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# INTERNATIONALISATION PLAN FOR BIFANAS DE VENDAS NOVAS- AS TRADICIONAIS

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## **Abstract**

### **Internationalisation Plan for Bifanas de Vendas Novas- As Tradicionais**

The following project aims to prepare an internationalisation plan for Bifanas de Vendas Novas- As Tradicionais, a Portuguese company that sells a traditional and regional recipe at low prices. After analysing the internal and external environment of the company, followed by a quantitative and qualitative analysis with country clustering and country ranking techniques, France was selected as the most promising market. Subsequently, the franchise agreement was proposed as the best entry mode and a marketing plan, the organisational structure and some financial projections were designed, which are intended to help leading the road to a successful first international expansion.

Keywords: Bifanas de Vendas Novas- As Tradicionais, Business Plan, Fast-Food Industry, International Expansion, International Market Selection

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## **1. Introduction**

Expanding internationally has become the solution for businesses that aim to be competitive in the long-term, as prospects for innovation, growth and sales emerge. When going abroad, firms should follow a structured approach that illustrates the reasons behind internationalisation (“why?”), selects the country to which the company should expand (“where?”) and chooses the mode of entry (“how?”) (Czinkota, Ronkainen & Moffett 2011).

Globalisation has propelled the convergence of consumers’ tastes, preferences and lifestyles. For instance, hamburgers were first known in the United States then spread quickly across borders; the same happened with pizzas (originally from Italy) and sushi (Japanese recipe). Pastéis de Nata is probably the biggest success story in the Portuguese cuisine, as many countries, particularly those with a large Portuguese community, produce and sell them. Therefore, I believe that ‘*bifanas* de Vendas Novas’, a traditional Alentejo recipe consisting of a thin pork steak served in a heated bread, has the potential to be taken across frontiers.

The purpose of this project is to prepare an internationalisation plan for Bifanas de Vendas Novas (BVN)- As Tradicionais. It will begin with a complete analysis of the company’s and its industry’s current situation, followed by a methodological study that will narrow the potential markets to the best two alternatives. Afterwards, an in-depth analysis of those markets with the greatest potential will be carried out. The entry mode will be chosen based on the results and a marketing plan will be developed to show how the product can be delivered and promoted in the host country. Subsequently, the company structure will be defined, and financial forecasts will be made. This paper will finish with a conclusion and some recommendations, as well as limitations and implications identified in the development of the project.

## **2. Literature Review**

According to Cavusgil, Knight and Riesenberger (2017), globalisation has allowed internationalisation, which is described as the process followed by companies to deepen their

business activities across national borders, to become easier and to reach long-term success. Today, not only large multinational firms can take advantage of international business, but small and medium-sized enterprises (SMEs) are also known to be flexible and responsive to change. These companies can overcome their limited resources and size by being innovative and using their external networks in an efficient way (Collinson, Narula & Rugman 2017).

Firms internationalize for several reasons. When an organisation reacts and adapts to a shift in the external environment, it is said to be a reactive motive (push factor). On the opposite, when a company takes the initiative to develop a strategic change, it is said to be a proactive motive (pull factor) (Czinkota, Ronkainen & Moffett 2011). Benito (2015) presents four motivations for expanding internationally:

- Resource Seeking: Firms that expand abroad to acquire specific resources of higher quality at lower costs and which do not exist or are hard to obtain in the home country;
- Market Seeking: Companies that explore foreign markets to increase revenues or to search for economies of scale;
- Efficiency Seeking: Enterprises that benefit from dispersing activities across different geographies and take advantage of the incentives in those locations;
- Strategic-Asset Seeking: Firms that buy physical assets or human skills from global corporations to achieve their strategic objectives or to weaken their competitors.

GMMSO4 is a research and strategic planning tool that supports a company's foreign expansion (GMMSO4 2020). Even though this tool is able to perform three dynamic modules, it will only assist the project by assessing the firm's global readiness through key questions, which are translated into an overall score.

Decisions concerning the market location and the mode of entry are the most important to determine the success of a company abroad. Firms should opt for the location that offers the best cost-benefit trade-off. To this end, the new concept of International Market Selection (IMS)

was introduced, which is defined as a stage-wise process that involves selecting a variety of criteria to compare countries, industries, products and/or consumers and highlighting those that best match the chosen criteria (Martín Martín & Papadopoulos 2011). In 1988, Papadopoulos and Denis presented many approaches grouped into qualitative (information based on perceptions) and quantitative methods (analysis of secondary data). The latter is divided into a) Market Grouping, which regards clustering similar countries based on social, economic and political factors; and b) Market Estimation methods, which evaluate market potential at firm or country level and their overall attractiveness. The most commonly used approaches of IMS assess the potential of international markets in three phases: preliminary screening, identification/in-depth screening and final selection. Preliminary screening uses macro-level variables to eliminate countries that do not deserve the decision-makers' attention. Identification screening evaluates markets using industry specific indicators such as market size and growth, level of competition and ease of access. In the final selection, the company's objectives, strategies and resources are compared with the market's characteristics and attractiveness to select the country to enter (Sakarya *et al.* 2007 & Koch, A. 2001). Many IMS methods have been developed over the years, but this paper will use the model built by Cavusgil *et al.* (2004) as they propose to cluster similar countries and establish an index of country market potential and country ranking based on the Overall Market Opportunity Index (OMOI), which uses macro-level indicators and assigns a weight to each one of them. As this model does not provide an understanding of the industry's attractiveness, it will be also considered the method developed by Douglas and Craig (2011) that considers micro-level factors in the in-depth screening (Cavusgil, S., Joiner, E. and Ozturk, A. 2015).

Collinson, Narula and Rugman (2017) divide the entry modes into two groups: non-equity and equity. Companies usually choose a non-equity entry mode at the initial stage of an international expansion or when they know little about the host country. It does not imply a

high commitment to the foreign market, diminishing the riskiness of going abroad. The main drawbacks are the loss of control over the firm's ownership and the lack of efficiency when intermediate goods need to be transferred across borders. Examples of non-equity entry modes:

- Exporting is considered to be an extension of the current sales in the home country, which means that the company produces at home and then sells it abroad. Indirect Exporting is when a firm goes abroad through an intermediary, while Direct Exporting happens when a company develops a relationship with foreign customers and markets;

- Licensing and Franchising require a low initial investment, but due to the high level of knowledge transferred, host companies can use it to their advantage and become competitors. In addition, control over activities such as Marketing and Production is reduced. In the Licensing agreement, one company allows another to use its intellectual property, such as trademarks, technology and know-how, in exchange for a compensation (royalty). Franchising is a form of licensing where a parent company (the franchisor) gives another entity (the franchisee) the right to sell a product/service under established rules;

- Other contractual agreements such as Turnkey Projects, Contract Manufacturing and Management Contracts are considered by Czinkota, Ronkainen & Moffett (2011).

When a firm has more knowledge of the host country, it will opt for an equity entry mode, also known as Foreign Direct Investment (FDI). Examples of equity entry modes:

- Joint Venture is a shared ownership option when two or more partners combine their assets to create a new business entity, albeit with a high risk of failure;

- Acquisition and Greenfield are full ownership entry modes as a company wants to access assets owned by another firm. Government and legal policies, however, represent strong barriers to overcome. Acquisition happens when a company purchases an established firm to obtain the needed assets. A Greenfield investment is the most expensive option as it requires setting up a business, from scratch, in a foreign market.

Every firm has a marketing strategy that helps it decide how to position itself and how to deliver and promote its goods or services. Managers usually use the Marketing Mix approach: Product/Service refers to the item being sold by a company; Price refers to the value charged for the product/service; Place, also known as location, refers to the point of sale; and Promotion refers to all activities to make the product/service accessible to the consumer. When internationalizing, firms implement a global marketing strategy that helps them understand what customers want in the host country and deliver it at the right price and location with the right promotion (Cavusgil, Knight & Riesenberger 2017).

### **3. Methodology**

When conducting a market analysis, the data used must be accurate, up-to-date and relevant. Data can be classified as primary or secondary data on the basis of its original source and purpose. Primary data are collected directly for a specific purpose, through interviews, surveys or focus groups. Secondary data are existing information originally collected for another objective and used in a different research question, retrieved from government statistics, trade publications and company websites. Furthermore, data can be classified as qualitative data, consisting of texts collected in interviews or audio-visual components and quantitative data, which is information in the form of counts or numbers (Boeije & Hox 2005).

In this paper, a combination of both primary and secondary, as well as qualitative and quantitative data, was used. For the analysis of the company situation, several interviews were conducted with Rui Guerra, CEO of Bifanas de Vendas- As Tradicionais, and complemented with other relevant information taken from their official website. In order to understand the sector in which the Portuguese company is inserted and to compare and evaluate countries, secondary data were collected from government websites, databases and other existing studies.

To perform the country clustering and country ranking, all variables were transformed into Z-scores in order to be comparable and transferable. This is a crucial step as it avoids scale

effects and artificial weighting, therefore data were converted to a scale of 1-100 using the formula,  $X'_{ij} = \left[ \frac{X_{ij} - \min_i}{R_i} * (99) \right] + 1$  [Figure 1]. Moreover, the negative factor loading variables (inflation rate and number of fast-food restaurants) needed to be inverted to guarantee that the numbers were accurate. Afterwards, the collected data were added to the SPSS tool where a hierarchical clustering technique was selected using Euclidean distances and Ward's clustering algorithm to create a number of clusters. As for the country ranking, weights were assigned to the chosen variables, according to their importance, giving each country a total score.

## 4. Company Situation Analysis

### 4.1. Internal Analysis

Created in the still existing Café Boavista in Vendas Novas in the 1980s, *bifanas* were quickly accepted by locals and those passing by the city due to its simple but tasteful recipe (Expresso 2017). It consists of a thin pork steak, fried in a secret sauce and served in a light and slightly toasted *papo-seco* (an oval-shaped bread). This unique recipe attracted three friends- Rui Guerra, Carla Rico and Ricardo Lima- to bring 'bifanas de Vendas Novas' to Lisbon in 2011, seizing the opportunities that such a dish had to offer. The first opening in Almada Fórum proved to be a success, allowing the partners to expand their business to other shopping centres.

In 2017, Rui Guerra decided to set up his own firm, Bifanas de Vendas Novas- As Tradicionais, where besides selling the *ex-libris bifanas*, it also offers traditional Portuguese soups and *empadas*. The company stays faithful to the original recipes, buying bread and meat from vendors in Vendas Novas. The firm currently has five stores in the metropolitan area of Lisbon. The pilot shop and factory opened in Corroios in 2017, being the only wholly owned store by the company. The other four establishments operate under franchise agreements and are located in Sintra (2017), Almada (2018), Chiado (2020) and Foros de Amora (2020). The stores in Sintra and Chiado are situated in the food courts of Alegro Sintra and Armazéns do Chiado, respectively. Due to the high presence of 'bifanas de Vendas Novas' restaurants in



shopping centres, leaving few options left, the company decided to open street shops in Almada and Foros de Amora [Table 1]. To make this new model a success and to face the competition from family restaurants, the company implemented Alentejo's dishes of the day, *bitoques* (typical Portuguese recipe) and a snacks' menu to attract consumers using the terrace. The firm tried to enforce food trucks at festivals and other events in 2016, however, it is a market niche hard to penetrate due to the difficulty of obtaining licenses to operate on public roads. For this reason, as of today, there is no franchisee operating with a food truck.

BVN- As Tradicionais is a Limited-Service Restaurant (LSR), which is defined as establishments whose clients order and pay upfront before they eat (CHD Expert 2012). Shopping centres and street stores follow this concept, nevertheless the latter are complemented by a table service after customers order and pay for their meals. The company may also be considered a fast-food business as although, their products are of higher quality and the store environment is more welcoming, they practice low prices. Overall, the price/quality ratio exceeds that of the largest chained fast-food companies. Additionally, BVN- As Tradicionais follows a differentiation strategy as they incorporate a Vendas Novas heritage component into their product. The company's product life cycle (PLC) is at the maturity stage as the product is established and the aim of the company is to maintain its market share even though sales may suffer a slowdown. At this point, product modifications or improvements are held to gain a competitive advantage (Armstrong G. & Kotler, P., 2018).

The firm's end users are people of any age (mainly 15-64 years old) who wish to satisfy a basic need (hunger) by consuming a traditional Portuguese dish or busy people who choose to have a quick meal. On average, consumers visit the store four times per month.

BVN- As Tradicionais sold about 1400 *bifanas* a day in 2019. In the same year, the company's sales amounted to almost 850 000 euros, corresponding to an increase of 6.6%. The profit also increased, slightly faster (7%), comparing to the previous year.

The firm has a strong online presence with a profile on Facebook and Instagram where it shares posts to advertise their products and invites people to visit the stores, as well as a website. BVN- As Tradicionais has partnerships with the food delivery platforms UberEats and Glovo.

#### **4.2. External Analysis: Porter's Diamond Model**

Porter's Diamond Model is a framework that analyses four components, namely Factor Conditions, Demand Conditions, Relating and Supporting Industries and Firm Strategy, Structure and Rivalry, to infer the international competitiveness of an industry in a country. If the home environment is dynamic and challenging, domestic companies will be forced to innovate and upgrade to compete within the sector (Czinkota, Ronkainen & Moffett 2011).

##### **4.2.1. Factor Conditions**

In 2018, the total animal production in Portugal equalled 892 thousand tonnes, the pig being the most created animal for consumption (43%). The increase in exports and the fact that the country now receives tourists throughout the year might explain the increase in animal production (INE 2019). As of 2017, Portugal ranked fifty-first in global meat production and thirty-first in global pig meat production (FAO 2017). The annual consumption of meat in Portugal in 2018 was 94 kg per inhabitant, being ranked in the fourteenth position worldwide (FAO 2018). The internal market was able to satisfy only 74.9% of national consumers' needs as the population demand rose faster than meat production (INE 2018). The good weather and the fact that around 39.5% of the total country area is occupied by agricultural surface ensure a significant development in both agriculture and meat industries (Pordata 2019).

In 2019, of the more than 4.9 million employed people, 69.8% worked in the tertiary sector, with 320 thousand people working in the accommodation and food service sector (Pordata 2019). Portugal already invests in the skills supply system, but it aims to further improve the operation of the labour market by modernizing the vocational and education training. As so,

total employment in Portugal is estimated to increase by 2030, especially in the accommodation and food sector, which will employ 15.3% of the population (Skills Panorama 2020).

Technology is very important in today's setting, especially in the food service industry where the customer service is needed quick and efficient. Portuguese companies continuously invest in R&D to make their businesses more technological and innovative, hence placing Portugal among the strongest countries on the EIBIS Digitalisation Index (EIB 2020).

#### **4.2.2. Demand Conditions**

Portugal has experienced a positive economic environment in the last years, as shown by the GDP growth and the decline in unemployment rates, which has led consumers to eat out more often and, in general, spend more money in high-quality experiences. Furthermore, the increasing number of tourists has boosted the consumer food service industry. The consumer food service market in Portugal rose by 3.9% (€9.1 billion) in value terms in 2019, reinforcing the growth trend in recent years. Forecasts show that the Portuguese economy will continue to experience a gradual increase in consumer food service sales. The spending in the food service industry amounted to 9% of total household consumption expenditure in 2017, a percentage that has increased over the last four years and is expected to continue to grow. As a result, there is no doubt that investments are expected to rise given the opportunities that this industry still has to offer (Euromonitor 2020; Pordata 2020).

Consumers are now looking for options tailored to their needs and lifestyles, being them convenient and time saving. In 2018, 55.2% of the Portuguese consumers visited a fast-food restaurant, showing the preference for this quick service (Marktest 2019). Limited-service restaurants are becoming more dynamic as they innovate and invest on value-added products, responding to the needs of customers who seek product differentiation and on-the-go consumption options at a reasonable price. Consequently, LSR experienced in 2019 a 5% value growth (€1.4 billion) and a 1% outlet growth (5203 units) (Euromonitor 2020).

Portuguese consumers usually prefer foreign products, with the exception of food, as they favour what is produced and developed nationally. Therefore, the Portuguese consumer is more demanding towards its meal's options. Although consumers are price sensitive, they have become interested in new cuisines and sustainable restaurants (Deloitte 2017; Santander 2020).

#### **4.2.3. Related and Supporting Industries**

The success of BVN- As Tradicionais is highly dependent on the fast-food industry in which it operates. Currently, 6% of the total consumer food service outlets are LSR, meaning that it is not as saturated as other type of outlets (Euromonitor 2020). Moreover, the company depends on the pig meat industry, which, as previously stated, is well developed in Portugal. There are 690 companies responsible for the processing, preparation and conservation of meat and meat-based products, meaning that they must compete on prices and quality in order to be successful (INE 2019). Finally, it is crucial to address the transport and distribution industry, by evaluating the Logistics Performance Index (LPI) in which Portugal is ranked in a relatively good position (23<sup>rd</sup>). The high quality of road infrastructures, access and connectivity between roads and highways, the competence and the quality of logistics services benefit the transportation between suppliers and restaurants (The World Bank 2018). This is particularly significant for BVN- As Tradicionais as the meat and bread are provided by Vendas Novas' suppliers.

#### **4.2.4. Firm Strategic, Structure and Rivalry**

As mentioned above, the consumer food service industry is highly developed with value sales of 9.1 billion euros last year. While cafés/bars are the type of consumer food service with the highest number of outlets, fast-food companies are the ones leading the way in terms of sales. The fast-food market is still very attractive as consumers are continuously looking for on-the-go, low pricing options. However, low entry barriers and low switching costs prompt an intense competition within this industry. One way to compete with firms in the same industry

is to adopt a differentiation strategy. BVN- As Tradicionais uses a traditional recipe of the 1980's- Vendas Novas heritage- which is considered a differentiator factor.

In the food court, the direct competitors are Portugália (brand share of 0.4%) and Prego Gourmet (0.3%), both of which selling similar products based on Portuguese recipes and flavours, for the same end-user at similar prices. Additionally, indirect competitors offering a substitute product for the same target must be considered, namely McDonald's (29.3%), Burger King (5.8%), TelePizza (3.8%) and H3 (3%) [Table 2] (Euromonitor 2020).

### 4.3. SWOT Analysis

A SWOT analysis was conducted to synthesize the contents described in the previous section, as well as to check whether there could be any factor preventing the company from expanding abroad, nevertheless no such issues were determined.

Table 3. SWOT Analysis  
Source: Self-Elaborated

Strengths		Weaknesses	
<ul style="list-style-type: none"> <li>Quality product- owned Portuguese traditional recipe</li> <li>Food prepared at the moment (2-3 min)</li> <li>Franchising know-how</li> <li>Presence in shopping centres and street</li> </ul>	<ul style="list-style-type: none"> <li>shops</li> <li>Most developed company selling bifanas de Vendas Novas</li> <li>Strong presence on social media</li> <li>Partnerships with UberEats and Glovo</li> </ul>	<ul style="list-style-type: none"> <li>Existence of five stores, all placed in the metropolitan area of Lisbon</li> <li>Few options left to grow nationally on shopping centres</li> <li>Recipe easy to replicate</li> </ul>	<ul style="list-style-type: none"> <li>Weak presence on food platforms (Example: Zomato, The Fork)</li> </ul>
Opportunities		Threats	
<ul style="list-style-type: none"> <li>More exigent consumers looking for different products</li> <li>Intensification of a busiest lifestyle</li> <li>Preference for fast-food restaurants</li> <li>Economic growth in the country</li> </ul>	<ul style="list-style-type: none"> <li>Consumer food service industry growth</li> </ul>	<ul style="list-style-type: none"> <li>Intensive competition</li> <li>Antique and mature competing companies</li> <li>High variety of products that can satisfy the same needs</li> </ul>	<ul style="list-style-type: none"> <li>Increased Vegetarian/ Vegan consciousness</li> </ul>

### 4.4. Main Reasons for Internationalisation

The goal of Bifanas de Vendas Novas- As Tradicionais is to be a pioneer in exporting a Portuguese tradition and recipe, penetrating new markets to grow and increase revenues. In addition, making this dish available to the Portuguese community living abroad, who misses Portuguese flavours, is another significant opportunity to expand. These market-seeking motives are mainly proactive and pull factors, meaning that BVN- As Tradicionais develops a strategic change to go abroad and find a high-growth market with favourable conditions.

#### 4.5. Global Readiness

Although the firm has opportunities for a further national expansion (street outlets), it has the resources and the right motivations to pursue its first growth abroad. Moreover, being *bifanas* a dish consumed abroad by a similar end-user than in the home country, under the same conditions, there is no need to make modifications to the product. All of these facilitate the foreign expansion of BVN-As Tradicionais, as it can be seen in the company's score of 84/110 (77.27%) [Table 4].

### 5. Country Selection

In order to select the countries where Bifanas de Vendas Novas- As Tradicionais should enter, a preliminary screening was conducted with country clustering techniques. For this initial phase, 59 countries from all continents were selected based on several criteria:

- Development of the countries- markets that meet enough conditions for the expansion of a foreign company;
- Characteristics of the product- as *bifanas* are made of pig meat, hence countries where the consumption or importation of pork is forbidden, which is the case of mostly Islamic or Jewish nations, were not included;
- Similarities to Portugal- countries that were once Portuguese colonies and that maintain some traditions/ cultural similarities.

To cluster the countries, that is to compare countries on a macro-level, economic, country-risk and socio-cultural variables were chosen. It is important to understand the countries' macroeconomic situation to infer if the risk associated is high or low. GDP *per capita* and GDP growth measure the prosperity of a country based on its economic productivity and are therefore, indicative of economic growth. A low and stable inflation rate indicates economic stability and encourages companies to invest in a country. Trade is an indicator that assesses the importance of international trade in the economy of a country, thus the higher the value, the

more open a country is to international trade. Foreign Direct Investment is also a major indicator of investments made by foreign investors, meaning that a country with high net inflows infers great conditions to attract investors. The Economic Freedom Index evaluates the extent to which institutions protect individuals' freedom to pursue their own economic interests, classifying whether a society is economically free. The Logistics Performance Index evaluates the performance of a country's trade logistics. It is particularly meaningful to analyse this indicator since the host country will receive the meat from Vendas Novas' providers. As for country-risk indicators, the Ease of Doing Business assesses the regulatory environment for the establishment and operation of a local firm, and it is a key variable for this project. The Worldwide Governance Indicators estimate if a country is under a good governance. A good score on this variable leads to economic stability and long-term growth. In order to have an overview of the possible customers, three socio-cultural variables were considered: urban population that gives an estimation of the number of potential customers; cultural distance that measures whether a company/product will be accepted in the host country as each nation's culture influences the organisational structure of firms; and Human Development Index as it is regarded as the ultimate criteria to assess the development of a country [Table 5].

Due to lack of data in some indicators, the country set was reduced to 40 countries [Figure 2; Table 6]. Besides, Portugal was included to understand which countries are more similar on a macro-level. The dendrogram was built with the help of the SPSS software from which eight clusters were extracted [Figure 3; Table 7]. Clusters 1, 2 and 5 performed better while clusters 3, 4 and 8 were the worst. Even though cluster 2 contains the countries with the highest overall score, these were disregarded due to their huge physical distance to Portugal. Since this is the first international expansion of BVN- As Tradicionais, a physically closer country should be chosen to facilitate interactions and transactions between the two countries. Moreover, as Portugal is included in cluster 5, it makes sense to consider the most similar countries to the

home country. This being said, only clusters 1 and 5 will proceed to the country ranking, based on macroeconomic performance, similarities to Portugal and geographical distance.

In order to rank countries on the basis of their aggregate market potential, it was used a combination of both macro-level and micro-level variables. Some of the already defined variables were used in this evaluation, such as *GDP per capita*, Trade, Economic Freedom, Logistics Performance Index, Ease of Doing Business, Urban Population and Cultural Distance, as they seem to provide a better grasp of the attractiveness of each country on a macro-level. Industry-related variables were added to complement the ranking since they infer the success of the product in a foreign country. For this reason, the Number of Portuguese Emigrants, Share of Household Consumption on Catering Services, Meat Consumption, Pork Consumption and Number of Fast-Food Restaurants per million inhabitants were defined [Table 8]. It is easier for a firm to succeed in a country with a strong Portuguese community as they value things that remind them of home; with a population that spends a considerable part of their income on restaurants and consumes a large amount of meat and pork, in particular; where competition is somewhat low. The weights were given to each variable according to its importance. Bearing in mind that macro variables were the main decision factor for country clustering, the industry-related variables received higher weights in this step [Table 9]. Both techniques narrowed the set of countries to the two with the highest scores: France and Spain [Table 10].

## **6. In-Depth Market Analysis**

France and Spain will be analysed on four broad topics: contacts to help establishing the company, firm's main competitors, size of potential customers and industry sales and market entry conditions, to define the environment a business will face when entering that country.

### **6.1. Contacts**

France is a country with a reliable and stable economic and political structure, making it an attractive place to invest in, while Spain has a well-diversified economic base and a great



geographic position that attracts investors to grow their businesses (Expatica 2020). BVN- As Tradicionais can start by contacting the Enterprise Europe Network to help building a bridge with the host country. Moreover, the company must choose a local legal counselling to help it with the bureaucracy and to protect the firm's interests and rights. The first contacts to be made are with a bank, in order to open an account, and with the registration centre. In France, the investor must choose one of the more than 400 existing banks and register the company in *Centre de Formalités de Entreprises*. The Spanish investor may choose between 150 available banks and make the registration in *Registro Mercantil* (Expatica 2020).

As stores must be strategically located, it is important to contact a good real estate agency to help find the right place. Afterwards, the firm must obtain licenses, in the City Hall, relating to the handling of food and serving of drinks to be able to start operating (Expatica 2020).

BVN- As Tradicionais relies on a fast, high-quality service. The meat will be supplied by Vendas Novas' companies, thus there must be agreements with distributors connecting Portugal to France and Spain on a frequent basis and at a low price. All the other supplies, including the bread, are purchased locally.

## **6.2. Competitor Analysis**

Due to the high number of Portuguese emigrants in France and Spain, there are family restaurants serving *bifanas*, however there is no place specialized in producing them. Fast-food companies must also be analysed as BVN- As Tradicionais is inserted in this industry. France amounts to 28 290 limited-service restaurants (52 restaurants/100 000 inhabitants) while Spain has over 15 000 (40 restaurants/100 000 inhabitants). The top two competitors identified in the French fast-food sector are McDonald's with a 36.8% brand share (1 485 outlets) and Burger King with 5.3% brand share (257 outlets). In Spain, the top two competitors identified were the same, but with different brand shares, McDonald's with 20.4% (527 outlets) and Burger King with 13.3% brand share (800 outlets) (Euromonitor 2020).

McDonald's is the world's most valuable fast-food company thanks to its wide range of products at low prices, strong brand name and strong brand loyalty. However, the unhealthy menu and the HR and legal hassles harm its brand name. The drinks' refill system of Burger King (BK) and its wide product portfolio are the main points of difference. After being closed for 15 years in France, BK reopened all its stores in 2012, aiming to raise brand awareness and brand loyalty to compete with McDonald's, which is the fast-food company that attracts more consumers in the country. In Spain, McDonald's is the undeniable market leader, but Burger King is perceived as a bigger threat to the former company since it has a high level of brand awareness and brand loyalty. Although BVN- As Tradicionais serves a healthier, Portuguese-inspired menu, therefore differing greatly in terms of product, these two market leading companies should not be disregarded as they sell substitute products for the same end-user.

### **6.3. Market Sales Potential**

France is one of the strongest economies in the world with a high standard of living and willingness to pay. An average French citizen has a GDP *per capita* of 33 846€, higher than the EU average of 29 124€. In 2019, the share of household consumption on restaurants was 5.9%, which is explained by the preference of French people to cook at home and leave restaurants for special occasions. However, the emergence of a fast-paced lifestyle and globalisation trends are changing these habits. Spain is recovering from the financial crisis that shook the country between 2008 and 2014, but still outperforms many European countries. An average Spanish consumer has a GDP *per capita* of 29 613€ and spends 13.3% of their income on restaurants, proving that Spain is a consumer society who likes to get together in cafés and restaurants after work (Euromonitor 2020).

To estimate the market sales potential, the Chain Ratio Method was used. The first step aims to measure the number of potential customers by considering the total urban population of each country and the percentage corresponding to the company's main target. Afterwards,

the market sales potential is determined by multiplying the number of potential customers by the average frequency a consumer purchases a *bifana* annually and by the average expenditure on each visit. In Portugal, consumers visit the restaurant, on average, four times a month, thus 48 times a year. In addition, a client spends, on average and on each visit, 4.95€ which has to be multiplied by the price level index<sup>1</sup> in order for prices between both countries to be equivalent. Besides inferring that France is the country with the highest market sales potential, it is important to mention that it houses nearly 438 thousand Portuguese emigrants, from the company's main target (15-64 years old), compared to the 72 thousand people living in Spain.

Table 12. Total Market Sales Potential for France and Spain  
Source: Statista; Extrapolated from Company Accounts

	France	Spain
Number of Potential Customers <sup>2</sup>	33 394 116	24 948 650
Frequency of Purchase on an Annual Basis	48	48
Average Expenditure on Each Visit	6.4	5.2
Total Market Sales Potential	<b>10 260 603 535</b>	<b>6 253 153 593</b>

#### 6.4. Market Entry Conditions

According to AM Best (2020), France is a CRT-1 country with low levels of economic, political and financial system risks and Spain is a CRT-2 country with a moderate level of economic risk and a low level of risk to the political and financial systems. In the Doing Business Report 2020, though Spain (30<sup>th</sup>) is better ranked than France (32<sup>nd</sup>), the latter is in the top 20% countries in starting up a business, getting electricity, trading across borders, enforcing contracts and resolving insolvency [Table 13].

It takes about 5 days to start a business in France while it takes 12.5 days in Spain, and up to 42 days to complete the registration of a French company while this number is much lower in Spain (13 days). First of all, the French investor must open a bank account and deposit a share capital that is later unblocked. After registering the business name and logo in *Institut*

<sup>1</sup> Price level index in France is 1.3 (price level in France (96.6) divided by price level in Portugal (74.7)) and in Spain is 1.1 (price level in Spain (78.8) divided by price level in Portugal (74.7)).

<sup>2</sup> Table 11 in Appendix

*National de la Propriété Industrielle*, the investor registers the business in *Centre de Formalités de Entreprises (CFE)*, particularly in *Chambre de Commerce et d'Industrie*. The CFE will forward the application and the entire process to the relevant bodies, depending on the type and size of the business. After two weeks of registration, the official document that certifies the company (*Extrait KBIS*) arrives, allowing the bank account to be activated and the share capital to be unblocked (Company Formation France 2019, Eurostart Enterprises 2015). In Spain, the first step is to obtain a Tax Identification Code (CIF) so that the firm is entitled as a legal entity, and only after, a bank account on behalf of the company is opened. Following the acquisition of the public deed of incorporation (document that sets up the business), the investor registers the company in *Registro Mercantil Central* (Expatica 2020). Finally, both countries will enrol in social security to complete all legal red tape. The business will then acquire food and alcoholic beverages' licenses to comply with national and European legislation. The restaurant must have a notice for the protection of minors, the approval of the working hours, an inspection made by the police and fire departments and the social cohesion and protection of the population department approval (Company Formation France 2019).

The French Company Act sets a reduced corporate rate of 28% for a turnover of less than 250 million euros compared to the standard rate of 31% (Deloitte 2020). In Spain, for the first two tax periods, newly created companies pay a corporate tax rate of 15%, but after these two years they will pay a general tax rate of 25% on their income (PwC 2020). The VAT is 20% and 21% for all taxable goods and services in France and Spain, respectively, however restaurants are taxed at 10% (Avalara 2020). The company is exempt from paying customs duties when it buys from a country within the European Union, but food industry products imported from outside of EU have a custom duty of 17.3% (Santander Trade 2020).

Regarding the Logistics Performance Index, France (16<sup>th</sup>) exceeds Spain by only one position, both showing an outstanding quality of the trade and transport-related infrastructures

and efficiency in reaching the destination country within the expected time, which are relevant domains [Table 14] (The World Bank 2018). The two countries present a diverse and relevant retail distribution system with E.Leclerc being the market leader in France (21.2%), followed by Carrefour (20.5%), and Mercadona ranking first in Spain (19.9%), also followed by Carrefour (7.6%) (Nordea 2020).

The official currency is the euro, and since it is one of the major currencies, the exchange risk is very limited. Payments can be made through different mechanisms, but wire transfer (SWIFT) and direct debit are the most widely used in international transactions (Nordea 2020).

### **6.5. Target Market Selection**

After a detailed comparison between the two countries, it can be concluded that both France and Spain have favourable conditions for BVN- As Traditionais to expand its business. Notwithstanding, the French market is the most promising once they have a stronger market sales potential, although their population spends little of their income on restaurants and competition is fierce. Besides having a larger Portuguese community, the country still offers excellent structural, economical and relational conditions for the business to settle there.

## **7. Entry Strategy**

In order to select an entry strategy, the company must evaluate the levels of control, risk, flexibility and resource commitment of each entry mode (Collinson, Narula & Rugman 2017).

Although the GMMSO4 tool suggests a Foreign Marketing Presence, one cannot ignore that this is the first foreign expansion of the company. Furthermore, BVN- As Traditionais' national expansion model is based on franchise agreements that have proven to be a success. As explained in the literature review, under a franchise agreement, the franchisor allows the franchisee to use its business model while giving them support on advertising and training. This model is used by companies wishing to reach a foreign country quickly, with low costs and

little risks. However, the control of the franchisor over the franchisee is reduced and the latter may use the know-how that has obtained to become a competitor.

The Portuguese company could consider opening a shared or wholly owned subsidiary, but since this is its first internationalisation, and most fast-food companies in the host country operate under franchise agreements, BVN- As Tradicionais should follow the same strategy. It is also advisable to contact a person with an excellent knowledge of the Portuguese and French markets to better achieve the company's goals and to be successful in the host country.

## **8. International Marketing Strategy**

### **8.1. Segmentation, Targeting and Positioning**

BVN- As Tradicionais should segment the French population based on demographic, psychographic and benefits sought criteria. Considering the products offered by the company, the main target are French people aged between 15 and 64 years who wish to consume a quality and traditional recipe in a convenient way. A possible positioning statement could be as follows:

*“For the French population aged 15 to 64 who seek convenience and quality food, Bifanas de Vendas Novas- As Tradicionais is the only brand among all fast-food restaurants that offers differentiated, tasty food at low prices, because it incorporates an Alentejo heritage and continuously innovates its menu to become the best Portuguese restaurant in the country”*

### **8.2. Marketing Mix**

#### **8.2.1. Product**

BVN- As Tradicionais offers *bifanas, empadas, bitoques*, soups and desserts for lunch and dinner. The product offering should remain the same in France, but some local component can be added, such as bread, cheese, pastries or even wine. Not only does this benefit the local economy, it is also likely to be cheaper for the company instead of importing those supplies.

As some of the goods are purchased in local companies, one must sharply follow the original recipe so that the quality and the flavours of the products resembles those of the home

country. The company should focus on the way the food is served in order to maintain its quality and ensure that the health requirements are met, while using traditional elements that remind people of their home. The labelling should be clear in order to increase brand recognition.

### **8.2.2. Price**

BVN- As Tradicionais should follow a geocentric pricing strategy, with a globally set price adjusted to the local purchasing power. With a GDP *per capita* almost twice as high as in Portugal, the Portuguese company may slightly increase prices in France, but still remain competitive with local and global fast-food restaurants.

### **8.2.3. Place**

The location of the restaurant must ensure the validation of the brand. As so, and considering the placement strategy followed in Portugal, the investor must open the restaurant in a shopping centre or a similar establishment, in an urban area, as this is a place that receives a lot of visitors daily, thus attracting a higher number of potential customers.

As the product is directly delivered to the consumer at the counter, the experience should be maximized to attract new consumers and to build brand loyalty. As so, the space behind the counter must be organized in a way that employees can serve clients efficiently and quickly, in line with the LSR concept. In order to keep consistency, the interior should be identical to the design of BVN- As Tradicionais' stores in Portugal, although the franchisee has the right to make some changes to the interior decoration. Besides the physical store, the company must consider partnering with online food delivery platforms.

### **8.2.4. Promotion**

In order to create brand awareness, BVN- As Tradicionais should use both digital and non-digital channels. As for digital channels, the best way to engage with potential customers is by promoting products, offers and events on their website, Facebook and Instagram. Furthermore, the company should be present on restaurant aggregators websites such as Yelp and The Fork.

Regarding non-digital channels, flyers must be distributed in other stores in the shopping centre and in the surrounding area before the opening of the restaurant. A loyalty program should be implemented, meaning that every time a customer visits BVN- As Traditionais, they earn points that are converted into discounts in subsequent purchases. This system intends to attract consumers to visit the store more often and establish a closer relationship between the company and the client. Another way to appeal customers is to provide offers on special dates.

## **9. Organisational Structure**

The organisational structure describes how activities are distributed and how information flows within the firm, to keep businesses productive and focused, and to attain their goals (Kenton, W. 2020).

A local team dedicated to French operations should be formed following the franchise plan. This new division should include a marketing- to create an advertising strategy targeted at the French market, but consistent with the Portuguese message- and a sales team- to build the best tactics to be enforced in the market. In addition, it is important to hire local workers to help integrate the company. If the decision is to expand later to a range of French cities, a regional team must be established. The French store is able to respond to BVN- As Traditionais' culture and image, through a global brand team in Portugal which coordinates all local teams. This organisational structure helps the firm building its brand in a market where little awareness exists and adapting to market changes while ensuring that the core tasks are fulfilled.

## **10. Financial Projections**

For the financial projections, it was performed simple forecasts of the sales and expenditures for a five-year period, having as base what was done, on average, in one BVN-As Traditionais' store in 2019. Sales and expenses related to raw material, utilities and rent were estimated based on those of Portugal and considering the price level index of 1.3, while personnel and advertising expenses were calculated based on France's prices. It was assumed



that the sales in France will be similar to those in Portugal because although the first has a higher total market sales potential, the population is not aware of the product, thus the number of *bifanas* sold may not increase proportionally in the first years. Furthermore, the French investor must account the initial costs related to the franchise agreement which amount to 15 000€. To make it more realistic, two different scenarios were considered: a pessimist scenario with an increase of 2% and a normal scenario with a 7% increase.

Table 15. Financial Projections Under a Pessimist Scenario

Source: Extrapolated from Company Accounts; Buffer; Economic Research Institute; Statista

	Pessimist Scenario				
	2021	2022	2023	2024	2025
Sales France	356 595.20 €	363 727.10 €	371 001.65 €	378 421.68 €	385 990.11 €
Expenditures France	314 169.30 €	317 891.72 €	321 688.60 €	325 561.41 €	329 511.68 €
Costs of Good Sold	129 195.73 €	131 779.64 €	134 415.24 €	137 103.54 €	139 845.61 €
Supplies and External Services	56 925.57 €	58 064.08 €	59 225.36 €	60 409.87 €	61 618.07 €
Personnel Expenses	80 048.00 €	80 048.00 €	80 048.00 €	80 048.00 €	80 048.00 €
Advertising Costs	48 000.00 €	48 000.00 €	48 000.00 €	48 000.00 €	48 000.00 €
EBITDA	42 425.90 €	45 835.38 €	49 313.05 €	52 860.27 €	56 478.43 €

Table 16. Financial Projections Under a Normal Scenario

Source: Extrapolated from Company Accounts; Buffer; Economic Research Institute; Statista

	Normal Scenario				
	2021	2022	2023	2024	2025
Sales France	356 595.20 €	381 556.86 €	408 265.84 €	436 844.45 €	467 423.57 €
Expenditures France	314 169.30 €	327 197.79 €	341 138.28 €	356 054.59 €	372 015.06 €
Costs of Good Sold	129 195.73 €	138 239.43 €	147 916.19 €	158 270.32 €	169 349.25 €
Supplies and External Services	56 925.57 €	60 910.36 €	65 174.09 €	69 736.27 €	74 617.81 €
Personnel Expenses	80 048.00 €	80 048.00 €	80 048.00 €	80 048.00 €	80 048.00 €
Advertising Costs	48 000.00 €	48 000.00 €	48 000.00 €	48 000.00 €	48 000.00 €
EBITDA	42 425.90 €	54 359.07 €	67 127.57 €	80 789.86 €	95 408.51 €

## 11. Conclusion and Recommendations

The aim of this project was to develop an internationalisation plan for the Portuguese company, BVN- As Tradicionais. It began with a literature review to briefly discuss published topics to support the elaboration of the dissertation. Furthermore, the methodology was described to understand how to reach the most potential markets. Despite the recent foundation, BVN- As Tradicionais has been able to succeed in Portugal thanks to its firm specific advantages- a unique product inspired by the old Alentejo's tradition- and its country advantages- a market with great conditions to sustain the company's growth. A combination of

country ranking and country clustering techniques allowed to choose France and Spain as the most promising countries, which after a thorough analysis of their contacts, competitors, sales potential and market entry conditions, rendered France as the selected country. A franchise strategy was chosen as the entry mode, aligning to the company's national expansion. Lastly, a marketing plan and the organisational structure were designed, and some financial projections were made to understand the potential of the project. Besides increasing revenues and bringing a taste of home to the Portuguese emigrant community, one important reward of going abroad is the experience and knowledge acquired to sustain future expansions.

My recommendation for BVN- As Tradicionais is to focus on Spain as well because it showed great potential in the in-depth analysis. Afterwards, the attention can be directed to clusters 1 and 5. Due to lack of data in some variables, the "real" clusters may differ slightly from those created in this project, nevertheless considering the company's internal and external analysis, it seems that those markets present favourable conditions for a future expansion.

## **12. Limitations and Implications**

There are some elements of the project that have restricted the outcomes and therefore offer some directions for future research. First of all, the variables chosen for the country selection and the weights given to each one of them were based on my perception of the company's needs, aligned with the CEO, however another researcher may have a different opinion. Moreover, several countries were left out because data were missing, meaning that potential markets for a further evaluation may have been disregarded. Clearly, this has serious repercussions as the optimal market may not have been analysed or the overall scores may differ significantly. Finally, we can only infer that the most potential country is France and not assume that the business model is going to be successful as a market research to French consumers was not conducted.

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## 14. Appendix

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$$X'_{ij} = \left[ \frac{X_{ij} - \min_i}{R_i} * (99) \right] + 1$$

$X'_{ij}$  : scaled final value of country  $j$  on dimension  $I$

$X_{ij}$  : average score of country  $j$  on dimension  $I$

$\min_i$  : minimum value for dimension  $i$

$R_i$  : range of dimension  $i$ .

Figure 1.  
Equation to Standardize Data to a 1-100 Scale  
Source: Industrial Marketing Management

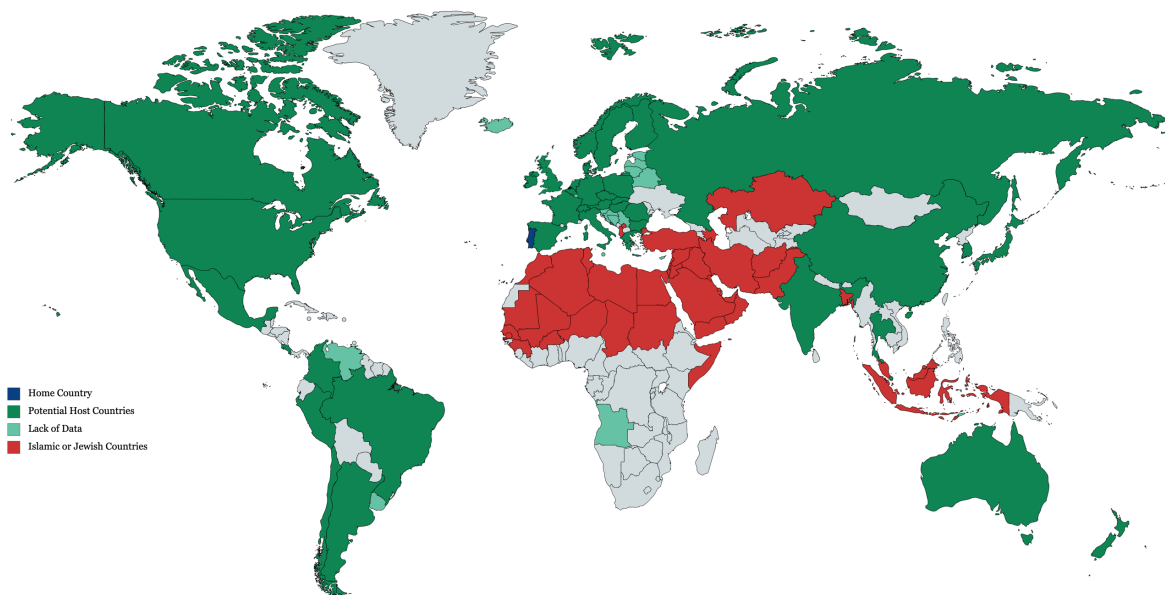


Figure 2.  
Final Set of Countries  
Source: Mapchart

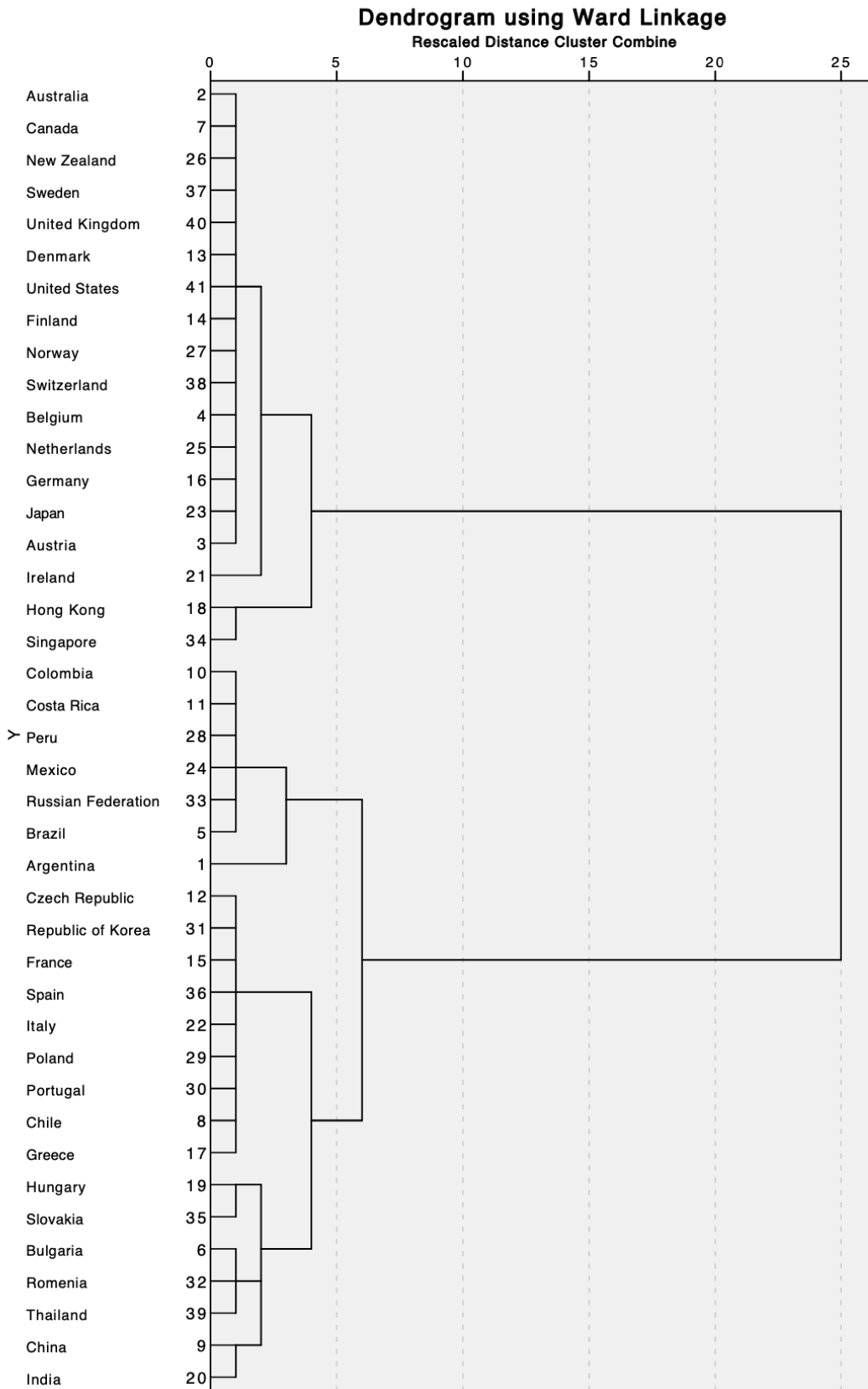


Figure 3.  
Dendrogram  
Source: SPSS



## Tables

Table 1.

Current Distribution of Bifanas De Vendas Novas- As Tradicionais' Stores

Source: Self-Elaborated

Location	Opening Year	Type of Store	Type of Operation
<b>Corroios</b>	2017	Street Shop	Wholly owned by the firm
<b>Sintra</b>	2017	Shopping Centre (Alegro Sintra)	Franchise
<b>Almada</b>	2018	Street Shop	Franchise
<b>Chiado</b>	2020	Shopping Centre (Armazéns do Chiado)	Franchise
<b>Foros de Amora</b>	2020	Street Shop	Franchise

Table 2.

Brand Shares of Limited-Service Restaurants in 2019

Source: Euromonitor 2020

Brand Name	Brand Share (%)
<b>McDonald's</b>	29.3
<b>Burger King</b>	5.8
<b>Telepizza</b>	3.8
<b>H3</b>	3.0
<b>(...)</b>	<b>(...)</b>
<b>Portugália</b>	0.4
<b>Prego Gourmet</b>	0.3

Table 4.  
Global Readiness of Bifanas de Vendas Novas- As Tradicionais  
Source: GMMSO4

Is the foreign market similar to the domestic market?	4
Is the End User of the product in the foreign market the same as in the domestic market?	5
Is the product successful in the domestic market?	5
Is the product unique?	5
Does the product perform the same function in the foreign market as it does in the domestic market?	5
Are the product use conditions the same in the foreign market as they are in the domestic market?	5
Does the product need modifications to meet the needs of the customers in the foreign market?	4
What is the stage of the product's life cycle in the home market?	2
What is the stage of the product's life cycle in the international market?	5
Does the product require after-sales service?	3
Is the company in a position to provide after sales-service to its customers in the foreign market?	3
Would export orders hurt domestic sales?	5
Does the company have the financial resources necessary for export?	4
Does the company have in-house personnel with export related knowledge/experience?	2
Is international/global participation part of the Mission Statement of your company?	3
Is international expansion a part of the strategic business plan of the company?	4
Would the company be willing to investigate export market opportunities?	5
Would the company be willing to attend and/or participate in Trade Shows abroad?	4
Is the company willing to translate company literature into one or more foreign languages?	5
Are the company's top competitors involved internationally?	3
Is the industry highly regulated?	2
Is the company certified- ISO 9000 or other certification?	1
Average (1-5)	3.86
Average (%)	77.27
Conclusion	Foreign Marketing Presence

Table 5.  
Macro-Level Criteria  
Source: Several

Macro-Level Variables				
	Variables	Description	Data	Source
<b>Economic</b>	GDP <i>per capita</i>	Current US\$	2019	The World Bank
	GDP growth	Percentage	2019	The World Bank
	Inflation Rate	Consumer Prices, Percentage	2019	The World Bank
	Trade	Percentage of GDP	2019	The World Bank
	Foreign Direct Investment	Net Inflows, Percentage of GDP	2019	The World Bank
	Economic Freedom Index	Property Rights, Government Integrity, Judicial Effectiveness, Government Spending, Tax Burden, Fiscal Health, Business Freedom, Labor Freedom, Monetary Freedom, Trade Freedom, Investment Freedom, Financial Freedom	2019	Heritage
	Logistics Performance Index	Customs, Infrastructure, Ease of Arranging Shipments, Quality of Logistic Services, Tracking and Tracing	2018	The World Bank
<b>Country-Risk</b>	Ease of Doing Business	Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts, Resolving Insolvency	2020	The World Bank

	Worldwide Governance Indicators	Voice & Accountability, Political Stability and Lack of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption	2019	The World Bank
<b>Socio-Cultural</b>	Urban Population	Percentage % of Total Population	2019	The World Bank
	Cultural Distance	Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation and Indulgence	2019	Hofstede's Insights
	Human Development Index	Long and Healthy Life, Knowledge, Decent Standard Living	2018	United Nations Development Programme

Table 6.  
Data to be Used in the Country Clustering  
Source: Several sources included in tables 5 and 8

Countries	GDP per capita	GDP Growth	Inflation, Consumer Prices	Trade	Foreign Direct Investment	Economic Freedom	Logistics Index	Ease of Doing Business	Worldwide Governance Indicators	Urban Population	Cultural Distance	Human Development Index	Number of Portuguese Emigrants	Household Consumption on Catering Services	Meat Consumption	Pork Consumption	Nº of restaurants
Argentina	10,79223829	1	1	2,816513761	45,31622177	1,775456919	14,11258278	1	21,12294006	88	79,63866597	60,01302932	1,715442992	37,06976744	79,43349088	18,57943925	76,46494672
Australia	66,43401144	40,375	97,58082707	7,055045872	48,16221766	75,96083551	70,49668874	78,78571429	90,97445456	79	24,82925832	94,84039088	3,895614378	30,1627907	88,50979068	44,18317757	55,78403964
Austria	60,69671647	49,375	97,76691729	25,82568807	48,36550308	52,95561358	88,85430464	71,71428571	86,02969711	38,5	22,98528419	87,1009772	1,281396056	70,8372093	62,97434166	82,9588785	77,24511924
Belgium	55,54085889	46	97,95300752	42,47706422	31,49281314	40,80678851	89,50993377	57,57142857	74,8735861	97	47,18094321	88,71335505	6,474838207	31,69767442	47,04253883	62,04859813	71,87803919
Brazil	9,195020378	40,375	93,67293233	1,908256881	51,21149897	1	20,66887417	1	17,76352468	80,5	83,02388991	37,76221498	27,70094305	54,72093023	72,3403106	23,54205607	62,0611701
Bulgaria	10,45951037	82	94,78947368	30,66972477	46,94250513	45,20104439	23,29139073	46,96428571	37,03927134	62,5	79,92162862	55,49837134	1,066388732	21,72093023	41,50168805	51,13084112	63,23912199
Canada	55,63751727	38,125	97,02255639	12,80733945	47,75564682	67,68929504	69,18543046	75,25	91,49451387	71,5	37,85589645	89,68078176	22,37601953	34,76744186	59,55773126	41,7271028	52,33978617
Chile	16,85247141	34,75	95,71992481	10,38532111	46,53993429	61,74412533	42,30463576	50,5	64,97148909	82	86,34053255	65,49511401	1,132489443	29,39534884	59,95881161	41,74392523	79,02539688
China	11,1089039	100	95,16165414	4,027522936	44,7063655	17,80156658	61,31788079	68,17857143	10,10103792	40	19,85438288	36,79478827	1,034706474	21,72093023	43,19513842	63,88224299	45,58251473
Colombia	6,363673119	57,25	94,04511278	4,633027523	51,61806982	40,80678851	17,39072848	39,89285714	19,38661301	71,5	59,17337527	37,76221498	1,006048431	65,46511628	39,7116813	15,63551402	75,65943218
Costa Rica	13,55852702	48,25	96,65037594	13,11009174	50,80492813	35,63707572	7,556291391	36,35714286	51,69739462	70	71,57169423	48,40390879	1	17,88372093	37,96623903	23,18878505	91,6805734
Czech Republic	27,0256213	60,625	95,34774436	37,02752294	50,19507187	57,34986945	65,90728477	61,10714286	64,27108663	61	66,48614369	79,68403909	1,04363511	38,60465116	59,67656989	77,65981308	87,22535392
Denmark	72,52472913	57,25	99,06954887	24,91743119	38,60780287	65,10443864	86,23178808	92,92857143	95,89404787	82	16,08043762	92,62508632	1,400492544	28,62790698	50,79338285	24,48411215	69,1637267
Finland	58,7246375	46	98,69736842	17,04587156	48,77207392	60,45169713	84,9205298	75,25	98,39368777	77,5	63,08005653	90,64820847	1,098647031	35,53488372	55,15327481	63,34392532	71,74770875
France	48,57302828	51,625	98,5112782	12,80733945	47,5523614	31,75979112	76,39735099	64,64285714	74,20254183	71,5	70,16606637	79,68403909	100	33,23255814	59,86968265	55,72336449	81,03918324
Germany	55,71707456	39,25	97,95300752	19,7706422	45,11293634	56,83289817	100	75,25	86,42393561	65,5	34,38785605	95,16286645	19,33682692	20,95348837	63,39027684	85,44859813	74,04070998
Greece	22,65940999	58,375	100	15,53211009	46,94250513	15,9921671	34,43708609	32,82142857	41,74077526	68,5	87,95917233	73,55700326	1,033986422	86,95348837	51,43956786	49,7682243	42,18079966
Hong Kong	58,81125289	14,5	95,16165414	100	71,94661191	100	81,64238411	92,92857143	73,85024359	100	45,6027063	95,16286645	1,008928636	98,38837209	100	100	75,57616551
Hungary	18,80943202	92,125	94,41729323	42,47706422	50,19507187	34,8616188	48,86092715	50,5	43,09963991	58	37,15989941	64,85016287	1,064516598	47,04651163	57,40378123	84,38878505	70,49101556
India	1	80,875	86,22932331	5,23853211	46,12936345	9,53002611	33,12582781	43,42857143	20,69514933	1	58,50227203	1	1,01065676	1	1	1	100
Ireland	95,87008447	80,875	98,88345865	65,48623853	1	74,92689295	54,7615894	75,25	81,55047659	44,5	21,57174304	96,13029316	1,3816272	100	56,63133018	49,0953271	57,52313649
Italy	39,52146587	41,5	99,44172932	11,29357798	45,51950719	27,62402089	69,8410596	50,5	48,89159076	56,5	53,18636439	77,10423453	1,953491958	48,58139535	58,31735314	74,21121495	68,77228284
Japan	48,26694338	46	99,62781955	4,330275229	43,89322382	53,21409922	88,85430464	68,17857143	80,73683542	88	27,27298363	87,42345277	1,063796547	42,44186047	34,83187036	36,56261682	56,47325236
Mexico	10,61503124	22,375	93,85902256	16,74311927	47,14579055	34,08616188	24,60264901	46,96428571	9,74035162	70	40,84129089	39,6970684	1,074309296	7,139534884	46,37407157	28,62242991	1
Netherlands	63,38642201	49,375	95,71992481	39,75229358	48,77207392	65,36292428	88,1986755	61,10714286	94,44710866	88	29,7619357	93,22801303	3,725538257	38,60465116	54,49966239	63,46168224	67,5961411
New Zealand	50,54399196	42,625	97,58082707	10,08256881	46,33264887	85,0078329	79,01986755	100	100	80,5	20,9521818	89,35830619	1,052995777	27,86046512	73,12761648	40,7682243	49,20325735
Norway	91,85330882	41,5	96,46428571	14,9266055	43,28336756	55,54066997	67,21854305	85,85714286	99,40025418	74,5	49,3163434	100	1,50734816	35,53488372	48,29777178	38,95140187	73,42842842
Peru	7,039414392	41,5	96,65037594	7,357798165	48,36550308	42,09921671	1	36,35714286	23,26608769	67	95,19181989	37,1176384	1,01094478	64,69767442	16,3227549	7,813084112	27,22673895
Poland	17,71830751	83,125	96,46428571	25,22018349	47,5523614	42,09921671	56,72847682	61,10714286	52,51522982	40	80,59619916	73,55700326	1,009360667	11,74418605	64,07359892	93,11962617	77,83070116
Portugal	27,074096	60,625	100	19,7706422	49,58521561	40,03133159	63,28476821	61,10714286	70,05744547	49	100	66,46254072	-	-	-	-	-
Republic of Korea	37,75236952	56,125	99,81390977	16,44036697	43,6899384	53,7310705	61,31788079	89,39285714	64,79533997	71,5	52,44060094	84,52117264	1,012096862	63,1627907	50,70425388	64,43738318	1,454346405
Romania	14,40255302	88,75	93,48684211	18,86238532	48,16221766	44,16710183	29,19205298	50,5	35,29875026	31	84,47064371	55,49837134	1,206078688	3,302325581	45,66103984	60,02990654	94,60531524
Russian Federation	12,74882713	51,625	92,18421053	7,963302752	46,33264887	19,09399478	5,589403974	68,17857143	1	62,5	63,89990941	58,0781759	1,02188956	6,372093023	55,0938555	45,44485981	90,21435591
Singapore	79,23034287	31,375	99,44172932	89,70642202	100	97,93211488	86,88741722	96,46428571	93,6041093	100	16,5007893	93,87296417	1,021025499	43,20930233	40,52869683	34,22429907	87,61634524
Slovakia	22,34539414	61,75	95,53383459	49,13761468	46,94250513	34,8616188	23,29139073	61,10714286	55,08616818	31	1	68,71986971	1,022465601	32,46511628	42,26671168	63,47850467	82,55744239
Spain	35,09017444	51,625	99,2556391	13,41284404	45,11293634	36,67101828	75,74172185	68,17857143	60,85295488	71,5	88,42077506	80,32899023	16,71223985	90,02325581	72,65226199	90,78130841	85,90394804
Sweden	62,3483357	37	97,20864662	20,37614679	51,82135524	61,22715405	90,16556291	82,32142857	97,32421097	82	8,081306116	94,51791531	1,624572515	37,06976744	55,42808913	56,54766355	73,5542335
Switzerland	100	38,125	99,81390977	29,1559633	37,18480493	78,54569191	80,33112583	64,64285714	97,7716585	61	24,22097405	97,42019544	33,58693056	30,1627907	49,76974367	49,7682243	78,49185663
Thailand	8,068578388	59,5	99,2556391	26,43119266	44,90965092	43,39164491	48,20529801	75,25	16,95827155	26,5	88,96357369	39,05211726	1,068116855	86,18604651	18,52126941	21,1364486	83,29471742
United Kingdom	50,81153742	44,875	97,39473684	12,50485716	44,50308008	70,79112272	86,23178808	89,39285714	82,78352044	76	5,385884081	89,03583062	22,14070676	46,27906977	57,53004727	42,14766355	62,60376108
United States	79,08795763	56,125	97,20864662	1	45,51950719	65,36292428	79,67549669	89,39285714	72,67172209	73	23,12098008	89,03583062	26,37979289	34,76744186	90,36664416	51,08037383	58,25579269

Table 7.  
Country Clustering  
Source: Self-Elaborated

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	Cluster 7	Cluster 8
Australia	Hong Kong	Colombia	Argentina	Czech Republic	Hungary	Bulgaria	China
Canada	Singapore	Costa Rica		Republic of Korea	Slovakia	Romenia	India
New Zealand		Peru		France		Thailand	
Sweden		Mexico		Spain			
UK		Russia		Italy			
Denmark		Brazil		Poland			
US				Portugal			
Finland				Chile			
Norway				Greece			
Switzerland							
Belgium							
Netherlands							
Germany							
Japan							
Austria							
Ireland							

Table 8.  
Micro-Level Criteria  
Source: Several

Micro-Level Variables				
Variables		Description	Data	Source
<b>Industry-Related</b>	Number of Portuguese Emigrants	-	2019	United Nations
	Share of Household Consumption on Catering Services	Percentage of Total Consumption	2019 <sup>1</sup>	Euromonitor
	Meat Consumption	kg per capita	2017	Our World in Data
	Pork Consumption	kg per capita	2017	Our World in Data
	Number of Fast-Food Restaurants	Number of outlets per million people	2019	Euromonitor

1- Cabo Verde, Cyprus, Iceland, Malta, Macau, Sao Tome e Principe, Timor-Leste have data from 2018

Table 9.  
Weights Allocated to Each Indicator  
Source: Self-Elaborated

Indicator	Weight
GDP <i>per capita</i>	5%
Trade	5%
Economic Freedom Index	5%
Logistics Performance Index	7%
Ease of Doing Business	7%
Urban Population	5%
Cultural Distance	7%
Number of Portuguese Emigrants	14%
Share of Household Consumption on Catering Services	15%
Meat Consumption	8%
Pork Consumption	12%
Number of Fast-Food Restaurants	10%

Table 10.  
Country Ranking  
Source: Self-elaborated

Cluster	Countries	Overall Score
5	Spain	65,24
5	France	61,58
1	Ireland	56,02
1	Austria	55,27
1	Germany	53,14
1	United States	52,47
1	Switzerland	52,19
5	Czech Republic	51,42
1	Finland	50,99
1	Netherlands	50,41
1	Belgium	49,45
1	United Kingdom	49,14
1	Sweden	48,30
1	Norway	47,43
5	Italy	46,90
1	Australia	46,64
1	Canada	46,50
5	Poland	46,13
1	New Zealand	45,29
5	Republic of Korea	44,74
5	Greece	44,49
1	Denmark	44,30
5	Chile	43,37
1	Japan	41,93

Table 11.  
Number of Potential Customers for France and Spain  
Source: Statista

	France	Spain
Urban Total Population	54 123 364	37 927 409
Main Target Group (15-64 years old)- 61.7%/ 65.8%	33 394 116	24 948 650
Target Group 2 (+65 years old)- 20.5%/ 19.7%	11 095 290	7 452 736
Target Group 3 (0-14 years old)- 17.8%/ 14.6%	9 633 958.79	5 529 816
<b>Number of Potential Customers</b>	<b>33 394 116</b>	<b>24 948 650</b>



Table 13.  
Country Entry Conditions: Ease of Doing Business  
Source: The World Bank

Indicators (Rank)	France	Spain
Overall Score	32	30
Starting a Business	37	97
Dealing with Construction Permits	52	79
Getting Electricity	17	55
Registering Property	99	59
Getting Credit	104	80
Protecting Minority Investors	45	28
Paying Taxes	61	35
Trading Across Borders	1	1
Enforcing Contracts	16	26
Resolving Insolvency	26	18

Table 14.  
Country Entry Conditions: Logistics Performance Index  
Source: The World Bank

Indicators (Rank)	France	Spain
Overall Score	16	17
Ability to Track and Trace Consignments	12	19
Competence and Quality of Logistics Services	17	18
Ease of Arranging Competitively Priced International Shipments	17	6
Efficiency of The Clearance Process	19	17
Frequency with Which Shipments Reach Consignee Within Schedule or Expected Time	14	10
Quality of Trade and Transport-Related Infrastructure	12	19