumers and that need to be solved. In addition, thorough market research has been conducted to examine the feasibility and demand of the product in the locality, taking into consideration the importance of constant modification in the process of production and dissemination of new products.

This project is built with the bases obtained in all the stages of Design Thinking and is presented as a complete solution to the obstacles currently identified in the local market, emphasizing its contribution to cover local requirements and its potential impact on the handicraft industry in Loja.

## Justification

The stress present in workers has become a visible problem that has had transcendence in recent years, considering that different factors affect individual wellbeing and their integral development. In case this problem prevails, the risk of exposure to long-term health problems increases. Therefore, with the purpose of counteracting the problem, it is pertinent to investigate and propose options that are satisfactory and meet the needs demanded by young people.

According to an exhaustive review conducted by the journal *Molecules*, it was determined that essential oils have had important effects on the nervous system of people. Among the most used essences, lavender, orange, lemon verbena and other important herbs have been found, being inhalation the most outstanding method of administration with 58.57%, in addition to the fact that these have decreased stress and strengthened the parasympathetic system (Sattayakhom, Wichit, & Koomhin, 2023). Based on this premise, the important role played by natural essences in providing relaxing environments and promoting the application of aromatherapy is highlighted, therefore, these essences can be used in handcrafted candles to consolidate as a successful practice in stress management.

Consequently, this research work aims to provide an optimal alternative to reduce the stress levels of workers in Loja through the creation of handmade aromatic candles, using the methodology of Design Thinking to address the growing needs and challenges of mental health that overwhelm the population. Likewise, it is relevant to highlight those creative and customizable designs effectively coupled to the preferences of the studied segment, increasing its attractiveness and efficiency as an action plan.

On the other hand, the results obtained will be a source of usefulness to enrich knowledge in the field of mental health, providing a practical option for health professionals, educators, and the rest of society linked to the described population. Additionally, this project will contribute new knowledge that will encourage the

implementation of aromatherapy and handmade methods as mental health intervention tactics; besides promoting the development of projects or programs that cultivate the use of handmade aromatic candles in community, educational, and other contexts.

## **Objectives**

### **General Objective**

Elaborate and commercialize handmade candles infused with native ingredients from the Ecuadorian Amazon as a tool to reduce stress in people between 25-45 years old in Loja.

### **Specific Objectives**

- Design a business plan model for the launching of handcrafted scented candles.
- Create marketing strategies focused on driving product branding
- Conduct a financial evaluation of the project to determine its viability.

## **1. Empathy**

### **1.1 Empathy Phase**

At the beginning of this phase, it is essential to understand and determine the needs and contexts of our target segment to recognize product design alternatives that are novel and linked to their buying patterns, environmental elements, motivations, and frustrations.

This stage is fundamental in this methodology, according to (Apau, Kofi Howard, & Xtin, 2022), through empathy, it is possible to get to know the customer more closely, since the reality is observed through the eyes of the customer to obtain relevant information and, above all, truthful information about them. Furthermore, at this stage, it is essential to discover the implicit or explicit needs and behaviors as well as their motivations for the purpose of creating a bond of trust between both parties.

### **1.2 Problem Research**

According to the World Health Organization, work-related stress refers to the reaction that people have in the moment of the appearance of work impositions and tensions that are not in accordance with their abilities, representing a challenge to counteract them. This problem can originate in different work environments, however, it increases when workers feel a lack of support from their bosses or colleagues, as well as insufficient control of activities (WHO, 2020).

Every day people face different situations that affect their emotional changes, which most of the time are negative because they affect their mental and physical health and, consequently, their wellbeing. Therefore, stress has become one of the main problems that people currently live in and can hardly control.

As claimed by a study conducted by (Deloitte, 2023), it was revealed that 39% of millennials from around 44 countries worldwide have stress problems most of the time, also women are the ones who predominate the problem with 43%. This problem has had



different effects on their daily lives, and it is difficult for them to perform to the best of their abilities.

Workers experience different situations that lead them to feel frustrated and worried about their well-being and as stated by (Buitrago, Barrera, Plazas, & Chaparro, 2021), the causes that lead to stress to take hold of people are: Poor communication, long working hours, work overload, physical conditions of the work environment and other aspects related to the company. These and other causes are the ones that provoke emotional imbalance and affect the behavior of people who are concerned about their mental health because if this situation persists, the effects can be grievous and can also harm their physical condition.

Among the consequences of this problem when the level is advanced are physical and mental effects, including cardiovascular diseases, gastrointestinal problems, extreme fatigue, insomnia, anxiety and depression (Hasin, Chik Johari, Jamil, Nordin, & Shafizah Hussein, 2023).

Based on the above, it is important to highlight the objective of the research work, which focuses on providing an attractive alternative for young people aged 25-45 years in Loja, to reduce stress through handmade and organic aromatic candles.

### **1.3 Observation**

To deepen the research, it is significant to address the case of Adriana. She is an accountant who in her daily life performs different activities and always feels frustrated by work pressure. Among her habits, she likes to exercise, have fun with her friends, and visit the spa at least once a month to relax. Despite her efforts to remain calm in her life, she does not manage to control her stress levels, therefore, one of her most notable interests is to strengthen her mental well-being.

On the other hand, thorough exploration of the target segment is a necessary aspect of this process. For this reason, an accurate representation of the buyer was

developed taking into account the key tool, the buyer persona, in addition to the preparation of interviews. These were applied to those people who share similar characteristics to the previously determined segment of people.

#### 1.4 Buyer Persona

As stated by (Fenton, Heinze, Osborne, & Ahmed, 2022), the buyer persona is a representation of the ideal buyer, who will buy the products and services. It is important to mention that, for the creation of this buyer, the following are considered: gender, age, classes, ethnographic data, goals, interests, and other demographic data.

Therefore, the buyer persona has been designed to represent the potential customer of the handcrafted scented candles.

**Figure 1**

*Buyer Persona*

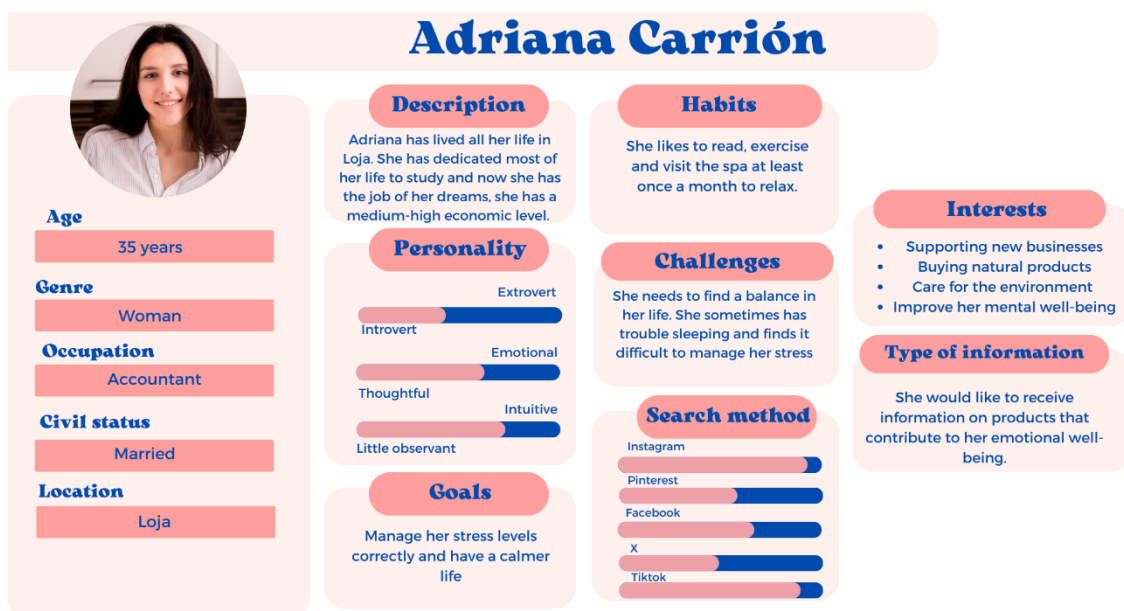


Figure 1 represents in detail a fictitious worker, Adriana Carrión, and her profile adapts the proposed target segment. The audience is concentrated on women between

25-45 years old, who have a medium-high monthly economic level, show interest in caring for the environment, enjoy exercising and relaxing through the spa services, and want to improve their mental and emotional health by reducing their stress levels.

### **1.5 Field Research (Interviews)**

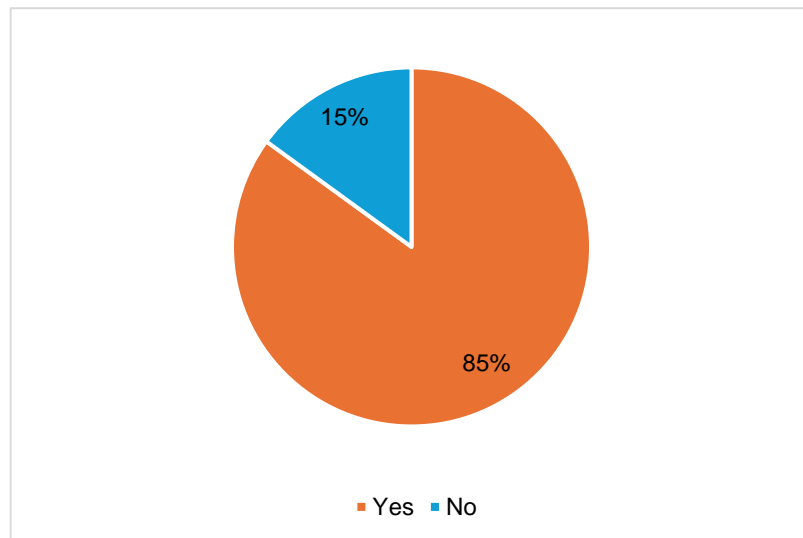
After direct observation, it is crucial to apply the interviews, considering that it is the next step in the technique of empathizing, to deepen the understanding of the needs, frustrations, desires, and behaviors of our target segment and to understand how the problem affects their daily lives. The interviews were developed with open-ended questions and simple interpretation, to provide accurate results.

The interview was applied to 50 women between 25-45 years old living in Loja in 2024, where there are currently approximately 293,339 citizens.

The questionnaire can be analyzed in the annexes section. According to the answers obtained from the young people interviewed, it was considered appropriate to graphically present the information and data on a measurement scale, without omitting personal criteria that justified their answers. Therefore, the results achieved are presented below in measurable questions suitable for graphic representation:

**Figure 2**

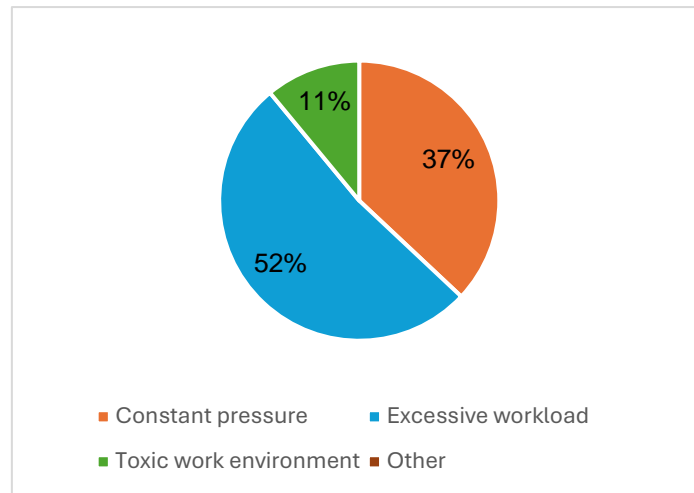
*Do you have trouble relaxing?*



According to the results obtained in question 1, it can be determined through the figure that, of the total number of respondents, 85% of people have problems relaxing and the remaining percentage states the opposite. This data provides relevant information for the study, as it evidences the possible validation and acceptance of the product by the target segment, and the results also represent the basis for deepening the main problem of workers and to know their needs.

**Figure 3**

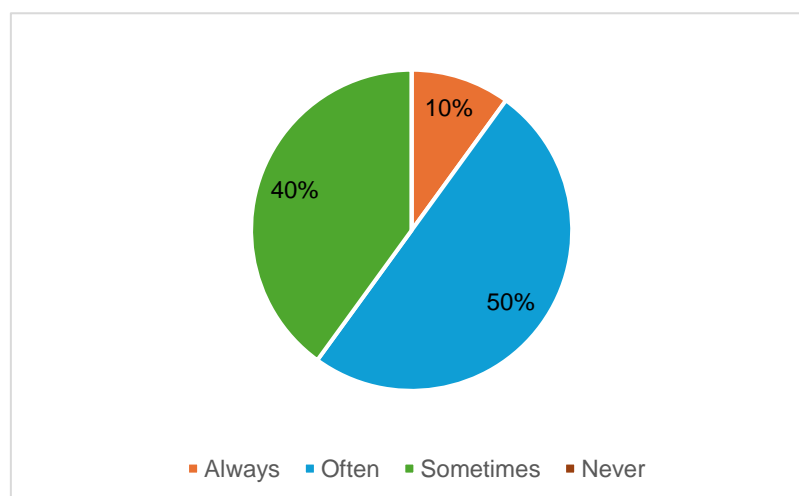
*What are the main reasons for your stress?*



This figure has presented the main reasons that generate stress in employees, in this case, the highest percentage corresponds to excessive workload with 52%. On the other hand, 37% of employees mentioned that stress is due to constant pressure because they must perform different activities in each time frame, while 11% have problems with a toxic work environment.

**Figure 4**

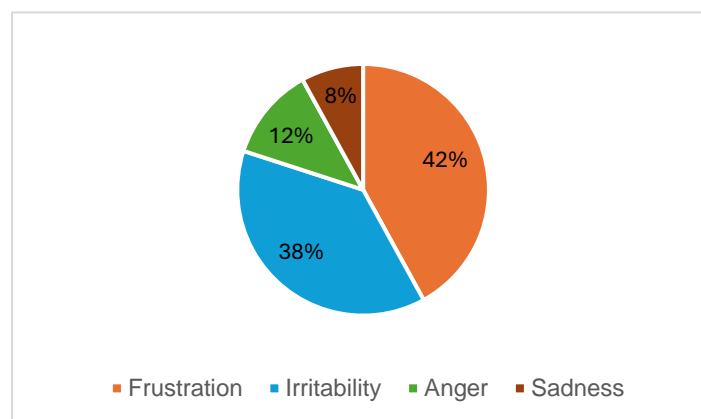
*How often do you get stressed?*



In this figure, it is determined that 50% of workers aged 25-45 years are often stressed precisely excessive workload, 40% have stated that they are sometimes stressed, while 10% are always stressed. The percentages reflect how often the 50 people interviewed face the problem, showing that stress is present most of the time in a considerable percentage of the target market. These data also provide significant information for understanding the potential demand for the products and designing attractive strategies that contribute to the emotional and mental well-being of people.

**Figure 5**

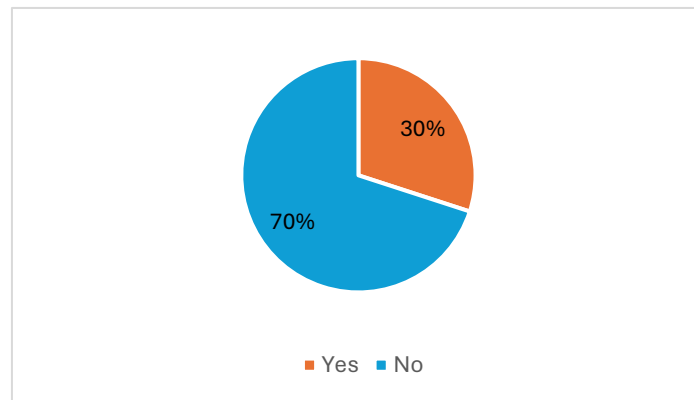
*What do you feel when you are stressed?*



This figure has exposed that 42% of the workers interviewed reported feeling frustrated when they are stressed, followed by 38% who feel irritable. On the other hand, 12% felt anger and finally the remaining 8% mentioned feeling sadness. The data obtained are substantial because they make it possible to know the emotions of the target segment in relation to the problem addressed, with the purpose of developing products focused on the emotional challenges that workers experience in stressful periods.

**Figure 6**

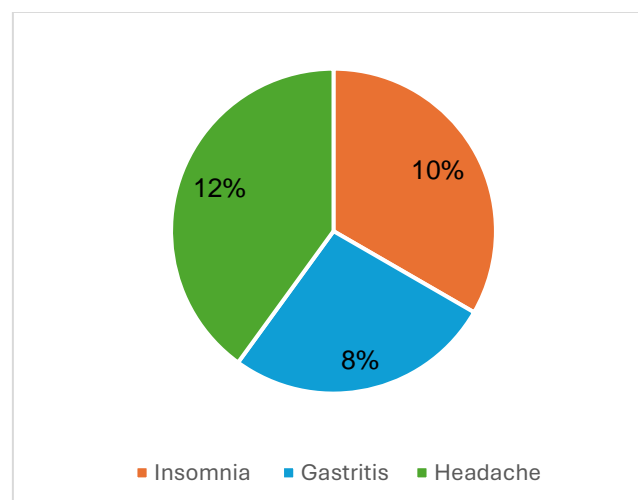
*Has stress ever caused severe consequences on your*



The figure has been established that 70% of the workers interviewed have not experienced serious consequences for their health, while 30% have. These results show the seriousness of the problem and the importance of designing solutions through products that effectively manage stress to reduce its negative effects on the health of the target segment.

**Figure 7**

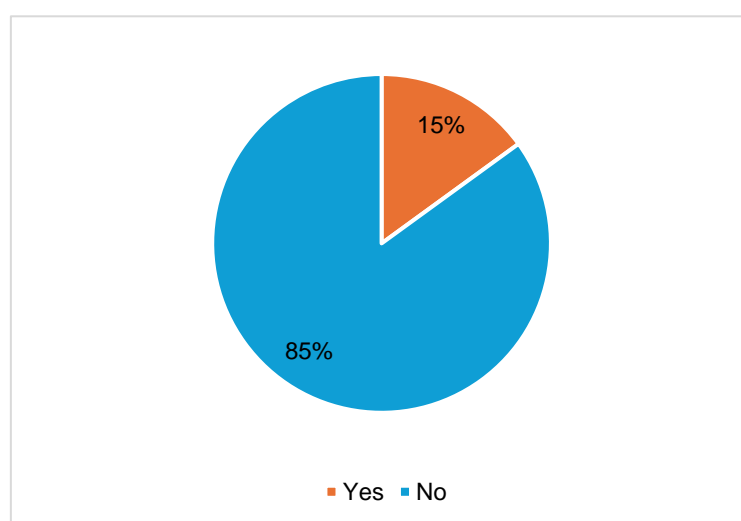
*What kind of consequences?*



This figure has represented the responses of 30% of those interviewed who stated in the previous question that stress has had a significant impact on their health. Firstly, 12% of the workers have had insomnia problems, while 10% and 8% are divided into consequences such as gastritis and headaches. This information is supported by what (Naranjo Pereira, 2009) mentions, since among the phases of stress is exhaustion, where people suffer from insomnia, an effect that arises after a complex process to cope with. According to the above, it is relevant to deepen the experiences and the effects that stress has caused in the target market, to raise awareness about the problem, in addition to encourage people to seek healthy alternatives that allow them to reduce stress

**Figure 8**

*Have you ever purchased scented candles to use as a relaxation method?*

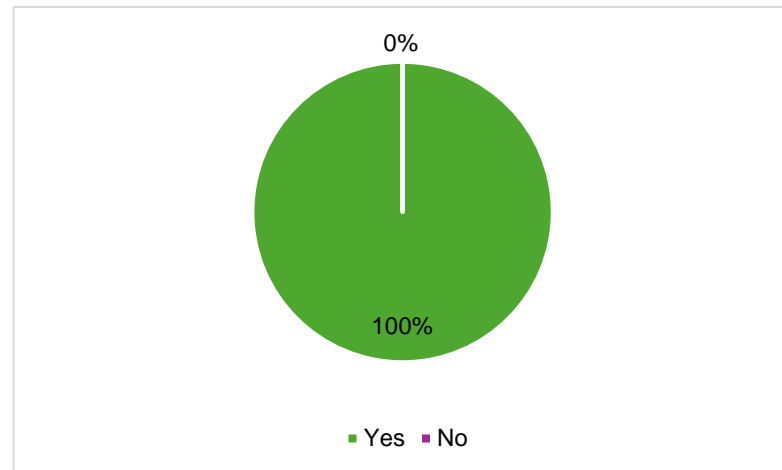


The results in figure 8 have shown that 85% of people interviewed have not previously purchased scented candles for use as a method of relaxation; only 15% have done so. Therefore, through this information it is possible to identify the previous experiences of the target segment, which will allow to know the expectations of young people and from this, implement adequate resources to offer an effective product to meet their needs.



**Figure 9**

*Would you be willing to purchase a handcrafted scented candle to reduce your stress levels?*



In this figure, 100% of the respondents stated that they would be willing to purchase a scented candle that addresses the problem of stress. This demonstrates the validation of the product concept, as it is evident that the market segment is interested in the product to be offered. In addition, these results can influence product development and the design of sales strategies

**Figure 10**

*Do you find organic scented candles more attractive to purchase?*

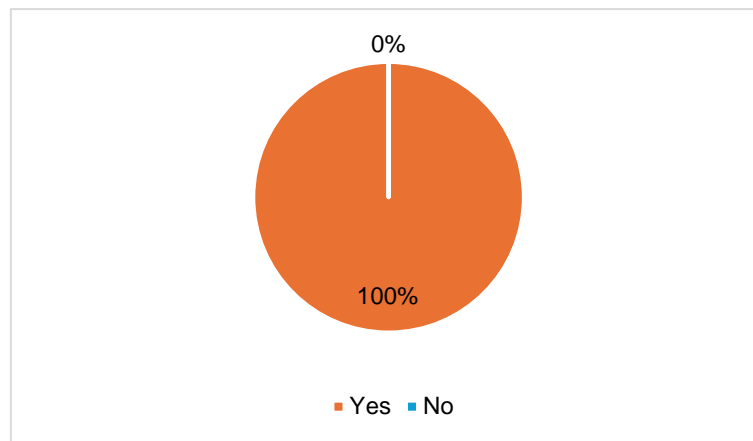
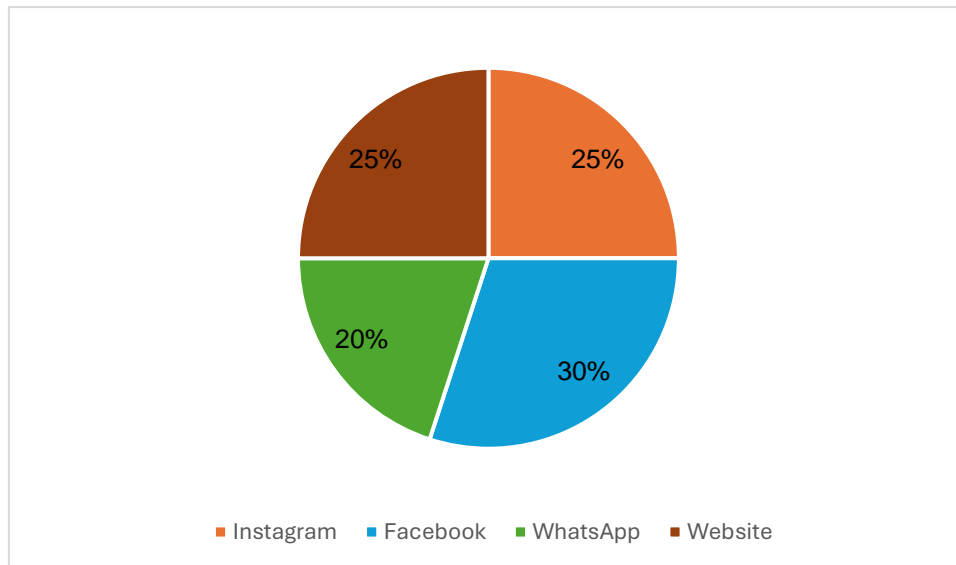


Figure 10 has manifested that 100% of workers consider that organic scented candles are more attractive for purchase. In contrast to the previous question, it is observed that the market segment is willing to purchase a product that allows them to reduce their stress levels, also considering their preferences about organic products compared to traditional ones, and highlighting the importance that the segment attaches to natural materials in their choice of purchase

**Figure 11**

*What would be your preferred channels when purchasing candles?*



The results of figure 11 have reflected that 30% of the interviewees prefer Facebook as a purchasing platform, being the highest percentage, followed by 25% who choose to place their orders on Instagram, other 25% choose Website while the lowest percentage corresponds to WhatsApp with 20%. The data obtained allow to effectively understand their purchasing habits through their interaction with digital channels, in addition to providing information that guides the formulation of distribution strategies for scented candles and other marketing strategies to offer exclusive experiences to the target segment.

Consequently, through this interview with the target segment, significant information was obtained for the project since the acceptance of the possible business idea has been evidenced. Therefore, it is possible to continue with the following stages of the study to consolidate the project to be offered.

## 1.6 Empathy Map

The empathy map is a technique that allows understanding the needs of consumers while deepening the information of those who are being designed. With this tool, it is intended to simplify the observations of field research to extract the necessary data from the segment through the quadrants referring to what the user felt, thought, did and said, as well as to rescue their pain points and aspirations (Dam & Yu, 2024).

**Figure 12**

*Empathy map*

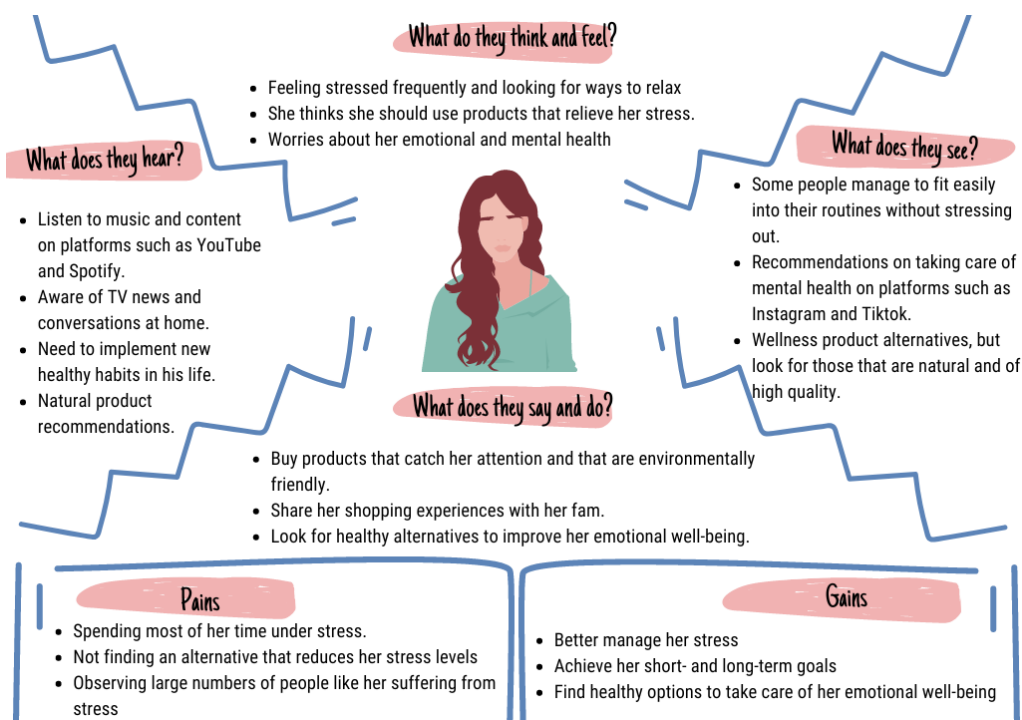


Figure 12 evidenced the empathy map designed with the data provided in the field research. The focus is the perspective of the ideal customer, analyzing what she observes around her, what she thinks and feels, what she listens to, what she says and does, her pain points and her aspirations. From the information obtained, it is synthesized that the customer profile aspires to find healthy products that allow them to

effectively manage their stress, to look for alternatives that improve their emotional and mental well-being.

On the other hand, observing that there are cases of other people who have worrying levels of stress, she is afraid that this problem will become an obstacle to achieving her goals. Therefore, she states that she needs to implement new techniques to cope with her problem, because she has been recommended to start paying more attention to her mental wellbeing, and she is willing to contribute to the environment by using sustainable practices.

In this first stage, the first approach to the market was made, facilitating the understanding of its behavior, characteristics, needs and desires. This was supported by the creation of the buyer persona and the design of the empathy map, key tools for the identification and analysis of the target segment

## **2. Define**

The Design Thinking methodology is progressive, therefore, after getting into the context of the potential customers' environment and having created a closer relationship in the first phase (empathizing), it is time to continue with the definition of the problem. It is here where the information obtained is unified to determine exactly what the problem is.

It should be emphasized that objectivity is the key to success at this stage since it is important to avoid biased opinions in the approach to the problem. Furthermore, it should be kept in mind that as long as the mind remains open and flexible to any type of responses or comments from the target segment, real results will be obtained. Subsequently, the respective analysis of solutions is carried out with the purpose of highlighting the most appropriate one to solve the problem.

The definition stage is also important in this methodology. It is opined by (Lugo & Villegas, 2020), it is not only a matter of identifying the problem, but also of highlighting

the strengths and weaknesses of the situation. Consequently, a new approach is executed to determine the purpose to focus on based on the information through the interviewees' insights to simplify the information exposed in the previous phase.

## **2.1 Problem Identification**

After knowing the main characteristics of the target segment, its frustrations, motivations, needs and part of the environment in which it operates, it is essential to direct the information to the identification of the problem. Therefore, it has been considered, from an objective and feasible point of view, to focus on the problem: 'Stress in young people aged 25-45 years', because through an innovative proposal it is possible to comprehensively counteract it.

In the Ecuadorian context, according to a study conducted in 2022 on 520 people, it was determined that 57.88% presented levels of work-related stress and of this percentage, women predominated the problem with 70.61%, reporting that this was due to excessive activities and the pressure with schedules to fulfil these activities in a short time (Jaramillo & Maldonado, 2022).

Additionally, this problem is more pronounced when people are going through "uncontrollable" moments, i.e., when they feel pressured to perform activities that must be executed in a certain time or when the results, they expect from any situation are not as expected.

From the above, it is highlighted that stress is produced by the physical or emotional tension that derives from a certain situation, thought or feeling and this, in turn, triggers frustration, nerves and lack of control. According to the above, it can be said that people allow themselves to take time for relaxation, meditation or rest to counteract the problem, therefore they seek to get out of the routine and go to wellness centers to clear their mind.

On the other hand, in 2019 the WHO presented the Mental Health Project to develop plans, programs and services to promote mental health and reduce psychic illnesses in Latin America (PAHO, 2020). Moreover, at the national level, in Ecuador there are some companies that offer products like VELYtas' proposal, being direct competition for these products. One of the most prominent companies is Almon, a Quito-based company that has been present in the Ecuadorian market for several decades, offering home and decorative candles.

After having identified the problem and pointed out significant information, it is important to continue developing tools that allow us to go deeper into the problem and achieve the proposed objectives.

## **2.2 Customer Journey Map**

The next stage of the design thinking process includes the Customer Journey Map, sequentially laying out the customer's shopping experience.

As its name suggests, the customer journey map is a map that explains individually the phases of a customer's experience with the product or brand, that is, the points of contact between the customer and the company. This tool will facilitate the understanding of the concerns, objectives, and motivations of customers, in addition to expressing the emotional state in which they are. Prior to its development, it is considered relevant to collect information to reflect an effective process (Gopaldas & Siebert, 2022).

In this section, it has been considered significant to design the customer Journey Map for the company, highlighting that it is a tool that allows to visualize the path of the purchase and post-purchase experience of the target customer.

Figure 13

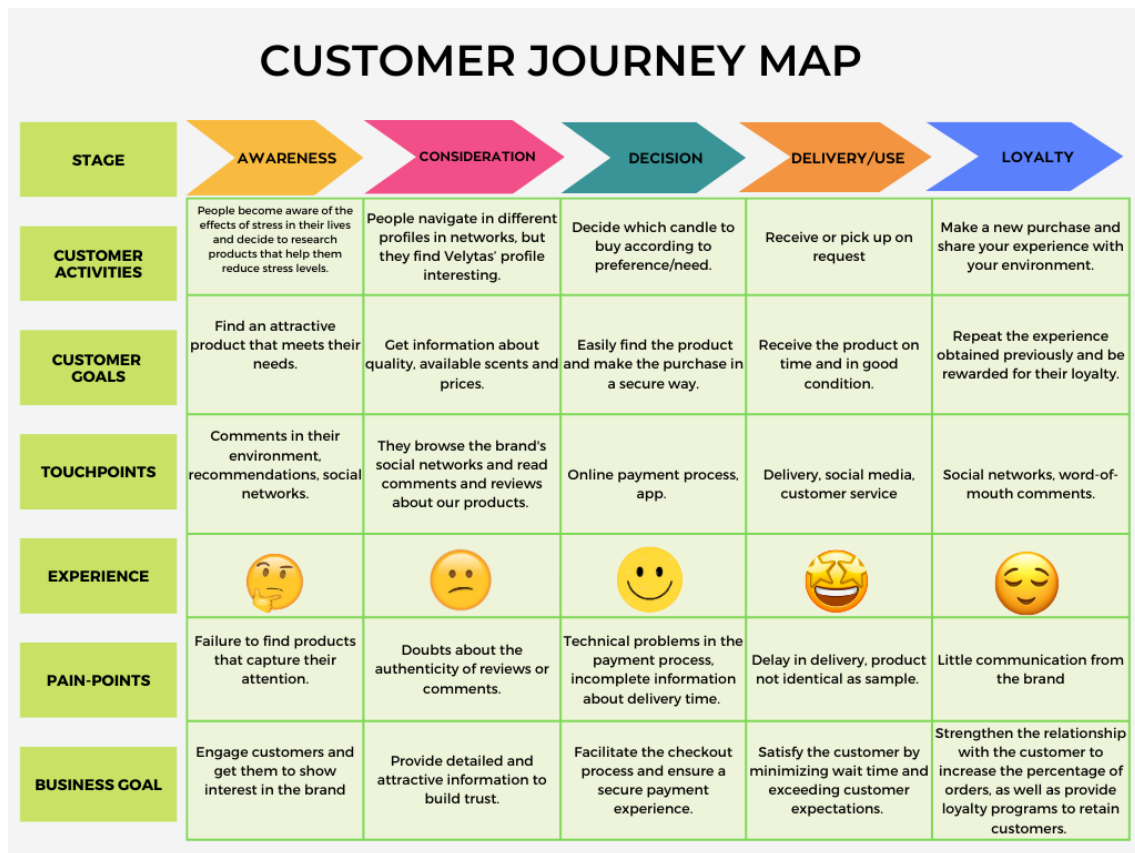
*Customer Journey Map*

Figure 13 has shown the Customer Journey Map, exposing sequentially the user's shopping experience and how the customer feels at each stage from awareness to after purchasing the product. Firstly, the consumer becomes aware of the stress problem and is curious to look for products that can help them to counteract it. They dive into social networks and find VELYtas profile interesting, nevertheless, they are hesitant to buy. Consequently, they find a variety of products that match their preferences and decide to make their purchase. Subsequently, the customer is excited to receive their product in good condition and on time, which is why they consider making a new purchase because they are satisfied with their shopping experience.



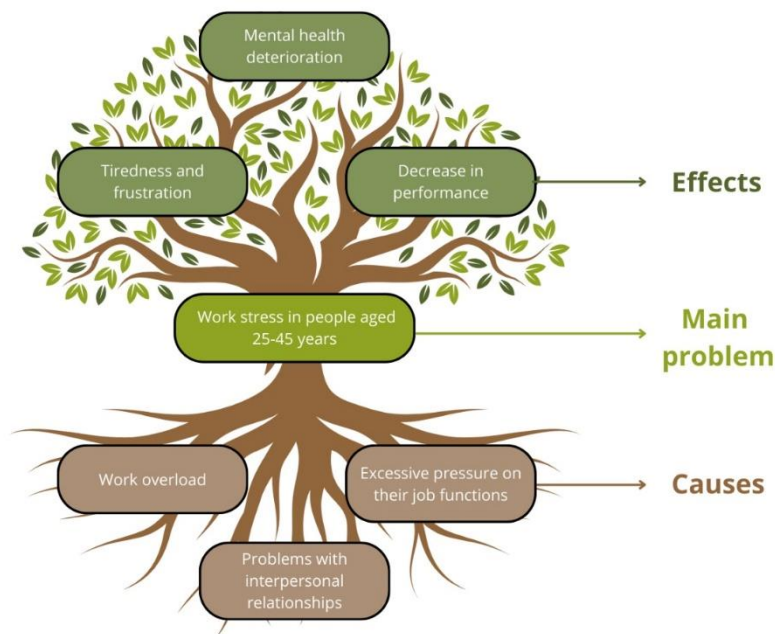
### 2.3 Problem Three

It is a diagram that represents the relationship between causes and effects of a specific problem and through its respective analysis, it is intended to determine solutions. For the analysis of the problem, the essential causes and the most relevant effects must be described, verifying that the ideas put forward are valid (Ammami, Auta, & Aliyu, 2010).

Through this scheme, the central causes of the research problem are identified, in addition to visualizing and determining the effects it has on the market segment. It must be noted that the causes and consequences represent the reality of the target market and therefore, its structure must be coherent because this information is an indication of possible solutions.

**Figure 14**

*Problem Thress*



In figure 14 it has been suggested the structure of the main problem, which is the stress in women aged 25-45 years. The problem is caused by 3 important aspects: work overload, problems with interpersonal relationships, excessive pressure on their job

functions. Consequently, these people experience tiredness and frustration, mental health deterioration and decrease in performance. Based on this information, the situation experienced by the users, the cause of the problem and the consequences they are currently facing are more clearly defined.

In order to define the problem, at this stage it has been considered relevant to deepen the investigation and different tools have been used to determine the causes, consequences and to know who is affected. After this phase, it is necessary to proceed to the next one to start with the ideation process and provide optimal responses to the people affected.

### **3. Business Idea**

The third phase of the Design Thinking methodology corresponds to Ideate, in which sketches or possible ideas that focus on providing a solution to the problem are designed. In this phase, it is important to use tools that allow to awaken creativity by iteration to create different concepts, combine and visualize them and thus explore different options that are promising for the company (Lewrick, Link, & Leifer, 2018).

In this phase, ideas are generated for possible solutions to the main problem addressed in the previous stages of empathizing and defining. The ideas can be exposed through different techniques that allow determining innovative and effective solutions.

#### **3.1 HMW Technique**

According to (Rosala, 2021), this technique consists of formulating questions on how we could develop novel solutions oriented to the problem that needs to be solved. In addition, the questions are designed with the objective of suggesting various solutions and encouraging creativity in the people who put forward the ideas.

Through this technique, questions focused on the stress faced by employees have emerged as a valuable initiative to generate achievable proposals:

- ✓ How might we reduce stress by using healthy practices?
- ✓ How might we enhance innovation in handcrafted scented candles as a method of relaxation to reduce stress in employees and employ eco-friendly practices in the process?
- ✓ How might we improve the emotional and mental state of employees suffering from stress?

From the 3 proposed questions, the best structured one was selected to apply the technique described below.

### 3.2 Brainstorming

This technique represents a creative model to present ideas and provide solutions to a given problem. Brainstorming provides a free panorama with the objective of proposing ideas individually, without these being questioned or subject to any criticism; these ideas proposed by different members are later considered as answers to the specific problem and are grouped spontaneously (Kumbhar, 2018). In this project, the Brainstorming technique was carried out and about 108 ideas were obtained through an online information gathering process and the selected question was: ***How might we enhance innovation in handcrafted scented candles as a method of relaxation to reduce stress in workers and employing eco-friendly practices in the process?***

Figure 15

### Brainstorming Technique



This figure has exposed all the ideas provided by the collaborators according to the question asked. This technique shows the variety of answers that are useful to devise the most effective and viable solution.

### 3.3 Selection Technique

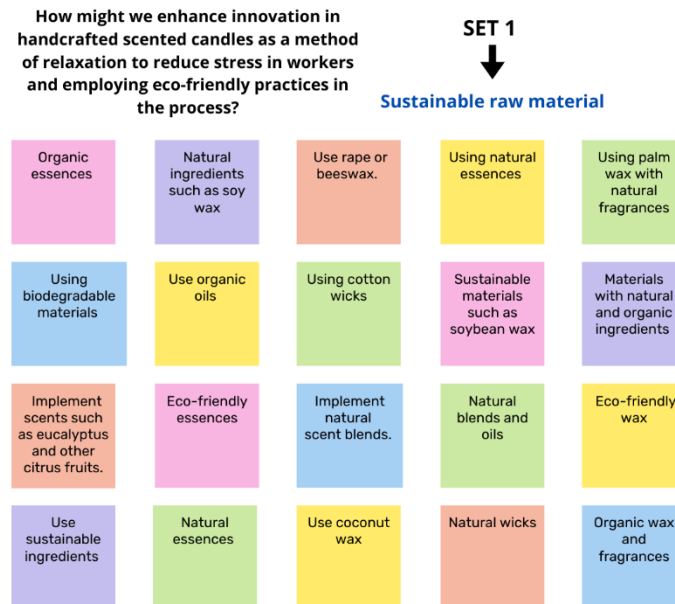
Firstly, this process was developed through the application of Brainstorming and aimed at people who share the characteristics of the Buyer Persona. To satisfactorily understand the answers obtained to the problem posed, the selection technique was implemented, which consists of grouping the ideas that share similarities to analyze them under the attributes of viable, desirable, and feasible. This process also facilitates the simplification of ideas to determine the ideal one.

The possible solutions provided by the target segment are divided into the following sets:

## a) Sustainable raw materials

Figure 16

Set 1: Sustainable raw materials



The figure has represented the set of ideas that correspond to the application of sustainable raw materials to produce handcrafted scented candles, highlighting among the ideas the implementation of natural essences, soy wax and cotton wicks.

## b) Eco-friendly Packaging and Packing

**Figure 17***Set 2: Eco-friendly packaging and packing*

This figure has highlighted the group of ideas that correspond to the use of environmentally friendly materials for product packaging. Among the ideas highlighted are recycled cardboard or paper and glass or reusable packaging.

**c) Partnerships**

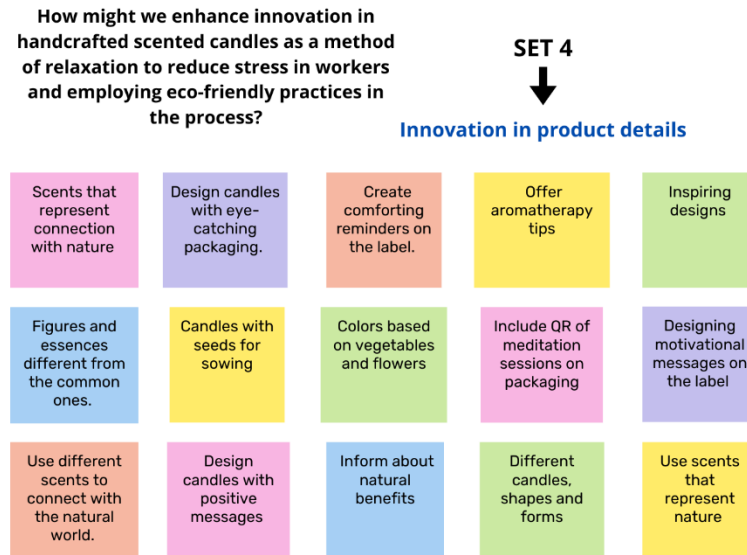
**Figure 18***Set 3: Partnerships*

The figure has shown the ideas related to the collaborations that the company should have to promote innovation, considering collaborations with other ventures to offer other activities that promote mental health care.

**d) Innovation in product details**

Figure 19

## Set 4: Innovation in product details



This figure has represented the last set of ideas, which reflects the grouping of possible solutions to enhance innovation in product details, such as new inspirational designs, colors based on nature, different shapes and motivational messages or phrase including in the packaging.

### 3.4 Idea (Viable, Desirable, and Feasible)

As a result of the grouping of ideas, some ideas were excluded if they were repeated or were not part of the context. To validate a business idea, different aspects need to be applied (Bland & Osterwalder, 2019), designed techniques to test business models in research:

**Viable:** It represents the value of the company in monetary terms, questioning whether the business model is profitable.

**Desirable:** It consists of the main characteristic of the value proposition, questioning to what extent the proposition is desirable for the segment.

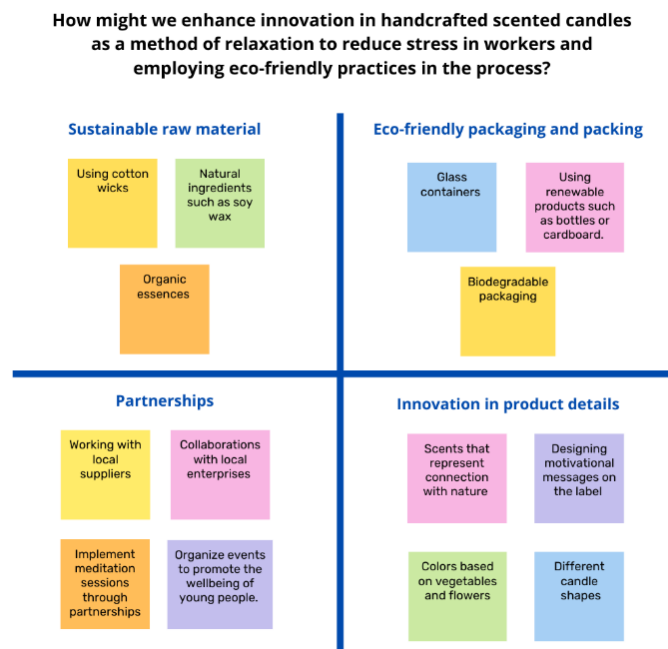


**Feasible:** It refers to the design and delivery of customer value, questioning whether it is feasible to coordinate and obtain the necessary resources to design and deliver the value proposition.

It is important to mention that some groups of possible solutions can be merged, and, in this way, a potential idea can be highlighted. The merged ideas are presented below for their respective analysis.

**Figure 20**

*Idea Grouping*



**Viable:** By merging the four groups of ideas, we have sought to analyze the feasibility of these ideas, thus verifying that they can be executed and would generate profitability.

**Desirable:** This attribute is oriented to the customer's instantaneous desire. For this reason, the groups were selected, considering that those ideas satisfy the objective of this principle. To develop this process, ideas presented more than twice were

grouped and others were excluded for the purpose of simplifying the selection of the final idea.

***Feasible:*** An idea can be classified as "feasible" if there is a possibility that it can be executed, taking into consideration the people who will implement it. In this case, the four merged ideas can be executed to deliver the value proposition to the target segment.

After analyzing the ideas and their respective contexts, evaluating the demand taking into consideration the results obtained previously, it was decided to consider the most appropriate option for the problem, and this was: to produce scented candles of different essences, sizes, and colors with organic raw materials, including sustainable packaging, in addition to establishing partnerships with local companies to promote emotional well-being through innovative practices.

### **3.5 Prototype 1.0**

The next phase of the Design Thinking method deals with the creation of the prototype that represents the product. As stated by (Chua, Leong, & Lim, 2003), the prototype is a preliminary version of a product or its parts, designed with some specific objective in mind in its development. This process is subject to change and can range from a simple software design to the creation of a real prototype.

For the progress of this research project, it is crucial to develop the prototype of the VELYtas product. Therefore, the 1.0 prototype was developed with the purpose of offering an approximate visual projection of the product.

**Figure 21***Prototype*

### **3.5.1 Name and Brand**

The brand has a crucial function in product creation because it drives part of the differentiation in a competitive marketplace. The brand not only provides immediate product recognition, but also establishes a relationship of trust and loyalty with customers. When developing products, a properly defined brand can communicate values, quality, and consistency, influencing purchasing decisions and product perception.

In the opinion of (Maurya & Mishra, 2012), the brand represents a way to differentiate itself from the competition, highlighting the company's own characteristics and visuals, showing its identity to the market.

After having exposed the prototype, the identity of the prototype was developed. In this context, the candles will be marketed as 'Handcrafted scented candles' under the 'VELYtas' product range. The name originates from the fusion of VELY which comes from the name of the author of the project 'Evelyn' eliminating the letter e and n, and 'tas', which is a characteristic suffix of the Loja region. This name not only reflects the identity

and personal touch of the creator, but also evokes the tradition and craftsmanship of candles.

VELYtas proposes a transcendent and meaningful brand, expressing its values and experiences through its slogan 'Apaga tus miedos y enciende tu vida'. In the first part, it expresses 'Apaga tus miedos', a phrase that invites customers to put away their worries and anxieties, highlighting the calming and relaxing effect of handcrafted scented candles. The second part, 'enciende tu vida', reflects the positive and revitalizing impact that VELYtas products can have on the lives of their users, promoting an atmosphere of tranquility and well-being. This slogan captures the essence of the brand, focused on offering natural solutions to combat stress and improve the quality of life of its customers.

On the other hand, three main colors were used to create the logo. The first tone corresponds to the background, which is a mix of red, green, and blue, with the code #fff0ec. This soft and warm color reflects tranquility and comfort, essential characteristics of handcrafted scented candles. When focused on the candles, this tone evokes a sense of calm and serenity, creating a relaxing and cozy atmosphere.

The other two colors were used for the typography design and the graphic element. The typography was made with the typeface Belleza y Open Sans size 42 for the brand name and size 22 for its slogan, the letter of the brand is medium dark blue with the code #3d4f76 and for the letter of the slogan a mix of red, green, and blue colors was used. The color of the brand's font conveys confidence, stability, and professionalism, highlighting the quality and reliability of handcrafted scented candles. The choice of sophisticated typography and a sober color reinforces the brand's identity as a premium and tasteful choice. In addition, the combination of vibrant colors for the slogan brings a touch of dynamism and vitality, reflecting the positive energy and transformation that VELYtas products promise to their users.

Finally, the design exposes a minimalist and stylized graphic: a lit candle, reflecting the essence of VELYtas by highlighting simplicity, warmth, craftsmanship and focus on the Lojan customer experience. The elegance and attention to detail suggest high quality and care in the manufacture of the candles, creating a cozy and relaxing atmosphere ideal for users.

**Figure 22**

*Brand*



### **3.5.2 Formulation**

According to (Aubry & Schorsch, 1999), formulation refers to the group of ideas or actions used to make a mixture or combination of ingredients with the objective of obtaining a product that will subsequently be offered and meet the needs of the market.

For the elaboration of handcrafted scented candles, different ingredients are carefully used to guarantee the quality and the result. They are mainly composed of soy wax, a natural and sustainable ingredient that not only provides a solid base for the candle, but also provides a clean and long-lasting combustion. Another essential ingredient is the scent, in this case the essences are Ishpingo and Hierbaluisa which merge to offer a floral and relaxing essence. On the other hand, the candle has a content of 50g, of which 45g corresponds to the soy wax and 5g are from the combination of essences.

### **3.5.3 Packaging and Presentation**

Packaging is a system that incorporates different indispensable elements and their link with the processes of design, production, commercialization, use and end of

life. Its function is to protect the product, facilitating its handling and transportation, and its influence on the consumer's experience and environmental impact (Yate, 2016).

The VELYtas packaging is characterized by a recycled cardboard box decorated with the brand label, which not only highlights the presentation of the product, but also reflects the company's commitment to environmental care, since the use of recycled materials minimizes the ecological impact, promoting sustainability and recycling. In addition, this type of packaging adequately protects the candle during transportation and handling, and the brand label adds a touch of authenticity and aesthetic value, enhancing the consumer experience in a responsible manner.

**Figure 23**

*Packaging*



### **3.5.4 Product Features**

The product prototype was developed based on three factors: the content (candle), the product packaging and finally, the labeling.

First, when talking about the content, it is specifically about the candle, that is, the handmade scented candle. This product is created with 100% natural soy wax, which in addition to being environmentally friendly, is renewable and biodegradable and burns

cleaner and slower than other types of wax, which prolongs the life of the candle and maximizes the diffusion of the fragrance. To offer soothing and comforting aromas, a combination of carefully selected pure essential oils is used.

Additionally, at the heart of the candle is a high-quality organic cotton wick. This wick ensures a clean and even burn, allowing the fragrance to be released gradually and steadily. Each candle is handcrafted by skilled artisans, who pay attention to every detail to ensure the highest quality. This personalized attention is reflected in each candle, making it a unique and special piece.

The second factor is the packaging of the candle, it has been decided to provide an ecological packaging the candle will be inside a recyclable carton, made of environmentally friendly materials. This packaging is not only ecological, but also practical and easy to recycle after the candle has been completely consumed.

Finally, the third factor to highlight is the product packaging, the label. This is made of cardboard paper and displays the most relevant information about the candle.

### **3.6 Value Proposition**

At VELYtas, the goal is to offer a complete and pleasant experience, with the possibility for customers to select the scents of their choice. The aspiration is to be a trusted partner in the journey towards the mental and emotional well-being of the target customers.

Above all, concern is shown for providing a holistic experience for people conscious of their mental well-being. The handcrafted scented candles not only provide an atmosphere of relaxation and pleasure but are also designed to actively contribute to reducing stress and promoting mental health. By using only high-quality natural materials in the manufacture of the candles, customers are guaranteed a genuine and sustainable sensory experience. It is worth noting that the main essences offered by VELYtas is the combination of Ishpingo and Hierbaluisa scent, fusing the properties of the Ecuadorian

Amazonian plant known scientifically as *Ocotea quixos*, with Hierbaluisa (*Cymbopogon citratus*), as together they offer a dimension of comfort and warmth, enhancing the feeling of relaxation and well-being.

In addition, VELYtas differentiates itself by its attention to environmental sustainability, the ecological packaging of the candles reflects the commitment to the preservation of the environment, thus minimizing the impact on nature. This ecological awareness extends to the entire value chain, from the selection of raw materials to the production process. It should be noted that the company promotes corporate social responsibility through collaboration with indigenous communities in Napo, as they provide the Amazonian plants for obtaining essences, contributing to some extent to the local economy and paying fair prices for the raw materials.

Finally, it has been understood that each person is unique and personal expression is valued. This is why customers are offered the opportunity to customize their candles through the website. These candles are not simply lighting products, they are a conscious proposal for those seeking a balance between warmth and well-being.

### **3.7 Monetization Model**

As expressed by (Palacios Preciado & Duque Oliva, 2011), the monetization model refers to the technique in which the business generates revenue in addition to providing value to its customers. The strategies implemented in any type of model must be directly linked to monetize what is required.

In this project, the monetization model focuses on B2B. According to (Kumar & Raheja, 2012), The B2B model consists of business-to-business transactions, either between producers and wholesalers, or wholesalers and retailers. Therefore, the monetization model employed by VELYtas is reflected in the marketing of handcrafted scented candles through supermarkets, spas, and other local businesses in the Loja market, additionally and not least the direct marketing to employees aged 25-45 years,



who are interested in improving their emotional health quality and wish to implement healthy practices and products in their lives.

People who identify with VELYtas are not just buying a candle, they are paying for a quality product and a satisfying experience. Moreover, the segment demonstrates its commitment to sustainable practices, as VELYtas uses environmentally friendly ingredients. Also, they are involved with social responsibility, taking into consideration that each purchase promotes the economic strengthening of the city.

### **3.8 Business Model Canvas**

The business model canvas is a tool that facilitates business analysis and the way in which they create and propose value to their customers. It contains 9 components, each section presents individual information and although the focus of each one is different, they have a direct link to the main objectives of the venture (Osterwalder, 2004).

In this work, the corresponding Business Model Canvas was projected, considering the elements mentioned above. Initially, the customer segment is objectively determined, followed by the interaction with them. Consequently, the value proposition is exposed, also determining the activities, resources, and key alliances for the fulfillment of that unique proposition. On the other hand, the distribution channels to be used are explained and finally, the financial scope of the company is evaluated, highlighting the sources of financing and the cost structure.

Figure 24

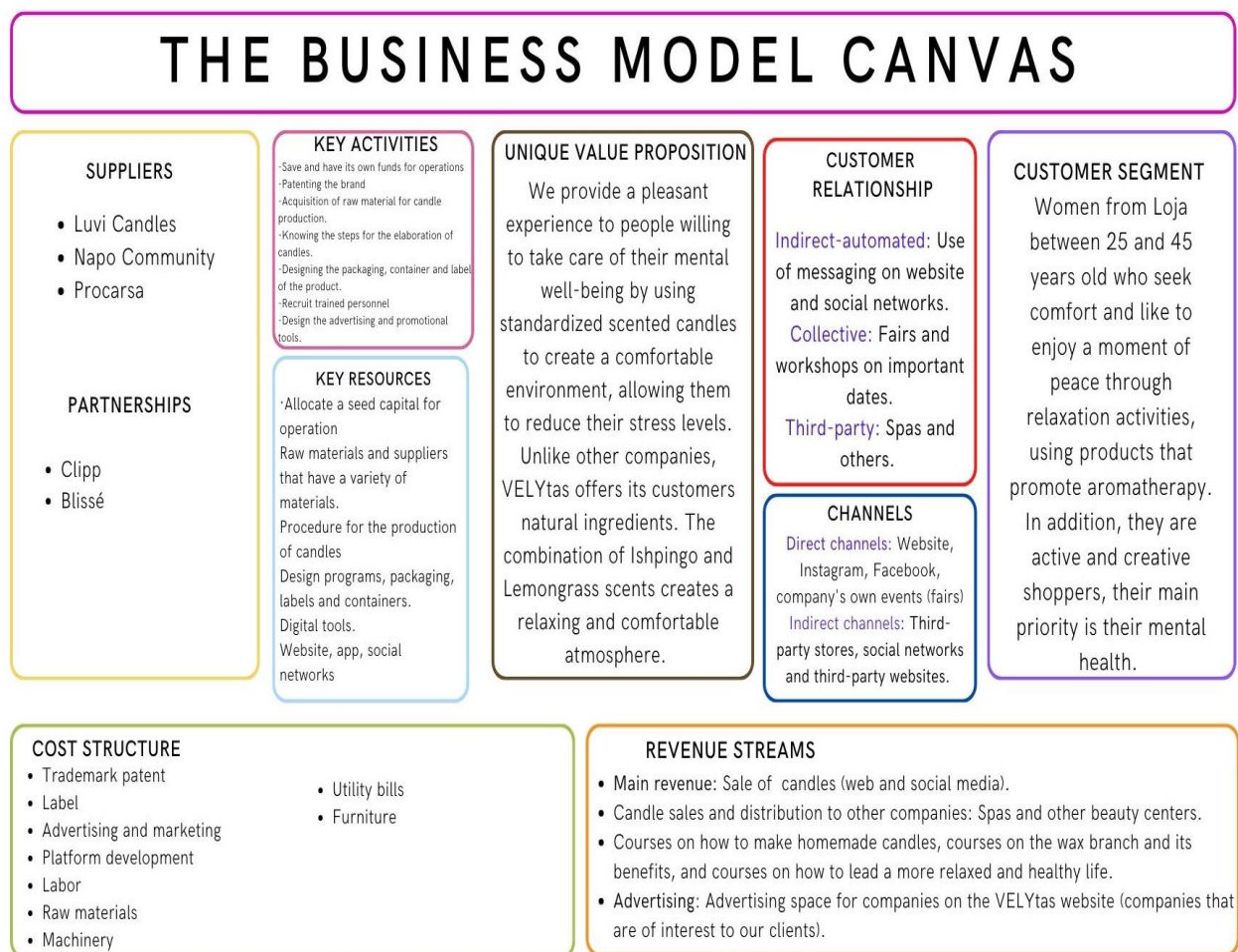
*Business Model Canvas*

Figure 24 has evidenced VELYta's Model Business Canvas, providing a concise visual representation of our end-to-end business model. This canvas effectively illustrates how the candle business operates in the marketplace, highlighting the key activities, the key resources and partners that support the operation, and the unique value propositions that differentiate the company from the competition. It also allows to clearly identify the revenue streams and channels through which it generates value for the customers. In summary, VELYta's Business Model Canvas serves as an invaluable tool for understanding and communicating the business strategy effectively.

### **3.9 PESTLE Analysis**

The PESTLE analysis is a useful mechanism to identify and examine the central elements that generate change in the business environment, deepening the factors of the political, economic, social, technological, legal, and environmental environment to develop action strategies and set goals to enhance the performance of the company (Buye, 2021).

It is crucial to analyze a company's environment to understand market dynamics, identify opportunities and threats, adapt to the challenges of the business environment, anticipate customer needs, and make informed strategic decisions.

#### **3.9.1 Political Environment**

The importance of researching the political environment for a company is relevant, as it allows to know the possible factors that can positively or negatively influence its entry into the market. Therefore, it is crucial to analyze the country's political stability, government policies, regulations, political risk, and other aspects that may affect operations (Hoang, 2018).

Based on this, a macro analysis of the market environment has been conducted and according to (Delamaza & Flores, 2017), Latin American countries have experienced different policy trajectories, some of them have retained their stability and consistency over the years, while others have progressively altered their policy approach. In this context, it has become evident that there is no political stability in Latin America, which may affect the entry of companies in the different countries.

In Ecuador, political freedom is 67/100, due to the increased level of crime by criminal groups against Ecuadorian officials or citizens. Other problems in the country are the corruption that has persisted over the years, the inability to investigate and the fragility of the judicial system (House, 2024). Through this indicator, it has been

determined that the country is partially free in political terms, generating instability and shortage of reliability for the entry of new companies.

On the other hand, the province of Loja has maintained a close relationship with the Ecuadorian state, with the purpose of receiving support for the advancement of the province. In addition, it is important to note that the electoral processes in recent years have been carried out in a transparent manner, considering that different public institutions have ensured the safety of citizens, in this way the Governorate of Loja with the support of the General Intendancy of Police and political tenures have played an important role in the development of elections (Loja G. , 2023). Consequently, it is evident that the Loja market provides security, considering that the local authorities are committed to transparency. In addition, the collaboration of the provincial government with other institutions could guarantee that the products to be introduced can do so with confidence in an orderly and safe environment.

### **3.9.2 Economic Environment**

According to (Amador, 2022), to analyze the economic environment of the companies, it is necessary to consider different aspects, including macroeconomic variables such as GDP, inflation, unemployment rate and others that could affect or benefit the incoming companies.

In this section, the economic variables of greatest importance for the company's environment have been investigated. In the report presented by the Economic Commission for Latin America and the Caribbean (ECLAC, 2023), it has been stated that the South American economy will grow by 1.4% in 2024, which is a low percentage compared to 3.8% in 2022. This growth represents an advantage for new companies, nevertheless, slower economic growth generally implies lower aggregate demand. Consumers may reduce their spending, and companies may postpone investments in new products, which could make market penetration more difficult.

In the case of Ecuador, according to (Bank, 2024), the GDP is 115.05 billion and the GDP per capita is \$6391.3 per person per year, the most recent value. Although the purchasing power is low compared to the economies of other countries, the market is expected to be able to purchase the candles offered by the company. On the other hand, inflation in the Ecuadorian market is 3.5%, this percentage is considered high and may affect the entry of candles considering that the market could prioritize the purchase of other products, in addition to the costs of raw materials and other essential materials may also increase, affecting the company's operations.

In the province of Loja, after the pandemic, the local economy was affected, as well as at the national level, nevertheless, in an attempt to reactivate this area, different projects were organized, among them the one presented by the Loja Urban Laboratory through the Sustainable Intermediate Cities program with the support of the Municipality of Loja (Loja M. , 2020). With these types of projects, the initiative has been proposed to strengthen the economic sector of the city, being an advantage for new incoming companies as it can generate employment and increase the income of residents.

### **3.9.3 Social Environment**

The social factor is relevant for companies, as it provides an overview of knowledge about the population, demographic growth, market behavior, cultural expectations, safety, and others (CIPD, 2021). These aspects can have an impact on commercial activities, since customers represent the core of the company, and they are the ones who are part of society.

According to the report presented by ECLAC, the Gini inequality index, determined by household surveys in 9 Latin American countries, decreased by 1.1% annually between 2019-2022 (ECLAC, 2023). This reduction is positive for the company, as it indicates that a larger proportion of the population has access to higher incomes. This increases overall purchasing power, creating a broader consumer base with greater purchasing power.

In Ecuador, for December 2023, the Gini index was 0.457, which is not a considerable decrease compared to the previous year (INEC, 2024). Although the level of income inequality decreased, this value is not so significant, and has reflected that the level of income in the country is still unstable, which is detrimental to the entry of new businesses. On the other hand, Ecuador is a culturally diverse country, and many people value artisanal and handmade products. Handcrafted candles, especially those that reflect traditional designs and techniques, can be very attractive in the market.

The city of Loja has been awarded the title of “Cultural Capital of Ecuador”, considering that this place reflects a mixture of music, art, and literature, in addition to having monumental religious and traditional buildings (Hora, 2023). The people of Loja value handcrafted products, especially those that incorporate local traditions and techniques, which offers an opportunity to create unique and culturally resonant candles.

### **3.9.4 Technological Environment**

As stated by (FME, 2013), the technological resources involved in the business environment can play an important role in the advancement of companies, these elements are related to the areas of manufacturing or infrastructure, including automation, incentives, and other processes that are advantageous to provide better final products.

In this context, (Statista, 2023) has exposed that of the Latin American countries, Brazil is one of the countries with the highest readiness for technological adoption and development, considering 3D printing technologies, artificial intelligence, Blockchain and others, with an index of 0.71 indicating a high level of readiness, while other countries such as Nicaragua, Honduras and Haiti represent the least prepared countries for this adoption. At the Latin American level, it has been determined that not all countries are prepared to implement technological programs to their processes, which represents a disadvantage for the entry of new companies because it is a limit that prevents the strengthening of business activities.

In the Ecuadorian market, nine out of 10 SMEs have invested in technological development, either to implement teleworking or e-commerce, the latter showing a growth of between 20 and 40% according to the Ecuadorian Chamber of Electronic Commerce (Coba, 2022). These data indicate that despite the existence of different challenges, the implementation of technology is being encouraged in certain resources of Ecuadorian companies, therefore, this has represented a benefit for new companies as it provides an opening to deepen this area and take advantages in the foreign market.

Concerning Loja, this city is projected to digitalization and could become the first smart and sustainable city of Ecuador, this due to the promotion of projects related to new technologies, connectivity, and innovation. It should be noted that some of these projects are developed by entrepreneurs who want to encourage virtual reality, intelligent mobility and more (Telecomunicaciones, 2022). From this, it has been pointed out that this factor is advantageous for new entrants because innovative technologies can be adopted to create immersive brand experiences and product promotion that can differentiate the business in the market.

### **3.9.5 Legal Environment**

According to (NIT, 2022), the legal environment refers to regulations or laws that can positively or negatively affect the development of business activities. Factors include intellectual property regulations, consumer protection, antitrust regulation, product labeling regulations and others.

In the case of Ecuador, according to information provided by (WJP, 2023), the country is 59/142 in the ranking of countries with average adherence to the rule of law. Therefore, this has suggested that in the country, government, trade, and consumer protection regulations are not as effectively enforced. Based on the information above, it has been concluded that the lack of consistent application of laws can generate legal uncertainty, increasing the risk of facing unforeseen legal problems, which is a

disadvantage for companies since it can be difficult to anticipate and comply with all regulations, which can lead to penalties or legal conflicts.

In the city of Loja, the laws or regulations are subject to what is established by the Ecuadorian State, governed by the Constitution. To provide support for compliance, the presence of judicial bodies is essential, and these are dedicated to the administration of justice to reach the public order, however, this situation is consolidated effectively as there are still drawbacks in applying the legal framework (Loja M. d., 2021). In view of the above, it has been observed that the lack of effective application of the legal framework can lead to legal uncertainty, making it difficult to plan and make strategic decisions for the entry of new companies.

### **3.9.6 Ecological Environment**

According to (Alanzi, 2018), the ecological environment refers to the factors linked to the environment and impacting business operations. These factors address pollution, climate change, impact on biodiversity, waste classification, environmental regulations.

Some companies in Latin American countries promote the circular economy through sustainable practices that contribute to the conservation of nature. These companies promote a circular model based on a radical change in the operations of the organizations, as well as in the business model (Aguiñaga & Treviño, 2022). The negative impact of industries on the environment has created awareness in part of the population, and some companies are forced to create sustainable practices, considering that the market also demands that sustainability be promoted.

In a recent study conducted by (Carrasquero, 2024), it was exposed that some SMEs still do not implement environmental conservation practices or investment in strategic sectors, generating an extremely low score of 1.40. Consequently, the



importance of providing advice to companies to raise awareness and start implementing ecological resources in their production or business performance has been detected.

The Municipality of Loja conducts different actions and activities with the objective of ensuring the quality and conservation of the environment. These efforts are exclusively in charge of places such as parks, gardens, ecological trails, and the Municipal Nursery. In this way, they not only take care of nature, but also strive to provide better living conditions for the population through the care of water, air, climate, and soil (Loja M. d., 2024). It has been highlighted that the concern of the Loja city for natural conservation is an opportunity that incoming companies can take advantage of, since they can highlight their commitment to sustainability and the environment, aligning themselves with the values and initiatives of the municipality and other companies, thus strengthening the company's image and acceptance in the local community.

### **3.10 PORTER Analysis**

Porter's five forces support a relevant tool for analyzing the company's competitive environment. Through this framework, the study of the following aspects is highlighted: *rivalry of existing competitors, threat of new competitors, power of suppliers and buyers, substitute products and services* (Porter, 1979).

Through this analysis, the business activity and the external forces that have a direct impact were determined, for the respective development a qualitative inquiry was carried out to facilitate the understanding of the information.

#### **3.10.1 Threat of New Competitors**

According to research conducted by Vantage, the global candle industry market is projected to grow by 6.20% over the period 2023-2030 (Thakare, 2024). Based on this information, it can be expected that as the candle market grows, new companies will emerge to meet the demand for these products. In Ecuador, the threat of entry of new competitors is medium, considering that there are some barriers to entry such as brand

loyalty or economies of scale. Regarding brand loyalty, some companies maintain a solid customer base and others can produce on a large scale, which gives them a cost advantage over new competitors.

### **3.10.2 Rivalry of Existing Competitors**

In Ecuador, there are a variety of companies that offer scented candles, from small companies to others already established in the market for several years. Among the most prominent companies in the Ecuadorian market are Velas Santa Monica and Velas Lucena. There are also other companies that are growing progressively; therefore, it can be determined that rivalry among existing competitors is high, and companies seek to be more competitive through different strategies.

### **3.10.3 Bargaining Power of Suppliers**

The bargaining power with suppliers is low, considering that there is a wide variety of suppliers of raw materials to produce scented candles, materials such as soy wax, essences, and others, which can be easily found, thus limiting the bargaining power of suppliers and being an advantage for the company since it can select from a wide range and establish beneficial business.

### **3.10.4 Bargaining Power of Customers**

The bargaining power of customers in the Ecuadorian market is high, considering that there are many options available in the market that offer decorative and gift candles in small and large volumes. This affects the company; therefore, offering high quality, unique and customized products could be an alternative to reduce to some extent the bargaining power of customers.

### **3.10.5 Threat of Substitute Products**

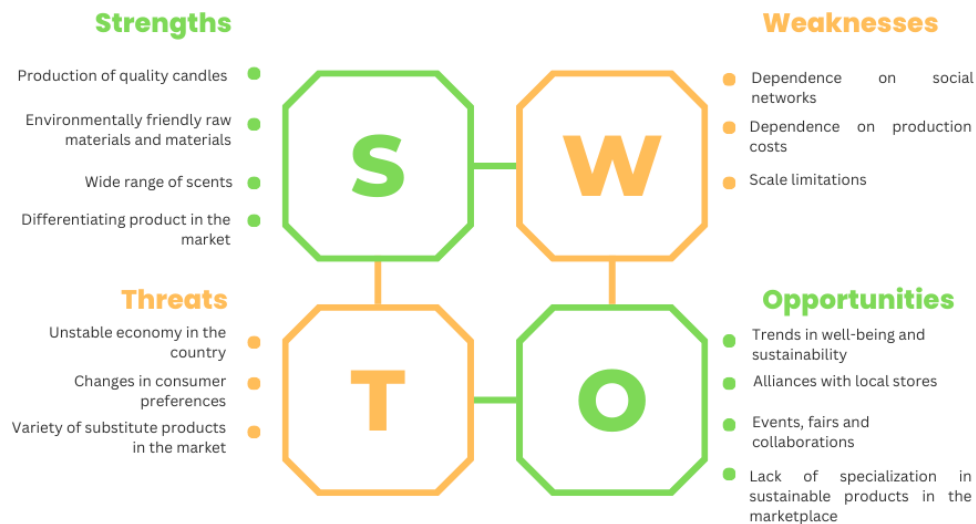
The entry of substitute products in the Ecuadorian market is significant; among the products substituting scented candles are essential oil diffusers, electric air fresheners, electric lamps, among others. It is also important to highlight that the threat

of substitution depends on the target market segment and the specific characteristics of the candles of the enterprise. However, since this threat is high, it affects to a certain extent the entry of VELYtas in the market.

### **3.11 SWOT Analysis**

The SWOT tool is essential because it provides a comprehensive view of the internal and external situation of the company. First, the necessary information is gathered from the environment and the company's internal strengths and weaknesses are identified. Next, the external factors are analyzed, the opportunities and threats facing the company in its environment (Teoli, Sanvictores, & An, 2019). The analysis of this matrix is considered important because it identifies the relationships between factors and allows the development of strategies that capitalize on strengths, address weaknesses, take advantage of opportunities and mitigate threats.

Consequently, in this project a SWOT analysis is carried out, taking into consideration the Ecuadorian environment of VELYtas and the internal elements of the company.

**Figure 25****SWOT analysis**

According to the information detailed in the SWOT analysis, it is determined that the company is strengthened by the quality production of candles, with the opportunity to take advantage of trends in wellness and sustainable products in Ecuador and participation in different events to expand the audience. Nevertheless, the high quality of the candles and their differentiation could represent high production costs that would affect VELYtas' operations in the face of substitutes in the market. Finally, changes in consumer preferences and economic fluctuations in the country may have an impact on consumers' purchasing decisions, which are significant threats.

**3.12 TOWS**

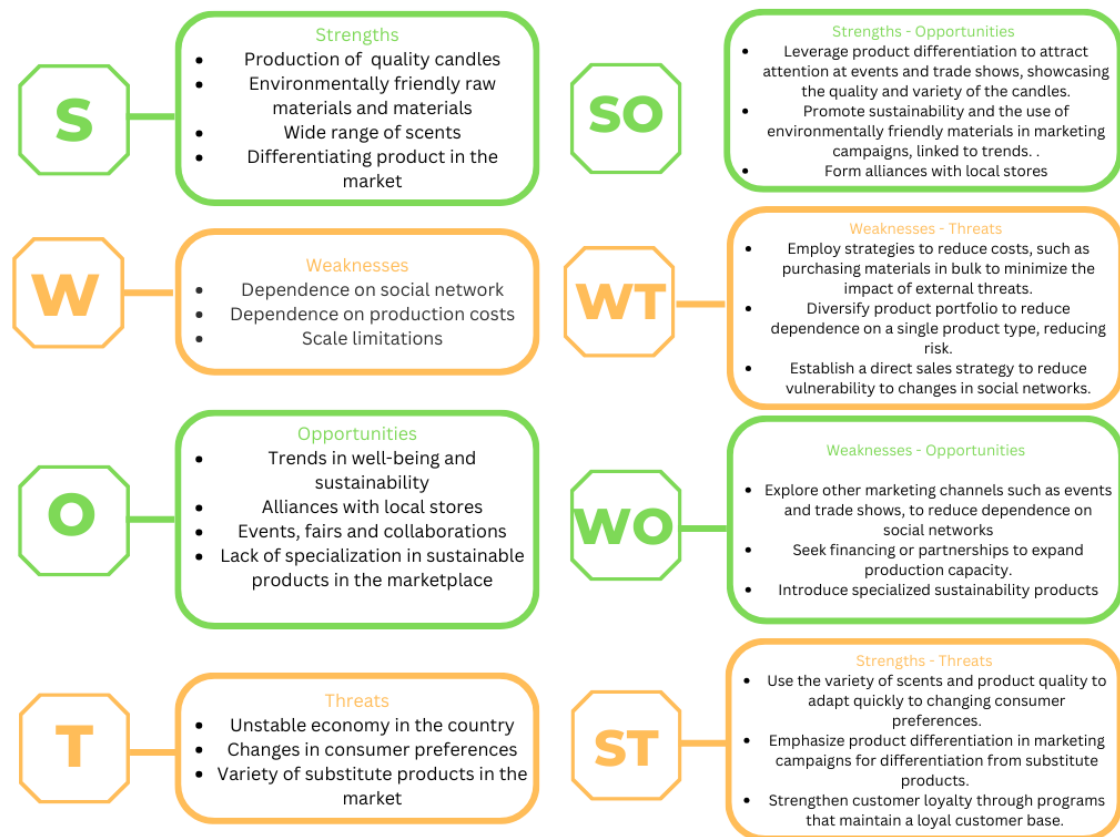
According to (Weihrich, 1982), the TOWS analysis technique makes it possible to evaluate the company's threats, opportunities, weaknesses, and strengths, based on the SWOT model, to design effective strategies that are linked to the company's internal and external environment. Through this tool, the following aspects are related:

- **SO:** Combination of internal strengths and external opportunities with the objective of formulating '*maxi maxi*' strategies that promote the company's success.
- **WT:** In this section, '*mini mini*' strategies are designed with the purpose of minimizing and mitigating threats.
- **WO:** Combining weaknesses and opportunities to create '*mini maxi*' strategies to take advantage of market opportunities to overcome identified weaknesses.
- **ST:** Integration of internal strengths and threats to develop '*maxi mini*' strategies to minimize threats through the company's strengths.

Based on the above, this work has developed the respective TOWS analysis to establish strategies focused on the internal and external strengthening of VELYtas. To implement this tool, the elements determined in the SWOT matrix, strengths, opportunities, weaknesses, and threats of the product offered have been considered.

Figure 26

## TOWS



This figure has evidenced the effective strategies to be implemented in each section obtained from the SWOT analysis for the company VELYtas, to enhance the positioning of products in the market of Loja, considering the opportunities presented by the market and preventively facing the possible difficulties. In addition, among the most prominent strategies for the brand are: Use social networks to build brand loyalty and create a community; leverage products through local partnerships; participate in fairs that promote environmentally friendly practices; offer products at optimal prices; monitor market trends and develop products that adapt to changing consumer needs.

In completing the ideation phase, the importance of the different tools and techniques that enhance the ideas and clarify the objective of the proposal has become evident. After having created the business idea of the VELYtas brand and analyzed the

internal and external factors of the company, the competition and the customers, it is important to continue to the next phase with the purpose of validating the project.

#### **4. Feasibility – Viability – Desirability Validation**

In order to advance in the development of this work, a rigorous investigation was conducted to obtain a deeper understanding of the problem presented in Loja, to validate the project, as well as to give direction to future research. The results obtained are detailed below:

##### **4.1.1 Market Research**

(Young & Javalgi, 2007) mention that market research refers to the analytical collection of indispensable data for a given project. The information obtained is important as it enables companies to understand their existing customers and prospects. In addition, it is significant in explaining consumer behavior and reflecting their needs through the implementation of key marketing strategies.

For the Samary project, it was essential to thoroughly analyze the market, for this reason the descriptive research methodology was used, to detail the needs of customers, as well as the supply and demand of handmade candles in Loja, and consequently determine the viability of the proposal and possible opportunities in the market.

##### **4.1.2 Target Market Approach**

The target market or target segment refers to the set of customers who have a specific demand for a product or service and wish to pay a price that guarantees profitability. This market has particularities that influence its consumer base. Demographic data, such as age, income and academic level, provide a description of the consumer profile. In addition, psychographic information reveals the hobbies, interests, and goals of the target market (Curtis & Allen, 2018).

According to the definition exposed, it is crucial to mention that in order to know the audience for the products, Samay has determined its target market. As the result of the framework of the present work, the target audience for this product has been defined in previous stages, considering the buyer persona and the information obtained from the field research. Therefore, the target market is focused on women between 25 and 45 years old of Loja city, with a medium-high monthly income who seek comfort and like to enjoy a moment of peace through relaxing products. In addition, they are active and creative buyers, their main priority is their mental and physical health.

Subsequently, a detailed quantification and description of the market segmentation is carried out, taking into consideration its characteristics and behavior. The purpose of this analysis is to facilitate understanding and determine whether the proposed product can meet the needs of the market.

#### **4.1.3 Target Market Description**

For this section, the demographic, geographic and psychographic variables of the target market are detailed to specify the characteristics of potential customers. The statistical data and other information were extracted from secondary sources such as the *Instituto Nacional de Estadística y Censos* and other sources that present true and reliable information.

First, for the introduction of Samays' products, distribution in the city of Loja has been considered. According to the last Census in 2022, the population is 485,421 people, and of this amount, 250,028 reside in the city, while the difference represents the inhabitants belonging to the other cantons of the province (INEC, 2022).

It is important to note that the average income in the city is \$429.4; and of the economically active population, 26.9% was fully employed, the 69.5% was underemployed, while 3.6% remained unemployed (INEC, 2023). In this case, 69.5%



have a medium-high economic level and represent the potential customers because they could purchase the products.

This project is focused on people between 25-45 years old, considering that, according to a study conducted by the Universidad Particular de Loja applied to 201 people, it was determined that 31.8% of those surveyed presented stress in the mentioned age range, being the most predominant percentage of the sample (Ramón, 2022). Therefore, the segment described above represents potential customers since they are the ones who suffer the most from the problem, also taking into account that this public is willing to pay a fair price, opting for quality and environmentally friendly practices.

Another essential aspect to highlight is that the city of Loja has been catalogued as one of the cities with the greatest concern for environmental care in Ecuador, since according to (Aguirre, Contento, & Aguirre, 2022) people in Loja have maintained a responsible environmental culture by implementing sustainable actions such as recycling, use of biodegradable packaging and other projects focused on sustainable development objectives. Based on this, it has become evident that the target segment is characterized by promoting an environmentally friendly culture, as they use products that promote recycling and offer biodegradable practices.

On the other hand, the target segment has shown interest in strengthening their mental health and practicing healthy habits. Because of this growing trend, the city has sought ways to promote events oriented to this field, and one of these has been the Cultural Fair, a proposal of the Intensive Outpatient Service (Crónica, 2024). Based on the above, it has been established that Samay's target segment is people between the ages of 25-45 who live in the city of Loja, are economically active and have a medium-high income, show concern for their mental health, and promote a culture of conservation and environmental care through the purchase of ecological and quality products.

#### **4.1.4 Target Market Size**

To determine the size of the market, it is relevant to first highlight the information on the population of the province and in terms of women, there are approximately 40,000 between the ages of 25 and 45 (INEC, 2022).

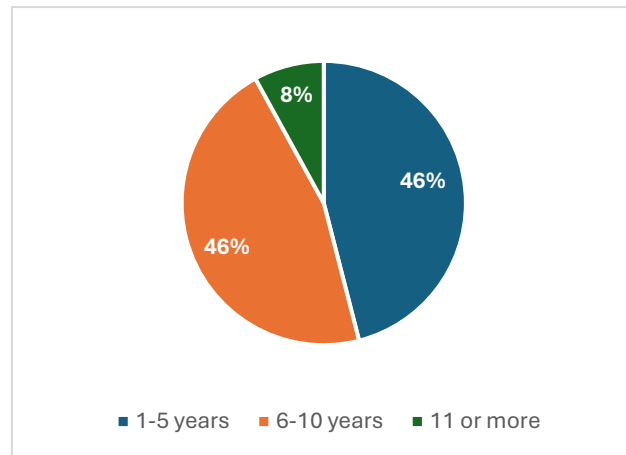
This data was relevant, since through them it has been possible to identify the percentage of potential customers of Samay. In addition, it should be noted that the amount shown approximates the segment determined, which is women aged 25-45 years, who have a medium-high economic level.

#### **4.2 Market Segment Validation**

Based on the data determined by INEC and the information gathered through qualitative surveys for the market study, it has been possible to validate that the market segment corresponds to women between 25-45 years of age residing in the province of Loja, who have a medium-high economic level and are concerned about their emotional and physical well-being. It should be noted that this segment does comply with the characteristics and behavior exposed in the buyer persona and empathy map described in the first phase. Therefore, this segment goes to places that offer relaxation services to enjoy moments of calm, so they can clear their mind from work activities and reduce stress levels. In order to validate the target segment, an extensive market study was carried out to gather valuable information.

**Figure 27**

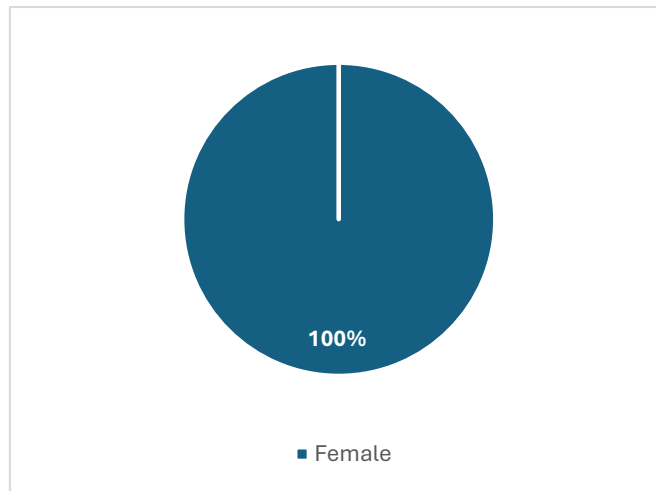
*How many years have you been in business?*



In this figure, the time of operation of the businesses focused on relaxation services in the Loja market has been determined. Therefore, 46% of these businesses have been operating for 1-5 years, 46% have been operating for 6-10 years and only 8% have been in the market for more than 11 years. This data is significant because it has allowed to deduce the stability of the businesses, since the most stable ones will also have a solid customer base and could make frequent purchases of Samay's products. On the other hand, the newer markets would also represent an opportunity for this project as they might be interested in using new products and creating relationships with new suppliers such as Samay.

**Figure 28**

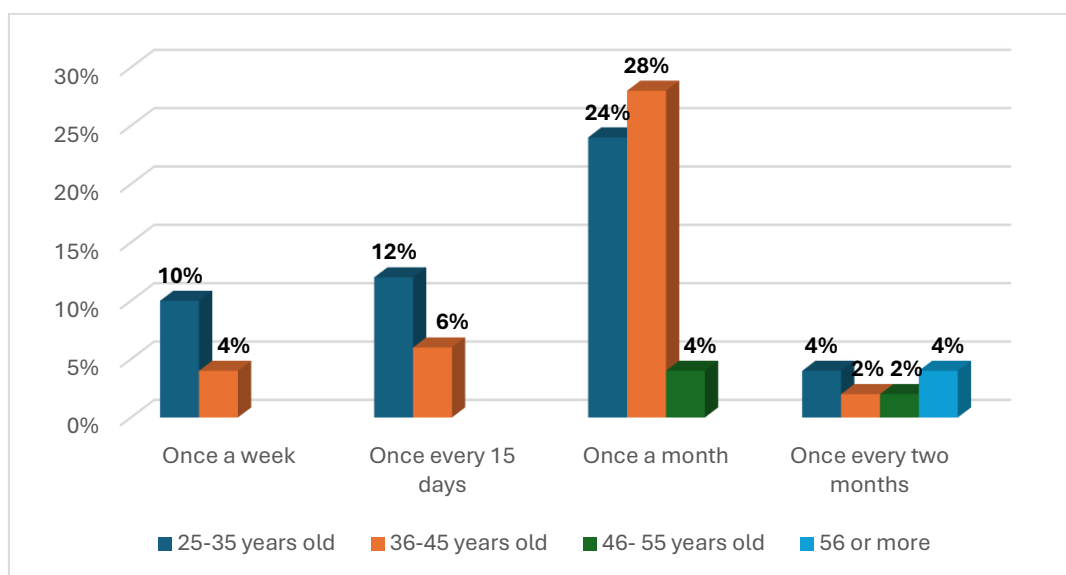
*What is the gender that most purchases the spa service?*



Through this figure it has been determined that the gender that most requires services related to relaxation is the female gender. With this result it has been possible to validate that the information presented in the buyer persona with respect to gender is correct, since Samay's target segment corresponds to women.

**Figure 29**

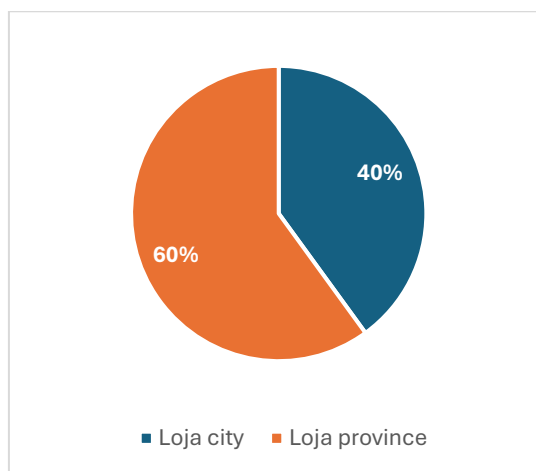
*Age and service frequency*



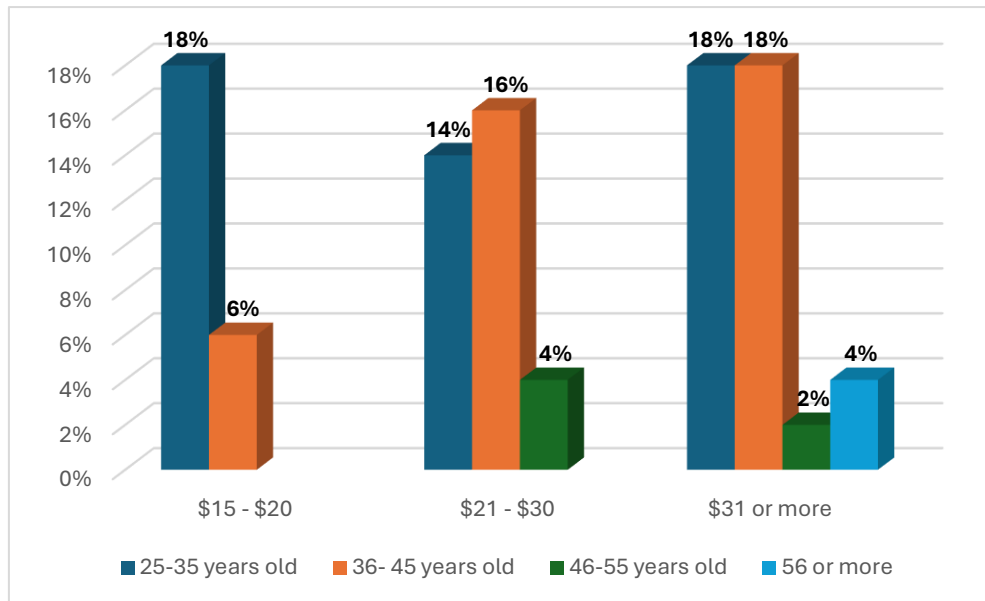
Through this figure, it has been shown that the age ranges that most purchase the service of businesses focused on emotional and physical wellbeing are between 25-35 years old and 36-45 years old. Additionally, the most prominent frequency of acquisition of this service corresponds to once a month with 52%, followed by 18% who acquire the service once every 15 days. The information gathered has been fundamental to validate that the target segment proposed in previous stages is accurate, since Samay is focused on women between 25-45 years old, additionally, the frequency of acquisition of relaxation services of this segment would be beneficial for this company, since businesses can demand recurrently aromatic candles, meaning a considerable percentage of sales for Samay.

**Figure 30**

*Where do your customers come from?*



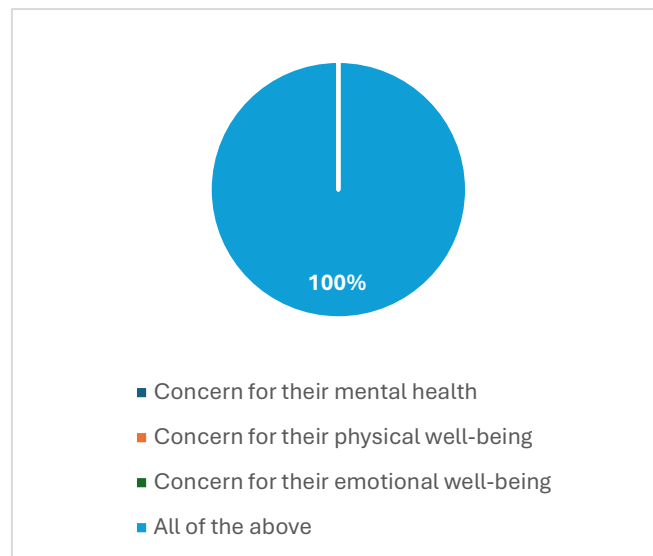
In this figure, it has been shown that customers visiting relaxation services businesses correspond to the province of Loja with 60%, therefore, it has been possible to validate that Samay's focus segment is accurate in terms of the geographic characteristics of potential customers.

**Figure 31***Age and preference of offerings*

In this figure it has been proven that customers with an age range of 25-45 years are those who most resort to relaxation and aesthetics services and 36% of them prefer offers of more than \$31 provided by these businesses. The information collected has made it possible to specify and adjust the price level that the Samay brand will offer to its potential customers, so that prices are consistent and meet the expectations of customers who resort to wellness services. As a result of this, the high price of handcrafted scented candles and the viability of this project have been validated.

**Figure 32**

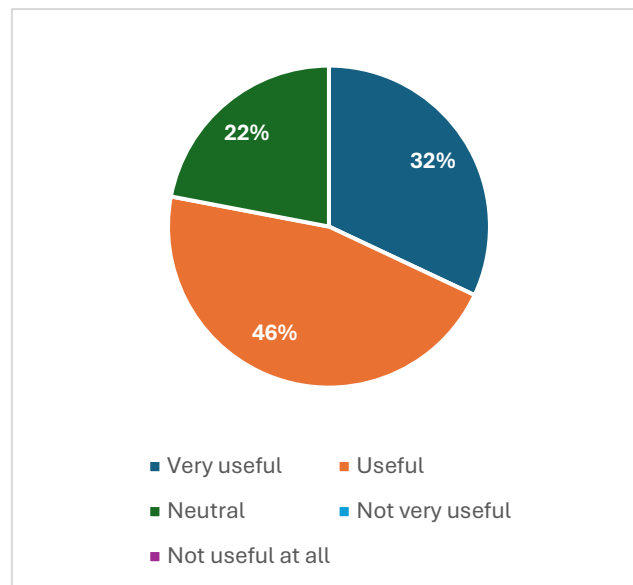
*What is the reason why your clients come to the spa?*



The information detailed in the figure has revealed that 100% of the clients that resort to the wellness centers show concern for their health, physical and emotional wellbeing. Therefore, the information exposed about the target segment in the empathy phase has been verified, which has allowed verifying that the stress problem is part of the concern that customers have.

**Figure 33**

*How useful do you think scented candles are in your business?*

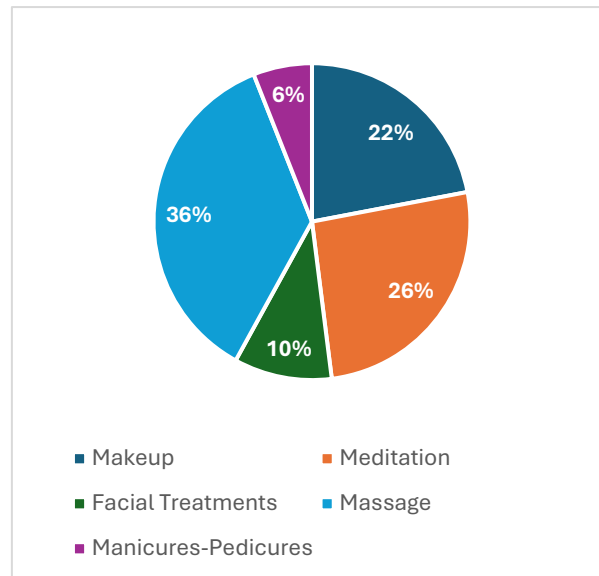


Through this figure it has been possible to determine that businesses focused on wellness consider scented candles to be very useful in their activities with a representative percentage of 46%, which has allowed us to deduce that it is one of the main products that they acquire, providing an opportunity for Samay's acceptance.



**Figure 34**

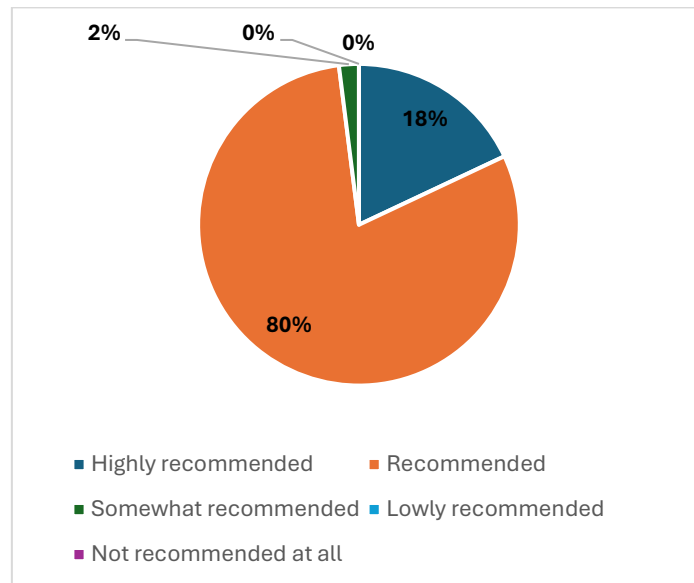
*Where do you use scented candles?*



The information provided through the figure has indicated that businesses that offer relaxation and esthetics services use scented candles in massage with a significant percentage of 36%, followed by meditation with 26% and makeup with 22%. This data has been of value to Samay, since it has identified the specific use of scented candles, thus, it has been possible to effectively understand what needs customers must seek to adapt products that provide a valuable experience, in addition to considering marketing and sales strategies to design

**Figure 35**

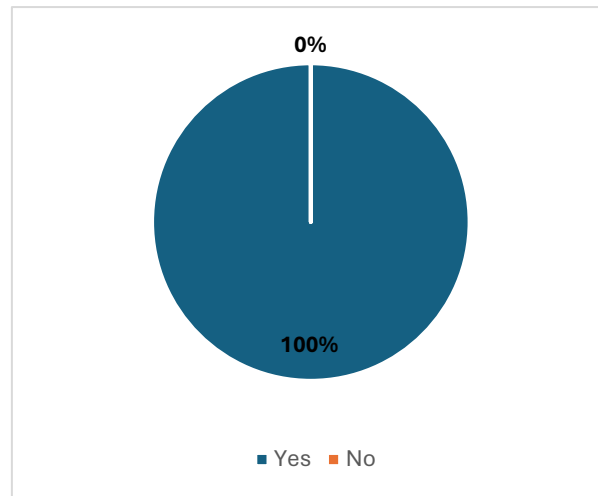
*How recommendable do you think it is to use scented candles as a treatment for post-spa stress at home?*



Based on the data obtained in this figure, it has been established that 80% of the businesses consider the use of aromatic candles as a treatment for post-spa stress at home to be recommendable. This has allowed identifying new sales opportunities for Samay, and the objective would be to offer these products to customers who resort to these centers as complements to the treatments and services offered.

**Figure 36**

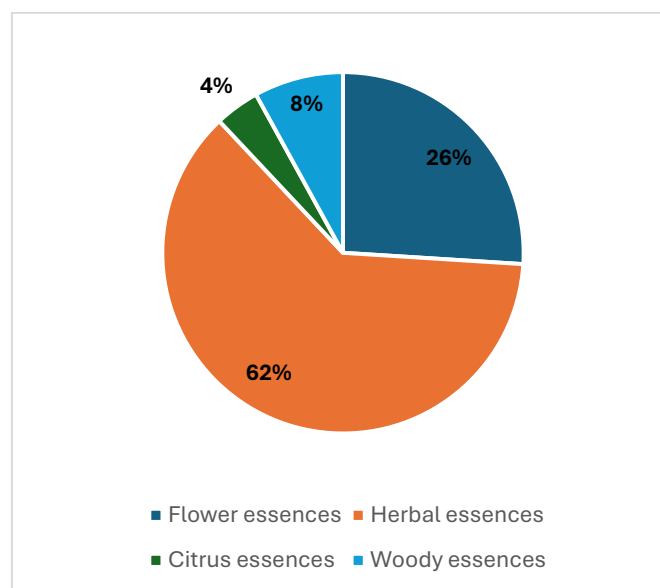
*Would you be willing to buy organic handmade scented candles from the city of Loja?*



The figure above shows that 100% of the businesses surveyed would be willing to purchase organic handcrafted aromatic candles produced in the city of Loja, representing great acceptance by the market and supporting that the Samay brand could be successfully introduced.

**Figure 37**

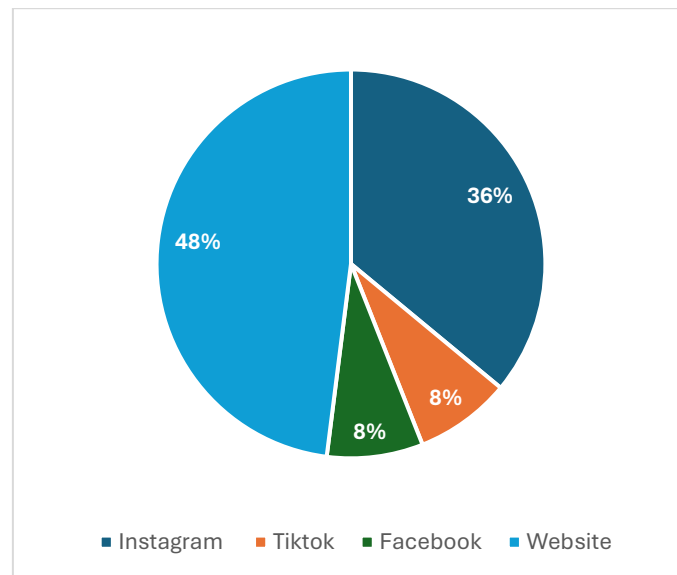
*What types of handmade candle scents would you like to purchase?*



Through the information obtained, it has been established that businesses require handcrafted aromatic candles with herbal essences representing 62%, while 26% of them prefer floral essences and 8% prefer woody essences. These data have allowed to understand customer preferences in order to diversify and strengthen Samay's products by designing marketing and promotional strategies

**Figure 38**

*Through what platform are you looking for information to purchase scented candles for your business?*



This figure has defined the information search platform used by businesses to purchase scented candles, emphasizing that 48% corresponds to the website, followed by Instagram with 36%. This data has been relevant because it makes it easier for Samay to understand the specific channels used by businesses, with the purpose of employing effective advertising campaign strategies to increase the probability of reaching the target segment.

#### **4.3 Testing (Designing Strong Experiments)**

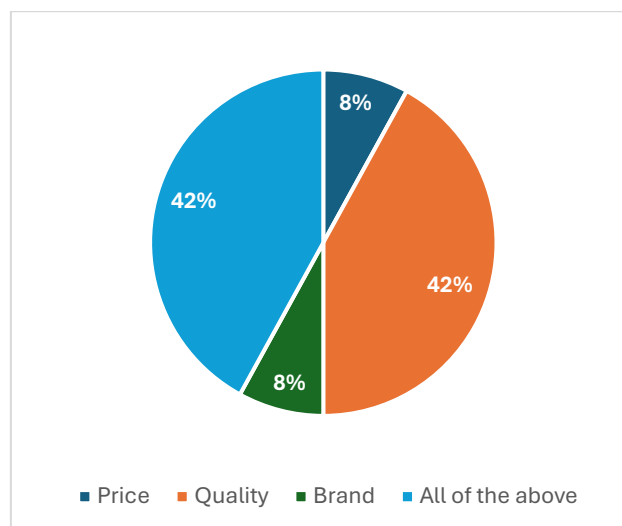
In the Design Thinking methodology, another fundamental aspect is testing, since in this phase the proposal is tested to counteract the exposed problem. To carry out this

phase, A/B testing has been used, and as stated by (King, F. Churchill, & Tan, 2017), this consists of a comparison between two or more versions of a product in order to determine which option is the most appropriate according to the needs required by potential customers.

Therefore, this test was applied to 10 businesses that offer relaxation services to clients between 25-45 years. The A/B testing has allowed validating the characteristics, design and elements presented by the Samay brand through the questions related to the brand, design, packaging, characteristics, colors, aromas, and prices of the products, in addition to the predisposition of the customers to buy the scented candles. On the other hand, all the information obtained in this process has been useful to deduce the elements that can be implemented, improved or discarded for the creation of the 2.0 prototype.

**Figure 39**

*What aspect do you consider relevant when purchasing scented candles for your business?*

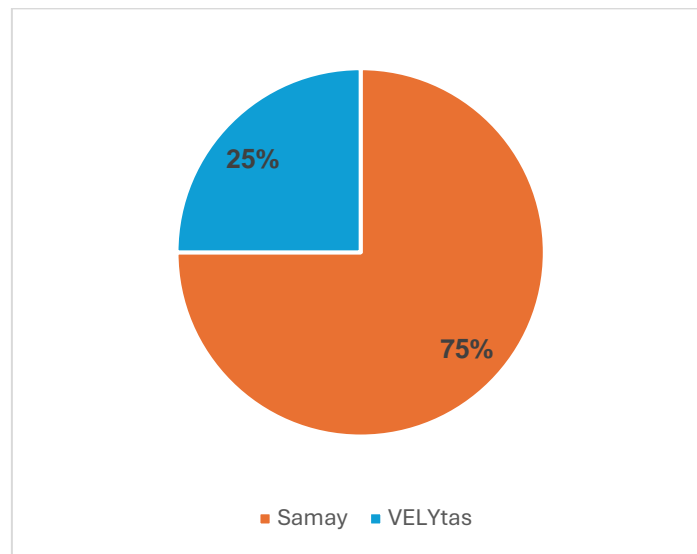


This figure exposes the most relevant aspects considered by businesses when purchasing scented candles, where it is evident that 42% of them are interested in price, quality and brand. The other 42% consider only the quality of the candles and finally the remaining percentage is based on price and brand, with 8% respectively. The information

is valuable because it allows to strengthen the products offered by Samay, designing strategies that adapt to the needs and desires of potential customers.

**Figure 40**

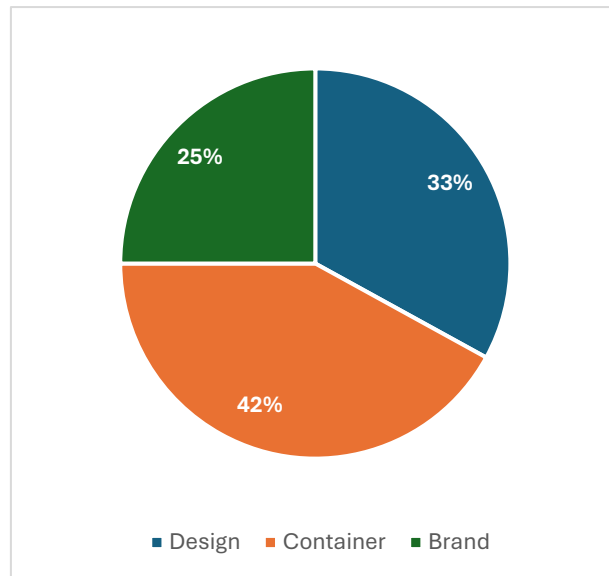
*Of the following alternatives, which version do you consider most attractive to you?*



Through the figure above, the most attractive version of the products to be offered to potential customers has been determined. In this case, 75% of them have stated that the 'Samay' alternative captures their attention more, as opposed to the 'VELYtas' proposal. These results have allowed to discard the version proposed at the beginning of this project, therefore, with this information the prototype of the product can be improved.

**Figure 41**

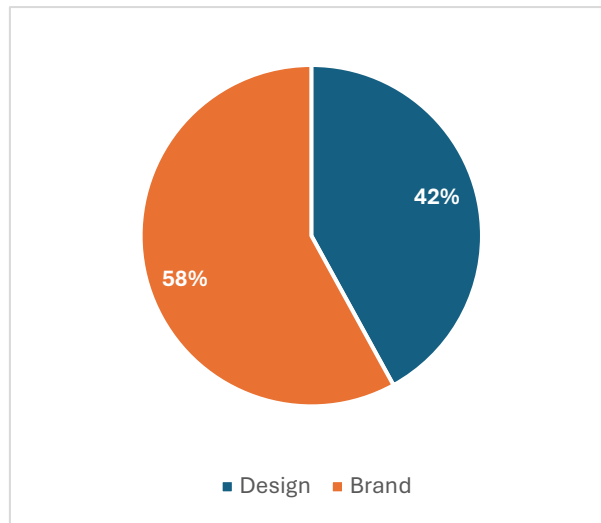
*Of the chosen alternative, what aspect stood out the most to you?*



This figure has presented the aspect that most captivated the potential customers of the previously chosen option, highlighting that the packaging was the most attractive aspect for the customers with 42%, followed by the design, which impressed 33% of the people who tested the product, while the remaining 25% were inclined to the brand. The information gathered has allowed to deduce that a large part of the segment shows acceptance for the proposed packaging for the scented candles, thus validating the idea proposed in phase 3.

**Figure 42**

*Of the chosen alternative, what aspect would you improve?*

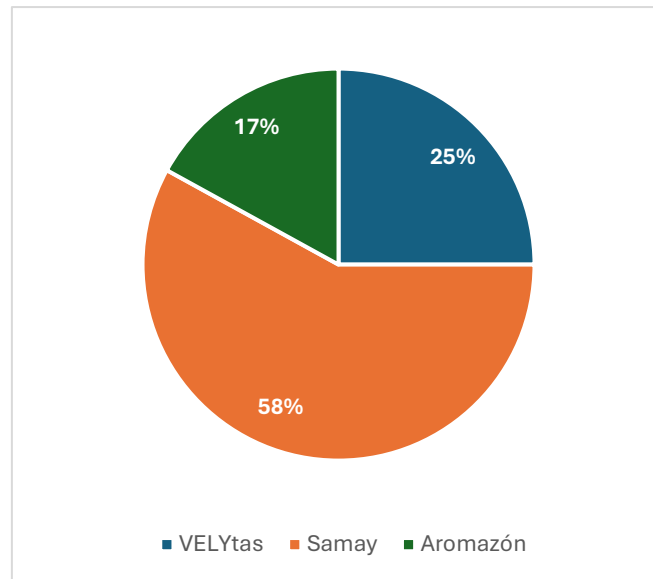


Through this figure, it was determined which aspect of the version chosen by potential customers could be improved. In this case, 58% of them considered that the design could be improved, while 42% responded to the brand. This information has proved fruitful since changes can be made to the design of the product label and other branding options can be proposed that are accepted by the segment.



**Figure 43**

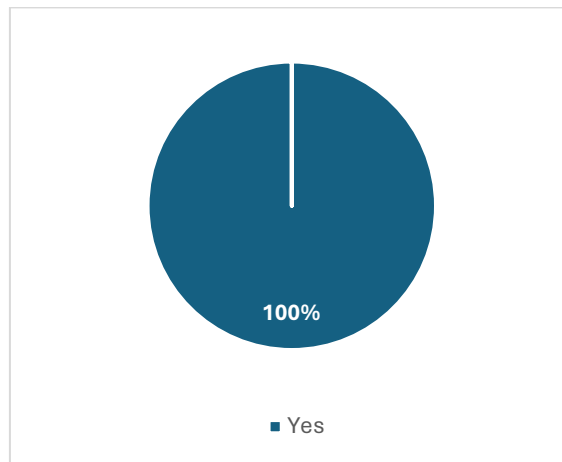
*Of the following brand alternatives, which do you consider to be the most attractive?*



In this figure, different brand alternatives have been proposed for the handcrafted scented candles and the most outstanding percentage is 58% corresponding to Samay. It should be noted that, during the testing of the products, the meaning of the name of the proposed brands was explained, therefore, the exposed brand has been more attractive to the segment, as this name refers to "rest or respite", being the purpose of what the product has proposed to offer. Therefore, the brand could also be adapted to the 2.0 prototype with the corresponding characteristics requested by the segment.

**Figure 44**

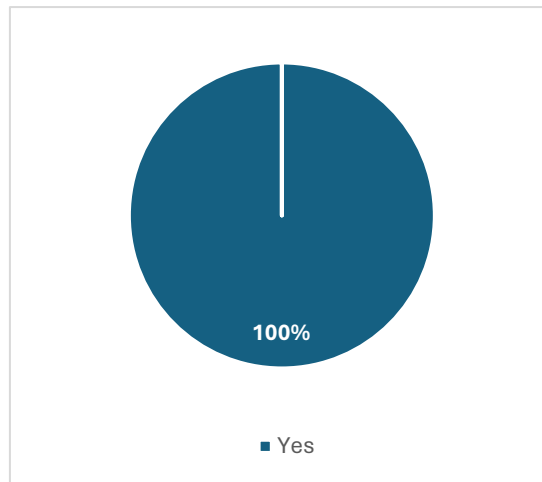
*The price of a package of 3 handcrafted scented candles of 8 ounces each is \$25. Do you consider that the price is in line with the characteristics of the product?*



The figure has demonstrated the percentage of acceptance of the price of a package of 3 handcrafted aromatic candles of 3 Oz offered to businesses that offer services focused on relaxation and wellness, therefore, it has been shown that 100% of the people who tested the products would be willing to pay the established price. This information has been useful since it has been validated that the proposed price is adjusted to the characteristics of the candles and from this it is also possible to make decisions related to sales strategies.

**Figure 45**

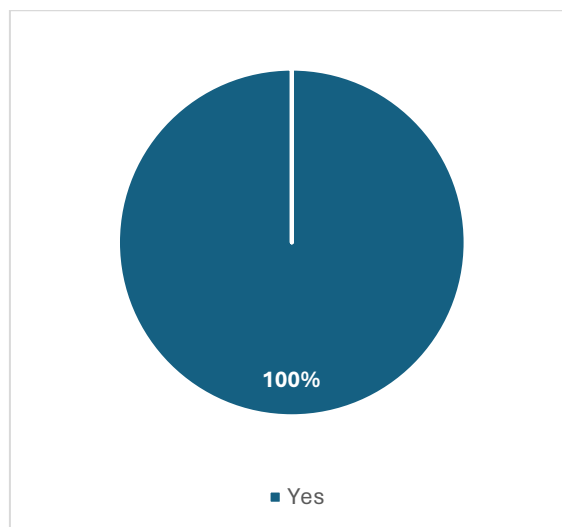
*If this product were in the Loja market, would you buy it?*



This figure has represented the results of the willingness of potential customers to buy handmade scented candles. Therefore, 100% of the people who participated in the A/B test have stated that they would be willing to buy these products if they entered the Loja market. In this way, the acceptance of the products in the market can be validated once again, deducing that the project is desirable.

**Figure 46**

*Would you recommend this product to your customers?*



This figure has evidenced that 100% of the businesses dedicated to providing relaxation services would be willing to recommend handmade candles to their customers. This information is important because it would represent new sales opportunities for Samay, i.e., another monetization model, in addition to obtaining more meaningful feedback on the products for continuous improvement.

#### **4.4 Adaptation of the Value Proposition with Customer Profile (Product-Market-Fit)**

Through the testing previously applied with measurable tools and the observation method, it has been possible to verify that businesses focused on emotional and physical health wellness are interested in purchasing handcrafted scented candles to counteract the work stress present in their customers. This segment has shown interest in candles with herbal and natural scents, products that are associated with sustainable practices, that reflect quality and contribute to their emotional well-being. These requirements are adapted to the value proposition outlined in the previous phase and have been strengthened to meet the needs of this segment. As a result, the products have been adjusted to the market as follows:

- **Social Responsibility:** Samay differentiates itself from the market because it uses organic ingredients and sustainable practices in its products. It should be noted that, to obtain the natural essences, alliances have been established with indigenous communities in the Amazon region of Ecuador, who are the suppliers of herbs such as Ishpingo. Through this alliance, we have sought to contribute to the economy of these communities, promoting their social development.
- **Innovation in essences:** This project offers the market handcrafted candles with exclusive essences, highlighting the combination of Ishpingo and lemon verbena, a mixture that provides a stimulating and relaxing aromatic experience, ideal to counteract stress.

- Sustainable approach: In addition to using natural ingredients to produce handcrafted candles, recyclable materials have been used for the container and packaging of the products in order to promote environmentally friendly practices.

#### 4.5 Prototype 2.0 (Prototype Improvement)

The 2.0 prototype represents the improvement of the product exposed in the previous phase, based on the information validated through market research tools and A/B testing, where precise ideas were obtained to enhance the product to be offered to the Loja market. Consequently, it has been determined that the product accepted by the segment is the following:

**Figure 47**

*Prototype 2.0*



The previously proposed brand called VELYtas was replaced by Samay, considering that potential customers have stated that the latter has been more attractive to them, as the name represents respite, rest and energy in Quechua, evoking the purpose of the product.

In terms of design, the representative colors of the brand are white and green, the white color used for the typography of the brand and olive green for the background,

considering that the first color represents purity and simplicity, with the intention of highlighting that the candles are natural since they contain organic ingredients, in addition to expressing that these products seek to create a relaxing environment. As for the green color, it is associated with nature, emphasizing the connection with natural herbal ingredients and the purity of the aromas. Furthermore, it conveys that these candles not only provide a pleasurable sensory experience, but also promote general well-being.

On the other hand, a minimalist icon of the plant corresponding to the essence of the handcrafted candle has been used on the product label, and this icon will change depending on the scent. As for the container, it is made of transparent glass with a capacity of 3 ounces, while the packaging of the scented candles is made of cardboard with measures adjusted to the products to keep them in good condition.

#### **4.6 Measuring Data and Analyzing Market Research Results**

In this section, after having obtained the results through the market research and A/B testing tools, the information highlighted in the previous phases has been validated. Consequently, it has been shown that the potential customer segment has been effectively defined, highlighting that Samay will offer the handcrafted scented candles to businesses focused on emotional and physical well-being, where women between 25-45 years old who are concerned about their health, require services that allow them to experience calm and relaxation through aromatherapy. In addition, this segment has considered that quality, price, brand and design are relevant when purchasing these products; therefore, through the testing, Samay's products have been strengthened, considering the requirements of customers who have indicated that they are willing to purchase these products.

#### 4.7 MVP (Minimum Viable Product)

According to (Ries, 2011), the minimum viable product refers to a product that meets the functionalities and features necessary to be tested by the potential segment. The purpose of this creation is to obtain valuable information that is comprehensive without putting major efforts in its design, therefore, this product must be sufficient, testable and adaptable.

For this project, it is important to design a minimum viable product, i.e., a main version of the scented candles, which includes the essential characteristics that the product must have, so that it can be tested by potential customers.

**Figure 48**

*MVP*



Throughout the design strong experiment phase, it has been determined that the minimum viable product for Samay is a 3-ounce soy wax scented candle with natural aroma, cotton wick and glass container that can be reusable. This product is elaborated with the purpose of intervening in the aromatherapy process to provide calmness in moments when people feel stressed.

#### 4.8 Landing Page/One Pager/Commercial Video

According to (Ash, Ginty, & Page, 2012) the landing page represents a web page that acts independently on a website. It is generally employed in digital marketing campaigns and the purpose of this design is to capture as much traffic as possible and convert visitors into leads.

In this work, a landing page has been designed with the intention of projecting Samay's proposal, emphasizing the products offered by the brand and different elements that are attractive to the eyes of potential customers so that they have the intention of buying the products.

In the landing page, an eye-catching introduction has been displayed for the target segment:

**Figure 49**

*Landing Page Part 1*



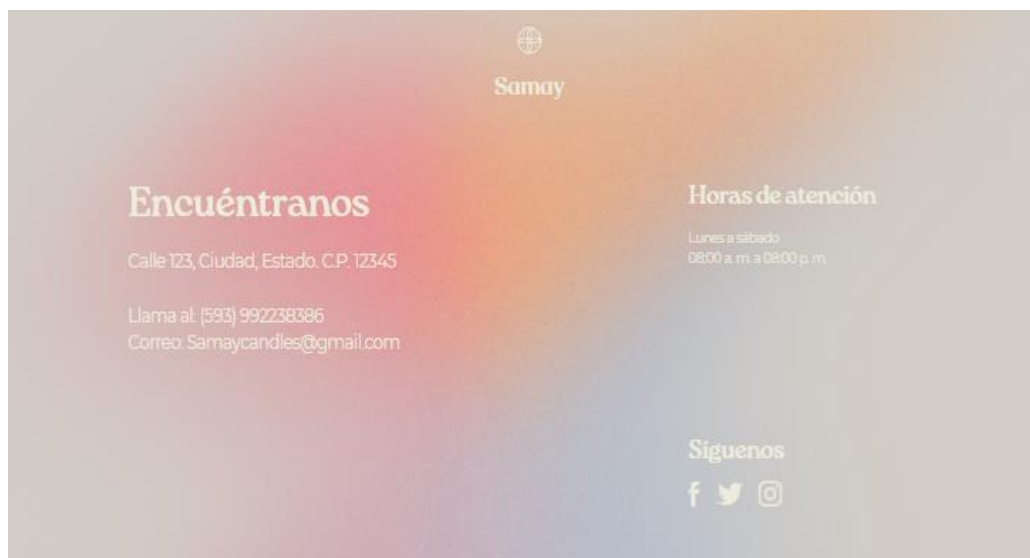


**Figure 50***Landing Page Part 2*

The main products offered by Samay have been shown, with a brief description

**Figure 51***Landing Page Part 3*

A section with comments and recommendations from potential customers has also been introduced to show reliability.

**Figure 52***Landing Page Part 4*

Finally, it has located telephone data, location and social networks where the target segment can find Samay.

#### **4.9 Monetization Validation**

After having applied valuable tools such as market research and A/B testing, it has been determined that the monetization model presented in the previous phase has been efficiently selected. This model corresponds to B2B, reflecting the sale of handcrafted scented candles to businesses such as spas, aesthetic centers and other businesses focused on providing relaxation services. The information has been validated considering that the potential segment is willing to purchase Samay's products, at the established price and with the proposed characteristics.

### **5. Marketing Plan**

According to (Ferrell & Hartline, 2012), the marketing plan refers to a strategic instrument, which acts as a guide to examine, control and adjust the marketing objectives and goals set by the company. The focus of a plan may vary depending on the needs of

the company, designing specific actions for brands, segments, products, programs or more.

This plan is developed specifically within the context of Samay, with a primary focus on cultivating greater engagement with the target market and enriching consumer satisfaction with the brand. It focuses on deeply understanding customer needs and preferences, with the purpose of generating added value and adapting in an agile manner to market changes and trends. It also contemplates the implementation of innovative technologies to consolidate a robust presence in various communication channels. This holistic approach aims to boost Samay's market share and captivate the attention of potential customers. From this point of view, Samay's marketing plan is positioned as a crucial factor to promote the development and importance of the brand in a context characterized by increasing competition.

### **5.1 Establishing Objectives**

The marketing plan requires the establishment of specific objectives that are real, measurable and verifiable. To achieve optimal results, it is necessary to evaluate the market and the competition, as well as to identify the company's resources so that the objectives are oriented to these elements and to design a congruent plan to obtain effective results. The objectives of the marketing plan proposed for Samay are:

- Develop marketing strategies to promote Samay's visibility on digital platforms. Achieve at least 50% brand recognition in the city of Loja in the first 6 months of operations.
- Position the Samay brand as quality handcrafted scented candles that are differentiated by their unique essences and natural ingredients, within 4 months of launch.
- Sell at least 1000 packs of handcrafted scented candles in 3 months and achieve a 30% customer retention rate.

## 5.2 Marketing Mix Strategies (4Ps)

As stated by (Mesa , 2012), the marketing mix or also called 4Ps, is a value offer to the market established by a set of four decision elements: product, price, place and promotion. This set of tools together with the added value of the brand must effectively meet the needs and requirements of the target segment, in addition to achieving the company's objectives.

The development of this tool has been indispensable for Samay, since, through its effective application, Samay will position itself efficiently in the Loja market, increasing its visibility and recognition and boosting its competitiveness.

### Product

For the design of strategies for Samay's products, it has been considered relevant to highlight the raw materials and sustainable practices that the company carries out. The strategies are:

- Emphasize the application of natural and sustainable ingredients in the production of handcrafted candles, using soy wax, natural essences free of any other artificial combination and glass containers that can be recycled, providing an ecological alternative to the target segment. This strategy is not only focused on the conservation of the planet but is also oriented to customers who show concern for their environment, associating Samay's environmental responsibility with the experience of perceiving pleasant products.
- Offer scented candles with exclusive presentations for limited editions, considering themes for certain times of the year or special events.
- Highlight the importance of social responsibility by providing support to the indigenous communities of Sucumbíos, through the purchase of raw materials such as natural herbs at reasonable prices, establishing an

emotional bond with the customer segment that appreciates practices that contribute to human development.

- Create an attractive design for the packaging, label and logo to enhance the premium image of Samay's products, evoking the originality of the brand in order to encourage attention and purchase interest in the target segment.

## **Price**

Considering Samay's sustainable approach through the application of organic ingredients and the other elements present in the products, it has been determined that the brand is not differentiated by price, but by the quality offered by the brand. Based on this, the strategy has been oriented to define a fair price according to the characteristics of the products.

- Establish competitive prices taking into account the organic ingredients and other materials used for the production of handcrafted candles, in addition to the value perceived by potential customers by providing quality and a pleasant experience. In this case, after having analyzed the prices of the competition and the results obtained in the A/B test of the product testing, it has been determined that the price of a pack of 3 scented candles is \$22, being the price that the potential segment would be willing to pay.
- Incorporate specific promotions and offers in order to capture the attention of target customers during special seasons.
- Offer loyalty programs based on rewards or discounts to customers who take the initiative to participate in activities focused on sustainability, to encourage a next purchase.

## **Place**

For the distribution of Samay's products, it has been previously mentioned that delivery will be made to strategic businesses that represent potential customers.

- Create an attractive website for the target segment, which can be easily used and has secure payment options, providing an easy shopping experience and excellent customer service.
- Use social networks such as Instagram and Facebook to highlight Samay's products, generating traffic to the store by focusing on physical and emotional relaxation and wellness centers.
- Establish collaborations with more prominent influencers in the locality that fit the potential segment and wish to contribute to the company's objectives.

## **Promotion**

For the design of Samay's promotional strategies, it has been considered necessary to create strategies oriented to the visibility and recognition of the company. Therefore, the following have been determined:

- Create profiles on the accounts most used by potential customers such as Instagram and Facebook to highlight relevant and quality content, showcasing the attraction of handcrafted candles with the objective of interacting with customers, responding to their comments and conducting sweepstakes.



Design for a social media publication, showing Samay's main product.

- Sending candle samples to spas to evaluate the product before making a purchase. Through this alternative, customers can experience the quality and fragrance of the candles, which increases confidence in the product. It also differentiates the product from the competition by allowing a direct experience.
- Build a list of subscribers with customer emails to send offers, information about new essences or presentations and other useful content.
- Participate in industry events for spa and wellness to interact directly with buyers, highlight products, and network.

### 5.3 Digital Marketing Strategy

The implementation of an SEO and SEM strategy will allow Smay to increase its online presence, attracting an audience interested in aromatherapy and natural products. This will facilitate the generation of more traffic, capturing the attention of potential customers looking for handcrafted products with natural ingredients, without

compromising their wellbeing. Additionally, maintaining constant development and seeking to adapt to market changes and demands will ensure the success of the company's digital marketing efforts.

### **Search Engine Marketing (SEM) Strategy**

According to (Toro & Villanueva, 2017), search engine marketing consists of the use of advertising that requires payment to appear in the first results of search engines and attract potential customers to capture website traffic.

To design an effective digital marketing strategy, the use of SEM strategy has been considered to encourage traffic to Samay's website through inorganic advertising, considering that the brand is not yet positioned in the market.

- Design paid advertising campaigns through search engines such as Google Ads, delimited by keywords that highlight what the Samay brand represents, in addition to the interests and preferences of customers. Create attractive ads that generate interest in virtual platforms to drive customers to the website in order to increase conversions.
- Promote advertising campaigns on Instagram Ads, being the main platform where the target segment seeks information for the purchase of scented candles. Publish attractive visual content such as images and reels that show the beauty of the products to increase visibility and attract more customers.
- Incorporate remarketing techniques that display ads as a reminder to customers who have previously visited the website in order to build customer loyalty.

### **Search Engine Optimization (SEO) Strategy**

As stated by (Shum Xie, 2019), Search Engine Optimization refers to the techniques employed on a website to strengthen brand positioning through organic traffic



on search engines. The SEO strategy will be used once Samay is positioned in the search engines, with the purpose of contributing to the reach of the website through increased traffic without neglecting the trends that fit the strategy.

- Include key terms linked to the products offered by Samay such as "natural candles", "handmade candles", "aromatic candles", "Loja candles" and others that should be highlighted in the website search.
- Optimize the website through an easy-to-navigate structure, with precise sections and important content, highlighting the attractive design of the product information and the site in general.
- Continuously monitor the performance of the website, using methods of value for their respective evaluation and adapt to the needs and behavior of users.

#### **5.4 Differentiation Strategies**

In this section it is essential to associate differentiation strategies for Samay, considering that the intention is to enhance the launch of the brand, establish a solid positioning and attract potential customers.

- Offer an attractive sensory experience for potential customers, through the offer of unique natural essences in the Loja market, highlighting the combination of native herbs from the Ecuadorian Amazon.
- Highlight Samay's organizational culture through storytelling to generate advertising that arouses interest in the segment and connects emotionally with the brand.
- Emphasize sustainability through the production process of handcrafted aromatic candles and interact with potential customers through virtual events to encourage participation and loyalty.

### **5.5 Marketing Budget**

In order to implement the strategies proposed above and comply with the marketing plan, it has considered establishing a budget focused on the investments required to position Samay's presence in the Loja market and increase its profitability.

**Table 1***Marketing Budget*

Marketing Budget													
Samay													
January to December 2024													
Service to Budget	Month budgeted												Total
	January	February	March	April	May	June	July	August	September	October	November	December	
Website	150	150	150	150	150	150	150	150	150	150	150	150	\$1.800
Meta Suit Business	50	50	50	x	50	x	x	40	40	x	x	50	\$330
Google Ads	x	x	x	x	x	50	x	x	x	x	x	50	\$100
Influencers	x	x	x	x	25	x	x	x	x	x	x	25	\$50
E-mail marketing	x	x	x	30	x	x	x	30	x	x	x	30	\$90
Sweepstakes and contests	x	x	25	x	x	x	x	x	x	x	x	25	\$50
Samples	100	x	x	100	x	x	x	x	180		x	x	\$380
Content Marketing	40	x	40	x	40	x	x	x	40	x	x	40	\$200
Total annual													\$3.000

The total budget to execute the digital marketing strategies for Samay has reflected a total of \$3000 in a year, considering that this is the time established for the fulfillment of the objectives. In this table it has pointed out items such as the website, making a monthly payment of \$150 because it will be executed using the promotional plans offered by Wix, in this plan it has included monitoring tools, a blog and sales section and attractive visual content.

As for Meta Suit Business, this section will pay \$50 in the first 3 months to have more reach in social networks such as Instagram and Facebook, and \$40 in the eighth and ninth month. To have greater recognition, it has been planned to take into account more prominent influencers in the city and that meet the values of the brand to advertise the products, assigning a value of \$25 in the month of May and December, which are the

months with the highest sales volume. Additionally, in order to comply with the SEM strategies, it has been established to use Google Ads to generate traffic to the website with an investment of \$50 for the months of June and December. On the other hand, it has been considered important to include e-mail marketing to strengthen the relationship with potential customers, establishing an investment of \$30 in the months of April, August, and December, considering that these dates are key for retention. In the case of sweepstakes and contests, an investment of \$25 has been set for the first month as a launch strategy and the same investment for the last month of the year as a loyalty strategy. About samples, a value of US\$100 has been budgeted for the initial month, US\$100 for April and finally US\$180 in September to promote the products at the various trade fairs and spas. Finally, for content creation, an investment of US\$40 has been earmarked for the first, third, fifth, ninth and last month of the year for the creation of publications and content of interest.

The marketing plan has highlighted the most relevant strategies that Samay needs to consider in order to achieve its objectives and the budget has shown the investment needed to execute the marketing plan.

## **6. Technical Study and Organizational Management Model**

According to (Gomez, 2001), the technical study is an essential instrument for companies because it allows them to determine the operational elements that are indispensable in optimizing the resources available to produce goods or services, establishing the location for production, facilities, operational activities and the legal structure.

In this project it has been considered essential to specify the location to produce Samay's products, the key processes and necessary activities that are part of the operations, to efficiently manage the company's resources. In addition, to effectively develop the processes involved in the company, the organizational management model

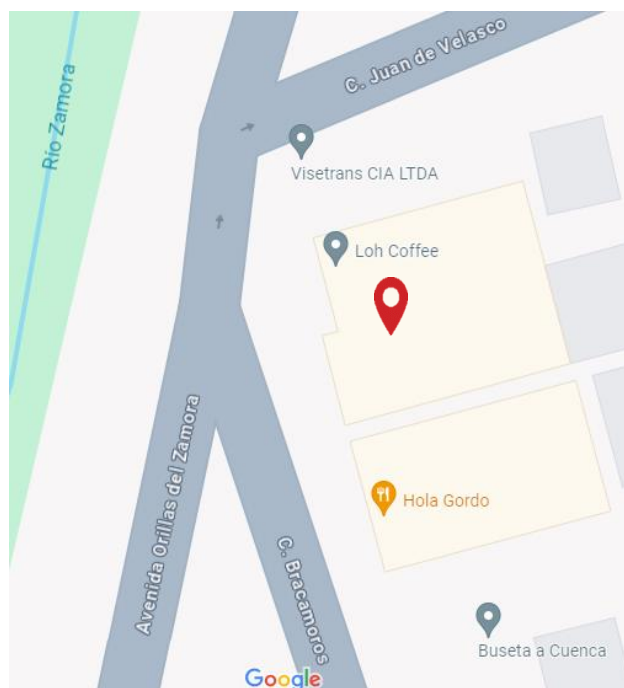
has been described, indicating the internal structure, and highlighting the responsibilities of each section, so that operations are carried out as established.

### 6.1 Location

It is necessary to emphasize that an appropriate place has been established for the elaboration of Samay's handmade aromatic candles. The place is in the city of Loja, Bracamoros Street between Avenida Orillas del Zamora and Juan de Velasco. It should be noted that this place has been chosen because it has the optimal space for the production required by the company, considering that the apartment has a large kitchen of 20 m<sup>2</sup>, with a space available to organize the kitchen that will serve to heat the wax and a stainless steel table to place the materials, in addition to the fact that there is a moderate space to move around the kitchen without any inconvenience.

**Figure 53**

*Location*



This figure shows the location where the production of Samay's products will be conducted.

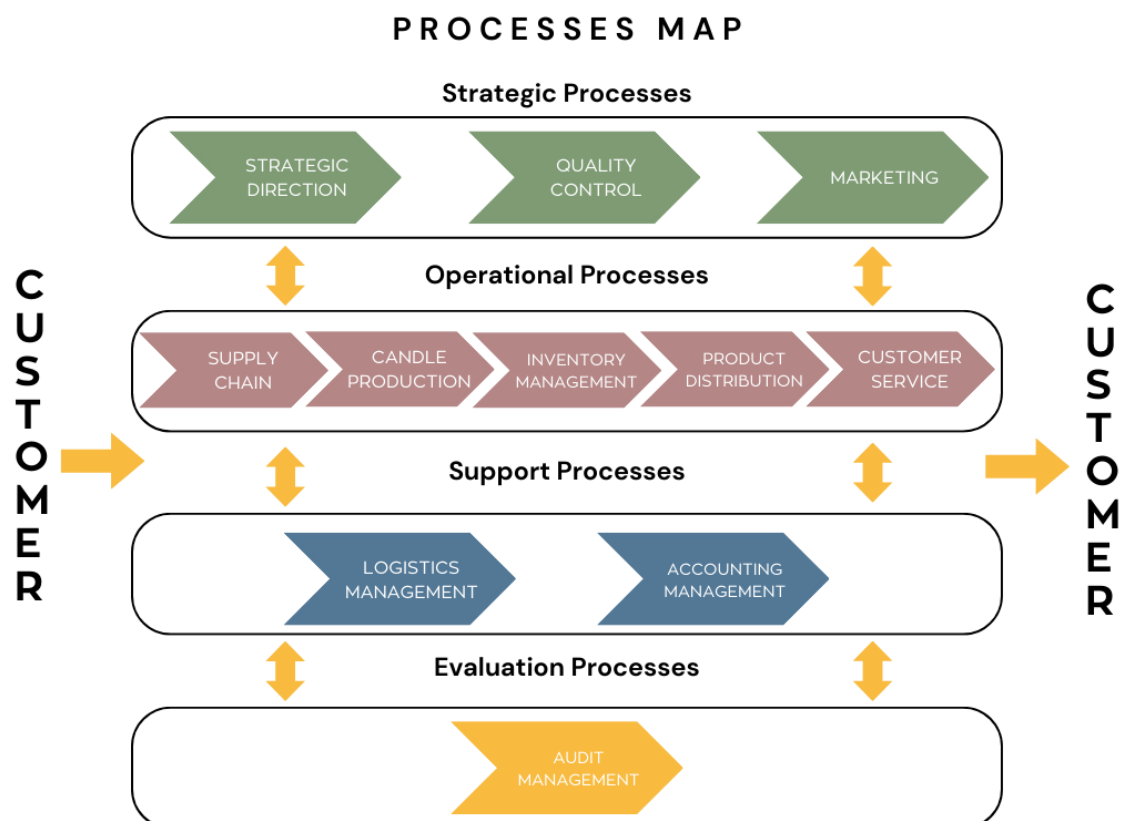
## 6.2 Operations (Processes Map)

The process map refers to a valuable diagram that details each of the processes that a company has, providing a global-local vision, with the purpose of correctly locating each process based on the value chain. In addition, it links the company's objective with the processes that manage it, being used as an instruction section (Macías, et al., 2007).

In this section, through this tool, Samay has considered it important to expose the company's process map in order to show how the individual processes that allow the company to carry out its operations are related. The company's process map is shown below.

**Figure 54**

*Processes Map*



In the image it has been possible to specify graphically the individual processes that are immersed in the operations of the Samay company to consolidate its commercial

activities, facilitating comprehension. The processes are divided into: Strategic Processes (Strategic Management, Quality Control and Marketing), Operational Processes (Supply Chain, Candle Production, Inventory Management, Product Distribution and Customer Service), Support Processes (Logistics Management and Accounting Management), and Evaluation Processes (Audit Management). These processes are interconnected and focused on customer satisfaction, with arrows indicating the interaction and flow of information between them and customers.

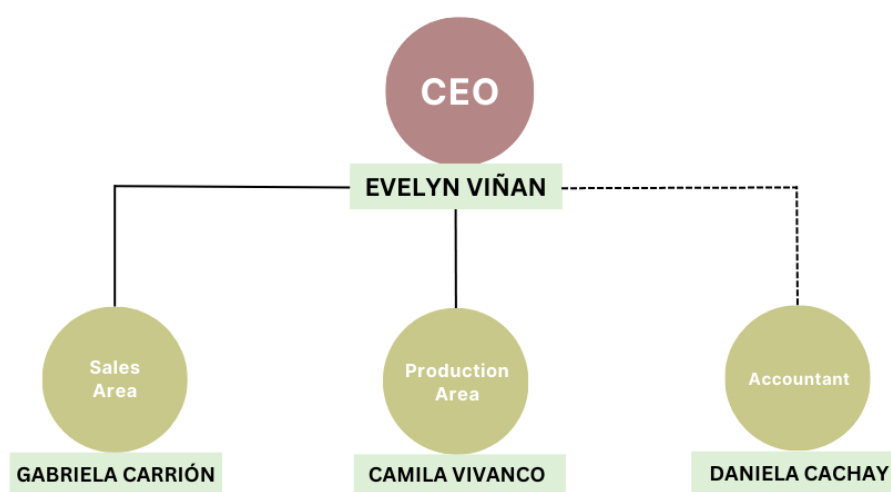
### 6.3 Organizational Design (Organization Chart)

As stated by (Mintzberg, 1979), the organization chart not only shows the formal structure of a company, the hierarchical representation of positions and departments but is also a valuable tool that allows to easily understand the functioning of the company in relation to its key elements and how they interact with each other.

For the design of Samay's organization chart, the key processes managed by the company have been taken into account in order to determine the necessary personnel to be addressed for the commercial activity.

**Figure 55**

*Organization Chart*



Through this figure has been identified the personnel required by the Samay company for its optimal operation. The vision represented by this chart has made it possible to determine the roles and responsibilities of the members for each area, facilitating coordination and communication between hierarchical levels.

On the other hand, it has been stipulated that the profile of the positions in each area and their respective functions must coincide with what is required by the company:

**Figure 56**

*Collaborator profiles*

JOB	PROFILE	FUNCTIONS	TIME
<b>CEO</b>	<ul style="list-style-type: none"> <li>General fundamentals of marketing, finance and production</li> <li>Decision-making skills</li> <li>Leadership and communication skills</li> </ul>	<ul style="list-style-type: none"> <li>Strategically manage the business by making key decisions.</li> <li>Supervise and provide support to members of the company.</li> <li>Examine and mitigate business risks</li> <li>Ensure business objectives are met.</li> </ul>	Full time
<b>SALES AREA</b>	<ul style="list-style-type: none"> <li>Analytical skills for data interpretation</li> <li>Experience in sales management and communication</li> </ul>	<ul style="list-style-type: none"> <li>Develop and execute and sales strategies</li> <li>Monitor the performance of marketing and sales strategies.</li> </ul>	Full time
<b>PRODUCTION AREA</b>	<ul style="list-style-type: none"> <li>Knowledge in handmade candle making and quality control.</li> <li>Organizational skills</li> <li>Ability to manage inventories</li> </ul>	<ul style="list-style-type: none"> <li>Efficient elaboration of handmade scented candles</li> <li>Ensure compliance with quality and safety standards</li> <li>Manage inventory of raw materials and finished products</li> </ul>	Full time
<b>ACCOUNTANT</b>	<ul style="list-style-type: none"> <li>Experience in accounting management for SMEs.</li> <li>Financial tools management skills</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance with tax obligations and filing of tax returns.</li> <li>Advice on financial aspects</li> </ul>	Hourly

It should be noted that the company has only considered hiring 4 employees who are distributed in different areas considering that the business is just starting its operation. In the case of the accountant, the contract will be exclusively for hours to provide advice and service in statements that the company must comply with. However,



as Samay grows in the market, it will be possible to consider hiring more personnel as required by the company to strengthen its structure and achieve its objectives.





#### 6.4 Design of the Productive Process or Service (Flowchart)

According to (Kiran, 2017) the flowchart refers to a graphic scheme that illustrates the flow of a specific product through different sequences, thus representing its operations, additionally, the graphic highlights the phases that the processes have by making use of boxes with different shapes.

In this project, a flow chart has been designed to show the operative process for the elaboration of aromatic candles, as well as to indicate the sales process of the company. In order to design this diagram, different figures have been used to establish a universal language for its easy understanding, and their meaning has been detailed below:

**Table 2**

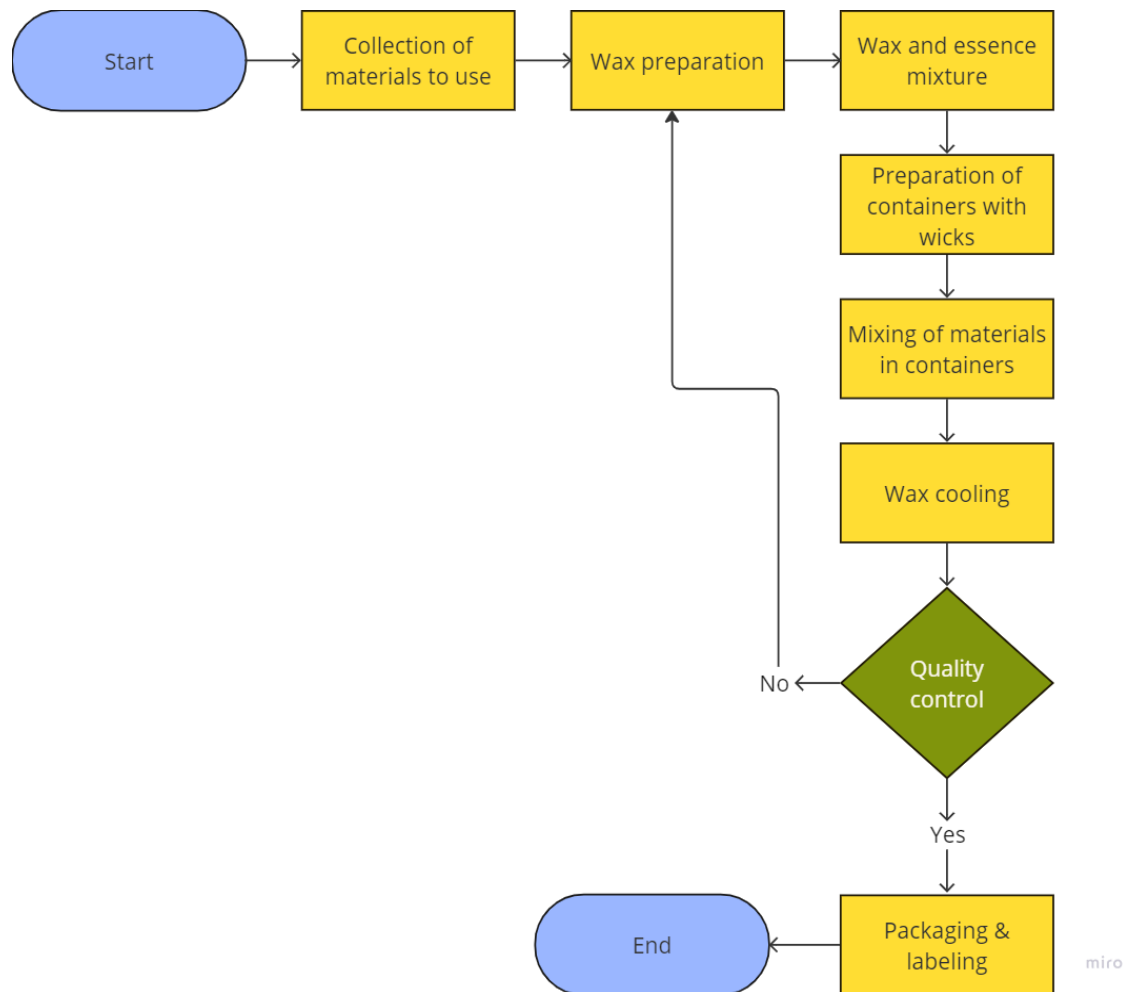
*Process symbols*

Symbol	Function
	Signals the start/end of a process
	Signals actions to be carried out
	Signals decisions to be made
	Signals the flow between the shapes

These symbols have been used to design Samay's production and sales flow chart, to effectively specify each phase.

**Figure 57**

*Production process flowchart*

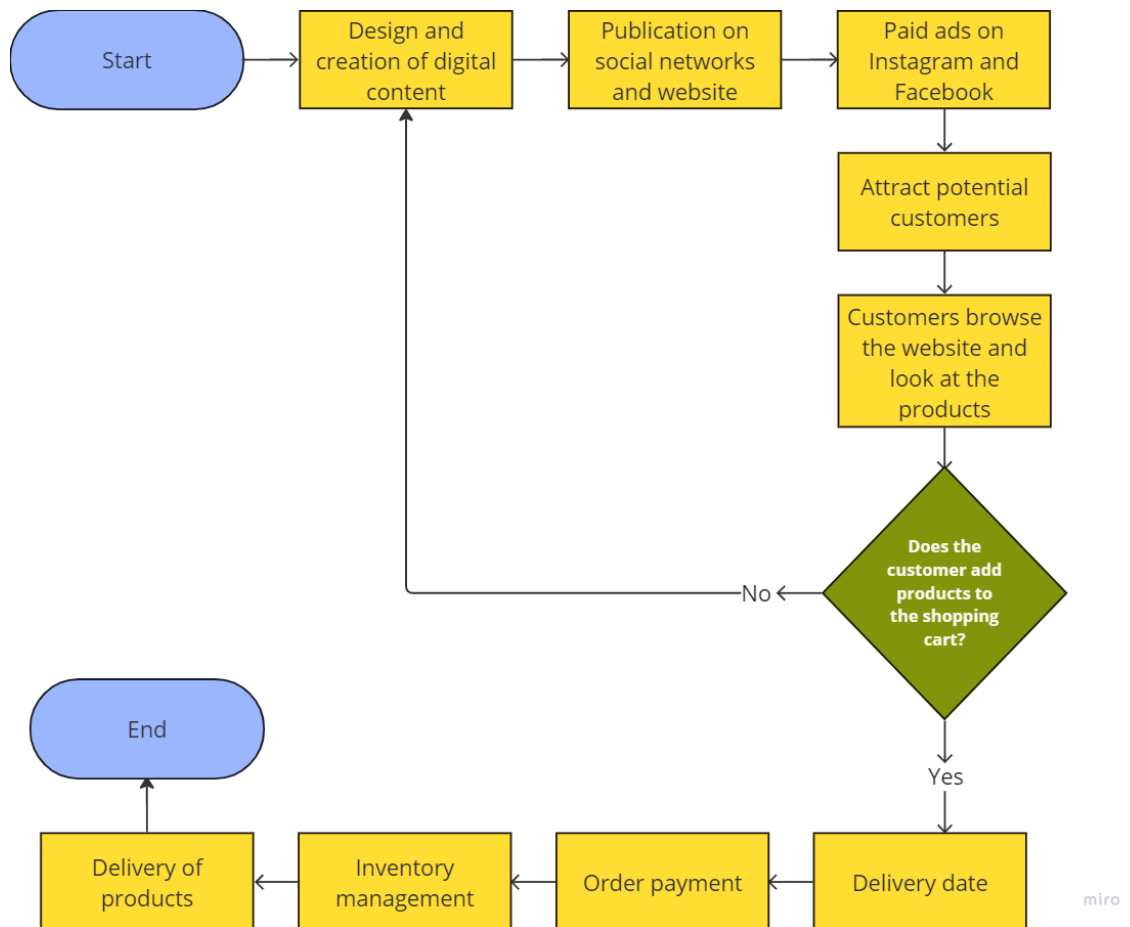


Samay's process flowchart showed the sequence of activities that must be executed to obtain the handmade aromatic candles, starting with the reception of materials (wax, natural essences, cotton lighters, containers, packaging), therefore, the production of the candles begins by preparing the wax, mixing the essence with the wax, then proceeding to prepare the glass containers with the lighters to dissolve the prepared wax. Once dissolved, it is necessary to wait until the wax is cold and the candle is finished to perform the quality control, at this stage the decision is made according to the result,

if the candle is in the optimal state, the process of labeling and packaging will continue, otherwise, it will be necessary to go back to the wax preparation phase to repeat the process.

**Figure 58**

*Sales process flowchart*



In this flow chart it has been evidenced the digital sales process that Samay has considered relevant, starting with the design and creation of content in the social networks most used by the potential segment. Next, the designed content is published on the social networks and the company's website, this being the main point where potential customers search for and make the purchase of the candles. Consequently, paid advertisements are made on Instagram and Facebook which are the platforms most frequented by customers with the objective of attracting the potential segment. Once

customers are interested in the products, they go to the website and browse to view the products offered by the company. In the next phase, customers make a decision, whether to add the products to the shopping cart or not, if not, the design and creation of content should be reconsidered to strengthen customer retention, and if they decide to add the products, the next phases are to determine the delivery date of the products, the payment of the order and when the purchase is made, the company proceeds to review the inventory to finally deliver the products to the customer.

## 6.5 Legal Formation

In this section it has been established the legal management that Samay has to take into consideration to formalize the company in Ecuador. In this process it is essential to comply with the requirements determined by the institutions involved in the national and local market, therefore, in order to incorporate the company, it must be considered:

1. **Identify the type of company:** In the case of Samay, the objectives and structure of the company have been considered in order to identify the type of company. Therefore, it has been indicated that the company will be constituted as a natural person, subject to the *Régimen para Emprendedores y Negocios Populares* (RIMPE).
2. **Documentation:** It is necessary to prepare the corresponding legal documents that comply with the current regulations of the country and the city.
3. **Obtaining the RUC:** Obtain the *Registro Único de Contribuyentes* (RUC) at the *Servicios de Rentas Internas* (SRI) to comply with tax obligations.
4. **Local operation:** In order to obtain the corresponding permit to operate in the city of Loja, it is necessary to have a copy of the natural person's identity card, the operating permit form, payment of the municipal license and the health card of the company's employees.

5. **Trademark registration:** With the patent established, the trademark must be registered at the *Instituto Ecuatoriano de Propiedad Intelectual* (IEPI) to protect intellectual property.
6. **Tax Obligations:** Maintain accounting and tax obligations up to date and file tax returns in accordance with the provisions of the (RIMPE) (Bedford, 2023).

## 7. Financial Assessment

According to (Stogis, 2023), companies should consider assessing their position in financial terms, as this is a key aspect of strategic planning that allows them to make decisions about their short- or long-term performance and success. In addition, by assessing financial records, such as costs, revenues, cash flow, and other elements, companies can act to prevent potential risks that could affect business performance.

In this section it has been considered relevant to evaluate Samay in the financial aspects, therefore, different tools have been developed that have allowed an in-depth analysis of the company's profitability, as well as examining the resources it possesses to carry out its activities.

### 7.1 Initial Investment

It is necessary to outline the amount of capital that the company needs to start its activities, therefore, in this section it has been considered appropriate to show the initial investment that Samay has determined for its functionality. In this way, the company can also assess its financial viability and plan future strategies for its success.

**Table 3**

*Initial Investment*

INVESTMENTS	MONETARY VALUE	
Total investment Fixed Assets	\$	870,36
Total investments Deferred Assets	\$	76,00
Total investments in current assets	\$	63.798,12
<b>Total</b>	<b>\$</b>	<b>64.744,48</b>

This table has shown the total investment required to run Samay's operations. For this calculation, the total fixed assets of the company, deferred assets and current assets have been considered. Therefore, the amount needed by the company for the first year of operation is \$64,694.48, however, for the first month \$5,395.37 is needed, which is the company's own capital.

## 7.2 Sales Budget

As stated by (Prieto Herrera, 2008), the budget consists of a financial plan that allows for the calculation of the number of products that companies forecast to sell in a given period, usually annually. Through this tool, the price of each unit of the product must be taken into consideration, as well as the time that can be weeks, months or some other unit of time, looking for the optimization of costs in order to obtain optimal profitability.

For the development of Samay's sales budget, the company's production capacity, the unit retail price of the scented candles and the market demand in the province of Loja were taken into account.

**Table 4**

*Sales Budget*

Sales Budget for Samay Company				
2024				
Sales	Selling Price	Quantity	Total monthly sales	
January	\$ 25	250	\$	6.249,04
February	\$ 25	380	\$	9.498,54
March	\$ 25	500	\$	12.498,07
April	\$ 25	350	\$	8.748,65
May	\$ 25	850	\$	21.246,73
June	\$ 25	400	\$	9.998,46
July	\$ 25	450	\$	11.248,27
August	\$ 25	650	\$	16.247,50
September	\$ 25	500	\$	12.498,07
October	\$ 25	500	\$	12.498,07
November	\$ 25	500	\$	12.498,07
December	\$ 25	1150	\$	28.745,57

<b>Total annual sales</b>	<b>\$</b>	<b>161.975,05</b>
---------------------------	-----------	-------------------

This table has shown the sales budget for Samay in 2024, taking into consideration the selling price of the pack of 3 units (candles) which is \$25, being the result of the calculation of the production costs. In order to determine the number of units to be sold on a monthly basis, the demand from the market study carried out in previous phases has been taken into account. It should be noted that there is a variation in demand monthly, therefore, in the month of February the demand for candles increases because the segment goes to the spa for the month of love and friendship, in the case of March due to the celebration of women. In April, demand decreases because there is no public holiday, while in May demand doubles due to Mother's Day and potential customers go to spas more frequently. For the month of June, demand again decreases by 50%, and increases in the following months, because in the month of August there is a notable growth considering that in this month the segment receives a tenth of its remuneration and frequents the spas. On the other hand, demand in the months of September to November remains linear, while for the month of December demand increases again due to the festivities. Finally, the total annual revenue for the 6480 packs sold is \$161,975.05, which will exceed the initial investment, thus demonstrating that the sales will cover the operating costs of the business.

**Table 5**

*Sales Budget for the next 2 years*

<b>Sales Budget for Samay Company</b>			
<b>Sales</b>	<b>Year 2024</b>	<b>Year 2025</b>	<b>Year 2026</b>
<b>Selling price</b>	\$ 25	\$ 25,4	\$ 25,4
<b>Quantity</b>	6480	6570	6767
<b>Total annual sales</b>	\$ 161.975,05	\$ 166.770,19	\$ 171.621,05

This table has shown the sales projection for the next two years, showing a positive result for the company as there will be a progressive growth.

### 7.3 Break-even Point

According to (Marriot, Edwards, & Mellet, 2002), the break-even point refers to the point where the company's costs are covered by its total revenues, so there is no profit or loss. Thus, it is important to determine the minimum level of sales or units to be sold that the company must have to reach the break-even point.

It has been considered relevant to calculate the break-even point for Samay, in order to know how many units the company must sell to reach the optimal point where it does not reach any profit or loss, and its revenues cover its total costs.

#### Break-even point in units

P= Selling Price

AVC= Average variable cost

$$BEP = \frac{\text{Fixed Costs}}{(P - AVC)}$$

$$BEP = \frac{30.437,24}{(25 - 2,21)}$$

$$BEP = 1336 \text{ packs}$$

Through the break-even point it has been possible to determine the number of units the company must sell to cover its operating costs, considering the fixed and variable costs and the selling price of the candles. Therefore, this number is 1336 packs, and the company will be able to reach this value in the fourth month, i.e. in April.

### 7.4 Financial Statements

According to (GERMANNA, 2022), financial statements refer to the data detailing the company's situation in financial terms; therefore, it is important to determine and



understand the statements to examine the profitability, viability and liquidity of companies.

In order to understand Samay's financial health, a detailed cost statement, profit and loss statement and cash flow analysis were carried out.

#### 7.4.1 Cost Statement

The cost statement is a document that shows the costs and expenses that companies must consider for their operation, and it is fundamental because it allows to know the structure of the total costs incurred to determine the viability of the project.

For the realization of the cost statement for Samay, the projection for the year 2024 was considered with the objective of determining the viability of the company and linking its results with the income established in the sales budget. Consequently, the cost statement has been presented:

**Table 6**

*Cost Sheet*

<b>Cost Sheet for the Samay company</b>	
<b>December 31, 2024</b>	
<b>Opening Stock of Raw materials</b>	
Purchase of Raw Materials	\$ 64.142,12
Materials Returned	\$ -
<b>STOCK AVAILABLE FOR USE</b>	\$ 64.142,12
Closing Stock of Raw materials	\$ -
<b>RAW MATERIAL USED</b>	\$ 64.142,12
Direct Labor	\$ 8.079,31
Indirect Costs	\$ 19.442,25
<b>COST OF PRODUCTION</b>	\$ 91.663,68
Opening Stock of work in progress	\$ -
<b>TOTAL COST OF WORK IN PROGRESS</b>	\$ 91.663,68
Closing Stock of work in progress	\$ -
<b>COST OF FINISHED GOODS</b>	\$ 91.663,68
Opening Stock of finished goods	\$ -
<b>TOTAL COST OF FINISHED GOODS</b>	\$ 91.663,68
Closing Stock of finished goods	

<b>COST OF SALES</b>	<b>\$ 91.663,68</b>
----------------------	---------------------

The table below has shown how much it costs Samay to produce handmade aromatic candles. It should be noted that, for the preparation of this statement, the purchase of direct and indirect raw materials was considered first, representing a cost of \$ 64.142,12, and as there was no return of purchases of this raw material, this value was kept for production. Next, it has been indicated that no final inventory has been obtained, therefore, the raw material used is \$64.142,12. Consequently, the direct labor cost and indirect costs have been increased, giving a total production cost of \$ 91.663,68. Finally, this is the cost to produce 6480 packs in the year 2024.

#### 7.4.2 Profit and Loss account

In order to determine Samay's income and expenses, a profit and loss statement has been prepared to understand whether there has been a profit or loss after operations during the company's business year.

**Table 7**

*P&L Account*

<b>P&amp;L account for Samay, for the year ended 31 December 2024</b>	
Sales	\$ 161.975,05
Cost of Goods Sold	\$ 91.663,68
<b>GROSS PROFIT</b>	<b>\$ 70.311,3}</b>
Operational Expenses on administration	\$ 701,16
Selling Expenses	\$ 3.000,00
<b>OPERATING PROFIT</b>	<b>\$ 66.610,21</b>
Financial Expenses	\$ -
Non-operating revenues	\$ -
Non-operating expenses	
<b>NET PROFIT BEFORE INTEREST AND TAX</b>	<b>\$ 66.610,21</b>
Provision for taxation	\$ 14.654,25
<b>NET PROFIT AFTER INTEREST AND TAX</b>	<b>\$ 51.955,96</b>

From the table above, Samay's profit and loss statement has been determined, starting from the net sales revenue in the year 2024 and the decrease in the cost of sales to obtain the gross profit. Next, the operating expenses in administration and the cost of sales are shown for their respective subtraction to obtain the operating profit. Consequently, financial, and non-operating expenses have been deducted to obtain the profit before tax. Finally, 22% has been considered for the provision of taxes to be paid in accordance with the provisions of RIMPE, obtaining a net profit of \$ 51,955.96. In this way it has been shown that Samay has managed its costs and expenses efficiently and this has been reflected in its total profits.

#### **7.4.3 Cash Flow Forecast**

To understand the cash movements of the Samay company, the projected annual cash flow for the first year of the company's operation has been determined, in addition to the projection for two consecutive years. The cash flow forecast has been presented below:

**Table 8**

*Cash Flow Forecast*

<b>SAMAY</b>			
<b>Cash flow forecast</b>			
<b>All figures in USD</b>			
	2024	2025	2026
Opening Balance	\$ -	\$ 116.665,93	\$ 237.149,90
Inflows			
Cash sales revenue	\$ 161.975,05	\$ 166.770,19	\$ 171.621,05
<b>Total cash flows</b>	\$ 161.975,05	\$ 166.770,19	\$ 171.621,05
Outflows			
Purchase of goods	\$ 14.150,40	\$ 14.574,91	\$ 15.012,16
Payroll payments	\$ 24.355,16	\$ 24.815,16	\$ 25.275,16
Social security payments	\$ 3.016,40	\$ 3.016,40	\$ 3.016,40
Payment of taxes	\$ 86,00	\$ 88,58	\$ 91,24
Payment of utility bill	\$ 401,16	\$ 401,16	\$ 401,16
Payment of rent	\$ 300,00	\$ 300,00	\$ 300,00
Payment of advertising	\$ 3.000,00	\$ 3.090,00	\$ 3.182,7
<b>Total cash outflows</b>	\$ 45.309,12	\$ 46.286,21	\$ 47.278,82
<b>Net cash flow</b>	\$ 116.665,93	\$ 120.483,97	\$ 124.342,24
Closing balance	\$ 116.665,93	\$ 237.149,90	\$ 361.492,14

The table has shown Samay's cash inflows and outflows, considering that for the first year it has estimated a total income of \$161,975.05 for sales of handmade candles and a total expenditure of \$45,309.12, which includes payments for raw materials, payroll, insurance, taxes, basic services, rent and marketing. However, for the next few years the values change due to the annual sales increase of 3%, which implies an increase in costs and expenses. It is worth noting that the final cash balance is attractive as it is positive and sustainable over time, suggesting that the company can efficiently generate cash after covering its expenses.

## 7.5 Financial Indicators

Samay has considered it relevant to use financial indicators to understand the financial performance of the company in order to make decisions based on the risk-

benefit ratio and make the project profitable. In this section, we have considered using the NPV, IRR and payback period indicators:

### **7.5.1 NPV**

The net present value has been calculated to determine the present value of Samay's future cash flows. To make this calculation, a discount rate, the initial investment of the project and the resulting cash flows have been determined. It should be noted that a positive NPV suggests that the project is profitable and if the opposite is the case, the investment would not be profitable.

$$NPV = \$223.974,96$$

In the case of the NPV of the Samay project, the discount rate of 12% applied in Ecuador, the initial investment of the company with a value of \$ 64,744.48 was taken into account, in addition to the cash flows of the 3 years forecast in the previous section. This result is positive for the company as it suggests that if the amount is invested now, it would be earning \$ 223,974.96, which is a profitable and acceptable value because it is greater than 0.

### **7.5.2 IRR**

The internal rate of return corresponds to the discount rate that allows the NPV of a project to be eliminated, therefore, it has been considered to calculate the IRR for Samay to know the expected return on investment. In case of an IRR higher than the determined discount rate, the project would be considered acceptable.

$$IRR = 174\%$$

In the case of the IRR, it is acceptable taking into consideration the cash flows. In this way it has been determined that the profitability of the project is high, and the investors can pay 174% for the project.

### 7.5.3 Payback period indicator

Samay has considered the calculation of the payback period to know how long it will take to recover the initial investment of the project.

$$\text{Payback period} = \frac{\text{Initial investment}}{\text{Annual cash flow}}$$

$$\text{Payback period} = \frac{\$64.694,48}{\$116.571,67}$$

$$\text{Payback period} = 6$$

$$\text{Payback period} = 6 \text{ months and } 19 \text{ days}$$

After considering the payback period indicator for Samay, it was found that the initial investment will be covered in 6 months and 19 days. This period is attractive to investors as it is relatively short.

Once the Samay company has been evaluated in financial terms through the different statements and indicators, it has been possible to effectively justify that the project is viable.

## 8. Internationalization Plan

The internationalization plan corresponds to a technique designed by companies that have the purpose of expanding into international markets, taking into account their resources and the actions that must be developed to adapt to market conditions. Through the plan, companies can identify their capabilities and weaknesses to act in the most efficient and effective way so that the results of their expansion are transcendent (Fanjul, 2022).

In this section a plan of internationalization has been developed for Samay, considering the access to new markets to enhance the growth of the company, seek new opportunities and in a certain way reduce the risks present in the local market.

## **8.1 Analysis of Company Capabilities**

One of the aspects to take into consideration when a company has internationalization projections is to analyze its capabilities to determine whether it can expand into other markets.

In the case of Samay, the company can take advantage of its strengths to enter new markets. Samay develops innovative products by offering aromas from plants native to Ecuador with other natural ingredients and ecological materials that may be of interest in other countries. In addition, this product adapts to wellness trends in the market, seeking to satisfy the needs of potential customers. Samay also focuses on corporate social responsibility, as it has established relationships with the Indigenous community of Napo for the supply of materials, contributing to the local economy.

On the other hand, as far as production capacity is concerned, the company can produce 19,200 units annually without any inconvenience in terms of raw materials, therefore, it can be said that production is sustainable. If the export market demands more units, the company will have to consider hiring more production personnel and additional investment for their respective activities.

### **8.1.1 Force-field analysis**

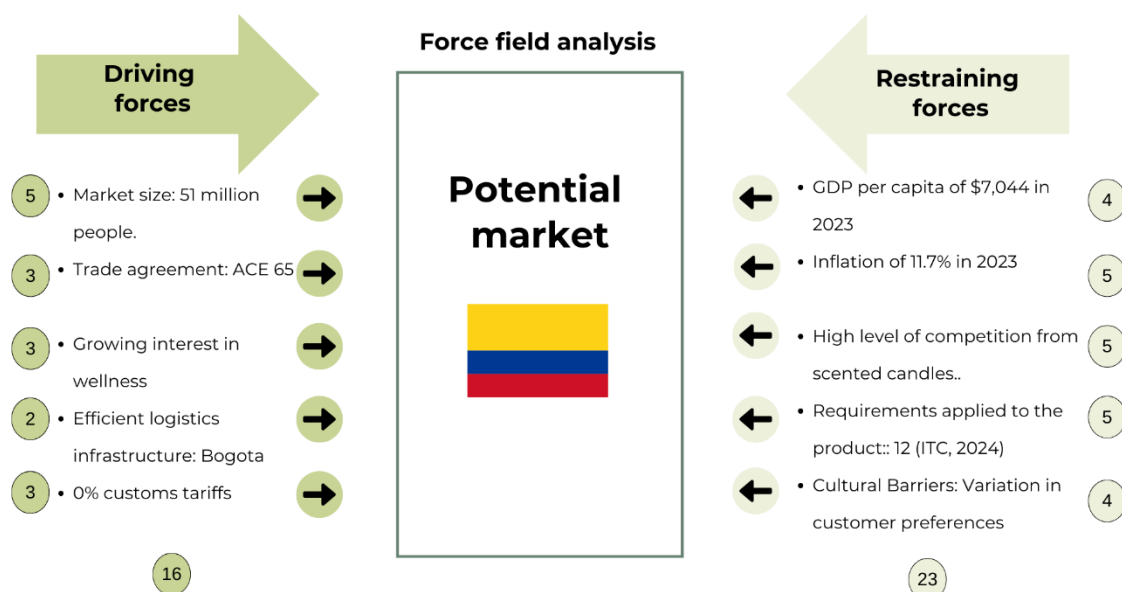
Force-field analysis refers to a tool that allows for the assertive identification and understanding of the forces that impact on a specific situation when changes are made. It is worth mentioning that before developing an action plan, this tool can be used to preliminarily identify a drawback or a strategic situation (Randolph, 2003).

In this case, the analysis has been developed focusing on the alternative markets for the Samay company to internationalize, highlighting the driving forces to go to that market, as well as the restrictive forces that are those that oppose the proposal. The

potential export markets are Colombia and Chile, and the forces have been detailed through the following analysis:

**Figure 59**

*Force-field analysis Colombia*



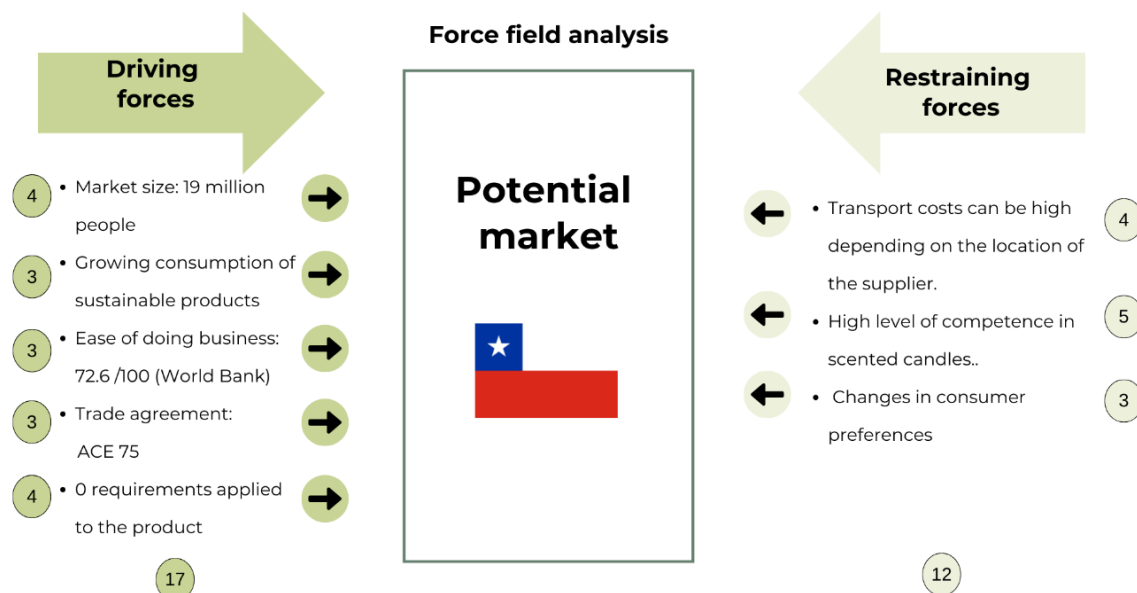
The figure above showed the driving and restrictive forces of the potential market in Colombia for the entry of the aromatic candles offered by Samay. In the case of the driving forces, it can be highlighted that the market is wide with a growing interest in wellness, in addition to the fact that Ecuador and Colombia have a Partial Trade Agreement that has allowed strengthening trade relations and have reduced tariffs and in other cases have been eliminated, being an advantage for candles. These forces are attractive, however, the score is low in comparison with the restrictive forces, since in these they highlight that Colombia's GDP per capita is not high in comparison with other countries, in addition inflation is high, influencing the purchasing power of buyers. Despite the existence of a trade agreement between Colombia and Ecuador, the



requirements applied to candles are twelve, representing additional costs to the products, and resulting in a score of 23, thus surpassing the driving forces.

**Figure 60**

*Force-field analysis Chile*



Through the figure shown, it has been possible to establish the driving and restrictive forces of the potential market in Chile for the entry of scented candles offered by Samay. By exposing the driving forces, it has been possible to show that the market is wide with a growing consumption of sustainable products. Likewise, Ecuador and Chile have a Partial Trade Agreement that has facilitated trade and economic relations, reducing and eliminating tariffs on certain products, which is a benefit for candles since they are among the products with 0% tariffs. This strength is consolidated with the 0 requirements applied to the product, in addition to the fact that the ease of doing business in Chile represents an interesting aspect. In this way, the forces are attractive with a total score of 17, surpassing the restrictive forces, which highlight a prominent level of competition, transportation costs and changes in market preferences.

## **8.2 Choice of country Internationalize**

Once the potential markets for exporting Samay's products have been analyzed in the previous phase, it has been considered that the most attractive alternative for internationalization is Chile, due to the advantages that the environment presents for the company.

According to Etsy, sales of handmade candles in Chile increased by 30% between 2021 and 2022, and 65% of consumers are willing to pay more for handmade candles made from high quality and sustainable materials. Additionally, according to (CNC, 2023), in 2023 72% of Chilean consumers have bought handmade candles at least once in the last year. This demonstrates the desirability of this type of product in the Chilean market, representing a potential opportunity for Samay's growth and expansion.

It is crucial to deepen the information through an explanatory study that allows verifying that the indicated market is the most successful option for the entry of handmade aromatic candles. Therefore, several aspects to be analyzed have been pointed out, such as the opportunities and challenges of the country through the STEEPLE analysis and the different requirements that the country requests.

### **8.2.1 STEEPLE Analysis**

One of the most important aspects to take into account in the internationalization plan is the analysis of the environment of the selected country, and the STEEPLE tool has been chosen for Samay, since it has made it possible to understand the factors that affect the Chilean market, recognizing the opportunities and possible risks to be faced and, based on this, to make strategic decisions that are fruitful for the company.

**Figure 61****STEEPLE Analysis**

<b>S</b>	<ul style="list-style-type: none"> <li>A potential market of approximately 19 million people</li> <li>Aromatherapy and wellness are gaining popularity in Chile.</li> <li>Trends such as slow living may increase the demand for candles to create cosy and relaxing environments.</li> </ul>		<b>Social factors</b>
<b>T</b>	<ul style="list-style-type: none"> <li>E-commerce platforms and social media can facilitate the sale of candles to a wider audience.</li> <li>The Chilean technology market is one of the most developed in Latin America.</li> </ul>		<b>Technological factors</b>
<b>E</b>	<ul style="list-style-type: none"> <li>GDP per capita in 2023 was \$17,253.75 showing high consumer purchasing power.</li> <li>Inflation is low at 3.18% which means that consumer purchasing power is stable.</li> </ul>		<b>Economic factors</b>
<b>E</b>	<ul style="list-style-type: none"> <li>Chilean consumers are increasingly aware of the environmental impact of the products they consume.</li> <li>Environmental regulations related to production and marketing.</li> </ul>		<b>Ecological factors</b>
<b>P</b>	<ul style="list-style-type: none"> <li>Chile is considered one of the countries with a high level of political freedom with a score of 94/100 according to Freedom House.</li> <li>Labour legislation in force in Chile when hiring and managing employees.</li> </ul>		<b>Political factors</b>
<b>L</b>	<ul style="list-style-type: none"> <li>The application of legal and administrative regulations in Chile has been considered strong with a score of 0.64/1, as they adhere to the Rule of Law according to the WJP Rule of Law Index.</li> <li>Intellectual property protection of branding and designs</li> </ul>		<b>Legal factors</b>
<b>E</b>	<ul style="list-style-type: none"> <li>Support local causes or engage in corporate social responsibility activities to enhance brand image.</li> <li>Ensure that all labour practices are fair and ethical.</li> </ul>		<b>Ethical factors</b>

According to the analysis of the factors involved in STEEPLE, it was found that Chile presents an attractive scenario for the entry of handmade scented candles, since the market is characterized by a growing demand for the products, advanced technological infrastructure, high purchasing power and environmental awareness. Therefore, this analysis has been of great value because it encourages the development of strategies that seek to adapt to market requirements in order to be successful.

### 8.3 Legal Requirements of the Chosen Country

In this section, it has been crucial to establish the legal requirements of the selected country, since compliance with regulations must be guaranteed to avoid sanctions and to ratify that the products offered by Samay comply with safety and quality standards.

### 8.3.1 Tariff Code

The tariff code helps to identify the type of product and therefore the applicable duties, taxes, and other tariffs. This directly affects the final cost of export. In the case of Samay products, it has been identified as belonging to:

*‘Chapter 34: Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing and scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a basis of plaster.’*

The product to be exported falls under Chapter 34, under heading 06. Therefore, the tariff code of the candles is: 3406.00.00.00 which corresponds to *‘Candles, tapers and the like.’* (COMEX, 2017).

### 8.3.2 Tariff Rates

In order to find out if there are any tariffs applied to handmade scented candles, the tariff code was used to search for them on the Market Access Map platform.

The results of the platform have shown that the entry of this product into Chile has a tariff rate of 0% (ITC, 2024). It should be noted that this percentage has been applied according to the Economic Complementation Agreement N°65 between Chile and Ecuador, as the objective was to strengthen trade relations between the two countries to facilitate the exchange of products and services through the reduction and in some cases the elimination of tariff and non-tariff barriers.

### 8.3.3 Export Documentation

To export Samay's products, it is necessary to take into consideration the respective documents so that the commercial activity can be carried out efficiently. In this way, the execution of the regulations can be attested, which in turn allows the interests of those involved to be protected. Among the documents are:

- Municipal Patent
- Registro Único de Contribuyentes (RUC)
- Registration in Servicio de Rentas Internas (SRI)
- Transport document
- Invoice
- Previous commercial authorizations
- Certificate of Origin
- Registration in the Customs Management System (ECUAPASS) (Gob.ec, 2021).

#### **8.3.4 Export Process (SENAE)**

Another fundamental aspect in exporting is the process that must be developed in the National Customs Service of Ecuador (SENAE), because this will guarantee the customs regulations, avoid any inconvenience related to penalties or delays, in addition to obtaining an efficient clearance. The process to comply with is:

- Filling out the Export Customs Declaration, Ecuapass (customs agent)
- Sending the Export Customs Declaration electronically
- Submission of digital documents (customs agent)
- Acceptance and referendum (customs)
- Aforo Drawing (customs)
- Electronic review (customs)
- Merchandise enters Primary Zone (freight forwarder or exporter)
- Temporary warehouse registers and stores prior to export.
- Aforo (physical, documentary, automatic)
- Exit authorized and cargo may be shipped (SENAE, 2024).

#### **8.3.5 Labelling**

Regarding label requirements, according to the trade agreement previously described, there are no regulatory requirements that Chile requires for the entry of

Samay products, however, it is important to mention that an appropriate label must contain:

- Name or trade name of manufacturer
- Origin of the product
- Ingredients
- Net content of the product

### **8.3.6 Packaging**

As far as the packaging is concerned, as well as the label, there are no strict regulations in Chile for the entry of handmade scented candles based on the established agreement, but they should be taken into consideration:

- Use sturdy cardboard boxes, air bubbles and polystyrene foam to ensure that the products are not delivered in poor condition.
- Spacers to prevent candles from rubbing against each other and being damaged.
- Use padding so that there are no empty spaces inside the box that allow the candles to move.

### **8.3.7 Security Regulations**

As far as safety standards are concerned, for the entry of new products into Chile, it is essential to consider that scented candles must be subject to the standards set out in Law 20500 (BCN, 2011). Within these standards there are requirements associated with:

- Flammability
- Toxicity

### **8.3.8 Restrictions**

Other restrictions for considering the entry of scented candles into Chile are:

- The sale of handcrafted scented candles containing prohibited ingredients, or which do not comply with safety standards is not permitted. Banned ingredients include low-quality paraffin waxes that release toxins such as toluene. In addition, in some cases there are wicks that may contain lead which is highly toxic when inhaled.

It should be noted that the candles offered by Samay do not contain ingredients banned in the market, as the soy wax is of vegetable origin, producing less soot and residues when burning, thus reducing the release of toxins and particles in the air. Additionally, unlike paraffin, which comes from petroleum, soy wax has a lower environmental impact. As far as the wicks are concerned, they are made of cotton, therefore they are non-toxic and tend to burn cleaner compared to other wicks.

- Advertising of handcrafted scented candles must not be misleading or make false claims about their properties or benefits.

#### **8.4 Internationalization Objectives**

- Develop research on potential markets for exporting handcrafted scented candles.
- Analyze the external factors of the selected country's environment.
- Evaluate the legal requirements demanded by the selected market to internationalize.

#### **8.5 Internationalization Strategy**

Another element that companies must examine if they wish to expand into new markets is the implementation of a strategy that will enable them to achieve their objectives. Therefore, the strategy to be employed by Samay is described below.

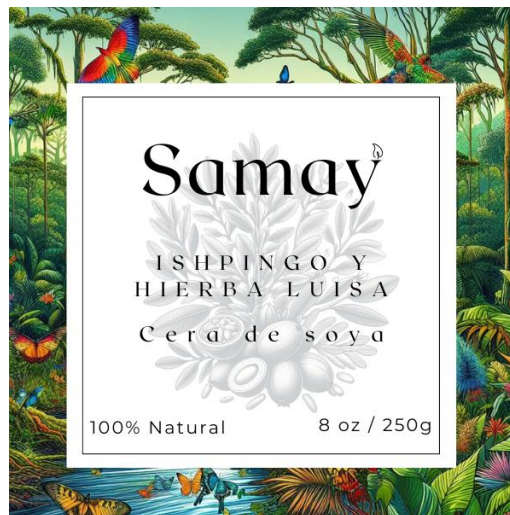
##### **Concentration Strategy**

According to (Redmond, 2016), concentration strategy refers to the approach companies take to use their capabilities, means and other resources to successfully market their products in a specific location.

To internationalize the Samay company, the concentration strategy has been considered pertinent since it allows the company to obtain greater penetration and control of the market to be internationalized, in this case, Chile. In this way, the company will be able to use the available resources to efficiently enter the market, taking advantage of the commercial relations between both countries and using techniques to adapt to the requirements of the target customers.

Through the above, it has been corroborated that the company can implement an internationalization plan and to do so, it must continue with an exhaustive study to expand into new potential markets taking advantage of its resources and strengths.

### 8.6 Prototype 3.0



Prototype 3 has been designed with the aim of adapting the label to the requirements of the potential segment. The image shows a variety of striking colors, colors that represent the Ecuadorian Amazon, the place where the raw material to produce the essences is obtained. The colorful background together with the white color provide an attractive and elegant panorama that highlights Samay's values.



## **9. Conclusions and Recommendations**

Through the Design Thinking methodology and exhaustive market research, it has understood their needs, frustrations and preferences, consolidating the business idea focused on the production and marketing of handmade candles infused with native ingredients from the Ecuadorian Amazon as a technique to reduce stress in women between 25-45 years old in Loja, considering the respective testing of the prototype and checking its desirability.

The business plan model has provided an accurate approach to the project, considering the internal evaluation of the company, examining the operational, legal and administrative aspects, thus verifying the feasibility of the project according to the resources, capacities and strengths that the company possesses.

The design of the marketing plan was oriented to the characteristics and requirements of the target market, considering the B2B business model. In this way, the implementation of marketing strategies focused on promoting the brand, such as direct sales by providing samples, participation in local fairs and the use of digital platforms will boost the brand's continuous growth, without omitting the emphasis on the natural ingredients in the products and the sustainability promoted by the enterprise.

The financial analysis of the project verified that the business idea is viable, as indicated by the financial statements such as the profit and loss statement and the projected cash flow. This, in conjunction with the financial indicators such as NPV, IRR and Payback Period, suggests that the investment in this business will generate profitability and will be effective in economic terms.

### **Recommendations**

Establish a proactive approach to monitoring trends and feedback from potential customers to adapt the strategies proposed in the marketing plan to the requirements of the segment.

Adopt an online accounting system for the company to access financial data in real time, reducing operating costs and providing greater security and backup of information. In addition, this will provide detailed analysis for better decision-making that can be integrated with other business tools, strengthening the company's financial management and competitiveness.

Thoroughly investigate the Chilean market, considering the background information provided in case the company chooses to internationalize. The purpose is to understand the market and its requirements and to implement effective strategies.

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## 11. Annexes

### Annex A: Interview

**1. Do you have trouble relaxing?**

- ☐ Yes
- ☐ No

**2. What are the main reasons for your stress?**

- ☐ Constant pressure
- ☐ Excessive workload
- ☐ Toxic work environment
- ☐ Other

**3. How often do you get stressed?**

- ☐ Always
- ☐ Often
- ☐ Sometimes
- ☐ Never

**4. What do you feel when you are stressed?**

- ☐ Frustration
- ☐ Irritability
- ☐ Anger
- ☐ Sadness

**5. Has stress ever caused severe consequences for your health?**

- ☐ Yes
- ☐ No

**6. What kind of consequences**

.....

**7. Have you ever purchased scented candles to use as a relaxation method?**

☐ Yes

☐ No

**8. Would you be willing to purchase a handcrafted scented candle to reduce your stress levels?**

☐ Yes

☐ No

**9. Do you find organic scented candles more attractive to purchase?**

☐ Yes

☐ No

**10. What would be your preferred channels when purchasing candles?**

☐ Instagram

☐ Facebook

☐ WhatsApp

☐ Website

#### **Annex B: Survey**

**1. How many years have you been in business?**

☐ 1-5 years

☐ 6-10 years

☐ 11 or more years

**2. What is the gender that most purchases the spa service?**

☐ Female

☐ Male

**3. How old are the clients who buy spa services the most?**

☐ 25-35 years old

☐ 36-45 years old

- ☐ 46-55 years old
- ☐ 56 years old or more

**4. Where do your clients come from?**

- ☐ Loja city
- ☐ Loja province

**5. What are your clients' favorite spa offers?**

- ☐ \$15 - \$20
- ☐ \$21 - \$30
- ☐ \$31 or more

**6. What is the reason why your clients come to the spa?**

- ☐ Concern for their mental health
- ☐ Concern for their physical well-being
- ☐ Concern for their emotional well-being
- ☐ All the above

**7. How often do your clients use the spa service?**

- ☐ Once a week
- ☐ Once every 15 days
- ☐ Once a month
- ☐ Once every two months

**8. How useful do you think scented candles are in your business?**

- ☐ Very useful
- ☐ Useful
- ☐ Neutral
- ☐ Not very useful
- ☐ Not useful at all

**9. Where do you use scented candles?**

.....

**10. How recommendable do you think it is to use scented candles as a treatment for post-spa stress at home?**

- ☐ High recommended
- ☐ Recommended
- ☐ Somewhat recommended
- ☐ Lowly recommended
- ☐ Not recommended at all

**11. Would you be willing to buy organic handmade scented candles from Loja?**

- ☐ Yes
- ☐ No

**12. What types of handmade candles scents would you like to purchase?**

- ☐ Flower essences
- ☐ Herbal essences
- ☐ Citrus essences
- ☐ Woody essences

**13. Through what platform are you looking for information to purchase scented candles for your business?**

- ☐ Instagram
- ☐ TikTok
- ☐ Facebook
- ☐ Website

**Annex C: A/B Testing**

**1. What aspect do you consider relevant when purchasing scented candles for your business?**

- ☐ Price
- ☐ Quality

- ☐ Brand
- ☐ All the above

**2. Of the following alternatives, which version do you consider most attractive to you?**

- ☐ Samay
- ☐ VELYtas

**3. Of the chosen alternative, what aspect stood out the most to you?**

- ☐ Design
- ☐ Container
- ☐ Brand

**4. Of the chosen alternative, what aspect would you improve?**

- ☐ Design
- ☐ Brand

**5. Of the following brand alternatives, which do you consider to be the most attractive?**

- ☐ VELYtas
- ☐ Samay
- ☐ Aromazón

**6. The price of a package of 3 handcrafted candles of 8 ounces each is \$25. Do you consider that the price is in line with the characteristics of the product?**

- ☐ Yes
- ☐ No

**7. If this product were in the Loja market, would you buy it?**

- ☐ Yes
- ☐ No

**8. Would you recommend this product to your customers?**

☐ Yes

☐ No

#### **Annex D: Evidence from interviews**

