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Shanghai S Machine Trading Company International Expansion Plan

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Master In Applied Management

Supervisor:

Professor Luís Martins, Invited Professor, ISCTE-IUL

August, 2023



BUSINESS
SCHOOL

Department of Marketing, Operations and General
Management

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Abstract

This international expansion plan is designed to give Shanghai S Machine Trading Company multiple viable options to further expand into the international market. Shanghai S Machine Trading Company is a machinery and packaging products trading company, with good product quality and excellent service has entered Portugal, Spain, Chile and other markets.

In order to achieve the proposed objectives, a multi-criteria decision analysis was initially carried out, a series of criteria were developed based on the company's product characteristics and sales preferences, and the target market was identified: Brazil.

Then, the Brazilian market and the machinery sales environment in the Brazilian market are analyzed in detail. Through multi-dimensional analysis, we have learned how Shanghai S Machine Trading Company promotes products in this environment.

After completing all the analysis, an export plan was developed. Finally, the financial analysis after the implementation of the project shows that the company is profitable in the Brazilian market, which has the potential to become one of the company's key markets.

Keywords: International Strategic Management, Machine, Expansion Plan, Multiple Decision Criteria Analysis, Brazil Market

JEL codes: M1-Business Administration; M16- International Business Administration

Resumo

Este plano de expansão internacional foi concebido para dar à Shanghai S Machine Trading Company múltiplas opções viáveis para se expandir ainda mais no mercado internacional. A Shanghai S Machine Trading Company é uma empresa comercial de máquinas e produtos de embalagem, com boa qualidade de produto e excelente serviço que entrou em Portugal, Espanha, Chile e outros mercados.

Para atingir os objetivos propostos, inicialmente foi realizada uma análise de decisão multicritério, desenvolvida uma série de critérios com base nas características do produto e preferências de vendas da empresa e identificado o mercado alvo: o Brasil.

Em seguida, o mercado brasileiro e o ambiente de vendas de máquinas no mercado brasileiro são analisados detalhadamente. Através da análise multidimensional, aprendemos como a Shanghai S Machine Trading Company promove produtos neste ambiente.

Após concluir todas as análises, foi desenvolvido um plano de exportação. Por fim, a análise financeira após a implementação do projeto mostra que a empresa é lucrativa no mercado brasileiro, que tem potencial para se tornar um dos principais mercados da empresa.

Palavras-chave: Gestão Estratégica Internacional, Máquina, Plano de Expansão, Análise de Múltiplos Critérios de Decisão, Mercado Brasil

Códigos JEL: M1-Administração de Empresas; M16- Administração de Negócios Internacionais

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1. Introduction

Shanghai S Machine Trading Company is a developing small and medium-sized enterprise in China, whose main business is selling packaging products and machines. Since the implementation of China's reform and opening up policy in 1978, a number of economic and technological development zones have gradually emerged in major coastal cities, and industrial products have also been greatly developed, and China has gradually become the world's factory. Shanghai S Machine Trading Company relies on its Chinese factory to sell packaging products and packaging machines to foreign customers. Therefore, the selection of sales regions and sales strategies has become a key issue for the company. How to select the market and what strategies to carry out sales activities in the selected market? The answer will be found in this thesis.

The structure of this project is as follows: Chapter 1 introduces the research purpose and background; Chapter 2 conducts a literature review to provide a theoretical foundation for the study; Chapter 3 explains the used research methods; Chapter 4 introduces the company general information; Chapter 5 selects the market, analyses the market and make the strategy for the market; Chapter 6 decides the implementation of strategy and support measures; Chapter 7 presents the final conclusion of this study.

2. Literature Review

2.1. Strategic Management

The theory of strategic management originated from the United States in the 20th century. It sprouted in the 1920s, formed in the 1960s, gained great development in the 1970s, was neglected in the 1980s, and was valued again in the 1990s. From the process of the development of strategic management theory, people's understanding of strategic management has experienced a tortuous process. (Wenku, 2021)

Strategy, as defined in the Concise Encyclopedia Britannica, is the science and art of using military means to achieve war ends. In 1965, the famous American strategic management scientist Ansoff began to use the term strategic management in his book *Business Strategy*, which extended strategy from the military field to economic management activities. (Ansoff, 1965) In addition, Michael Porter, professor of Harvard Business School in the United States, the world's highest authority on competitive strategy, wrote *Competitive Strategy, Competitive Advantage and National Competitive Advantage*, and called the *Competitive Advantage* trilogy. Porter's five forces to consider in competitive strategy have very important implications. (Porter, 1979)

2.2. International Strategic Management

2.1.1. Development, Motivation, Advantage of International Strategy

After the 1990s, the economic pattern of the world has undergone great changes. In this process, the theory of strategic management has developed correspondingly. But before that, British economist Adam Smith put forward the theory of free trade, the core of which is that free trade can make both parties involved in trade gain trade benefits, and this theory has been the core theory of international trade.(ADAM SMITH,1776) While the British and American economies were developing rapidly, China was slow and fell into forced trade after the Opium War in the late Qing Dynasty. After China was founded in 1949, the proportion of foreign trade in GDP increased year by year under the background of gradual opening-up policy. After China joined the WTO in 2001, enterprises entered the era of all-round development. Under the broad environment and policies, many enterprises set their eyes on the farther and broader international market.

China is a developing country, and enterprises in developing countries are motivated by the following four factors:

- 1) Seek market;
- 2) Seek efficiency; Two aspects of the driving factors: one is the maternal economic costs,

especially labor costs; Second, the competitive pressures faced by companies in developing countries are pushing them to expand globally.

3) Seek resources;

4) Seek ready-made assets. The main motivation is to acquire existing assets such as brand resources, advanced technology and management experience in developed countries.(Gaudun CPA Institute, 2019)

Economic management advantages of enterprises in developing countries mainly focus on the following three points:

1) Greater potential for job creation;

2) Technology and business models are close, which means that beneficial connections and technology uptake are more likely;

3) More new investment can be used in the entry mode. (Gaudun CPA Institute, 2019)

2.2.2. Four Types of International Strategy

After figuring out the motivation of the enterprise's global operation, we should consider which countries to enter, where to segment the market, and choose the type of international strategy according to the enterprise's size and product characteristics. Generally speaking, there are four types of international strategies (Dongao Education Group, 2018):

1. International Strategy:

International strategy refers to the strategy that an enterprise transfers its valuable products and skills to foreign markets in order to create value. When most enterprises adopt internationalization strategy, they transfer differentiated products developed in their home countries to overseas markets to create value. In this case, enterprises have to stay in their home countries to develop products and set up marketing agencies in overseas markets. If the core competitiveness of the product is strong, it is very advantageous for the enterprise to adopt international strategy. However, if the local market demands products and services based on local conditions, it is not appropriate for companies to adopt such a strategy.

2. Multi-country localization strategy:

Multi-country localization strategy means that enterprises provide products and services that better meet the needs of local markets according to different countries and markets. This strategy is to transfer the production technology to the target market, which has a high-cost structure and is difficult to obtain benefits. In addition, the implementation of this strategy will make each foreign subsidiary too independent, and the enterprise may eventually lose its control over the overseas subsidiary.

3. Globalization Strategy:

Globalization strategy is to promote standardized products and services to the world market, and concentrate production and management activities in the destination country, so as to form economies of scale and gain profits. This strategy is mainly to achieve cost leadership. It is advantageous for enterprises to adopt a global strategy if their products are under great pressure and there is less special demand for local products and services. However, it is not suitable in the market where local specialties are required.

4. Transnational Strategy:

Transnational strategy is a strategy to form the cost benefit and location benefit based on experience, transfer the special competitiveness within the enterprise and pay attention to the needs of the local market under the circumstances of fierce global competition. In order to avoid competitive pressures in the external market, the relationship between the parent company and the subsidiary company is two-way. Not only does the parent company provide products and technologies to the subsidiary company, but the subsidiary can also provide products and technologies to the parent company. The salient characteristic of transnational strategy is the diversification of business operations and the diversity of markets.

2.3. International Marketing

International marketing refers to the trade activities in which enterprises provide products or services to foreign customers according to the needs of foreign customers and finally obtain profits. Such international business behavior is not only influenced by the development of world economy and technology, but also by the political, social, cultural, legal and other marketing environment of the target market country or region. Therefore, the meaning of international marketing also evolves with the change and development of society. Before World War II, international marketing was dominated by export sales of products; After the World War II, with the enhancement of capital internationalization activities, developed countries expanded their foreign investment and directly organized production and sales overseas. Such overseas investment and production behavior was also included in the scope of international marketing. (Dongao Education Group, 2023)

2.3.1. Development of International Marketing Theories

In the 1960s, Professor Jerry McCarthy first proposed the 4P theory, namely Product, Price, Place and Promotion, in his book *Marketing* (first edition, published around 1960). Once the

theory was put forward, It becomes the basic operation method of enterprise marketing. The 4P theory provides a framework for enterprise marketing planning from the perspective of enterprise. In 1986, Philip Kotler published "Mega Marketing" (KOTLER, 1986) in the Harvard Business Review (March/April). He came up with the concept of "Big marketing," which was to add two Ps to the original 4Ps : " Political Power "and" Public Relations. "He believed that companies now had to master two other skills. One is Political Power. That is to say, a company must know how to deal with other countries and understand the political situation of other countries in order to effectively promote its products to other countries. The second is Public Relations. Marketers must understand public relations and know how to establish a good image of their products among the public.(KOTLER, 1986) Professor Robert Lauterborn, an American marketing expert, proposed the 4C theory corresponding to the traditional 4Ps in 1990. It resets the four basic elements of the marketing, namely Consumer, Cost, Convenience and Communication,(ROBERT LAUTERBORN, 1990) based on consumer demand. It emphasizes that enterprises should first put the pursuit of customer satisfaction in the first place, then try to reduce the purchase cost of customers, and then pay full attention to the convenience of customers in the purchase process, rather than from the perspective of enterprises to decide the sales channel strategy, and finally should take the consumer as the center to implement effective marketing communication.

2.3.2. Advantages and Risk of International Marketing

The only difference between the definition of domestic marketing and international marketing is that international marketing activities are carried out in more than one country, which illustrates the complexity and diversity of international marketing activities.

The advantages of international marketing mainly focus on the following four points(MBALIB, 2021):

- 1) Help enterprises find new markets. The market for some products is close to saturation in the domestic market and development opportunities can be found abroad. In addition, more favorable production conditions can be found overseas. Some multinational companies even put forward the idea of "producing products where the cost is low". Their goal is to gain revenue and market share on a global basis.

- 2) It is beneficial for enterprises to introduce advanced technology. By selling products in exchange for foreign currency, they can be used to introduce advanced foreign technologies.

- 3) Help enterprises to improve production technology and management level. As the competitors in the international market are stronger than those in China, enterprises must use

international standards to carry out international marketing, so that the quality of products, packaging and service can reach the international level.

4) Help to protect the export market and the supply of raw materials. If companies can open factories in target markets, they can take advantage of local policies to protect their products.

In the implementation of international marketing activities, enterprises also need to consider the risks they will suffer, among which the biggest risk is cultural risk. Enterprises need to pay attention to regional cultural risk, aesthetic risk, racial superiority risk, and religious risk. (MBALIB, 2021)

2.4. Machinery Manufacturing Industry

Machinery industry is also known as "machinery manufacturing industry" or "machine manufacturing industry". There are broad and narrow sense. Machinery industry in a broad sense refers to all metal cutting machine tools to engage in related industrial production of the industrial sector. The narrow sense of machinery industry refers to the manufacture of machines, today most are understood from the narrow sense. At present, the machinery industry generally includes mining equipment, agricultural machinery, power machinery, metallurgical equipment and other manufacturing industries.(Wiba, 2021)

2.4.1. Machinery Manufacturing Industry Main Research

The level and scale of machinery manufacturing industry is one of the important symbols to measure the level of science and technology and economic strength of a country. Internationally, some machinery manufacturing developed countries, government agencies, research institutes, universities, enterprises from various fields to carry out research, their research results have been in the forefront of the international. At present, the machinery manufacturing industry focuses on the following studies:(Yin Linbo, 2006)

1. Strengthen the strategic position study of machinery manufacturing industry

In the early 1990s, U.S. President Bill Clinton proposed that "manufacturing is still the economic foundation of the United States" to "promote the development of advanced manufacturing technology", and gave substantial and strong support to manufacturing and industrial technology, so that the competitiveness of the U.S. manufacturing industry has been continuously improved. The Japanese government has always regarded the manufacturing industry as a strategic industry, and some scholars have put forward the idea of "saving Japan

by manufacturing". Since the 1970s, the Japanese government has put forward the strategy of "mechatronics", which closely combines mechanical technology and electronic technology, so that the Japanese machinery manufacturing industry has changed.

2. Strengthen study on the development strategy of the manufacturing industry

From the perspective of macro development strategies, the development strategies of the four governments of the United States, Japan, Britain and Germany mainly include: the privatization strategy of manufacturing enterprise property rights, the development strategy of encouraging small and medium-sized enterprises, and the talent strategy of manufacturing enterprises. From the perspective of the development strategy of manufacturing enterprises, they focus on the core of "competitive advantage", enhancing the ability of product development, innovation and management.

3. Strengthen the study of industrial division of labor

Developed countries have formed a certain division of product according to national conditions. Many countries have positioned the machinery industry as the basis of manufacturing industry, and formed absolute advantages in specific fields, becoming the world's leading.

4. Strengthen study on the development of core competencies

Developed countries further develop in machinery manufacturing and vigorously develop technology and products with independent intellectual property rights.

5. Strengthen the study of industrial transfer

Developed countries focus on developing core businesses and gradually transfer products and technologies to developing countries.

6. Strengthen the study of manufacturing cluster development

The theory of industrial cluster was created by Michael Porter, an expert in the field of competitive strategy from Harvard Business School in the 1990s.(MICHAEL PORTER, 1990) It refers to sharing facilities and environment, reducing the cost of information exchange and logistics, and forming competitiveness in a specific field. If a country's manufacturing industry wants to gain competitive advantages, it is not enough to rely only on its own global large enterprises, but also need to take root in the global small and medium-sized enterprises, so that the manufacturing industry cluster development.

3. Methodology

3.1. Research Objective

The ultimate objective of this thesis is to select the next international market for Shanghai S Machine Trading Company in the process of internationalization, and then make an implementation plan according to the characteristics of the market after selecting the market. In the early stage of selecting the market, we did a lot of research and analysis. In order to carry out the analysis, we have completed the collection of primary and secondary data. The primary information comes from the Employees Questionnaire Survey of Shanghai S Machine Trading Company and from the Interviews with the most important supplier of Company. Secondary data comes from both internal and external sources. The internal secondary data mainly comes from the internal files of Shanghai S Machine Trading Company. And external data comes from the web pages of government and authoritative organizations.

By interviewing employees of the Shanghai S Machine Trading Company, we can get the working procedures of current employees of Shanghai S Machine Trading Company and know which overseas market company’s business has entered.

Secondary data is the key data to analyze the subsequent internationalization process. Through government and authoritative websites, we can understand the GDP of the intended international overseas market and the degree of policy convenience, so that we can identify a lighthouse for Shanghai S Machine Trading Company in the vast market like the sea and lead the company to internationalization.

Table 1. Data Sources

Data	Source
Primary data	Employees Questionnaire Survey
Secondary data	Internal: Shanghai S Machine Trading Company’s files External: IMF Governmental websites GlobalEDGE COFACE Doing Business The World Bank

Source: the author, 2023

3.2. Overview of Research Methods

This paper starts with the actual operation and international demand of Shanghai S Machine Trading Company, and makes a detailed analysis of the primary and secondary data under the guidance of relevant theories of international strategy and international marketing. Research and specify internationalization strategies suitable for the current situation of Shanghai S Machine Trading Company. The methods used in this paper are:

(1) Literature research methods: Extensively consulting literature, grasp the latest trends of international strategies, and collect relevant data.

(2) Interview method: Through in-depth interviews with enterprise managers and suppliers.

(3) Analysis and synthesis method: a multi-criteria approach.

The methods used for each section are as follows:

(1) Literature research methods

On the work begins with Literature Review. In this chapter we went through literature references to find the theory suitable for the theoretical framework of our internationalization strategy. This part uses the literature research method.

(2) Interview method

The research design employed in this study is primarily qualitative in nature, as it focuses on gathering in-depth insights from multiple perspectives within the organization. Semi-structured interviews were conducted with the CEO, management team, and key suppliers of Shanghai S Machine Trading Company. This approach allows for a comprehensive understanding of various stakeholders' perspectives and experiences related to the company's international expansion.

The participants for this study were selected based on their roles and involvement in the internationalization strategy of Shanghai S Machine Trading Company. The CEO, management team members, and key suppliers who have a significant impact on the company's international operations were chosen as participants. The selection of participants ensures a diverse range of insights and perspectives.

3.3. Semi-Structured Interviews

Semi-structured interviews were conducted with the CEO, management team members, and key suppliers to explore the pros and cons of the internationalization strategy. The interview questions were designed to cover various aspects, including the motivation behind

internationalization, market selection criteria, entry mode choices, challenges faced, and the impact of internationalization on the company's performance. The interviews were audio-recorded with the participants' consent to ensure accurate capture of responses.

The audio recordings of the interviews were transcribed verbatim. The transcriptions were carefully reviewed to ensure accuracy and completeness. Personal identifiers were anonymized to maintain participant confidentiality.

To enhance the validity and reliability of the findings, data triangulation was performed by comparing and contrasting the perspectives obtained from the CEO, management team, and key suppliers. This triangulation approach provides a more comprehensive understanding of the internationalization strategy and its implications for Shanghai S Machine Trading Company.

Ethical considerations were carefully addressed throughout the research process. Informed consent was obtained from all participants prior to the interviews. Confidentiality and anonymity were maintained by removing any identifying information from the transcriptions. The study complied with the ethical guidelines and regulations for research involving human participants.

We then focused on the company internal analysis.

3.4. Population and Sample

This study interviewed three people based on the questionnaire. The three interviewees are the CEO of Shanghai S Machine Trading Company, the management staff of the company and the supplier representative. The interview of the CEO of Shanghai S Machine Trading Company took place at the Shanghai office on June 6, 2023. The manager is the head of the Sales Department, and the interview took place in the Shanghai office on July 27, 2023. The interview to the supplier representative took place on July 13, 2023 at the office of Zhejiang.

3.5. Market Selection: Multi-criteria Analysis

The research design employed in this study is primarily quantitative, focusing on the analysis of secondary data. The study involves a multi-criteria analysis to select countries for international expansion. Secondary data sources, such as reports, databases, and publications, are utilized to gather information on various criteria relevant to the country selection process.

A comprehensive set of criteria relevant to the country selection process for international expansion is identified. These criteria may include market size, growth potential, economic stability, political environment, cultural fit, competitive landscape, regulatory factors, logistical considerations, and infrastructure, among others. The selection of criteria is based on a thorough

review of existing literature, industry reports, and expert opinions.

Secondary data sources are utilized to collect information on each criterion. These sources may include reputable databases, governmental reports, international organizations' publications, industry reports, and academic studies.

About weight assignment, Weights are assigned to each criterion based on their relative importance in the country selection process. The weighting process involves a consensus-driven approach, which included consulting with key decision-makers within the organization and subject-matter experts. The weights reflect the company's priorities and strategic objectives for international expansion.

About data evaluation, the collected data for each criterion is evaluated according to predetermined scales or benchmarks. Quantitative indicators, such as market size, GDP growth rates, and ease of doing business rankings, are used to assess each criterion. The data is analyzed and standardized to ensure comparability across different countries.

A suitable multi-criteria analysis method is employed to aggregate the evaluated data and generate a ranking or scoring system for country selection. The chosen method provides a systematic and objective approach to consider the relative importance of criteria and make informed decisions.

Ethical considerations are addressed by ensuring that all the collected secondary data is properly referenced and attributed to its original sources. Compliance with copyright laws and intellectual property rights is maintained throughout the data collection and analysis process.

4. Company Information

4.1. Shanghai S Machine Trading Company Information

Shanghai S Machine Trading Company founded in August 2018, the office is located in Shanghai Pudong New Area, the main business is the international trade of printing and packaging products, such as cartons, paper cups, etc., in addition to the international trade of printing and packaging machines, such as paper cup making machines, paper bag making machines, offset printing machines. Since its establishment in August 2018, the company has first focused on the development of packaging products for customers, and has achieved initial success, products are exported to Portugal, Spain, the United States, Bolivia and other South American regions.

At the beginning of 2019, realizing the purchasing strength of foreign customers of production types, and the profit of machinery trade is higher than that of packaging products, the company began to develop machinery trading business. After a year of efforts, the company's paper bag machine and paper cup machine appeared in the factories of customers in Portugal, Spain, South America and other countries to serve customers. After the outbreak of the Covid-19, due to the weakening of customers' purchasing power, the machinery business has gradually shrunk, but it still maintains the purchase volume before the epidemic. After the epidemic situation tended to calm down, the company began to promote the machinery business again, hoping that the company's machinery business could occupy advantages in multiple regions and win the favor of customers, thus improving the company's operating income.

4.2. Mission, Values, Vision

With the mission of "creating value for customers" and adhering to the values of "competition, service and passion", Shanghai S Machine Trading Company strives to serve customers and achieve the vision of "being strength supplier of printing and packaging machinery".

The company's mission is to "create value for customers", customers buy machines, increase customers' production capacity, and create industrial value.

The values of the company are "competition, service, passion", the company expects to be able to compete with peers, to provide customers with thoughtful service, and always have the passion of sales.

The company's vision is to become a strong supplier of printing and packaging machinery, to serve more customers in the next five years, to become a strong supplier.

4.3. Products and Sales Model

The business of Shanghai S Machine Trading Company is divided in two stages . Initially for environmental protection packaging products, later gradually turned to packaging machinery products.

In 2018, when the company was just established to choose products, it first considered the characteristics of low-value products, short procurement cycle, high buyback frequency, and quickly brought profits to the company, so it chose the first type of products, environmental protection packaging products. Once such products were launched, they were quickly recognized by customers. It really boosted the company's business in the short term. However, this simple packaging product, there are countless factories in China to produce the same products, it is cheaper to buy directly from the factory than from a trading company. In addition, the raw material of packaging products is paper, and China's paper products, because of the country's export restrictions, the price of paper raw materials is high, sometimes a ton of paper is more expensive than in Europe, high raw material prices will lead to high product prices, after customer purchase, plus freight, import taxes in the destination country. Thus there is no price advantage in the customer market.

Due to reduced price advantage and fierce competition in the industry, at the beginning of 2019, the orders of new customers for packaging products increased less, and the buyback of old customers also gradually decreased. Shanghai S Machine Trading Company realized that it may need to change the product, which is better than the previous packaging boxes, paper cups and so on. The profit margin should be larger, the competitiveness of peers should be less, the customer of this kind of product should more dependent on sales, in contrast, the choice of packaging production machinery.

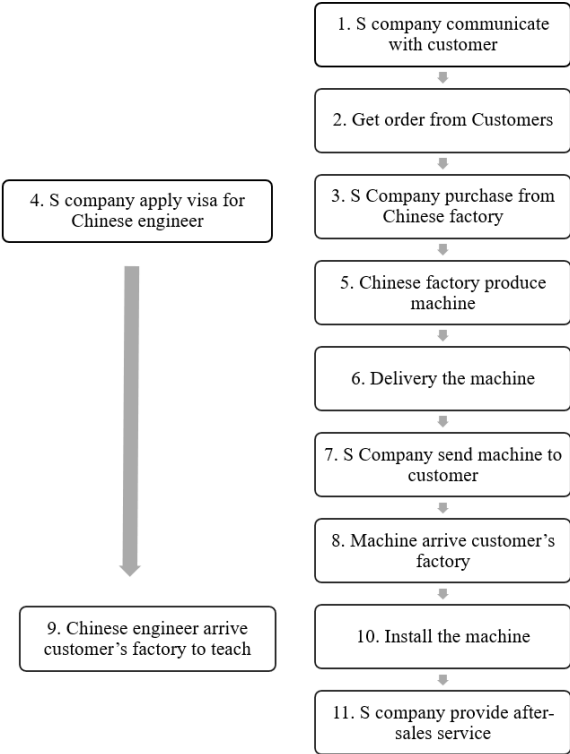
Machines are not simple products, such as the company's flagship product, paper bag making machine, from the feeding of materials, folding the paper, gluing the sides, cutting the bag, to the collection of finished products, need five or six steps, each step requires tedious mechanical movement process, sales need to explain the details and principles to customers, as well as take care of installation and maintenance problems., In the process of communication with customers, Sales with professional knowledge and quality service to conquer customers, customers also have a special after-sales person, leading to a great connection between customers and sales. In addition, the mechanical product, because of its complexity, the unit price is also high, and the profits brought to the company are also very objective.

Because of the considerable profits and high connection between sales and customers, the company is now shifting its focus to mechanical products. The sales mode of Shanghai S

Machine Trading Company is online sales, which sends product information to customers by email. After the customers confirm the purchase order, the Shanghai office will send the order to the factory in China for machinery production, and then ship it to the customer's factory before the customer receives the goods. The engineer will apply for ticket and visa to ensure that when the machinery arrives at the customer's factory, the Chinese engineer can be on site in time to guide the installation and operation of the machinery. When customers meet the problems, after-sales staff will communicate with customers and factory, organize video teaching, after-sales staff should also deal with mechanical parts orders.

The working flow chart is as follows:

Table 2. Working Flow Chart



Source: The author, 2023

5. Market Selection

5.1. Market Selection

In order to make a choice, we visited the senior management of Shanghai S Machine Trading Company to understand their preferences on the market and the rationale behind them. For to the interview, we excluded the markets where paper bag making machines have been exported, such as Spain, Portugal, Mexico, Chile, etc. We narrow it down to countries that are considered emerging markets. The company believes that these countries, which are considered to be emerging markets, should generally have a considerable population, in the target market, there is a large number of paper bag products demand, so that after customers buy paper bag making machines, the products produced can create turnover for customer factories in the domestic market.

Emerging markets are markets with gradually improved market economic system, higher economic development speed and greater market development potential. The Morgan Stanley Capital International (MSCI) classifies 24 countries as emerging markets countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Russia, South Africa, Thailand, Turkey, Taiwan, South Korea, Greece, Qatar, United Arab Emirates, Pakistan. Five emerging markets - Brazil, Russia, India, China and South Africa - are known as BRICS. (Investopedia, 2022)

From the 21 emerging countries listed, China and Taiwan are producers of machinery products, Mexico and Chile are already international markets of our company, so these four countries and regions are excluded. The remaining 20 countries and regions are screened by GDP ranking and population ranking. The screening process and results are as follows:

Table 3: Market Selection

Step	Selection standard	Country or City
1. Market identification	Emerging Country	Brazil, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Malaysia, Peru, Philippines, Poland, Russia, South Africa, Thailand, Turkey, South Korea, Greece, Qatar, United Arab Emirates, Pakistan
2. Preliminary selection	GDP per capita Take the first 8 places from largest to smallest	Brazil, Czech Republic, Hungary, Malaysia, Poland, Russia, Turkey, South Korea
3. Secondary Selection	Population Take the first 4 places from Largest to smallest	Brazil, Russia, Turkey, South Korea

Source: The author, 2023

According to the ranking of GDP per capita and population size, the first round of market

selection was conducted and four candidate countries were obtained. Then, by analyzing the market attractiveness and competitiveness, we can further select the countries that are in line with the company's development and product market.

There are many factors that affect the attractiveness of the market, such as: market size, market growth, buying power of customers, etc. There are also many factors that affect competitiveness, such as: Market share, marketing ability and capacity, products fit to market demands, etc

Table 4. Factors of Market Attractiveness and Competitive Strength

Market/Country Attractiveness	Competitive Strength
Market size (total and segments)	Market share
Market growth (total and segments)	Marketing ability and capacity (country specific know-how)
Buying power of customers	Products fit to market demands
Market seasons and fluctuations	Price
Average industry margin	Contribution margin
Competitive conditions(concentration, intensity, entry barriers, etc)	Image
Market prohibitive conditions (tariff/non-tariff barriers, import restrictions, etc)	Technology position
Government regulations(price controls, local content, compensatory exports, etc)	Product quality
Infrastructure	Market support
Economic and political stability	Quality of distributors and service
Psychic distance (from home base to foreign market)	Financial resources
	Access to distribution channels

Source: Jorge Correia, 2022

We can evaluate the market attractiveness of Brazil, Russia, Turkey and South Korea from the perspectives of market size, market growth, competitive intensity and political risk in multiple dimensions. These four factors are considered equally influential, so they each account for 25% of the weight.

We can evaluate the market competitive strength of Brazil, Russia, Turkey and South Korea from the perspectives of demands, price, technology position, quality of service in multiple dimensions. These four factors are considered equally influential, so they each account for 25% of the weight.

In the following table, we score the nation market according to current situation, and this situation is corresponding to the machine market.

In the dimension of Market attractiveness, in Brazil, both market growth and buying power are growing steadily. Russia currently scores less for political risk because of the war. Turkey scored Less for its Less competitive intensity due to its advanced technology in the machinery sector, and less for its political risk due to the unstable exchange rate of the US dollar. South

Korea scored Less for its Less competitive intensity because of its advanced industrial equipment.

In the dimension of Competitive strength, Brazil now needs machines to revitalize its industry, so machine products are really meeting their demands. With the current war situation in Russia, we cannot go to the factory to provide the service of machine installation. The price of local machines in the Turkish market is very advantageous, so the score is low in terms of price. South Korea's machine technology is advanced, and China's machine technology position in this market will be relatively low.

Table 5. Brazil Market Attractiveness and Market Competitive Strength

Market attractiveness	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Market growth				4		25%	1
Buying power			3			25%	0.75
Less Competitive intensity				4		25%	1
Political risk			3			25%	0.75
Note						100%	3.5

Competitive strength	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Products fit to market demands					5	25%	1.25
Price				4		25%	1
Technology position				4		25%	1
Quality of service				4		25%	1
						100%	4.25

Source: The author, 2023

Table 6. Russia Market Attractiveness and Market Competitive Strength

Market attractiveness	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Market growth		2				25%	0.5
Buying power		2				25%	0.5
Less Competitive intensity			3			25%	0.75
Political risk	1					25%	0.25
Note						100%	2

Competitive strength	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Products fit to market demands			3			25%	0.75
Price				4		25%	1
Technology position			3			25%	0.75
Quality of service		2				25%	0.5
						100%	3

Source: The author, 2023

Table 7. Turkey Market Attractiveness and Market Competitive Strength

Market attractiveness	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Market growth			3			25%	0.75
Buying power			3			25%	0.75
Less Competitive intensity	1					25%	0.25
Political risk	1					25%	0.25
Note						100%	2

Competitive strength	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Products fit to market demands			3			25%	0.75
Price		2				25%	0.5
Technology position		2				25%	0.5
Quality of service			3			25%	0.75
						100%	2.5

Source: The author, 2023

Table 8. South Korea Market Attractiveness and Market Competitive Strength

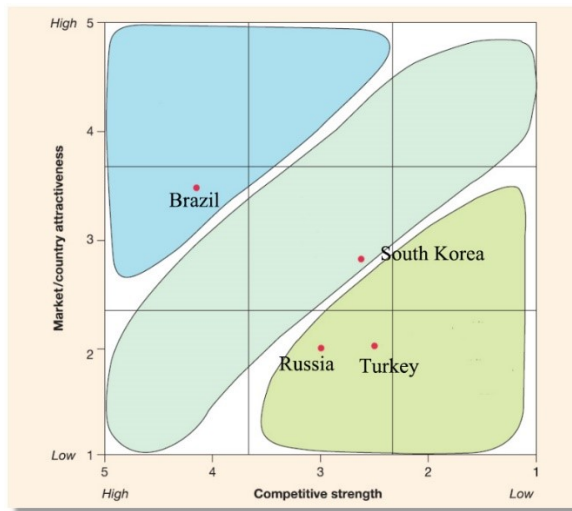
Market attractiveness	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Market growth		2				25%	0.5
Buying power			3			25%	0.75
Less Competitive intensity		2				25%	0.5
Political risk			3			25%	0.75
Note						100%	2.5

Competitive strength	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Products fit to market demands			3			25%	0.75
Price			3			25%	0.75
Technology position		2				25%	0.5
Quality of service			3			25%	0.75
						100%	2.75

Source: The author, 2023

The scores of Market attractiveness and Competitive strength of Brazil, Russia, Turkey and South Korea are obtained through multiple dimensional factors and listed in the image. It is not difficult to see that Brazil is in the upper area. In other words, the multi-dimensional analysis shows that Brazil is a suitable market for Shanghai S Machine Trading Company.

Chart 1. Analysis of Market Attractiveness and Competitive Strength



Source: Jorge Correia, 2022

5.2. Analysis of Brazil Market

5.2.1. Brazil General Information

The Federal Republic of Brazil has a total land area of 8,510,300 square kilometers, is the largest country in South America, ranking fifth in the world, the country is divided into 26 states and 1 federal district, the capital Brasilia. In October 2022, Brazil has a population of 215 million. Brazilian culture has multi-ethnic characteristics, Brazil as a national melting pot, there are immigrants from Europe, Africa, Asia and other regions.

Brazil was once inhabited by Indians. On April 22, 1500, the Portuguese navigator Pedro Alvarez Cabral arrived in Brazil. It became a Portuguese colony in the 1530s. After several regime changes, Brazil gained independence from Portugal in 1822. It was not until 1989 that Brazil held its first general election by direct popular vote.

Brazil's economic strength ranks first in Latin America and 12th in the world. Agriculture and animal husbandry are developed, the industrial foundation is strong, and the financial industry is relatively developed. Brazil's GDP in 2021 is R \$8.7 trillion, with a per capita GDP of R \$40,688 and an economic growth rate of 4.6%. (Baik, 2023).

5.2.2. Political Analysis

Brazil is a federal republic. The country has 26 states and the Brasilia Jurisdiction. The 1988 Constitution gives the federal government supreme executive, legislative and judicial powers. The current federal government was formed on January 1, 2023 and is headed by Brazilian President Luiz Inacio Lula da Silva.

Both in terms of land area and economic strength, Brazil ranks first in Latin America. At the beginning of the 21st century, Latin American countries formed a political consensus and made two breakthrough attempts: one was the establishment of the Union of South American Nations, and the other was the establishment of the Community of Latin American and Caribbean States (CELAC), which became an important platform for dialogue with non-regional powers. However, between 2019 and 2022, the government led by ex-president Jair Bolsonaro withdrew from the Union of South American Nations. As a result, Brazil's ability to engage in cross-regional dialogue has shrunk.

After Lula's return, Brazil once again returned to the diplomatic principles of strategic autonomy and multilateralism. For example, Lula attaches great importance to the construction of defense systems in South America, aiming to balance the security hegemony of the United States in South America. Therefore, after Lula's return, he will not only slow down security cooperation with the United States, but also oppose American power. (Research group of Institute of Latin American Studies of Chinese Academy of Social Sciences, 2023)

Since the beginning of the 21st century, Brazil and China, as two emerging powers on the rise, have withstood severe tests such as the international financial crisis and the impact of the COVID-19 pandemic and maintained an efficient cooperation tempo. On April 13, 2023, Brazilian President Luiz Inacio Lula da Silva visited China for the fifth time and led a huge delegation of more than 240 business representatives. The important topic of this time is the economic and trade development between China and Brazil, focusing on the topic of Brazil's

joining China's "Belt and Road". (Weilan, 2023)

It is worth mentioning that from March 29, 2023, China and Brazil officially reached an agreement to use local currency for settlement in foreign trade, according to the content of the agreement, the next two countries in the trade exchanges, can adopt local currency settlement, that is, the direct exchange of RMB and Real, no longer necessarily use the US dollar as the intermediate currency. The resolution reduced reliance on the US dollar and greatly facilitated Brazil's import of Chinese goods. (Paper.cn, 2023)

5.2.3. Economical

From the perspective of Brazil's economic history, there is a significant positive correlation between the growth of national wealth and economic globalization. At the beginning of the 21st century, in the stage of rapid economic globalization, the size of Brazil's economy quadrupled from 2002 to 2011. Per capita GDP grew at an average annual rate of 2.7% between 2006 and 2010, well ahead of high-income economies. But since 2011, Brazil has experienced a decade of sustained economic downturn, with the size of the economy shrinking by 38.5% between 2011 and 2021 and GDP per capita shrinking by 43.2%. In addition, the share of Brazil's global exports in manufactured goods fell from 0.74% in 2000-2009 to 0.66% in 2010-2019, while the share of agricultural exports increased from 3.90% to 5.11%.

Taking the GDP value of Brazil in the past five years, it was 192,000 billion dollars in 2018, fell to 187,000 billion dollars in 2019, continued to decline in 2020, becoming the lowest point in the past five years, 148,000 billion dollars, and showed an upward trend from 2021 to 2022. From 165,000 billion dollars to 192,000 billion dollars. In this case, we can foresee the trend of continuous increase in GDP in 2023. (IMF, 2022)

Table 9. Brazil GDP From 2018-2022 (in billion USD)

Year	2018	2019	2020	2021	2022
Brazil	192,000	187,000	148,000	165,000	192,000

Source: IMF datasets, 2022

In the same period, the purchasing power in the country, which is measured through the GDP (nominal) per capita shows the purchasing power of the people. Taking the per capita GDP of Brazil in the past five years, it was 9,190 US dollars in 2018, fell to 8,910 US dollars in 2019, fell to the lowest point in nearly five years, 6,970 US dollars in 2020, began to rise in 2021, and continued to rise in 2022, which can be predicted that the per capita GDP will continue to increase in 2023. This trend can be seen from 2021 when the recovery, Brazilians purchasing power will increase accordingly. (IMF, 2022)

Table 10. Brazil GDP Per Capita From 2018-2022 (USD)

Year	2018	2019	2020	2021	2022
Brazil	9190	8910	6970	7750	9000

Source: IMF datasets, 2022

At the same time, we checked the GDP data of Argentina, which is also in South America and also a member of Mercosur.

Table 11. Argentina GDP 2018-2022 (in billion USD)

Year	2018	2019	2020	2021	2022
Argentina	524,43	451,82	389,06	486,7	632,24

Source: IMF datasets, 2022

The GDP in Argentina, in 2018, it was 524,43 billion US dollars, in 2019 it dropped to 451,82 billion US dollars, in 2020 it dropped to the lowest point of 389,06 billion US dollars, in 2021 it began to rise, rising to 486,7 billion US dollars, and in 2022 it continued to rise to 632,24 billion dollars.

Table 12. Argentina GDP Per Capita 2018-2022 (in USD)

Year	2018	2019	2020	2021	2022
Argentina	1040	1030	943.29	1090	1230

Source: IMF datasets, 2022

The GDP per Capita in Argentina, in 2018, it was \$1,040, in 2019 it dropped to \$1,030, in 2020 it dropped to the lowest point at \$943.29, in 2021 it began to rise to \$1,090, and in 2022 it continued to rise to \$1,230.

Over the five years, GDP and GDP per Capita in Brazil and Argentina are the same, both bottoming out in 2020 and starting to pick up in 2021. According to IMF forecasts, both figures will continue to rise through 2023. Based on this continuously rising figure, it can be seen that in 2023, Brazil's economy will be better.

5.2.4. Social Analysis

Brazil is a melting pot of nationalities with significant ethnic and cultural differences. The south is mostly of European descent, it can be traced back to immigrants from Italy, Germany, Poland, Spain, Ukraine and Portugal in the early 19th century. The people of the north and northeast are partly indigenous and partly of European or African descent. The southeast region is home to

the most widespread ethnic distribution of Brazil, with white (mainly Portuguese and Italian) mestizos, Afro-Brazilian mestizos, and Asian and Indian descendants.

Brazilian culture has a strong Latin American characteristics, very amorous, popular music and dance fashion (such as: samba) mostly from the folk, mainly influenced by African descent. Every February, Carnival is an internationally renowned carnival, and many of the parade performances are about the social environment or events happening around them at that time.

In terms of social etiquette in Brazil, from the perspective of national character, Brazilians show two main characteristics in the way they treat people. On the one hand, Brazilians like to talk straight and say what they have. On the other hand, Brazilians are mostly lively, humorous and playful in interpersonal communication.

The official language of Brazil is Portuguese. Spanish and English are the main foreign languages.

5.2.5. Technological

From scientific exploration to technological invention, and then to the realization of the industrialization of technology, is the basic idea of the formulation of science and technology development policies in the world. In 1951, Brazil established the National Research Council, the highest decision-making body for science and technology, which clearly put forward the basic principle that science and technology serve the country's economic and social development, determined to use science and technology to meet the growing material and cultural needs of the Brazilian people, and improve the country's scientific and technological capabilities and international competitiveness.

Brazil has formulated a plan for scientific and technological development and substantially increased investment in science and technology. At the beginning of the 21st century, the Brazilian government launched key planning and promotion plans for the development of science and technology in several fields, increasing human, material and financial investment in science and technology year by year.

Brazil's industrial system is relatively complete, and its strength ranks first in Latin America. Industrial output in 2019 was R \$1.30 trillion, accounting for 17.8% of GDP. Industrial output grew 3.9% in 2021. The main industrial sectors are: iron and steel, automobiles, shipbuilding, petroleum, cement, chemical industry, metallurgy, electric power, construction, textile, shoemaking, papermaking, food and so on. The manufacturing of civil regional aircraft and the biofuel industry lead the world. Since the mid-1990s, pharmaceuticals, food, plastics, electrical appliances, communication equipment and transportation equipment and other industries have

developed rapidly, while footwear, clothing, leather, textile and machinery industries have shrunk.

Among them, in the construction machinery technology industry, the latest data of the Brazilian Machinery and Equipment Industry Association shows that the production of machinery and equipment in Brazil increased by 18% to 20% in 2021. In the first half of 2021, the machinery and equipment production industry earned R \$100.2 billion. Industry production in the first six months of 2021 increased by 40% year-on-year. According to the industry association, investment in the industry reached 7 billion reais in 2021, an increase of 32% compared to 2020. (Baike, 2023)

On the one hand, the number of self-produced machinery in Brazil continues to rise, and on the other hand, Brazil encourages its enterprises to import foreign machinery and equipment.

5.2.6. Environmental Analysis

Brazil is bordered by the South Atlantic Ocean to the east and other South American countries to the north and south. Located in southeastern South America. Brazil is the largest country in South America, accounting for about 46% of the total area of South America, 80% of the land is located in the tropical region, plus within the Amazon, Parana and San Francisco river system. The number, length and volume of rivers make Brazil rich in minerals, land, forests and water power. The forest coverage rate reached 62%, and the timber reserves were 65.8 billion cubic meters, accounting for one-fifth of the world's total. It is rich in water resources and has 18% of the world's fresh water. (Baike, 2023)

The Brazilian Government established the Ministry of the Environment, which is mainly responsible for the protection and restoration of the environment, the sustainable use of natural resources, and the implementation of sustainable development policies. Over the years, a number of laws and regulations have been issued for environmental protection and sustainable development. For example, timber exports were regulated in 2005 to protect Brazil's native tree resources. (Ministry of Commerce of The People's Republic of China, 2009)

5.2.7. Legal Analysis

Brazil is a country with a separation of powers, its constitution stipulates that the Congress exercises legislative power, the government headed by the President exercises executive power, and the Federal Supreme Court exercises judicial power. The Congress of Brazil is the highest legislative body of Brazil, consisting of the National Assembly and the Senate in a bicameral parliament. (Baike, 2023)

In terms of imports and exports, the Brazilian Foreign Trade Council is the highest decision-making body of Brazil's foreign trade policy, and the Ministry of Economic Affairs is the executive department of foreign trade policy. The Federal Tax Administration of Brazil is the competent department for customs affairs, under the Ministry of Economy, responsible for the development and implementation of customs policies, the collection of duties and the implementation of customs control systems. The Central Bank of Brazil is the regulator of foreign exchange.

Brazil's legal system on international trade consists of customs decrees, tariff rules, import regulations, export regulations and provisions on trade remedy measures. The relevant laws have been amended and supplemented many times on the original basis.

According to the information published on the website of the Presidential Office of Brazil, the current regulations related to foreign trade in Brazil include: the Commercial Code, namely Law No. 556 of 25 July 1850 (LEI N° 556, DE 25 DE JUNHO DE 1850) and its amendment act. The Customs Administration Act, namely Decree No. 1343 of 23 December 1994 (DECRETO N° 1.343, DE 23 DE DEZEMBRO DE 1994) and its amendment Act. (Ministry of Commerce of The People's Republic of China, 2023)

5.2.8. Machine Market in Brazil

According to the economic report issued by the Ministry of Commerce of the People's Republic of China in November 2020, the report said that "Brazil's machinery and equipment imports in the first 10 months of 2020 fell by 10% year-on-year", and the economic report in July 2021 pointed out that "Brazil's machinery and equipment imports in the first half of 2021 increased by 12% compared to the same period in 2020". China surpassed the United States to become the largest source of imports of Brazilian machinery and equipment.

Brazil's "Economic Value" reported on December 23 that Jose Velloso, executive chairman of the Brazilian Machinery and Equipment Industry Association (ABIMAQ), said that in the first eleven months of 2021, the cumulative revenue of the machinery and equipment industry increased by 23.9% to 204.2 billion reais.

Velloso expects that in 2022, despite the outlook for Brazil's domestic economic environment, the machinery and equipment industry should not be affected. This is because, in addition to the primary industry sectors such as agriculture, metals and energy, a large number of infrastructure projects will be launched, and sales in this sector are likely to grow by 15%.

According to UN COMTRADE, Brazil's import data for all goods were searched for the five years from 2018 to 2022.

Table 13. Brazil's Import Data from 2018-2022

Period ↑↓	Trade Flow ↑↓	Reporter ↑↓	Partner ↑↓	2nd Partner ↑↓	Customs Desc ↑↓	Transport Mode ↑↓	Commodity Code ↑↓	Trade Value (US\$) ↑↓
2022	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	\$292,343,725,728
2021	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	\$234,690,442,199
2020	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	\$166,336,211,575
2019	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	\$193,162,004,038
2018	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	\$192,840,115,910

Source: UN Comtrade, 2023

In 2018, Brazil's total imports from the world were US \$19.2 billion, rising to US \$19.3 billion in 2019, falling to the lowest point in the past five years in 2020, the total imports were US \$16.6 billion, and began to rise from 2021 to 2022, from US \$23.4 billion continued to rise to US \$29.2billion.

Brazil's imports in 2022 mainly came from the following ten countries:

Table 14. Main Suppliers of Brazil in Import 2022

Main Suppliers	2022 Year
China	23.2%
United States	18.6%
Argentina	4.7%
Germany	4.6%
India	3.3%
Russia	3.0%
South Korea	2.0%
Italy	2.0%
Japan	2.0%
Mexico	1.9%

Source: Santandertrade, 2023

In the subdivision of machinery market, we can take HS code to locate the machinery category of products imported from Brazil. The HS code was developed by the International Customs Council and is known as the Harmonization Code System (HS-Code), for international

use. The HS CODE consists of 98 chapters in 22 categories and 84 chapters is machinery, including Nuclear Reactors, Boilers, Machinery and Mechanical appliances. Parts thereof.(Flexport, 2023)

Table 15. Brazil Machine Import Data from 2018-2022

Period ↑↓	Trade Flow ↑↓	Reporter ↑↓	Partner ↑↓	2nd Partner ↑↓	Customs Desc ↑↓	Transport Mode ↑↓	Commodity Code ↑↓	Trade Value (US\$) ↑↓
2022	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	\$36,260,503,101
2021	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	\$31,332,245,015
2020	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	\$24,414,770,054
2019	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	\$27,004,843,844
2018	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	\$24,815,128,854

Source: UN Comtrade, 2023

The rise and fall of Brazil's imports of machinery from 2018 to 2022 is the same as the rise and fall of total imports over the five years. Brazil's total machinery imports in 2018 were 2.4billion US dollars, rising to 2.7billion US dollars in 2019, falling back to the lowest point in five years in 2020, only 2.4billion US dollars, and continuing to grow in 2021 and 2022, from 3.1billion US dollars. Grew to \$3.6million.

Santandertrade has also produced an index of rising imports from Brazil over the next three years, based on the continuing upward trend in GDP.

Table 16. Brazil Import Forecast From 2024-2026

Forecast	2024	2025	2026
Value of imports(Annual % Change)	1.0	1.3	2.4

Source: Santandertrade, 2023

5.3. Strategy for Brazil Market

5.3.1. Entry Mode

In order to define a strategy for the Brazil market, we have to define the best way to enter the country. (Jorge Correia, 2022)

The entry mode choice is usually a combination of two major dimensions:

- The control dimension
- The investment intensity dimension

The relationship between Control dimension and Investment Intensity Dimension is like below chart.

Chart 2. Entry mode



Source: Jorge Correia, 2022

As can be seen from the figure above, when the Intensity of investment is low and the control is also low, the company is better to enter by the mode of Agent, Licensing and Distribution. On the other hand, if the intensity of investment is high and the control is high, The best way for a company to enter the market is to set up wholly owned subsidiary with greenfield investment or set up absolute majority joint venture.

As a small and medium-sized enterprise, Shanghai S Machine Trading Company is unable to make a large amount of investment in Brazil, and Brazil is far away from China. When visiting the customer's factory, due to financial constraints, the Shanghai headquarters cannot often travel between the Chinese and Brazilian customer's factories. Combining the above two points, a reliable agent or distributor is a good choice. The best entry mode for Shanghai S Machine Trading Company is to find a local agent in Brazil market.

5.3.2. Segmentation and Targeting

Shanghai S Machine Trading Company must first determine which customers we want to serve, by deciding to operate in segments instead of serving the whole market, company will be able to deliver value to consumers at maximum profits.

Business Market need to be segmented like consumer markets geographically or by benefits sought, user status, usage rate, and loyalty status. There are 5 bases to decide business market

segmentation.

Chart 3. Five Bases of Business Market Segmentation



Source: Iedunote, 2023

According to 5 bases of business market segmentation, we choose the base related to the machines of Shanghai S Machine Trading company.

Table 17. Shanghai S Machine Trading’s Segmentation and Targeting

Segmentation	Targeting
Industry	Package selling retail shop Printing factory Package making factory
Company Size	Small and Medium
Location	S Paulo Rio Janeiro
Technology	Package making
Size of order	Small

Source: The author, 2023

The machine is not FMCG, and the value and production cycle time are greater than most products. Shanghai S Machine Trading Company's targets are Brazilian packaging and printing enterprises and factories, or those who want to switch from cost packaging retailing to manufacturing.

For Brazilian printing enterprises, including Brazilian carton printing enterprises or factories, book printing enterprises or factories, Shanghai S Machine Trading Company can provide adagio printing machines, ink printing machines and after-sales services.

For Brazilian packaging enterprises, such as paper bag manufacturers and carton manufacturers, Shanghai S Machine Trading Company can provide them with corresponding paper bag production machines, carton forming machines and supporting after-sales services.

Brazilian printing and packaging retailers, such as bookstores and paper bag finished products, can manufacture their own products in the case of increased end customers, transforming from retailers to manufacturers, so that they can not only master the production cycle, but also get the most finished products at a lower cost.

Customer's company can be small and medium, it is better to be located in Sao Paulo and Rio de Janeiro, as the big cities have convenient transportation, so that the agent of Shanghai S Machine Trading Company can visit the customer easily. After the machine arrives at the customer's factory in the later stage of procurement, the engineer dispatched by the company can arrive soon. In terms of technology, if customers understand the production process and steps of making the product, they can better understand the working process of the machine. The number of machines purchased can start from a small number, and customers will choose to continue purchasing after opening the market.

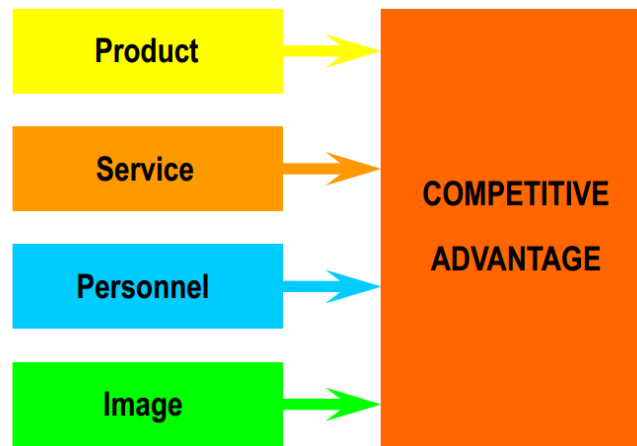
5.3.3. Positioning

The best positionings are always simple and clear. Customers have little time (or interest) in remembering details about a product or service.(Rui Vinhas da Silva, 2022)

Positioning is what the sales do to the mind of the prospect. That is Shanghai S Machine Trading Company position the product in the mind of the prospect.

Shanghai S Machine Trading Company need understand the differentiation advantages of products and services. The differentiation advantages exist in product, service, personnel and Image.

Chart 4. Differentiation Advantages



Source: Rui Vinhas da Silva, 2022

Shanghai S Machine Trading Company's machines have several advantages: fast production speed, stable operation, flexible customization. In terms of service, the company responds quickly to customer inquiries or problems encountered. In terms of employees, for the Brazilian market, the company has employees who can speak Portuguese, which reduces the difficulty of communication. In terms of image, the machines selected by the company have entered other markets in South America, making customers more confident in the machines. The combination of these four aspects makes Shanghai S Machine Trading Company more competitive, will form the positioning: high quality of machine and high quality of service.

5.3.4. Product

The characteristics of Shanghai S Machine Trading Company's existing two series of products. The initial packaging products have the characteristics of short procurement cycle, frequent repurchase, low profit and easy loss of customers, while the later mechanical products have the characteristics of large profit, strong customer stickiness and long procurement cycle. Combined with the company's leaders' business planning and sales targets, focusing on mechanical products is a good choice.

The company's mechanical products are divided into two categories, the first category is printing machinery, such as offset printing machine, flexo printing machine; The second category is packaging machinery, such as paper bag making machine, paper cup making machine, carton making machine and so on.

Table 18. Shanghai S Machine Trading Company's Machine product

Shanghai S Machine Trading Company Product Series	
Printing machines	Package making machine
Offset printing machine	Paper bag making machine
Flexo printing machine	Paper box making machine
Digital printing machine	Paper bowl making machine
Screen printing machine	Paper tray making machine
	Paper cup making machine

Source: The author, 2023

Plastic bags are widely used in daily life because of their convenience and strong performance, such as shopping bags in supermarkets. In Brazil, from June 26, 2019, in accordance with government regulations, supermarkets in Rio de Janeiro stopped supplying plastic bags and replaced them with bags made of recyclable and environmentally friendly materials. (Nitahara, 2019). After the entry into force of Law No.17, 110/19, which prohibits the supply of plastic straws, Law No. 17, 261/20, which prohibits the distribution of plastic disposables in commercial establishments in Sao Paulo starting next year, 2021.(Eduardo Ferreira, 2020). With the increasingly stringent legislation banning plastics, the packaging market for environmentally friendly materials is gradually increasing. The paper bag making machines have great potential in the market. Shanghai S Machine Trading Company also has a good relationship with Chinese factories, and can obtain machines with stable quality and low price from factories. Food paper bag making machine, as the ace product of Shanghai S Machine Trading Company, is also the main product in this international strategic planning.

Customers generally like to hang their product logo on the Machine, so Shanghai S Machine Trading Company's paper bag machine does not have a fixed logo. The machine picture is as follows:

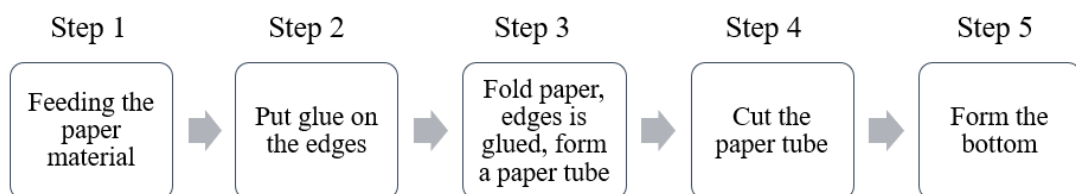
Illustration 1. Food Paper Bag Making Machine



Source: The author, 2023

To get a complete food paper bag, the food paper bag machine needs to go through five steps, the first step is feeding the material, paper roll, the motor rotates the paper roll, the paper roll input machine. The second step is to apply glue to the edges of the paper. The third step is to fold the paper, the paper goes into the press wheel, gluing the edges. The fourth step is to cut the paper tube. The fifth step is to fold the end of the paper tube and apply glue to form the bottom. After these five processes, we will get a complete food paper bag. This food paper bag will go into supermarkets, shopping malls, for bread, candy and so on.

Chart 5. Paper bag product flow



Source: The author, 2023

5.3.5. Price

In order to determine the price, the first thing we did was to determine the benchmark of the price. We selected a basic common model, a standard model, and this Machine can make food bags with the same specifications. We compared the prices of Shanghai S Machine Trading Company's supplier and their competitors in the international market.

Table 19. Price comparison of different manufacturers

Factory	Zhejiang factory	Jiasu factory	Shanghai S Machine Trading
Price(USD)	114,000	149,000	120,000

Source: Chinese factory quotation, 2023(the name of the factory is replaced by the province where the factory is located.)

As can be seen from the table above, the machines sold by Shanghai S Machine Trading Company are at a medium price, which can also be applied to the Brazilian market.

In addition, the market demand is diverse, standard models are used in the production of most food paper bags, but can not cover the production needs of special bags. For example, the bread bags displayed in the supermarket, most of the bags are not all covered with paper, and some bags have a window, which is sealed with film, so that consumers can see what the bread in the bag looks like at a glance. This bag is produced by a non-standard paper bag machine.

The production process of this window is not simple, it is necessary to add three steps in the standard food paper bag machine: die-cutting paper, smearing glue, pasting film, adding these three processes, the operating system, control system, electrical system, etc. of the entire machine should be adjusted and improved correspondingly. So every wonderful idea on the bag, a handle, a window, needs to count the adjustments made on the machine to implement that idea. This is called a custom machine. Depending on customer requirements of bags, the price of custom food paper bag machine will be 30% to 50% higher than the standard machine.

After the above price analysis, the price of our food paper bag machine will enter the Brazilian market by skimming strategy. At this price, we are able to achieve the best quality of machines and after-sales service.

5.3.6. Place

Brazilian industry is mainly distributed in the southeast region, the advantages are:

1. The southeast of Brazil is densely populated and provides ample labor for industrial development.
2. The southeast region is rich in iron ore and coal resources, which provide enough raw materials for industrial development.
3. The southeastern region is close to Sao Paulo and Rio de Janeiro, with convenient maritime transportation

Illustration 2. The industrial map of Brazil is as follows:



Source: Wikipedia, 2023

The largest industrial city in Brazil is Sao Paulo. Shanghai S Machine Trading Company can start from Sao Paulo and slowly penetrate into other potential industrial cities. Shanghai S Machine Trading Company will contact customers through agent, visit customers, and make customers familiar with the company's products.

5.3.7. Promotion

In terms of product promotion, the company will use both online and offline channels. Online channel, through Google search, online store, laying products, detailed product introduction. Offline channels, the company will pay attention to the machinery exhibition held in Brazil, and communicate with customers face to face at the exhibition, so that customers have a more profound understanding of the company's products.

6. Implementation of Strategy of Strategy and Support Scheme

6.1. Company Sales Target

In the last chapter, we analyzed the economy, policies, legislation and other conditions of the Brazilian market, as well as the advantages and positioning of the paper bag making Machine of shanghai S Machine Trading Company. With the previous interviews with the CEO and management team of the company, We learned about the company's expectations for the Brazilian market. The company hopes that after the implementation of the internationalization strategy, it can enter the Brazilian market, get stable customers in the first year, and then the turnover of the second and third years can increase by 200%.

Table 20. Sales Target in Brazil Market

Year	Number of intended customers	Number of machines sold	Amount of machinery sold	increased percentage	Share of Brazilian market in total company sales
2024	5	1	US \$120,000	/	8%
2025	10	2	US \$240,000	200%	14.3%
2026	20	4	US \$480,000	200%	22.2%

Source: Interview of Management team of Shanghai S Machine Trading Company, 2023

The company not only wants to truly sell products to the Brazilian market, but also hopes to build up the image of the company, so that when customers use the machine, they will praise the quality of the machine, have confidence in the company's service, and have dependence on the company, thus creating stickiness between the company and customers. Well, Shanghai S Machine Trading Company can achieve the vision of "being strength supplier of printing and packaging machinery".

6.2. Implementation Form

In this chapter we will develop the implementation of our strategy in the Brazilian market. Therefore, I have made a four-years plan, which is detailed into each step of the business. Through this table, we can clearly know which stage of the internationalization process we are in and what our employees will do in each stage. The third chapter of this article is also a part of this schedule, which is in the early analysis stage.

Shanghai S Machine Trading Company In any market, things to do are: market research, make sales plan, search agent, search customers, connect with customers, get order from customers, purchase from supplier, apply visa for engineer, provide installation service, provide

after-sales service, participate exhibition, do results assessment in final.

Table 21. Implementation of Year 2023

	2023					
	Q3			Q4		
Month	7	8	9	10	11	12
Market Research						
Make Sales Plan						
Search Agent						
Search Customers						
Connect with Customers						
Get order from Customers						
Purchase from Supplier						
Apply Visa for Engineer						
Installation Service						
After-Sales Service						
Participate Exhibition						
Results Assessment						

Source: The author, 2023

Shanghai S Machine Trading Company adopts the entry mode of agent to enter the Brazilian market. One reason for adopting this mode is that the company itself is a small and medium-sized enterprise without sufficient economic ability to establish overseas branches or overseas offices; on the other hand, The Brazilian agent will be more familiar with the Brazilian market, and it will be easier to visit and investigate the customer's factory. In the negotiation stage, the agent will be more familiar with the Brazilian business communication mode and reduce the culture cross.

Shanghai S Machine Trading Company will choose some machinery trading companies as agents, this type of company has import qualifications, familiar with import documents and import steps, in addition, machinery trading companies familiar with some mechanical theories, faster and easier to grasp the selling points of paper bag making machine. In order to avoid competition between agents, leave enough market for internal sales people, at the beginning, one agent is enough. In order to protect the consistency of machine prices in the Brazilian market, the company will unify the market prices, and the company will yield profits to the agent company and give the agent preferential prices. Shanghai S Machine Trading Company can also sell machines directly to target customers at the same price as the market price.

Shanghai S Machine Trading Company will complete the market analysis in July 2023, and complete the specific sales plan in August and September. The sales plan will detail the sales steps and appoint the sales manager in Brazilian market. In the last quarter of 2023, Shanghai S Machine Trading Company will start to find suitable Brazilian machinery companies as sales agents. During the same period, the Chinese sales staff will search customers within the target customer range as reserves. At the end of the year, the sales staff will summarize the development work of the Brazilian market, and the management assessed the progress and quality of the sales staff's work, and fine-tuned the work plan according to the specific problems.

Table 22. Implementation of Year 2024

	2024											
	Q1			Q2			Q3			Q4		
Month	1	2	3	4	5	6	7	8	9	10	11	12
Market Research												
Make Sales Plan												
Search Agent												
Search Customers												
Connect with Customers												
Get order from Customers												
Purchase from Supplier												
Apply Visa for Engineer												
Installation Service												
After-Sales Service												
Participate Exhibition												
Results Assessment												

Source: The author, 2023

The work in 2023, market research, customer search and agent search are all preparatory work for entering the Brazilian market. In 2024, we will start to communicate with customers and let them know about the machines of Shanghai S Machine Trading Company. According to the fine-tuning plan at the end of 2023, start the work of 2024, the selection of agent will be determined at the end of the first quarter, which can be extended appropriately, because the sales staff in China are also promoting the sales work in the Brazilian market.

After 6 months of sales work in the first quarter, the second quarter, the first machine order may be received in July, the order will start in July, the machine production will be completed in August, the machine will arrive at the customer's factory in October, Chinese engineers can

finish the installation and training of machine in November, and then the after-sales staff will take over the machine after-sales maintenance work.

Table 23. Implementation of Year 2025

	2025											
	Q1			Q2			Q3			Q4		
Month	1	2	3	4	5	6	7	8	9	10	11	12
Market Research												
Make Sales Plan												
Search Agent												
Search Customers												
Connect with Customers												
Get order from Customers												
Purchase from Supplier												
Apply Visa for Engineer												
Installation Service												
After-Sales Service												
Participate Exhibition												
Results Assessment												

Source: The author, 2023

In 2025, it is expected to receive customer orders in February and July. The order in February will be delivered in March and will arrive at the customer's factory in May, then, Chinese engineers will arrive at the customer's factory for assembly and teaching. The order in July will follow the same steps and time arrangement as order in 2024. The machine that will be received in July, the production of the machine will be completed in August, and the machine will arrive at the customer's factory in October, Chinese engineers will arrive at the customer's factory for assembly and teaching. It is worth mentioning that after the first paper bag making machine begins to land in production in customer's factory in 2024, after-sales staffs will carry out uninterrupted after-sales service, including solving machine's problems, replace the spare parts and so on.

The year 2025 will be the second year that Shanghai S Machine Trading Company officially enters the Brazilian market in its internationalization. After accumulating and closing customers in 2024, the company will have a certain amount of potential customers in hand. In this year, it's time for the senior management of the company to visit the local cooperation agent in Brazil. While visiting the agent, we can visit important potential customers. Through meeting with

customers, they can deepen their impression of Shanghai S Machine Trading Company, build trust and increase the probability of successful orders.

In addition, from March 24 to 28, 2025, a plastic industry Exhibition will be held in Sao Paulo, Brazil - Plastico Brasil Exhibition (Julie Alvaro, 2023), the exhibition will display plastic products, plastic packaging product, plastic manufacturing related machines and so on. In line with the trend of environmental protection, there will also display paper-plastic products, paper-plastic packaging products, paper-plastic related machines on display. This is also an opportunity for Shanghai S Machine Trading Company to understand whether the Brazilian market desire for mechanical products.

Table 24. Implementation of Year 2026

	2026											
	Q1			Q2			Q3			Q4		
Month	1	2	3	4	5	6	7	8	9	10	11	12
Market Research												
Make Sales Plan												
Search Agent												
Search Customers												
Connect with Customers												
Get order from Customers												
Purchase from Supplier												
Apply Visa for Engineer												
Installation Service												
After-Sales Service												
Participate Exhibition												
Results Assessment												

Source: The author, 2023

In January of each year, the specific plan will be adjusted according to the changes in the previous year's work. The 2026 sales plan will be adjusted according to the problems encountered by employees and agent in the Brazilian market in 2025. According to an interview with the CEO and management team of Shanghai S Machine Trading Company, the sales target of paper bag machines in 2026 is set at four. 3 sets orders are expected to be placed in January, May and August respectively, and Chinese engineers will provide customers with machine installation and machine operation teaching services after the paper bag making machine arrives at the customer's factory in April, August and November. Throughout 2026, the after-sales

service staff of Shanghai S Machine Trading Company will continue to provide after-sales service for the machines of 2024 and 2025. The fourth machine will sell in exhibition.

April 3-5, 2026, Sao Paulo, Brazil to host a printing and packaging exhibition: ExpoPrint & ConverExpo, ExpoPrint & ConverExpo Latin America has established itself as the largest and main event for graphic arts in Latin America, showing every 4 years what is most modern in technology for pre-press, printing, packaging and finishing. It is a worldwide reference event, whether by number of visitors or by volume of business generated in the days it takes place. (Expoprint, 2023)

This exhibition is the perfect stage for the display of paper bag making machine by Shanghai S Machine Trading Company. The company will send a paper bag machine to Sao Paulo to participate in the exhibition, the operation of the machine can attract a large number of customers, and the machine can be sold to Brazilian customers at a low price at the end of the exhibition.

6.3. Support Scheme

After formulating the international strategy implementation plan, the company needs to specify a specific plan of supporting to ensure the effective implementation of the strategy.

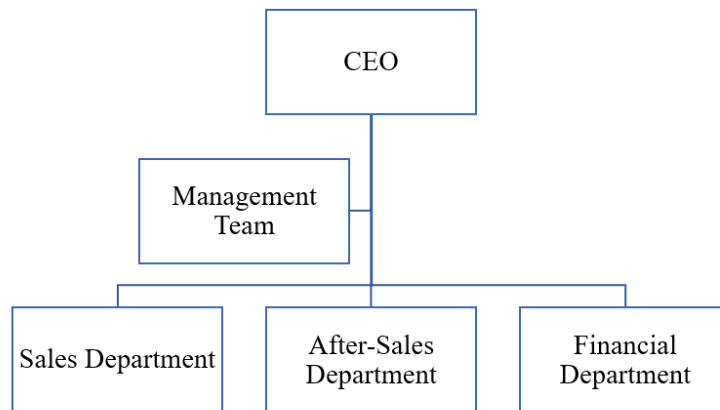
6.3.1. Company System Support

The internationalization process of Brazil market of Shanghai S Machine Trading Company consists of two paths. The first is that company employees to search for customers online, contact customers and sell. The second is to cooperate with local machinery trader in Brazil, and the local machinery trader in Brazil visit customers as agents, contact customers, and sell. Then there is a difference between the management system of company employees and the management of agent in Brazil.

(1) Company employee

Shanghai S Machine Trading Company is composed of management department, sales department, after-sales department and financial department.

Table 25. Company Structure



Source: The author, 2023

The company has set up a salary incentive system, and the salary of the company's employees consists of two parts: basic salary and sales commission. The basic salary increases year by year with the employee's years of working in the company, and the sales commission rises in step according to the increase in sales amount. The sales amount is less than 10,000 US dollars, the commission is 2% of the sales amount. Sales of US \$10,000 - US \$50,000, commission will be 3% of sales amount; Sales of \$50,000 the commission is 4% of sales amount. Earn sales commission according to different range will enhance the work enthusiasm of the company's employees.

(2) Agent cooperation system

As the local agent in Brazil is an independent Company, the relationship between the local agent and Shanghai S Machine Trading Company is not a superior and subordinate relationship, but a cooperative relationship. Brazil agent can get the preferential price of Shanghai S Machine Trading Company paper bag machine.

6.3.2. Human Resource Support

The products sold by Shanghai S Machine Trading Company are machines, and the service of machines is divided into two parts, one is the early sales service, and the other is the later installation and after-sales service. In both segments, staffing is usually 2:1, that is, two sales for one after-sales person.

The company will set up a special Brazilian Marketing Department in the sales department. The Brazilian Marketing Department will be equipped with two sales people, and the after-sales department will assign one person to do after-sales service in the Brazilian market. The

management team of the company, as the human resources department, will select an experienced employee from the sales team. In addition, the management team will recruit a new employee from the talent market to join the Brazilian sales team. In the recruitment of new employee, who can speak Portuguese will be preferred. In addition to developing the Brazilian market by itself, the Brazilian Sales Department also need to cooperate with the Brazilian agent.

The installation is done by an engineer assigned by the machine supplier.

6.3.3. Production Plan

The paper bag making machine is produced by the supplier of the Chinese factory. The Brazilian sales department will place the order in time, pay attention to the delivery date, check the production progress in the middle period of production, and go to the factory to check the quality and accept the machine in person at the end.

6.3.4. Financial Plan

6.3.4.1. Financial Statement

After the implementation of Internationalization in Brazilian Market, we need to know the result. Based on the targets set for 2023-2026, we have listed the income statements of companies for this period.

Table 26. Profit & Loss Statement in 2023-2026

In USD Dollar	2023	2024	2025	2026
Sales income	0	120,000	240,000	480,000
Total income	0	120,000	240,000	480,000
Machine purchase cost	0	-84,000	-168,000	-336,000
Others:				
Employee cost	-11,760	-28,224	-28,224	-28,224
Bonus cost	0	-4,800	-9,600	-19,200
Business travel cost	0	0	-5,882	-5,882
Exhibition cost	0	0	0	-14,705
Total Cost	-11,760	-33,024	-43,706	-68,011
EBITDA	-11,760	2,976	28,294	75,989
EBITDA IN %	0%	2.48%	11.79%	15.83%
Tax(5%)	0	-148.8	-1414.7	-3799.45
Net profit	-11,760	2827.2	26879.3	72189.55
Net profit in %	0%	2.35%	11.19%	15.4%

Source: The author, 2023

In this table, in term of employee cost of Brazil sales team, according to the company's salary structure, the new salesman is \$1,176 per month, another salesman is other marketing management staff, with a salary increase of \$588, and one after-sales employee is concurrently served by other marketing after-sales service staff, with a salary increase of \$588. Starting from August 2023, including the monthly salary of the three people, a total of five months, employee salary cost 11,760 US dollars. From 2024 to 2026, 3 members of sales in 12 months of work per year will cost \$28,224. In the previous entry mode chapter, we mentioned that the company's entry mode into the Brazilian market is to find distributor. We have two sales staff in the Brazilian market, one is to handle inquiries sent back by distributor, the other is to sell online in China, and the contact information is handed over to distributor in the Brazilian market for deeper contact. We need to control some of our customers in the hands of the Chinese company in preparation for the next step of opening an office with the local distributor, or if the distributor is no longer willing to cooperate with us, we can personally handle the existing customers in the Brazilian market immediately. The sales quantity of machines is calculated according to the plan. According to the standard machine, the sales volume of one machine is 120,000 US dollars in 2024, the sales volume of two machines is 240,000 US dollars in 2025, and the sales volume of four machines is 480,000 US dollars in 2026. The profit margin of the machine is 30% of sales, which is \$84,000 for purchases in 2024, \$168,000 for purchases in 2025 and \$336,000 for purchases in 2026.

As mentioned in the previous article, sales bonus are raised to 4% of sales over \$50,000. Therefore, the sale of one machine in 2024 will be raised to \$4,200, the sale of two machines in 2025 will be raised to \$8,400, and the royalty cost of four machines in 2026 will be \$16,800.

The business trip plan starts from 2025, need two people, the trip air tickets and hotels are based on the company's regulations, the travel cost is 5882 US dollars in 2025, and the same in 2026. The company plans to visit the exhibition in 2025, purchase a booth in 2026, and participate in the exhibition, with an estimated expenditure of \$14,705. According to the national regulation, the profit of China's small enterprise income tax if less than 3 million RMB, need to pay 5% enterprise income tax(Chinatax,2023). Sales profit minus expenses, minus corporate income tax, we get Brazil market sales net profit from 2023-2026.

Other departments of Shanghai S Trading Company also have corresponding goals and plans for 2023-2026, and we have also calculated the proportion of result of the internationalization of the Brazilian market in the company.

Table 27. EBITDA Percentage of Internationalization of Brazilian Market in Total Company

	2023	2024	2025	2026
EBITDA of Brazilian market	-11,760	2,976	28,294	75,989
EBITDA of total company	155,516	234,442	385,473	403,755
Brazilian market's EBITDA Percentage %	-7.56%	1.27%	7.34%	18.82%

Source: The Author, 2023

Since the implementation of the internationalization strategy in 2023, Brazil market EBITDA is expected to account for 1.27% of the total company's EBITDA in 2024, 7.34% of the total company's EBITDA in 2025, and continue to rise to 18.82% in 2026.

The financial department of Shanghai S Machine Trading Company shall make the annual operation and expansion budget of the Brazilian Sales department according to the sales activity budget report submitted to the financial department by the Brazilian Sales Department at the end of each year, and reserve 10% as unpredictable expenses. The Finance department should ensure the implementation of this budget as far as possible.

According to the company policy, when each department accounts at the end of each year, the Financial Department shall provide 10% of the net profit at the end of the year as additional expenses for expanding the scope and implementation methods of the enterprise's internationalization strategy in the coming year, laying a solid financial foundation for the internationalization of Shanghai S Machine Trading Company step by step.

7. Conclusion

7.1. Research Conclusion

As an import and export Company, Shanghai S Machine Trading Company is not a production company. Due to the huge competition in the Chinese market, it is undoubtedly the best choice to turn its development vision to the international market. Therefore, internationalization is the company's first goal. This paper discusses the actual situation of the company and tries to draw up a valuable market expansion plan for the company's future development.

In order to achieve this, we first analyzed the characteristics of the Company, then analyzed the market characteristics of several countries, and applied multi-criteria decision-making to analyze the market of which country the expansion plan will be applied to. Finally, we chose the Brazilian market, because in addition to the markets that Shanghai S Machine Trading Company has exported to, The Brazilian market scored higher than other markets. We then use the PESTEL model to analyze the Brazilian market and refine the machinery market. Finally, according to the sales target, the appropriate plan is made. This expansion plan includes not only marketing analysis, but also detailed implementation steps and support plan.

In conclusion, this project can achieve the business performance target of the management team of Shanghai S Machine Trading Company. In 2026, the export volume for the Brazilian market will reach 48,000 US dollars.

7.2. Research Limitations

During the preparation of the project, a number of constraints and difficulties were encountered. One is the scarcity of data, the total amount of imports and exports in Brazil is easy to obtain, but it is difficult to subdivide the import data of paper bag making machine, so we can only analyze the import amount of machinery. In the analysis of Brazil's economy, the lack of access to the economic data of the MERCOSUR which allows comparisons to be made with other countries in South America, and the lack of data in the group weakens Brazil's image as a leader in Latin America's economy.

Another limitation is the lack of experience in communicating with customers in Brazil, not fully explored the obstacles that may be encountered in business communication, and Shanghai S Machine Trading Company have not had real transactions with Brazilian customers. With trading experience, the company can experience the order process, for example transportation time, customs clearance time in Brazil, documents required for import in Brazil, inland transportation speed in Brazil, and the time when products arrive at the customer's factory. Therefore, we can only draw on the business process and order cycle with other South American

countries to develop the implementation plan in Brazil market.

7.3. Suggestion For Future Research

For future research, if in the process of the implementation of the Brazilian market strategy having more data on the development potential of local industries will prompt us to make corresponding adjustments to our strategies, so that we can better adjust our strategies according to the preferences and potential choices of local customers, meet customer needs, and occupy the market faster.

In addition to the above limitations, this paper draws up an international expansion plan that meets the company's expectations based on the actual situation and actual needs of the Shanghai S Machine Trading Company. Next, the most important step for Shanghai S Machine Trading Company is implementation and execution, which is the real challenge.

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Annexes

Annex A.

Questionnaire Survey of General Manager of Shanghai S Machine Trading Company

Interviewee: Eva Cheng

Interviewed place: Shanghai Office

Interviewed time: 06, June, 2023

1. What is the main business and the main product of the Company?

Eva Cheng: We Sale machinery and equipment to foreign country. The main products are printing and package machine, for example: Flexo printing machine, paper bag making machine, booking making machine. Among these machines, the machine we mainly promote is paper bag making machine, we think this machine will do well in the international market because the international market pays more attention to the environmental protection of packaging.

2. How many employees are there in the Company?

Eva Cheng: We have Six people are on duty. These include one in administration, one in finance, three in sales, and one after sales.

3. What is the ownership of the Company?

Eva Cheng: We are a Chinese company.

4. In which country is the product currently sold?

Eva Cheng: Portugal, Spain, Bolivia, Ecuador, Mexico, Chile

5. What are the sales methods in these markets at present?

Eva Cheng: We communicate with the customer online, introduce the machine, after the customer chooses our machine, we will send engineers to the customer's factory to train local engineers.

6. What is the business objective of the Company?

Eva Cheng: We want to expand the international market, occupying the international market, increasing sales.

7. Business environment characteristics of the enterprise: where are the products produced? Where are the spare parts from? Where do employees work?

Eva Cheng: Our products are machines, assembled in Chinese factories. Most of the parts come from China, and a few electrical parts come from Germany. Employees work in the China office. Design and technical staff are working in factory.

8. How competitive is the Company?

Eva Cheng: In the Chinese market, product sales competition pressure is greater. Internationally, the pressure of product competition is less. The reason for the low pressure of international competition lies in the advantages of the product itself, the machinery made in China, first of all, the quality is stable, in addition, compared with Japan and Germany, these strong manufacturing countries, in China, production cost is low, the price is more economical.

9. What is the market demand for Company products?

Eva Cheng: In the Chinese market, for us, because there are many machine manufacturers, so we don't have any competitiveness. In the international market, because of the large demand for environmental protection products in the international market, the demand for packaging machinery is gradually rising.

10. In the international market, does the policy have a big impact on the product?

Eva Cheng: Generally, machinery is the hardware of the industry, so many countries have an optimistic attitude towards the introduction of machinery. The country is more eager to introduce advanced machinery to strengthen the industry, so there may be more favorable policies for the import of machinery, and there will not be restrictions on imports like fast-moving consumer products.

11. What is the most difficult part of an enterprise's internationalization process?

Eva Cheng: Compared with other fast-moving consumer products, the machine is more complex because of the installation, operation and maintenance processes. After the first step of the sales work is completed, the customer will pull the machine into the factory, which means that after-sales service will begin. On the one hand, it is difficult to train local engineers, and on the other hand, it is also difficult to solve problems quickly. To solve these two problems, the machine can quickly win the reputation, occupy the market, and complete the international transformation.

12. What are the biggest challenge of international strategy?

Eva Cheng: The biggest challenge of international strategy is how to connect with local customers. We don't have enough money to rent an office in foreign market to connect with local customer directly. So we need to find a trusted partner to search customers, communicate with bag factory which needs our machines.

13. How do you see the company in 5 years?

Eva Cheng: Now we have Chile, Mexico, Portugal, Spain, and within five years, I hope to open up more international markets, specifically, I hope to have eight stable international markets. Sales could be 1.5 times what they are now.

14. How do you plan to grow?

Eva Cheng: I plan to promote internationalization on a large scale by geography. The Americas, starting in Mexico, advancing north to North America and radiating south to South America. Europe, with Portugal and Spain as its starting point, is able to push the sale of machines to central and northern Europe. The Middle East and Asia region also needs to choose a country as the starting point of internationalization, thus radiating to the Middle East and Asia region.

Annex B.

Questionnaire Survey of Supplier

Interviewee: Charly

Interviewed place: Zhejiang, China

Interviewed time: 13, July, 2023

1. What is the main business and the main product of the Company?

Charly: We mainly focus on the production and sales of paper bag machines.

2. How many employees are there in the Company?

Charly: We currently have nearly a hundred employees in production lines and sales positions.

3. What is the ownership of the Company?

Charly: We are a Chinese company.

4. In which country is the product currently sold?

Charly: Spain, Portugal, France, Italy, Dubai, Mexico, etc., after the old customers in these countries buy a machine, they feel that the experience is very good, and they will basically buy a second machine and a third one. In addition, we also have customers in African countries.

5. What are the sales methods in these markets at present?

Charly: In most markets, we sell through two channels, first channel, We have international shop, have our own web site, in website has the machine work video, machine parameters and other machine details, customers can chose whatever they want. The second channel, our company's sales in person to visit the local customers, participate in the exhibition, this face-to-face sales method, can make customers more trust us. In Africa, we have local agents who help us sell our products and we offer commissions.

6. In the same industry, what are the advantages and disadvantages of products?

Charly: In the same industry, our advantage is the quality of products, we can see the feedback of product quality from the customers, our customers are very stable, as long as they buy one of our machines, they will purchase again. In addition, our service is also very fast, any problem of the machine, we will help customers to solve as soon as possible. Our disadvantage is the price, our positioning is the high price in the market, any product, customers will compare the price at first.

7. What is the most difficult part of an enterprise's internationalization process?

Charly: I think the most difficult part is the clash of business cultures in different countries.

8. In view of this difficult part, what methods did the company use to overcome it?

Charly: We respect the local business culture, some countries are very serious in the atmosphere of business negotiations, some countries like to drink while talking about business, we will adjust our sales strategy according to different cultures.

9. How do you see the company in 5 years?

Charly: First of all, our machine is the production of paper bags, which is an environmentally friendly product, combined with the current world expectations for environmental protection, paper bags are a trend, so we are confident in the sales of our products. Five years later, our products should be able to open up more markets and create more value for customers.

10. How do you plan to grow?

Charly: Our current market share is still very small, and in the countries where we have captured market share, we will continue to deepen. Unknown market, we must carefully analyze, select potential market, further international development.

Annex C.

Questionnaire Survey of Management Team

Interviewee: Yang

Interviewed place: Shanghai Office

Interviewed time: 27, July, 2023

1. What is the main business and the main product of the Company?

Yang: We sell packaging products, such as cups, cartons, and we sell printing and packaging machinery, printing machinery such as big printer, packaging machinery such as carton making machines, paper cup making machines, paper bag making machines, and so on.

2. How many employees in sales team?

Yang: We have two teams, 2 sales in one team, and one person in after-sales team.

3. What's the sales process step?

Yang: We search customer by yellow page, then connect with customer, confirm the requirement of customer, then customer confirm the order, we give the order to factory, when the factory produces the machine, we prepare the engineer's visa. When finishes the production of machine, we will go to the factory to do test, check the quality. Then send the machine to customer, Generally, when the machine arrives at the customer's factory, the engineer will go to the customer's factory to teach and install. Our company also provides after-sales service after installation and operation.

4. In which country is the product currently sold?

Yang: We sold machines to Spain, Portugal, Mexico, Chile.

5. Which is part more difficult in the sales process?

Yang: In the sales process, the most difficult part I think is the process of talking with customer, at first we need to know what they really want, then the customer will discuss with us all kinds of details, some about the machine performance, some about the price, and so on, we will encounter a lot of problems in this process, if the negotiation is good, may place an order, if the customer is not satisfied, we will lose him.

6. What's the competitive advantage of the company?

Yang: We don't make machines, we are sellers, and our strengths are communication and service. Our employees speak Spanish and English, so the number of customers in Spanish-speaking areas is higher. On the service, we require the sales staff to reply to customer messages in a timely manner to give them a sense of security.

7. What do you expect the internationalization process to bring to the company?

Yang: We want bigger markets, we want to sell more machines, we want higher turnover.

8. Based on past experience, what will be the biggest obstacle to sales in South America?

Yang: The biggest obstacles are two. On the one hand, the customer's economic problem, the machine which we sell is relatively expensive, customers who can bear this price are very high quality, but the quantity is less. On the other hand is the time difference, between us and South American customers basically have a 12-hour time difference, the service will not be timely.

9. What are the biggest challenge in a new market?

Yang: How to enter the market is the biggest challenge. If our sales in person go to the new market to connect with customer, the cost of running the company will be very high

10. What should be the new international market?

Yang: New international market should have good GDP and large population.

11. Why those choice?

Yang: The GDP is higher and the population also higher, which shows that the economy of the country is still good. In addition, if the industry can be developed, it will be easier to accept our machines.

12. What's the market do you specially expected?

Yang: We really like Brazil, Turkey, Russia, etc.

13. What is the sales objective in new market?

Yang: In new market, I think that next year we can sell one machine to enter the market, then the sales quantity will double. In year 2025, will be 2 sets, in year 2026, will be 4 sets.

14. What should be the growth strategy in new market?

Yang: We have some small ideas, like working with local distributors, that would be easier. We also want to participate in the exhibition to let more customers know our machines.