U.PORTO

MASTER
ECONOMICS OF BUSINESS AND STRATEGY

FROM MARKET SELECTION TO THE EXPORT STRATEGIC PLAN OF ACTION: A CONSULTING FIRM'S PROCESS CRITICAL ANALYSIS

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M

2024

U.PORTO

FACULDADE DE ECONOMIA
UNIVERSIDADE DO PORTO
FEP

From Market Selection to the Export Strategic Plan of Action: A Consulting Firm's Process Critical Analysis

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Internship Report
Master in Economics of Business and Strategy

Supervised by
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2024

Agradecimentos

Porque somos fruto das vivências que temos, das circunstâncias que encontramos e das relações que cultivamos, o colmatar desta jornada académica torna-se, hoje, possível por todas as oportunidades que me foram facilitadas. E, por isso, estarei sempre grato.

Incontornavelmente, o meu mais especial obrigado aos meus pais por fazerem da minha educação prioridade, e por todo o apoio incondicional que sempre me ofereceram - especialmente neste ano atípico.

Marcante foi a influência de tantos amigos que me fizeram desfrutar e apreciar o caminho até hoje trilhado. Só espero retribuir a imensidão que significam para mim.

Enumerar as pessoas que nos tocam é um processo ingrato, assim, foco-me naqueles que tanto contribuíram para que este estágio – e, subsequente relatório – tenha sido uma tão enriquecedora experiência.

Por todas as horas de trabalho (e risadas) partilhadas, Guilherme e Tiago, meus caros amigos, convosco o trabalho tangência o lazer. É um prazer trabalhar convosco, mas, especialmente, partilhar as nossas dificuldades e conquistas.

Nesta transição dos hábitos académicos para a vida profissional, partilhámos, aprendemos e crescemos juntos. E espero que os nossos percursos profissionais se voltem a cruzar!

À entidade de acolhimento, toda a "independência apoiada" e constante espírito de interajuda tornam este grupo diferenciado; no entanto, é aos meus gestores de projeto que quero expressar um especial agradecimento por tornarem tão agradável contribuir nos desafios que enfrentámos.

Finalmente, professor Pedro, foi um caminho atribulado para aqui chegar. O trabalho que se segue beneficiou em grande medida dos seus conselhos, desde o processo de escolha do tema aos retoques finais, e quero agradecer-lhe pelo enorme cuidado (mesmo em timings apertados) que sempre demonstrou.

Num momento de reflexão retrospetivo, concluo que eu sou apenas eu, mas também um pouco de todos vocês. E, por isso, agradeço!

Resumo

As tendências de globalização e diminuição das distâncias relativas promovem relações empresariais internacionais (World Trade Organization, 2018). Enquanto Estado-membro da União Europeia, Portugal ainda beneficia de um contexto económico favorável às transações internacionais (Baier and Bergstrand, 2007), pois vê reforçadas a proximidade e facilidade de comércio, tanto com os restantes Estados-membros, devido ao mercado único em vigor, como com alguns países extracomunitários por intermédio dos múltiplos acordos celebrados pelo grupo com vista ao livre comércio. (Freeman et al., 2022)

No entanto, o tecido empresarial nacional ainda se envolve pouco em atividades internacionais (INE, 2023) e detém, por isso, pouca experiência e conhecimento sobre os processos de internacionalização.

A colaboração com a Market Access, consultora especializada em apoio à internacionalização e anfitriã do estágio curricular descrito neste relatório, permitiu-me aprofundar o meu conhecimento no domínio da seleção de mercados e do planeamento estratégico - componentes cruciais para a expansão internacional de qualquer empresa.

No sentido de analisar e procurar melhorar a estrutura desenvolvida e adotada pela Market Access, este relatório estuda as ferramentas de apoio à seleção de mercado e estudos de mercado elaborados para duas PMEs originárias de Leiria com produtos de âmbito sustentável. Posteriormente, coloca os processos em justaposição com a teoria existente no tema e estudos de natureza empírica com o fim de encontrar e solucionar lacunas na aplicação prática dos processos utilizados.

Códigos JEL: D22; F23; M31

Palavras-chave: Internacionalização; Pequenas e Médias Empresas (PMEs); Seleção de Mercado; Planeamento Estratégico; Processos; Estudo de Caso

Abstract

Globalization trends and the reduction of relative distances promote international business relations (World Trade Organization, 2018). As a member state of the European Union, Portugal further benefits from an economic context favorable to international transactions (Baier and Bergstrand, 2007). It sees its proximity and ease of trade strengthened, both with the other member states due to the single market in force, and with some non-EU countries through the multiple group's agreements with the goal of free trade (Freeman et al., 2022).

However, the national business community is still little involved in international activities (INE, 2023) and therefore has little experience and knowledge of internationalization processes.

The collaboration with Market Access, a consulting firm specialized in internationalization support and host of the internship described in this report, allowed me to deepen my knowledge in the field of market selection and strategic planning - crucial components for the international expansion of any company

In order to analyze and seek to improve the structure developed and adopted by Market Access, this report studies the tools used to support market selection, and market research developed for two SMEs from Leiria with sustainable products. It then places the processes in juxtaposition with existing theory on the subject and empirical studies, with the aim of finding and solving gaps in the practical application of the processes used.

JEL codes: D22; F23; M31

Keywords: Internationalization; Small and Medium-sized Enterprises (SMEs); Market Selection; Strategic Planning; Processes; Case Study

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List of Abbreviations and Acronyms

(in alphabetical order)

FDI - Foreign Direct Investment

LDPE - Low-Density Polyethylene

MNE – Multinational Enterprise

SME – Small and Medium-sized Enterprise

1. Introduction

SMEs account for more than half of the Portuguese turnover and a very significant share of the country's employment, being a major driver of the Portuguese economy and its growth. "In 2021, SMEs comprised 99.9% of enterprises in Portugal, employed 71.5% of the labour force and were responsible for 56.8% of the turnover and 66.8% in total investment, including large and non-financial enterprises." (OECD, 2024, p. 1).

The European Commission (2013) states that conducting internationalization processes promotes a firm's life span, growth pace, and competitiveness due to exposure to higher competition levels. Nonetheless, despite following a growing tendency, in the same year, only 6% of the Portuguese non-financial firms were engaging in exportation activities (INE, 2023), meaning that the majority of the Portuguese business structure is lacking in the foreign market involvement benefits and detains little to no experience in how to conduct these processes.

For this reason, Portuguese companies lack specific knowledge and experience and have a growing need for specialized internationalization support services in order to minimize uncertainty and foreseeable risks (Hutchinson et al., 2009).

According to the host firm's website, "Market Access is a consultant specialized in internationalization and focused on supporting the achievement of international business"[1]. It's important to note that some big enterprises, due to their size and ease of scalability, tend to opt to conduct internationalization process studies in-house. Even so, during my collaboration with the firm from February 12, 2024, to June 14, 2024, I had the opportunity to assist and advise approaches to foreign markets of not only successful SMEs in their national markets but also foreign international firms seeking to expand their business beyond their current geographical borders, and seeking help to analyze and compare different strategic options. This broadened my understanding of the overall needs and differences of a wide range of firm types.

Moreover, the dynamic and context-dependent characteristics of the topics covered impose major hurdles to the development of generally applied theories and the design of strict/linear approaches (Welch et al., 2016). For this reason, papers on practical evidence and threats to

[1] Retrieved from https://marketaccess-global.com/en.

the theoretical "rules" will be addressed, and a hands-on approach based on the experience and knowledge acquired by performing the internship tasks will be favored.

1.1. Proposal Description

Given that companies face different challenges and opportunities according to their dimensions (Makarevich and Kim, 2019), an SMEs-focused analysis representative of the Portuguese business structure will be conducted.

I have selected two market studies for two different firms integrated into Market Access's project with an association that represents Portuguese Central Area firms. The association members expect to take advantage of an initiative backed by European funds that aims to produce and commercialize greener, more digital, and more inclusive packaging solutions on a global scale. The foreign market studies' elaboration activities developed in the internship context were of added importance to the drafting of this report since similarities and divergences between both studies will be addressed to better discuss and analyze the market study standard structure employed by Market Access, and accomplish empirically-based improvements' recommendations.

To effectively analyze Market Access's processes and identify deficiencies in the model in scope, a broad literature review is required. This way, the literature review section takes up a significant part of this report and is divided into four main topics: (1) Knowledge Diffusion defines and explains how knowledge spreads – a key assessment when considering dealing with geographically distant players; (2) Most Relevant Theories of the Exportation Process overviews the motivations to internationalize, the market selection process, and both different entry modes and possible export barriers with an increased focus on the SME particularities; (3) Different Approaches to Different Market highlights some of the major internal and external specifications that may drastically influence the firm's export decisions; and (4) Empirical Data confronts the theoretical framework outlined with empirical evidence, representing the most relevant subsection to the practical approach intended with this work.

The internship report obtained the desired results as it identified gaps in Market Access's design at firm-specific factors' understanding and their clients' risk tolerance assessment, and suggested seven improvements to offer highly-specific advice and detailed strategy that better fits each client's features and needs.

1.2. Firms' introduction

(subject to confidentiality policy in force)

- Associate A

Visual Element 1: Associate A's Financial Stats

Operating Revenue (Turnover)	19,739,965	Profit margin (%)	12.46
Profit for period = Net income	1,836,134	ROE using Profit/Losses before tax (%)	15.22
Total assets	24,826,587	Number of Employees	91

Source: Orbis Website[2]

<u>Location:</u> Leiria – Portuguese Central Area

Producer of low-density polyethylene, commonly shortened to LDPE, products specialized in bags and plastic film with more than 30 years of experience.

The product to be exported: Biocompostable plastic bags for food contact.

- Associate B

Visual Element 2: Associate B's Financial Stats

Operating Revenue (Turnover)	20,578,5301	Profit margin	6.16
Profit for period = Net income	1,058,730	ROE using Profit/Losses before tax (%)	7.30
Total assets	27,253,145	Number of Employees	109

Source: Orbis Website[2]

<u>Location:</u> Leiria – Portuguese Central Area

Producer with more than 60 years of activity that owns multiple brands of domestic and industrial products, and mostly uses polymer injection process with some cases of extrusion-blow moulding.

The product to be exported: Circular economy plastic pallets for various sectors – including the food sector.

According to the definition available in the Portuguese National Institute of Statistics' [INE's] website, both firms are medium-sized enterprises in the Portuguese context as they employ between 50 and 250 people and their turnover does not exceed 50 million euros.

[2] Complete financial synthesis in the Annex – retrieved from https://www.orbis-r1.bvdinfo.com.

2. Literature Review

This section presents an extensive literature review on the internationalization process, focusing on key definitions, theories, and challenges faced by companies when venturing abroad. It starts with the context of knowledge diffusion and the distinction of different types of knowledge, highlighting the tacit knowledge.

Based on the report necessities, SMEs' exportation process was focused.

This section also explores the motives and facilitating factors that drive expansion, as well as the crucial step of market selection and penetration.

It finishes by digging into context-dependencies and empirical data findings.

2.1. Knowledge Diffusion

From a geographic perspective, diffusion is the process by which a phenomenon spreads, moving from one location to another (Rogers, 2001a). Knowledge and innovation phenomena will be discussed in this subsection.

- The cultural geography tradition and the market and infrastructure perspective

Spreading through a population or region involves both geographic and social elements, inducing cultural environmental features and human action to influence knowledge scattering. Also, while diffusing is a stimulus to the item, it pressures modifications in it as it spreads. "The relation between diffusion, the item being diffused, and the human landscape is therefore complex and subject to continual change." (Brown, 2015, p. 3677).

Two complementary perspectives can be found in the main literature. On the demand side, the sum of individuals with free will and the same opportunities to adopt points to a geographical diffusion from the center outwards; supply-side theories focus on the market and infrastructure, defending heterogeneity of opportunities and access to the diffusion item, meaning that adoption represents a choice within constraints imposed by the structure within which individuals operate (Brown, 2015).

A limitation of the body of literature resides in the disproportional emphasis on only one economic sector, with the extensive study of agricultural technology diffusion rather than incorporating manufacturing, services, and retail firms.

Knowledge diffusion is the process by which knowledge spreads from its source to other individuals or organizations. In the context of international business, knowledge diffusion plays a crucial role in facilitating the transfer of technology, best practices, and market insights across borders. This knowledge transfer can occur through various channels, including trade, FDI, licensing, and collaborations (Rogers, 2001b).

- Geographical Aspects of Diffusion

The geographical proximity between countries can significantly influence the speed and extent of knowledge diffusion. Closer proximity often leads to greater interaction and exchange of information, fostering knowledge transfer. This is particularly relevant for SMEs, as they may face resource constraints that limit their ability to engage in long-distance knowledge transfer (Brown, 2015).

- Diffusion of Innovations

The theory of diffusion of innovations details the way in which new ideas, products, or processes spread within a social system. It highlights the importance of factors like relative advantage, compatibility, complexity, trialability, and observability in influencing the adoption and diffusion of innovations. For SMEs, understanding these factors can be crucial in developing and marketing innovative products or services in international markets (Rogers, 2001a).

2.2. Tacit Knowledge Diffusion

Michael Polanyi's well-known phrase "we can know more than we can tell" serves as the motto for this subsection, as explicit/codified knowledge can be detailed as 'know-that' and tacit knowledge as 'know-how'.

- Tacit knowledge and social context

Tacit knowledge and context are deeply interwoven, shaping and being shaped by the social environment. Demonstrations and hands-on experiences become more effective when shared values, language, and culture align, highlighting how a common social ground enhances both the understanding of explicit knowledge through tacit insights and the spread of tacit knowledge itself (Gertler, 2003).

Because of this interconnectedness, tacit knowledge is challenging to share across vast distances.

This leads to the idea that explicit knowledge, being universally accessible, tends to level the playing field among competitors if they invest in education. Tacit knowledge, however, is far more limited and harder to disseminate. Thus, true differentiation arises from generating and applying tacit knowledge, making it the cornerstone of innovation-driven value creation.

As explicit knowledge becomes globalized, the advantages of tacit knowledge become a defining factor in the geography of innovation. Moreover, with innovation increasingly reliant on interactions and knowledge exchange, the concept of "learning through interacting" emphasizes the growing significance of social connections (Gertler, 2003).

When strategic geography and networks converge, the flow of tacit knowledge appears to be optimized, suggesting that geography matters now more than ever.

- Tacit knowledge issues

    - Production and measurement

While explicit knowledge depends mostly on education and training investments, most tacit knowledge arises in experience, social interactions, and collaboration with coworkers within a shared social, organizational, and cultural context. Thus, its production doesn't follow unambiguous rules or a clear method (Gertler, 2003).

As individuals concentrate on these capabilities, they become more efficient and valuable for the firm, but contrarywise to formal training that comes with diplomas and certificates, it is also difficult to identify and measure the tacit knowledge embodied in each employee and as operations' dimension increases, the harder the challenge turn out to be, disproportionately hindering big firms.

Thus, two problems arise from the measurement issue. These highly qualified employees tend to be remunerated below the fair amount and are the first to seek and be sought by rivals, fueling the retention issue. And, identifying and attracting these capable workers becomes extremely demanding.

Literature suggests that the best approach to oppose these issues is to concentrate activities in locations that both provide proximity to successful networks – cementing the cluster role – and high quality of life to be attractive and retain the best quality employees (Florida, 2000).

- Appropriation

Once tacit knowledge is identified, appropriation also surges as an issue. Since tacit knowledge fails to be codified, there are also no guidelines on how to make the most of it. The only suggestion the literature points out is to locate activities in known tacit knowledge-rich centers, prioritizing the most innovative segments of a firm – typically research facilities - to exploit the most of the "localized, non-ubiquitous, and context-specific nature of tacit knowledge" (Gertler, 2003, p. 6).

- Sharing and diffusing

Since successful tacit knowledge sharing depends on close and deep interactions (Lundvall, 1988), "distributed organizations" with business units spread across various locations and low direct communication between one another are at a clear disadvantage.
For a successful diffusion process within a firm, social interaction, and cultural, context, and physical proximity should be increased.

- Practical approaches to overcome tacit knowledge issues

Although any approach disregards that face-to-face communities are optimal to maximize proximity and enhance quality sharing, the three main positions to overcome tacit knowledge issues interpret it differently (Gertler, 2003).

- Position 1. The learning region

In this approach, authors suggest that despite tacit knowledge's tricky dislocation, concentration of activities shouldn't be the rule. In contrast, firms should promote mobility across business units and face-to-face interactions within "distributed organizations" models. Relying on the effective communication of individuals with different social contexts to overcome the challenge of the sharing issue, if consolidated - even though "distant" - relationships are assured, the translation of ideas and practices promotes the widening of organizational and industry boundaries (Allen, 2000).
Nonetheless, innovative clusters, districts, and regions keep their prominent place as they possess intangible social assets – between rather than within firms (Leonard and Swap, 2000). Individuals should now travel across those strategic regions and absorb the different tacit teachings developed there according to those different contexts while sharing their context-

specific embodied knowledge, but it is important to note that "because such assets exhibit strong tendencies of path-dependent development, they may prove to be very difficult to emulate by would-be imitators in other regions, thereby preserving the initial advantage of 'first mover' regions." (Gertler, 2003, p. 10).

- Position 2. Communities of practice

Highlighting relational proximity rather than local clustering, communities of practice are groups of individuals within or across several firms informally bound together by shared experience and/or expertise that through collaborative problem-solving are able to identify and jointly produce and share tacit knowledge. Thus, organizational or relational proximity and occupational similarity predominate to geographical proximity (Amin and Cohendet, 2000).

- Position 3. Knowledge enablers

Bridging the two earlier perspectives, knowledge enablers emerge as tight-knit groups of like-minded individuals tasked with disseminating knowledge throughout the company. They skillfully handle various situations and settings by establishing personal connections with individuals at the company's different locations.
Considering these viewpoints, it's clear that beyond the resources invested in sharing tacit knowledge, overcoming institutional and contextual barriers requires strong, well-established relationships that take time to cultivate (Gertler, 2003).

From these positions, we can conclude that more than the resources invested in tacit knowledge spreading, institutional contextual boundaries must be faced with solid and consolidated relationships that take time to create.

<u>2.2.1. Tacit Knowledge and Economic Geography</u>

This way, the transfer of tacit knowledge is often influenced by geographical proximity and localized contexts (Allen, 2000), as it relies on face-to-face communication, shared experiences, and social interactions. This can pose challenges for SMEs seeking to transfer tacit knowledge across borders, requiring them to develop innovative approaches to knowledge sharing and collaboration (Gertler, 2003).

2.3. Most Relevant Theories of the Exportation Process

The process of internationalization and exporting has been the subject of extensive research in the field of international business, resulting in various theoretical frameworks that aid in understanding the phenomenon. These theories provide valuable insights into the motivations, strategies, and challenges faced by firms as they venture into foreign markets.

- The Uppsala Internationalization Process Model

Uppsala theory, also known as Stages theory, approaches the internationalization process as an incremental microeconomic process where the enterprise's knowledge and network depth improve step by step (Johanson and Vahlne, 2011).

Distinguishing (foreign) state and change, Market commitment, and Market knowledge directly affect Current Activities and Current decisions to commit resources to foreign operations (Johanson and Vahlne, 1977) and reciprocally, the last two determine both Market commitment and knowledge. This way, this theory defends a progressive approach from "closer" markets – or, at least, those in which the firm has more complete information – to increasingly more distant markets on a staged process.

Knowledge is central to the theory as it is the main driver of market selection.

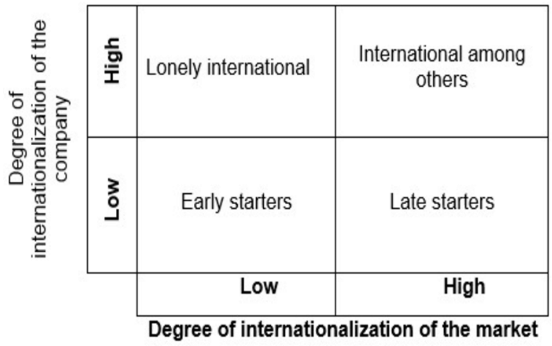
As they gain experience and knowledge, firms progressively expand into more distant and culturally dissimilar markets, utilizing higher-commitment modes such as establishing subsidiaries or joint ventures. The model highlights the importance of experiential learning and knowledge acquisition in mitigating the risks and uncertainties associated with international expansion.

For years now, the Uppsala model has been a keystone in understanding international business, but it is far from immune to criticism. It is claimed that the theory is too "linear" and "deterministic", suggesting that it might not fully grasp the twists and turns of companies expanding globally, especially in today's fast-paced world of ever-evolving markets and groundbreaking technologies (Welch et al., 2016).

- The Network Theory of Internationalization

On a more integrated approach, Networks theory perceives the internationalization process more as a snowball effect where, as relationships deepen, and consequently networks develop, an individual's international extension is aided by leveraging the collective shared knowledge, resources, position, mutual trust, and commitment.
Johanson and Mattsson (2015) have identified four categories of firms: the early starter, the lonely international, the late starter, and the international among others.

Visual Element 3: Internationalization and the Network Model



Source: Johanson and Mattsson (2015)

However, the network theory faces challenges in explaining the internationalization of firms that lack strong network ties or operate in industries with limited network opportunities. Further research is needed to explore the interplay between networks and other factors such as firm capabilities, market conditions, and institutional environments in shaping internationalization strategies.

- International entrepreneurship approach

Progressing to the International entrepreneurship, a cross-border entrepreneurial behavior proposal that embeds the individuals' process of search, action, analysis, and exploitation of opportunities (Oviatt and McDougall, 2005) - from finding new innovative opportunities and creating a competitive advantage to analyzing and putting into action a planned course of actions designed to take the most out of the acknowledged opportunity.
This theory defends the entrepreneur as the central driver, as he possesses and leverages the skills and information required to successfully conduct the described process while managing healthy and stable relationships across stakeholders (Munteanu et al., 2022).

- The Born Global Model

The born global model challenges the traditional view of gradual internationalization by suggesting that some firms, particularly in high-tech industries, can rapidly internationalize from their inception. This trend comprehends a dynamic perspective, encompassing chances in the global market, progress in technology, and a focus on entrepreneurship. Born global firms often possess unique capabilities and resources that enable them to compete effectively in international markets from the outset (Neubert, 2022).
However, it's important to note that not all firms have the capabilities or resources to pursue a born global strategy, and some industries may be characterized by high barriers to entry or strong local competition that makes rapid internationalization challenging.

- The Eclectic Paradigm (OLI Framework)

Developed by Dunning (1977), the eclectic paradigm, also known as the OLI framework, provides a comprehensive explanation for why firms engage in FDI. It suggests that FDI occurs when three advantages are present:

- Ownership advantages: Unique capabilities or resources that give the firm a competitive edge in foreign markets.
- Location advantages: Favorable conditions in the host country, such as access to resources, skilled labor, or a large market.
- Internalization advantages: Benefits derived from internalizing activities within the firm rather than relying on market transactions, such as control over technology, quality, or distribution.

The model portrays a rather fixed and predictable picture, assuming that firms have the inherent strengths needed for FDI, but it falls short of explaining how these strengths are built or obtained.
Recent research has sought to extend the eclectic paradigm by incorporating dynamic elements such as learning, innovation, and institutional change. The dynamic OLI framework recognizes that firms' advantages can evolve over time and that the internationalization process is influenced by a complex interplay of internal and external factors (Giakoulas et al., 2016).

2.3.1. Motivations to Internationalize

Firms may seek international markets for several reasons and those driving forces can even change over time. For instance, in an initial phase, the objective may be to acquire resources but later, given a more consolidated position abroad, firms may start pursuing efficiency or strategic assets (Dunning and Lundan, 2008).

According to Cuervo-Cazurra and Narula (2015), foreign expansion purposes can be divided into "The Nine Rings (motives) for Mortal Men and their MNEs". Inspired by and adapted from Dunning's (1993) research, this updated version of the main motives to seek foreign markets highlights Natural resource seeking, Market seeking, Efficiency seeking, Strategic asset seeking, Escape investment, Trade-supportive investment, Finance-supportive investment, Management-supportive investment, and Passive investment.

These motivations can be categorized as one or more of the following: "Buy Better", "Sell More", "Upgrade", and/or "Escape".

Visual Element 4: Internationalization motives

The "Nine Rings (motives) for Mortal Men" and their MNEs	Types (adapted from Dunning, 1993)	The Cuervo-Cazurra et al. motives (2015)
1	**Natural resource seeking**	'Buy Better'
	To acquire particular and specific resources of a higher quality at a lower real cost than could be obtained in their home country (e.g. physical resources, un-skilled (or semi-skilled) labor, technological/managerial expertise, etc.)	
2	**Market seeking**	'Sell More'
	To supply goods or services to a particular country or region (from existing markets to new markets)	
3	**Efficiency seeking**	'Buy Better' and 'Sell More'
	To rationalize the structure of established resource-based or market seeking investment in such a way that the investing firm can gain from the common governance of geographically dispersed activities (e.g. economies of scale and scope)	
4	**Strategic asset seeking**	'Upgrade'
	To promote long-term strategic objectives – especially that of sustaining or advancing global competitiveness (e.g. augmentation of global portfolio of physical assets and human competences, which they perceive will either sustain or strengthen their ownership-specific advantages or weaken those of competitors)	
5	**Escape investment**	'Escape'
	To escape restrictive legislation, institutional voids, or macro-organizational policies by home governments (e.g. round-tripping investment, escaping from high levels of taxation or austere environmental regulation, etc.)	
6	**Trade-supportive investment**	'Buy Better' and 'Sell More'
	To promote and facilitate the exports and imports of goods and services from the investing (or other) firm	
7	**Finance-supportive investment**	'Buy Better' and 'Sell More'
	To support and assist in the purchasing of foreign-produced goods and services from investing (or other) firm To establish domicile in specific location for regulatory and tax reasons	
8	**Management-supportive investment**	'Upgrade'
	To support the control and coordination function on behalf of MNE headquarters (e.g. regional office, branch offices)	
9	**Passive investment**	'Buy Better' and 'Sell More'
	To arbitrage by buying and selling firms or assets with some involvement of direct managerial inputs (e.g. private equity capital firm, asset stripping, etc.)	

Source: Cuervo-Cazurra and Narula (2015)

Yet, a simpler and more intuitive segmentation identifies push and pull factors (Alexander, 1990) as the main reasons for a firm's decision to expand internationally.
Push factors are typically negative domestic aspects that "push" firms to seek opportunities abroad. These can include high market saturation, intense competition, or unfavorable economic conditions.
Pull factors are typically positive foreign aspects that "pull"/attract firms to seek opportunities abroad. These can include market size, growth potential, or access to attractive resources.
Despite the multiple possible factors, research suggests that pull factors are preponderant relatively to push factors (Alexander, 1990).

2.3.2. Market Selection

Choosing the right foreign markets is critical to a successful internationalization process. From the first moment, this high-stakes decision can undermine the whole approach, leading to a weakened financial situation and a damaged company's abroad reputation. So, selecting the right fit for the firm - the market where the company has the best chance of thriving and growing - is one of the most relevant stages of the process (Galazova et al., 2019).

- Factors to Consider

The attractiveness of a market hinges on various factors, both quantitative and qualitative (Al Qur'an, 2020).
Quantitative factors include the costs of doing business in a foreign market, like setup, operations, utilities, and labor. Qualitative factors encompass less tangible aspects, such as cultural differences, political stability, economic conditions, legal frameworks, and other geographical considerations.
The following aspects stand out as some of the most relevant factors in the market selection and should not be ignored when evaluating and comparing different possible target markets:

Distance: The geographic distance between markets usually translates into increased managing challenges, as information flow and logistics tend to be more challenging (Viswanathan and Jha, 2019). The psychological distance refers to the perceived differences between the home and target markets. It encompasses language, culture, politics, education, and even time zone differences, and is positively correlated with uncertainty and risk levels (Johanson and Vahlne, 2009). Conversely, studies suggest that its impact is negatively correlated with the firm's experience in international markets (Dow, 2015; Davidson, 1983). Target markets with significant institutional distance can complicate operations success due to regulatory, administrative, and business environment discrepancies (Cheng and Huang, 2019). Also, sociocultural distances hinder supply and demand alignment, forcing increased efforts to adapt to the new market (Magnani et al., 2018).

Company Characteristics: Firm-specific properties, including size, resources, network, and motivations, drastically change the optimal target market (Makarevich and Kim, 2019).

Market properties: Size, growth potential, competition, and specific considerations of the market/sector are key considerations (Sakarya et al., 2007; Calof and Viviers, 2020).

Also, the level of market uncertainty should be addressed, as access to reliable market information is crucial to improving the necessary knowledge required for optimal decision-making (Sánchez and Ferrá, 2018).

Demographics and Economics: Demographic features characterize the market demand and are of extreme importance. Population size, age, gender, income levels, infrastructure, and workforce skills, as well as trends, are excellent indicators of the current market situation and future developments (Calof and Viviers, 2020).

Macro- and micro-economic factors also play a significant role, from economic growth potential and trade barriers to purchasing power and preferences (Viswanathan and Jha, 2019; Magnani et al., 2018), but possible extra costs arising from political or economic country-specific risks can hinder an operation's viability (Viswanathan and Jha, 2019).

More mature economies tend to perform more consistently and be more predictable.

This way, emerging markets, with more accelerated growth and expanding consumer base, present unique challenges due to their volatility, institutional differences, and distinct consumer behaviors. Business models and strategies' adaptation are usually required to succeed in these markets (Landau et al., 2016).

- Approaches to Market Selection

When evaluating the factors above listed, firms can opt for using a non-systematic approach reliant on intuition and personal judgment, or address these multilayered properties in a structured and data-driven manner by weighing them and selecting the target market accordingly (Sánchez and Ferrá, 2018).

2.3.3. Entry Modes

A firm seeking to expand into international markets may opt for several entry modes. This decision represents a critical stage in international marketing because every entry mode is associated with different sets of advantages and disadvantages as they require different amounts of resources, different levels of risk, and even differ in the degree of control that the company can exercise over the operations on the new market.
This report will focus solely on the entry mode universally considered to be the best fit for SMEs – exporting (Khemaklem, 2010).
The literature points out that firms can expand into foreign markets through four mechanisms: exporting, licensing, joint venture, and direct investment.

- Exporting

Exporting involves marketing and directly selling goods produced in one country to customers in another country in a straightforward operation that does not require the international market seeker to establish physical operations or production facilities in the target country.
Usually, when exporting firms address the new market by themselves but it might not be this way. Cheng and Huang (2019) suggest that when venturing into culturally or geographically distant markets, the internationalizing firm can mitigate challenges by collaborating with local partners. The establishment of strategic alliances can facilitate market penetration by granting access to an already-developed network and specific knowledge (Coviello and Munro, 1997).
In addition to the marketing and logistics expenses, it generally offers a lower financial barrier to entry when compared to other methods of international expansion.
This results in relatively low costs and risks.

According to Kotabe and Helsen (2022), this entry mode can take 3 different forms: indirect exports, when the company engages foreign markets through an intermediary and does not deal with foreign customers, direct exports when the company sells to one or more sales agents in the destination country, assuming liabilities and control over foreign operations, and cooperative or shared exports when there are partnerships in which companies offer complementary products/services and support each other.

Successful exporting often relies on effective coordination between the following players: Exporter, Importer, Transport Provider, and Governments as both the exporter's and importer's countries' policies influence international trade.

Exporting advantages include relatively low initial investments, simple and direct contact with customers, complete control over the operations, and a high involvement that tends to result in experience and knowledge inducement.

Conversely, one firm that opts to export will bury transportation costs, may face potential costs of trade barriers, and difficulties in understanding and keeping track of foreign preferences.

Thus, exporting is the most appropriate when there is a low trade barrier, home location has an advantage on costs and customization is not crucial.

- Other Entry Modes

When choosing to licensing, the licensor sells the right to exploit its intangible property to a licensee that penetrates a foreign market.

Franchising is a stricter form of selling the right to exploit protected intangible property as it requires the franchiser to obey a set of rules given by the franchiser. It is typical in the service-related sectors.

Joint ventures denote an agreement between firms to work together by joining resources and sharing both risks and rewards. This entry mode suits best long-term efforts.

Opposite to exporting, foreign direct investment (may be "greenfield" or "brownfield") is the direct ownership of facilities in the target country. The establishment of a new enterprise from the ground up is called "greenfield", whereas the foreign acquisition ("brownfield") is to assume control of a target firm by acquiring it - or at least part of it (Zeqiri and Angelova, 2011).

Visual Element 5: Entry Modes' Particularities

Entry Mode		Advantages/Disadvantages	Insights - When is it appropriate to opt for…	
Licensing / Franchising	Advantages	Low initial investments	When there is well codified knowledge, strong property rights regime, and location advantage.	
		Trade barriers are avoided		
		Potential for utilizing location economies		
		Access to local data and information		
		Easier ability to respond to customer's needs and wants		
	Disadvantages	Licensor lack the control over operations		
		Difficulties with transferring tacit knowledge		
		Great chance of creating a competitor		
Joint venture	Advantages	Access to partner's local knowledge	Alternative to Direct Ownership	
		Reduction of concern about overpayment		
		Both parties have some performance incentive		
		Significant control over operations		
	Disadvantages	Potential loss of proprietary knowledge		
		Potential conflict between partners		
		Neither partner has full performance incentives		
		Neither partner has full control		
Setting up a new company "Greenfield"	Advantages	Normally feasible	Direct Ownership requires a high level of resources and a high degree of commitment	When there is lack of proper acquisition target, in-house local expertise, and embedded competitive advantage
		Avoids risk of overpayment		
		Still retains full control		
	Disadvantages	Slower start		
		Requires knowledge of foreign management		
		High risk and high commitment		
Foreign acquisition	Advantages	Access to target's local knowledge		When the market is developed for corporate control, the acquirer has high absorptive capacity, and when there is high synergy
		Control over foreign operations		
		Control over own technology		
	Disadvantages	Uncertainty about target's value		
		Difficulty in "absorbing" acquired assets		
		Infeasible if local market for corporate control is underdeveloped		

Source: Zeqiri and Angelova (2011)

2.3.4. Export Barriers

The export barriers can significantly influence a company's international expansion decisions (Tatoglu et al., 2003), and there is a correlation between the perception of these barriers and a company's export activity (Arteaga-Ortiz and Fernández-Ortiz, 2010).

The following barriers may be noticeable at all stages of the internationalization process, but Leonidou (2004) stresses that their importance is not constant during the entire process, and therefore, both effects and behaviors to overcome these hurdles should also vary (Yaprak, 1985; Kedia and Chhokar, 1986; Keng and Jiuan, 1989). Facing the exportation barriers can bring a few advantages as some studies point out that overcoming these barriers can lead to greater credibility and market reach for companies (Hutchinson et al., 2009).

The barriers can be divided into internal and external barriers, which are further divided into seven subcategories (Leonidou, 2004): the firm-specific hurdles can be separated between incorporating informational, functional, and marketing regards, while the hindrances outside the firm's management are related to comprising procedural, governmental, task, or environmental conditions.

This way, the external barriers relate to factors outside the company's control, including geographical distances and cultural differences, political and legal restrictions, institutional frameworks, and economic conditions in both the possible destination countries and the country of origin. Contrarywise, the internal barriers originate within the company itself, from the resources and skills inherent in the company to the position it takes relative to the export operations it intends to carry out - these include a lack of international experience, limited financial and non-financial resources, inadequate organizational and management skills and insufficient knowledge of the market.

Visual Element 6: Export Barriers

Export Barriers

Internal	incorporating informational functional marketing	External	comprising procedural governmental task environmental

Source: Leonidou (2004)

- Incorporating information barriers is closely related to information inefficiencies, namely problems in identifying, selecting, and contacting international markets (Katsikeas and Morgan, 1994; Morgan and Katsikeas, 1997).

- Functional barriers emerge from limitations in the management of time dedicated to the intention to internationalize; inadequacy of personnel, either due to the lack of qualified staff or insufficient human resources to pursue the intention to internationalize; unavailable productive capacity and inefficiency of resources; and, scarcity of financing, since this process involves a great deal of financial involvement.

- With an increased layer of complexity, the marketing barriers relate to the Marketing Mix - product, price, promotion, and distribution - and the logistics inherent in the sales operation, and refer to all the obstacles the company faces in terms of marketing its product/service on foreign markets (Kedia and Chhokar, 1986; Moini, 1997).

The modification or creation of products tailored to the new market demand and particular requirements; the inability to offer competitive prices to consumers in the international market; the difficulties in timely approaching external consumption patterns; and, unreliable distribution channels are some of the major setbacks involving the Marketing Mix firms need to be aware. When it comes to logistics, difficulties in supplying goods abroad; stock flow management; and, high transportation and insurance costs tend to be particularly challenging.

- Comprising procedural barriers encompass unfamiliarity with techniques and procedures such as customs documentation, shipping procedures, and other export procedures that involve increased costs, time, and bureaucracy; communication failures between the parties due to insufficient and infrequent communication; and, slow payment collection due to the impossibility of direct contact and the tendency to request credits from certain markets, increasing the possibility of delays in their collection.
- Government barriers arise from institutional inadequate awareness in supporting and providing incentives, which discourages the decision to internationalize or pursue business in international markets; or even the adoption of restrictive measures that end up having a more limiting effect.
- Task barriers are obstacles that arise from the existing positions of competitors and/or consumers in the target market which directly affect a company's operations. They are either a consequence of strong competition in international markets or of divergent consumer preferences.
- Lastly, environmental barriers are the barriers related to the external environment. Both external features of markets the company already operates in and in which it intends to enter are encompassed in this category.

2.3.5. The SME's Exportation Process

SMEs encounter unique challenges in the exportation process due to their limited resources, capabilities, and experience relative to larger firms. The literature on SME internationalization highlights several key factors influencing their export behavior.

- Managerial and Entrepreneurial Orientation

SME owners play a crucial role in guiding their firms; thus, their vision and planning are crucial to the internationalization process. Proactiveness, innovativeness, and risk-taking propensity are key features when engaging new markets and opportunities, hence entrepreneurial orientation is positively tied with export activities engagement. Managers' international experience and knowledge also play a significant role in shaping the firm's export strategies and decisions (Neubert, 2022).

- Network Relationships and External Support

Access to networks and support from government agencies, industry associations, and other stakeholders can facilitate SMEs' export endeavors. Networks provide valuable information, resources, and opportunities, while external support can help SMEs overcome financial and knowledge barriers to internationalization (Zain and Ng, 2006).

- Market Knowledge and Information

Knowledge enrichment on foreign market features is vital for successful export market entry and expansion.
Competitors, customers, and regulations are unavoidable determinants of a market. As SMEs need to conduct thorough market research and analysis to identify suitable target markets, assess market potential, and develop effective marketing strategies they should go beyond these themes in their research efforts (Hutchinson et al., 2009).

- Product and Service Innovation

Innovation is a differentiation provider that enables SMEs to stand out from the competition and better respond to foreign consumers' specific needs and preferences. Hence, developing innovative products or services can provide SMEs with a competitive advantage in international markets (Neubert, 2022).

- Trial and Error

The dynamic nature of firm export behavior highlights the importance of continuously assess both market entry and exit decisions as firms may engage in an evolving process of trial and error export markets approach. In antithesis to the rigidity and death-like description advocated by the majority of market approach theories, Lawless (2009) perceives international market engagement as a fluid and always-changing process where "firm involvement in individual export markets is found to be much more dynamic than export status" (Lawless, 2009, p. 245) and where firms adjust their strategies based on their experiences.

2.4. Different Approaches to Different Markets

Exporting firms often need to adapt their strategies and approaches based on the specific characteristics of the target markets. Elements like cultural variations, regulatory frameworks, and market development levels can greatly impact how well export strategies perform.

2.4.1. Business and Cultural Differences

Cultural differences are evidenced in multiple stages of business, from the obvious communication gap and negotiation increased difficulty to consumer behavior misalignment. For this reason, understanding and adapting to cultural differences between the origin and destination countries is crucial for enhancing export performance, requiring SMEs to be culturally sensitive and adapt their marketing and sales strategies to resonate with the target market (Safarpour and Komejani, 2018).

2.4.2. Degree of Internationalization

Export behaviors are influenced by firms' degree of internationalization. Highly internationalized entities correlate with more proactive attitudes in seeking out export opportunities, possess greater market knowledge, and adopt more sophisticated export marketing strategies (Cavusgil, 1984).

SMEs can elect a more conservative approach by observing and learning from the experiences of similar but more internationalized firms. Despite giving up the first-mover advantages, they could benefit from international experience and knowledge of decision-making without incurring such high costs and risks.

2.4.3. Market Distance

Psychic distance, which refers to the perceived differences between the home and host countries, can influence firms' export market selection and performance (Johanson and Vahlne, 2009). Despite psychic and physical distances being correlated, they are not equivalent, and firms should not select their next target markets on a geographical sequence approach (Welch et al., 2016).

In compatibility with the Uppsala theory (Johanson and Vahlne, 1977), SMEs may initially target markets with lower psychic distance, as they are perceived to be more familiar and less risky. However, as SMEs gain experience and confidence, they may venture into more distant markets with greater growth potential (Ellis, 2007).

2.4.4. Export Strategy

Cooper and Kleinschmidt (1985) highlight the importance of aligning export strategies with firm capabilities and market conditions as the choice of export strategy can significantly impact export sales performance.

"The implementation of a well-designed export marketing strategy can indeed determine export success since the overwhelming majority of the marketing strategy variables were significantly associated with overall export performance. Market segmentation, product quality, pricing strategy, dealer support, and advertising were found to influence positively performance in export markets" (Leonidou et al., 2002, p. 64).

This way, SMEs need to carefully consider their resources, capabilities, and market conditions when selecting an export strategy - indirect exporting, direct exporting, or cooperative exporting (Kotabe and Helsen, 2022) – as each has its advantages and disadvantages, and the optimal choice will depend on the specific circumstances of the firm (Cooper and Kleinschmidt, 1985).

2.5. Empirical Literature

In this subsection, the theoretical basis will face empirical confrontation. Considering the report's purpose, Cooper and Kleinschmidt's (1985), Ellis's (2007), Grosse, Mudd, and Cerchiari's (2013), Lawless's (2009), and ISGEP's (2008) empirical studies will be emphasized.

2.5.1. Distance

Ellis (2007) sought to understand the practical implications of the distance to the target market. This study reached polemic conclusions as it defies the role of distance in international market expansions and only confirmed one of the four hypotheses of major theoretical relevance tested.

Ellis (2007) verifies the "near-market effect" in psychic terms, rather than geographical proximity, in low-risk entry modes (such as exporting), as consecutive export locations tend to be culturally related and concludes that exporters are able to transfer learning between similar markets since experience gained in one market reduces the uncertainty associated with entering other culturally similar markets. Nonetheless, disproportionately high value is attributed to cultural knowledge generated in foreign similar markets when compared to cultural knowledge generated in the domestic market (Mitra and Golder, 2002).

This way, by following the strategy to expand into markets the firm possesses the most knowledge, one should expand (first) into markets similar to the ones the firm already exports to rather than markets with high similitudes to the origin market.

2.5.2. Productivity

Lawless (2009) states that the existent heterogeneity in productivity is the inducive factor of international trade and the resulting productivity thresholds only allow the *ex-ante* best firms to become exporters. Several studies point out that exporting firms tend to be *ex-post* more productive and innovative than non-exporting firms due to the positive effect of export experience on productivity (Fernandes and Isgut, 2007; De Loecker, 2007).

These productivity premia are evident and can be defined as "the ceteris paribus percentage difference of productivity (measured as sales per worker) between exporters and non-exporters" (ISGEP, 2008, p. 599).

ISGEP's study concluded that productivity premium correlates positively with the share of exports in total sales and foreign markets distance, and correlates negatively with the origin country's export participation rates, trade policies openness, GDP per capita, government efficiency, and regulatory quality, varying considerably across countries. Yet, as an indicative value, the study estimated an average exporter premium for the 14 countries analyzed of 7 percent.

Hence, exportation engagement works as a competitiveness enhancer in a snowball effect. Operations' productivity superiority is both a condition and consequence of international market activities' success, optimizing the successful firms' operations and deepening their superior position within the markets they participate in.

Comparisons between firms, studies, or markets are of extreme difficulty due to the topic's inherent heterogeneity, making unfeasible the precise ascertainment of the *ex-post* productivity increase mechanisms (ISGEP, 2008), but Fernandes and Isgut (2007) point out that both involvement and timing in international markets play crucial roles.

The study estimates that learning-by-exporting increases productivity between 1.8 and 3.3 percent per year in the production plants highly committed to exportation, but also found that export experience depreciates completely in three years, extinguishing those benefits in the same period (Fernandes and Isgut, 2007).

2.5.3. Results

Finally, this subsection intends to reflect on the different approaches' results. Cooper and Kleinschmidt's (1985), and Grosse, Mudd and Cerchiari's (2013) articles dissect real firms' internationalization processes and results by analyzing the destinations and marketing strategies implemented.

Grosse, Mudd and Cerchiari (2013) distinguish two major distinct patterns in the Uruguayan exporters' international trade intensity: either firms target geographically near markets and their exports represent a relatively small portion of sales, either are international trade-oriented companies that have distant markets as their primary destination.

Nonetheless, the author finds that exportation weight positively correlates with firm size, exporting experience, and product adaptation.

Ultimately, the expansion results obtained will drastically depend on the origin and destination market characteristics.

Grosse, Mudd and Cerchiari (2013) reflect that market characteristics can impact individual firms' competitiveness. One evident world discrepancy is national FDI intensity and countries' targeted sectors – the US and Europe have a higher degree of technology and more FDI in these sectors - making it hard, for instance, for firms from emerging markets to compete in high-tech sectors of advanced economies. These differences can be even more pronounced when tacit knowledge matters discussed above are involved.

Moreover, marketing strategy coherence with the needs of foreign market is crucial – for instance, more developed economies tend to value customer services, so to penetrate these markets, investments in improving and offering a well-rounded product's support services should be prioritized.

Cooper (1985) conducted a study that connects marketing strategies and foreign markets' presence.

Firms opt among three marketing strategies: Full "marketer", "Quasi-marketer", and "Seller" strategy, depending on whether they adapt their products and/or do market segmentation or not, as the image below illustrates.

Visual Element 7: Cooper and Kleinschmidt's Marketing Strategies

Cooper and Kleinschmidt's Marketing Strategies	Product adaptation	Market segmentation
Full "marketer"	✓	✓
"Quasi-marketer"	✓	✗
	✗	✓
"Seller" strategy	✗	✗

Source: Cooper and Kleinschmidt (1985)

Then, Cooper and Kleinschmidt (1985) divided firms according to their foreign markets' presence. Companies with a single market representing more than 2/3 of their exportations are considered to be performing a "nearest" neighbor strategy, contrarily, if a firm's exportation is split by multiple foreign markets, it is called a world export strategy.

The author highlights two common positions, world marketers and neighbor sellers.

The first attitude was attributed to an average of 188% export annual growth. The second behavior was only responsible for a mean 23% increase.

The first profile were young firms that spent the most on R&D as a percentage of corporate sales, and surprisingly, despite the big commitment made to expand internationally, had less export experience. This way, this research backs the "marketing concept" as a suitable and effective export strategy across several types of firms.

On a final note, Ellis (2007) concluded that the hypothesis that experience influences the rate of outward extension is unsupported.

2.6. A Continuous Work

The literature on the exportation process is vast and multifaceted. Above we can find a comprehensive summary of the key theories, concepts, and empirical findings for a broad understanding of the SME exporting process. While the theories outlined provide valuable insights into the motivations, strategies, and challenges associated with internationalization, the final subsection gathers empirical studies and its findings on the factors influencing SMEs' export behavior and performance.

Nonetheless, the dynamic characteristics of the issues detailed are synonyms of constant mutation and improvements in trade distance and strategies, as the theory "Born Global" proves – while it was unthinkable two decades ago, it is now the reality of many high-tech companies. This way, continuous research is needed to explore emerging trends and challenges in the exportation process, namely in the impact of digital technologies, the role of sustainability considerations, and the implications of geopolitical shifts.

By deepening the understanding of these issues, more effective strategies in the pursuit of global growth and success will arise.

3. Description of the Host Organization and Activities Carried Out

Since 2005, Market Access has provided internationalization consulting services to help its partners and customers approach and expand into global markets. Today, the firm collects vast experience in implementing internationalization projects and has a diverse portfolio of clients from various geographies. Hence, this curricular experience yielded professional expertise, and both market- and firm-specific knowledge.

Market Access specializes in providing four essential services: Market Studies and Strategic Analysis; Prospecting and Client Acquisition; Business and Virtual Missions; and Internationalization Training and Consulting.

a) Market Studies and Strategic Analysis

It conducts market studies and strategic evaluations using primary and secondary sources of information to aid with decision-making and the development of sound internationalization plans. It has a large network of consultants in many markets, enabling the collection of data from local sources.

b) Prospecting and Client Acquisition

Market Access offers an integrated approach to the internationalization process, accompanying the entire commercial expansion process until the expected objectives in foreign markets are materialized.

c) Business and Virtual Missions

Market Access assists in the initial process of prospecting in international markets through the promotion of (presential and/or virtual) business missions focused on prospecting potential clients and scheduling B2B meetings. This stage aims to ease the first approaches to the foreign markets by directing their clients to potentially suitable local partnerships.

d) Internationalization Training and Consulting

Lastly, occasionally the firm promotes educational initiatives with a more practical side, such as workshops. As internationalization cuts across various areas of businesses, Market Access develops pedagogical moments that highlight the holistic nature of these processes.

3.1. Activities Developed

Market Access divides its core services into three teams: the Knowledge Business Unit, the Private Business Unit, and the Public Business Unit.

While the Knowledge Business Unit is responsible for the theoretical basis of the process by developing market studies, both the Private and the Public Business Units work more actively in the clients' internationalization process by engaging in b), c), and d) services described above, with the difference that the latter deals with the internationalization process of governmental entities, or of private companies through a third-party public entity, namely Business Associations, Trade Associations, and Town Halls.

By the client profile - private company or public organization – and the contracted services, the client portfolio is assigned to one of these business units.

I was assigned to the Knowledge and the Public Business Unit, dividing equally my time between them, however, the standardized and broad training program provided to all interns at the beginning of the internship, and the social and interactive culture endorsed by the firm promoted frequent contact across all units, contributing to the acquisition of a wider grasp of the internationalization processes' needs.

I actively engaged in projects with private and public organizations based in different countries from Portugal to Qatar, intending to penetrate the European markets of Spain, Germany, and Denmark, the American markets of Canada and the United States, and even the Middle Eastern Saudi Arabia.

Regarding the activities developed within the scope of public entities, the realization of market studies that aimed at a macroeconomic characterization of the region under analysis, as well as a sectoral characterization, is highlighted - these projects were carried out within the scope of the beauty, food, logistics, technology, infrastructure, and construction sectors. Additionally, some of the more specific tasks were also essential to enrich the quality of the work developed in the firm, such as: (1) Identifying the Importer Profile desired by the participating companies; (2) Collecting contacts of potential importers and subsequent matchmaking; (3) Contacting potential importers and collecting interested parties for subsequent scheduling of meetings with the participating companies; (4) Preparing training actions such as the presentation of the Target Market, preparation for B2B and virtual meetings, Sales Pitch, among other initiatives; (5) Follow-up actions (at a more advanced stage of negotiations between national companies and importers); and (6) Various Searches to gather important specific information of the destination market.

The diversity of tasks performed, markets engaged, and scope of contact with multiple companies involving different opportunities and risks – some more predictable than others – vastly contributed to the deepened comprehension of the practical issues these complex processes involve and introduced new tools and methodologies used in the market.

3.1.1. First steps: Market Selection Study

As a preliminary stage, the markets/countries with higher potential for advantageous results for each project objective are identified. This selection is conducted by combining macroeconomic, sectorial, and other more specific variables with an in-house developed equation.

Visual Element 8: Market Selection Index Calculus

Indicators			Relative Weight	Country A	Country B	Country C	(...)
Macroeconomic Indicators		PIB_{N-1}	**20%**				
		PIB_{N-2}					
		PIB_{N-3}					
		Ease of Doing Business					
Psychological Distance	**Cultural Distance**	Hofstede	**10%**				
		Power Distance Index					
		Individualism					
		Masculinity					
		Uncertainty Avoidance					
		Long-term Orientation					
		Indulgence					
	Geographical Distance	Driving Distance (km)					
		Flying Distance (minutes)					
	Linguistic Differences	English Proficiency					
	Educational System	Average Level of Education					
		% Population with Higher E					
	Politics	Degree of Political Freedom					
		Corruption Index					
	Religion						
	Time Difference						
Demographics	Average Age of Population						
	Infrastructure Conditions						
	Average Income/National Minimum Wage						
Sectorial Indicators			**50%**				
Competition Analysis			**20%**				
SUM			**100%**				
Country Ranking (0-1)							

Source: Market Access

This process made it possible to comparatively analyze a wide range of economies and understand those that were most interested in and predisposed to accepting the outputs developed by each company. Based on the analysis carried out and the most prominent markets identified, the firms are given the option to choose the preferred destination to be extensively examined.

This way, the market studies aimed to characterize the Canadian market for associate A and the Spanish market for associate B. In the work conducted, the main opportunities and challenges were identified and should assist the firm's ultimate decision-making process regarding a commercial approach to the market.

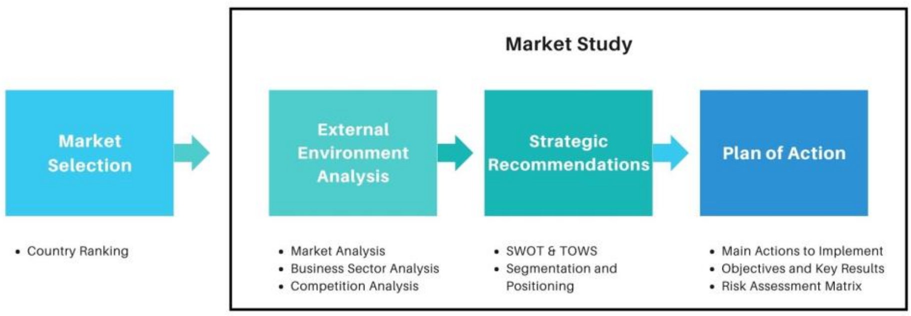
3.1.2. The Written Output

Then, the studies carried out strategic recommendations, including an analysis of the predictable internal and external factors that could, within various possible scenarios, impact the firms' activity. This way, the development and planning of potential approaches to the selected target market are ramified depending on possible economic scenarios, and different sets of suggestions are detailed from logistics to positioning, and even after-sales services.

The studies' topics are negotiated with each client, but the standard structure approaches the External Environment Analysis, Strategic Recommendations, and a Plan of Action.

The External Environment Analysis is divided between Market Analysis, Business Sector Analysis, and Competition Analysis; then, the Strategic Recommendations topic includes both a more theoretical framework with the SWOT and TOWS analyses and an expository topic that covers the advisable market target and product positioning. Finally, a Plan of Action is designed. This way, the studies are conducted using the following structure:

Visual Element 9: The Process Diagram



Source: Market Access

The Complete Market Access's Market Studies Table of Contents can be found in the Annex 3: Market Access's Market Studies Complete Table of Contents. Nonetheless, some studies are not fully developed as is the case of Associate B's written output.

4. Methodology

This report adopts a predominantly qualitative methodology. The approach is rooted in the recognition that, as defended in subsection 2.4, internationalization strategies are context-dependent and influenced by a myriad of qualitative factors that may not be easily quantifiable or even identified (Al Qur'an, 2020).

The primary research method employed is participant observation. While cooperating with Market Access in its head office, I directly observed and participated in the firm's day-to-day operations, gaining firsthand insights into the firm's processes of market selection and strategy formulation. The hands-on approach and multidisciplinary tasks allowed for a deeper understanding of the firm's practices, challenges, and even strategic decision-making. The constant need to timely monitor multiple projects' entire progress to develop coherent strategic plans required extensive documentary analysis. These documents encompass external environmental analyses, strategic recommendations, and plans of action such as those contained in this report.

Finally, the research also incorporated data analysis. This methodology was crucial in the final stage of the internship report as it enabled to compare the two market studies presented in the report for patterns, divergences, and potential areas for improvement in Market Access's processes.

The combination of the research methods mentioned - participant observation, documentary analysis, and data analysis - allowed for a comprehensive and nuanced understanding of Market Access's market selection and strategic planning processes (Gertler, 2003). As intended, the qualitative nature of the research enabled the capture of the rich contextual details and complexities inherent in these processes (Amin and Cohendet, 2000) that purely quantitative analyses tend to oversee (Johanson and Vahlne, 2011), leading to the identification of specific areas for improvement and the formulation of practical recommendations.

5. Market Studies

5.1. External Environment Analysis

With Leiria, Portugal, as both firms' origins, exporting to the closest neighboring country, Spain, and to the distant American market of Canada involves many different hurdles. This way, it is predictable that the dissimilar external analyses will lead to disparate Strategic Recommendations and ultimately different Plans of Action. But is it that way?

In this subsection, the major aspects of both studies'[3] external environment analysis will be compared as a framework setting. Later, the conclusions will be dissected in an attempt to understand possible universal good practices that overlap the geographical distance gaps (at least to the Portuguese sustainable products' entry modes) and to point out key ruptures between the vastly different challenges.

5.1.1. Market Analysis

Visual Element 10: Market Analysis – Overview

		Spain	Canada
Economic Overview	GDP growth	Positive but volatile	Positive and steady
	GDP per capita	Lower	Higher
	Unemployment	Higher but decreasing	Low
Demographics	Population size	Higher	Lower
	Centralization	Yes	Yes
Culture and Business Environment	Culture	Personal relationships Hierarchical business structure	Individualistic Flatter organizational structure
	Language	English French	Spanish: multiple dialects
	Cultural Promixity (with exporter)	High	Low
Trade and International Relations	Trade orientation	Open	Open
	Trade balance	Defcit	Surplus

Source: Market Access's Market Studies

Spain historically positions a higher level of unemployment, being one of its main economic issues, though both countries have significant urban populations with major cities playing crucial roles in their economies.

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[3] The most relevant subtopics of Market Access's original written outputs can be found in Annex 3: Market Access's Written Analysis.

Regarding language, Canada is bilingual (English and French), while Spanish is the predominant language in Spain. The Canadian ease with English should point out an edge to the entrance into the market by worldwide firms, but it can also translate into a higher degree of competition in the market. Aversely, the relatively lower degree of English language dominance in Spain and the multiplicity of dialects that make up the variants of Spanish sum up to an increased barrier to foreign countries' firms entering this market, yet Portuguese entities, due to its geographical, cultural, and linguistic similarities and proximity, may observe a competitive advantage in conducting businesses within this territory when compared, at least, with the rivals based in Anglo-Saxon countries.

- Overall Assessment

Both Spain and Canada offer opportunities for businesses, but they present different challenges and rewards as the following visual element synthetizes.

Visual Element 11: Market Analysis – Countries' Summary

Spain	Offers a large domestic market with growing consumer spending
	Has a strong cultural identity and a focus on personal relationships in business
	Faces challenges with unemployment and a relatively high debt-to-GDP ratio
Canada	Presents a stable economy with a higher standard of living
	Has a multicultural population with English and French as official languages
	Offers opportunities in sectors such as natural resources and technology

Source: Own Elaboration

5.1.2. PESTEL Analysis

- Associate A's PESTEL: Canada

Despite facing slowing economic growth due to high interest rates and inflation, Canada presents a favorable environment for Associate A's biodegradable plastic bags due to the increasing adoption of eco-conscious behaviors, willingness to pay more for sustainable options, and the CETA agreement allowing for tariff-free trade between the EU and Canada, which facilitates market entry and cost increases' containment.
Simultaneously, Canada's regulatory and innovative paradigms support the penetration success probabilities of advanced sustainable products.

The country has recently implemented policies to combat climate change and reduce plastic waste, banning single-use plastic usage. This created a significant gap in the market for compostable plastic bags, which are exempt from most restrictions. Also, Canada's strong position in technological innovation and R&D investments provide a conducive environment for the adoption of new technologies.

However, Associate A needs to:

- Obtain relevant certifications: Certifications such as ASTM D6400, ASTM D6868, and ISO 17088(2021) should enhance credibility and competitiveness in the market and be flagged as possible market entrance facilitators.
- Stay updated on regulations: The evolving regulatory landscape, particularly regarding labeling rules for compostable bags, needs to be monitored closely.

Overall, the Canadian market presents promising prospects for Associate A, provided they navigate the regulatory requirements and obtain the necessary certifications.

- Associate B's PESTEL: Spain

Spain is dedicated to environmental protection. On the supply side, the country promotes several initiatives to combat excessive packaging and encourage the use of recyclable materials by aligning its policies with the EU's focus on sustainable packaging, and waste management and reduction. Demand-wise, Spanish sustainable products necessities have significantly increased in recent years, particularly in the segment of women over 55 years of age.

Spain follows various internationally recognized certifications, such as ISO 14001 and FSC. This way, obtaining internationally utilized environmental sustainability certifications can enhance Associate B's product recognition and consumer appeal in Spain.

The combination of a recovering labor market with the predicted reduced inflation, increased investment, and moderated economic growth driven by domestic demand creates a positive business environment.

Spain demonstrates strong digital readiness, and the similarities in technological levels between Spain and Portugal could facilitate Associate B's market entry. At the same time, the absence of customs duties between Portugal and Spain further facilitates trade.

Overall, the alignment of Associate B's product characteristics with market trends, national commitment to sustainability, and consumer preferences reinforces the high-performance prospects for the firm in the Spanish market.

- PESTEL Analyses' similarities and differences

Both PESTEL analyses provide a detailed overview of the Canadian and Spanish markets for sustainable packaging companies. However, there are crucial differences in terms of regulatory context, consumer behavior, and market dynamics.

Both markets demonstrate a growing environmental awareness and demand for sustainable products, driven simultaneously by consumer preferences and governmental actions. Yet, as in most European countries, *Millennials* and *Generation Z* consumers are the main drivers of the Canadian demand for sustainable products, whereas women over 55 years old typify the most sustainability-sensitive group of consumers in Spain.

Both countries have implemented regulations to reduce the environmental impact of packaging. However, whereas Spain is strongly influenced by EU directives, Canada follows its own legislation, such as the "Canadian Environmental Protection Act" and the "Single Use Plastics Prohibition Regulations (SUPPR)".

Resulting in another key difference, despite certifications playing a crucial role in demonstrating product sustainability and gaining consumer trust in both markets, Spain also follows international standards, while most certifications valued in Canada are country-specific.

The technological state of the art greatly differs as Canada is on the verge of technological innovation with large investments in Artificial Intelligence, and Spain faces challenges in conceiving an R&D national coordinated initiative and focus on digitalization and incentives for SMEs.

Economically, exporting either to Canada or Spain doesn't implicate trade barriers, but the first faces a paradigm of moderate GDP growth, focusing on economic recovery and reducing public debt, and the latter faces slowing economic growth due to high interest rates and inflation.

This way, the analyses indicate that the increasing demand and regulatory support evident in both markets offer significant opportunities for sustainable packaging companies, but some major differences can be pointed out between the two markets highlighted.

5.1.3. Business Sector Analysis

- Associate A's Business Sector Analysis: Canada

The market favors quick product availability without the need for storage, making distributors crucial. Three market entry strategies are identified: direct sales to large retailers, collaboration with plastic bag producers, and using intermediaries to reach various retailers. The sector in question is competitive, with companies focusing on sustainability and differentiation to meet consumer needs.

- Associate B's Business Sector Analysis: Spain

The product's distribution chain involves agricultural producers, logistics companies, food distributors, and retailers, allowing for multiple strategies of entrance by targeting different players.
The sector is competitive but open to companies with strong service.

- Comparison of Associate A and Associate B's Business Sector Analysis

The sector analyses find different gaps in the sectors examined. To face the highly competitive level present in both sectors, study A suggests that the market values the most product differentiation, whereas study B proposes that the firm should opt to invest in improving its services offered.

5.2. Strategic Recommendations

- Associate A’s Strategic Recommendations: Canada

Visual Element 12: SWOT Analysis Associate A

Source: Market Access’s Market Studies

Then, the TOWS analysis suggests that Associate A should leverage its strengths in sustainable product manufacturing to succeed in the growing Canadian market. However, it needs to address its weaknesses related to market knowledge and logistical challenges. The company should focus on differentiation, innovation, and building strong customer relationships to overcome these challenges and establish a strong presence in Canada.
This way, the establishment of partnerships with distributors to overcome import challenges, the definition of a communication strategy focused on quality and visibility, the knowledge increase of the Canadian market, and regulatory changes monitorization were emphasized as the critical success factors for the firm.
The strategic recommendations for Associate A highlight the company’s potential to thrive in the Canadian market by capitalizing on its expertise in sustainable product manufacturing. The SWOT analysis reveals that Associate A's strengths, such as experience in manufacturing and product customization, align well with the increasing Canadian demand for eco-friendly products. However, the company needs to overcome its limited knowledge of the Canadian market and potential logistical challenges. The TOWS analysis suggests leveraging these strengths to meet the growing demand for sustainable solutions, differentiating through innovation and quality, and utilizing product customization to stay ahead of competitors. To establish a strong presence in Canada, Associate A should focus on B2B sales, targeting distributors, large retailers, and other plastic bag producers. The company should position

itself as a provider of high-quality, biodegradable, and customizable bags, emphasizing their eco-friendliness and compliance with Canadian regulations. Effective communication, strategic partnerships, and exceptional customer service will be crucial for success.

- Associate B's Strategic Recommendations: Spain

Visual Element 13: SWOT Analysis Associate B

Source: Market Access's Market Studies

Then, the SWOT analysis suggests that Associate B should leverage its strengths in sustainability, product customization, and market knowledge to succeed in the Spanish market. However, it needs to address its weaknesses related to production capacity and price competitiveness. By focusing on differentiation, innovation, and customer proximity, Associate B can overcome these challenges and achieve its expansion goals in Spain.
This way, Associate B's critical success factors encompass the definition of a communication strategy focused on quality, proximity, and visibility to increase market share, production optimization to achieve economies of scale and reduce costs, partnerships establishment within distribution channels to mitigate import costs and delays, and regulatory changes monitorization to ensure compliance and adapt product offerings.

For Associate B, the strategic recommendations emphasize leveraging its strengths in sustainability, product customization, and market knowledge to excel in the Spanish market. The SWOT analysis indicates that Associate B's closed circular economy system and sustainable packaging solutions align with market trends and consumer preferences. However, the company needs to address its limited production capacity and higher prices compared to competitors. The TOWS analysis suggests capitalizing on experience and market knowledge to seize growth opportunities, emphasizing sustainability and quality to differentiate from low-cost competitors, and utilizing geographical proximity to offset higher prices. Associate B should primarily target B2B customers in industries like food production, agro-industry, logistics, and large-scale distribution, while also considering B2C sales through e-commerce. The company should position itself as a provider of sustainable, customizable, and high-quality packaging solutions, highlighting its closed circular economy model and commitment to traceability. Effective communication, production optimization, strategic partnerships, and regulatory compliance will be key to achieving success in the Spanish market.

5.3. Plan of Action

- Associate A’s Plan of Action: Canada

Associate A’s Plan of Action was designed by underlining the value proposition clarification, brand visibility enhancement, partnership establishment, and further market research. Thus, the OKRs (Objectives and Key Results) include specific goals for market positioning, legal compliance, customer acquisition, brand building, customer experience, cost reduction, and risk mitigation.

The risk assessment matrix identifies and evaluates potential risks, such as high competition, lack of market knowledge, geographical distance, and regulatory compliance.

The document concludes by emphasizing the importance of addressing these risks and leveraging the company’s competitive advantages for a successful market entry.

- Associate B’s Plan of Action: Spain

Associate A’s Plan of Action was designed to promote brand visibility and quality perception through targeted communication campaigns and adapted marketing materials, expand production capacity by exploring options to increase production to meet potential demand, establish distribution partnerships by identifying and connecting with potential partners in Spain to streamline distribution and reduce import costs, and monitor regulatory changes.

Overall, this plan focuses on establishing a strong presence in the Spanish market, optimizing operations, and mitigating risks.

6. Critical Thinking and Improvement Suggestions

What's the value of finding the single best approach for one product into a specific market if the plan is not intrinsically aligned with the firm's profile, reasons for exportation, portfolio needs, and investment capabilities?

Firstly, the reason why firms seek to export is an important factor to consider, as it can massively impact their optimal destination (Cuervo-Cazurra and Narula, 2015). The two main reasons to seek foreign demand (Alexander, 1990) have opposite foundations involving the firm's relative position to the national supply: either they seek to export because they struggle to compete in the national market – push factors: associated with relatively low levels of internal productivity—or – either seek to expand beyond the national market in the pursuit of foreign markets' relative attractiveness – pull factors.

The first profile tends to not achieve the national market level of efficiency and also struggles in foreign markets, the supply characteristics of the destination market should be prioritized since, with the increase in costs related to the exportation process, a competitor's relatively lower productivity index is essential to a successful penetration.

The latter profile usually benefits from high economies of scale and high levels of productivity surpassing the national market needs or at least the remaining national demand given the sector's saturation. For those in this situation, the foreign demand properties tend to reveal more significance for the destination market setting, as the foreign demand must be able to absorb the high economies of scale exercised. This way, small-sized markets are not as relevant for these firms, and big-sized markets should be prioritized. As a second-order condition, the current foreign saturation level in the specific sector should also be addressed.

➔ Dynamic demand/supply indicators' weights according to the firm's relative productivity

As researchers find that firms require relatively superior productivity levels to survive international trade (Lawless, 2009) - mean productivity premium of 7% (ISGEP, 2008) -, the possible destinations considered should guarantee to the firm at least a positive premium, otherwise the relative high competition faced would *à priori* uneven the firm's success chances.

Secondly, the product should be characterized by its labor/capital intensity ratio, as that might be perceived in different manners according to the sector it inserts in and drastically influences the product's capability to compete with its rivals.
For instance, the apparel sector values handmade products. Despite potentially representing a huge disadvantage regarding scale economies and costs, when a high-quality niche demand is met, the high labor-intensive products can be perceived as having a higher value than the machinery-made competition. Conversely, in the technology industry, high capital intensity is usually a must in order to achieve competitive standards.

➔ New dynamic indicator: labor/capital intensity's optimal and current ratios

A firm's labor/capital intensity ratio encompasses information about its internal situation, product characteristics, and cost competitiveness; this way, its integration into Market Access's model should represent a favorable cost-benefit ratio to the market selection stage. The internal situation can be assessed by examining the firm's scalability ease and the operational capacity potential productivity. Easier scalability favors entry into larger foreign markets, while higher potential productivity enables competitiveness in markets demanding high productivity - even if that productivity level is not being exerted in the present moment. At the same time, this approach should also account for consumer preferences and adjust for productivity favorability in markets that demand labor-intensive products.
Furthermore, because a firm's competitiveness is tied to production factor costs, this approach also provides valuable insights into the productive process's needs. A labor-intensive firm, for instance, might struggle to compete in markets with cheaper labor, and vice-versa (Grosse, Mudd and Cerchiari, 2013).

Thirdly, the firm size and its experience (Fernandes and Isgut, 2007) with foreign markets should be more actively addressed as the degree of internationalization theory enhances that SMEs tend to not be capable of affording an unsuccessful experience the same way as bigger-sized rivals (Cavusgil, 1984).
When these smaller firms also have low to no knowledge of foreign markets approach, the resulting less accurate specific decision-making (Hutchinson et al., 2009) judgment should hinder furtherly their odds of success (Galazova et al., 2019).
With a smaller investment capability and smaller-scale economies, every stage must be efficient as relatively minor mistakes or step-backs (usual in these processes) represent

relevant fixed costs that won't be as well diluted in the company's cost accounting. Hence, SMEs are strongly advised to pursue lower-risk strategies (Ellis, 2007).
Given that cultural knowledge generated in other similar foreign markets is more significant than cultural knowledge acquired at home (Mitra and Golder, 2002), one should attempt to maximize its knowledge benefits and success chances by prioritizing markets with similar characteristics to those that they already export to (or recently exported to).

- ➔ Risk-aversion assessment
- ➔ Detained export experience indicator favoring international markets with cultural similitudes to the foreign markets the firm already deals with

This way, both the production methods employed, and the firm's exportation experiences should influence the destination market setting in the selection stage as many markets could be immediately discarded (regardless of the score obtained by the equation currently employed) given their supply characteristics and risk-aversion profile, and many other markets would gain relevance given the increased knowledge already detained by the attempting exporter.

Below is an example of a simple and generic risk-aversion questionnaire that could easily and immediately be implemented by Market Access, but would most certainly produce significant improvements in better suiting the selected market risk level and typology with the client's risk-aversion profile and preferences. Nonetheless, further personalized questioning is recommended according to, for instance, the sector to be addressed (Sakarya et al., 2007; Calof and Viviers, 2020) and/or client specifications (Makarevich and Kim, 2019).

Visual Element 14: Risk-Aversion Assessment Questionnaire Example

Financial Risk Tolerance		
F1	How much financial loss can your company comfortably absorb in the initial stages of international expansion?	Low Medium High
F2	Are you willing to invest significant resources in market research and adaptation for new markets?	No Yes
F3	What is your company's current financial health and stability?	Vulnerable Stable Strong
Operational Risk Tolerance		
O1	How comfortable is your company with adapting its products, processes, and marketing strategies to meet the requirements of foreign markets?	Not comfortable Somewhat comfortable Very comfortable
O2	How much experience does your company have in managing operations in culturally and institutionally distant markets?	No experience Some experience Extensive experience
O3	How flexible is your company in responding to unexpected challenges and changes in the international business environment?	Not flexible Moderately flexible Highly flexible
Strategic Risk Tolerance		
S1	What is your company's primary motivation for internationalization?	Market growth and expansion Diversification and risk mitigation Access to new technologies and resources
S2	What is your company's time horizon for achieving internationalization goals?	Short-term (1-3 years) Medium-term (3-5 years) Long-term (5+ years)
S3	How much control does your company want to maintain over its international operations?	Low control Moderate control High control

Source: Own elaboration

Fourthly, not only the firm size but more importantly its financial health is crucial to address as the firm's investment capability will most definitely influence the ideal Plan of Action.
It should not be relevant to attempt to design complete optimal guidelines for a product in a market if the "playbook" created does not suit the client itself. Rather, only after conducting a preliminary financial evaluation and assessing the firm willingness to commit to the exportation process, one could attempt to design complete optimal guidelines for a firm in a market - which I personally perceive of much more value.

➔ Firm's financial evaluation and expansion commitment assessment

One major difference according to the budget provided is the marketing concept adopted since joining product adaptation and market segmentation efforts in a "world exportation" initiative tend to have significantly better results than more conservative approaches that focus only on selling their exact current product in a "neighbor" market (Cooper and Kleinschmidt, 1985; Grosse, Mudd and Cerchiari, 2013).

➔ Feasibility analysis

If this evaluation is not possible – for instance due to confidentiality constraints – a final matrix should be arranged with insights about expected added values for each measure.
In this way, the company could more knowingly opt for the measures with the highest expected return for the investment required, not wasting resources in less effective actions before exhausting the better "bang for the buck" efforts.

➔ Cost-Benefit matrix ranking the "best" measures

Along the same lines as the questionnaire above, below is an example of a simple and generic cost-benefit matrix for strategic recommendations that could easily and immediately be implemented by Market Access, but would most certainly produce significant improvements in providing the client with additional priority insights and a more complete grasp of the strategic planning, and ultimately enable a more informed and efficient implementation phase by the subject under study.
A possible complication predicted is when strategic recommendations interconnect and have dependencies, though given the customization study strand, this would be smoothly surpassed.

Visual Element 15: Cost-Benefit Matrix for Strategic Recommendations

Strategic Recommendation	Expected Benefits	Estimated Costs	Implementation Time	Priority Level (order)
Example SR 1	Increased brand awareness Improved market reach	Marketing expenses Personnel training	3-6 months	High
Example SR 2	Enhanced product differentiation Higher profit margins	R&D investment Product redesign	12-18 months	Medium
Example SR 3	Reduced operational costs Improved efficiency	Process optimization Technology investment	6-12 months	Low

Source: Own elaboration

7. Conclusion

Exporting represents an increased layer of complexity to the trade activity including obvious challenges, namely logistics and transportation to the targeted market.

These challenges not only increase costs and time constraints, but also introduce subtler complexities, as firms need to continuously monitor shifting trends in distant markets—from evolving consumer preferences to regulatory changes and political developments—which can be demanding even in their home market.

These factors influence various aspects of business, including market responsiveness, production processes, and the ability to achieve economies of scale. However, in this complex process, the greatest difficulty for companies seems to be breaking the inertia of approaching a new market and actually starting activities, rather than the later stages of consolidating operations in foreign markets: as stated by Market Access CEO, Eng. Rui Sousa, “Firms have to start and they fear it”.

This internship provided invaluable insights into the complexities and nuances of the internationalization process, and the exposure to different markets, from Europe to the Americas and the Middle East, highlighted the importance of adapting strategies to the specific cultural, economic, and regulatory contexts encountered. This way, I saw my international trade and cultural-specific knowledge enriched and many soft skills to better understand and approach different markets enhanced.

When focusing on the Portuguese SMEs, based on both my and the firm’s experience, one of their major concerns is regarding target market distance, but for the wrong reasons. Most of the firms in this project are wary about the geographical distance to foreign markets and consider it one of the major barriers to the success of their international operations, mainly because of logistical difficulties and increased costs, underestimating the real threat of facing tacit knowledge diffusion challenges.

Heavily dependent on social interactions and localized contexts, sharing tacit knowledge across geographical distances and cultural boundaries can be especially demanding for SMEs, as they tend to have limited resources and experience in managing cross-border knowledge transfer (Gertler, 2003). Nonetheless, studies show that economic factors are typically more influential in the decision process (Ellis, 2007).

This suggests that this unfounded disproportionate attention to geographical aspects can influence companies to make the wrong decisions and inhibit them from reaching their full international success potential: not only do actual export barriers impact internationalization processes, but also the perception of these barriers (Arteaga-Ortiz and Fernández-Ortiz, 2010) drastically reshape Portuguese foreign expansions.

My time and experience of collaboration with Market Access were enough to identify and break down some misconceptions inherent in the Portuguese business community and, by deeply engaging in the firm's *modus operandi*, reach some improvement suggestions synthesized below:

Visual Element 16: Improvement Suggestions Summary

Market Selection Stage	**01**	Dynamic demand/supply indicators' weights according to the firm's relative productivity	Alexander (1990) Cuervo-Cazurra and Narula (2015) ISGEP (2008) Lawless (2009)
	02	New dynamic indicator: labor/capital intensity's optimal and current ratios	Grosse, Mudd and Cerchiari (2013)
	03	Risk-aversion assessment	Cavusgil (1984) Ellis (2007) Fernandes and Isgut (2007) Hutchinson, Fleck and Lloyd-Reason (2009) Mitra and Golder (2002)
		Detained export experience indicator (favoring international markets with cultural similitudes to the foreign markets the firm already deals with)	
Plan of Action Stage	**04**	Firm's financial evaluation and expansion commitment assessment	Cooper and Kleinschmidt (1985) Grosse, Mudd and Cerchiari (2013)
		Feasibility analysis	
		Cost-Benefit matrix ranking the "best" measures	

Source: Own elaboration

The internship at Market Access provided invaluable insights into the complexities and nuances of the internationalization process, especially because of the hands-on experience of conducting market research, analyzing target markets, and developing strategic recommendations for diverse companies across various sectors, which deepened my understanding of the challenges and opportunities associated with global expansion.

Therefore, I considered that it would be of the most value to favor empirical data confrontations to complement and validate the theoretical-based in-house developed equation model and the market studies' structure employed – described respectively in the **Visual Element 8:** Market Selection Index Calculus, and **Annex 3:** Market Access's Market Studies Complete Table of Contents –, contributing to a more nuanced and practical perspective on the internationalization support services offered by Market Access.

This research then concluded that the major flaws of the model would easily be diminished by a better understanding of firm-specific factors and its risk tolerance in order to obtain better tailored recommendations and optimally suit the comprehensive detailed plan of action for each client.

Due to its limited length, this study highlighted some gaps that could be fixed or improved, yet, more emphasis should be drawn to the positive aspects of the current design employed as it is a well-rounded and theoretically updated model. In the same way, further developments should be made in developing an improved equation model that could subsequently be empirically tested.

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9. Annexes

9.1. Annex 1: Financial Synthesis 2019-2023 – Associate A (Orbis)

	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
	USD	USD	USD	USD	USD
	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Unqualified	Audit n.a.
	IFRS	IFRS	IFRS	IFRS	IFRS
Exchange rate: EUR/USD	1.10500	1.06660	1.13260	1.22710	1.12340
Operating revenue (Turnover)	19,739,965 ↘	19,847,178 ↗	19,042,021 ↗	15,387,764 ↘	15,700,182
P/L before tax	2,459,488 ↗	2,443,984 ↗	1,822,980 ↘	2,632,485 ↗	1,020,000
P/L for period [=Net income]	1,836,134 ↘	2,255,876 ↗	1,895,792 ↘	2,932,449 ↗	991,381
Cash flow [Net Income before D&A]	2,860,110 ↘	3,285,008 ↗	3,077,126 ↘	3,812,430 ↗	1,639,307
Total assets	24,826,587 ↘	24,934,274 ↗	22,793,741 ↗	19,824,681 ↗	14,427,643
Shareholders funds	16,163,735 ↗	14,230,151 ↗	11,533,735 ↗	10,214,086 ↗	5,716,466
Current ratio (x)	2.16 ↘	2.48 ↗	1.93 ↗	1.61 ↗	1.35
Profit margin (%)	12.46 ↗	12.31 ↗	9.57 ↘	17.11 ↗	6.50
ROE using P/L before tax (%)	15.22 ↘	17.18 ↗	15.81 ↘	25.77 ↗	17.84
ROCE using P/L before tax (%)	14.62 ↗	14.15 ↗	12.71 ↘	20.99 ↗	14.78
Solvency ratio (Asset based) (%)	65.11 ↗	57.07 ↗	50.60 ↘	51.52 ↗	39.62
Number of employees	91 ↗	82 ↘	85 ↗	78 ↗	71

Source: Orbis

9.2. Annex 2: Financial Synthesis 2019-2023 – Associate B (Orbis)

	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019
	USD	USD	USD	USD	USD
	12 months	12 months	12 months	12 months	12 months
	Unqualified	Unqualified	Unqualified	Audit n.a.	Audit n.a.
	IFRS	IFRS	IFRS	IFRS	IFRS
Exchange rate: EUR/USD	1.10500	1.06660	1.13260	1.22710	1.12340
Operating revenue (Turnover)	20,578,530 ↘	22,682,103 ↘	27,689,440 ↗	20,162,907 ↘	25,567,112
P/L before tax	1,267,282 ↗	902,077 ↗	878,990 ↗	422,152 ↘	792,666
P/L for period [=Net income]	1,058,730 ↗	856,956 ↗	794,161 ↗	373,191 ↘	559,234
Cash flow [Net Income before D&A]	2,445,398 ↘	2,469,481 ↘	3,118,553 ↗	2,758,106 ↗	2,722,792
Total assets	27,253,145 ↗	26,636,131 ↘	32,238,583 ↗	25,425,032 ↘	25,994,804
Shareholders funds	17,360,682 ↗	15,529,760 ↘	15,706,173 ↗	12,817,241 ↗	11,504,771
Current ratio (x)	1.78 ↗	1.48 ↗	1.19 ↘	1.23 ↗	1.13
Profit margin (%)	6.16 ↗	3.98 ↗	3.17 ↗	2.09 ↘	3.10
ROE using P/L before tax (%)	7.30 ↗	5.81 ↗	5.60 ↗	3.29 ↘	6.89
ROCE using P/L before tax (%)	6.14 ↗	4.78 ↗	4.60 ↗	2.66 ↘	5.13
Solvency ratio (Asset based) (%)	63.70 ↗	58.30 ↗	48.72 ↘	50.41 ↗	44.26
Number of employees	109 ↘	114 ↘	122 ↗	120 ↗	115

Source: Orbis

9.3. Annex 3: Market Access's Market Studies Complete Table of Contents

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Source: Market Access

9.4. Annex 3: Market Access’s Written Analysis

9.4.1. Market General Situation

- Market Access’s Market General Situation Associate A: Canada

In 2023, Canada's GDP was approximately 2,140 billion dollars (the equivalent of approximately 1,447,510 million euros), corresponding to a growth rate of 3.8%. Currently, Canada's GDP represents 2.1% of the global GDP. If considered together with the EU, these two regions account for 20% of the global GDP. In addition, data relating to 2022 reveal that the average production of goods and services per inhabitant, materialized in GDP per capita, increased by 1.9% compared to 2021. In 2023, Canada's GDP per capita stood at 53,547 US dollars (the equivalent of approximately 36,219 euros).

Canada's economy is strongly concentrated in the service sector, which contributes 67.7% of GDP and employs about 79% of the working-age population. This is followed by the industrial sector, which employs 19.1% of the workforce and contributes 24.1% to GDP. Finally, agriculture represents 1.7% of GDP, employing 1% of the working-age population.

Still at the labor level, currently, the unemployment rate stands at 5.8%. This rate is almost 3 percentage points above that of the neighboring country, the United States. However, in comparison with the Eurozone, with which Canada currently maintains strong trade relations due to a progressive trade agreement (CETA), the Canadian unemployment rate is 0.6% lower. Finally, regarding the Human Development Index, which measures the achievements of basic human development in a country, such as those related to health, education, and income, Canada was in 18th position in 2022 out of a total of 193 countries analyzed. This performance is reflected not only in an increase in gross national income of 45.2% between 1990 and 2022 but also in an increase of 5.4 years in life expectancy, from 77.4 to 82.8 years.

In cultural terms, Canada is a multicultural and linguistically diverse country, which has two official languages: English and French. Each region speaks one of these two languages, or a mixture of both. The country's business culture thus mixes French, British, and American practices. It should also be noted that in Canada there is a separation between private life and personal life, so the development of personal relationships in a business context is not privileged. In the cultural analysis of the market, it is also important to highlight the cultural differences between the two countries - Portugal and Canada - based on Hofstede's cultural dimensions, namely with regard to uncertainty avoidance and distance to power. Compared to Portugal (index of 99), Canada, with an index of 48, has a lower aversion to uncertainty, which means that this market may be more likely to accept new ideas and innovative products. Regarding the distance to power, Canada, with a lower index (39), encourages dialogue between bosses and subordinates, which is also reflected in its hierarchically more horizontal model. On the contrary, in Portugal, whose power distance index is high (63), the hierarchy style tends to be more vertical.

Geographically, Canada is located in North America and borders the United States. The country is divided into 10 provinces and 3 territories and its capital is Ottawa. According to the World Data Bank, in 2022 Canada's population was around 38.93 million inhabitants. Of these, 90% live within a radius of 160 kilometers from the border with the United States.

In terms of international trade, between 2016 and 2022, bilateral trade in goods and services between Canada and the EU increased by 65%. In 2023, Canada recorded import values in the order of 517 billion euros; and about 525 billion euros in exports.

Thus, the country's trade balance remained positive, hovering around 8 billion euros in 2023. These values corresponded to a growth of 31% in imports and 34% in exports of goods between 2021 and 2022. However, there was a decrease in the country's overall imports and exports in the 2022-2023 period, with negative growth rates (-2%) in imports and exports (-8%).

Considering the information presented above, the Canadian market presents itself as an attractive market for internationalization due to its sustained economic growth in the post-pandemic period, even in the face of scenarios of global economic retraction caused by the war in Ukraine and high inflation rates. At the cultural level, the dominance of English and French should be highlighted, which may facilitate communication with the target market. In addition, due to its low uncertainty avoidance index, Canada may be a receptive market for the acceptance of new products. Finally, it should be noted that Canada presents itself as a dynamic market in terms of international trade, despite the retraction of international trade during the 2022-2023 period. This slowdown in international trade may be correlated with the global situation of rising inflation, which will be addressed in greater detail in chapter 2.1.2.2. - Market size and growth prospects. At this level, there is also a growing relationship of proximity between Canada and the European Union, embodied in the signing of a trade agreement. In this sense, it is important for European countries, including Portugal, to strengthen and improve their positioning as a supplier to this market.

- Market Access's Market General Situation Associate B: Spain

With a population of 47,778,430 inhabitants, Spain is the 15th largest economy in the world and the 4th largest in the European Union. In 2022, the country recorded a current GDP of around 1,346.4 billion euros, with an increase to 1,453.665 billion euros in 2023. The Spanish GDP per capita in 2023 amounted to 30,438 euros. In turn, the annual GDP growth in 2023 was 2.5%, with domestic demand being the main driver of this growth. This may indicate that the Spanish economy is quite dynamic in terms of domestic consumption and has the potential to maintain this same dynamism over the next few years.

Thus, in 2022, Spain surpassed, by more than double, the EU average in terms of GDP, with 570.7 billion euros. In addition, GDP growth in 2022 was 5.8%, which represented a growth higher than that of the EU's GDP by 2.4 percentage points. In 2023, Spanish GDP growth was lower - 2.5% - but still higher by 1.7 percentage points than the GDP growth recorded by the EU (0.8%). However, in terms of GDP per capita, in the last two years - 2022 and 2023 - Spain falls short of the EU value. Demographically, it has a population higher than the EU average and with a higher growth in the year 2022.

Most of the aforementioned indicators reflect a positive behavior of the Spanish economy in terms of its economic and social variables, with the most prominent being the 5.8% GDP growth in 2022.

After several packages of measures imposed by the Spanish government with the aim of controlling the rise in prices, in 2023, the Spanish economy presented an inflation of 3.1%, after reaching a value of 8.4% in 2022. This perspective of future stability regarding market prices may suggest an environment conducive to consumption and, consequently, to investment.

Regarding unemployment levels, this reached 12.9% in 2022, compared to 6.1% in the European Union. However, the behavior of this variable has been positive over the last few years, especially when compared to a value of 26.1% in 2013 - which represents a difference of 13.2 percentage points and reflects a positive behavior of the Spanish economy.

In addition to the geographical proximity between Portugal and Spain, these countries also stand out for their proximity in terms of several cultural dimensions. Such cultural dimensions can, in turn, affect the way in which commercial relations are established and how the business and work environment develops. For example, the Spanish market recognizes itself as hierarchical, that is, respectful of hierarchical positions and the differences between them, just like the Portuguese market. This characteristic can be measured by the

Hofstede index, more specifically in the parameter of distance to power, for which Spain presents a value of 57 and Portugal of 63. Similarities such as these reduce the cultural barriers imposed on trade between the two countries, resulting in an easier adaptation to the market.

In parallel, in the analysis of Hofstede's uncertainty avoidance index, a very high value is observed for the Spanish market with an index of 86. This translates into a significant aversion to change in general, which may be correlated with a greater reluctance to change suppliers - which, in an initial phase, entails a moment of greater uncertainty. On the other hand, after entering the market it can also be seen as a protection against new competitors. A high uncertainty avoidance index may also indicate a greater capacity for resistance to economic shocks on the part of the market, contributing to a more cohesive and stable business environment.

Still in cultural terms, Spain depends crucially on the existence of personal relationships. For example, Marian Meaney highlights the importance of maintaining a good relationship with the Spanish and investing in these same relationships. In addition, communication must be done in Spanish, something highly valued in the market and which, otherwise, could create several barriers.

In geographical terms, the Spanish market, which has been part of the EU since 1986, is located in southwestern Europe, within the Iberian Peninsula. This geographical position is of great relevance in terms of European and international trade, since its proximity to the Atlantic Ocean and the Mediterranean Sea gives it facilitated access to other markets, such as the African continent - with which Spain is economically and culturally linked, largely due to its commercial relations.

The Spanish territory has an area of 505,370 km2 and a population density, in 2023, of 93.44 (inhabitants per km2). The country's capital, Madrid, is the city with the largest population (3.3 million inhabitants in 2022), followed by Barcelona (1.6 million inhabitants). Valencia, Seville, Zaragoza and Malaga follow with values between 600 and 800 thousand inhabitants.

With regard to international trade, Spain occupies the 15th position worldwide in the ranking of importing countries. Even so, imports from the Spanish market have seen an increase in recent years, evidenced by the annual growth rate of imports from 2019 to 2023 of 6.7%. This growth has been higher than the evolution of exports, causing the market to present a trade balance deficit of 43,556 million euros in 2023.

These conditions may favor the entry into the country of foreign products through imports, with special privilege for products originating from Portugal. In fact, it is noted that Portugal is the 7th country in the world from which Spain imports the most, with a value of 18,299 million euros in 2023, representing 4.2% of its total import value. On the other hand, Spain is the country to which Portugal exports the most in the world, in the amount of 20,024 million euros in 2023, which represents 26% of Portugal's total exports to the world (77,513 million euros). It is also important to add that Portugal has seen an annual growth of its global exports from 2019 to 2022, despite a decrease of 2 percentage points in 2023. Among these, exports to Spain have grown at a faster pace, highlighting the growth of 29% between 2020 and 2021. It is also important to emphasize that, although Portuguese exports did not grow between 2022 and 2023, there was no decrease in them, since the growth rate stood at 0%. Thus, such data confirm the relevance of both countries for their respective bilateral trade.

In addition to geography, the cultural and historical proximity of the two markets makes the existence of a good business and commercial environment propitious.

It is concluded, then, that the Spanish economy is positioned with prominence in the world panorama, with the main emphasis on its preponderance in terms of international trade. Its geographical and cultural proximity to Portugal reduces several barriers and provides a more favorable business environment. It is concluded, therefore, that the Spanish market is especially attractive for internationalization, particularly for Portuguese companies.

9.4.2. PESTEL Analysis

- Market Access's PESTEL Analysis Associate A: Canada

2.1.2.1. Market Dimension and Growth Prospects

The expected GDP growth in Canada for 2024 is lower than in previous years, expected to be at 1.2%. This slowdown in economic growth is mainly due to the effects of high interest rates as a way to combat inflation – which stood at 3.6% in 2023 – and the consequent slowdown in the global economy.

Despite the behavior of inflation in 2023, in January 2024 it reached 2.9%, exceeding expectations for this period, which predicted a drop of only 0.1% between December 2023 and January 2024. According to Statista forecasts (2022), the inflation rate for 2024 should be at 2.43% – thus approaching the Bank of Canada's target of 2%. Thus, it is expected that the Bank of Canada will lower interest rates, leading to an economic recovery in the second half of 2024 and, consequently, an increase in consumer purchasing power.

In demographic terms, in 2023, the percentage of inhabitants of Canada belonging to the age group over 65 corresponded to 18.9% of the total population. However, in 2023, the millennial generation (born between 1981 and 1996) surpassed, for the first time since 1958, the baby boomer generation (born between 1946 and 1965) in number of inhabitants. In fact, Canada currently has a relatively young population, with about 11.37 million inhabitants aged between 25 and 44, with the average age of inhabitants being 40.6 years. Accompanying this trend, Generation Z (born between 1997 and 2012) and aged between 11 and 27, surpassed Generation X (born between 1966 and 1980), becoming the third largest age group in the country. Of these, about 4.9 million were aged between 22 and 24 years. The increase in permanent and temporary immigration in 2022 and 2023 in Canada, with ages below the Canadian average, contributed 96% to population growth and the consequent change in its age structures.

According to Forbes (2021), both Generation Z and millennials are the ones who make the most purchase decisions based on personal, social and environmental values and principles. Furthermore, this type of consumer is willing to spend 10 percent more on sustainable products. Thus, and considering its relatively young population, Canada emerges as an interesting market for exploring opportunities in the field of sustainability by Associate A.

2.1.2.2. Political and Governmental Incentives to the usage of Sustainable Packaging

In 2015, all UN countries adopted the 2030 Agenda for Sustainable Development. This Agenda is guided by the establishment of 17 Sustainable Development Goals, with the purpose of promoting sustained economic growth that responds to climate change and the protection of oceans and forests. Among these, goal 12 stands out – Responsible consumption and production. The EU supports these sustainable development goals by decoupling environmental pressures from economic growth, waste generation and management efficiency, and the green economy. This translates into the introduction of policies and initiatives applicable to all EU countries, such as the European Green Deal and the Circular Economy Action Plan. The European Green Deal aims to make Europe the first climate-neutral continent by 2050, through measures such as reducing net greenhouse gas emissions by at least 55% compared to 1990 values, and planting 3 billion trees in the

EU by 2030. The Circular Economy Action Plan aims to present initiatives aimed at the entire product life cycle, including the manufacture of sustainable and durable products.

Canada, not being a European member country of the EU, has its own action plan to combat climate change – called A Healthy Environment and a Healthy Economy. Among the main initiatives included in the Canadian climate action plan, it is worth highlighting the commitment to reduce emissions between 40 and 45 percent below 2005 levels by 2030 - in order to achieve carbon neutrality in 2050. To support this objective, the country has invested, for example, in renewable energy. In addition, Canada has been working to reduce the impact of plastics on the environment, with the adoption, in 2019, of a plan with initiatives in this regard – the Canada-wide Action Plan on Zero Plastic Waste. The plan involves two phases. Phase 1, started in 2019, involves actions aimed at product design, collection and recycling systems and the use of single-use plastics. In Phase 2, which began in 2020, the actions developed included raising consumer awareness, researching, monitoring and developing global actions. For example, at this time, within the scope of research actions, the search for innovative designs, alternatives and technologies that help reduce pollution caused by plastic and increase its circularity is underway.

The output under development by Associate A may be particularly relevant in this context. In fact, taking into account that plastic bags are biodegradable, they present themselves as an innovative solution in the fight against pollution caused by plastic. Thus, it is considered that the internationalization of Associate A, in this specific phase of development of government actions to combat the production of plastic waste, may lead to a high acceptance of the output by all local stakeholders.

2.1.2.3. Consumer Preferences

According to an Ernst and Young study, Canadians are increasingly prioritizing a sustainable lifestyle. In fact, 91% of Canadian consumers claim to recycle and/or reduce plastic waste, while 88% say they use reusable shopping bags. In line with these more environmentally conscious behaviors, Canadians also show a greater tendency to buy products aligned with the protection of the planet. Thus, about 25% of Canadians interviewed by the Boston Consulting Group admit to having spent more in the last 6 months on products with a lower climate impact. Of these, consumers aged between 18 and 24 and consumers aged between 25 and 34 – corresponding to 46% and 39% of respondents, respectively – are the ones who most opt for this type of product. In addition, it is important to note that 31% of respondents stopped consuming or reduced the consumption of products or services with a high environmental impact, including packaged foods.

Thus, it can be concluded that the Canadian consumer has a growing concern with sustainability, a factor that motivates not only more conscious behavior, but also the purchase of products with more eco-friendly characteristics.

2.1.2.4. Technological Trends

Canada is well positioned in terms of technological innovation. In fact, its 17th position in the Cisco Digital Readiness ranking indicates that this is a market prepared to respond to the challenges of a digital economy. In addition, in the Global Innovation Index, which analyzes which are the most innovative economies in the world in a universe of 132 economies, Canada also occupies a prominent position, appearing in 15th place.

Canada's positioning in these rankings is mainly a reflection of the market's investment in technological and R&D initiatives. In 2021, Canadian investment in R&D as a percentage of GDP stood at 1.7%. In addition, the country invests in programs to encourage technological development that allow it to be at the forefront of topics as diverse as cybersecurity, artificial intelligence and ocean-related technologies. For example, in terms of cybersecurity, Canada is consolidating itself as a center of innovation, having developed a national cybersecurity strategy, as well as a network of innovation in the area, in 2021. With regard to artificial intelligence, Canada also has a national strategy, through which several investments have already been made for the development of capacities and a research community at the national level in the area. Finally, with regard to the oceans sector, it is also in Canada that an ocean development cluster is located, which is the result of partnerships between industry, government and research institutions and with investments in areas such as fisheries, aquaculture, bioresources , offshore resources, defense and ocean technology, among others.

Taking into account Canada's strong positioning in the main rankings that measure technological development, as well as its investments in the most diverse areas of innovation, we can conclude that Canada will have an environment conducive to innovation.

2.1.2.5. Main Certifications

Canada is a market committed to environmental protection, as demonstrated by the existence of several certifications in the areas of energy efficiency, forest products, sustainability, food products, among others. Among the main certifications, the widespread use of two internationally recognized ones in this market stands out: the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC). The FSC parameter ensures that the materials used in the manufacture of the products are recycled and come from forests duly certified for sustainability standards. In this sense, this is also a relevant parameter that proves the sustainability of the manufactured packaging. The FSC has local teams in North America, one of which is in Canada. In addition, PEFC promotes sustainable forest management. This certification is beneficial for companies because, due to its wide recognition, it facilitates the identification of ecologically responsible products by the consumer. In addition, PEFC guarantees that the products come from sustainable sources.

Furthermore, since Associate A's output is biodegradable, it is important to consider the certifications that prove this specific characteristic of the products. At this level, in Canada the following certifications are widely accepted and recognized: ASTM D6400, ASTM D6868 and ISO 17088(2021). ASTM D6400 is a labeling specification for plastics designed to be aerobically composted in municipal or industrial facilities. ASTM D6868 is similar to ASTM D6400, but covers finished products that contain plastics and polymers as coatings or additives with paper and other substrates. ISO 17088(2021) is a certification that compostable plastic products comply with strict disintegration and biodegradation deadlines. Based on the certifications presented above, considering the output under development by Associate A – biodegradable plastic bags – and the growing concern with reducing the use of single-use plastics in Canada, obtaining them may be relevant and facilitate access to this market. Similarly, taking into account the growing pressure to prove the compostability of plastic items, it may be interesting to obtain one of the aforementioned certifications – ASTM D6400, ASTM D6868 and ISO 17088(2021) – referring to the labeling of compostable plastic items.

As analyzed in subtopic 2.3. Competitor Analysis –, among the main certifications adopted by companies with a competing offer with that of Associate A, the ASTM D6400, the certifications of the Bureau de Normalisation du Québec (BNQ) stand out, among which the specific standard for compostable plastic items (BNQ 0017-088) and the European standard EN 13432 relating to the composting of materials. As an example, some identified companies have ASTM D6400 certification, namely: Hytrend, Polykar, Refresh Packaging and Icegreen. Thus, obtaining certifications by Associate A can guarantee not only its competitiveness in the market, but also compliance with any legal regulations that may arise.

2.1.2.6. Laws and Regulations

At the regulatory level, the role of Environment and Climate Change Canada (ECCC) stands out. ECCC is a federal executive department whose main responsibilities include enforcing environmental laws. Among the main legislation is the Canadian Environmental Protection Act, which governs a series of topics related to environmental protection, namely in the areas of air and water pollution, waste management and toxic substances. This document, which serves as the legal basis for several regulations, was created in 1999 and recently updated in 2023. Among the regulations under this act, the regulation on single-use plastics stands out – or Single Use Plastics Prohibition Regulations (SUPPR). SUPPR is a regulation that prohibits the manufacture, import and sale of six categories of single-use plastic products, namely:

* Shopping bags designed to carry goods purchased in stores and those that are typically given to the consumer at retail;
* Plastic cutlery;
* Utensils for serving or transporting food made from various types of plastic;
* Beverage can rings;
* Drink stirrers;
* Drinking straws.

The regulation presupposes phases of adoption of the different prohibitions for the various articles. Specifically for plastic shopping bags, it is expected that their production, import and sale for export will be prohibited from December 2025. It is important, however, to mention that the ban on plastic bags has some exceptions. Thus, plastic bags used to retain organic waste or those used to package loose food items, namely fruit, vegetables, sweets, grains and nuts, are excluded from this prohibition.

In addition to this regulation, Canada is also in the process of establishing a regulatory framework for recycled materials – the Recycled content and labeling rules for plastics – which meets its goal of having plastic packaging include 50% recycled material by 2030. In addition, the regulation will also have rules regarding the labeling of these packages. In the specific case of compostable plastic packaging, they are exempt from the 50% recycled material requirement in their composition. However, they must be subject to specific labeling rules. In addition, items labeled “compostable” must be certified by accredited bodies and subject to tests to verify their disintegration.

In terms of customs duties, in 2017 a progressive trade agreement between the European Union and Canada came into force, on a provisional basis – the EU-Canada Comprehensive Economic and Trade Agreement (CETA). This agreement will take effect when all Member States have formally ratified it.
Within the scope of CETA, there is an elimination or reduction of customs duties and costs related to exports. Thus, in terms of tariffs, Canada and the EU have already abolished 98% of their tariff lines, and there is still room for a progressive elimination of the remaining 50. In fact, according to Access2Markets (2024), the applicable rate for plastic bags similar to Associate A – ethylene polymer bags for grocery items – originating in Portugal and destined for Canada is 0% provided they comply with the rules of origin in the EU, which can be tested on the website.

Thus, at the regulatory level, the Canadian market does not seem to present barriers to the output under development by Associate A. The same happens at the level of customs tariffs, given the existence of agreements with the EU. Still, attention is drawn to the need to review labeling rules for biodegradable bags, as well as to monitor regulatory developments in the market.

- Market Access's PESTEL Analysis Associate B: Spain

2.1.2.1. Political and Governmental Incentives to the usage of Sustainable Packaging
There are several global, European, and national initiatives aimed at a world with guarantees of future sustainability and cohesive, fair, and egalitarian development. One such initiative is embodied in the 17 Sustainable Development Goals (SDGs) established by the UN. These goals are outlined in the 2030 Agenda for Sustainable Development, which was adopted by all UN members in 2015 and serves as an action plan to address the most pressing social, economic, and environmental problems facing humanity.
Within the 17 SDGs, several address the issue of packaging sustainability, with a particular focus on Goal 12: Responsible Consumption and Production. Within this goal, it is important to highlight the target of substantially reducing the amount of waste generated. Such reduction involves prevention, reduction, recycling, and reuse, promotion of sustainable public procurement practices, in accordance with national policies and priorities; as well as the application of incentives to companies, especially large and transnational ones,

to adopt sustainable practices and integrate sustainability information into their activity reports, among other measures. Spain's focus and concern regarding the 17 SDGs is represented in the 2023 global performance ranking, in which the 193 UN member states are evaluated according to their progress in achieving their respective goals. Spain ranks 16th, with a score of 80.43% in achieving these goals.

At the European level, it is noteworthy that, in 2023, the European Commission, through the European Green Deal, revised EU legislation on packaging and packaging waste, considering three main objectives. The first is to prevent the generation of packaging waste, by reducing quantities, restricting unnecessary packaging, and promoting reusable packaging solutions. The second objective is to promote high-quality recycling, to make all packaging on the EU market recyclable in an economically viable way by 2030. The last objective listed is the need to reduce the use of primary natural resources by creating a well-functioning market for secondary raw materials. All these measures are based on circular economy principles and, thus, are in line with the solutions presented by Associate B, which focuses on the use of packaging in a circular way.

In this sense, Spain has been adopting several measures and initiatives that seek to meet the guidelines of the European Union. In 2023, a decree came into force, prepared by the Ministry for Ecological Transition, which prohibits plastic packaging for fruits and vegetables weighing less than 1.5 kg. The decree also includes other measures to encourage the purchase of loose fruits and vegetables. In addition to these, in order to combat the excessive use of packaging more effectively, this market has adopted other measures, which include transforming packaging into 100% recyclable by 2030, prohibiting the distribution of disposable cups at public events, and reducing the sale of plastic bottles by 50%. Furthermore, such measures are complemented by rules that oblige authorities to encourage the installation of drinking fountains in public spaces, introducing alternatives to the sale of bottled drinks.

In conclusion, awareness and action for sustainable development, particularly regarding sustainable packaging, have been greatly favored by the Sustainable Development Goals (SDGs) and EU rules. The alignment of these regulations with national initiatives in Spain is further proof of the country's dedication to environmental protection and the promotion of the sale of products that adhere to these values.

Thus, it is concluded that Spain is a potentially attractive market for companies seeking to investigate the prospects for sustainable and environmentally conscious packaging. The harmonization of government policies, EU directives, and the SDGs creates a favorable climate for innovation and investment in this sector. In this way, it becomes evident that the future of the packaging market is increasingly oriented towards the adoption of environmentally friendly practices - and that Spain stands out as a strategic location for the growth and prosperity of businesses committed to sustainability.

2.1.2.2. Market Dimension and Growth Prospects

Spain is expected to show a GDP growth rate of 2.1% in 2024, after a year of similar growth in 2023 - with a GDP growth rate of 2.5%. It is important to note that GDP growth, although positive, has been occurring at a decelerated pace. However, total economic activity this year (2024) is expected to grow, mainly driven by an increase in domestic demand. This may be related to expectations regarding the continued growth of employment and the steady decline in the household savings rate, thus promoting private consumption. Thus, for 2025, expectations remain for economic activity growth of approximately 1.9%.

Spain's real GDP increased by 0.7% in the first quarter of 2024, mainly due to the contribution of external demand. However, despite the expected improvements in tourism and the export of non-tourism services throughout the year, the fragile economic conditions of Spain's main trading partners could restrict the dynamism of total exports and the influence of external demand in promoting growth.

In 2023, total inflation in the Spanish market decreased to an average of 3.4%, helped by a prolonged reduction in energy prices. Inflation is now expected to come under some upward pressure as a result of the phasing out of most government initiatives aimed at mitigating the effects of high energy prices. However, this will not be enough to offset the slowdown in the inflation rate expected this year to 3.1%, as pressure on prices of non-energy and food components continues to ease. In 2025, overall inflation is expected to fall further to 2.3%.

The promising performance of the labor market from 2023 continues in 2024. Employment registered an annual increase of 3.2%, supported by the persistence of high migration flows. After reaching 12.1% in the previous year, the unemployment rate is expected to fall further, albeit at a slower pace, to 11.6% in 2024 and 11.1% in 2025. After a robust recovery in the real purchasing power of households in the previous year, nominal wage growth is expected to slow in 2024 and 2025, but remain slightly above inflation.

Over the 2024-2025 period, the implementation of the Recovery and Resilience Plan (RRP) is expected to support investment growth and the favorable evolution of revenues and the phasing out of energy-related policies are expected to further reduce the debt-to-GDP ratio, from 105.5% in 2024 to 104.8% in 2025.

Regarding demographics, from 2012 to 2023, population growth has not been significant. In 2012, the population was around 47 million inhabitants and in 2023 it was 48 million. As shown in the graph below, the age groups of 50 to 64, 65 to 79, and 80+ years currently have a greater weight in the total population in 2023 than in 2012. On the other hand, younger age groups acquire a lower weight compared to the total population in 2023 when compared to 2012. This could be an indicator of changes in Spanish demographics, reflecting a gradual aging of the population. The increasing aging of the population may have an impact on consumer decisions regarding the consumption of sustainable products and, consequently, products that signal sustainable production, transport, and logistics methods, as discussed in Chapter 2.1.2.3. Consumer Preferences.

Thus, at the macroeconomic level, it is concluded that GDP growth, although moderate, could be an indicator of an expanding market. In addition, the slowdown in inflation and the improvement in the labor market could signal the existence of an environment conducive to consumption. Investment should also be boosted by the Recovery and Resilience Plan, coupled with a trajectory of public debt reduction. Thus, it is possible to conclude that the Spanish market could be an attractive export destination.

2.1.2.3. Consumer Preferences

Nearly three-quarters (74%) of Spanish consumers consider environmental sustainability when making a purchase decision. However, contrary to the widespread perception that younger age groups describe their shopping habits as more sustainability-oriented, a study by Procter & Gamble in partnership with Universidad Pontificia Comillas shows that the sample of Spaniards over 55 years old attributes greater importance to sustainability in their purchasing decisions compared to the group between 18 and 34 years old.

The study also reveals that Spanish women see sustainability as a more relevant issue than men. Thus, in the Spanish context, the role of women over 55 as consumers with preferences more aligned with sustainable consumption is noteworthy.

This study also includes a geographical analysis of the country that ranks the regions with the highest preference for sustainable shopping habits - Madrid, Catalonia, and Castile-La Mancha form, in this order, the top 3. Regarding the criteria with the greatest weight in the perception of sustainability by the Spanish consumer, natural ingredients, eco-friendly packaging, and responsibility for animal welfare stand out.

Regarding the evolution of consumption patterns, Spain has seen, in recent years, major changes in the choices for products with a more responsible production process, as reinforced by the sharp growth of 221%, recorded in 2022 compared to 2017, for the choice of Fairtrade certified products. It is noteworthy that 92% of Spanish consumers consider having changed their purchasing behavior towards more sustainable products in this same period.

Focusing the analysis on the Spanish packaging sector, the recent growth trend of this industry - which already represents 3% of the Spanish GDP - also becomes evident. Generating 40.4 billion euros in 2022, it is estimated that the variation compared to the previous year represented an increase of 22% in turnover.

Despite the strong growth recorded in the packaging market, the Spanish packaging market maintains a very low plastic recycling rate - 28%. However, consumers - increasingly attentive to the management of environmental issues - have promoted initiatives, with strong adherence, aiming to reduce the use of plastic in packaging. As an example of these initiatives, Greenpeace Spain recently launched a petition aimed at reducing the use of plastics in supermarkets - this petition was signed by more than 320,000 people.

In short, given the product characteristics aligned with the evolutionary trends of Spanish consumer preferences, Associate B should see a solid and sustainable demand for its products in this market.

Technological Trends

Spain is ranked as the twenty-third economy with the best overall digital readiness score in Cisco's "Digital Readiness Index," ranking eight positions above Portugal. In this ranking, Spaniards stand out for the third-best performance in terms of basic needs ("Basic needs for a population to survive and thrive"). However, the remaining indicators that make up Cisco's index harm the country's relative performance, with the Spanish indicator "Start-up environment which fosters innovation within a community" proving particularly inefficient by deserving a negative score.

Portugal is evaluated as the thirty-first best economy in the Index with relatively homogeneous performances (and worse than those of its Iberian neighbor) in the various indicators, hovering between the twentieth and fortieth positions in six of the seven

parameters analyzed. Only the indicator that measures technological adoption falls outside the indicated range (45th position) due to poor relative results in this area.
The latest DataReportal report concluded that, at the beginning of 2024, the internet penetration rate in Spain totaled 96% of the population compared to 86% in Portugal. In addition, the total number of social media users was equivalent to almost 84% of the Spanish population compared to only 73% in Portugal.
The system of incentives in the context of the digital transition promoted by the Spanish government is also highlighted. As a measure to support the revitalization of the country's business fabric, 4,656 million euros of public investment will affect around 1.5 million Small and Medium Enterprises between 2021 and 2025. However, the low levels of investment in research and development in relation to the GDP generated advocated by the Spanish state, combined with the lack of strategic coordination of the various government initiatives, among which the "Plan Info XXI", "Programa España.es" and "Digital Spain 2025" stand out, severely harm the development of the country's economy.
It should be noted that, in 2021, Portugal invested 1.68% of its value creation in this category while Spain registered 1.43% - values far below the world average of 2.71% for the same year.
Regarding the Global Innovation Index, the two countries had similar performances. Spain is ranked as the 29th best country in the world on this scale and the 18th best in its region - Europe. Comparatively, Portugal ranks immediately below (30th and 19th, respectively) Spain in both rankings; however, the discrepancy between the performances in terms of the indicator that assesses the infrastructure available in the countries stands out - Portugal stands out negatively by occupying the 45th position in the ranking.
Given this, the proximity in the technological level of the two countries could facilitate a smooth transition between markets. In fact, in an approach to the Spanish market, fewer adaptations will be necessary than in possible transitions to markets with very discrepant technological levels. On the other hand, the consistent better performances of the Iberian neighbor from a technological perspective could suggest a better receptivity and adherence to Plasticom's solution, which stands out for its traceability and innovation.

2.1.2.5. Main Certifications

Considering the various environmental concerns in the Spanish and European landscape, Spain follows internationally recognized certifications and parameters such as ISO 14001

and FSC (Forest Stewardship Council International). These frameworks were designed to maintain rigorous measures, ensuring environmental protection through sustainable practices.
Regarding the food and non-food plastic packaging sector - the sector in which Associate B operates - the country follows the Blue Angel standards (referring to the recycled material content included in a plastic product), RecyClass (also included at the level of recyclability of the plastic product), ISO 14021, EuCertplast (referring to recycling production), UNE-EN 15343, among others.
Regarding international parameters, it is important to highlight the importance of ISO 14001 certification. This certification guarantees that a company that markets its products in international markets maintains an efficient environmental management system. This system was, thus, designed to supervise its operations and mitigate environmental pollution effectively.
UNE (Spanish Association for Standardization) is a member of ISO, being the legally responsible body for the development of standards in Spain, expanding the country's economic framework with one of the most complete catalogs of standards in the world. Regarding FSC certification - which ensures that the materials used in the manufacture of products are recycled and come from forests duly certified for sustainability standards - it is of significant importance to prove the sustainability of the manufactured packaging. With local teams in a vast number of European countries, FSC also has a specialized team in Spain. Furthermore, with more than 1431 certified companies throughout the country, 113 partners, and about to reach 450 thousand certified hectares, FSC certification has a considerable force in the Spanish territory, with a trend towards further growth. It is also important to highlight the international standard ISO 14021, relating to environmental labeling, which establishes guidelines for the inclusion of packaging information through eco-labels.
From the European point of view, the EuCertplast certification is presented, which follows the EN 15343:2007 standard and aims to recognize post-consumer plastic recyclers that operate according to the highest standards and with respect for the environment. This certification guarantees, to all suppliers and customers, that any input and output of plastic waste produced in a certified facility will be treated according to best practices.
From the point of view of mandatory certifications, directly related to the plastic packaging sector, the UNE-EN 15343 standard is included, which determines that the manufacturer of

disposable packaging must certify the amount of non-recycled plastic used in the manufacture of a product. Through this certification, companies demonstrate their ability to provide quality services, developing the traceability of recycled materials in the production chain.

In addition, Recyclass stands out, an association that brings together large organizations from various sectors, such as food, cosmetics, and plastic producers. This association aims to assist the plastics industry in improving the recyclability of its products, promoting the traceability of plastic waste, and encouraging the use of recycled plastics. To meet the needs of the entire plastics value chain, this association has different types of recyclability assessments for plastic packaging, such as:

Design for Recyclability Certification: Qualitatively classifies the technical recyclability of finished plastic packaging, assigning a grade from A to F (all recognized certification bodies can perform this assessment).

Recyclability Rate Certification: Measures the actual recyclability of plastic packaging in a specific geographic area.

Compatibility Certification: Qualitatively assesses the recyclability of semi-finished packaging (all recognized certification bodies can issue this compatibility certification).

Of German origin, but with significant strength in the certification of plastic articles in Spain, the Blue Angel is presented in the form of a seal for products in the RAL-UZ 30 category - products obtained from recycled plastic materials. Focusing on a wide variety of product types, this certification is awarded to products with at least 80% post-consumer recycled content. This eco-label thus ensures that a product has a lower environmental impact due to its high recycled material content and that it meets rigorous human health protection standards while maintaining the same functionality and quality as other products.

In conclusion, it is understood that the use of the parameters and certifications described above could be advantageous for Associate B, as it could enhance the recognition of the product as environmentally sustainable in the target market. In fact, the presence of the logos of the aforementioned certifications could lead the consumer to choose Associate B's product over that of the competition.

2.1.2.6. Laws and Regulations

EU Directive 2008/98 EC (amended by Directive 2018/851) establishes basic waste management principles applicable to all European countries and sets targets for them. Every

1 or 2 years, countries have the duty to report to the European Commission data relating to the implementation of laws and compliance with waste management objectives, their reuse, recycling, and recovery.

According to the European Environment Agency, Spain is at risk of not meeting the urban solid waste (MSW) recycling targets by 2025, with a maximum score of 25%. On the other hand, regarding the recycling of total packaging waste, there is a positive outlook for the country, with a score of 65% by 2025.

Spain annually produces about 22 million tons of urban waste, with total waste production having registered slow but steady growth from 2016 and decreasing slightly in 2020 to 21.5 million tons. The country followed the National Waste Framework Plan (PEMAR) 2016-2022 (Dirección General de Calidad y Evaluación Ambiental y Medio Natural, 2015), as well as regional waste management plans. Furthermore, according to the Spanish authorities, both the 14 Autonomous Communities and the Autonomous City of Ceuta have a waste management plan in accordance with the content provided for in Article 28 of Directive 2008/98/EC.

Regarding PEMAR 2016-2022, it was implemented in a context of waste policy orientation in Spain. The plan aimed to promote the necessary measures to correct the identified deficiencies and implement actions that would provide better environmental results, ensuring that the country met the legal objectives. PEMAR is thus reflected in the application of the waste hierarchy principle in all flows, as established in Community regulations. This principle establishes that prevention should be the main priority of waste policy, followed by preparation for reuse, recycling, and other forms of recovery, including energy recovery. Waste disposal, mainly through landfills, should be the last option in the waste management hierarchy.

Meanwhile, the plan has been renewed for the period from 2023 to 2025, presenting several updates compared to the previous plan. One of the main changes is the incorporation of the guidelines of Directive (EU) 2018/851, which reinforces the circular economy and requires waste management plans that cover the entire national territory. In addition, the new Law on Waste and Contaminated Soils for a Circular Economy (Law 7/2022 of April 8) introduces new guidelines, such as the management of scattered waste. PEMAR 2023-2035 also emphasizes waste reduction, reuse, and recycling, establishing more ambitious goals for preparation for reuse and recycling.

In line with several European countries, Spain also follows an Extended Producer Responsibility (EPR) system in the packaging sector. This regulation aims to make producers responsible for the costs of recycling all packaging they place on the market, including collection, treatment, and recycling costs. Thus, the implementation of this system will be developed gradually, throughout 2023 and 2024, replacing the current regulations on packaging waste.

Regarding EPR, it is also important to mention that it targets all packaging producers/companies or economic operators belonging to the EU that import or buy packaged products to place on the Spanish market. The rules regarding this standard are based on the principle of accountability of companies that sell in the Spanish market for what happens to the packaging after the product is sold. It is, therefore, necessary to ensure that packaging is recycled or developed in an environmentally sound manner, covering the import, sale, and manufacture of products of different origins, as well as online sales to a market. In practical terms, the entry into force of this scheme provides for the registration and reporting of the quantities of packaging placed on the market in the country, falling under the Spanish Royal Decree 1055/2022, in force since March 27, 2023. It is also important to mention that it covers all products manufactured with materials of any nature - including plastic, cardboard, paper, ferrous materials, aluminum, glass, food and beverage boxes, and wood - whose use involves the storage, protection, processing, distribution, and presentation of goods, from raw materials to finished products.

In terms of customs duties, it is important to mention that Spain is a member of the EU and, as such, trade between Portugal and this market is covered by the intra-EU trade regime. As part of this regime, these duties are not applicable.

Based on the information presented above, it is concluded that, in Spain, the requirements for plastic packaging are based on EU directives and regulations. Thus, it is important for Associate B to take into account the current Community procedures for packaging registration. In addition, it is important to highlight the absence of customs duties in Portugal-Spain trade, which could be advantageous for Associate B's approach to the Spanish market.

9.4.3. Business Sector Analysis

- Market Access's Business Sector Analysis Associate A: Canada

2.2 - Business Sector Analysis

2.2.5 - Distribution Chain Organiztion

The market for supermarket bags and merchandising products prefers the rapid availability of these types of goods without the need for their own storage infrastructure. In this way, direct sales to small retailers lose their potential weight in the distribution chain. In this context, distributors like Bunzl are increasing their importance in the dissemination of these products.

Given the above, there are three main ways to penetrate the market: 1) direct marketing with large retailers, such as those identified in subchapter 2.2.3 - Main players; 2) through other plastic bag producers; 3) through intermediaries who bring the offer to retailers of all sizes, saving them possible logistical disruptions. If Associate A opts for large retailers, the product will be directly available to the end consumer. As for plastic bag producers, they may need to diversify their product range for the Canadian market, including Associate A compostable bags in their offer. These producers may already have established contacts with small and large retailers. In turn, these retailers will make the product reach the end consumer. Finally, regarding sales using intermediaries, this can be done using larger distributors. In turn, these distributors, through their knowledge and experience with the Canadian market, will be able to bring the Associate A product to the most suitable retailers. These can be subdivided into smaller retailers; or larger retailers that work with distributors. Finally, through this route, the Associate A product is then made available to the end consumer.

2.3 - Competitor Analysis

2.3.2 - Positioning Maps

To facilitate an exhaustive comparison of all the competitors addressed in chapter 2.3.1, two Positioning Maps were prepared. These maps were designed to determine the positioning of each company, taking into account fundamental variables relevant to the Associate A sector of activity.

In Image 4, all competitors are positioned using the supply level and service level variables. The supply level, presented on the horizontal line, allows us to understand which companies have a lower or higher supply of sustainable products, and the further to the right a company is positioned, the greater the quantity of products it guarantees to customers. On the other hand, the vertical line assesses the level of service of competitors, considering the quantity and complexity of services that the company provides to all customers. In this context, companies that have a higher position on the map guarantee more complete services than the companies below.

In the map in Image 4, the company HD BioPak stands out, which presents a higher level of services and a greater offer, making it the competitor with the best relationship between the two variables in question. HD BioPak's offer covers a vast set of sustainable products, including food bags, cups, boxes, towels, among many others. Regarding its provision of services, the company stands out as the main distributor of packaging for food services, and customizable design services in North America.

In general, it can be considered that the centrality of most companies on the map underlines the competitive nature of the Canadian sector. Despite the prominence of companies such as HD Biopak, which offers a wider range of products, or HD BioPak, Hytrend and Inteplast Group (W. Ralston), which provide broader services, other companies effectively meet the demands of customers looking for sustainable packaging and bags.

The map presented in Image 5 allows analyzing the positioning of all competitors, taking into account the variables "Price" and "Sustainability". The horizontal line defines which companies have a lower or higher price, with regard to compostable plastic bags. In this way, the further to the right a competitor is positioned, the higher the prices for the products in question.

Vertically, all companies are positioned according to their level of sustainability. Competitors who are higher up have a greater concern for the environment and guarantee more sustainable services and products.

Due to the insufficiency of information available on several competitors, it is not possible to determine their exact position in terms of prices. However, Hytrend emerges as the most sustainable company, while Refresh Packaging stands out as the company that offers the most competitive prices (compared to competitors for which information is available).

In addition to producing compostable bags, Hytrend develops continuous research in bio-composting and environmental management technologies, standing out as the company with the greatest concern for protecting the environment. Refresh Packaging, which also develops sustainable products, sells food bags for $0.05/unit, competing with Leaf ($0.17) and Glad ($0.32).

Considering the positioning of all competitors, it can be concluded that most companies adopt a higher position in terms of sustainability. This reflects their commitment to developing sustainable products that respond to the environmental challenges the country faces. Although the exact positioning of some competitors in relation to price remains undetermined, the competitiveness of the companies for which information was provided is evident. Despite the complexity of accurately assessing the price positioning of each competitor, the overall picture portrays a vibrant and dynamic market in which companies strive to differentiate themselves and meet the diverse needs of consumers.

- Market Access's Business Sector Analysis Associate B: Spain

2.2 - Business Sector Analysis

2.2.5 - Distribution Chain Organization

Throughout the previous chapters, important players in the packaging distribution chain have been listed, taking into account, more specifically, the food sector. It is now important to consider the role they play in the organization of this chain. To do this, we analyze how agricultural producers, logistics and freight transport companies, food distributors and retailers organize themselves and how they fit into the distribution chain.

The products offered by Associate B can, therefore, enter the distribution chain at different stages or with different targets. In the case of agricultural producers, the products would enter what is the first stage of the value chain, together with the first players in the food sector. Subsequently, they may also consider selling to logistics and transport companies that may need pallets, boxes and/or plastic containers for the transport or storage of any type of product. Foldable pallets and boxes such as those offered by Associate B would thus enter the market through the transport of goods destined for retailers, food distributors and e-commerce platforms. Another possible entry channel would be through food distributors. These receive the food product and bridge the gap with market retailers.

It is also important to consider that some retailers may have a direct import capacity, so they can be assumed as a possible entry channel, contacting the end customer directly. Finally, agricultural producers may need packaging solutions that allow them to package their product for retail sale. Thus, they also assume themselves as a relevant distribution channel. Agricultural producers deliver their product to retail chains - which, in turn, sell the product to the end consumer.

2.3 - Competitor Analysis

2.3.2 - Positioning Maps

To facilitate an exhaustive comparison of all the competitors addressed in chapter 2.3.1., two Positioning Maps were prepared. These maps were designed to determine the positioning of each company, taking into account fundamental variables relevant to Associate B's sector of activity.

The image illustrated below shows a map relating to the variables "Specialization - Product" and "Sustainability". “Product Specialization” is the variable presented on the vertical line, where companies are analyzed according to their greater or lesser specialization in sustainable packaging. In this way, the higher up a competitor is located, the greater their specialization and knowledge regarding the product in question. On the other hand, on the horizontal line, companies are positioned according to the “Sustainability” variable.

In this variable, all competitors that are on the right have a greater concern for environmental protection, while companies further to the left have a lower level of sustainability in relation to their products and services.

As can be seen in the map above, the company Logifruit stands out in relation to the two variables. It focuses exclusively on the production of pallets, crates and transport boxes with a clear sustainable concern superior to that of the other competitors analyzed. All products guarantee growth based on sustainability and a focus on the circular economy, through the reuse, repair and recycling of distributed products.

In conclusion, through the map in figure 2, it is possible to determine the importance of sustainability and specialization at the product level for the sector in question. The central location of most companies demonstrates their concern for protecting the environment. However, this will not be the variable that most characterizes the sector, since only its methods and business models will be considered sustainable and not the product itself.

In terms of product specialization, four competitors stand out, with a considerable proximity between them. This means that many of the companies in the market are highly specialized in the products they sell, precisely because they are dedicated exclusively to the production of 2 or 3 types of transport packaging. Given the two variables in question, the sector is receptive to companies with a high level of product specialization. In addition, a company with a high environmental concern can stand out from its competitors.

With regard to the Positioning Map presented below, the variables “Specialization – Raw Material” and “Level of Services” are analyzed. “Specialization – Raw Material” is the variable presented on the vertical line, which allows positioning all competitors, taking into account their level of knowledge about a specific raw material. In this way, the higher up a company is, the more specific its knowledge about the type of material used in the production of packaging. The opposite is true for competitors positioned further down on the map, who develop packaging with different materials and, therefore, their knowledge of raw materials is less specific. On the horizontal line, all competitors are represented taking into account their variety of services provided to customers. Thus, companies with a greater number of services are located on the right, unlike the companies further to the left whose services provided are less comprehensive.

By observing the positioning map above, it is possible to highlight a similarity between all the competitors analyzed, based on their specialization at the raw material level, since all of them work exclusively with plastics, except Plastipón. This translates into a highly specialized sector when it comes to the raw material explored. This can be conferred as a determining factor for the success of companies in this sector. Thus, a company that does not have the same level of specialization may have difficulties entering the market. As for the level of services presented, there are already greater discrepancies between competitors.

Plastipón stands out, with products for any type of customer or activity and also several phases of the production process, such as receiving raw materials, storage, transport and distribution, etc. They also offer several visits to the factories in order to include the customer in the company's processes and allow a better adaptation to the demands of each customer.

Through the analysis of the positioning of all companies, it is thus understood that this is a sector with considerable competitiveness, but which may be receptive to companies that offer a strong set of services, combined with a unique specialization in raw materials.

9.4.4. Strategic Recomendations

- Market Access's Strategic Recommendations Associate A: Canada

3. Strategic Recommendations

Based on the information gathered throughout this document and the company's respective inputs, it was possible to map the main trends in the Canadian market regarding the plastic bag sector. Based on the analyzes presented, it is relevant to define a strategy that enhances the sustained entry of Associate A into Canada.

3.1. SWOT & TOWS

In order to help define a cohesive strategy, aligned with international trends and that allows the mitigation of the main barriers to entry into the Canadian market, it is relevant to develop a SWOT and TOWS analysis. In the first instance, it will be important to proceed with the development of the SWOT analysis. This will consist of identifying the internal and external factors that can impact market entry. This analysis will allow the definition of critical actions, supporting the overall objective of a strategy that contributes to the positioning of Associate A in the international sphere.

SWOT Analysis - Internal Environment

Associate A is a company that offers plastic bags for various sectors, with a special focus on retail. In fact, the offer of bags for various sectors is one of the company's main strengths, as this could boost entry into the Canadian market with bags for fruit and vegetables through the distribution channels listed in subtopic 2.2.5. Organization of the distribution chain.

It is also noteworthy that Associate A is distinguished by the use of recycled and biodegradable materials in the production of its bags, which could respond to the growing demand for sustainable products in the Canadian market, as developed in subchapters 2.1.2.3 - Consumer preferences and 2.1.2.6 - Legal and regulatory aspects, respectively.

Regarding the entry of Associate A into the Canadian market, it is worth mentioning that, despite international experience with European markets, the company does not have specific knowledge about the Canadian market, which could hinder entry into this market. In this way, there may be increased difficulties in competing with local companies that have a deeper knowledge of the market, its trends, customers and culture. Similarly, when compared, for example, with other rivals on the American continent, European companies have greater geographical and cultural distances.

In addition, domestic producers, or even from neighboring countries, have the logistical advantage of geographical proximity, optimizing services, such as delivery times, as well as costs and response time to market changes. Thus, the study of the main competitors in subchapter 2.3.1 shows some market practices that Associate A, being located in Portugal, may have difficulty offering. As an example, we highlight the product pick-up services in Canadian territory within 24 hours and free deliveries within a period of 15 to 30 days. However, the provision of personalization services (logo, dimensions, thickness and raw material of the bag), private label options and after-sales service may be distinguishing factors, as they are similar and, in some cases, superior to the offer of the competition.

Strengths:

1 - Consolidated experience and knowledge in product manufacturing;

2 - Possibility of product customization;

3 - Experience and possibility of manufacturing under a private label regime;

4 - Offer of a high level of service - such as monthly commercial monitoring;

5 - Bags for various sectors – increased ease of diversification after penetration;

6 - Product sustainability aligned with local Consumer Preferences;

7 - Product sustainability aligned with legal and regulatory aspects.

Weaknesses:

1 - Reduced experience and knowledge about the Canadian market;

2 - Reduced knowledge of the export process to markets outside the EU - namely with regard to transport costs, INCOTERMS, market logistics issues, etc;

3 - Lack of knowledge about existing competition in the market;

4 - Lack of knowledge about the technical characteristics of the market (bag dimensions, thickness, etc.), which may lead to an eventual need to adapt the offer.

SWOT Analysis - External Environment

The average global annual growth forecasts for the biodegradable plastics market for the next 6 years exceed 13%, and it is estimated that the market value worldwide will almost triple by 2030, revealing itself as a rapidly growing market.

As explored in subchapter 2.1.2.3 - Consumer preferences, the consumption of this type of article - with a reduced environmental impact - has received increasing attention and interest from consumers. In addition, as explored in subtopic 2.2.1 - Sector Overview, it is also observed that the Canadian fruit and vegetable market is in a phase of greater maturity, and it is expected to continue to expand.

On the other hand, within the scope of national regulations relating to plastics – as addressed in subtopic 2.1.2.6 – Legal and regulatory aspects – there is, on the part of Associate A, the need for greater specialization of bags for this target market, so that they comply with the specifications that allow their marketing. It is also important to take into account the possibility of changes in current regulations, which may further restrict the practices and products accepted in the market. This could have a significant impact on Associate A, as new investments in updated technologies and processes may be needed to produce plastic products in compliance with new regulations.

Finally, it is noteworthy that the external factors that most influence the US dollar differ from the most impactful variables for the euro. Thus, the movements of the two currencies are sometimes independent and distinct, increasing volatility and risks, such as the exchange rate, associated with business in foreign currency.

Opportunities:

1 - The Canadian market shows a growth trend for the target sectors;

2 - Growing concern for the environment and consequent increase in demand for biodegradable products;

3 - Less aged country compared to world trends - age groups relating to young adults may show greater concern in their sustainable choices;

4 - Legislation available for shopping bags, which allows their marketing in Canada;

5 - Lower levels of aversion to uncertainty compared to Portugal - may correlate with a potential greater openness and acceptance of external products.

Threats:

1 - Possible reduction in demand for plastic due to movements of growing concern for the environment;

2 - Intense competition, which could create barriers to the entry of new companies and decrease profit rates;

3 - Logistical challenges - difficulties in establishing operations in a complex and large market;

4 - Applicable legislation is under development and/or implementation, which could lead to possible changes at this level in the short term;

5 - Exchange rate risk.

After the analysis developed above, it is also relevant to carry out a TOWS analysis. This analysis integrates a planning tool constituting an extension of the SWOT analysis, in which internal factors (strengths and weaknesses) are combined with external factors (opportunities and threats) of the business environment.

Thus, the TOWS analysis aims to combine the different factors identified in the SWOT analysis, that is, it seeks, for example, to identify how to use strengths to take advantage of opportunities, or how to overcome weaknesses to avoid or mitigate threats. This translates into the creation of specific strategies that leverage the scope of the defined global objective.

Strengths/Opportunities:
- Take advantage of the market's growing concern with the adoption of sustainable solutions, through the vast know-how in the production of compostable bags.
- Bet on differentiation through innovation and quality of the sustainable product.

Strengths/Threats:
- Take advantage of the possibility of product customization to respond to the entry of new competitors in the market.
- Take advantage of the experience in manufacturing bags for various sectors, mitigating the impact of possible changes in legislation.

Weaknesses/Opportunities: Take advantage of the market's potentially greater openness to knowledge of new suppliers, mitigating the lack of knowledge about the Canadian market.

Weaknesses/Threats: Position Associate A's offer against the competition, leveraged by its differentiating potential in terms of the material used and characteristics of sustainability and biodegradability.

From this analysis it is clear that the experience and knowledge in the manufacture of the sustainable product aligned with consumer preferences and legal and regulatory aspects required by the Canadian market should boost the absorption of market share associated with the expected market growth.

It is also important to consider that import costs amplify logistical challenges. In addition, the possibility of new competitors entering increases the uncertainty inherent in operating in the market, as a consequence of the lack of knowledge of the Canadian market. For this same reason, it is important for Associate A to leverage its knowledge of the market - actions explored in subtopic 4.1 - Main actions to be implemented.

3.2. Segmentation and Positioning

In order to allow the development of a sustained market approach strategy, which allows reaching the most relevant target audience, it is important for Associate A to define its positioning in relation to the competition.

Thus, aspects relating to the target segment and the positioning of Associate A's offer will be addressed below.

3.2.1 - Definition of Target Segments

Based on Associate A's offer and business model, it is considered that the performance in the Canadian market may occur, mainly in a B2B logic.

Therefore, regarding the type of target customer, the following types are presented: 1) distributors; 2) large retailers, such as supermarkets and retail stores; 3) other plastic bag producers, from a private label perspective. Through these segments, the entry into food retail circuits is mainly considered, as a way to reach the end customer. This product also has as its main target sector the food sector, which includes grocery products that can be purchased in bulk, such as vegetables, fruits and nuts, meat and fish/seafood (as previously explored in subchapter 2.2.1. Sector overview).

Considering the inputs presented above and the analysis carried out on the Canadian market, it is considered that the profiles indicated above will be the ones that will have the greatest relevance as potential Associate A customers. Notwithstanding the relevance of the customer types identified above, the effective approach to the market may lead to the identification of other profiles of interest to Associate A.

Through this analysis, in the following chapter, a survey and analysis of some potential customers was carried out.

3.2.3 - Positioning Definition

Associate A's plastic bag solution stands out for its production with accelerated biodegradation biopolymers. Thus, compared to other bags on the market, these are positioned as more sustainable and eco-friendly - since, compared to conventional plastic bags, these degrade more quickly in nature, reducing their ecological footprint. The preference for sustainable products is particularly high in consumers in the age group of 15 to 24 years, as previously explored.

Additionally, the analysis carried out allowed us to conclude that the Canadian market, in general, reveals a growing concern with topics associated with sustainability and a greater preference for products with the labels “100% recyclable" and/or “biodegradable”. However, in order to respond to growing concerns about the environment, Canada has high regulatory parameters with regard to the marketing of plastic bags.

As explored in subchapter 2.1.2.6. Legal and Regulatory Aspects, the biodegradability attribute of bags is particularly relevant, mainly because it may allow responding to the high restrictions existing in the market regarding the management of plastic waste. In addition, it is important to consider that shopping bags are not, so far, covered by the restrictions.
In this way, it becomes essential that Associate A adopts a strategy that focuses on the biodegradability of its shopping bags, differentiating them and enhancing their advantages over the current alternatives available on the market. Such a measure will not only confer a considerable advantage to capture the interest of consumers in Canada, but will also become imperative for the consolidation of a competitive position.
In practical terms, in order to ensure the intended positioning for Associate A, several communication actions should be put into practice - which could range from the preparation of marketing materials (presentations, website, newsletters, social networks, etc…) to active participation in local fairs. It is also important to consider adapting the company's website to the French language, in order to allow Associate A to increase its recognition in the different Canadian regions.
Finally, it is important to note, as mentioned in Chapter 3.1 - SWOT Cross, that a large part of the competing companies, included in subtopic 2.3.1 - Identification of the main competitors, present several forms of customer support, as well as the possibility of customizing the packaging in the parameters of size, shape, material, printing and logo. Thus, this is also a relevant element for the positioning that Associate A can assume in the market. In order for the company to stand out, it is essential that it increases its personalization service, especially considering the choice of raw material and the definition of the size and thickness of the bags. Still on this point, it is considered that it will be relevant to enhance the after-sales service of the Associate A product, which includes the management of non-conformities and a monthly follow-up of the customer's needs. In this way, Associate A has the opportunity to use after-sales service as a competitive differential, aiming to conquer a market share composed of customers who value such services. In short, regarding the positioning of Associate A's output, it is considered relevant to highlight its sustainability and biodegradability characteristics.
In addition, the communication of these attributes to the target audience can involve communication strategies on digital channels and presence at events, such as international fairs.

3.2.4 - Critical Success Factors

The analyzes previously presented - SWOT and TOWS - allowed us to conclude about some of the main internal and external factors that could impact the entry of Associate A plastic packaging into the Canadian market.

Through the analyzes carried out, it is extremely important to highlight the following critical success factors:

Identify and establish contacts with possible partners within the scope of distribution channels, in order to overcome costs and additional time arising from imports, customs fees and expenses related to extra-European and intercontinental transport.

Define a communication strategy that prioritizes factors such as quality, increased proximity and visibility, to boost market share absorption.

Increase knowledge about the Canadian market so that it is possible to explore and take better advantage of all identified opportunities.

Monitor trends in changes in current regulations.

Considering the critical success factors listed, it is important to define a set of actions that ensure a strategic definition in line with them. In this sense, some recommendations are presented below that contribute to the overall objective of Associate A's entry into the Canadian market.

- Market Access's Strategic Recommendations Associate B: Spain

3.1. SWOT & TOWS

In order to help define a cohesive strategy, aligned with international trends and that allows the mitigation of the main barriers to entry into the Spanish market, it is relevant to develop a SWOT and TOWS analysis. In the first instance, it will be important to proceed with the development of the SWOT analysis - this will consist of identifying the internal and external factors that can impact market entry. This analysis will allow the definition of critical actions, supporting the overall objective of a strategy that contributes to Associate B's positioning in the international sphere.

SWOT Analysis - Internal Environment

Associate B's output is plastic packaging (pallets and folding boxes) for the food sector. These packages are intended for use in a closed circular economy system, in which the reuse of packaging will be prioritized. Such a system could link the members of Associate B's distribution chain to its services - which could result in greater resistance to switching suppliers.

The company's pallets also stand out for their characteristics aligned with the growing demand for sustainable products in the Spanish market, addressed in subchapters 2.1.2.3 - Consumer Preferences and 2.1.2.6 - Legal and Regulatory Aspects. The product combines the aforementioned closed circular economy system with the design of customized solutions for the customer, for example, in the definition of monitoring sensors and the materials to be incorporated into the production process - enabling the use of 100% recycled materials in its production.

The composition of this product also stands out for its differentiating characteristics compared to the competition, which makes it suitable for use in the agro-industry sector, namely through the use of materials such as polypropylene. In addition, Associate B stands out as a national reference for the recognition of the high quality standards of its products.

Finally, at the production level, Associate B seeks to increase the efficiency of its outputs. As an example, we highlight the development of pallet solutions that promote increased ease in their cleaning.

At the same time, the company seeks to cultivate proximity to the customer through the quality of the service level provided, relying on contact in the management of orders and non-conformities, and offering personalized advice on the solutions available.

However, it is important to bear in mind that, although the company stands out for offering customized solutions for the customer, it has a smaller size and production capacity compared to other competing companies. Thus, Associate B may have greater difficulty in taking advantage of the benefits arising from economies of scale in production - which may translate into higher production costs. In addition, according to information provided by Associate B, the price of its output is, compared to the competition, higher.

Regarding Associate B's penetration into the Spanish market, it is important to mention that, although the company is already present in it and has representation through its subsidiary Associate B Euroiberia, its performance in this market may be hampered by the existence of high levels of competition in the sector. In fact, Associate B's solution is, from the outset, subject to distribution costs - which is not the case with Spanish companies. In addition, local companies benefit from geographical proximity, have a deeper knowledge of the market, its trends, customers and culture. Thus, these companies may have closer contact with the local customer than Associate B.

Strengths:

1. Closed circular economy system - may make it difficult to change suppliers;
2. Offer of sustainable packaging, in line with market trends and consumer preferences;
3. Possibility of product customization;
4. Recognition of the Associate B brand for its quality;
5. Offer of a high level of service - such as through contact in the management of orders and non-conformities;
6. Experience and knowledge about the Spanish market - through the subsidiary Associate B Euroiberia.

Weaknesses:

1. Limited production capacity - may generate higher production costs;
2. Higher price compared to the competition;
3. Existence of distribution costs, which add to the final price of the product.
4. Greater geographical distance from the market compared to the competition - may make it difficult to contact the local customer.

SWOT Analysis - External Environment

As explored in subtopic 2.1.2.3 - Consumer Preferences, the Spanish market is increasingly attentive to sustainability issues. In addition, as advanced in subchapter 2.2.1 - Sector Overview, the logistics, retail distribution and target sectors of Associate B are growing. Thus, it is concluded that the Spanish market presents a favorable environment for the exploration of solutions such as the one offered by Associate B.

Additionally, as addressed in subtopic 2.1.2.4 - Technological trends, the Portuguese and Spanish markets have close technological levels, which may facilitate Associate B's adaptation to the target market. On the other hand, it is important to consider that Spain has presented a slightly superior performance to Portugal in some technological development indicators, which may suggest a better receptivity and adherence to the output under development by Associate B.

The approach to this market should also be impacted by proximity to the customer. Geographically, Portugal is closer to the Spanish market than other international players. This could optimize market response speed and minimize transportation costs.
Nevertheless, the entry of new competitors, especially producers from countries with lower production costs or with a greater production capacity, may also represent a threat to the profitability of the company's operations in Spanish territory.
At the same time, the potential economic instability of the Spanish market could reinforce the importance of the price factor in the choices of the different stakeholders. In this way, more expensive options - such as sustainable solutions - may see their demand decrease in favor of lower added value competition. On the other hand, in line with the evolution of EU legislation regarding sustainability, the Spanish government may implement new, more restrictive environmental regulations, which may lead to the growing need to invest in new technologies and production processes.

Opportunities:
1. Growing concern for the environment and consequent increase in demand for sustainable products;
2. The Spanish market shows a growth trend for the target sectors;
3. Good performance of the Spanish market in technological development indicators - which may reveal a greater openness to the acceptance of innovative products;
4. Geographical proximity - which could benefit the speed of response to the market;
5. Cultural and business proximity between Portugal and Spain.

Threats:
1. Geographical distance - may entail higher logistical costs;
2. Entry of new competitors in the market - which may have greater production capacity and lower prices;
3. Bilateral trade relations with Portugal less expressive than with other European countries further away geographically, which may be an indicator of a gap in the commercial relationship between the markets;
4. Possible reduction in demand for sustainable solutions (often with a higher cost) due to economic instability;

5. Applicable legislation is under development and/or implementation, which could lead to possible changes at this level in the short term.

After the analysis developed above, it is also relevant to carry out a TOWS analysis. This analysis integrates a planning tool constituting an extension of the SWOT analysis, in which internal factors (strengths and weaknesses) are combined with external factors (opportunities and threats) of the business environment.

Thus, the TOWS analysis aims to combine the different factors identified in the SWOT analysis, that is, it seeks, for example, to identify how to use strengths to take advantage of opportunities, or how to overcome weaknesses to avoid or mitigate threats. This translates into the creation of specific strategies that leverage the scope of the defined global objective.

Strengths/Opportunities: Take advantage of the experience and in-depth knowledge about the Spanish market, in order to benefit from the growth trend of Associate B's target sectors.

Strengths/Threats: Extol the sustainability and quality of the product as a way to differentiate the offer from low-cost competition.

Weaknesses/Opportunities: Take advantage of geographical proximity, in order to mitigate the negative effect of the product's price compared to the competition.

Weaknesses/Threats: Position Associate B's offer against the competition, leveraged by its differentiating potential in terms of the ability to customize the product.

This analysis highlights that the experience and knowledge about the Spanish market and the geographical proximity to the country should boost the use of its growth trends, minimizing the negative effect of the product's price compared to local competition.

On the other hand, product differentiation through sustainability and quality can be seen as a way to face low-cost competition. To this end, it is also important for Associate B to take advantage of its differentiating potential in terms of the ability to customize the product.

3.2. Segmentation and Positioning

To facilitate the development of a sustained market approach strategy that allows reaching the most relevant target audience, it is important for Associate B to highlight the segmentation and positioning of its output against the competition. Thus, aspects relating to the target segment and the positioning of Associate B's offer will be addressed below. The inclusion of these aspects will also allow the identification of potential target customers - a topic that will also be addressed in this chapter.

3.2.1 - Definition of target segments

Regarding the target segment, based on Associate B's offer and business model and the answers obtained in the questionnaire, it is considered that the performance in the Spanish market should occur, mainly in a B2B logic. However, the e-commerce industry can also operate in a B2C logic.

In the industrial sector, Associate B presents as potential target customers: companies producing and processing goods that need solutions for packaging and transporting products. As for the agro-industry and logistics sector, Associate B presents as target customers: agricultural cooperatives, logistics companies, and distributors of agro-industrial products. For these target customers, the company offers solutions such as pallets, containers and folding boxes that guarantee logistical efficiency and product integrity during transport. Regarding the large-scale distribution sector, the market approach focuses on large retailers. The company provides solutions such as displays, boxes and pallets that help in the organization and presentation of products at points of sale, optimizing space and facilitating stock replenishment. In the e-commerce sector, Associate B presents as target customers: e-commerce platforms that need packaging and transport solutions for their products. The company offers products such as folding boxes and containers that guarantee safety and efficiency in shipping products purchased online.

Considering the inputs presented above and the analysis carried out on the European market, it is considered that the profiles indicated above will be the ones that will have the greatest relevance as potential Associate B customers.

Despite the relevance of the customer types identified above, the effective approach to the market may lead to the identification of other profiles of interest to Associate B. Through this analysis, in the following chapter, a survey and analysis of some potential customers was carried out.

3.2.3 - Positioning Definition

The Associate B packaging to be introduced in the Spanish market is distinguished by being a polypropylene (PP) pallet, maintaining the characteristics of the products suitable for its use and which can be easily integrated into the agro-industry. Furthermore, within the scope

of sustainability, it allows the incorporation of traceability systems, in order to reduce the abandonment or early loss of packaging.
Associate B seeks to reuse materials at the end of their life, thus using recycled material in the production of new outputs.
It should be noted that Spaniards over 55 years of age attach greater importance to sustainability in their purchasing decisions when compared to the group between 18 and 34 years of age, as previously explored in subchapter 2.1.2.3. – Consumer Preferences. Additionally, the analysis carried out allowed us to conclude that the Spanish market, in general, reveals a growing concern with topics associated with sustainability and environmental issues.
However, in order to respond to growing concerns about the environment, Spain tends to base itself on EU directives and regulations, as previously mentioned in subchapter 2.1.2.6 - Legal and Regulatory Aspects. In this way, it becomes essential that Associate B adopts a strategy that focuses on the sustainability of its products on the market, differentiating them and enhancing their advantages over the current alternatives available on the market. Such a measure will not only confer a considerable advantage to capture the interest of consumers in Spain, but will also become imperative for the consolidation of a competitive position. In fact, about 67% (4/6) of the companies that are mentioned in subtopic 2.3.1 - Identification of the main competitors, are concerned with offering or even developing solutions that are sustainable, reusable, ecological and economical.
In practical terms, in order to ensure the intended positioning for Associate B, several communication actions should be put into practice - which could range from the preparation of marketing materials (presentations, website, newsletters, social networks, among others) to active participation in local fairs. It should be noted that some of the competing companies, included in subtopic 2.3.1 - Identification of the main competitors, present several forms of customer support, from the manufacture of tailor-made solutions to their customization according to the customer's needs. In addition, some offer a large quantity of products from which customers can choose. Thus, this is also a relevant element for the positioning that Associate B can assume in the market.
It should be noted that Associate B already has a company that rents boxes and pallets with a cleaning service for them and the product traceability services are optional, taking into account that they imply additional and significant costs. In addition, Associate B presents the possibility of customizing the solution according to what the customer wants and seeks to

maintain a closer relationship with him, through contact in the management of orders and non-conformities and in the offer of personalized advice on solutions.

Thus, in order for the company to stand out, it is essential to highlight the wide range of services available, as mentioned previously - among which a differentiated sales service, product production and quality, personalization and customer support stand out.

In short, regarding the positioning of Associate B's output, it is considered relevant to highlight its sustainability characteristics. In addition, the communication of these attributes to the target audience can involve communication strategies on digital channels and presence at events, such as international fairs. Finally, it is important to highlight that Associate B can differentiate itself from the competition both by the possibility of customizing its product and by its customer support service.

3.2.4 - Critical Success Factors

The analyzes previously presented - SWOT and TOWS - allowed us to conclude about some of the main internal and external factors that could impact the entry of Associate B packaging into the Spanish market.

Through the analyzes carried out, it is extremely important to highlight the following critical success factors:

1. Define a communication strategy that prioritizes factors such as quality, increased proximity and visibility, to boost market share absorption.
2. Optimize the productive structure, in order to benefit from better and greater economies of scale.
3. Identify and establish contacts with possible partners within the scope of distribution channels, in order to overcome costs (and additional time) arising from imports.
4. Monitor trends in changes in current regulations.

Considering the critical success factors listed, it is important to define a set of actions that ensure a strategic definition in line with them. In this sense, some recommendations are presented below that contribute to the overall objective of Associate B's entry into the Spanish market.

9.4.5. Plan of Action

- Market Access's Plan of Action Associate A: Canada

4. Plan of Action

With the support of the SWOT/TOWS analysis, the definition of target segments, players, and critical success factors, it is now fundamental to outline an action plan, taking into account the overall objective of Associate A's entry into Canada. To this end, potential actions to be implemented will be listed below, as well as the definition of OKRs and a risk assessment matrix.

4.1. Main actions to be implemented

Given the four objectives listed as the main critical factors for Associate A's success in exporting to the Canadian market, practical measures that aim to make them feasible will now be explored.

Thus, the following priority actions stand out:

1 - Clarification of the value proposition of Associate A products, namely through the following:

Planning and structuring of a communication campaign consistent with the positioning desired by Associate A

2 - Incorporation of measures that promote perceptions of quality and brand visibility, namely:

Analysis of the most predominant certification parameters in Canada to assess the interest and relevance of obtaining them;

Establishment of effective contacts with existing distribution channels in the market.

Development of communication materials adapted to the Canadian market (e.g., sales presentations and website adapted to the target market);

3 - Establishing contacts with the main players in the market in order to ascertain the possibility of partnerships;

4 - Establishing effective contacts with the market to obtain practical inputs about it;

5 - Conducting market studies, leveraging knowledge about the market.

4.2. OKR

After analyzing the main actions to be implemented, it is important to outline an action plan for Associate A. This action plan will consist of general objectives and specific objectives for Associate A's approach to the Canadian market.

Thus, the following key objectives stand out:

01 Position the product in the Canadian market.

OKR #1.1. Promote recognition of the Associate A product in the market among the main potential customers, namely through obtaining certifications relevant to the Canadian market.

OKR #1.2. Highlight the added value of Associate A's output compared to the existing offer in the market.

OKR #1.3. Define actions/communication plan that allows the penetration of the Associate A product in the Canadian market.

02 Reinforce the congruence of Associate A products and the legal aspects in force in the Canadian market.

OKR #2.1. Identify the legal aspects relevant to product development.

OKR #2.2. Adapt the product to the requirements of the target market.

03 Capture effective customers in the Canadian market.

OKR #3.1. Identify and develop a directory of potential customers in the Canadian market.

OKR #3.2. Promote effective contact with potential customers in the market.

OKR #3.3. Make sales in the Canadian market.

OKR #3.4. Build customer loyalty in the Canadian market.

04 Reinforce knowledge and loyalty to the brand in the Canadian market.

OKR #4.1. Reinforce the recognition of the Associate A brand among its target audience, for example by adapting communication channels according to the target market.

OKR #4.2. Reinforce the promotion of Associate A products, for example, through the establishment of strategic partnerships with complementary brands or non-competing companies in target international markets.

05 Improve the experience and satisfaction of customers in the targeted international market.

OKR #5.1. Reduce language barriers in the Canadian market, for example by creating a bilingual sales team and website - English and French.

OKR #5.2. Improve the level of service in the Canadian market, for example through improvements in the delivery service and the development of post-purchase engagement strategies.
OKR #5.3. Empower international customers with knowledge and perceptions about the ecological advantages of compostable bags compared to traditional plastic bags.
06 Reduce Import Costs.
OKR #6.1. Integrate consolidated distribution channels.
OKR #6.2. Promote large orders to benefit from cost reductions.
07 Reduce unpredictability and risks.
OKR #7.1. Increase specific knowledge of the market, for example through market studies and the establishment of partnerships.
OKR #7.2. Risk coverage - the risk of fluctuation in exchange rates between the Canadian dollar and the euro can be neutralized through contracting a fixed exchange rate with a financial institution.

4.3. Risk Assessment Matrix
Finally, it is important to analyze the main risks inherent to Associate A's operations in the Canadian market. The analysis of the level of risk associated with each identified risk presupposes the elaboration of a risk assessment matrix, according to the table below.
High Probability - Medium Risk: Risk of difficulty entering the market due to lack of knowledge about the Canadian market compared to the competition.
High Probability - High Risk: Risk caused by the high competitiveness of the market in the target sector given Associate A.
Medium Probability - Medium Risk: Risk of misalignment of Associate A's output with Canadian regulatory requirements
Medium Probability - High Risk: Risk caused by geographical distance which may result in higher import costs and lower price competitiveness.
Low Probability - Low Risk: Risk of the existence of cultural barriers due to the difference in communication styles between the two markets
Low Probability - Medium Risk: Risk of changes in current regulations regarding plastic bags, which may lead to greater restriction of products accepted in the market

Based on the matrix presented above, it is concluded that the main risk associated with Associate A's entry into the Canadian market may be related to the high competitiveness in the target sector. It is also important to highlight the risks associated with the lack of knowledge about the Canadian market, which may create barriers to entry. It is also important to consider the risks associated with geographical distance, as well as a possible misalignment of Associate A's output with Canadian regulatory requirements. Regarding the first point, it is considered that, based on the suggestions presented in this study, namely with regard to critical success factors, Associate A will be able to leverage its competitive advantages over the competition. Similarly, this study may serve as a tool to reduce the second risk presented, that is, the lack of knowledge about the market. In addition, potential entry channels into Canada are listed, which may help reduce any costs associated with geographical distance.

Finally, this document presents an analysis of legal and regulatory aspects of the market, which may mitigate the risks associated with a lack of knowledge of the market's regulatory requirements.

- Market Access's Plan of Action Associate B: Spain

4 – Plan of Action

Given the overall objective of Associate B's entry into the Spanish market, this chapter aims to outline an action plan suitable for the company's framework explored in the SWOT/TOWS analysis and in the definitions of target segments, players, and critical success factors.

To this end, potential actions to be implemented will be listed.

4.1 - Main actions to be implemented

After analyzing the critical success factors that could significantly impact Associate B's entry into the Spanish market, this chapter will mention some of the actions to be developed that could leverage the company in the internationalization of its product.

Thus, the following priority actions stand out:

1 - Incorporation of measures that promote perceptions of quality and brand visibility, namely:

Planning and structuring of a communication campaign that optimizes penetration in the Spanish market (e.g., analysis of the possibility of participating in fairs, planning the sending of newsletters and other materials to the market, among others);
Development of communication materials adapted to the Spanish market and the target customer (e.g., sales presentations).
2 - Analysis of the different possibilities to develop the company's productive capacity;
3 - Identify and establish contacts with possible partners in the scope of distribution channels in order to overcome costs (and additional times) arising from importation.
4 - Monitor trends in changes in current regulations.

9.4.6. Conclusion

- Market Access's Conclusion Associate A: Canada

The present Market Study objective was to analyze the target market selected for Associate A's solution - Canada -, which consists of plastic bags with accelerated biodegradation, with a view to elaborating a market approach strategy. Thus, the work developed began with a general analysis of the market and the sector.
Based on the analysis carried out, it was possible to understand that the Canadian market has witnessed a constant growth of the sustainable packaging market, including plastic bags, as well as the target sectors of Associate A. In addition, consumer preference for sustainable options has acquired a greater expression in recent years, which may favor the performance of Associate A in the target market.
Finally, it is also important to consider that the solution being developed by Associate A is distinguished from the competition by its versatility, as the bags offered by the company can be easily applied to other sectors. The possibility of manufacturing in private label is also highlighted, which may facilitate access to the market in an initial phase. These factors, combined with the possibility of marketing grocery bags in the Canadian market, may represent opportunities, so it is important for Associate A to increase its knowledge about the market, taking advantage of the differentiation of its solution and mitigating a possible misalignment of its offer with the regulatory requirements of the market.
Given the objective of this Market Study and considering the chosen target market, a set of strategic recommendations was also included. In this sense, considering the SWOT and

TOWS analysis developed, a set of priority strategic actions for the internationalization of Associate A's product was suggested. Based on these actions, an action plan oriented towards the target market was outlined, based on main objectives and specific objectives. Among the main general objectives considered for Sacos' performance in the Canadian market, the following stand out:

Position the product in the Canadian market;

Strengthen the congruence of Associate A products and the legal aspects in force in the Canadian market;

Capture effective customers in the Canadian market;

Strengthen knowledge and loyalty to the brand in the Canadian market;

Improve the experience and satisfaction of customers in the targeted international market;

Reduce Import Costs;

Reduce unpredictability and risks.

It is considered that the recommendations presented support Associate A's main objective in the internationalization of its product to the Canadian market. The suggested strategic focus underlines the importance of leveraging the recognition and differentiation of the output under development, as well as carrying out promotional actions that lead to the acquisition and loyalty of customers in the market. It is hoped, in this way, to contribute to the success of Associate A in the Canadian market.

- Market Access's Conclusion Associate B: Spain

The present aimed to analyze the target market selected for Associate B's solution - Spain -, which consists of the development of plastic packaging (pallets and folding boxes) for the food sector, with a view to elaborating a market approach strategy. Thus, the work developed began with a general analysis of the market and the sector.

Based on the analysis carried out, it was possible to understand that the Spanish market has witnessed substantial growth in Associate B's sectors of operation. In addition, the growing market preference for sustainable packaging options may favor the adoption of solutions similar to Associate B's.

Finally, it is also important to consider that the solution being developed by Associate B stands out from the competition, mainly due to the quality and possibility of product customization. In the agro-industry sector, they also have polypropylene solutions, which are assumed to be different from those presented by the competition. Such differentiating factors may represent an opportunity, so it is important for Associate B to increase its production capacity, taking advantage of the growing market need for solutions that prioritize the circular economy in the most varied sectors.

Given the objective of this Market Study and, considering the chosen target market, a set of strategic recommendations was also included. In this sense, taking into account the SWOT and TOWS analysis developed, a set of priority strategic actions for the internationalization of Associate B's product was suggested.

It is considered that the recommendations presented support Associate B's main objective in the internationalization of its product to the Spanish market. The proposed strategic focus underlines the importance of leveraging the recognition and differentiation of the output under development, highlighting its quality, as well as carrying out promotional actions that lead to the acquisition and loyalty of customers in the market. It is hoped, in this way, to contribute significantly to Associate B's success in the Spanish market.

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