



MASTER'S IN BUSINESS ADMINISTRATION

**Electrolit, revolutionizing the isotonic drink
market in Spain**

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Executive Summary

Introduction

Description of the Business Idea

Electrolit® is an oral solution whose function is to rehydrate. It is used in prevention and treatment of hydro electrolyte imbalance that is lost by intense physical exercise, hangover, diarrhea, excessive heat, sunstroke, and vomiting.

This beverage was designed and developed by a pharmaceutical company in Guadalajara Jalisco, México.

In the beginning, it was used in prevention and treatment of electrolyte imbalance that is lost by diarrhea, excessive heat, sunstroke, and vomiting. So, one could find it only in drug stores. Today, this beverage is everywhere in Mexico. Supermarkets, convenience stores, Gas Stations and even Membership Stores like Costco to offer consumers the option to buy it in bulk.

The product has evolved, and people have found new ways to drink Electrolit. For example, rehydrating after intense physical exercise and to cure hangovers.

With support of the Market Research, a very big area of opportunity for the product to thrive in the Spanish Market has been identified.

Therefore, the plan is to establish a Marketing plan for the launch, distribution, and growth of this product here in Spain and establish if it's profitable to do so and in case of it being profitable present to the pharmaceutical company that owns the brand in Mexico.

Electrolit's pharmaceutically tested formula is the added value to offer to consumers, as there is no other product in the market that has a medical seal, that one can find everywhere, not necessarily only in Supermarkets.

The target market for isotonic beverages for athletes in Spain would likely be sports enthusiasts, including amateur and professional athletes, as well as fitness enthusiasts who participate in regular physical activity. These consumers are interested in maintaining proper hydration and electrolyte balance during and after exercise.

Although the focus is more on the athletic consumer, this product could also be aimed to other types of potential consumers, being a pharmaceutically approved product.

These are those who suffer from dehydration due to other causes than physical exercise. Such as people with any kind of illness that can lead to dehydration, or people with hangovers as one of the consequences of drinking alcohol is dehydration.



This product stands out against its competitors due to its medical seal; this is a product that can be found everywhere but still has a pharmaceutical back-up to assure consumers they are being taken care of.

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1. Business Plan Goal

The goal for this Final Master Thesis is to develop a Business Plan to propose the import, launch and distribution of Electrolit in the Spanish Market, a hydrating beverage, originally from Mexico.

This Business plan focuses on the Spanish market of hydration and isotonic beverages, to evaluate the viability of the commercialization of the beverage.

Furthermore, this thesis analyzes the product, its specifications and characteristics that differentiate it from other products in the market

Throughout the project contemplates the learnings from the past 10 months of the Master, as support and guide to conclude with a proposal for the distribution of Electrolit.

Context

Electrolit is a hydrating beverage that was designed and developed by a pharmaceutical company in Guadalajara Jalisco, México.

In the beginning, it was used in prevention and treatment of electrolyte imbalance that is lost by diarrhea, excessive heat, sunstroke, and vomiting. So, one could find it only in drug stores.

Today, this beverage is everywhere in Mexico. Supermarkets, convenience stores, Gas Stations. And even Membership Stores like Costco and buy it in bulk.

The product has evolved, and people have found new ways to drink Electrolit. For example, rehydrating after intense physical exercise and to cure hangovers.

This product is medically proven, pharmaceutically tested and very tasty, so it's not just about hydration in a cool way but hydration in a healthy form.

Electrolit works for rehydration after a stomach flu, diarrhea, vomiting but also for hangovers and hard work outs.

I am a Marathoner so when I am in training season and have long runs, I always drink Electrolit, a beverage that offers me everything I need from a hydrating beverage. From electrolytes, to glucose, to potassium, to sodium and everything my body needs to hydrate but also recover from those long stressful trainings.

I choose to drink this beverage because it is doctor approved, it's not Gatorade or Powerade, drinks that are more sugar than anything else. This product is recommended by physicians and nutriologists.

Electrolit is an oral solution which function is to rehydrate, while also offering a wide range of delicious tastes.

This beverage was developed by PiSa Farmacéutica¹, one of Mexico's most renowned Laboratories.

Since I moved to Spain, 6 months ago I realized a clear area of opportunity for this drink because right now the consumer can't find a product that will satisfy their needs in the same way Electrolit would.

There's a clear need that needs to be covered and it's the moment to take advantage of it.

What differentiates this product from the ones already in the market is that nowadays for a product of this sort, i.e., medically proven, and tasty one needs to go to a drugstore or doctor to get it. And not just that, they are actually very expensive.

A similar product that already exists in the market that offers medical benefits while rehydrating, such as Electrolit, costs today, in Spain costs around 8,73 Euros².

This type of pharmaceutically developed, medically proven product can be only found in pharmacies, and it's perceived as medicine because of its taste.

In comparison, Electrolit in México is sold at 1,05 Euros (22 Mexican pesos³) so is very affordable and accessible for anyone to get it as you can find it anywhere, from pharmacies to convenience stores.

The idea for this TFM Business Plan surges from a necessity of this specific hydrating beverage that I used to drink a lot in Mexico.

The goal of this Business Plan is to create a project to present to PiSa Farmacéuticas to propose the launch and development of a Market for Electrolit here in Spain.

As I mentioned before, there are no products in the Spanish market that cover everything Electrolit covers. Sure, there is Powerade, Aquarius, Raw and many others but non that laboratory tested and approved. And furthermore, one that covers such a wide range of necessities.

The results of this project will ideally be the indications of profitability expected if we carry out the project in a real scenario.

¹ *Nuestra Empresa – PiSA.* (s/f). Com.mx. Recuperado el 11 de mayo de 2023, de <https://www.pisa.com.mx/nuestra-empresa/>

² *Casen Recordati Bi-Oralsuero Probiótico Sabor Fresa 2x200 ml.* (s/f). Atida. Recuperado el 11 de mayo de 2023, de https://www.atida.com/es-es/bi-oral-suero-probiotico-sabor-fresa-3-x-200ml?gclid=Cj0KCQjwpPKiBhDvARIsACn-gzAvp4pv92KZq5vzmJCgGnPkRan5300A5IutWwKbOS33gMiJrHgAO2waAraGELw_wcB

³ *Verifica tu identidad.* (s/f). Com.mx. Recuperado el 11 de mayo de 2023, de <https://super.walmart.com.mx/search?q=electrolit&typeahead=electro>

2. Key Stakeholder Definition

Before diving into the Business Model and deep analysis of the product we will dive into the Key Stakeholders that will play a big role on the development of the commercial and marketing plan for Electrolit's introduction to the Spanish market.

First, we will create strategic alliances that will help ensure brand awareness and positioning through their expertise and closeness to the consumer.

The alliances are as follows:

Clients:

1. Gyms:

Create synergies with Gyms to offer the beverages in their locals so that the users can start getting to know the product and its benefits.

Examples:

- Holiday Gym
- Square Fitness Gym
- VivaGym
- Basic Fit

2. Supermarkets/Convenience Stores

Sell directly to Supermarket chains in the Madrid area in order to be a the top of the fingertips of every person in Spain.

Some examples of our desired alliance with supermarkets are:

Grupo Covirán, Grupo FIA and on the third year of operations, Carrefour. We will dive into each one further in the Business Model development.

As further strategic alliances, we have seen that having partnerships can be very helpful for new brands when entering new markets.

Partners:

Partnerships in the case of Electrolit include:

1. Local Races:

Create a partnership with Race organisers to be the sponsors of the different races that take place in the City. Specially the most popular ones.

Examples:

- Madrid Marathon
- Madrid Half Marathon
- Barcelona Marathon
- Barcelona Hal Marathon
- Barcelona Triathlon
- Valencia Marathon

2. Run/Triathlon Teams:

Partnering with local Runners and Triathletes that have teams to provide them with products so that they can start testing the products, trying them and helping with the positive communication.

Examples:

- Jeronimo Bravo Run Crew
- Tigers Run Crew
- Pigeons Run Crew

3. Influencers:

Work together with renowned influencers for them to share with their audiences the experience with the product and push forward the communications about it.

One of the most important stakeholders in the development of this plan is the Pharmaceutical company that will serve as supplier for us.

Suppliers:

3. PiSa Farmaceutica:

The primary investor is the pharmaceutical company that created this product, since they are the ones that will provide us with the product to commercialize in Spain.

The company is already very interested in the Spanish Market so there is a need for a Business Partner on the ground that deeply understands the market and different distribution channels.

Therefore, these investors play a key role on the development of the project.

3. Methodology

The methodology for this thesis is divided in phases, each one preceded by the other.

Firstly, the information that will serve as support for the project will come from Online Articles, studies and research, books and personally developed market research and questionnaires.

Secondly, we used the Business Model Canvas and the Value Curve to understand how the business will function and the added value it will add to the new market.

Moreover, for the Market Analysis in Spain, I will use tools for strategic analysis, such as Porter's 5 forces, PESTEL Analysis and SWOT methodology.

Considering the future consumers and how they behave I will develop a survey to understand their behavior, needs and motivations to design possible communication and positioning strategies.

I will develop a feasibility assessment, taking into consideration all the above mentioned and income and costs estimations.

To be able to define the specific strategical pathways, key players, segments, and marketing plan we created two different surveys.

First survey

The first survey was made to 100 people in Mexico, with different age ranges, backgrounds, and hobbies.

The objective of this first survey was to understand the actual consumer of Electrolit, it's purchasing behavior and decision-making process. Also, to grasp the dominance the brand has in the Mexican market and the reasons behind it.

This survey was conformed of 13 questions. And every question and answer can be found in appendix (1).

The information we gathered from this first survey was very helpful as we were able to establish consumer patterns, preferences, and brand positioning in existing markets.

We were able to understand that the Mexican consumer prefers Electrolit over brands that can be perceived as bigger or stronger, like Gatorade or Powerade, mainly because of its medical benefits and pharmaceutically developed formula.

52% of Mexican consumers prefer Electrolit over the above-mentioned brands and 64% of those same consumers drink it 1-2 times per week. Also, the accessibility to the product plays a key role on the consumption in Mexico along with quality and taste.

80 out of 100 of survey responders shared that they drink Electrolit while practicing sports. Nevertheless, 72 out of those same 100 consume the product when they are hungover. This gave us insights about the flexibility in the perception of the brand amongst consumers. It's not just for athletes but for normal, party people too.

Second survey

The second survey was sent to 100 people in Spain, with different age ranges, backgrounds, and hobbies.

The objective of this second survey was identify the situation of the actual Isotonic Market in Spain and what consumers are buying right now, why, and when. Furthermore, understand what the Spanish consumer expects, how they behave, what's important for them to be able to serve them accordingly.

This survey had also 13 questions and 2 different sections.

Some insights we gathered from this survey were firstly, that 40% of the survey respondents consume isotonic beverages.

On the other hand, another interesting takeaway from this survey was that from those isotonic beverage consumers, 30% prefer Aquarius, 10% Powerade and 10% Gatorade and 10% rather drink nothing because they don't find a product that covers their needs.

With that information we were able to understand the perception the consumers have n competitor brands and how we could use it to our advantage, having a more specialized product.

To establish consumer segments, we asked consumers when they normally drink such beverages, where 80% answered when practicing sports and 20% when hungover.

We also added pricing questions to support our marketing and commercialization strategies, which we will analyze deeper into in the Marketing Plan for this project.

4. Business Plan

Having developed an extensive market research, understanding actual consumers of Electrolit in other markets and potential consumers in our desired market, we were able to get a clearer idea on how to create the Business Model for this Business Plan.

4.1 Business Model

For this, we used the Business Canvas Model tool, to have a visual and in the coming pages will review each part of the Canvas.

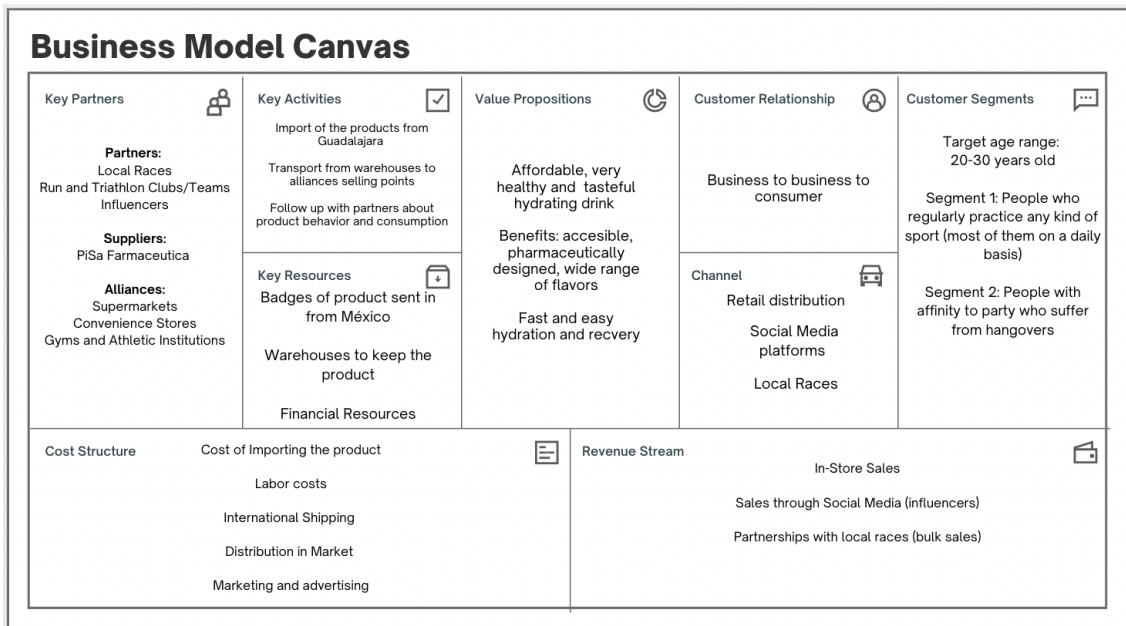


Figure 1: Electrolit Business Model Canvas
Source (self made)

The above Business Model Canvas serves as support to understand the different elements of our business and how they work together.

Firstly, we are going to assess the Value proposition of the product.

For this assessment we used the method of the Value Curve with the support of the information resulted from the surveys we mentioned on the Methodology.

The Value Curve provides a clear, visual representation of our competitors strategic profiles and the competitive factors that consumers in industry value the most.

For this, on the second survey we asked consumers to rate the attributes of the Value Proposition for the existing brands in the market.

While on the first one we asked Mexican consumers to share the added value Electrolit provides to them.

Then, we compared both to design the Value Curve.

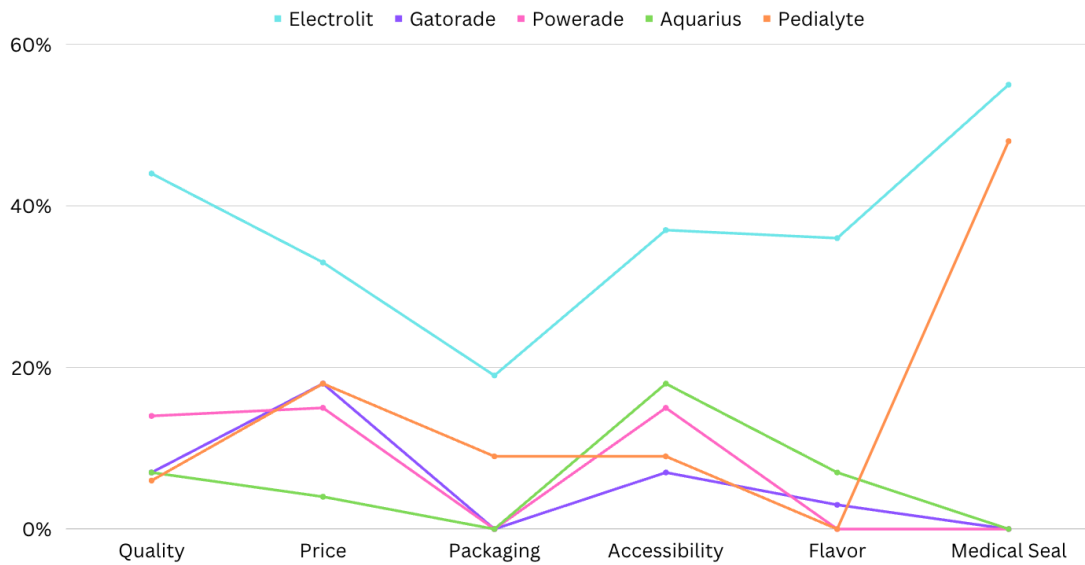


Figure 2: Electrolit Value Curve
Source (self made)

It can be summarized that Electrolit, is very high valued in all attributes by the existing consumer, whilst the existing competitive brands in Spain have a lot of improvement.

What differentiates this product from the ones already in the market is that nowadays for a product of this sort, i.e., medically proven, and tasty one needs to go to a drugstore or doctor to get it.

And not just that, they are actually very expensive.

In the context we mentioned how a similar product that rehydrates a person after a stomach sickness today, in Spain costs around 8,73 Euros in comparison to Electrolit in México being sold at 1,17 Euros (22 Mexican pesos).

On the other side, with the partners we have the product will be available for consumers everywhere, accessibility plays a key role on the development of the brand.

The product also has a wide range of flavors for very different tastes and palates so there will be no limitation on that front either.

4.2 Customer Segments

After having identified the Value Proposition of our Business we needed to understand the different Customer Segments we were going to be addressing our communications to and how to reach them accordingly.

To carry out the segmentation analysis, different types of profiles had to be analyzed.

It needed to be understood who would consume Electrolit as to determine the target groups and be able to collect significant information for the future.

Firstly, and making use of a survey, a segmentation analysis was conducted, where two types of profiles were found:

1. People who would consume our product because they feel dehydrated and want to have something to hydrate (while doing sports)
2. People who would consume our product with other kind of purpose such as when feeling sick or hungover.

To get a deeper glance of each profile the following points were analyzed throughout the survey:

- Profile definition
- Degree of sports performed
- Why do they dehydrate?
- What do they do to fight against dehydration?

This analysis was performed to assure whether our product (Electrolit) would be suitable for the above-mentioned profiles.

Some of the insights extracted from the survey launched for consumers in Spain will be shared along the market analysis part of this Thesis.

For now, we divided our Segments into 2 different ones.

Segment 1:

People with a high affinity to sports practice. Those who work out daily or at least 4 times a week.

Normally, these types of people can be found, in Spain, practicing sports outdoors, on Gyms, Athletic Institutions. And those who practice high performance sports, such as Triathlon, Mid and Long-distance runners; or those who practice any type of team sports, are part of a team or a “crew”.

Segment 2:

Young people with tendency to go out at night, to bars and clubs, to have a good time, who normally the day after, are suffering from dehydration from Hangovers.

This segment is also a very attractive one, as the success in Mexico’s market has been incredible when regarding this profile.

These acquire products to help them with the hangover at Supermarkets, Convenience Stores and at times, Drug Stores.

As a next step, we needed to identify the Key Partners for the launch of the product, and more importantly, how to work with them, how much it will cost to work with them, to assess the viability and profitability of the project.

4.3 Key Partners

The key partners are divided into 2 main groups.

1. Partnerships, with Local Races, local Running and Triathlon Teams and Influencers. All who will play a more organic role supporting the brand through Word-of-Mouth promotion.

These stakeholders are very important as they hold a very important position in our end consumer's head, the athletic people who regularly practice sports mostly daily.

As mentioned in the Key Stakeholder definition part of this thesis, these partnerships will serve as a direct contact to consumer without the consumer having to pay for the products but being presented with it to try and fall in love with the brand.

2. Alliances with Supermarkets, Decathlon, Athletic Institutions (Gyms) and Amazon

Smaller Supermarket chains, that have more selling points around Madrid to start positioning the product and get historical data to pursue bigger chains in the future. These smaller supermarkets are Covirán, Grupo FIA and for the third year of operations, once we have historical data to back our proposal, we will enter Carrefour.

These are all very strategic to be closer to consumers when and where they need the product.

Electrolit needs to be available at the tip of their fingers and be everywhere so the brand can become Top Of mind and gain share of market.

4.4 Key Activities

The key activities we need to develop in order to launch this product into a new market is of significant importance to also understand what will be needed, how much each activity will cost for us to establish the profitability of this launch.

Import:

The first and the most important of the activities is to Import the products from Guadalajara to Spain.

The shipments need to be synchronized with the distribution plans so the delays can be minimized, and Allies can be supplied in a timely manner.

After the products have arrived on Spanish soil, the product will be transported and distributed from the main warehouses to the alliances selling points.

Distribution:

This distribution is sought to create strong strategic relationships with the Supermarkets, Decathlon, Amazon, and the brand.

After a specific period, the brand will follow up with the different Selling points to understand product and consumer behavior on shelves, to capture insights and improve the brands positioning within those selling spots.

Marketing:

Further on, we need to develop a circular and complete Marketing Campaign to accompany the product's launch in this New Market will be key to reach consumers throughout the city.

The Marketing campaign will focus on working together with partners to include our product promotion on their communications to reach a wider audience.

Promotion:

Promotion activities will include Brand Activations in Gyms, where we will provide consumers with tasting samples so we can start having the market buzzing with information about a newcomer isotonic beverage.

Also, working together with our partners to include the products in their shelves, in strategic positions will help the brand gain better consumer acknowledgment and market penetration.

4.5 Key Resources

The most important resource for this brand is the Product, meaning the bottles that will be sent In from Mexico.

These products will come in badges to be distributed across the country to the different selling points.

Each badge (box) contains 12 bottles.

To each one of our partners, i.e., the supermarkets we will provide with several boxes, according to the assumptions made in the Financial Plan of this Thesis.

Not less important are the warehouses where the product will be gathered and distributed from there.

These warehouses' locations will be situated in the center of Madrid, to be well connected and have lower transportation times to our partners selling points.

Last, the financial resources the company must incur to develop the business model are key to the success of the plan.

Financial resources such as: Import costs, Quotas paid to supermarkets to enter, labor costs and marketing and promotion costs.

4.6 Customer Relationships

Not less important, the Customer Relationships we need to foster in the introduction of the product into a new market are strategic and key for success.

Electrolit, as it is a consumers goods product needs to be distributed through basic retail channels such as Supermarkets, Athletic gear stores, such as Decathlon or any selling point where a consumer normally makes their weekly grocery shopping.

This to support the accessibility characteristic the brand wants to offer the Spanish Consumer.

Nevertheless, our alliances with Influencers offer another type of channel for customers to get the products. Social Media and Online platforms.

Influencers will be provided with a personal link that will be shared to their audiences so they can buy the Electrolit products online too.

The presence on Local Races indirectly plays a key strategic role for the brand, as these are events where our Segment 1 consumers will be provided with the product after an intensive workout session, so they will experience first-hand how our products work.

How we will reach the consumer needs to be established through the definition of specific channels, taking into consideration this business model is mainly Business to Business to Consumer. This means, partnerships with Businesses such as Supermarkets, and Athletic Associations that provide consumers directly.

Electrolit provides Businesses with the products so these can fulfill our end consumers need with the knowledge they already have from them.

In the first year of presence, 2024, we want to enter 40% of the selling points each of the Supermarket has within the Madrid area.

This means, 78 Covirán stores, 100 Grupo FIA stores, 10 Decathlon stores and Amazon retail.

As for the Gyms, we want to enter also 50% of the spots across Madrid for each Gym.

20 Basic Fit gyms, 9 Holiday Gym establishments and 5 Viva Gyms.

This type of relationship widens the market for the brand, as the strategic partners in consideration are ones that have a strong positioning in consumers' minds and a considerable market share.

Strategically thinking the steps to be taken from the brand are supported by the partners and alliances, who already have key insights, deep understanding of the end consumer and market presence.

4.7 Cost Structure

As for the Cost Structure of this project, the main liability source for this project will be the Import of the products.

These costs can be very high, especially when it comes to high volume imports.

Also, there is a need to consider tariffs and imports costs that the Spanish government imposes on products such like Electrolit.

Labor costs, regarding companies' employees in Spain are also very important to take into consideration when starting the operations in the market.

The supply of products to Spain can incur in very elevated International Shipping Costs to consider as part of the structure.

Distribution and transport to partners are also costs that must be taken into consideration when generating future projections.

Lastly, Marketing and Advertising to support Electrolit's positioning and promotion in the Spanish Market are key success factors to involve.

Revenue will come in one of two ways.

The first one being the direct sales in our Partner's stores and online sales.

The second one indirect sale through our Alliances channels and money gathered through the presence on Local Races across the market.

For this we designed a Forecasted revenue with conservative assumptions made to better understand the viability of the launch of the product in the Spanish Market.

5. Market Analysis

For the further understanding of the company and the product and its successful introduction into a new market, we developed a profound Market Analysis, both internal and external using tools such as PESTEL Analysis, 5 Forces of Porter, SWOT and general market research of the isotonic beverage market in Spain.

Before diving into the different strategic tools to develop market analysis, we wanted to understand the current Global market situation for isotonic beverages that will serve as key information for the development of our different action plans.

Global Market Size

The global isotonic drink market size was lastly valued at \$32,518.8 million in 2020 and is projected to reach \$56,472.7 million by 2030, registering a CAGR of 5.3% from 2021 to 2030⁴.

The isotonic and hypotonic segments collectively accounted for around 89.1% market share in 2020, with the former constituting around 53.9% share. The isotonic and hypertonic segments are expected to witness significant CARs of 5.5% and 5.2%, respectively, during the forecast period⁵.

The cumulative share of these two segments was 64.8% in 2020 and is anticipated to reach 65.6% by 2030.

The value of expenditure on isotonic beverages in Spanish households exceeded 158 million euros in 2021, which is a slight increase regarding the previous year⁶.

Demand for isotonic drinks is continuing to grow in 2022, building on the progression made in 2021, and somewhat motivated by the wide degree of innovation in the category

The value of expenditure on isotonic beverages in Spanish households exceeded 158 million euros in 2021, which is a slight increase regarding the previous year. However, in the period studied, the expenditure on energy drinks in Spain does not follow a clear pattern, and alternates between rises and falls of around 130 and 160 million euros.

Consumers are changing their habits, and products that were initially suitable for a small group of athletes and high-performance athletes have now spread to other market niches.

There are high-performance professionals, those who practice sports regularly, those who take it as a disconnect after their daily obligations, and those who do not consume them as part of their lifestyle.

Therefore, flavor-based electrolyte hydration drinks will show the most robust growth in the product category of the market for isotonic hydration drinks

But the general fact is, there is a very big business opportunity for the brand to take advantage of this habit changes, especially in Spain where this market is still on the rise.

After having analyzed the Global Market situation we were able to gather that the global isotonic beverage market is growing rapidly, mostly in these last years.

⁴ *Isotonic Drinks Market size & share analysis - industry research report - growth trends. (s/f). Mordorintelligence.com. Recuperado el 22 de mayo de 2023, de <https://www.mordorintelligence.com/industry-reports/isotonic-drinks-market>*

⁵ *Electrolyte Drinks Market. (s/f). Allied Market Research. Recuperado el 22 de mayo de 2023, de <https://www.alliedmarketresearch.com/electrolyte-drinks-market>*

⁶ *Ibidem 4.*

With regards of the Spanish market this information showed the level of expenditure the average Spanish household directs to beverages as the one we are offering and how this product can have success with the right communication and marketing plan.

A study done by Statista revealed that the volume of consumption of isotonic drinks in Spanish households reached 123 million kilos in 2021⁷, 2.65 kilograms per person.

Even though it had a decrease in comparison to the previous year, 2020, with the increase of the sports and well-being trends that are taking over the market⁸, it's a great opportunity for a product like ours to have success.

5.1 External Analysis

To evaluate the viability of the launch of this product in the Spanish Market, an External Analysis of the market must be done.

For the external analysis that conveys the product's introduction to the Spanish Market a PESTEL analysis was developed for the isotonic beverages in Spain.

5.1.1 PESTEL Analysis:

Political:

- Spain is a member of the European Union, which means that isotonic drinks must comply with EU regulations on food and beverage products, including labeling requirements and ingredient standards.
- The Spanish government has implemented various taxes and duties on food and beverage products, which could affect the price of the beverage⁹.
- Spain has a stable political environment, with a strong and well-established democracy. This could be favorable for the introduction and success of new products, including an isotonic drink.

Economic:

- Spain's economy has been steadily growing in recent years, with a GDP per capita of around \$30,059 per capita in 2021, Spain is therefore one of the world's largest economies and is currently at rank 14. This could indicate a positive market for new products, including isotonic sport drinks.
- Spain is the 13th recipient of foreign investments in the world, so it makes the country very attractive to invest as an external asset¹⁰.

⁷ *Consumo de los hogares de bebidas isotónicas en España 2011-2021.* (s/f). Statista. Recuperado el 22 de mayo de 2023, de <https://es.statista.com/estadisticas/535110/consumo-de-los-hogares-de-bebidas-isotonicas-en-espana/>

⁸ *a práctica deportiva aumenta un 6,1% en los últimos cinco años.* (s/f). CSD - Consejo Superior de Deportes. Recuperado el 22 de mayo de 2023, de <https://www.csd.gob.es/es/la-practica-deportiva-aumenta-un-61-en-los-ultimos-cinco-anos>

⁹ *Bajada del IVA de los alimentos: ¿a qué productos se aplica y hasta cuándo?* (s/f). Gob.es. Recuperado el 22 de mayo de 2023, de <https://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/hacienda/Paginas/2023/090123-bajada-iva-alimentos.aspx>

¹⁰ *Economy in Spain.* (n.d.). <https://www.investinspain.org/en/why-spain/economy>

- The country has a high level of disposable income, which could make it easier for consumers to purchase higher-priced items like a hydrating beverage.
- Spain has a well-developed retail sector, with a range of traditional and modern channels for the distribution and sale of the product.

Social:

- Spain has a strong culture of sports and fitness, which could make an isotonic beverage targeting athletes particularly appealing.
- Spanish consumers are generally interested in health and wellness, with a focus on maintaining a healthy lifestyle through diet and exercise. This could also make a healthy hydrating beverage appealing.
- The Spanish population is relatively young, with a median age of around 43 years¹¹. Younger consumers may be more likely to participate in sports and fitness activities and therefore have a higher demand for a specific beverage to hydrate and replenish electrolytes during and after physical activity.
- Additionally, the trend towards health and wellness especially after the COVID pandemic, which is particularly strong among younger consumers, could make hydrating sport drinks more appealing as a healthy and functional beverage option.

Technological:

- According to the World Bank, in Spain 94% of the population¹² have adopted internet consumption and purchases completely. This shows how the market has a high level of technological development and widespread access to the internet, which could make it easier to market and sell a new product like an isotonic beverage online and through digital channels.
- The country's advanced manufacturing sector could make it easier to produce and distribute the product with a range of state-of-the-art production facilities and logistics networks.

Environmental:

- Spain has strict regulations on the use and disposal of plastic packaging, with a focus on reducing waste and promoting sustainability. This could affect the packaging of isotonic beverages, potentially driving the use of alternative materials.
- The country's Mediterranean climate could make a hydrating beverage particularly appealing to consumers. With a demand for refreshing and isotonic beverages during the hot summer months, and especially if people also do sport in these temperatures.

Legal:

¹¹ Spain. (n.d.). World Economics. <https://www.worldeconomics.com/Demographics/Median-Age/Spain.aspx#:~:text=Spain's%20median%20age%20is%2043.9%20against%20a%20global%20value%20of%2030.3%20years>.

¹² Individuals using the Internet (% of population) - Spain. (s/f). World Bank Open Data. Recuperado el 17 de mayo de 2023, de <https://data.worldbank.org/indicator/IT.NET.USER.ZS?end=2021&locations=ES&start=1990&view=chart>

The requirements established at the European level (according to Regulation 432/2012¹³) for it to be considered an electrolytic solution based on carbohydrates are:

- Contain between 80 kcal/l and 350 kcal/l from carbohydrates, and at least 75% of the energy must be derived from carbohydrates that cause a high glycemic response, such as glucose, glucose polymers and sucrose. Our product is well within the legal standards for isotonic beverages, which poses no imminent threat.
- Contain between 20 mmol/l (460 mg/l) and 50 mmol/l (1,150 mg/l) of sodium and have an osmolality between 200 mOsm/kg and 330 mOsm/kg of water.
- The country is subject to EU regulations on food and beverage products, which could also impact the product¹⁴.
- Spain has strong consumer protection laws, with a focus on fair and transparent marketing and advertising practices. This could affect the marketing and promotion of sport drinks.

After all this information we were able to establish viability for the introduction of the product supported by the increasing social trends towards wellness and health, but also, the Spanish economy is very attractive for Foreign Direct Investment, which plays in our favor for this specific project.

When it comes to environmental and legal issues, to be aligned with environmental laws and policies we will present on the Marketing Plan a way to reuse the plastic bottles of the product to decrease the negative impact on the planet.

The volume of isotonic beverages for athletes in Spain depends on the demand for the product and the size of the target market.

This could be influenced by factors such as the price of the product, the level of competition in the market, and the effectiveness of the marketing and distribution strategy.

Some trends that may be relevant to isotonic beverages for athletes in Spain include the trend towards health and wellness, the increasing popularity of sports and fitness activities, and the growing concern about plastic waste and sustainability.

Considering that After the COVID-19 pandemic there has been a significant impact on consumer behavior and attitudes towards health and wellness. Many people have become more conscious of their own health and the importance of maintaining a healthy lifestyle, especially in the face of a global health crisis. This has led to an increase in demand for products and services that promote health and wellness, including healthy food and beverages, fitness equipment and services, and personal care products.

These trends could influence the demand for such a product, as well as the packaging and marketing strategy.

¹³ (2012). Boe.es. <https://www.boe.es/doue/2012/136/L00001-00040.pdf>

¹⁴ Energy Drinks Europe. (n.d.). Energy Drinks Europe. <https://www.energydrinkseurope.org/regulation/eu-and-self-regulation/>

The changing lifestyle is another major factor that is encouraging people to adopt healthy drinking habits.

In the developed markets, beverages are no longer viewed solely as a quick refreshment.

However, they have become more convenient nutrient and food supplement products. The region is strongly influenced by consumer focus on protein, wellness, natural, and ‘free from’ trends.

For the development of this project, we established some very conservative assumptions as for the Volume of Units sold throughout a 10-year period.

For the first year we assume 100,000 units of Electrolit can be sold across the market in Madrid with a 16% YoY growth rate.

5.1.2 5 Forces of Porter Analysis:

A proper strategic plan cannot be designed without the support of a 5 forces of porter analysis that will give some insights as to what needs to be decided in terms of Competition, entry barriers, supply chain management and consumer power and substitution.

Competition rivalry:

In Spain, there are various competitors that could threaten Electrolit’s launch.

1. **Aquarius:** Spanish brand that has recently been acquired by The Coca-Cola Company. As the brand mentions in its webpage it’s a “complimentary drink for athletes”¹⁵.
This drink does not actually contain electrolytes, which are the key ingredient that support rehydration.
2. **Powerade:** Another Coca-Cola owned brand, though this one is more internationally known. This drink does have electrolytes that “*helps maintain the level of resistance in exercises that require more effort*”¹⁶.
3. **Raw:** A Spanish isotonic beverage brand launched by Formula 1 pilot, Fernando Alonso. Raw, the first BIO soft drink without gas, that only uses ingredients from organic farming, which means that we do not have artificial ingredients.

“RAW is a real and ecological alternative to all the sugary soft drinks on the market. We want you to follow a healthy lifestyle in which good eating, sports and social practices go hand in hand”¹⁷.

¹⁵ Aquarius: una bebida refrescante para cualquier momento | Coca-Cola ES. (n.d.). <https://www.cocacolaespana.es/bebidas/aquarius>

¹⁶ Powerade | Coca-Cola ES. (n.d.). <https://www.cocacolaespana.es/bebidas/powerade>

¹⁷ RAW Super Drink - Tu Isotónica Ecológica. (s/f). rawsuperdrink. Recuperado el 18 de marzo de 2023, de <https://rawsuperdrink.com/>

4. **Gatorade:** “Over 50 years in the making, it's the most scientifically researched and game-tested way to replace the electrolytes you lose in sweat.”¹⁸. An American brand of hydrating drinks that has been the leader in the market in the USA and Mexico, until Electrolit came along.

From the survey we made to Spanish consumers we created a table to illustrate the different brands as perceived by the consumer and what attributes they value the most for each one.

Brand	Price	Attributes
Aquarius	1,95 €	Accessibility, Flavor, Quality, Price
Powerade	1,42 €	Accessibility, Quality, Price
Gatorade	2,50 €	Price, Accessibility, Price, Flavor
Nuun	7,77 €	Packaging, Accesibility, Flavor
Raw	1,71 €	Packaging, Flavor, Price, Accesibility

Figure 3: Electrolit Competitors Price and Attributes
Source (self made)

All of these pose a threat to our brand as they have been longer in the market, have more knowledge, presence, and insights on the consumer.

The prices that the competition handles are very competitive prices, as they are not elevated, which makes it harder for Electrolit to differentiate itself regarding price.

All the above-mentioned brands have a lot of things in common, they focus mostly on athletes, but the Segment 2 that we are trying to reach with Electrolit is being forgotten by them. Their marketing strategies and product positioning are mainly directed to active people.

Nevertheless, there is a niche in the market where Electrolit could enter with full power.

Being realistic, regarding the sports market, competitive rivalry is high. But still, Electrolit has many ways of differentiating itself the same way it has done for the past 60 years in the Mexican market.

The brand can take the lessons learned from a successful market such as the Mexican or even the American and use them in the European market.

¹⁸ (S/f). Gatorade.com. Recuperado el 26 de febrero de 2023, de <https://www.gatorade.com/fuel/hydration/gatorade-thirst-quencher/bottle/fruit-punch>

Even with more established brands, competitive prices, Electrolit can pose a threat to competitors as well because of its medical seal, pharmaceutical development process and specialized consumer knowledge in other markets.

1. Potential of New Entrants:

As we know the isotonic beverage market is a very promising market. Consumers are changing their behavior and focusing more and more on having a healthier lifestyle.

Also, during the market research it was understood that the value of expenditure on isotonic beverages in Spanish households exceeded 158 million euros in 2021, which is a slight increase regarding the previous year.

This opens the doors to new competitors as it attractive and growing.

Because of the level of the brands already positioned in the market, it can be hard for small brands to enter this specific industry.

In the case of Electrolit, having international backing such as presence in the USA, Mexico, and Colombia, can be very competitive to the established brands.

The company has financial muscle, marketing know-how and medical seal that will empower the launch in a European industry.

In Spain, according to the International Trade Centre, the export potential for Medicaments consisting of mixed or unmixed products, for retail sales (which is the categorization Electrolit enters in), is actual of 54%¹⁹.

The top 3 exporters for such products are Germany,Switzerland and France. With \$1.3bn, \$1.1bn and \$645mn respectively.

Followed by Italy, Netherlands, and Belgium.

Therefore, it's an area of opportunity for New Entrants to pursuit this market, but as of now Electrolit is the most attractive competitor for this, as actual players are only European countries, no other American Countries are playing this field.

2. Power of Suppliers:

In this specific industry suppliers bargaining power is directly co-related with the size of the brand backing the products.

¹⁹ ITC export potential map. (s/f-a). Intracen.org. Recuperado el 19 de marzo de 2023, de <https://exportpotential.intracen.org/en/markets/gap-chart?fromMarker=i&exporter=484&whatMarker=k&what=3004Xb&toMarker=j>

For instance, Coca-Cola's suppliers have a lower bargaining power as Pedialyte or Isostar suppliers, because companies so big as Coca-Cola normally produce everything in-house, having little to no dependence on providers.

Raw and Nuun depend much more on their suppliers, since their production is less massive, less automated, and much less complex.

Providers of raw materials, like plastic for the bottles, ingredients for the drinks and transport companies can be examples of suppliers within this industry.

For Electrolit in Spain, we must add PiSa Farmaceuticas, as the host company is going to be the one sending and providing the market with product to distribute and sell.

At first, Electrolit suppliers will have a lot of bargaining power but as the brand grows and expands it will be less dependent on them and the roles will be reversed.

3. Power of Customers:

For this specific part of the analysis it is important to differentiate between our clients and our customers.

Clients being the supermarket chain, gyms, Decathlon and Amazon, where our product will be placed to reach a broader audience.

Our end-consumer are our customers, the ones that will enjoy the benefits of our product. These ones being mainly our 2 different segments.

The ability that customers must drive prices lower, or their level of power is a very important leverage to be considered when launching a new brand in a new market.

On our specific case, the power of the customers is very high, because firstly we have to introduce the products to supermarkets to reach the final consumer, and we are very aware the margins to enter the biggest supermarket chain in Spain are very high.

Therefore, we decided to enter via smaller supermarkets like Grupo IFA and Covirán. These chains being more accessible to consumers don't charge heavy fees and make it feasible for us to reduce costs in comparison to the bigger chains.

In summary, the power of our customers is very high but because we are focusing on a Business to Business to Consumer approach the power dilutes between the two players on our customer base.

4. Threat of Substitutes:

The beverage industry in general, is one where all products have very close substitutes. There are lots of goods that can provide same results and satisfy same needs. This means,

the switching costs are very low, customers can change to another brand without a second thought.

This needs to be kept in mind when developing the Marketing plan.

In summary, after understanding how different external factors and industry players affect the introduction of Electrolit we can establish that even with big, strong competitors Electrolit has a chance to compete.

No matter the positioning they have right now, we can have confidence in the brands success in more competitive markets, such as the US and use it to our advantage. Also, we established none of the actual competitors have the medical seal and pharmaceutically develop formula Electrolit has, which will make us stand out from the crowd and use to our advantage.

As for suppliers, we will depend directly and strongly on our main supplier, Farmaceuticas PiSa but since this is a project that interests them we have no doubt it won't affect the further development of the plans for this product.

Right now, we have a market that has been covered mostly by commercial, unhealthy, massive production brands such as Coca-Cola with Aquarius and Powerade but our product even if new, has a strong medical leverage to reach and directly compete with those brands.

5.2 Internal Analysis:

Having an external analysis is great when developing a Business Plan, but one cannot forget the importance of the internal factors that will propel a brand toward success, and most importantly how to handle them exactly right to create even more value for the consumer.

As we mentioned before Electrolit is a Mexican brand, with base in Guadalajara and controlled by PiSa Farmaceutica. Mexican pharmaceutical company that started its success mainly through the development of medical supplies.

The Electrolit brand was created in 1950, after 17 years during which Mexico was suffering from a Cholera epidemic that was killing a very high number of the population due mainly, to dehydration²⁰.

PiSa was the first to develop and introduce an oral solution for the effects of severe dehydration.

²⁰ HUTCHINSON, C. A. (1958). THE ASIATIC CHOLERA EPIDEMIC OF 1833 IN MEXICO. *Bulletin of the History of Medicine*, 32(1), 1–23.
<http://www.jstor.org/stable/44444034>

With more than 60 years in the market, more than 1,500 different products produced and sold. The company employs more than 17,000 people in nine manufacturing plants with the capacity to manufacture more than 2,000 million pieces per year²¹.

In 2022 the product could be found in up to 10,000 stores through multiple channels and reached the 70,000 selling points between Mexico, Colombia, and USA.

During the same year, in the USA 44% of shoppers placed their orders online, down from 45% in 2021²².

5.2.1 SWOT Analysis:

To further diagnose the company's situation and the product offering we are focusing on a SWOT analysis of the brand was developed, to be able to emphasize on the things the company does well or could do better and avoid those that are or could present a liability.

Were we found out the following:

The major strengths of the product are as follows:

Differentiation: Offering Competitive advantage, there is no product in the Spanish market that covers all the needs that Electrolit covers.

As we mentioned above on the 5 forces analysis, competitors offer products that are valued by the consumer for their flavor, prices, accessibility, and packaging, but none was characterized by medical seal or pharmaceutically proven formulas. (See exhibits of results of survey)

In this, Electrolit has a clear advantage as it Is developed on laboratories by scientists.

Quality: The product offers quality over anything else with the support of the medical seal.

Although competitors offer quality in the sense of flavor, Electrolit focuses its quality on its pharmaceutically developed formula.

Cost: The normal cost of the product plays in our favor because is in an exchange rate that is cheaper that the Euro.

Even though we are offering at a price higher than those of the competitors, the survey we launched for the Spanish Market explaining the different attributes Electrolit has and how it is beneficial for their health. Consumers shared they would be willing to pay more to obtain better results. (See exhibits for results of the survey)

²¹ A. (2020, September 4). *Electrolit Suero: El líder En Hidratación Crece en Estados Unidos*. Abasto. <https://abasto.com/noticias/electrolit-el-lider-en-hidratacion/>

²² A. (2022, August 31). *Electrolit aumenta su distribución a más de 10,000 tiendas en todo EEUU*. Abasto. <https://abasto.com/noticias/electrolit-aumenta-su-distribucion-a-mas-de-10000-tiendas-en-todo-eeuu/>

Product patent: The ingredients and process of this product is patented which makes it very hard for the competition to step up and offer something that can cover what Electrolit covers.

Since the formula is protected no other competitor, even in Mexico has been able to develop something similar that competes directly with the product.

As far as weaknesses go, we found out the following:

Product acceptance: It's a new brand, coming from another country so the consumer doesn't know the brand yet.

New market: No previous knowledge of the market trends and the market itself.

Electrolit has launched in other foreign markets like USA or Colombia, but both are closer to the company's headquarters and more like the Mexican market, so the European market can present a challenge for the launch.

Taste or flavor issues: If the taste or flavor of the new sports beverage is not well-received by consumers, it may be difficult to sell the product.

As we know, not every market has the same tastes, therefore Electrolit has to be very careful with the first flavors they launch into a new Market such as Spain.

There are multiple opportunities for the product in the Spanish Market and we list them below.

Partnerships: Getting ahead of the already existing competition by creating synergies with strategic partners to educate and expand the product across all consumer segments.

Partnerships play a key role on the launch of a new product on a new market, especially if they are local partners, which in this case, they are.

This because the partner has already knowledge and experience in the market and can prevent us from committing common mistakes a company does while entering a new market.

Multiple distribution channels: Whilst the competition focuses and has worked only with some of the distribution partners we have in scope (supermarkets), we see an opportunity on the long term, of partnering with Drug Stores and Pharmacies which will give us a wider range to supply our consumers.

Export Potentiality: According to the International Trade Center, Mexico's potential to export Medicaments or medically developed products with mixed or unmixed products for retail sales to Spain is from \$4.9 Mn.

Today, the total exports of such products are of \$1.4 Mn which offers the company with a \$3.5 Mn unrealized potential for exports that could be exploited²³.

We have to keep in mind possible threats that might affect our operations in the market and we found some that can be found next.

Competitive market: Competition knowledge and strategies in the market which makes it hard for us to enter in an already competitive market.

Import tariffs and costs: The costs of importing these products from Mexico might make our product not very competitive for the consumers.

“The classification opinion by which the United States Customs classifies the Electrolit product subject of this resolution under subheading 2202.903”²⁴. This serves us to identify the imports and tariffs we will have to pay to ship the product from Mexico to Spain.

The general rate for Imports for Spain from Mexico as well as for other exporting countries is from 21% on the value of the product, but it can decrease up to 10% and even 4%²⁵.

Supply Chain obstacles: since we are importing these products there is a chance that sometimes the supply chain will be affected in a timely manner.

5.2.2 Diagnosis:

To summarize the product even by being a new brand in the market has a very promising opportunity to grow fast and generate traction because of the value proposition it offers, being a pharmaceutically developed isotonic drink.

Yes, imports and tariffs play a big role on the increase of costs but once the brand gains the awareness it needs and the dust settles, after 4 years we have seen on our assumptions that factor won't play such a crucial part of the planning anymore.

Brand Portfolio: Also, the brand has proven to be very competitive once it gains market share and brand awareness, this in the other markets it has been launched such as the Mexico, the US and Colombia where competitors are also backed by major companies such as Coca-Cola.

Another important part of the internal analysis of a company is to look at its brand portfolio.

²³ ITC export potential map. (s/f). Intracen.org. Recuperado el 19 de marzo de 2023, de <https://exportpotential.intracen.org/en/markets/gap-chart?fromMarker=i&exporter=484&whatMarker=k&what=3004Xb&toMarker=j>

²⁴ (S/f). Gob.do. Recuperado el 19 de marzo de 2023, de https://www.aduanas.gob.do/media/18618/resolucion_no_0121.pdf

²⁵ *Cómo Calcular los Aranceles de Aduana en España*. (2021, septiembre 19). Partidalogistics.com; Partida Logistics. <https://partidalogistics.com/como-calcular-los-aranceles-de-aduana-en-espana/>

PiSa Pharmaceuticals specializes in medical supplies, such as anesthetics, chemotherapies, antibiotics.

But the Electrolit brand branches itself out of that business model, having its own portfolio of products.

Within the Portfolio the company offers there are 3 different Product Categories:

1. Electrolit
2. Electrolit Zero (no sugar added)
3. Electrolit Pediátrico

Electrolit is the original product with the original formula, the one with most units sold until now.

Electrolit Zero offers a low sugar version of the original formula, making it more attractive for consumers who take care of what they put into their bodies, such as every day and high-performance athletes.

Electrolit Pediátrico is designed for children, it has a specific formula developed for children to take when sick, without it being harmful to their health.

There are also eleven different flavors within each category:

5. Grape
2. Strawberry
3. Strawberry-Kiwi
4. Lime
5. Blueberry
6. Horchata
7. Apple
8. Orange
9. Coconut
10. Pineapple
11. Hibiscus

Before developing the Marketing Plan of our own for the Spanish market we analyzed the actual Marketing Activity the brand has relied on for other markets.

Nowadays, Electrolit uses a Multi-Channel Media Campaign²⁶.

This includes YouTube campaign videos, Social Media profiles and alliances with local influencers, Sports Marketing Campaigns that work with professional athletes and official sponsorship in local races, such as the official Half Marathon in Guadalajara²⁷.

²⁶ Electrolit, U. S. A. [@ElectrolitUSA]. (2022, mayo 16). *Immediate hydration Electrolit*. Youtube. <https://www.youtube.com/watch?v=GZhh1YBWmyM>

²⁷ 21K GDL ELECTROLIT 2023 NUTRIDO POR GRANVITA. (s/f). Maratonguadalajara.org. Recuperado el 11 de mayo de 2023, de <https://medio.maratonguadalajara.org>

This strategy is used to showcase a refreshed brand direction which emphasizes Electrolit's instant hydration properties and benefits.

- Creative applications used, such as TV, social media platforms, transit center displays, billboards, and influencers
- Team up with leading photographers to capture athlete and product imagery that can be used across multiple platforms, including lifestyle, consumer, fitness, social
- Feature a variety of bold colors and creative designs to reinforce the brand's premium status in an accessible format

Wrapping up the internal analysis we established a clear segmentation direction, based on both our surveys and the before mentioned analysis. Where we also determined the target groups.

Firstly, and making use of a survey carried out by us, we were able to make a segmentation analysis where we distinguished two types of profiles: people who would consume our product because they feel dehydrated and want to have something to hydrate (while doing sports), and the second one which consists of people who would consume our product with other kind of purpose such as when feeling sick or hungover.

To get a deeper glance of each profile we analyzed the following points throughout a survey:

- Profile definition
- Degree of sports performed
- Why do they dehydrate?
- What do they do in order to fight against dehydration?
-

This way, we were able to check whether our product (Electrolit) would be suitable for their profiles. Some of the insights extracted from the survey are:

- The serum's target age range is a young audience between 20 and 30 years old. This is due to the fact that the university period is when users drink and party the most. In terms of weight loss, youth is the period when the most intense exercise is practiced.
- The most significant aspects of the drink for consumers are accessibility, price, and flavor.
- For our product to success in the marketplace, that packaging must be changed for a more aesthetic and appealing one.

Target Groups:

Having the mentioned Insights in mind we were able to define Target Groups that we could direct our communication and product.

Because of the market trends that may be relevant to a hydrating beverage for athletes in Spain such as the trend towards health and wellness, the increasing popularity of sports and fitness activities, and the growing concern about plastic waste and sustainability, there are two target groups we consider for the implementation of Electrolit in Spain.

The first one is the one we have mentioned repeatedly above Segment 1: People with a tendency to practice sports on a regular basis.

And the second one, young people who like to go out, have fun and party, who the day after usually suffer from hangovers.

Thanks to our findings in the carried-out survey, we can know that, as previously mentioned, the target age range is a young audience between 20 and 35 years old. This age range applies both to Segment 1 consumer and Segment 2 consumers.

Due to all of this, our target group will consist of athletes and young people most commonly young people between 20 and 35 years.

The first Segment is characterized because of their athletic tendency, so normally this target group has very structured routines, healthy eating habits and love to spend time outside in nature.

Also, you can find these groups on parks, athletic associations such as Gyms or municipal clubs.

People with athletic tendency normally rely a lot on mouth-to-mouth recommendations, they listen to their fellow training colleagues and what has worked for them or a pro athlete they admire.

Since their eating habits are very influential for their performance, everything they decide to take into their body has to be beneficial for their health. Athletes and people who devote their time to their sport care a lot about medically proven products and products that will improve their performance.

That is why Electrolit has a huge area of opportunity with this target. Its medical seal and pharmaceutically developed formula will be a key differentiator that will most likely succeed with this Segment.

Their decision-making process is very influenced by the activities they perform, the groups of people they frequent and market trends in the sport industry.

Therefore, the importance of being where the athlete is, whether on their training grounds or races and competitions, the product must catch their attention in the exact environment where they thrive.

As for the second Segment, young people who are enjoying life, going out with friends, and partying their consumer behavior is completely different.

These people are mostly focused on social life, connecting with others, getting to know new people, and staying on top of night-life activities trends.

In difference to the first segment, this one isn't as interested on health. They don't give that much importance to healthy products that improve performance or products that aren't beneficial.

They seek more immediate solutions to the problems that arise on their day to day. Whether it is where to go on a Saturday Night or what to take in case of hangovers on a Sunday morning.

That's where Electrolit comes in. We must be their quick solution to this problem as no competitor is fulfilling this need the way Electrolit does it in the Mexican market for hangovers.

There's a clear area of opportunity to jump start this tendency of rehydrating after a night of dehydrating and become the consumers best friend on their recovery so they can keep going longer.

6. Marketing and Commercial Plan

When entering a new market, a brand must have a very strong Marketing and Commercial Plan to reach target consumers to gain traction and market share as fast as possible, while offering them an added value that isn't being offered by the competition.

In Electrolit's case we have seen with our 2 different segments the range and flexibility the product has, and how we can use it to our advantage for the Marketing and Commercial Plans.

6.1 Brand positioning:

Therefore, we created 2 different brand positioning statements that will talk directly to the end-consumer of each segment.

Segment 1: "For young athletes, Electrolit combines hydration and health with its perfect formula, providing, unlike any competitor, instant hydration thanks to its electrolytes. Stay hydrated, work faster".

Segment 2: "After a fun night out, nothing like Electrolit to offer a quick recovery for you to be on your feet and dancing after a few sips".

Next up, we designed a Marketing Mix with all the information gathered via our surveys, online sources, and previous successes of the brand in other markets.

6.2 Marketing Mix:

First of we will focus on the Product.

Starting by the range of flavors to focus for the introduction to a new market such as Spain.

Based on the results from our surveys, research, and historic product feedback the selected flavors are the following: Fruit Punch, Mandarin-Orange, Strawberry-Kiwi

In regards of Bottle Design the research and new trends studies conclude that the design of the bottle can be improved by adding the following features. Bright and light-colored packaging, to create a feeling of naturalness and distance from the "night image" of energy drinks.

Smooth shapes can create a clean and modern look, which can help the product stand out on store shelves and make it more visually appealing to consumers.

The brand needs to seek some sort of association with good mood, and daytime drink.

The sense of the product needs to be positive and energizing through its packaging.

A bottle that is Thermus Shaped makes it more ergonomically for the consumer to hold it and gives it an original, young and playful look.

We based this design on the responses we got from the survey we made to people in the Spanish market.

Mostly the answers about the actual design were “Looks like a mouth was”, “It’s not attractive”, “I would change the packaging”. (See exhibits for further results).

See below a design proposal:



(Source: Picture on the left : Wuakal. (s/f). *Electrolit suero hidratante Fresa Kiwi*. Wuakal | Tienda de comida mexicana. Recuperado el 15 de abril de 2023, de <https://wuakal.com/producto/electrolit-suero-hidratante-fresa-kiwi/>. Picture on the right: Self made)

Secondly, establishing the right price to be competitive and attractive.

The market research and comparison to the competition established that our price point should be one like the ones of isotonic drinks in general, this is between 1€ - 1,5€.

Even though the survey established our clients would be willing to pay almost 3€ for the beverage, there's a possibility to be competitive and our price among the that range. This way, we would have the lowest price possible, satisfying our consumers while keeping at the same level as our competitors.

For assumption methods, we established a price of 2,60€ in the first year of operations, with an expected growth of 16% each following year, this due to inflation rates and to achieve positive margins faster.

This because we want to focus on a Differentiation strategy with focus on price. This way we will position ourselves as a higher quality product, which we are, creating a sense of exclusiveness in the minds of the consumers.

Also, as it is an imported product, as all other imported products it is normal to have a higher price.

We believe this strategy communicates the value proposition of the product, of it being a medically proven and pharmaceutically developed drink that serves on a much complete and healthy way our consumers.

We established an 16% growth as our competitors have had in average 16-17% growth and we want to remain on the positive scenarios.

Thirdly, Place where we will meet our end-consumer.

Consumers in Spain typically have access to a range of channels for purchasing including supermarkets, convenience stores, and pharmacies.

Therefore, these would be the selected selling points for this type of product but also including online platforms, as society is very inclined to online purchasing.

Also, we would also like to focus on sales in Gym (including vending machines), where sports teams gather.

This way our consumers have easier access to it and can begin to be aware of its existence and benefits more quickly, as seeing it in gyms will make it easier to relate it to a healthy product and raise awareness.

In the case of Segment 2, we want to reach them via Supermarkets, as it is where consumers normally go to find products to help with hangover symptoms.

And lastly, Promotion strategies to generate forces around the launch.

Social media can be a powerful tool for promoting a new sports drink. Platforms such as Instagram, Facebook, Twitter, TikTok and YouTube can be used to create buzz around the product, connect with potential customers, and build a loyal following.

Sports events can be a great opportunity to promote a new sports drink. Many sports events, such as marathons, triathlons, and other endurance events, require participants to refuel during and after the event.

The company could sponsor such events and provide samples of the sports drink to participants, allowing them to try the product firsthand.

Additionally, the company could set up a booth at the event and provide information about the product to potential customers.

Sports magazines are another way to reach potential customers. Advertising in sports magazines can increase brand awareness and drive sales. Magazines with a focus on a specific sport or type of athlete can be a good way to target specific demographics. For example, a running magazine might be a good fit for a sports drink that targets runners.

Influencer and Sports Marketing with specific focus on Athletes is a strategy that involves partnering with influential individuals, particularly athletes, to promote a product.

Athletes have a large following on social media, and they can be a great way to promote a new sports drink. They can be used to create sponsored content, participate in photo shoots, and make appearances at events to promote the product.

By using an athlete's personal endorsement, the company can create a sense of trust and credibility that can help to convert prospects into customers.

6.3 Brand Awareness:

As next step on our Marketing Plan, having a specific marketing mix that directs the whole plan, we focused on how to raise Brand Awareness to gain market share as soon as possible.

For the first year, in 2025, the focus is to develop strategic synergies with local partners that will support on the distribution and sale. Strong push in Social Media campaigns to reach higher number of consumers.

Influencer as a strong leverage for the brand in the launch, specially to catch the attention of Segment 2 consumer who are reliant on Social Media comments in their decision-making processes.

The following year, 2026, Social Media campaigns remain most important tool and leverage for developing and growing brand awareness.

Investment in Sports marketing, which means getting athletes to promote the brand organically in their platforms and day to day.

Lastly, for 2027, the idea is to sponsor elite athletes for the brand to be present in the major competitions of Spain and the world.

The goal is to be present on Madrid Mutua Open, 2 of the 6 World Majors Marathons (Berlin and London), La Liga and hopefully some others.

Having a strong, coherent brand image is very important, especially when entering a new market, where consumers are not familiar with the product, therefore we will share how we will handle the Brand Image for the Spanish Market and the segments we are focusing on.

The main goal is to give the brand a healthy, young, and energetic feeling for consumers to relate to it more easily.

Athletic focus: develop the brand through the perception of it being for athletes and sport lovers that care about their body.

Offering a "Sexy" design: create a bottle that catches the consumers eye from the first instance, without losing its essence of healthiness.

This all will be supported using vivid colors in our communications to transmit the liveliness and youth of the brand.

6.4 Action Plans:

Once we have a Marketing Plan, an action plans can start to be developed.

On our Action Plan we will explain different strategies in different stages we will use in order to gain market recognition and brand awareness.

The metrics to keep in mind after the event presence will be number of people who tasted and bought the product and conversion rate of QR and promotion codes.

For the same 1st year of operations, we also have Social Media Content strategies in place to reinforce our message and get to the consumer in numerous ways.

We will design specific Social Media Campaigns with the support of our Influencers and Athletes where the product should be shared through targeted campaigns to reach a higher audience.

On the other hand, seek to recruit new consumers and create brand awareness.

The purpose is to develop 1-month-long campaigns in peak seasons and gather results and information to apply for future projects.

This will all be developed by the Brand and Digital team and will be measured by number of people who interact with the campaign, number of people that interact with the ads, number of people who click on the ad and conversion rate of the click through rate into an effective purchase.

Another key part of the digital ecosystem we will leverage are Banners, Landing Pages, and Supporting Blogs. Where we will introduce display ads such as banners in landing pages and on digital support pages, like e-commerce websites, supermarket apps, sportive blogs, sportive apps like Strava.

The purpose is to develop 1-month-long campaigns in peak seasons and gather results and information to apply for future projects.

Product management, Digital Team and Brand team will have to work together on these specific strategies.

Key KPI's for this strategy will be number of people who interact with the campaign, number of people that interact with the ads, number of people who click on the ad and conversion rate of the click through rate into an effective purchase.

On a longer-term perspective, for the 3rd year of operations we will start introducing the product to bigger supermarket chains, in this case, Carrefour.

This, because such monsters of the industry normally ask for historical data of products before putting them on shelves, so after being present in smaller, more economical chains we will have data to show and support when negotiating the introduction of Electrolit to more exclusive supermarkets.

Also, around that same period we will spin the direction of our brand positioning by addressing athletes and offering them sponsorship in exchange of them promoting our product as their main source of hydration.

Key KPI's for this strategy will be number of people who interact with the content the athletes post, sell-through of the products in shelves, sales increase, revenue generation and conversion rate of the click through rate into an effective purchase on online channels.

7. Operations Plan

The purpose of this operations plan is to outline the key steps and considerations for the successful launch of Electrolit in the Spanish market. This plan encompasses various operational aspects, including import, supply chain management, marketing, distribution, and contingency planning.

Importation:

Supply Chain Management: Determine the optimal supply chain structure, considering factors such as transportation, warehousing, and inventory management. Also, implementing inventory management systems to minimize stockouts and maintain optimal inventory levels.

Lastly, continuously monitor and optimize the supply chain to reduce costs and enhance responsiveness.

Distribution: Build a distribution network that effectively reaches the target market across Spain, considering both retail and online channels. By establishing partnerships with reputable distributors and wholesalers to ensure widespread availability of the hydrating beverage. Optimize logistics and transportation routes to minimize lead times and maximize product delivery.

Contingency Planning: Develop contingency plans to mitigate potential risks or disruptions in the supply chain, production, or distribution processes. b. Maintain buffer inventory levels to handle unexpected demand fluctuations or supply chain disruptions. c. Establish relationships with backup suppliers or alternative production facilities to ensure business continuity.

Timeline and Milestones: Develop a detailed timeline with specific milestones for each phase of the launch, including product development, production.

8. RRHH Plan

The human resources plan will serve as a guideline to follow in terms of human capital resources, the most important part of a company.

The responsible and head operator in Spain for this whole project will be Amaya Escobar Coto. With a background on Real Estate, Project Management, Marketing, Supplier and Influencer relationship, she will manage conversations with the most important stakeholders of the business plan.

First, we need to plan the workforce by conducting a thorough analysis of the workforce requirements for the launch, including administration, distribution, and marketing.

Secondly, identify the key roles and positions needed, such as administrative support, marketing specialist and distribution representative. And with that be able to determine the required number of employees for each role based on projected workload and business objectives.

On our case, being a new product on a new market, expecting low to no profitability on the first years of operations we need to be realistic, and we will hire 2 administrative workers, that will focus on both administration and marketing and promotion. And one distribution representative to support with the delivery of the product to our different clients.

In terms of recruitment and selection we will develop job descriptions and specifications for each position, outlining the required skills, qualifications, and experience.

Since our benefits and compensations won't be the highest in the market, we will have to seek for profiles who are mainly new in the market that won't ask for a high salary.

After being hired we will onboard and Train each new employee to provide comprehensive training to equip them with the necessary knowledge and skills to perform their roles effectively.

As for compensation and benefits being a startup, new market we will have to pay our employees the lowest rate to be able to keep business afloat. Offering them basic benefits such as Health Insurance and discount on our products.

We will also ensure compliance with all labor laws, regulations, and employment standards in Spain, including working hours, overtime, leave policies, and employee rights. Maintain accurate employee records, including contracts, payroll information, performance evaluations, and training documentation.

9. Social and Environmental Impact

Not only do we need to focus on operational, commercial, and financial aspects of the business but also on how this business plan can improve the society we live in and have a positive environmental impact.

Therefore, on the social impact side, we seek to generate Community engagement, by identifying opportunities to collaborate with local communities, NGOs, or social initiatives that align with the company's values and promote social well-being. This can include supporting local water conservation efforts, sponsoring community events, or partnering with organizations focused on health and wellness.

Also, having a responsible marketing and advertising strategies that promote responsible consumption and provide accurate and transparent information about the product. Avoid using misleading or exaggerated claims and ensure that marketing materials comply with relevant regulations and ethical standards.

From the environmental side we will focus mainly on Waste Management, where the goal is to develop comprehensive waste management practices, including recycling programs, proper disposal, and waste reduction strategies.

Together with the “Comunidad de Madrid” we will launch a Social Media challenge to incentivize the adequate waste management of the Electrolit bottles, in which we will invite consumers to have adequate waste management habits.

Madrid’s community is very thorough and careful with the way trash gets recycled, they have specific trash bins and schedules to ensure positive waste management²⁸.

Through this campaign we will be able to create conscience about waste management and get brand awareness.

With the support of our influencers and athletes we will see to create a trending topic, challenge in social media to enforce this campaign.

Furthermore, by working together with Madrid’s government we will position ourselves strategically to have more support.

10. Financial Plan

10.1 Assumptions:

To calculate revenues, costs, and margins we established some assumptions based on exchange rate, since the product is produced in Mexico, Inflation rate and YoY Growth of the Isotonic Beverage Industry, taking competitors growth as baseline.

The assumptions for the development of the Revenue forecasts and Financial Plan are as follows:

Expected exchange rates: based on projections made for the following 10 years.

For 2024 we have established an exchange rate from Pesos to Euros of 18,73 MXN for 1 Euro.

To establish a realistic forecast of the exchange rate we developed a hypothesis, calculating the base year 2024 exchange rate of 18,73 and multiplying it to both the expected inflation rate in Mexico and in Spain.

²⁸ *Estrategia de Residuos de la.* (2017, octubre 13). Comunidad de Madrid. <https://www.comunidad.madrid/servicios/urbanismo-medio-ambiente/estrategia-residuos-comunidad-madrid>

According to the OCDE an inflation rate for Spain will be of 3.4% until 2024 is to be expected²⁹. And the following years governments will seek to decrease this rate, so we considered a 2,5% rate from 2027 onwards.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
MXN/Euro	18,73									
Inflation in Mexico	3,9%	3,2%	3,1%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Inflation in Euro Zone	3,6%	3,3%	3,4%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%
Exchange Rate		18,71	18,66	18,75	18,84	18,93	19,02	19,12	19,21	19,30

The following year, 2025 taking into consideration the inflation will decrease in both countries we can see the exchange rate will be around 18,71MXN for 1 Euro.

As for 2026, a bigger drop is to be seen and it's projected to be 18,66MXN for 1 Euro.³⁰

Having the exchange rates in mind we can start calculating all other important factors of the P&L for the development of this plan.

Expected Growth rate:

Considering the actual year over year growth rate of competitors products in the market was 16% last year³¹ we are considering a competitive growth of 25% growth in 2025 and 27% for 2026.

We know this is aggressive but considering market penetration with our partners help and consumer adaptation to a new product we believe it can be achieved.

²⁹ Prices - Inflation forecast - OECD Data. (s/f). TheOECD. Recuperado el 18 de marzo de 2023, de <https://data.oecd.org/price/inflation-forecast.htm>

³⁰ Economico, L. A. P. (2018, mayo 8). *EURO PESO MEXICANO HOY Y PROYECCION 2023, 2024-2027*. La Agencia Pronostico Economico. <https://preciohoy.com/prevision-euro-peso-mexicano>

³¹ Preliminary unaudited results for the full year ended 31 December 2022 Solid end to a very successful year, well placed for FY23 and beyond. (s/f). Cocacolaep.com. Recuperado el 18 de marzo de 2023, de <https://ir.cocacolaep.com/static-files/33e84bc3-327b-4723-bad7-c76520da45bc>

10.2 P&L Hypothesis:

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Exchange Rate (Eur-MXN)	18,73	18,71	18,66	18,75	18,84	18,93	19,02	19,12	19,21	19,30
Unitary Price MX (1 unit)	1,17	1,18	1,18	1,17	1,17	1,16	1,16	1,15	1,15	1,14
Selling Price	2,60	2,69	2,78	2,87	2,97	3,07	3,17	3,28	3,39	3,51
Expected Inflation Rate	3,6%	3,3%	3,4%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%
Expected Growth Rate		16%	16%	18%	18%	16%	16%	16%	16%	16%
Units Sold	100.000	116.000	134.560	158.781	187.361	217.339	252.113	292.452	339.244	393.523
Revenue	260.000	311.553	373.689	455.945	556.308	667.258	800.336	959.955	1.151.408	1.381.045
COGS	65.000	77.888	93.422	113.986	139.077	166.815	200.084	239.989	287.852	345.261
Gross Margin	195.000	233.665	280.267	341.959	417.231	500.444	600.252	719.966	863.556	1.035.784
Distribution Costs	24.600	25830	25830	25830	25830	25830	25830	25830	25830	25830
Fees	78.000	93.466	112.107	136.784	166.892	200.177	240.101	287.986	345.423	414.314
Office Staff Expenses	61.500	63.530	65.690	67.332	69.015	70.740	72.509	74.322	76.180	78.084
Duty Fees	13.650	16.357	19.619	23.937	29.206	35.031	42.018	50.398	60.449	72.505
MKT and advertising	10.000	10.330	10.681	10.948	11.222	11.503	11.790	12.085	12.387	12.697
Rent	7.200	7.438	7.690	7.883	8.080	8.282	8.489	8.701	8.919	9.142
Costs	259.950	294.838	335.039	386.700	449.322	518.378	600.820	699.310	817.039	957.832
EBITDA	50	16.715	38.650	69.246	106.986	148.880	199.516	260.645	334.370	423.213
Depreciation	300	300	300	300	300	300	300	300	300	300
EBIT	(250)	16.415	38.350	68.946	106.686	148.580	199.216	260.345	334.070	422.913
Taxes	0	3283	7670	15857	24538	34173	45820	59879	76836	97270
Net Profit	250	13.132	30.680	53.088	82.148	114.407	153.396	200.465	257.234	325.643
Cash Flows	50	13.432	30.980	53.388	82.448	114.707	153.696	200.765	257.534	325.943

We established the selling price at 2,60 € as a differentiation strategy for the launch of a new product in a new market, even if it's not competitive we are establishing the brand and product with the idea of better quality.

The growth rate we established for every year will be of 16%. Our competitors have a growth YoY of 16%, we are being positive³².

Inflation Rate, we took from OECD, and we established an Inflation Rate of 3.4%³³ for 2024, 3,3% for 2025, 3,4% for 2026 and 2,5% for 2027 onwards since there were no more long-term forecasts available.

Since this launch on a new market is convenient for the company and we will partner with them, we will negotiate on a buying price of 0.65 €, assuming that this is very close to their production cost.

Our fixed costs will be a Warehouse and office rent those costs 40 € mt2/monthly, amounting to 7,200€ yearly.

Administrative costs, paying 2 employees earning the first one 20,000 yearly plus social security and the second one, the head of operations, 30,000 yearly plus social security. Transportation and distribution will remain fixed the first years since we will hire a personal driver to support with these tasks.

³² (S/f). CocaColaep.com. Recuperado el 15 de abril de 2023, de <https://ir.cocacolaep.com/static-files/1e9a73d9-50b2-48e2-a7b3-322e5c4645b3>

³³ (S/f-b). Oecd.org. Recuperado el 15 de abril de 2023, de <https://data.oecd.org/price/inflation-forecast.htm>

Marketing and advertising costs will be higher the first years as we try to push for brand awareness and positioning but after the 3rd year the investment on these activities will be fixed on 10,000 €.

Our variable costs will be the Import Taxes that represent 21% of the units imported, import costs and the fees that our channels charge us depending on the number of units we bring in from Mexico.

The income in the 1st year of operations will amount to 260,000€, this taking into consideration we will sell 100,000 units at a PVP of 2,60€, each year with a 16% increase from the YoY growth we mentioned before. So, for the 10th year of operations, it will be almost 10 times more, reaching the 1,381,045€.

These 100,000 units will be distributed between 2 supermarket chains (Covirán and Grupo FIA), 3 Gym Chains, Amazon sales, Decathlon and sales to race organizers. We are assuming that we will negotiate with the Supermarket chains to enter on the 100% of their stores, this because when dealing with supermarkets it is easier for them and the supplier to offer all the same products in every selling-point. This represents 178 selling points.

Regarding the Gyms, we will negotiate to enter on 50% of their actual selling spots in Madrid, this means, 40 selling points from Gyms. The first year of operations will be divided into quarters into which we will analyze the progress of the product acceptance and sales.

With Amazon we will start by selling 100 packs of 12 units the first year with an increase for 20% each year, to see the consumers response to this online offering.

With focus on the athletic consumer, we will enter 10 Decathlon stores in Madrid, to serve consumers right where they are looking for the product.

The project will take about 1 year to start generating revenue according to all our assumptions and estimations.

The estimation carried out for the next periods is a selling price of 2,60 €/unit + estimated inflation of 3-3.5³⁴% and a quantity adequate to our assumption that we will be distributing our products in 406 brick and mortar selling points across Madrid.

In terms of costs, we will have variable costs such as Import Taxes, Import Costs and Commercial Fees which we estimate at 21%/unit, a 40%/unit and 0.65 €/unit, respectively. As for fixed costs, we will have the labor force costs at an average salary of about 2,000 €, the rent of storage unit to use as warehouse for the products before distributing them, which we will locate in the Madrid Orense and whose cost will be 40 €/m², with a total of 80 m² until the year 2033.

For the 3rd year of operations, we will negotiate to enter Carrefour, 50% of their selling points in Madrid. This because, we are starting with smaller much friendlier Supermarket

³⁴ Prices - Inflation forecast - OECD Data. (s. f.). theOECD. <https://data.oecd.org/price/inflation-forecast.htm>

chains that don't have such big margins and after 3 years on those channels we will have historical data to share with Carrefour to negotiate.

Therefore, we are considering that our distribution costs will fluctuate between the 5-10% increase each year, reaching its highest point on year 3, because of the entering Carrefour, but stabilizing after that.

As for the fees, we are considering that Supermarkets, Gyms, and Decathlon will give us a 30% margin³⁵, so we calculated that in respect to the units sold.

Cost of Goods sold as we mentioned before are the amount, we will pay Farmaceutica PiSa for each unit, which is 0,65€ per unit.

With these assumptions for 2028, the 5th year of operations we will have a positive margin of 0,05% and net income of 20,000€.

But after these first hard 5 years the coming 5 are much lighter. The brand will be better positioned, which translates into a 30% margin in 2033 with net income of 270,00€.

10.3 Cash Flows and NPV Hypothesis:

To be able to establish this project's profitability we needed to look at the cash flows, working capital investments and after that establish the Net Present Value.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
CAPEX											
Computers	-2400										
Office equipment	-1000										
WC	(1.781)	(15.493)	(3.425)	(4.128)	(5.465)	(6.668)	(7.371)	(8.841)	(10.605)	(12.720)	(15.257)
Operating Cash Flows	50	13.432	30.980	53.388	82.448	114.707	153.696	200.765	257.534	325.943	408.686
Total Cash Flows	-5181	-15443	10007	26852	47923	75780	107336	144855	190160	24814	310686
Inventory	1.247										
Account receivable	21.370										
Account Payable	5.342										
	0	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
WC	1.781	17.274	20.699	24.827	30.292	36.960	44.332	53.173	63.778	76.498	91.754
WC Investment		(15.493)	(3.425)	(4.128)	(5.465)	(6.668)	(7.371)	(8.841)	(10.605)	(12.720)	(15.257)
WACC											
RF	3,5%										
Market Prime	7,1%										
Beta	1,30										
Capital Cost	12,76%										
NPV	442.967 €										
TIR	110%										

For this part of the analysis, we took into consideration the purchase of computers for both administrative employees at a price of 1,200€ each.

Also, a first investment of 1,000€ on the first year for further office equipment such as furniture and with all that we could calculate the operating cash flows.

³⁵ Juárez, M. G., & Romera, J. (2022, diciembre 17). *Los súper tienen un margen del 2,6% y el impuesto lo bajaría un punto más.* elEconomista. <https://www.eleconomista.es/retail-consumo/noticias/12079414/12/22/Los-super-tienen-un-margen-del-26-y-el-impuesto-lo-bajaría-un-punto-mas.html>

Next up, we added the inventory by dividing the Costs of Goods Sold by 365 days in the year 2024, it came up to 1,247€.

We established our account receivables to 30 days and account payables to 30 days.

The Working Capital is calculated by subtracting our current assets minus current liabilities and for 2024 we get 1,781€.

Next up, we divide the Working Capital to our revenues to see what percentage it represents of our sales to be able to calculate the following years Working Capital and get the Working Capital investments or divestments.

For the calculation of the WACC we needed the Risk Free, that is the government bond rate, and according to Trading Economics, for Spain it's 3,5%³⁶.

Another important factor is the market premium, that nowadays in Spain sits at around 7,1%³⁷.

The Beta we took into consideration is that of the beverage industry in Spain and it is 1,3³⁸.

Taking all the above we got a Capital Cost of 12.76%.

After getting all the cash flows, capital cost and working capital investments and divestments we were able to calculate the NPV of the project which resulted in 442,967€ with a TIR of 110%, which one could summarize as a very profitable project.

As we are after all plain distributors and don't need major investments in CAPEX our project is very profitable and amicable.

³⁶ TRADING ECONOMICS. (s/f). *Spain Government Bond 10Y* [Data set].

³⁷ (S/f). Oecd.org. Recuperado el 19 de mayo de 2023, de <https://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/financing-terms-and-conditions/country-risk-classification/>

³⁸ *Betas*. (s/f). Nyu.edu. Recuperado el 19 de mayo de 2023, de https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/Betas.html

APPENDIX:

EXHIBITS:

Survey to Mexican Consumers Results:

Exhibit 1:

Gender:

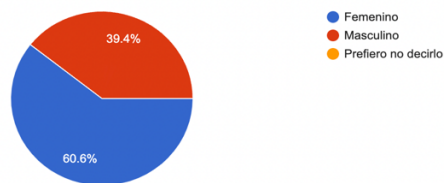


Exhibit 2:

Age:

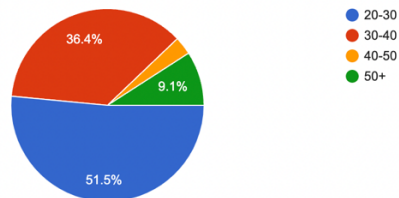
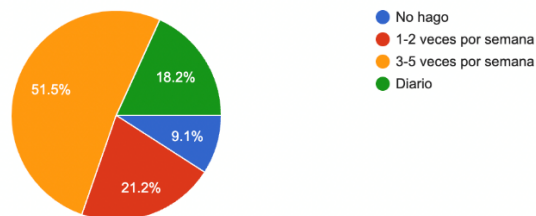


Exhibit 3:

How often do you practice sports?

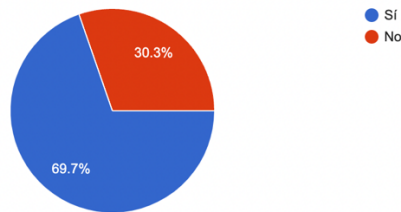


This question had 4 different answers that included, Never, 1-2 per week, 3-5 per week, daily.

We wanted to understand the co-relation of sports practice with isotonic drink consumption.

Exhibit 4:

Do you consume Isotonic beverages?



If they answered no to the last question, the survey would end there. But if they gave a confirmative answer, they were sent to a second section of the survey that included the following questions:

Exhibit 5:

In what moments do you consume Isotonic beverages?

We gave consumers 4 different answering options, but they could choose more than 1 option.

This, to know the specific moments in which the actual consumer in Mexico thinks it's vital to go out and buy Electrolit.

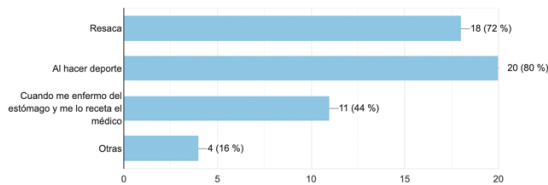
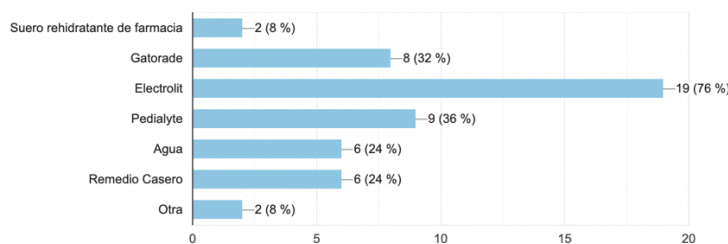


Exhibit 6:

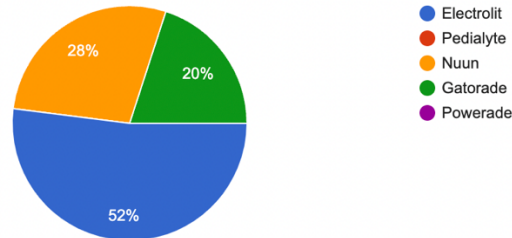
When you have a stomach ailment and the doctor has prescribed an isotonic drink, what do you consume?



This question's goal was to reinforce Electrolit's medical benefits and how doctors in Mexico not only support but recommend the brand.

Exhibit 7:

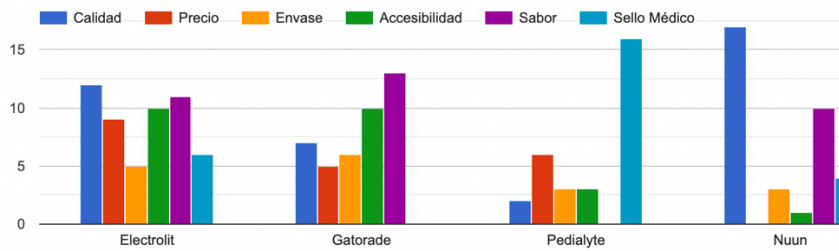
What is the brand of isotonic drinks that you like the most?



The focus was to establish the market share of the Brand in Mexico.

Exhibit 8:

Rate the following brands of isotonic drinks based on the different qualities



This question was intended to show how each brand is conceived by the Mexican consumer.

Exhibit 9:

How often do you take Electrolit?

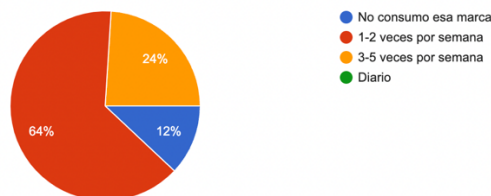
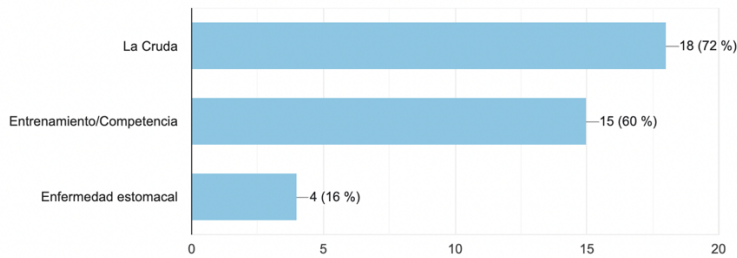


Exhibit 10:

When you hear "Electrolit" what comes to mind?



Considering your complete knowledge about the benefits of the Electrolit brand, with what probability would you recommend it to a friend or family member who starts consuming this brand? Being 0 Very unlikely and 5 Very likely

We needed to understand the power of the brand in the market, the power of mouth-to-mouth marketing and how consumers feel recommending the product to their friends, families and colleagues.

When you hear "Electrolit" what comes to mind?

This question was to get into the consumers mind and have a clear idea of their brand perception.

What would you change to the product in the image below to make it more attractive?

We added a picture of the actual product that is sold in Mexico to know how the brand could make the packaging more attractive.

Survey to Spanish Consumers Results:

Exhibit 11:

Gender:

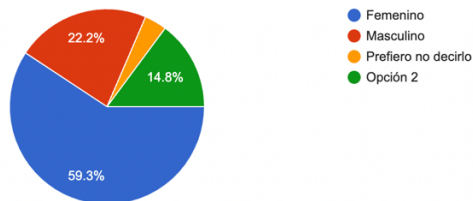


Exhibit 12:

Age:

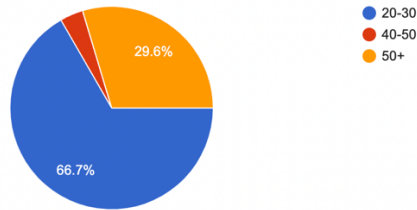


Exhibit 13:

How often do you practice Sports?

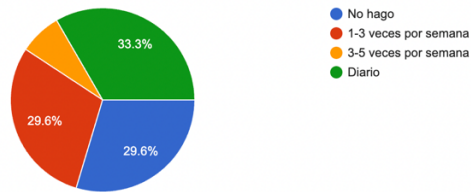


Exhibit 14:

Do you consume Isotonic drinks?

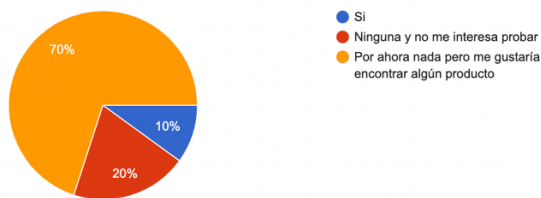
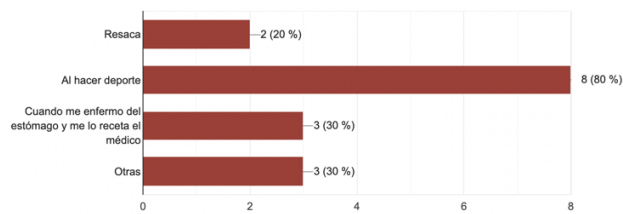


Exhibit 15:

In what moments do you consume Isotonic drinks?



This, to know the specific moments in which the actual consumer in Mexico thinks it's vital to go out and buy isotonic drinks.

Exhibit 16:

Rate the following brands of isotonic drinks based on the different qualities

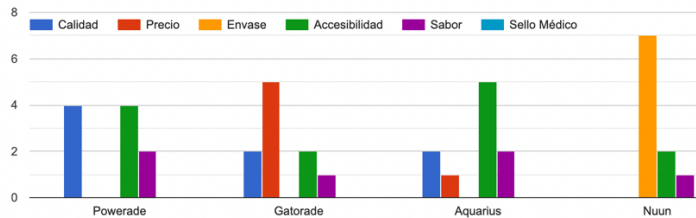


Exhibit 17:

Evaluate each attribute that affects your decision to buy isotonic drinks in the supermarket

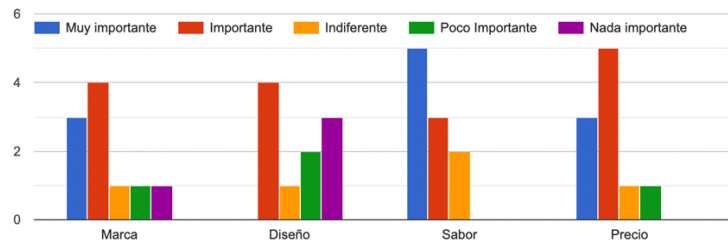


Exhibit 18:

How much would you be willing to pay for a medically proven product that hydrates you but also tastes great?

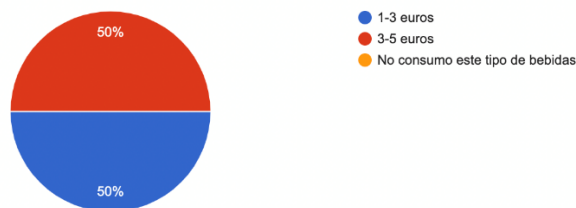


Exhibit 19:

The image below shows a medically proven isotonic drink with a wide variety of flavors, what would you modify to make the product more attractive?

Parece más un enjuague bucal que una bebida isotónica. A lo mejor cambiado la forma, que sea menos rectangular
Logo
El logo
Nada
Lo veo bien
.
Pondría todos los diferentes sabores que hay
El envase
El diseño de la etiqueta: más comercial y menos diseño médico (parece un enjuague bucal)

Bibliographic references and Data Sources

To support the Business Plan following my Specific Goals and in order to be completely informed and for the information to be accurate I will be referencing the following sources:

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