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International Business Development Plan for Shanghai S Machine Trading Company

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BUSINESS SCHOOL

Department of Marketing, Operations and General Management

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Finally, thanks to myself, and keep moving.

Resumo

Este plano internacional de desenvolvimento empresarial 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 cronograma de desenvolvimento de negócios. 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

Abstract

This International Business Development 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 goals, a multi criteria decision analysis was initially conducted, which comprehensively analyzed the basic information and sales preferences provided by interviews of the company's CEO, suppliers, and management team. Based on the characteristics of the company's products, a series of standards were developed and the target market was determined: 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, a business development schedule 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

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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 makes commercial development plan; Chapter 6 decides the schedule of strategy and support measures; Chapter 7 presents the final conclusion of this study.

2. Literature Review

2.1. Strategic Management

According to Wenku (2021), 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.

Strategy, as defined in the Concise Encyclopedia Britannica, is the science and art of using military means to achieve war ends. In 1965, according to the famous American strategic management scientist Ansoff (1965) began to use the term strategic management in his book Business Strategy, which extended strategy from the military field to economic management activities. In addition, according to Porter (1979), 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.

2.2. International Strategic Management

2.2.1. 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, according to British economist Smith (1776) 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. 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.

According to Gaodun CPA institute (2019), 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.

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.

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, according to 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.

2.2.3 Dynamic Capabilities Theory

2.2.3.1 Content and Development of Dynamic Capabilities Theory

In today's rapidly changing business environment, how to maintain a competitive advantage and constantly adapt to the needs of changing markets is an important topic in international strategic management. On the way to the development of international strategic management for decades, in 1997, David J Teece, Gary Pisano and Amy Shuen first proposed one of the important theories in the field of international strategic management: the theory of dynamic capabilities. The theory aims to explain how enterprises adapt to changes and create sustainable competitive advantages through integration, construction and redistribution of internal and external resources in a rapidly changing environment.

After putting forward the theory of dynamic capability for the first time, according to Teece (2007) further improved the theory in the follow-up research, emphasizing its importance in the rapidly changing technology and market environment.

According to Helfat et al. (2011), especially in the market with high uncertainty, dynamic ability has a significant impact on the success of enterprise internationalization.

2.2.3.2 Dimensions and Composition of the Dynamic Capabilities Theory

Dynamic capabilities include three dimensions: 1, Perceive opportunities and threats.

Enterprises can recognize changes in the market, technology and competitive environment; 2, seize the opportunity, enterprises respond to market opportunities quickly through resource integration and strategic adjustment; 3, re allocation of resources: through innovation and restructuring of resources, enterprises can maintain a competitive advantage.

The theory of dynamic capabilities consists of three parts: 1, Organizational processes, which refer to the internal processes and mechanisms of enterprises, including knowledge management, innovation processes and decision-making mechanisms. These processes are the basis for enterprises to achieve dynamic capabilities, which can make enterprises enhance their perception, seize and reallocate resources; 2, resource base, which refers to the tangible and intangible assets of enterprises, including technology, brand, human resources, financial resources, etc., these are important sources of competitive advantages of enterprises, and the above is also an important support for enterprises to achieve dynamic capabilities. By integrating and optimizing resources, enterprises can improve their competitiveness in the market; 3, path dependence, which refers to the influence of the history and experience of an enterprise on its ability development. The history and experience of an enterprise determines its ability to organize resources and adjust its strategy.

The theory of dynamic capabilities has been widely applied in many fields such as international management and digital transformation. For example, in the process of internationalization, enterprises need to optimize the organization and organize resources, adapt to the environment, formulate strategies, find problems and solve problems in the process of progress.

2.3. International Marketing

According to Dongao Education Group (2023), 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.

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, according to Kotler (1986) who published "Mega Marketing" 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. According to Professor Lauterborn (1990), 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, 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.

According to Mbalib (2021), the advantages of international marketing mainly focus on the following four points:

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.

2.4. Machinery Manufacturing Industry

Wiba (2021) concluded that 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.

2.4.1. Machinery Manufacturing Industry Main Research

According to Yin (2006), 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:

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

According to Porter (1990), the theory of industrial cluster was created, 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 interview 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 3.1. Data Sources

Data	Source
Primary data	Interview of General Manager of Shanghai S Machine Trading Company Interview of Management Tea Interview of Supplier
Secondary data	Internal: Shanghai S Machine Trading Company's files External: IMF Governmental websites GlobalEDGE COFACE Doing Business The World Bank

Source: Author (2025)

3.2. Overview of Research Methods

This thesis 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 thesis 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 Feb 9, 2025. The manager is the head of the Sales Department, and the interview took place in the Shanghai office on Feb 9, 2025. The interview to the supplier representative took place on Feb 12, 2025 at the office of Zhejiang.

3.5. Commercial Development Plan: 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 commercial development plan. 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 commercial development plan 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.

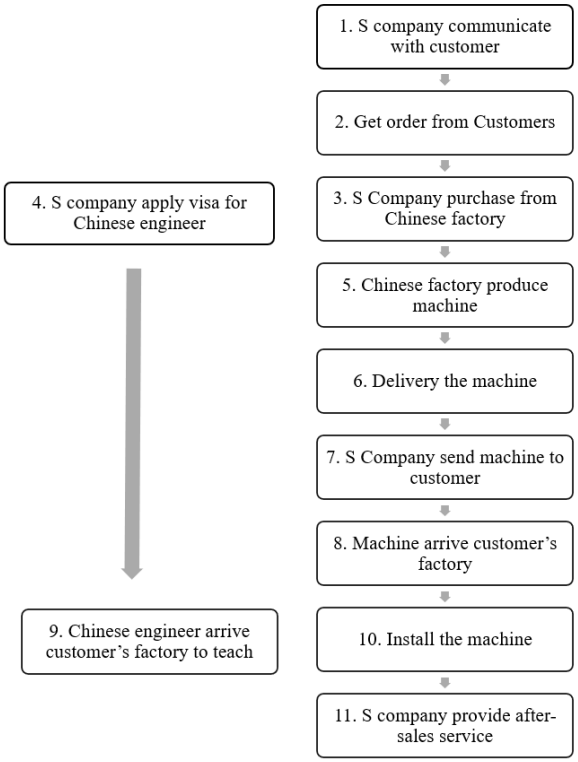
Machines are not simple products, such as the company's flagship product, paper bag making machine, from the feeding of materials, folding the paper, gluing the sides, cutting the bag, to the collection of finished products, need five or six steps, each step requires tedious mechanical movement process, 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 4.1. Working Flow Chart



Source: Author (2025)

4.4 Thematic Analysis of Interviews

This chapter presents a detailed thematic analysis of three semi-structured interviews conducted with stakeholders involved in the internationalization of Chinese companies producing paper bag manufacturing machinery. The analysis follows the six-phase methodology proposed by Braun and Clarke (2006): (1) familiarization with the data, (2) generating initial codes, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report. Each interview was analyzed separately to maintain the specificity of individual

perspectives and contextual differences.

4.4.1 Interview with Eva Cheng – General Manager, Shanghai S Machine Trading Company

The interview with Eva Cheng provided a strategic-level overview of the company's internationalization journey, motivations, challenges, and plans for expansion.

Table 4.2. Thematic Summary of Eva Cheng Interview

Theme	Subtheme
Drivers of Internationalization	Environmental awareness in packaging
Drivers of Internationalization	Cost advantage and product quality
Challenges in Internationalization	After-sales service complexity
Challenges in Internationalization	Financial constraints for local presence
Strategies for Market Entry	Geographical expansion plan
Strategies for Market Entry	Seeking local partners
Service and Flexibility	Adaptable management and staffing
Future Outlook	Growth ambition and international market targeting
Future Outlook	Trends: Intelligence and sustainability

Source: Author (2025)

Eva Cheng articulated strong motivations for expanding internationally, primarily driven by environmental trends and competitive pricing. The company strategically positions its paper bag machines in markets where environmental regulations favor sustainable packaging solutions. The competitive pricing, facilitated by low production costs in China, gives them an edge over Japanese and German competitors.

However, significant challenges arise in the complexity of installation and after-sales support, particularly in training local engineers. Financial constraints also hinder the establishment of physical offices abroad, leading the company to seek trusted partners to facilitate market entry.

Eva described a clear geographical expansion strategy, with anchor countries such as Portugal, Spain, and Mexico serving as bases for broader regional outreach. The company remains flexible and adaptive, increasing staff dynamically in response to demand. Looking ahead, Eva sees growth in automation and environmental sustainability as key industry trends.

4.4.2 Interview with Charly – Supplier, Zhejiang

Charly provided an operational and production-focused perspective, emphasizing quality, customer loyalty, and strategic adaptability.

Table 4.3. Thematic Summary of Charly Interview

Theme	Subtheme
Core Strengths	High product quality and customer retention
Core Strengths	Fast and responsive service
Challenges in Internationalization	High price positioning
Challenges in Internationalization	Cultural differences
Strategies for Internationalization	Respect for local business cultures
Strategies for Internationalization	Dual-channel sales (online and face-to-face)
Growth Plan	Focus on environmentally friendly trends
Growth Plan	Deepen presence in known and potential markets

Source: Author (2025)

Charly highlighted quality and service as the cornerstones of their international strategy. Although the company positions its products at a premium price point, customer loyalty and repeat purchases validate their approach.

The primary challenge identified was the cultural diversity across markets. Charly acknowledged that differing business customs required tailored negotiation approaches. Their strategic response is rooted in cultural respect and adaptability, ensuring that the sales approach aligns with local practices.

The company leverages both digital and face-to-face channels to promote its machines. Participation in exhibitions and in-person sales trips are combined with a comprehensive online presence. Future growth strategies focus on deepening their footprint in existing markets and expanding cautiously into new ones, guided by environmental demand trends.

4.4.3 Interview with Yang – Management Team, Shanghai Office

Yang provided insights into the sales and service processes and the internal mechanisms supporting international expansion.

Table 4.4. Thematic Summary of Yang Interview

Theme	Subtheme
Sales Strategy	Detailed sales and support process
Competitive Advantage	Language skills and service responsiveness
Challenges in Internationalization	Customer economic constraints
Challenges in Internationalization	Time zone differences
Market Strategy	Geographical selection based on GDP and population
Expansion Goals	Sales targets and phased market entry
Service Focus	Customer trust and communication
Vision	Focus on Brazil, Turkey, and Russia as key targets

Source: Author (2025)

Yang emphasized the company's structured sales and support process, which includes needs assessment, factory production, machine testing, and on-site installation and training. This comprehensive approach reinforces customer trust.

Language proficiency, particularly in Spanish and English, was noted as a significant competitive advantage, particularly in Latin America. However, Yang acknowledged the time zone gap with South American markets and the economic barriers faced by customers as impediments.

The company targets new markets based on economic indicators, favoring countries with strong GDP and large populations. Brazil, Turkey, and Russia emerged as priority markets due to their industrial capacity and regional influence. The growth strategy emphasizes early-stage partnership building with local distributors, aiming for moderate but impactful market entry.

Conclusion

The thematic analysis reveals a multi-faceted and context-sensitive approach to internationalization among Chinese packaging machinery companies. While environmental awareness and cost competitiveness are key drivers, challenges related to service delivery, cultural adaptation, and financial constraints shape the strategies adopted. Each interviewee brings a unique perspective, from strategic planning and market targeting to operational excellence and cultural sensitivity, providing a holistic view of the internationalization process in this industry.

These insights form the basis for subsequent chapters, where the findings will be discussed in light of the literature and research questions guiding this study.

5. Commercial Development Plan

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. According to Investopedia (2022), 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.

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 5.1：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: Author (2025)

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 5.2. Factors of Market Attractiveness and Competitive Strength

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

Source: 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 5.3. 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: Author (2025)

Table 5.4. 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: Author (2025)

Table 5.5. 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: Author (2025)

Table 5.6. South Korea Market Attractiveness and Market Competitive Strength

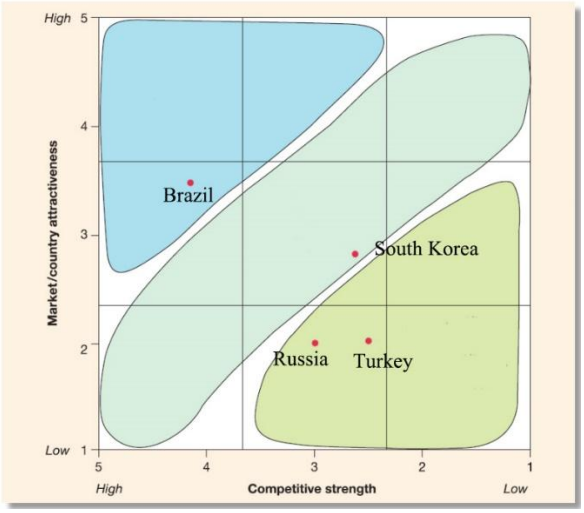
Market attractiveness	1 Very poor	2 Poor	3 Medium	4 Good	5 Very good	% Weight factor	Result (grading x weight)
Market growth		2				25%	0.5
Buying power			3			25%	0.75
Less Competitive intensity		2				25%	0.5
Political risk			3			25%	0.75
Note						100%	2.5

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: Author (2025)

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 5.1. Analysis of Market Attractiveness and Competitive Strength



Source: 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 August 2024, Brazil has a population of 207 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.

According to Chinanews (2025), 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 Gross Domestic Product (GDP) reached 11.7 trillion Brazilian reals (approximately 2.02 trillion US dollars) in 2024, an increase of 3.4% compared to the previous year. Data shows that Brazil's industrial and service sectors grew by 3.3% and 3.7% respectively compared to 2023, driving overall economic expansion. Brazil's exports grew by 2.9% in 2024, but imports surged by 14.7%, with strong demand for chemicals, electrical equipment, and automobiles. In the fourth quarter, exports decreased by 0.7%, while imports increased by 16.0%.

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.

According to Research group of Institute of Latin American Studies of Chinese Academy of Social Sciences (2023), 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.

According to Weilan (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".

Paper.cn (2023) concluded that 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.

According to Guancha (2024), year 2024 marks the 50th year of diplomatic relations between China and Brazil, and is an important milestone in the development of bilateral relations. The political mutual trust between the two sides is constantly increasing, and the two countries have extensive cooperation in fields such as economy, trade, finance, technology, aerospace, and agriculture.

5.2.3. Economic Analysis

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%. From 2019 to 2021, Brazil's GDP was unstable due to the COVID-19 epidemic. In 2019, its GDP was 1873.29 billion US dollars, and in 2020, it dropped to 1476.09 billion US dollars. In 2021, due to the warming of the service industry, its GDP began to grow, with a value of 1670.6 billion US dollars. In 2022, it will get rid of the impact of the epidemic. From 2022 to 2024, Brazil's GDP showed a growth pattern. The specific values are shown in the table below.

Taking the GDP value of Brazil in the past five years, according to IMF (2025) it was 147.609 billion dollars in 2020. In 2021, due to the recovery of the service industry, the total

GDP reached 167.06 billion US dollars. In 2022, it gradually got rid of the influence of COVID-19, and the increase was larger, reached US $195.18 billion. By 2023 and 2024, it still was in a state of growth, with GDP amounts of $217.36 billion and $218.84 billion, respectively.

Table 5.7. Brazil GDP From 2020-2024 (in billion USD)

Year	2020	2021	2022	2023	2024
Brazil	1476,09	1670,6	1951,8	2173,6	2188,4

Source: IMF datasets (2025)

In the same period, according to IMF (2025) 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 7,057 US dollars in 2018, In 2021, it increased to 7051 US dollars, and in 2022, due to a significant increase in GDP, per capita GDP also increased significantly to 9256 US dollars. Afterwards, the per capita GDP in 2023 and 2024 reached $10267 and $10296, respectively.

Table 5.8. Brazil GDP Per Capita From 2020-2024 (USD)

Year	2020	2021	2022	2023	2024
Brazil	7,057	7,951	9,256	10,267	10,296

Source：IMF datasets (2025)

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

Table 5.9. Argentina GDP 2020-2024 (in billion USD)

Year	2020	2021	2022	2023	2024
Argentina	385,2	486	632,3	645,5	604,3

Source：IMF datasets (2025)

The GDP in Argentina, according to IMF (2025) in 2020, it was 385,2 billion US dollars, in 2021, it will increase to US $48.6 billion. In 2022, the growth rate was relatively large, and the GDP reached US $63.23 billion. The total GDP of Argentina in 2023 and 2024 is US $64.55 billion and US $60.43 billion respectively.

Table 5.10. Argentina GDP Per Capita 2020-2024 (in USD)

Year	2020	2021	2022	2023	2024
Argentina	8,498	10,610	13,676	13,823	12,814

Source：IMF datasets (2025)

The GDP per Capita in Argentina, according to IMF (2025) in 2020, it was $8,498, It increased to $10610 in 2021 and continued to increase to $13676 in 2022, but inflation and currency depreciation remained serious in that year. Argentina's per capita GDP in 2023 and 2024 was $13823 and $12814, respectively. As can be seen from the table, Argentina's per capita declined in 2024.

In the past five years, Brazil and Argentina's GDP and per capita GDP have the same upward trend. In the general environment, 2020 is the second year of covid-19 epidemic, and 2021 is gradually coming to an end. In 2022, the GDP and per capita GDP of Brazil and Argentina both increased significantly. Comprehensively referring to the data of these five years, Brazil's GDP and per capita GDP are rising, while Argentina's GDP and per capita GDP are falling in 2024. By contrast, Brazil's data reflect a more stable state.

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 Analysis

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 is an important innovation power in Latin America and the Caribbean, and its scientific and technological level ranks first among Latin American countries. In recent years, the Brazilian government has regarded scientific and technological innovation as the core of national development, issued a series of strategic policies, and actively sought international cooperation.

In 2016, the Brazilian government issued the national science and technology innovation strategy 2016-2022. In order to implement the above strategy, in 2018, the Brazilian Ministry of science, technology and innovation successively released detailed plans for such sub sectors as oil and gas, strategic minerals, renewable energy and advanced manufacturing. In 2020, the Brazilian government launched the 2020-2030 strategic plan, which reaffirmed the strategic objectives of the government, such as enhancing national scientific capacity, promoting nuclear technology and its applications, promoting innovation and entrepreneurship and technology applications, improving the scientific system, and promoting digital transformation. In November 2022, the Brazilian Ministry of science, technology and innovation issued Brazil's digital transformation 2022-2026, which "diagnosed" the challenges faced by Brazil's digital transformation and announced a new action plan.

Brazil not only carries out scientific and technological cooperation with developed countries and regions such as the United States, Britain, Japan and Europe, but also seeks to further develop strategic relations with developing countries such as Latin America and the BRICs. In recent years, China and Brazil have carried out fruitful scientific and technological innovation cooperation in space, health, information and communication, new energy, agriculture, science and technology parks, geological survey and research and other technical fields, which has become an important driving force for the development of China Brazil

relations.

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. According to Baike (2023), 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.

According to The Ministry of Commerce of The People's Republic of China (2009) 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.

5.2.7. Legal Analysis

Baike (2023) concluded that 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.

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.

Ministry of Commerce of The People's Republic of China (2023) concluded that 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 Nº 556, DE 25 DE JUNHO DE1850) and its amendment act. The Customs Administration Act, namely Decree No. 1343 of 23 December 1994 (DECRETO Nº 1.343, DE 23 DEDEZEMBRO DE 1994) and its amendment Act.

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.

From the latest news in 2024, according to the data released by the Brazilian machinery and Equipment Industry Association (ABIMAQ), the Brazilian machinery and equipment industry achieved growth in October 2024, with a total net income of 26.3 billion reais, thanks to the improvement of exports and domestic market sales.

According to UN COMTRADE, Brazil's import data for all goods were searched for the five years from 2020 to 2024.

Table 5.11. Brazil's Import Data from 2020-2024

Period	Trade Flow	Reporter	Partner	2nd Partner	Customs Desc	Transport Mode	Commodity Code	Trade Value (US$)
2020	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	$166,336,211,575
2021	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	$234,690,442,199
2022	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	$292,343,725,728
2023	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	$252,710,460,140
2024	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	TOTAL	$277,549,212,918

Source: UN Comtrade (2025)

In 2020, Brazil's total imports from the world were US $166,3 billion, rising to US $234,6 billion in 2021. In 2022, the total import volume increased the most, and the total amount of imported products reached US$292,3 billion. It decreased in 2023 and 2024, and the amount was US$252,7 billion and US$277,5 billon.

According to Flexport (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.

Table 5.12. Brazil Machine Import Data from 2020-2024

Period	Trade Flow	Reporter	Partner	2nd Partner	Customs Desc	Transport Mode	Commodity Code	Trade Value (US$)
2020	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	$24,414,770,054
2021	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	$31,332,245,015
2022	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	$36,260,503,101
2023	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	$35,967,679,850
2024	M	Brazil	World	World	TOTAL CPC	TOTAL MOT	84	$42,795,285,427

Source: UN Comtrade (2025)

The rise and fall of Brazil's imports of machinery from 2020 to 2024 is the same as the rise and fall of total imports over the five years. Brazil's total machinery imports in 2020 was

US$24,4 billion US dollars, rising to US$32,3 billion US dollars in 2021. In 2022 and 2023, there was a significant increase, reaching US$36,2 billon and US$35,9 billon. In 2024, the import amount of machinery increased to US$42,7 billon.

5.2.9 Machine Competitor Analysis

In the Brazilian machinery manufacturing market, specific to the food packaging bag manufacturing machinery market explored in this thesis, international and local enterprises have formed a fierce competition pattern.

Among the international competitors, Krones of Germany, SACMI of Italy are the market leaders. These enterprises occupy a position in the high-end market with advanced technology, high-quality products and perfect after-sales service. For example, Krones has achieved remarkable success in the Brazilian beverage packaging market through its innovative bottling line technology.

In terms of local competition, Romac Brasil and Brapenta Brasil are representative enterprises. With in-depth understanding of the local market, flexible business strategies and competitive prices, these enterprises occupy an important position in the low-end market. Romac Brasil has successfully developed a series of packaging solutions to meet the needs of the Brazilian market through close cooperation with local food producers. Brapenta Brazil focuses on providing customized services to meet the special needs of small and medium-sized food enterprises.

Table 5.13 Information and Main Products of International and Local Machinery Manufactures in Brazil

Company	Country	Main product
KRONES	Germany	Plastic bottle beverage packaging production line
SACMI	Italy	Flow wrapping packing solution Paper carton making solution
ROMAC	Brazil	Presses hydraulic machine Guillotine hydraulic machine
BRAPENTA	Brazil	Packaging inspection machine Industry packing solution

Source: Author (2025)

The Brazilian food packaging machine manufacturing market is developing towards

intelligence, sustainability and customization under the influence of the general environment and consumer choice.

1. intelligence is reflected in the fact that more and more enterprises apply big data analysis and automatic control to packaging machinery. These technologies not only improve the production efficiency, but also realize the real-time monitoring and predictive maintenance of the production process, and greatly reduce the operation cost;

2. sustainability is also the focus of the industry. With the enhancement of environmental awareness and increasingly stringent regulations, the development of recyclable and degradable packaging materials and energy-saving equipment has become an important task for enterprises;

3. customized demand is another significant advantage. With the diversification of consumer preferences and the shortening of product life cycle, food packaging enterprises put forward higher requirements for the flexibility of packaging equipment. Market demand requires machinery manufacturers to develop rapidly adjustable production lines to meet the production demand of small batch and multiple varieties.

5.3. Strategy for Brazil Market

5.3.1. Entry Mode

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

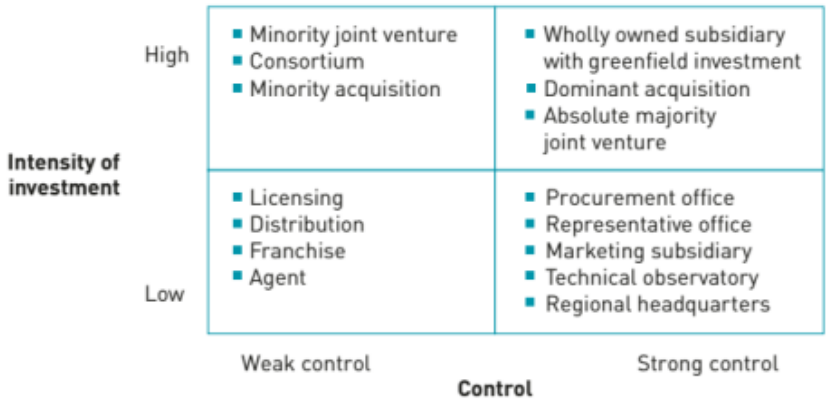
The entry mode choice is usually a combination of two major dimensions:

• The control dimension

• The investment intensity dimension

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

Chart 5.2. Entry mode



Source: 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.

When the company uses local agents to enter the market, the employees of Chinese companies also need to participate in the sales activities. In other words, there are two sales routes: 1. Brazilian agents sell machines; 2. Chinese companies sell machines. China sales is the basis of the whole sales network and the source of sales activities. China sales should cooperate with Brazilian agents to provide them with machine production information, parameter information, price information, etc.

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 5.3. 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 5.14. 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: Author (2025)

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.

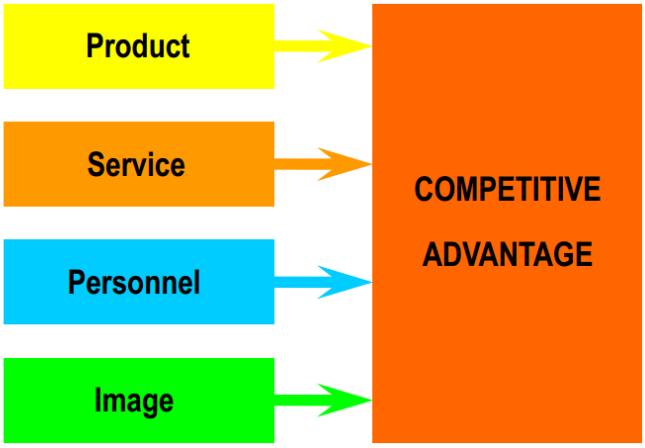
5.3.3. Positioning

According to Silva (2022), the best positionings are always simple and clear. Customers have little time (or interest) in remembering details about a product or service.

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 5.4. Differentiation Advantages



Source: 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.

5.4 Marketing Mix

5.4.1. 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 5.15. Shanghai S Machine Trading Company’s Machine product

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

Source: Author (2025)

According Nitahara (2019), 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. According to Eduardo Ferreira (2020), 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. 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:

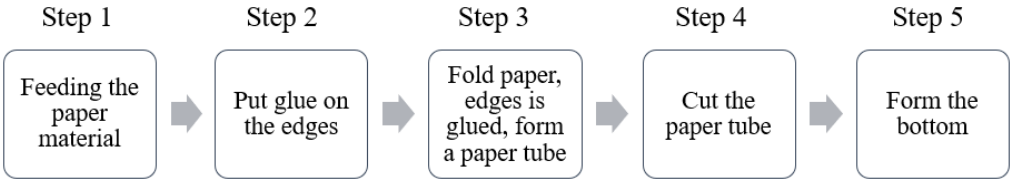
Illustration 5.1. Food Paper Bag Making Machine



Source: Author (2025)

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 5.5. Paper bag product flow



Source: Author (2025)

5.4.2. 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 5.16. Price comparison of different manufacturers in China

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

Source: Chinese factory quotation (2025) (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 cannot 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.

5.4.3. 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 5.2. The industrial map of Brazil is as follows:



Source: Wikipedia (2025)

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.

5.4.4. 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.

In order to ensure that any proposal can be effectively communicated between the team and local mechanical sales agents in Brazil during the promotion period, we have developed a communication plan. This plan will not only be adopted during the implementation of promotional projects, but also play a role in daily work.

The goal of this communication plan is to establish an efficient communication mechanism, ensure accurate information transmission, promote teamwork, enhance customer satisfaction, and facilitate the smooth progress of the company's sales projects. We adhere to the principles of timeliness, accuracy, proactivity, and effectiveness to ensure that information is conveyed in a timely manner, avoiding delays. During the transmission process, the information is clear and concise, and there will be no misunderstandings. The company's Chinese sales team and local mechanical agents in Brazil actively communicate with each other to promptly disrupt the sales process of various customers, while maintaining close contact with customers and capturing their reactions in a timely manner. The communication content between the three parties needs to be simple and clear, avoiding lengthy and slow communication efficiency. In the effective implementation of the communication plan, all participants must respect the opinions of all parties and maintain a good communication atmosphere.

The communication methods of the company's sales team in China include regular meetings, instant messaging tools, and email communication; Communicate with local agents in Brazil through regular training, agent meetings, emails, and communication tools; Communicate with end customers through pre-sales consultation, customer follow-up, email and instant messaging tools.

The communication content among the three parties is different. When communicating with the Chinese team, the main focus is on project progress issues, sales data, and market feedback; The main content of communication with local mechanical agents in Brazil is product price information, market competition analysis, and sales targets; The main content for end customers includes product introduction, quotation, after-sales service, and technical support.

Through the established communication plan, we will collect opinions from all parties, which will be beneficial for the process of market internationalization. We will regularly evaluate the effectiveness of communication, adjust communication methods and content, and continuously optimize communication processes.

6. Schedule 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 make achievements, it is not necessary to occupy the market by a large margin. Above we mentioned two big cities in Brazil, Sao Paulo and Rio de Janeiro, both of which have industrial characteristics and potential. In terms of performance, we hope to achieve zero breakthrough in both cities at the same time, that is, one paper bag machine will be sold in Sao Paulo and one paper bag machine will be sold in Rio de Janeiro. In general, in the whole Brazilian market, two paper bag machines will be sold in the 12-month sales period.

Table 6.1. Sales Target in Brazil Market

Sales Routes	Sales Area	Sales Period	Sales Target
Chinese sales	Sao Paulo, Rio Janeiro	12 months	2 paper bag making machines
Brazil agent			

Source: Interview of Management team of Shanghai S Machine Trading Company (2025)

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. Schedule Form

In this chapter we will develop the implementation of our strategy in the Brazilian market. Therefore, I have made a 12-month sell 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.

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, let machine arrive Brazil, provide installation service, provide after-sales service, do results assessment in final.

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.

Table 6.2. Q1 of Schedule of 12-month Sales

	1th Month	2th Month	3th Month
Market Research			
Make Sales Plan			
Search Agent			
Search Customers			
Connect With Customers			
Get Order From Customers			
Purchase From Supplier			
Apply Visa For Engineer			
Machine Arrive Brazil			
Provide Installation Service			
Provide After-Sales Service			
Results Assessment			

Source: Author (2025)

According to the Market Mix section, the sales products and sales regions of Shanghai S Machine Trading Company have been confirmed to sell paper bag making machines in two cities, Sao Paulo and Rio Janeiro. In the first quarter (Q1) schedule of the company, it can be seen that market research will be conducted starting from the first month. The research content includes two aspects: first, the products sold by local machinery trading companies in Brazil and their company information; Secondly, Brazilian food paper bag manufacturers. Based on the information, make a preliminary sales plan. In the second month, we began to search for suitable local machinery trading companies in Brazil, and started to make contacts and connections. At the same time, we also contacted the food bag manufacturers obtained from the research.

At the end of the third month, we need a phased closure to finalize our cooperation with local machinery traders in Brazil

Table 6.3. Q2 of Schedule of 12-month Sales

	4th Month	5th Month	6th Month
Market Research			
Make Sales Plan			
Search Agent			
Search Customers			
Connect With Customers			
Get Order From Customers			
Purchase From Supplier			
Apply Visa For Engineer			
Machine Arrive Brazil			
Provide Installation Service			
Provide After-Sales Service			
Results Assessment			

Source: Author (2025)

In the second quarter (Q2), the focus of Shanghai S Machine Trading Company's work will be on Chinese sales and local agents in Brazil. At the end of the third month, we have identified local machinery traders partner in Brazil, so Chinese sales will start working together with local traders in Brazil to supervise their sales work and provide support, such as providing them with prices, mechanical parameters, production details, machine working video, machine instruction and so on. At the same time, Chinese sales still need to find food packaging production customers in Brazil, establish business dealings with customers through email and

phone, and directly recommend machines to end buyers.

In this quarter, we also set a quarterly goal, and with the joint efforts of local machinery traders in Brazil and Chinese salespeople, we can sign the first order.

Table 6.4. Q3 of Schedule of 12-month Sales

	7th Month	8th Month	9th Month
Market Research			
Make Sales Plan			
Search Agent			
Search Customers			
Connect With Customers			
Get Order From Customers			
Purchase From Supplier			
Apply Visa For Engineer			
Machine Arrive Brazil			
Provide Installation Service			
Provide After-Sales Service			
Results Assessment			

Source: Author (2025)

In the third quarter (Q3), after receiving the first order, Shanghai S Machine Trading Company will start collaborating with the factory to enter the production process of the machines in the seventh month. The delivery time of the machines is generally 30 natural days. During machine production, the company will apply for a Brazilian visa for factory engineers to facilitate subsequent installation and teaching work. In the eighth month, the first machine production is completed, and after one month of sea transportation and customs clearance, it will arrive at the Brazilian customer's factory in the ninth month. Engineers will also arrive at the factory during this period to carry out machine installation and teaching work.

In this quarter, Shanghai S Machine Trading Company's Chinese employees and local agents in Brazil will continue to carry out routine works such as searching for and contacting clients. In the ninth month, we will receive our second machine order.

In the third quarter, we set two goals: first, to complete the machines for the first order and deliver them to the customer's factory, and second, to obtain the second order.

Table 6.5. Q4 of Schedule of 12-month Sales

	10th Month	11th Month	12th Month
Market Research			
Make Sales Plan			
Search Agent			
Search Customers			
Connect With Customers			
Get Order From Customers			
Purchase From Supplier			
Apply Visa For Engineer			
Machine Arrive Brazil			
Provide Installation Service			
Provide After-Sales Service			
Results Assessment			

Source: Author (2025)

In the fourth quarter, Shanghai S Machine Trading Company will process customer orders received in the ninth month. The order will be produced in the tenth month and arrive at the Brazilian customer's factory in December for installation and teaching work.

The company's Chinese sales staff and local mechanical agents in Brazil need to continue their daily work: searching for and contacting customers.

It is worth mentioning that after the installation of the first machine in Brazil, a new daily task was added: after-sales work for the machine. The after-sales work consists of two parts: first, daily maintenance of the machine. If there are any operational problems, our company's employees will consult the factory and provide solutions to customer; Secondly, the sales of machine parts. The machine operates year-round and the parts are consumables. Customers will replace the parts according to the operating status of the machine. Chinese sales staff and local mechanical agents in Brazil should handle customer orders for machine parts.

The above is a sales schedule for four quarters, totaling 12 months, detailing the work content and time, as well as the quarterly sales targets that need to be achieved in each quarter. In the first quarter, it is necessary to determine the local machinery trade agent in Brazil; In the second quarter, the first machine order needs to be fulfilled; In the third quarter, it is necessary to fulfill the second machine order and ensure the delivery and installation of the first machine. In the fourth quarter, it is necessary to ensure the delivery and installation of the third machine. At the end of the fourth quarter, the company will conduct a review and summary with local sales agents in Brazil.

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**.**

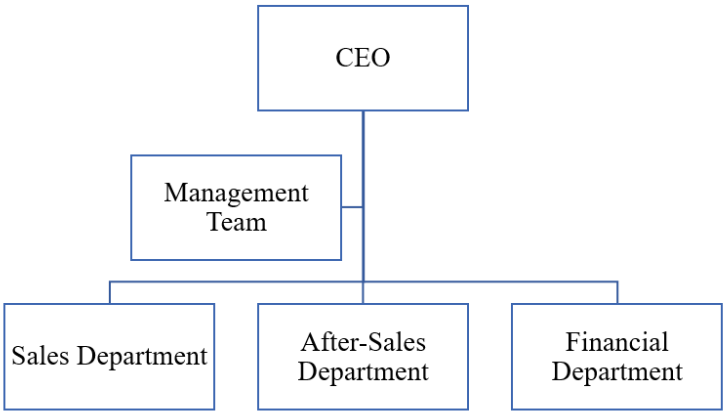
6.3.1. Company System Support

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 6.6. Company Structure



Source: Author (2025)

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 in 12-Months (Four quarters), we have listed the income statements of companies for this period.

Table 6.7. Profit & Loss Statement in Sales Period

In USD Dollar	Q1	Q2	Q3	Q4
Sales income	0	120,000	120,000	0
Total income	0	120,000	120,000	0
Machine purchase cost	0	-84,000	-84,000	0
Others:				
Employee cost	-7,056	-7,056	-7,056	-7,056
Bonus cost	0	-4,800	-4,800	0
Total Cost	-7,056	-11,856	-11,856	-7,056
EBITDA	-7,056	24,144	24,144	-7,056
EBITDA IN %	0%	20.12%	20.12%	0%
Tax(5%)	0	-1,800	-1,800	0
Net profit	-7,056	22,344	22,344	-7,056

Source: Author (2025)

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. These three people form the Brazil sales team, and the total monthly salary cost for the team members is $2,352.

Regarding the machine, the purchase price of the machine is the most favorable price provided by the factory, with a purchase price of $84,000 per machine. In the second quarter, we sell one machine with a profit of $36000, subtracting salary expenses, sales bonuses, and profit income tax, the net profit will be $22,344. The deducted taxes and fees are corporate income tax, according to the national regulation, the profit of China's small enterprise income tax if less than 3 million RMB, need to pay 5% of the profit earned, using our product for calculation, the profit is calculated by subtracting the purchase price from the selling price, resulting in $36,000. Based on this figure, a deduction of 5%, which is $1,800, is applied as corporate income tax. (Chinatax,2023).

In the third quarter, one machine will be sold, which is the same as in the second quarter, with a net profit of $22,344.

There will be no machine sales orders in the fourth quarter, with a net profit of -$7,056.

Other departments of Shanghai S Trading Company also have corresponding goals and

plans for next 12-months, and we have also calculated the proportion of result of the internationalization of the Brazilian market in the company.

Table 6.8. EBITDA Percentage of Internationalization of Brazilian Market in Total Company

	12-Months
EBITDA of Brazilian market	34,176
EBITDA of total company	432,000
Brazilian market’s EBITDA Percentage %	7.9%

Source: Author (2025)

Taking into account other departments, the EBITDA of the entire company is $432,000, in the first 12 months of the international strategic plan for the Brazilian market, it is expected to achieve 7.9% of the company's EBITDA.

According to the company policy, when each department accounts at the end of each year, the Financial Department shall provide 5% 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 thesis discusses the actual situation of the company and tries to draw up a valuable market expansion plan for the company's future development.

To achieve this goal, the first step is to use literature research method, extensively consult literature, and grasp the latest direction and theory of market internationalization. We collected primary data through internal information from the company and interviews with key figures, grasped the basic information of the company and the demands of senior management, and analyzed the characteristics of the company. Through secondary data sourced from government data and international websites, and relying on multi criteria analysis and comprehensive methods to complete market analysis, we have chosen Brazil as the destination country for international expansion. We used the PESTEL model to segment the Brazilian market and gain an understanding of the Brazilian industrial manufacturing market. With this goal in mind, we have developed a one-year international expansion plan divided into four quarters. This plan not only includes marketing analysis, but also detailed implementation steps and support plans.

In summary, this project can achieve the business performance goals of the management team of Shanghai S Machinery Trading Company. At the end of the 12-month expansion plan, the export value to the Brazilian market will reach US$240,000.

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. On the other hand, company management hopes to be more dynamic, able to keenly perceive market changes, and seize customer needs.

In addition to the above limitations, this thesis 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.

Interview of General Manager of Shanghai S Machine Trading Company

Interviewee: Eva Cheng

Interviewed place: Shanghai Office

Interviewed time: 09, Feb, 2025

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. Does the company's management contribute to the internationalization process?

Eva Cheng: Our company is not large in scale, and in terms of management, personnel can be very flexible. If an order from a country increases, we will adjust the number of personnel at

any time to be more dynamic.

14. What are the future trends in this industry?

Eva Cheng: The packaging manufacturing industry will have two future trends: intelligence and environmental protection. For example, many factories are now connected to the Internet, and the production data is clear at a glance. Environmental protection is required by laws and regulations, and it will be even stricter in the future.

15. 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.

16. 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.

Interview of Supplier

Interviewee: Charly

Interviewed place: Zhejiang, China

Interviewed time: 12, Feb, 2025

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.

Interview of Management Team

Interviewee: Yang

Interviewed place: Shanghai Office

Interviewed time: 09, Feb, 2025

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? And Why?

Yang: We really like Brazil, Turkey, Russia, etc. In recent years, Brazil's GDP has steadily increased, and it is also the largest industrial country in Latin America, serving as the industrial center of the region. Turkey spans the Eurasian continent, and its geographical advantage is to connect Europe and Asia. Then it will become the supply center of Europe, and more machines will be needed to manufacture products. Russia's capabilities and economy remain strong, which is also the market we are looking forward to.

13. What is the sales objective in new market?

Yang: **After preliminary market research, the senior management discussed, and we hope that the first stage of internationalization will take one year. During these 12 months, in the early stages, we were able to find reliable local machinery traders for cooperation. Then, within a one-year period, we can achieve zero breakthroughs and sell two machines. In this year, we hope to have more exposure to this market, become familiar with it, and grasp customer needs.**

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.