

Chapter 9

Market Research: Boyacá and Santander, the New Leaders of the Colombian Liquor Industry (Exporting Sabajon to the United States)

*Investigación de mercado: Boyacá y Santander,
los nuevos líderes de la Industria Licores
Colombiana (Exportando sabajón a Estados Unidos)*



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Abstract

Sabajón is identified with the following tariff item 22.08.70.20. 00 and according to Colombian Technical Standard 2972, Sabajón is defined as a product obtained from the mixture of milk, eggs and permitted sweeteners, with the addition of neutral or extra neutral ingredients, rectified ethyl alcohol, brandy or other liquors and additives approved by the Ministry of Health. Currently its production is concentrated in departments such as Santander and Boyacá, and in turn, it has become in recent years a reference of the most traditional beverages of these departments. Different tourists applaud this product, both national and foreign, and by introducing new alternatives of alcoholic beverages in the U.S. market, this product is considered a commercial proposal that allows promoting the alcoholic beverage manufacturing industry in Colombia, since it is always in constant growth.

Keywords: Sabajón, Tariff item, Colombian Technical Standard, Alcoholic beverages, Regional production.

Resumen

El Sabajón se identifica con la siguiente partida arancelaria 22.08.70.20.00 y según la Norma Técnica Colombiana 2972, el Sabajón se define como un producto obtenido de la mezcla de leche, huevos y edulcorantes permitidos, con la adición de ingredientes neutros o extra neutros, alcohol etílico rectificado, aguardiente u otros licores y aditivos aprobados por el Ministerio de Salud. Actualmente, su producción se concentra en departamentos como Santander y Boyacá, a su vez, se ha convertido en los últimos años en un referente de las bebidas más tradicionales de estos departamentos. Diferentes turistas aplauden este producto, tanto nacionales como extranjeros, y al introducir nuevas alternativas de bebidas alcohólicas en el mercado estadounidense, este producto se considera una propuesta comercial que permite promover la industria elaboradora de bebidas alcohólicas en Colombia, ya que esta siempre está en el crecimiento constante.

Palabras clave: Sabajón, Partida arancelaria, Norma Técnica Colombiana, Bebidas alcohólicas, Producción regional.

Type of product

The Sabajon is identified with the following tariff heading 22,08,70,20,00 and according to the Colombian Technical Standard 2972, the Sabajon is defined as a product obtained by mixing milk, eggs, and permitted sweeteners, with the addition of neutral or extra-neutral rectified ethyl alcohol, brandy, or other liquors and additives approved by the Ministry of Health, (Parra-Huertas *et al.*, 2012). Currently, its production is concentrated in departments such as Santander and Boyacá, in turn, it has become in recent years a benchmark for the most traditional drinks in these departments. Different tourists acclaim this product, both national and foreign, and to introduce new alternatives for alcoholic beverages in the United States market, this product is considered a commercial proposal that allows the promotion of the alcoholic beverage manufacturing industry in Colombian because this is always in the constant growth.

Destination country

United States Profile

The United States is the main economy of the world, generating a current GDP of US \$ 22.9 billion in 2021, equivalent to 23.7 % of the world's GDP, also its GDP per current capita reached US \$ 69,227, becoming the second largest economy in the world.

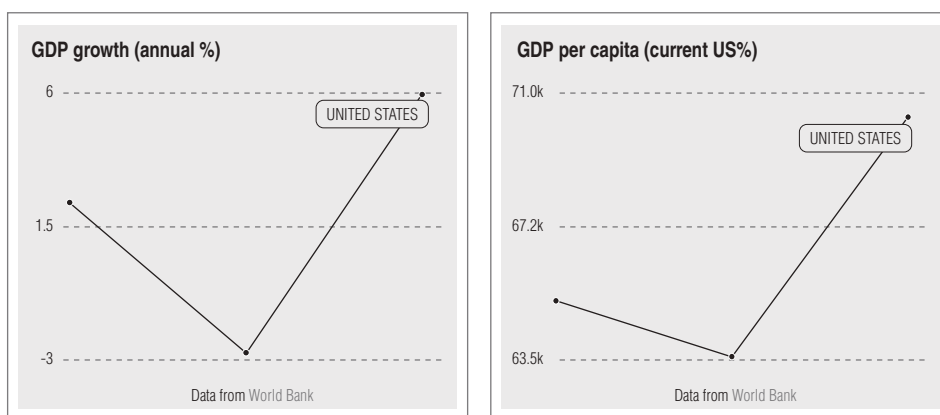
The primary sector of the economy represents about 1.8 % of GDP, and its agricultural sector is highly technician and productive; owing to this country is one of the main producers of corn, soybeans, beef, and cotton, and it also produces fruits and nuts. The secondary sector participated with 15.1 % of GDP, among the most important activities are electrical and electronic machinery, chemicals and industrial machinery, agribusiness sectors, and automotive, likewise, the aerospace and pharmaceutical industry stands out.

Additionally, the tourism sector is important; in 2017 and 2018 the variation of GDP was from 2.3 % to 2.9 % respectively since the recovery of the rhythm of economic activity in the United States. In 2019, going through a global and commercial conflict environment with China, the United States economy slowed down and the variation of GDP was 2.3 %; for 2020 the economy was reduced by 3.4 % due to coronavirus, then in 2021 the recovery was immediate, and recorded a growth of 5.7 %. However, during 2022, the American economy has slowed down due to the inflation increase and economic uncertainty internationally (Oficina de Estudios Económicos, 2023).

Table 1. United States Economic Data (2017-2021)

United States Economic Data					
	2017	2018	2019	2020	2021
Population (million)	325.3	327.0	328.5	331.2	332.2
GDP (USD bn)	19	20	21	21	23
GDP per capita (USD)	59	62	65	63	70
Economic Growth (Nominal GDP, ann. var. %)	4.2	5.4	4.1	-1.5	10.7
Economic Growth (GDP, ann. var. %)	2.2	2.9	2.3	-2.8	5.9
Domestic Demand (ann. var. %)	2.3	3.1	2.3	-2.4	7.0
Private Consumption (ann. var. %)	2.4	2.9	2.0	-3.0	8.3
Government Consumptio (ann. var. %)	0.4	1.7	3.3	2.6	0.6
Residential Investment (ann. var. %)	4.0	-0.6	-1.0	7.2	10.7

Note: Obtained from <https://www.focus-economics.com/countries/united-states>

**Figure 1.** GDP growth (annual %) and GDP per capita (current US\$) of the United States

Note: Obtained from <https://data.worldbank.org/country/united-states>

Promotion Agreement between the Republic of Colombia and the United States of America

The Commercial Promotion agreement between the Republic of Colombia and the United States of America attached letters and their understandings were signed in Washington, on November 22, 2006. The incorporation process

to Colombian internal legislation was supplied by the approval of Law 1143 in 2007 by the Colombian Congress and was complemented by means to the constitutional order of the country; with the same fate, the agreement was signed in Washington on June 28, 2007, and approved by Law 1166, in the same year.

On October 12 of 2011, the United States Congress approved the agreement, a fact that was followed by the sanction of the approval law by President Obama on October 21, 2011. Thus, the stage of regulatory implementation of the Agreement in Colombia was intended to verify that the adjustments are conducted to ensure that the agreement is compatible with its legal system, (Ministerio de Comercio, Industria y Turismo, 2023).

United States Exports



Figure 2. Exports from the United States, (2019-2023)

Note: Obtained from <https://tradingeconomics.com/united-states/exports>

United States Imports



Figura 3. Imports to the United States, (2019-2023)

Note: Obtained from <https://tradingeconomics.com/united-states/imports>

Free Trade Agreement's Positive Impact on Investment: Best Investment Climate

The Free Trade Agreement (FTA) with the United States, in addition to attracting new investments, has generated security and stability for US investors who had allowed him to trust Colombia as an investment destination. During this agreement, the American country gained capital for USD 13,908.5 million, according to the balance of payments report of the Bank of the Republic. According to the Bank of the Republic, during the period from 2012 to 2017, foreign investment flows of the United States in Colombia were USD 13,908.5 million, which was in the first position among all the countries that invest in Colombia.

Based on Foreign Direct Investment Markets, the United States promoted 137 investment projects; twenty-five of these projects correspond to existing business expansion and 112 to new businesses. The initiatives belong mostly to non-mining sectors and are especially concentrated in professional services sectors, software services and information technology, telecommunications services, industrial machinery, and financial and automotive services; the main destinations of American investment were Bogotá, Barranquilla, and Medellín, with 60% of participation (Ministerio de Comercio, Industria y Turismo, 2023).

Brand Name Proposal: Dionisio Drink

Sabajon is the Colombian version of eggnog, it is prepared with brandy or rum and has a creamy and smooth flavor. It is an extremely popular drink at Christmas, but it is also consumed at other special celebrations in the country.

This product will be exported to the United States under the name of Dionysus Drink; this product owes its name to the Greek god of viticulture, who is also considered the god of parties, dance, theater, excesses, and pleasures. Despite having a certain negative character, because it represented chaos and disorder, this brand intends through the exportation of the Sabajon drink, to attract many clients from the North American country, who wish to supply the need of tasting innovative handcrafted drinks, purely Colombian with high-quality standards, at the same time it is expected a project related to the promotion and increase of the liquor industry in Colombia through the slogan of the Greek god.



Figure 4. Brand logo

Note. Own Creation

Justification of the chosen product and country based on marketing research

The departments of Santander and Boyaca are characterized by their privileged geographic location, since their thermal floors favor the diversity of flora and fauna, making them in turn major producers of quality inputs. Santander has thirty-nine thousand hectares planted, followed by Boyaca, which has approximately nineteen thousand hectares of crops, thus supplying a large part of the country, with the agricultural variety being of greater relevance, such as dairy products, eggs, and fruit concentrate, of significant importance for the production of Sabajon.

In addition, during the market study, it has been evidenced that this artisanal beverage is little exploited industrially and it is an exotic, innovative product with great nutritional value due to its ingredients, despite the addition of liquor. On the other hand, the United States has been chosen as the export destination country because it is characterized being a market with a great commercial weight concerning the rest of the world; its large size and the requirements of its system in terms of health, quality, and safety, make the North American market a suitable territory for business growth in a fast and sustainable way in the short and long term.

Likewise, during the last decades this market has been willing to open its commercial borders and welcome new ventures and/or brands of diverse origins, such as businesses coming from Latin America, since within the commercial relations of the Latin American region with the United States there is a tendency of the American consumer and the corporate buyer for what is made in America; these trends allow generating great opportunities for the export of Sabajon, since through the creation of this product it is expected that the Colombian liquor industry can increase its limited production and expand its business, obtaining international customers who value its quality and efficiency and increase its competitiveness in the international market.

Segment Market

In 2020, 70 % of people aged eighteen and older in the United States reported using alcohol in the past year, according to the National Survey on Health and Drug Use. In addition, 24 % of the people reported excessive alcohol consumption, the people who were surveyed, first the women counted that they had four or more drinks, instead, the men had five or more drinks, in the last month, causing acute dysfunction and Chronic brain disease, producing

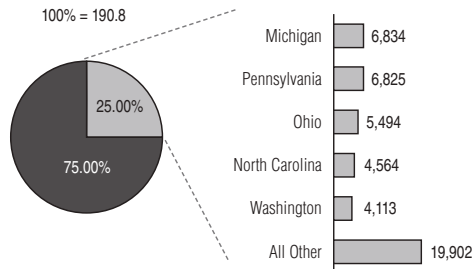
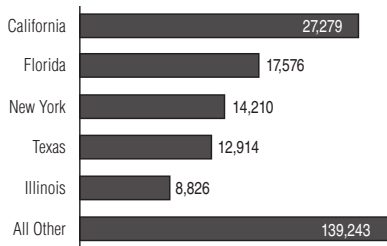
disorders in the central nervous system, presenting alterations in memory and intellectual functions such as calculation, comprehension, and learning.

In 2023 Americans spent more money on mezcal and tequila, for the first time, both spirits made from agave plants, than American-made whiskey. By this year, the category will also have surpassed vodka, making them the most purchased spirits in the us in terms of value, at around \$ 13.3 billion, compared to \$ 12.5 billion for vodka and \$ 12.3 billion for American whiskey, according to research published this week by IWSR.

Prevalence of Alcohol Use: According to the 2019 National Survey on Health and Drug Use (NSDUH), 85.6 % of people 18 years and older reported having drunk alcohol at some point in their lives, 69.5 % reported drinking in the past year, and 54.9 % (59.1 % of men in this age group and 51.0 % of women in this age group) reported having drunk in the past month, (National Institute on Alcohol Abuse and Alcoholism, 2022).

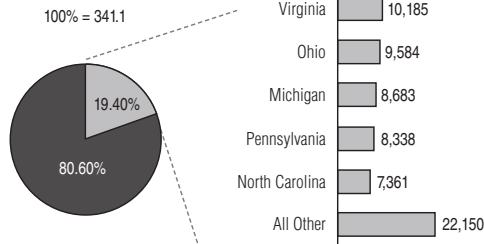
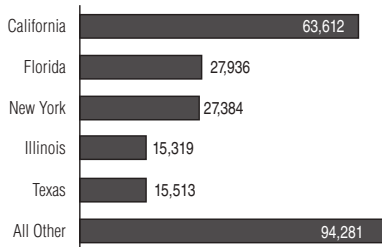
Total Spirits Consumption by State, 2016

Thousand, 9L Cases



Total Wine Consumption by State, 2016

Thousand, 9L Cases



Sources: Beverage Information Group, Park Street Analyses

Figure 5. Total Spirits Consumption by State, 2016

Note. Open States are approximately 80 % of the wine and 75 % for spirits, the remainder are sold into control/monopoly states. The largest markets are California, Florida, and New York.
Obtained from <https://www.parkstreet.com/alcoholic-beverage-market-overview/>

Laws Applicable to Alcohol Consumption by State

All states prohibit providing alcohol to persons under the age of twenty-one, although states may have limited exceptions related to lawful employment, religious activities, or with the consent of a parent, guardian, or spouse. No state provides an exception allowing someone not a family member to provide alcohol to a minor on private property. In addition, several states have laws that state that “social hosts” are responsible for the consumption of alcohol by minors at events held at a venue owned, leased, or controlled by them, regardless of whether the social host supervises—the provision of the alcohol service, (Federal Trade Commission Consumer Advice, 2013).



Figure 6. Alcohol consumption in the United States

Note: Obtained from <https://vividmaps.com/us-alcohol-consumption/>

To purchase alcohol in Florida, you must be 21 years of age or older. If found in possession of alcohol, it is a second-degree misdemeanor for a first offense punishable by a \$ 500 fine and up to 60 days in jail. A second offense is an imprisonment for up to 1 year and a \$ 1,000 fine. Using false identification to purchase or attempt to purchase alcohol is punishable by imprisonment for up to five years and a fine of up to \$ 5,000.

Distribution Plan

The distribution of inputs is derived from the use of physical means to send goods and services to the final customer; the models depend on the nature of the business, type of good and service, and geographical location, therefore, in this research the distribution network that will be used from the city of Bogota until Miami will be through two distributors, which will be located in self-service markets, responsible for large chains such as Walmart and independent self-service and another responsible for distributing to traditional channels bars, restaurants, and hotels. It is necessary to emphasize that the Sabajon will be sent from Bogota (via land approximately 20 hours) to the port of Cartagena through the shipping company called Seaboard to the port of Miami which handles a direct maritime connection, and its transit time is around 5 days with weekly frequency, which indicates that there are 6-7 days for the product to reach Miami, (Legiscomex, 2023).

To export most efficiently, it is important to take into account that any person or company that wishes to import and/or commercialize alcoholic beverages in the United States must obtain the corresponding permits from three organizations: The Food & Drug Administration (FDA), which regulates health standards and food safety measures; the Bureau of Alcohol Tobacco & Firearms (BATF; Natali Lama, 2007) which grants federal import licenses and regulates product labeling; and the State Liquor Control Board, the state agency that grants the license for the state where the products will be distributed and it is also the shipper's responsibility to ensure that a shipment presented to UPS does not violate any U.S. federal, state or local laws. It is the shipper's responsibility to ensure that a shipment tendered to UPS does not violate any U.S. federal, state, or local laws or other regulations applicable to the shipment. Sales taxes are determined on an individual state and city basis; in this case, in Miami, Florida alcoholic beverages pay between \$ 2.25 and \$ 9.53 per gallon, depending on the percentage of alcohol, with the Sabajon product the average combined tax is 7.02 %, (Waters, 2023).

The distribution channel is the critical factor in the entry of Sabajon into the U.S. market since other aspects affect the price and image of the product

depending on its design and quality. The distribution channel to be used with this product is Producers - intermediaries - wholesalers - consumers: this is the longest channel, used to distribute the products and provides a wide network of contacts; for this reason, producers use intermediaries or agents.



Figure 7. Distribution Channels

Note: Own Creation

The following is the technical data sheet for the packaging of Sabajon, which will be shipped in glass bottles since this packaging material is impervious to gases, vapors, and liquids, is hygienic, odorless, does not transmit tastes or alter them, is recyclable and frequently reusable, and is therefore classified as a fragile cargo. It will have a secondary container, also shown on the pallet, it will be shipped in a 20' refrigerated container because this type of alcohol must be at a maximum temperature of 21 degrees given its preparation ingredients such as milk and eggs.





DESCRIPTION	PRIMARY PACKAGING
<p>Glass 250 ml / 4 Units</p> <p>Internal reference: Not applicable</p> 	 <ul style="list-style-type: none">• Type: Glass• Height: 23,9 cm• Length by width: 5 cm x 5 cm• Weight per container (full): 917,5 g
	SECONDARY PACKAGING
	 <ul style="list-style-type: none">• Type: Plastic shrink pack• Units per box: 4• Length: 10 cm• Width: 10 cm• Height: 23,9 cm• Gross weight: 2,06 Kg
	CHOP 120 X 85 CM PALLET ENVELOPE
	 <ul style="list-style-type: none">• Boxes per plant: 77• Plants: 5• Bottles per pallet: 1540• Boxes per pallet: 385• Height (including pallet): 130 cm• Gross weight (including pallet): 334 ± 2,5 Kg

Figure 8. Technical data sheet for the packaging of Sabajon

Note: Own Creation

Conclusión

Luego de haber realizado el compendio de los diferentes trabajos en dos modalidades como lo son los proyectos de investigación formativa y modelos de negocios, fundamentadas en actividades empresariales, se puede concluir que dichos trabajos proporcionan diferentes beneficios a la sociedad en diferentes temas, entre los cuales se puede notar que, en cuanto a la educación financiera, se evidenció su importancia, ya que el mejoramiento de la calidad de vida de los habitantes de Medellín puede darse a través de un manejo adecuado del uso del dinero, inversiones y endeudamiento, mediante programas de formación que las entidades del sector privado desarrollarían con la población. En este sentido, se puede afirmar que la educación financiera promueve la calidad de vida de los individuos, debido a que a través de la educación se logra el cambio de actitudes y comportamiento.

Por otra parte, se pudo observar como las personas cada vez más deben acudir a préstamos de dinero como alternativa para la crisis económica y muchas veces puede ser el detonante de un gran problema, por eso en este libro se ofrece una solución a esta situación, informando que las Fintech brindan préstamos de menor cuantía, lo que beneficia a personas como emprendedores y estudiantes que no cuentan con una vida crediticia activa, evitando los paga diarios. Asimismo, se logró mediante otro PIF concluir que, de forma positiva que la evaluación financiera de una empresa parte de sus estados de financieros, siendo conceptos como Normas de Internacionales de Información Financiera, indicadores de rendimiento del mercado, riesgo de mercado y riesgo país en países emergentes, son un valor agregado.

También, se concluye que la relación comercial entre Colombia y Turquía ha venido fortaleciéndose en los últimos años, sin embargo, se evidenció, que la posible aceptación del TLC entre ambos países ha desencadenado varios retos, pese a esto, las dos naciones han pactado algunos acuerdos de cooperación en áreas, tales como: la agricultura, industria de defensa, turismo y cultura, que han permitido el robustecimiento de la relación comercial y de servicios entre ambos países. De la misma manera, se presentaron modelos de negocios que ofrecen nuevos productos y servicios, evidenciándose la creatividad y conocimiento de los autores de estos modelos, presentando el Orquican es un suplemento alimenticio a base de orquídea; del mismo modo, se ofrece la aplicación de forma gratuita a los usuarios, pero se generará ingresos mediante la venta de publicidad para empresas y servicios relacionados con el cuidado de mascotas; también se cuenta con Solar Set que es una innovadora idea de negocio que ofrece paneles solares a condominios con

un modelo de pago mensual que es igual o menor al que pagan actualmente a empresas de electricidad como Enel Codensa; y por último, El Sabajón que se define como un producto obtenido de la mezcla de leche, huevos y edulcorantes permitidos, con adición de neutros o extraneutros. alcohol etílico rectificado, aguardiente u otros licores y aditivos aprobados por el Ministerio de Salud, para introducirlo en el mercado de los Estados Unidos, siendo este producto una propuesta comercial que permite la promoción de la industria elaboradora de bebidas alcohólicas en Colombia.

Por lo expuesto, puede concluirse de manera general que mediante la aplicación del conocimiento, se pueden lograr soluciones a problemas y crear ideas innovadoras que consolidan la actividad empresarial en el país, siendo una fortaleza que brinda la universidad para alcanzar el éxito de los estudiantes y toda la comunidad universitaria y general.

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