



Dissertation

Master in International Business

**Internationalization of Brazilian specialty food: an
analysis of exports to Portugal.**

Juliana Lisboa Vogel

Leiria – April, 2020

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Juliana Lisboa Vogel

Master Dissertation in International Business performed under the orientation of Dr. Susana Cristina Serrano Fernandes Rodrigues, Professor of Escola Superior de Tecnologia e Gestão of Instituto Politécnico de Leiria.

Leiria – April, 2020

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Dedication

To the only person deserving of any dedication and tribute from me, my
mother.

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Abstract

The Brazilian food industry, even if of great representativeness and economic proportion locally, has a low number of exporting firms and faces many difficulties of competitiveness in relation to international markets. Thus, the endeavor for new markets is a constant for the ones that risk competing in different territories. Internationalization is a challenging for those seeking to diversify. Innovation and differentiation bring to the sector different ways to introduce their products to the world. The specialty products constitute a category that refers to factors of differentiation, among them, the ethnic food.

Because of the movement of Brazilians leaving their country of origin, immigrant communities are being formed in different parts of the world, giving opportunity to the "*Mercado da Saudade*" or market of nostalgia, as it has been happening in recent years in Portugal. This market creates entry opportunities for Brazilian specialty foods, or products with ethnic appeal.

The objective of this study is to identify the opportunities and challenges of Brazilian specialty foods exports to Portugal. For this purpose, a survey was carried out to collect primary and secondary data, being the primary data through the application of questionnaires to the Brazilian companies associated with the Brazilian food sector projects of APEX-Brazil, which export to Portugal. From the total of responding companies, it was possible to have access to 17 questionnaires considered valid, representing 20% of the total sample under survey. Firms adherents to the survey are of great importance and participation in the decisions of export strategy of the sector. With the data obtained, it was possible to conclude that there is a perception of exporting companies, guided by psychic distance, which orientates their strategic actions for the Portuguese market, based on cultural proximity.

There are several studies analyzing the various forms of internationalization of Brazilian companies, as well as exports of Brazilian food to different parts of the world, but not much is known about specific studies of specialty foods for the European market, even for the Portuguese market. Hence, this study aims to contribute to the knowledge in the area, as to suggest some practices to export managers and to highlight criteria barely observed in their daily operations, which may contribute to the consequent improvement of their results and better international performance of the firm.

Key Words: Internationalization; Export; Specialty Food; Culture

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List of Abbreviations

ABBA - Brazilian Association of Food and Beverage Importers Exporters

ABIA - Brazilian Food Industry Association

ABICAB - Brazilian Association of Chocolate, Cocoa, Peanut, Candies and Derivatives Industry

ABIMAPI - Brazilian Association of Biscuits, Pasta and Industrialized Breads and Cakes Industries

AICEP – Portugal Global – Trade & Investment Agency

APEX-Brasil – Brazilian Trade and Investment Promotion Agency

CIA – Central Intelligence Agency

CNI – National Confederation of Industries

EC – European Commission

EFSA – European Food Safety Authority

EORI – Economic Operator Registration and Identification

EU – European Union

EUR – Lex – Union European law

GDP – Gross Domestic Product

HACCP – Hazard Analysis and Critical Control Point

IMF – International Monetary Fund

INE – National Statistics Institute of Portugal

ISO – International Organization for Standardization

MERCOSUR – Southern Common Market

MNE – Ministry of Foreign Affairs

NGO – Non-Governmental Organization

OECD – Organization for Economic Co-operation and Development

OM – Portuguese Migrations Observatory of the Government

RASFF - Rapid Alert System for Food and Feed

SEF – Foreigners and Borders Service of Portugal

UN – United Nations

UNESCO – United Nations, Educational Scientific and Cultural Organization

WTO – World Trade Organization

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Chapter 1. Introduction

1.1 Background to research

In consonance with the Nation Confederation of Industries (CNI, 2018) study, which analyzed the challenges for the competitiveness of Brazilian exports, Brazil is the 30^o in the global ranking of exporters of manufactured products.

The Brazilian food industry is considered strong and of great economic importance to the country. Although the trade balance with other countries is positive for the sector, Brazilian food exporters, especially the manufactured ones, face difficulties to export their products abroad due to factors such as insufficient infrastructure, administrative and customs bureaucracies, lack of trade agreement with other countries, and low level of technological development of the sector.

In recent decades, there has been a growing interest in international operations by firms, so that these operations become more efficient to participate in a competitive global environment. In line with Cavusgil (1980), trading goods and services abroad is a strategy to the companies to diversify, gain profits and expand.

“National borders are becoming increasingly irrelevant.” (Fletcher, 2001, p. 28).

In order to expand borders and balance trade between countries, it is of the utmost importance that trade agreements be established between members of international trade. The government of Brazil and Portugal, the latter represented by the European economic bloc, are still under discussion on the trade practices that could be established for trading goods and services between member countries.

In the last three years, there has been an increase in the foreign community in Portugal, especially represented by Brazilians, who constitute the largest number of immigrants in the country. Based on data of Immigration and Foreign Services of Portugal (SEF), the profile of this community has changed over the years. The Brazilian immigrant community has contributed to

the increase of the birth rate, has participated in the contribution to the public social security system and in the economic recovery of the country. The community is more concentrated in the coastal area of Portugal, there are more women than men, and it is concentrated in the 20-50 age group.

Based on this, business opportunities were perceived between Brazil and Portugal, as there is a specific demand for products with cultural appeal. The business environment must consider that two cultures are being put in constant contact, therefore individual characteristics must be observed. For this purpose, this study attempts to characterize the environment, in order to understand the socioeconomic aspects involved, the way of doing business between both countries, the cultural aspects that permeate the environment, how society was formed, and which cultural and gastronomic manifestations were involved.

The concept of "*Mercado da Saudade*" arises from a demand for items that involve emotional aspects explained by homesickness. A strategy to firms to enter the target country also arises when it is possible to disseminate products previously not known by local citizens, since they are being put into contact with habits of a culture different from theirs.

1.2 Motivation to research

The main motivation for conducting this research is related to the effective engagement of the author in the reality of professional environment that permeates Brazilian specialty food exporting companies to Portugal. Having contact with such firms, it was possible to observe that certain internationalization strategies for the Portuguese market were repeating former patterns and they did not consider important aspects such as the cultural difference between countries, which is of critical importance for the international business success.

1.3 Relevance to research

With the advent of the opening of borders, the commerce of food from all parts of the world was made possible. In this way, firms can compete globally with their products in order to acquire expertise and technological gains beyond the competition only in the local market.

To Kumar and Subramanian (1997, p. 53) “the nature of international business is undergoing dramatic transformation.”

At the same time, the demands and concerns of final consumers are increasing. Diversified foods that meet a practical and healthy style of life permeate the preferences of consumers. Firms must be aware of these behaviors.

Consumers have access to the most varied cultures in the world, so that they have contact with new tastes and unknown products. This makes the international food trade stronger.

Accessing information through the internet and e-commerce allows people around the world to purchase products wherever they are. As to make it feasible, companies from various parts of the world must be attentive to these food consumption demands.

The Brazilian food industry grows exponentially each year. According to data from the Brazilian Association of the Food Industry (ABIA), Brazil is the second largest exporter of industrialized food in the world, exporting to over 180 countries in 2019. The European Union was Brazil's second largest trading partner for these foods in 2019, absorbing 18.8% of Brazilian exports. It is worth mentioning that the main factor of this result is concentrated in the export of commodities.

In view of this scenario and with the increasing immigration of Brazilians to Portugal, the relevance of this study was considered in order to draw attention to the potential Brazilian specialty foods market. Thus, the theme to be addressed by this study is justified not only because of the potential of the sector, but also due to the strategic performance to be addressed by companies and institutions in order to compete internationally.

1.4 Objective of the study

For the present investigation, the general objective is the identification of opportunities and challenges for Brazilian exports of specialty foods to Portugal, so that these factors are identified to assist in the strategic analysis of managers in the decision-making process to the intended market.

1.5 Organization of the study

This dissertation was organized in six chapters. In chapter I, designated by the Introduction, there is the justification for choosing the theme, framework, motivations, objective and the form in which this study was organized. Chapter II presents the contextualization of the study, so that the economic and political scenario of Brazil and Portugal was presented, the trade agreements that permeate foreign trade between them, the barriers and sanitary regulations that determine the form of trade for foods, customs procedures in the EU, the socio-demographic situation of Brazilian immigrants in Portugal, the business environment and the exports from Brazil to Portugal. In Chapter III, there is a review of the literature on internationalization, with emphasis on points of interest as the approach to export as a mode of entry, the multi-stage process of internationalization and the development of network cooperation and partnerships. Chapter IV presents this study research methodology and the use of questionnaires to obtain primary data, its advantages and disadvantages, as well as, secondary data and the detailing of population of the survey. Chapter V contains the analysis of results and discussions, so that to identify the main opportunities and challenges faced by Brazilian exporting companies to Portugal. Chapter VI contains the conclusion of the study, the theoretical and practical contributions, the limitation of the study and the indications for future research. Finally, it is presented the bibliographic, web-graphic, references and appendices used to compose this study.

Chapter 2. Contextualization of the study

In order to have an overview of markets, it is needed to better understand its contextual elements. This investigation is intended to provide an analysis of different aspects that must be taken into consideration for Brazilian and Portuguese markets, which affect the performance of companies, their operations and strategies in a long-term basis.

2.1 Economic Overview

2.1.1 Portuguese Market

According to OECD Economic Analysis of Portugal, the economic factors of the country have been showing significant improvement in recent years. It is possible to observe a GDP level similar to the pre-crisis period, in addition to the unemployment rate which fell from 10% to 7% points since 2013. However, traces of the last crisis still remain. The poverty rate in the economically active population is still high, as well as, the perception of subjective well-being.

In accordance to the World Factbook of Central Intelligence Agency – CIA, Portugal has become an assorted economy and has gradually been based on services since it became part of the European Community in 1986. In the two decades following this entry, governments opted for privatization programs that moved economically active areas, such as the financial and telecommunication sectors.

The country adhered to the policy of Monetary Economic Union, and in 2002 initiated the circulation of the Euro currency together with other 11 member countries of the European Union.

Economic growth was above average in the 1990's, but decelerated in 2001. After the movement of global financial crisis in 2008, the Portuguese economy shrank deeply in 2009 and it was possible to feel strong signs of economic recession from 2011 to 2013, when the government had to take drastic cuts in public spending and raise taxes to comply with an EU-IMF bailout package. This package was extinguished only in 2014 when Portugal

began its economic recovery, and barely in 2015 there was a significant improvement, mainly due to the contribution of export operations and the recovery of private consumption. GDP growth advanced in 2016 and was supposed to reach about 2.5% in 2017. The unemployment rate presented high in 2017, but there was steady improvement since 2013.

The budget inefficiency dropped from 11.2% of GDP in 2010 to 1.8% in 2017, the minimum level since the restoration of democracy in 1974.

Observing the current times based on International Monetary Fund Country Report 2018, Portuguese economy computed a good performance in 2017. Government investment actions added to exports unleashed the main roles of economic growth. Job opportunities continued to improve. The basic fiscal balance counted a large improvement, as the dynamism of economic growth, budget control and interest rates, which contributed to favorable financing conditions.

Nevertheless, a permanent risk has increased. The weakening of the Euro zone crisis allied to a situation of extreme protectionism of global economies can impact Portugal by cause of its linkages with some countries. Policies need to be strengthened in the face of increased external risks. A pressure on how the European economy will behave concerning to the future of the companies are being discussed in an atmosphere of uncertainty on account of UK leaving and its relations with EU (Brexit).

A sustainable growth policy is needed as it would help reduce external vulnerabilities and converge to average levels of productivity and income. Strengthening expansion will require the promotion of investments and continuous improvements in productivity and skills. Investments can be encouraged by improving business conditions, facilitating and simplifying regulations, increasing flexibility and responsiveness of institutions and markets, based on past reforms.

In the course of this work, a new global economic crisis has arisen as a result of the Covid-19 pandemic declared by the World Health Organization in March 2020. According to data from the International Monetary Fund, it is expected the worst crisis since the Great Depression, with the global economy

shrinking 3% during 2020. For Portugal, the IMF has already predicted a drop in Gross Domestic Product of 8% and an increase in unemployment of 13.9%. IMF officials point to an improvement in this economic situation only in 2021, with a 5% recovery in the Portuguese economy. Owing to its dependence on the tourism sector, which represents more than 11% of the national GDP, Portugal will have its economy seriously affected by the pandemic.

2.1.2 Brazilian Market

Brazil performs the eighth largest economy in the world. According to the World Bank report, the country experienced a period of economic and social progress between the years of 2003 and 2014, taking more than 29 million people out of the poverty line and significantly improving economic inequality in the country.

The Gini coefficient, a measure of analytical distribution intended to represent the income or wealth dispersion of a nation's citizens, fell by 6.6% (from 58.1 to 51.5) during this period. 40% of the population, especially the poorest, had their income level increased by an average of 7.1% during the years of economic progress, while the general population had a 4.4.% increase in income. However, this scenario has stagnated in Brazil since 2015.

Subsequently of a strong recession in the recent years of 2015 and 2016, considered the worst recession in the country's history, the country has been trying to recover. In the year 2017, Brazil presented a growth of its GDP of only 1.1%.

As per informed by World Factbook of Central Intelligence Agency – CIA, Brazil's economy was negatively affected by the corruption scandals which involved some of Brazil's largest private companies and Brazilian government officials, leading to the impeachment of former President Dilma Rousseff in August 2016. The subsequent administration of the Vice President, Michel Temer, was marked by a series of fiscal and administrative reforms, aimed at restoring the credibility of government finances.

According to the World Bank report, the country's growth rate has been decreasing since decade's starting, from an annual growth rate of 4.5%

(between 2006 and 2010) to 2.1% (between 2011 and 2014). Critical deflation in budgetary activity existed in 2015 and 2016, with the GDP going down by 3.6% and 3.4% (respectively). The economic crunch was caused by the declination in commodity prices and the country's inability to promote fiscal amendments at all zone of the government, thus reaching the consumer and investor confidence in the country.

GDP growth for 2019 is expected to be 2.5%, leveraged by a recovery in consumption and domestic investment. Even in a context of constant federal expenditures, the Brazilian public debt is estimated to peak in 2023 above 90% of GDP. The fiscal loss has declined, but public debt has been increasing and deeper reforms are not up to date.

Observing the current times based on International Monetary Fund Country Report 2018, a slight rebound accommodated in monetary and fiscal policies is underway. However, the Brazilian economy is performing very poorly and below expectations. The Brazilian public debt is high and growing. If no new reforms occur urgently in the current government, there will be no prospects for the country's growth in the medium term. In view of the global financial conditions, Brazil would need a balanced and durable fiscal consolidation, with commitment of its rulers and ambitious reforms for the financial sector.

Banks have been highly resilient. Despite considerable losses all along the 2015-2016 recessions, banks were well capitalized, profitable and liquid, largely reflecting high margins and interest rates. Economic readjustment drove to a decline in loan losses, which expanded profits. It is suggested that the solvency and liquidity of Brazilian banks are largely resilient to more severe macro-financial shocks.

As previously mentioned, during the preparation of this study, the global economy went into a deep recession due to the Covid-19 pandemic. The analysis made by the International Monetary Fund for Brazil was of a 5.3% decline in the economy, with signs of recovery for 2021 estimated at 2.9%, in line with the expected scenario for the other South American countries. The unemployment rate, on the other hand, is expected to rise to 14.7% in 2020, and drop to 13.5% in 2021.

2.2 Political Landscape

2.2.1 Portuguese Market

As per informed by World Factbook of Central Intelligence Agency – CIA, Portugal is a Semi-Presidential republic, where the executive power (Presidency of the Republic) dominates the structure of government. The President, elected by absolute majority popular vote together with the Prime Minister for a five-year term (eligible for a second term), serve as chief of state and head of government respectively.

Lisbon is the capital of Portugal and it is also the biggest city. Portugal is composed of 18 districts and 2 autonomous regions. The official language is Portuguese.

The Legislative branch is the unicameral Assembly of the Republic, which consists of 230 seats. The members serve for four-year terms.

Portugal's judicial system is formed by the highest courts, Supreme Court, consisting of 12 justices and Constitutional Court, consisting of 13 judges.

The current President of Portugal is Marcelo Rebelo de Souza, acting since 9 March 2016. He was elected president in the first round, with 52% of votes. The Prime Minister is Antonio Costa.

The Portuguese President represents the "Portuguese Republic", he "guarantees national independence, the unity of State and regular functioning of democratic institutions" and he is the Supreme Commander of the Armed Forces.

The democratic legitimacy conferred on him by direct election by the Portuguese citizens is the explanation of the formal and informal powers that the Constitution recognizes, explicitly or implicitly, and which the various Presidents of the Republic have used.

2.2.2. Brazilian Market

As per reported by the World Factbook of Central Intelligence Agency – CIA, Brazil is a Federative Republic formed by 26 states. Its official language is Portuguese, and Brasilia is its capital.

Under the rules of Portugal more than three centuries in the condition of colony, Brazil achieved its independence in 1822, keeping a monarchical structure of government until the abolition of slavery in 1888 and the consecutive proclamation of a republic by the military in 1889.

Far and wide the largest and most populous country in South America, Brazil experienced more than a half century of populist and military government until 1985, when the military regime peacefully conceded power to civilian rulers.

Brazil has as chief of state and head of government, the President. The President and vice president are directly elected on the same election by absolute majority popular vote in two rounds, if necessary, for a four-year term (eligible for a second term).

The legislative branch is the bicameral National Congress and consists of Federal Senate (81 seats) and Chamber of Deputies (513 seats). The members serve for four-year terms.

Brazil's judicial system is formed by the highest court, Supreme Federal Court (consisting of 11 justices).

The current President of Brazil is Jair Bolsonaro, acting since 1st. January 2019, and his vice President, Antonio Hamilton Martins Mourão. The President was elected in the second round, with 55% of votes.

The three former Presidents of Brazil were: Michel Temer, from August of 2018 to December of 2018, because of the vacancy of President position (he was the vice-president of Dilma Rousseff); Dilma Rousseff, from 2011 to 2015 and reelected from 2015 to August of 2018, when she faced an

impeachment and was automatically replaced by her vice-president; Luiz Inácio Lula da Silva, from 2003 to 2007, and reelected from 2007 to 2011.

2.3 Commercial Agreements

2.3.1 Portuguese Market

Based on the European Union official data to the trade, the European Union is one of the world's most inclined economies for the external market, besides being considered the largest unique market in the world. One of the pillars that founded the European economic bloc was based on the fact of free trade between its member countries, and it also engaged in the opening of world trade.

It is important to mention that the agreements negotiated by EU trade policy discuss for all member states and all matters are dealt with on behalf of all member states. It is therefore considered that the bloc has greater bargaining power in this way than with each country in isolation.

Among the years of 1999 and 2010, EU foreign trade duplicated to more than 30% of the bloc's gross domestic product (GDP).

Each agreement is unique, particular and it may consider tariff decreasing, rules on subjects such as intellectual property or sustainable development, or clauses concerning to human rights. In the point of negotiation, EU agreements or rules take into consideration the compliance and importance of public entities, companies and NGOs.

The EU has as position to defend the interests of its industries and its business, struggling to extinguish trade barriers and allowing the exporters benefit from fair conditions and access to other markets. At the same time, it supports foreign companies by providing them useful information on access to the European market.

The EU corroborates to the same extent with the World Trade Organization (WTO) practices in defining world trade rules and in attempting to remove barriers among WTO members.

2.3.2 Brazilian Market

The Ministry of Foreign Affairs, or Itamaraty as it is also known, is the body of the Brazilian Executive Branch responsible for all foreign policy and for managing the international relations that Brazil has with other countries, at the bilateral, regional or multilateral stages. The Itamaraty is responsible for advising the President of the Republic on Brazil's foreign policy strategies and on the application of diplomatic relations with the States and International organizations.

According to the World Trade Organization's trade policy, Brazil's international trade policy believes the multilateral trading system as priority. The proper functioning of multi-territorial trade rules is crucial for the efficiency and smooth functioning of the global economy, contributing significantly to the fight against anti-trade feeling and protectionism.

Brazil has persisted on tangible and development-oriented results with the World Trade Organization. While giving priority to the multilateral trading system, Brazil believes that agreements of preferences can play a complementary role in efforts among nations to benefit trade, economic and social development of Members. Therefore, Brazil has been engaged in the negotiation of new bilateral and regional agreements, as well as, strengthened existing agreements.

2.3.3. Portugal and Brazil Trade Markets

As stated in Eurostat, Brazil and EU international trade in goods statistics, Brazil figured in 2017 as the 17th largest partner for EU exports of goods and the 12th biggest partner for EU imports of goods.

The main aspects of goods exported from EU to Brazil are related to the manufactured goods, while primary Brazilian goods dictate EU imports from Brazil.

Portugal was the Member State of the European Union that had more trade with Brazil in relative terms in 2017, while the Netherlands (imports) and

Germany (exports) were the main trading partners in absolute terms, according to data from Eurostat.

In absolute terms, in 2017, Portugal registered a deficit of the trade balance with Brazil of 275 million Euros, since imports reached 1,219 million Euros and exports dropped to 944 million Euros. Globally, however, the EU registered a trade surplus of 1 billion Euros with Brazil in 2017, affirming a trend that position since 2012.

| | EUR million | % of Brazil in extra-EU-28 imports |
|----------------|-------------|---------------------------------------|
| Netherlands | 5 923 | 2.0 |
| Germany | 4 925 | 1.3 |
| Spain | 4 759 | 3.5 |
| Italy | 3 370 | 1.9 |
| United Kingdom | 2 572 | 1.0 |
| France | 2 535 | 1.4 |
| Belgium | 2 433 | 1.8 |
| Poland | 1 097 | 1.6 |
| Portugal | 1 006 | 5.5 |
| Sweden | 521 | 1.2 |
| Romania | 380 | 1.8 |
| Slovenia | 369 | 3.1 |
| Denmark | 352 | 1.4 |
| Finland | 285 | 1.4 |
| Ireland | 218 | 0.7 |
| Austria | 217 | 0.6 |
| Czech Republic | 200 | 0.5 |
| Hungary | 154 | 0.6 |
| Greece | 132 | 0.5 |
| Slovakia | 46 | 0.3 |
| Bulgaria | 44 | 0.5 |
| Croatia | 31 | 0.6 |
| Estonia | 24 | 0.6 |
| Lithuania | 24 | 0.2 |
| Cyprus | 15 | 0.4 |
| Malta | 9 | 0.6 |
| Latvia | 7 | 0.2 |
| Luxembourg | 4 | 0.2 |

Table 1– EU-28 imports of goods from Brazil by Member State, 2018.

Source: Eurostat (online data code: DS-018995)

2.4 Trade deal: agreements and barriers

Whenever exporting companies intend to sell abroad, they should be aware of a of limitations that they may face, from requirements related to certifications till customs rates, besides other factors of exchange between countries that may limit the benefits of being present outside their country of origin.

According to the European Trade Commission, the EU manages the trade agreement on behalf of all its members, setting tariffs and policies for the export and import of products. It is also responsible for relevant information on import requirements, internal product taxes and information on the EU's preferential conditions (depending on the agreements). The EU speaks as global expert when negotiating with EU countries, arranging, executing and enforcing trade agreements with partner nations. EU is currently the authority that is negotiating the trade agreement with Mercosur (founded by Argentina, Brazil, Paraguay and Uruguay) intended to enlarge the two regions agreement, yet a venture was already signed in 1999, which encourages trade between the two regions.

EU organizations are already the major exporters to Mercosur – 42 billion Euros in products in 2016 and 22 billion Euros in services in 2015. Moreover, Mercosur has a solid financial profile in the EU, holding offers of 115 billion Euros in 2014. However, both exporters and future investors face boundaries in Mercosur markets. In this way, the new commercial understanding in discussion has as primary objectives to encourage companies to export more, with special attention to the small ones, through the removal of barriers, raising food safety standards, protecting food and drink imitations.

The future compromise will drop very high customs duties in key zones and represents a victory of both sides, with prospects of development and employment for all member countries involved. The two sides will make easier their customs procedures and endeavor together more firmly on technical regulations and standards, so that any inequalities that may face will not quit EU companies from exporting to Mercosur and vice-versa.

EU food safety standards will keep unaltered. No trade agreement will diminish the EU's capacity to act unconditionally in case of general and public health dangers. All imports must have to perform with the EU's rigorous food safety standards. Equally to any imports that benefit from a future arrangement. Moreover, the inclusion in the compromise of a chapter on food safety and animal and plant health will emphasize the cooperation with the authorities of the associated countries and accelerate the flow of information

about any probable risk through a more straight and efficient information and notification system.

A report prepared in 2018 by the Brazilian National Confederation of Industries (CNI), in partnership with Apex-Brasil (Agency for the Promotion of Exports and Investments), arose difficulties encountered in accessing the European Union market that affect exports of Brazilian products. The report concluded that those difficulties are related to tariff quotas and sanitary, phytosanitary and technical measures, especially applied to the food sector. It is mentioned that such non-tariff measures applied by the EU to Brazilian products are relevant as regards to health and hygiene issues, but it denotes political maneuvers to protect European products and consumers.

The Brazilian Government is constantly debating European protectionism. A frequent theme is the exports of milk and its derivatives from Mercosur, which have sanctions that make it impossible to trade these articles to Europe. The intention is to find ways to establish a free trade agreement between Mercosur and the European Union in order to open this market.

It is worth highlighting that during the production of this study the Trade Agreement between Mercosur and the European Union was signed in Brussels, Belgium, by the representatives of countries involved. This Agreement marks a milestone in the history of international trade, since there was no consensus among the members since 1999.

2.4.1 Brazil and Portugal bilateral agreements

As per listed by AICEP (Portugal Global – Trade & Investment Agency), based on MNE (Ministry of Foreign Affairs), Portugal is a member of the European Union and, therefore, is framed in the external scenario just like the other member countries of the community. However, a bilateral economic cooperation is permitted. Thus, Portugal has developed bilateral cooperation agreements with several countries, including Brazil, always respecting the rules of community membership.

Taking into consideration the most important agreements between Portugal and Brazil under the economic perspective, it is possible to mention

the Cooperation Agreement of Tourism; Agreement on Facilitation of Movement of Citizens; Agreement on the Reciprocal Contracting of Nationals; Convention for the Avoidance of Double Taxation and the Prevention of Tax Evasion in matters of Taxes; Treaty of Friendship, Cooperation and Consultation; Social Security or Social Security Agreement; Agreement for the Promotion and Protection of Reciprocal Investments; Framework Cooperation Agreement; Agreement on Economic and Industrial Cooperation. Relations between Brazil and Portugal go far beyond the historical dimension. There is mutual interest in using bilateral political capital to create deeper trade and investment flows and to create new partnerships in the scientific, technological, cultural and educational fields. High level bilateral meetings are constant, which highlights the relevance of the bilateral relationship for both countries. The most important exchanges are based on the agreements mentioned.

2.5 Sanitary and regulatory procedures in EU

In line with EUR-Lex - Union European law to customs, the European Union operates in the form of a customs union that has been operating since 1968. This means that Member States have abolished the borders between themselves for all trade in goods. This union provides customs duties and the prohibition of charges of equivalent effect. In the case of external borders, tariffs are applied to goods from non-Community countries. Those goods which have free circulation comply with the provisions of the common commercial policy, the Customs Code and the uniform application of the rules by the Member States.

Directorate-General for Health and Food Safety is the party responsible for European food safety and health policy and for monitoring the application of legislation in this field. It recommends the objectives and priorities of public health policy, determines the legislative and regulatory framework, evolves public health plans and national health programs and assures their implementations. It also drives nutrition policy and combats addictive practices. Further, it is responsible for the implementation of EU legislation on the safety of food and other products, consumer rights and the preservation of human health.

As stated in European Union Security of Foods, there is a food safety policy which is designed to protect consumers and ensure the continuous functioning of the market in general. Since 2003, when it was implemented, the policy is based on the concept of traceability of food entrances and exits in the European territory.

An agreement was implemented to formalize standards and ensure food hygiene, animal and plant health and welfare, also to check contamination from external materials such as pesticides.

Controls are strictly required in all stages of the import process from other countries to the EU. Such controls are subjected to the same strictness as food internally manufactured. It is based on the principle that any type of food that presents health risks or is considered inadequate for consumption should not be placed on the market. Food legislation covers all steps of the food chain, from production, processing, transport stage and distribution to supply.

Technical and scientific support is provided by the European Food Safety Authority (EFSA) in all areas with any impact on food safety. EFSA's role as risk assessor is to provide independent scientific advice on risks related to human and animal food safety to help EU risk managers their final decision. Once risks are identified through an analysis, all EU countries can take action at a maximum level of health protection, guided by the support committee. A fast alert system, named RASFF (Rapid Alert System for Food and Feed), can share information for all countries involved. This alert brings information such as measures to limit the flow of food, withdrawal from the market, control of using and rejection of imported batches.

The Ministry of Agriculture has as main role to define policies for agriculture, fisheries, food and forestry. It also has as role defining the Common Agriculture Policy together with 27 other European Ministers of Agriculture. The Ministry's mission is to ensure and supervise the quality and safety of food.

In Portugal, the Regional Directorate of Agriculture and Fisheries has, with other attributions, with their respective territorial circumscription, to

coordinate the licensing process of food industries based on the industrial activity, according to the functional guidelines issued by the managing authority of the system. Therefore, it is the party at the bottom of issuing the quality certificates of non-animal origin food for economic operators (importers and exporters).

2.6 Customs and Rules in EU

Established in 1968, the Customs Union facilitates the commercial activities of European companies, harmonizing customs duties on goods from outside the EU and helping to protect Europe's citizens, animals and the environment. In practice, the existence of the customs union means that the customs authorities of the 28 EU countries work together as one, applying the same rights to goods imported from the rest of the world and no internal rights.

In the case of the EU, this means that there are no customs duties to pay when the goods are transported from one EU country to another. Customs duties charged on goods imported into the EU account for about 14% of the EU's total budget and form part of its traditional own resources.

Customs controls at the external borders of the EU protect consumers from goods and products that may be dangerous or harmful to health. They also protect animals and the environment by combating the illicit trade in endangered species and by preventing diseases of animals and plants. Customs police the borders and check all imports and exports. As they are part of the Ministry of Public Accounts, they are focused on security and tax collection. All economic operators are required to request an EORI (Economic Operator Registration and Identification) number, a unique number that must be obtained through Customs and which companies only need to request once.

The customs authorities cooperate with the police and immigration services in the fight against organized crime and terrorism. They combat trafficking of human beings, drugs, weapons and ensure that travelers carrying large amounts of cash are not responsible for money laundering, tax evasion or even criminal organization financing.

EU customs are also struggling against tax evasion and evasion of customs duties by businesses and individuals, which deprive national governments of essential revenue for public expenditure.

2.7 Socio-Demographic characteristics of foreign population

The 2018 Annual Statistical Report - Immigrant Integration Indicators, of the Portuguese Government Migration Observatory (OM) indicates that negative migration balances occurred in Portugal during the period between 2011 and 2016, only changing from 2017 onwards. This positive balance can be explained both by a decrease in the outflow of immigrants and by an increase in their inflow.

During the years 2016 and 2017, the trajectory of decline of foreign residents in Portugal was changed for the first time in the recent decade, changing the scenario in a positive way regarding the contribution of immigrants to the country. (See Figure 1).

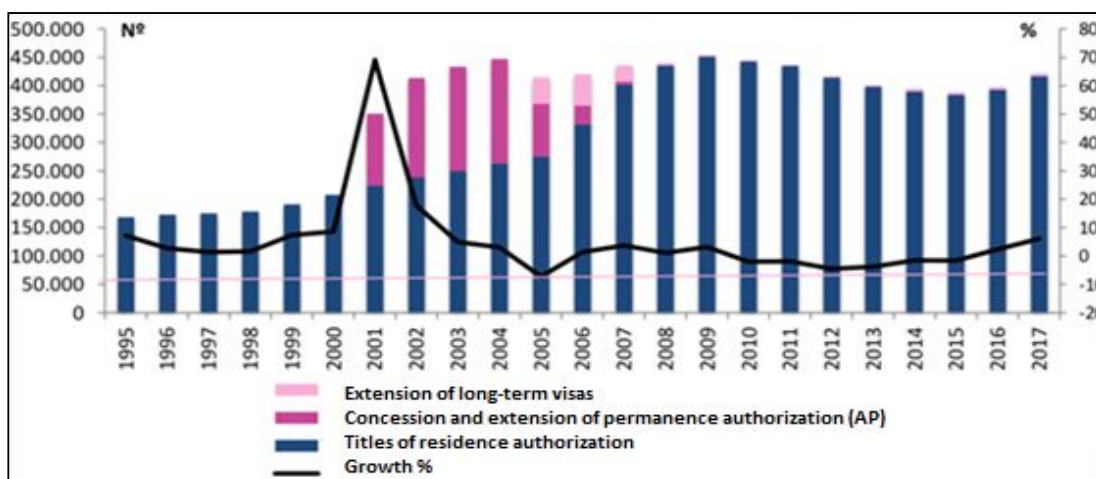


Figure 1 – Total of foreign population with residence permit in Portugal between 1995 and 2017.

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) data.

Still about the contribution of immigrants, it is noteworthy in the report to mention their improvement to the increase in the birth rate in the country and Social Security system in Portugal. These facts dispel the myth that immigrants erode the place where they live by making use of public systems, when they effectively balance in a positive way and in values figures never achieved since the beginning of the century.

Other important factors to be referred to in this respect are the levels of economic recovery, namely the decrease in the unemployment rate among foreigners, the improvement in the indicators of risk of poverty, the granting of Portuguese nationality, the granting of visas for study reasons that register the internationalization in higher education of about 179 different nationalities, among others.

These are just some of the data presented by the annual report, highlighting Portugal as one of the Member States that best adopts indicators of integration of immigrants.

Conforming to the 2018 Annual Statistical Report - Immigrant Integration Indicators, of the Portuguese Government Migration Observatory (OM), it is noted that the foreign population resident in Portugal is not distributed in a balanced way in the country, concentrating mainly in the urban areas of the coast. Continuing the tendency of the last decades, in 2017, the foreign population residing in Portugal was mainly concentrated in the district of Lisbon (43.2%). This district is followed by the districts of Faro and Setubal, with 16.4% (69,026) and 8.5% (35,907) of the total number of foreigners residing in Portugal. (See Table 2 and Figure 2).

| TOP 10 CITIES | Nr of foreigners (2017) | % in relation to the total nr of foreigners in Portugal 2017 | Variation 2016-2017 (%) |
|---------------|-------------------------|--|-------------------------|
| Lisboa | 182.105 | 43,2 | +5,2 |
| Faro | 69.026 | 16,4 | +8,7 |
| Setúbal | 35.907 | 8,5 | -0,7 |
| Porto | 27.486 | 6,5 | +14,1 |
| Leiria | 16.487 | 3,9 | +7,6 |
| Aveiro | 12.487 | 3,0 | +5,8 |
| Coimbra | 12.344 | 2,9 | +3,7 |
| Braga | 11.322 | 2,7 | +10,4 |
| Santarém | 11.068 | 2,6 | +0,5 |
| Beja | 8.497 | 2,0 | +11,5 |
| Total | 421.711 | 100 | +6 |

Table 2 – Total of foreign population residing in Portugal in the ten towns with the major number of foreigners in 2017

Source: Foreigners and Borders Service of Portugal (SEF) data.

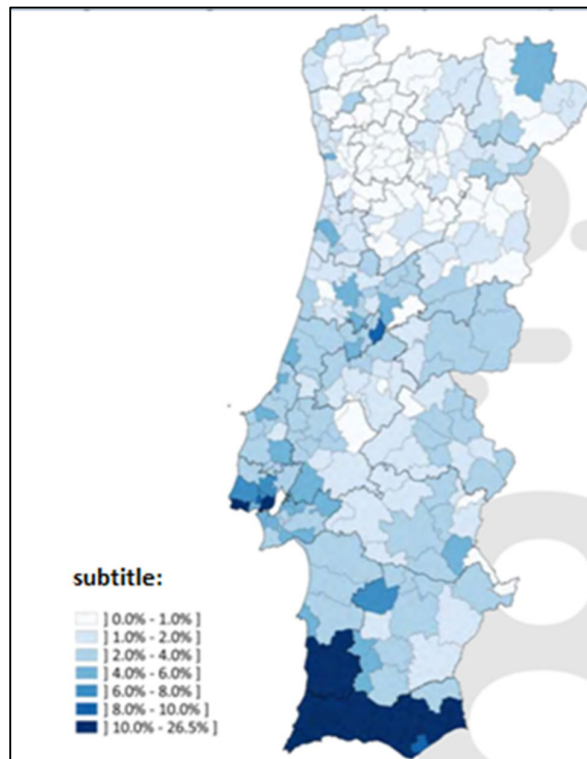


Figure 2 – Percentage of foreigners in the total of the population residing per town.

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) and National Statistics Institute of Portugal (INE) data.

According to the Migration Observatory (OM) based on the Foreigners and Borders Service of Portugal (SEF) data, in 2017, 421.711 foreign nationals resided in Portugal with a valid residence permit, representing 4.1% of the total residents of the country (See figure 3).

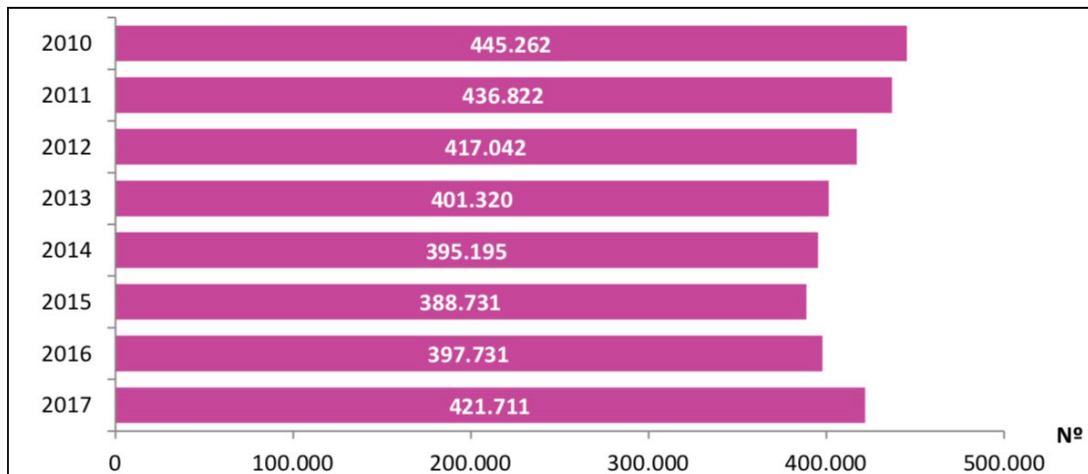


Figure 3 – Total of foreign population residing in Portugal between 2010 and 2017

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) data.

Referring to the Migration Observatory (OM) based on the Foreigners and Borders Service of Portugal (SEF) data, the trend observed since the beginning of the present decade of the feminization of immigration in Portugal is also maintained, with women assuming greater relative importance in the total number of resident aliens. In 2011 women represented -0.3 points percentage than men, rising to +1 percentage point in 2012, and +2.4 percentage points in 2017 (215.837 women, 205.874 men). (See Figure 4).

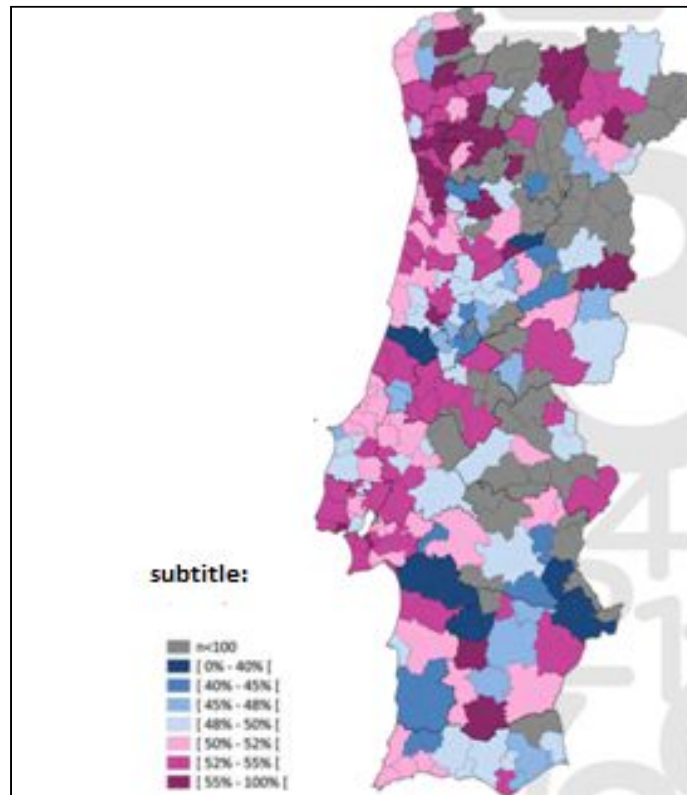


Figure 4 – Percentage of foreign women in the total of foreign residents in Portugal towns in 2017.

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF)

Considering that the foreign population is not a homogeneous mass and considering the ten nationalities numerically most represented in Portugal in the year 2017, it is observed that Brazilian nationality shows greater relative importance of the female gender (61.5%) in the number of residents of that nationality. (See Figure 5).

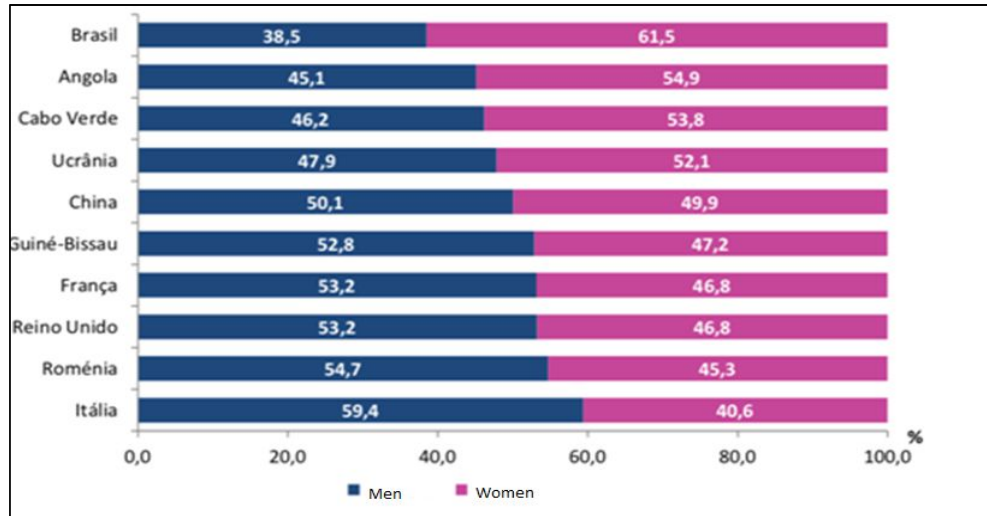


Figure 5 – Distribution per gender of the main nationalities of residents in Portugal

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) and National Statistics Institute of Portugal (INE) data.

As for the age structure, keeping the trend of previous years in 2016, it is observed that foreign women are slightly younger than foreign men, but much younger than women of Portuguese nationality. (See Figure 6).

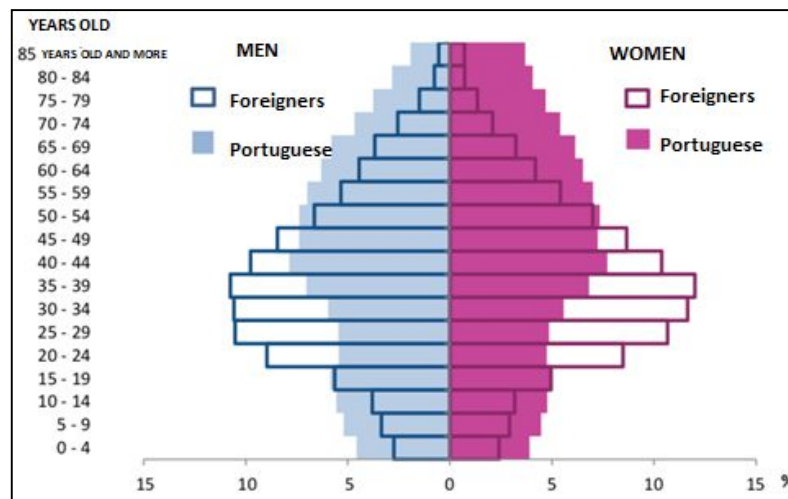


Figure 6 – Pyramid of the age of the Portuguese and Foreign population in 2016 (%).

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) and National Statistics Institute of Portugal (INE) data.

The three main foreign nationalities that are numerically more representative in Portugal are the Brazilian one (85.426 residents, or 20.3% of the foreign residents); Cape Verdean population (34.986, or 8.3% of the foreign resident population); and Ukrainian (with 32.453, or 7.7% of foreign residents). These three nationalities are followed by nationals of Romania (7.3%), China (5.5%) and the United Kingdom (5.3%). (See Table 3).

| Main Nationalities | 2016 | | 2017 | | Variation 2016-2017 | |
|--------------------|----------------|------------|----------------|------------|---------------------|-------------|
| | Nº | % | Nº | % | Nº | % |
| 1º Brasil | 81.251 | 20,4 | 85.426 | 20,3 | +4175 | +5,1 |
| 2º Cabo Verde | 36.578 | 9,2 | 34.986 | 8,3 | -1592 | -4,4 |
| 3º Ucrânia | 34.490 | 8,7 | 32.453 | 7,7 | -2037 | -5,9 |
| 4º Roménia | 30.429 | 7,7 | 30.750 | 7,3 | +321 | +1,1 |
| 5º China | 22.503 | 5,7 | 23.197 | 5,5 | +694 | +3,1 |
| 6º Reino Unido | 19.384 | 4,9 | 22.431 | 5,3 | +3047 | +15,7 |
| 7º Angola | 16.994 | 4,3 | 16.854 | 4,0 | -140 | -0,8 |
| 8º França | 11.293 | 2,8 | 15.319 | 3,6 | +4026 | +35,7 |
| 9º Guiné-Bissau | 15.653 | 3,9 | 15.198 | 3,6 | -455 | -2,9 |
| 10º Itália | 8.523 | 2,1 | 12.925 | 3,1 | +4402 | +51,6 |
| Total | 397.731 | 100 | 421.711 | 100 | +23.980 | +6,0 |

Table 3 – Evolution and variation of the ten main nationalities of residents more representative in Portugal, between 2016 and 2017.

Source: Migration Observatory (OM) based on Foreigners and Borders Service of Portugal (SEF) and National Statistics Institute of Portugal (INE) data.

In the contemporary scientific debate, the relation between immigration and demography has been based mainly on the notion of migrations of substitution. This is defined as the proportion of migrants needed to counteract both population declines (associated with falling births and active population) and aging populations in each country (UN, 200: 1).

The EUROSTAT (2013: 137) study warns about some of the most negative consequences of demographic asphyxia, associated with an increase in the elderly and a decline in the younger population structure of the European Union, placing Portugal among the fastest aging countries with a substantial increase in older people over the age of eighty. The UN appointed Portugal as the fifth country or the highest elderly population in the world in 2015, in terms of the percentage of people aged 60 and over, and it is expected to maintain that position in 2030 and 2050 (UN, 2015: 29, 142).

2.8 Business Environment

In accordance to the Annual Statistical Report 2018 – Immigrants Integration Indicators, of Portuguese Migrations Observatory of the Government (OM), the entrepreneurship of foreigners in Portugal continues to be huge segmented for some economic activities. Over the last few years, about one-third of foreign employers registered in the Personnel Chart engaged in wholesale and retail trade activities (31.2% in 2016), and about one-fifth were engaged in accommodation, catering and similar activities (19.2% in 2016). These two large groups of economic activities have even reinforced their relative importance in the universe of foreign entrepreneurs: between 2011 and 2016, trade activities increased by 9.2%; and accommodation and restaurant activities + 26.8%. The third most important economic activity is civil engineering (8.2% in 2016), although in clear loss of relative importance in recent years.

Claimed by the Doing Business, prepared by the World Bank (see Figure 7), Portugal is in 34th place, out of 190 countries evaluated, in the Ease of doing business. The report considers measures regarding regulations for doing business in a such country. The dimensions allow evaluate the business environment, regulatory issues and enable a better analysis for decision purposes at the time of starting a business. Factors such as permits for construction, registration of property, obtaining of credit, payment of taxes, foreign trade, insolvency solutions and others, are evaluated by the report. (See Figure 8).

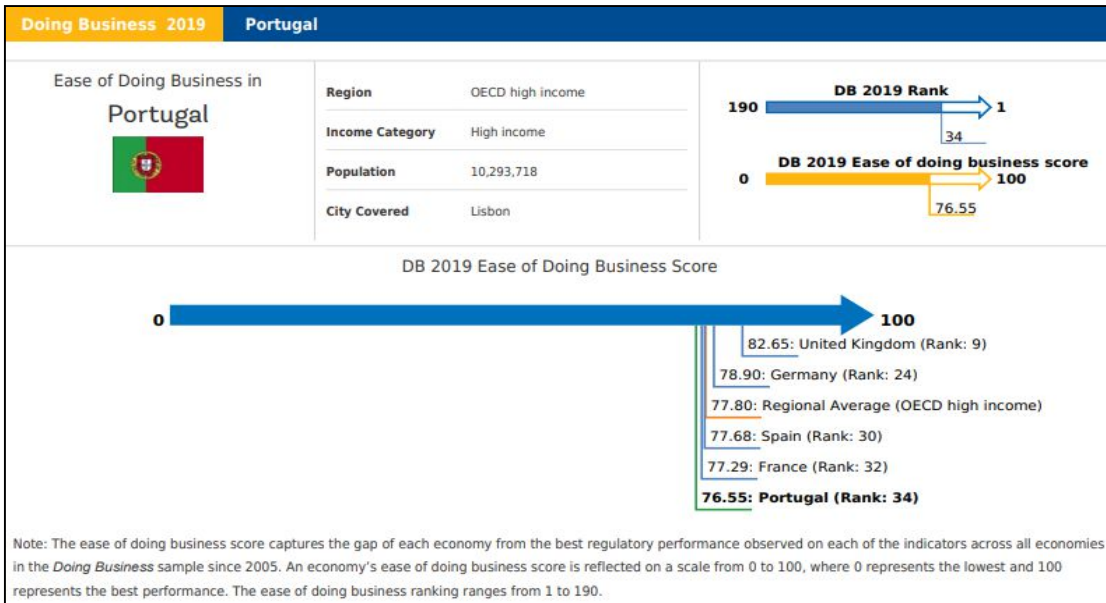


Figure 7 – Ease of doing business in Portugal

Source: Doing Business

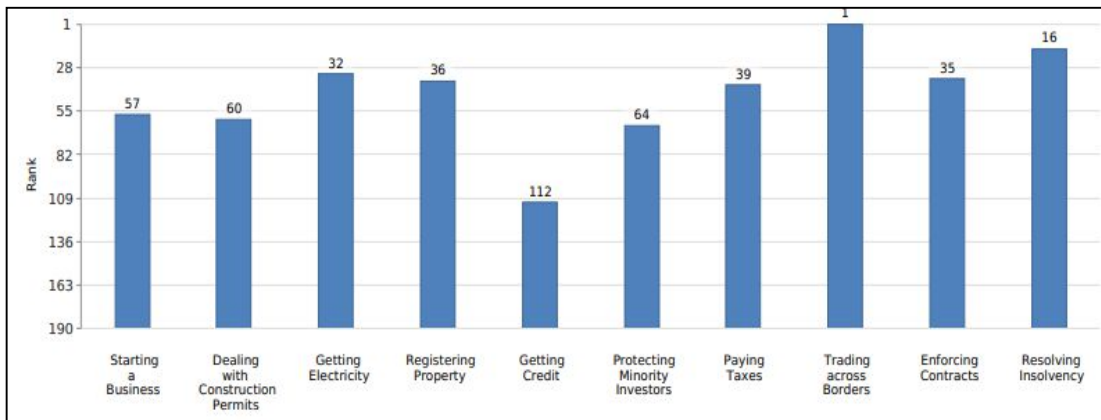


Figure 8 – Ranking on Doing Business topics - Portugal

Source: Doing Business

2.9 Cultural Aspects

In view of the Portuguese international scenario, it is of utmost importance to understand the cultural differences so that operations between firms are facilitated and the link between exporters and importers is established. The culture considered as a collection of different values, beliefs and behaviors among different peoples must be perfectly understood in such a way that it impacts positively on the successful path of internationalization. This study presents some cultural aspects of Portugal in terms of the behavior of its society, its cultural manifestations and its gastronomy. These aspects serve as a background for understanding the proposed market.

2.9.1 Intercultural competences

If it is taken into consideration the Hofstede Insights website data to measure the intercultural competences between Brazil and Portugal, it is possible to evaluate practical forms to manage both cultures and factors of success in the business environment.

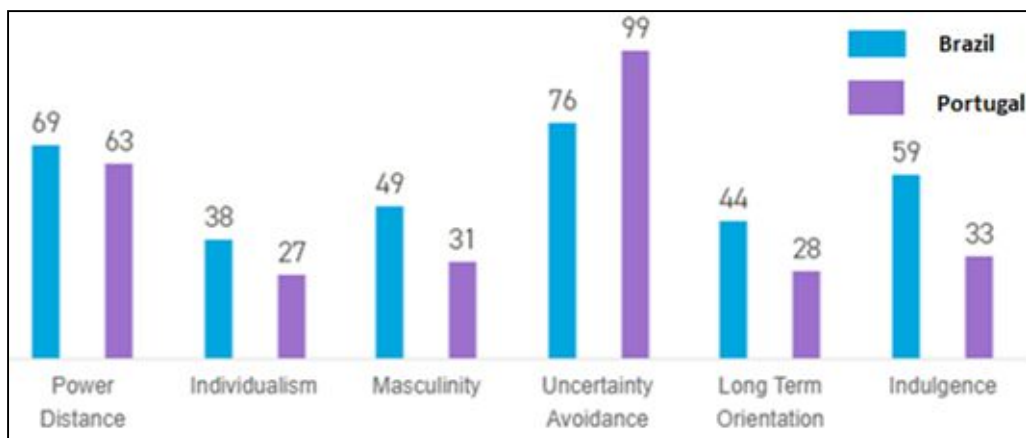


Figure 9 – Culture Compass – country comparison – Brazil and Portugal

Source: Hofstede-Insights website

Regarding the dimension that deals with the inequality of individuals in society, Power Distance, Brazil and Portugal rank closely: Brazil with a score of 69 and Portugal with a score of 63. It denotes, among other factors, that there is a perception of hierarchy in society, and subordination within organizations. In addition, there is respect and care with the elders.

The Individualism dimension addresses the main issue of an individualistic or collectivist society. This has to do with the "I" speaks louder than the "We" in a society. Although Brazil and Portugal rank relatively low in this dimension, being Brazil 38 and Portugal 27, there is a cultural difference between them, mainly due to the fact that Portugal behaves like an European country member and it differs from a Latin America country member, although very distant when compared to the other members of the EU. As for the similarities, these tend to consider their family groups as important. For business purposes, the environment is usually relaxed, with conversations that introduce individuals and bring them in as they do business.

The Masculinity dimension indicates the motivation of a society in relation to competition and success, with the winner in mind. In opposite to the Feminine dimension which considers the quality of life more important than the social highlight. Brazil has a high intermediate score in this dimension, 49 while Portugal scores 31. It is understood that the latter uses more of the consensus and the equilibrium and values more the philosophy of "work to live". Welfare is more exalted than status.

The Uncertainty Avoidance dimension regards to how societies deal with the uncertainties of the future, whether they can control it or let it happens. The way they feel threatened, how they deal with anxiety, and how institutions try to avoid it. Brazil and Portugal rank high in this dimension which induces an idea that laws and procedures must be created, although not always fulfilled. There is a strong need to obey laws so that things do not get lost in the way. Bureaucracy is closely linked to this high dimension. While for Brazil this high dimension denotes emotions that are shown in their body language, for Portugal this position denotes meticulousness in working hard and methodical behavior, and it may even demonstrate a resistance to innovation.

Long Term Orientation dimension shows how a society observes what it expects of the future, without forgetting its past. When normative, it keeps its traditions alive, while others, more pragmatic, tend to believe in a more modern education as a way to face the future. Brazil scores intermediate in this dimension, with 44. Portugal is already more normative than pragmatic, maintaining its roots in its traditions. Scores with 28

It is figured out that the way the children of a country are socialized, will form the human being of the future. In this way, how people tend to control their desires and impulses in the way they were created form Indulgence dimension. An indulgent society tends to be more relaxed and liberal, while restrictive societies tend to control their impulses more. In this dimension, Brazil appears with a high note, 59, connoting a society that tends to carry out its impulses and desires, enjoy life and have fun. They spend money whenever they want. While Portugal shows a relatively low score, 33, connoting a society that tends to cynicism and pessimism. Social norms govern their actions and control them, making them feel as if indulging should be something incorrect.

2.9.2 People and society

The population in Portugal is formed most part by white homogenous from Mediterranean, descendants of Africa who immigrated and Eastern Europeans. The official local language is Portuguese and the most part of the population, 81%, is adept to Roman Catholic religion.

As per stated in INE, the total population of Portugal was estimated in 10.291.027 citizens in 2017. The major urban areas are concentrated in Lisbon and Porto. The major part of population, approximately 54%, is distributed between 25-64 years. Total men are about 4.867.692 and total women about 5.423.335. Dominant concentration, approximately 1.000.006 has completed the Primary Education.

2.9.3 Cultural manifestations

Concerning to the cultural aspects, Portugal has 173 cinemas, 430 museums, 37 zoological and botanical gardens, and aquariums.

As per stated in the official website of tourism of Portugal, the place where Portugal is situated presented inhabitants for thousands of years before and its borders were delimited eight centuries ago. As a result of this, cultural aspects of different peoples who have settled there can be identified. The Portuguese villages and cities reflect monuments and traditions that come from different influences. The sea element is always present in so many manifestations. Besides this, unique and strongly living genuine symbols are

represented through the Manueline art, the tiles, as well as *fado*, a typical song manifestation. In terms of Cultural Heritage, UNESCO has already classified 22 Portuguese elements, such as monuments, archaeological centers, natural landscapes and intangible properties.

Portugal is divided into typical regions where can be chosen itineraries with a specific theme, coming across local landscapes, as well as, identifying the authenticity of the traditions maintained in the place. In the gastronomic ambience, Portugal stands out for its habitual hospitality and traditionalism.

The Portuguese culture and heritage are unique identities that reflect historical events and allow the understanding of a people that has been learning with the world in novelties and putting it to their way of living and being.

2.9.4 Gastronomy

Portuguese cuisine resembles Portugal rich and varied landscapes. The marine aspect has a remarkable presence in the cuisine of Portugal. A fresh fish or seafood, presented in different ways of cooking and abundant on the Portuguese coast, ensures experiencing a menu typically from Portugal.

As for the meat dishes, the veal, the pork and the young goat are some of the options *a la Portuguese mode*. They are consistently served with vegetables and fruits that retain the taste of old, giving result to a Portuguese stew, for instance. Biological production is already a local reality.

Portuguese olive oil is internationally recognized for its excellent quality. It is always present in the typical dishes and in the traditional cuisine. It integrates the diverse codfish recipes. Codfish always consists in a dish of excellent preparation by the Portuguese.

The wine is certain to be served with the Portuguese dishes. Both Porto wine and table wines from the Douro or Alentejo regions are often present at the Portuguese table. The same goes for the cheeses of Serra, besides those of the Alentejo and the Azores regions.

Portuguese sweets come with their stories of convents roots from where they were prepared. As well as, the typical *pastel de nata*, a kind of cream cake, that harmonizes with a local coffee, traditionally the espresso.

The Mediterranean diet is part of the Portuguese gastronomic identity. Its base is made up of vegetables, as well as, fruits, qualified breads and unrefined cereals, dried and fresh vegetables, oilseeds, and olive oil as a special source of fat, in addition to the consumption of fish and red meats. Such foods are preferable to be consumed as occasion and to be bought in local commerce. The ones coming from traditional markets are also accepted. It is prioritized the preparation in the way that the antioxidants of the ingredients are maintained, contributing to the longevity of those who consume them.

Such diet presumes moderate consumption of dairy, aromatic herbs for seasoning, moderate consumption of wine restricted to the meals, habitual consumption of water, and the old and conviviality around the table. In addition, it is a very Portuguese feature the ritual of joining family and friends for the meal, characterizing the Portuguese hospitality.

2.10 Exports from Brazil to Portugal – Foodstuff analysis

Concerning to the exports from Brazil to Portugal, AICEP statistics based on INE data inform that they are higher than the exports from Portugal to Brazil. In terms of turnover, Brazil bought 738.9 million goods from Portugal in 2013 (1.6% of Portuguese exports) and 943.9 million in 2017 (1.7% of Portuguese exports). There was a significant drop, in 2016 having the worst record (538.6 million). Despite that, the number of Portuguese food companies intended to export from Portugal to Brazil have increased from 2013 to 2017 (more 62 companies).

Taking into consideration the object of this study, the foodstuff sector, it possible to observe a decreasing of imports of Portugal from Brazil of 11,1% between the years of 2017 and 2018.

There is a huge attractiveness to the Brazilian market due to its size (more than 200 million inhabitants), however Brazil is considered an extremely protectionist country. Therefore, there is an urgent need for agreements in order to facilitate trade between the parties.

2.11 Brazilian products in Portugal – “Mercado da Saudade”

Many travelers when leaving their country of origin carry with them different products from their homeland, however, this stock becomes limited since the quantity of products allowed for transportation is finite, if not, restricted for various reasons. This causes a demand for products, by the expatriates, related to the typical items of their native countries, giving rise to the called “*Mercado da saudade*”, a kind of demand for typical missing products.

“*Mercado da Saudade*” gives way to opportunities of exporting typical products, such as Brazilian ones, carrying with items such as coconut water, cheese bread, *açaí*, *tapioca*, *cachaça*, among others.

Typical Brazilian products are mostly marketed in small specialty stores, and often become a gateway to the expansion of this type of business abroad.

Particularly to items coming from Brazil, there is a greater demand for this type of market in countries where the Brazilian community is concentrated in greater number and, consequently, it demands for more foods from its homeland.

According to information published by RFI website, the United States and Canada are the main destinations of this kind of market. In Europe, the United Kingdom and Portugal are the countries where most typical articles from Brazil are exported to. In addition to the brands traditionally known by Brazilians, there is also the so-called private label, in which typical products are marketed through the brand owned by a local production chain. Or, products are manufactured locally and carry as a main component a typical product from Brazil.

Manufacturers that export ethnic products are not exempt from adapting their products to the sanitary and regulatory requirements of the countries of destination. The products must be with their packages translated to the language of the target country, as well as, it must be in accordance to the normative legislation of that country.

The strategy of those who export products aimed at the nostalgia market is based on the fact that through the taste of Brazilians, these products are made known to nationals and foreigners who are present in the target country. The curiosity of what has never been tried before or is not part of the daily habits of foreigners, makes the product known outside the country of origin and then increases the chance to be part of the local commerce.

The various internationalization projects promoted by APEX-Brasil, allow the border between the countries to be transposed and the product to become in fact internationalized through its exports.

Tapioca is an example of a typical product that became regionally known in Portugal because of its healthy appeal and good acceptance locally.

2.12 Trade promotion of Brazilian products in Portugal

APEX-Brasil is the body responsible for the promotion of Brazilian products and services abroad, which works with the intention of attracting foreign investments to strategic sectors of the Brazilian economy. The Agency performs trade promotion activities with exporting companies such as trade missions to targeted countries, business roundtables, international business fairs with the participation of Brazilian exporting companies, visits of international buyers to Brazil, as well as, promoting proximity to opinion leaders in order to make known the export segment of Brazil and the Brazil brand in the international arena. In addition, the Agency seeks to attract foreign direct investment (FDI) to certain local strategic sectors and to develop the capacity and competitiveness of Brazilian companies. The Agency aims to show an innovative, competitive and healthy Brazil to the external world.

The services developed by APEX-Brasil are linked to marketing intelligence, through studies and market analysis, qualification of the entrepreneurs in the segment, promotion of export culture, and joint strategies that guide and support the partners in the integration of their companies in the field of business internationalization.

Chapter 3. Literature Review

3.1 Internationalization

Literature review is a fundamental part of academic work. According to Creswell (2014), a topic should be analyzed if it is researchable. From then on, this should be the central theme to learn about and research. The literature review seeks to identify, among other purposes, studies that have approached the subject in question and are closely related to the interest of the analysis. The literature review usually starts from broader purposes and is tuned to the more specific problem, which leads directly to the methods of the study. This study prioritized the literature review through a summary of the major studies of the problem in question, which means being aware of the review of the main topics related to the theme up to the most recent studies that addressed the specific theme. Journals and books were the considered as source for consulting.

This revision has been elaborated from general to specific contexts and it gives emphasis to the export as mode of entry to the foreign country. Behavioral theories received more attention under this perspective. Culture is the explanatory background for the context of this work.

3.1.1 - Definition

The definition of international commonly refers to the activities that a firm develops abroad or to activities related to the foreign market. It starts from the premise that the firm first start its activities in the domestic market and then develop them in the international market considering a series of previous decisions (Johanson and Wiedersheim-Paul, 1975).

Welch and Luostarinen (1988) mentioned that it could also be enlarged to a broaden concept which should consider the both sides, inward and outward process of dynamics of international trade. Rialp and Rialp (2001) mention that internationalization can be considered holistic when defined by several interpretations, such as investments in foreign market; a process of international involvement in the market; a sequential and gradual learning of

process; an outward and inward pattern of international expansion; a complex decision-making practice, as well as, a set of operations that facilitates the establishment of stable relationships between a firm and the external market.

3.1.2 – Models of Internationalization: Exporting

A discursive concept of firm's inaugural involvement process in international market is the model of exporting. Exporting is frequently considered to be an initial step in the practice of internationalization (Cavusgil, 1980). It is known that the development of the exports of the firms is one of the most studied subjects and least understood in the international business (Bilkey and Tesar, 1977). Reid (1981) describes export as one of the dominant factors in the mode of entry into the foreign market and one of its motivating factors is the choice between staying in the domestic market and going out. Fletcher (2001) indicates that previous research and literature of internationalization consider it as being an export-led phenomenon. Kumar and Subramanian (1997) mention exporting as involving the physical transfer of goods to a foreign country, with or without intermediation agents, in exchange of monetary receipt.

Rialp and Rialp (2001) cite that a firm could access a market by means of exporting, as this is one of several modes of penetrating foreign markets and it is linked to analyze the level risk and resource commitment of the operation.

Fletcher (2001) highlights that some features of the firm when entering in the market are the willingness to develop products overseas, present technological advances, wish of fund international activities and focus on research and development.

3.1.3 – Multi-stage process

Several authors affirm that the mechanism of development of export of firms tends to be performed in stages. Based on that, Bilkey and Tesar (1977) mentioned a step model that was developed to examine the behavior of small and medium-sized firm exports. Such model referred to the theory of learning,

which suggests that early exports tend to focus on more closely related countries, and as they evolve into later phases, they are concentrated in more psychic distant countries. Considering the study carried out in small and medium-sized enterprises and their administrative dynamism, it was also observed the size of the firm had low importance in the behavior of its exports.

A program from Sweden showed that exports when encouraged had different impacts on firms once they were in different stages of export experience. The Swedish program of export stimulation has shown that export motivation affects the export behavior of firms in different ways due to differences in their previous export experience levels. This model indicates how this experiment can affect export behavior. Such model can be useful in planning and making decisions in the company in relation to international operations. (Johanson and Valhne, 1977).

Cavusgil (1980) defended that various specific stages can be classified along the internationalization, as a multi-stage set of activities. It is assumed that the export activity of the firm does not exist, then, it moves on to a next stage of export through agents, proceeds to the establishment of a subsidiary and, finally, establishes a production unit in the target country. One of the initial stages of sales of companies that start their activities abroad can be through representatives, it means, independent companies, as this can represent a reduction allocation of resources by the firm. There is no regularity in their exports. This also implies that there is no regular channel of market information. Later stage would be the operation taking place through sales subsidiaries and eventually a manufacturing site. However, there is also the fact to be considered that many markets are not necessarily large for the company to advance to higher stages with resource requirements. (Johanson and Wiedersheim-Paul, 1975). Several studies in the literature indicate that the process of internationalization of firms is gradual and sequential, as they increase their international engagement. An initial motivation is generated by the firm, then it decides where and how to export, then it allocates resources and skilled labor for such activity. (Johanson and Vahlne, 1977; 1990; Cavusgil, 1980).

Welch and Luostarinen (1988) gave rise to a discussion about the very repetitive process of studies of American multinational companies in the

Literature. They also mentioned the Nordic cases which gave the opportunity to enlighten dynamic factors of forwarding progress in the internationalization process. On the other hand, Hedlund and Kverneland (1985) contrast the theory of gradual process of internationalization of the firms based on the experiences of Swedish firms in Japan studies. It implies in going straight to manufacturing locally coming from agent sales first step, instead of passing through the establishment of subsidiaries of sales. This is intrinsically related to the environment conditions of industrialization of a country. They suggest that firms should ponder to move forward more strictly and quickly in the process of internationalization than conventional and gradual entrance. Welch and Luostarinen (1988) mention that in the process of controlling of expansion of firm, foreign intermediates perform a role of assisting the company to the market intended, and in a more active involvement, there is a tendency of controlling this intermediate party.

Respecting to the object of this study, the literature says that a Government to stimulate the export of manufactured products should promote programs and actions that take into consideration how companies are classified in their exporting stage. In this way, the priority given by this government should focus on the stage where most of its exporting firms are and their stage of industrialization. This means that a government should not blindly copy an export development model of industrialized countries if it is a developing country. (Bilkey and Tesar, 1977).

3.1.4 – Obstacles

When firms start their internationalization activities, the lack of resources and knowledge of the foreign market arise as some of the most relevant obstacles to internationalization. Such obstacles are gradually overcome as decisions are made and operations developed. In uncertainty about countries, it is common for the firm to start operating in neighboring countries or comparatively well-known countries because of their closest commercial practices (Johanson and Wiedersheim-Paul, 1975). Johanson and Valhne (1977) cite that the lack of knowledge is an obstacle considered of great importance for the international operations to be developed and that knowledge is acquired to the length that firm operates in the foreign market.

The decision-making process could be initiated from the perception of a problem or business opportunity when some knowledge of the market is obtained. While, the commitment in the allocation of resources considers the way such opportunities are perceived by the firm, evaluating the risk and alternative measures.

The authors described a model that was based on empirical studies of international business at Uppsala University. Considering that internationalization is the result of incremental decisions, the model is based on the fact that the lack of knowledge due to differences between countries is a considerable impediment in the decision-making of international activities, which differs from domestic operations. Cavusgil (1980) mentioned that many firms appear to move forward in export without rational analysis and adequate planning for this activity. Fletcher (2001) complements that in this process, the steps should involve changes in the firm as far as its commitments to the foreign market grows, as well as, the firm should allocate the least possible of resources in the beginning, so that it could overcome some obstacles.

Rialp and Rialp (2001) cite that although in the framework of internationalization the size of the firm is considered an obstacle, it should be interpreted as a limited range of resources, lack of time, experience and capital, which differs SMEs from larger firms.

3.1.4.1 – Psychic distance

The concept of psychic distance must be contemplated when firms are dealing with operations in new markets. This concept is defined as the barriers and obstacles that can hinder the flow of information between firms and the market. It characterizes in differences of idioms, culture, political organization, level of education, industry development, among others. Obviously, it is linked to geographical distance between markets. (Johanson and Wiedersheim-Paul, 1975). Based on Cavusgil (1980), the term 'cultural distance' is one of the expressions for the determinants which constitute differences in market conditions and barriers in collecting information regarding these differences. Kogut and Singh (1988) affirm that psychic distance would be impacted by the contrast in culture and language of the domestic and the aimed country.

Bilkey and Tesar (1977) defended initial export efforts by firms should be directed to psychic close countries, and as they evolve, extend to more distant countries. This progress must be rational. Companies often go abroad to nearby and more familiar markets to start, and gradually extend foreign operations to more distant and unknown countries. (Johanson and Vahlne, 2003). Besides, these concepts are not the only ones to be considered as important in the international operations of firms. Many studies show that the size of the potential market is the most relevant factor in international business. (Johanson and Wiedersheim-Paul, 1975).

Shenkar (2001) debates cultural distance and reflects on how this construct affects the mode of entry of firm in a foreign country. The author states that the control of an operation can be lost in culturally distant locations and in less favorable environments, which consequently, makes the operation less costly and more uncertain due to lack of information. Relying on a local partner may be a strategy adopted by the firm, but it would always imply in less control. If the firm opts for more control and reduced dependence on third parties, this may incur more costs for the firm.

The author gives what he calls "the illusions" of cultural distance and explains how each one of these illusions have influenced the literature. Illusion of symmetry: distance, by definition, is symmetrical. That is, it moves from point A to point B. Symmetry of cultural distance, however, is difficult to defend; Illusion of stability: measured at a given moment, cultural distance is presumed to be a constant. However, culture changes at every moment; Illusion of linearity: the linear impact of investment, modes of entry and performance are questionable. There is a learning curve; Illusion of causality: Cultural distance is presumed to have a causal effect on investments. In other words, it is not only culture that impacts an investment, but a sum of factors, a number of variables such as language, political instability, level of development, among others; Illusion of disagreement: it is assumed that the difference in culture produces a lack of fit. That is, differences between cultures can be more or less critical for the operation. Integration and construct development: All significant concepts in the construction of cultural distance carry important implications for theory. Thus, the author proposes an integrative model for cultural distance. The integrative model allows for globalization and convergence, increasing communication and interaction. In

addition, geographical proximity, which is commonly confused with cultural distance, is seen as a reducer of entry barriers, since it reduces the costs of control and management and of monitoring agents. Foreign experience is seen as an important mechanism of approximation. Acculturation is seen as inducing result changing of cultural difficulties. Cultural attractiveness is seen as some cultures being more attractive than other. In a cognitive way, the perception of the attributes of a certain foreign culture may be the main reason for choosing potential partners, even if there is no attractiveness. In any case, adjusting to a culture perceived as similar can be as difficult as adjusting to a culture perceived as distant. Staffing is seen as a group that brings its culture into a system, both national and corporate culture.

The author also reports that, until cultures come into contact, it does not matter how different one culture is from the other. The author uses the term friction to define how cultures interact with each other, in a way that both synergy and disruption occur.

3.1.4.2.- Foreign entry decision

Reid (1981) brings us what he calls the “foreign entry decision maker”. The decisions of entry or expansion to a given country arise from the contextual factors of the firm and from the decisions of the strategic decision maker. Although the firm receives stimuli, it seems that managerial knowledge, attitude, behavior and motivation are independent of those stimulus factors. The author presents another measure, close related to psychic distance, which is the “foreign market orientation”. This measure differentiates the domestic market from the external one, according to the firm's space of performance, along dimensions such as cultural, economic and political. Each market will be perceived in a particular way by the decision maker. The choice of the foreign market is one of the central steps in exporting process. Decision makers may limit the choice of markets because of their perceptions. Foreign markets can be perceived by them as similar to the domestic market and it may influence the decision. This leads us to the principle of similarity, considering that the products may require a minimum degree of adaptation to those markets, closely linked to psychic distance, considering varied perceptions in the flow of trade between countries. The author suggests that exporters should not only limit themselves to the economic factors of entry into countries, and that they

should consider the evidence perceived of strategic decision-makers' attitudes and preferences.

Fletcher (2001) posits some managerial characteristics related to internationalization, such as regular trips overseas, elaboration of business plan, knowledge of other cultures. Johanson and Valhne (2003) points out that only when doing business in a specific country is it possible to learn and know the customers. Intermediaries, competitors and public authorities act and react differently in different situations. A slight understanding of the market can never be replaced by general information and market surveys.

Welch and Luostarinen (1988) contributed concluding that each decision points inevitably has a variety of unique causative elements as well as bearing the impact of general on-going influential factors. In order to undertake the international operation, it should be considered the limitation of each factor for that. It means that a small company is going to demand less directions and it is going to be more committed at the extent that the process is longer run. On the same way, larger companies are going to reveal more involvement far way. Although these factors, there is no evidence of clearing the relationship of the company and its export performance. The attitude of management and appropriate knowledge impact most.

Kumar and Subramaniam (1997) pointed factors such as huge competition from the domestic market, shorter lead times for innovation and high development costs for new products have led firms to consider new markets as a viable growth strategy. When firms decide to enter the foreign market, they have to decide which market they will operate in. This decision involves strategic needs and guidance, in addition to the nature of the operation in the foreign market. This nature of the operation is what authors call the mode of entry, and it is precisely one of the most critical decisions for the firm, since it implies a commitment of resources that cannot be changed from one hour to another.

Past researches in the area assumed that the choice of entry mode could be a unique feature of the manager's decision. However, the authors presented some strategic alternatives that imply the entry mode. According to them, if a manager does not have enough money to conduct a complete feasibility study, he cannot make a good decision because he will not have all

the information related to all the factors to be considered. Much of the literature has failed to consider such aspects, acknowledging that the manager would have enough time and resource to make a rational and very well based decision.

The characteristics of a manager, such as knowledge, ability and motivation, influence the input decision factors, but not only them. External factors also influence decision task. Analytic or cybernetic strategies are more likely to be used in more complex decisions.

Kogut and Singh (1988) bring the national culture as one of the influencing factors for the decision of the entry mode. Many studies have stated that uncertainty regarding a foreign market would influence managers' decision making when investing abroad, but it did not address how much the characteristics of the country's culture influenced such decisions.

Hofstede (1983) argues that there is a key point to professional relations between different countries and it explains the influence of national culture and the impact of the environment on management. The national and regional culture does matter in management, and they can even become of great impact to firms.

Nationality is important by virtue of 3 factors: political, sociological and psychological. The definition of culture is linked to a collectivist mental programming. One of the resources that illustrate a collectivist mental programming can obviously be language. Some cultural programs are difficult to change. They all reflect common traditions and ways of thinking, which are rooted in a common culture.

Thus, Hofstede (1983) conducted a survey through which he sought to find a common terminology acceptable for describing culture. The research was conducted taking into consideration attitudes and values perceived by employees of corporations in 40 different countries, which it intended to translate into a kind of average standard of beliefs and values. With this, the author created the so-called dimensions for measuring culture.

The investigation of this study is closely related to the cultural issue between Brazil and Portugal. Due to the proximity perceived by decision makers when exporting, mainly because of the same idiom between the countries of origin and destination, the characteristics of the intended country's culture may impact on the firm's strategic decisions.

3.1.5 – Entry modes

As previously mentioned in this study, the number of phases presupposes an evolution in the international expansion of the firm. Thus, Zahra, Ireland and Hitt (2000) explain that this pattern is expected to evolve in the continuous form of export and licensing. However, this is not a rule and certain firms may depart for a stricter form of control in the operation, such as acquisitions. These decisions are closely linked to the risks and payments involved in the transactions, as well as, the experience gained. It is possible to cite Foreign Direct Investments as highly demanding control mode of entry and huge interaction with the market, in contrast to exports and licensing, of low control and low interaction with the market.

Therefore, as far as the company interacts more directly with the market, customers and suppliers, its technological capacity is also affected in order to contribute with a greater competence to handle its international operations. Hence, the entry modes have a lot to do with the interaction, control, amplitude, depth and speed of the technological learning of the firm, as well as, its level of external exposure. In addition, interaction with the alliance partners will have a lot to contribute to the research vision and the way the products are being marketed. Information about competitors, critical products in local markets, data on customer behavior, as well as substitutions for improvement in product offerings, can be discussed as the level of interaction between players increases. All these forms of interaction, as they are increased, lead to a form of increased technological learning by firms.

Based on the discussion above, it is possible to suggest the following table of entry mode choice based on different levels of risk, cost and control:

| <u>Modes of Entry</u> | <u>Benefits</u> | <u>Losses</u> |
|--|---|--|
| Exporting | Quick entry; Reduced risk | Less control; Limited local knowledge |
| Licensing and Franchising | Quick entry; Reduced cost; Reduced risk | Less control; Risking licensee become a competitor |
| Partnering and Strategic Alliance | Joint costs decrease the necessary investment: Lower the risk | Larger costs; Integration of cultures can be an issue |
| Acquisition | Quick entry; Familiar operations | Huge cost; Integration issues |
| Greenfield Venture | Knowledge of the domestic market; total control | Huge cost; More risk due to unfamiliar issues; slow set up |

Table 4 – Entry Mode benefits and losses

Source: Table drawn up by the author from chart of Mariadoss (2018).

3.1.6 – The Eclectic Paradigm

The concept of the Eclectic Paradigm of the advance of internationalization was first proposed by Dunning in 1976, when the author intended to analyze both the initial act of foreign production and its growth. The Eclectic Paradigm, configured in the OLI advantages model (Ownerships, Location, Internalization) was considered complete and integrative, although criticized by several authors for being limited to certain types of international production, which the author denies as being a deficiency, but a general form of adoption of a model.

At a certain point in the 1970s, it was emerged a necessity of investigating the act of firms investing directly abroad, when the theory of market failures was applied. Because of partial explanations of the theoretical models related to the market, the author came up with the approach of the Eclectic Paradigm in order to explain the pattern of firms abroad, the rationality of international production as a whole, and organizational problems and impacts related to the activities of multinationals (Dunning, 1988). In the decades before 70's, some questions regarding the theory of internationalization of production were raised, such as what advantages were conferred on some firms over others, and why some firms chose to produce in

certain territories over others. These issues were addressed in independent ways and were not fully satisfactory to explain a versatile model.

Dunning (1980), in his proposed model, explains that there is a consensus that a firm is more likely to engage in international production, based on foreign direct investment, according to three determinants: 1) when it owns or acquires more ownership advantages than its competitors; 2) whether it is interested in selling these assets to foreigners or making use of them (internalize); 3) how profitable it is to exploit these advantages in conjunction with the genuine resources of other countries or the native country. Thus, the author defines it as a model that can be applied to any situation.

Once an enterprise decides to explore new markets, it must have sufficient additional ownership advantage to overcome operating costs in a distant or unfamiliar environment.

Firms internalize basically in order to avoid disadvantages, or to capitalize on imperfections. Public intervention in resource allocation also encourages firms to internalize their activities.

The location flow postulates that the host country has certain location-specific advantages that lead to its selection as the location for the firm subsidiary (Kumar and Subramaniam, 1997).

Regarding to the issue of resources available in certain countries, mainly the poorest or developing ones, Bilkey and Nes (1982) sought to verify the country of origin effect. The authors report that products are regarded as an arrangement of intrinsic and extrinsic information such as taste, design, size, price, brand, and others. The study of this information allowed to learn more about the risk and perceived quality of the products, and one of the informational cues of the products can be classified precisely as the country of origin. The authors also mention the communication through the "made in (name of country)" stripe. Many studies have tried to show that the country of origin of the product actually affects the evaluation of the product, both by the consumer industry and the final consumer. This is also related to whether the product was produced in more developed or less developed countries.

3.1.7 – The Mechanisms of Internationalization

Johanson and Vahlne (1990) make a review of the literature on "The mechanism of Internationalization" through which they discuss the role of the actors in the company and how the different interests bring different ideas for the development of the same. They distinguish the objective knowledge which can be learned, from the market knowledge that comes through the experience and business activities. This leads to a discussion about the internationalization model in stages up to then brought by several authors, which did not consider that some firms were already in the market and were able to decide based on real factors, expanding the suggested model. The authors suggest that as the world evolved, the psychic distance became not as great as it initially seemed. The concept of an Eclectic Paradigm mentioned by the authors cites internalizing considering the know-how itself for expansion from conscious and informed decision-makers. The authors cited studies in which the internationalization process did not work for service companies. The paradigm provides an explanation of the breadth, shape, and pattern of international production. They introduce the idea of internationalization and networks of industries, which talks about the insertion of firms into a commercial network of long-term relationships and of building and trust as consequence of the interaction between them. This explains why the internationalization model can be contained in the market knowledge, in the interaction and experience of the current businesses. From a domestic network, the firm can become part of a global commercial network, and thus, it has advantages, which are not directly measurable, starting from this interaction.

Andersen (1993) brings to light a critical review of the theory of internationalization used for decades and defended by the pioneering authors. The author considers that the internationalization decision can be regarded as an innovation for the company and, according to the proposed models, the firm may or may not be interested in exporting. Taking it into account, there is an external or internal "pull" that causes it to begin the process in the first stage. In the author's view, there is a lack of scientific explanation for the models and that they are accepted intuitively. It highlights strengths and weaknesses of the Uppsala internationalization model and the Internationalization Model

related to Innovation. Although a theoretical model cannot be corroborated, there are linkages between theory and practice.

One of the most criticized points by Andersen (1993) is the fact that the progress movement from one stage to the next stage is not explained as in the models proposed by Johanson and Cavusgil. Objections are raised to criticize the models that emerged decades ago, which seem to benefit from a general acceptance in the literature. The author suggests that studies should be delineated and that models miss explanatory power.

3.1.8 – Network cooperation

Cavusgil (1998) describes types of entry modes and addresses the international partnerships presenting several advantages and disadvantages, considering that strategic partnerships can increase the competitiveness of the company. The author indicates that it should not be chosen randomly by decision-makers, but it should be systematically reviewed, including a model suggested by him, which begins with the adoption of a formal procedure and highlights of crucial factors to the success, such as the understanding of cultural differences. The author outlines in detail the types of long-term strategic alliances and how these collaborative ventures can be mutually beneficial.

It is critically important that managers pursue a systematic approach to the formation and operation of successful international partnerships. The process should commence with the identification of possible entry modes and international partners. It must complete by assessing the necessity of making future plans for each foreign relationship. Managers should adopt a formal procedure for entering foreign markets and should compare their performance with leading companies. The success of an international partnership depends on many factors, but the most critical ones include the recognition of cultural differences, the development of commitment and trust among partners, the selection of partners that are compatible and complementary in the value added chain, and the contribution of value to foreign markets as a way to gain and sustain a strong competitive position. Managers of small and medium-size companies are especially disadvantaged by limited resources and international

experience as they endeavor to expand abroad. International alliances become even more significant as companies struggle to bring new products and services to market. Those adept at establishing and cultivating cooperative ventures of mutual benefit with foreign partners can anticipate superior competitive performance.

Johanson and Vahlne (2003) outline a business network model of internationalization process. The authors reveal that there is a mutual agreement between businessmen and academics on more modern models of internationalization, since this process has been happening faster. As a result of the emergence of new flows, new ventures, or born global firms based on high technologies, there is a common factor to note, referred network relationships.

Relationships seem to have a significant impact on the choice of markets to enter, and this should be contemplated. Experience gives the company the ability to see and evaluate business opportunities. Based on that, the authors emphasize that firms are involved in a limited set of business relationships, among which there are important actors and, which in turn, also play the role of being part of relationships with other companies. This way, every company is part of a limited business network, visible to those who participate and invisible to those outside. The way they connect each other is what makes networking important. To learn more from this structure, it is only being part of it through the interaction between one or more players.

Relationships can be used to overcome domestic market barriers and enter the international market. It is complex, uncertain and time consuming, and involves multilateral interactions.

3.1.9 – Final considerations in internationalization theory review

It is believed that internationalization starts from a movement from the domestic to the international market, with export being one of its most discussed and studied topics, by analyzing the factors that lead a firm to promote its exit movement abroad. A model of stages and learning arises in order to explain how the movement from one country to another is carried out in order to insert itself in a different culture. Psychic distance is strongly

present in the literature of internationalization. Furthermore, the ways in which intermediaries appear in the first years of this process help to explain how firms formulate and advance in this dynamic process.

The management practices driven by cognitive stimuli and preferences, experience over the years and resource management, reflect how firms form their strategies throughout the process of internationalization. The cultural difference is the background scenario that involves any decision in any phase. In addition, other stages from export can be developed, so that long-term strategic relationships are established, and more experience is gained over the years.

3.2 - Food and culture – access to the international market

3.2.1 - The concept of nostalgia in food consumption

Nostalgia can be defined as a word with Greek origin of *nostos* (return home) and *algos* (pain); in this sense, it alludes to the homesickness promoted by geographical distance. This concept has been part of human history since a long time, coming from biblical books or Greek mythology. (Vignolles and Pichon, 2014).

Vignolles and Pichon (2014) mention studies in which nostalgia has become recognized in consumer behavior literature. Thus, products have been examined as satisfying the need of individuals in lack of them.

From the psychological and sociological point of view, nostalgia was defined as "a bittersweet emotional reaction", that is, an ambivalent emotional reaction experienced by an individual when he receives an internal or external stimulus that takes him back to the past belonging to his life experience, from which emotions emerge focused on objects, sounds, smells or tastes that were discovered at the exact moment that experience was lived. This is the case of some foods or their substitutes consumed by such individuals. Thus, the consumption of foods that have a sociological function emerges in the form of cultural role and strengthens an identity of its own. Food and nostalgic practices tend to increase people's sense of belonging to a particular culture, re-signifying feelings of belonging to a local and social group. There is an

identification in the role played by nostalgia through family recipes, which refer to moments of joy and childhood memories, such as birthdays or family reunions with loved ones.

Nostalgia can be caused by common homesickness among individuals who have left their homeland and cannot find food in the host country of origin.

In a research conducted by the authors on the consumption of nostalgic foods, it was highlighted that certain activities were related to certain brands of products, to design (more than to taste), and that such products were not consumed for a long time. Often individuals buy the products again to refer to moments of the past or childhood. Sweets, cookies, cakes and jellies are among the most nostalgia-related products regardless of the age of the individual. Some salty products have also been mentioned, mainly by elder individuals. The same is explored by this study considering the proposal of “*Mercado da Saudade*” and its relation to the exports of such products.

Finally, it is understood that food consumption stimulates the five senses, mainly the sense of smell and taste that refer to memories linked to nostalgia.

The market for nostalgia products can rely on positive nostalgia to promote their products. The theory of emotional transference in advertising content that influences consumer behavior is consistent. When a product is maintained with the same characteristics throughout its life cycle, it demonstrates consumer preference for it. The use of childhood memories, happy family moments and interregional transmissions can easily be used as communication strategy by brands. The same serves for product design and packaging easily identified throughout the product life cycle.

3.2.2 - The emerging food culture – some concepts of ethnic food

Although there has been little research regarding to specific demand for foodstuffs from an ethnic minority’s perspective, Lindgreen and Hingley (2016) made significant inputs to the concept of ethnicity and ethnic food. The term ethnic can be complex and can be associated with certain groups, their behavior, language, culture and gastronomy. Such groups are likely to be

minorities and part of a multicultural society. The term ethnic was derived from an epistemological point of view, based on ontological truths in terms of ethnic varieties, but it is subject to discussion as it can contrast with race, indicating physical and genetic traits. The discussion is even more delicate when it is concerned to ethnic food. The authors report that the word gastronomy can be attached to all that involves food, relationships, cultural dimensions and exchanges. Therefore, every society has its gastronomy and all the ethnic groups bring different influences from all over the world, which can be perceived as a process of assimilation.

Many authors have already listed regional dishes and ingredients, or they have assigned products to certain places, such as cheese and British Cheddar cheese, for example, globally exported. The trend in consumption of traditional products may be linked to a lack of production, specialization of producers in other more prosperous areas, immigration to areas of people who had no local roots, as well as a decrease in the habit of cooking. The discourse of ethnicity returns to mediate the subject of ethnic food, when presumed as common genealogy or ancestry. It is clear that, there is a great growth of interest in ethnic food from groups of various ethnicities and a gradual evolution of a more multicultural society.

The authors present the concepts of assimilation, segregation, integration, marginalization and multiculturalism. They show that many individuals who took part in a sample survey among students living in a new culture, varied their eating habits, although most expressed a desire to eat their homemade food. The pattern of home country food consumption retains their ethnic identity. In addition, the description of the feelings and emotional states involved are often cited in the survey, besides just the taste. Many of them use the food to give comfort during the homesickness state. Food has become an object of love affiliated to the home to lessen the feeling of suffering of being far away, besides compensating certain symptoms of stress and loneliness. In this manner, the authors recognized the importance of food in the emotional well-being, in addition to functioning as an agent of sociability.

There are various theories that try to describe how food culture evolved and developed and what interactive forces led to such changes. One of these forces is centered on the supply chain and retailers who respond to local

customer demands. However, there is an influence of these players in shaping the habits of their consumer audience. Globalization has redefined how traditional marketing practices could organize and plan food distribution around the world.

In a survey carried out with the Brazilian expatriate community in the United Kingdom, it was able to identify that Brazilians were seeking to reproduce and reinforce their original culture in that country, which often becomes a great difficulty. Such resistance to keeping their native country's consumer habits is a manifestation of resistance to the host country's habits and reaffirmation of its born culture, which the authors cite as acculturation patterns.

The authors also cite the e-commerce that have emerged from ethnic food as consequence of globalization. Such portals are aimed at transnational communities of immigrants, refugees or exiles, who have found a way to reactivate their culture through the practices of food. The authors bring the concept of "commodification of nostalgia" that emerges as behavioral patterns, memories and the reproduction of cultural identity. Food memories compose people not only as individuals, but as consumers. Consumption thoughts and beliefs accompany migrants when they travel and depart from their country. The demand in the consumption of hard-to-reach items from other countries recaptures the sense of belonging to a community, its traditions and rituals. This is intrinsically linked up with the opportunities and challenges for these specialty foods and the exports to the countries where the demand is considered high and interesting to be explored by the exporters of food.

3.2.3 - Cultural groups in coexistence: food transmissions between Brazilians and Portuguese

As referred by Braga (2010) and updated in numbers in the contextualization of this study, there is a growing demand of Brazilian immigrants who choose Portugal as their new home. This wave of immigration in Portugal has been observed since the 1980s, with special attention to immigrants from Portuguese-speaking countries (PALOP). From 1993 onwards, migratory balances in Portugal started to be positive and constantly growing.

As already demonstrated in figures in this analysis, the vast majority of Brazilian immigrants are concentrated in urban areas, they are no longer figured by most as men, as it was previously observed during a period of migration, and they present advanced educational levels as some characteristics. There are many factors that motivate the emigration of Brazilians to Portugal, such as insecurity and violence in the country of origin, the unfavorable economic situation of that country and the same the language, although there is some difficulty in perception between the two cultures.

From this context, the authors were able to conclude that cultural transmissions succeed in relationships between cultural groups placed in coexistence. With respect to eating habits, such relationships have been observed since the time when the Portuguese established contact with the Indians in Brazil, in order to adapt, try or reject food models between them. Such was the appreciation for Brazilian food that the first export movements from the colony to the kingdom were observed. In recent times, due to the presence of several Brazilian immigrants, Portugal has seen the presentation of many different products and eating habits at the table. Thus, the food conviviality made the culture knowledge between the two peoples closer. The repercussion even reaches the local food industry, exemplified by the production of Guaraná Antarctica, a traditional Brazilian soft drink and disseminated among foreigners, being Portugal as the first European country to be chosen for internationalization and manufacturing of this product.

It is worth highlighting the cultural diversity of the Brazilian cuisine, represented by its various States, regionalized by a dense country of continental dimensions population. In this way, immigrants cannot be classified as egalitarian eating habits, strongly characterized by their regional peculiarity.

In routine habits, the authors concluded that there is a perception by Brazilians of a variety in daily meals made by the Portuguese, differently from their habits in consuming basically the same composition on almost every day of the week, although it becomes difficult to choose a single dish of national identity, since regional cuisines have a strong cultural presence. It could also be concluded that a large part of the manufactured food consumed by Brazilian immigrants is found in Portugal, either through ethnic restaurants,

supermarkets, specialized shops or even brought by family and friends on their trips to Portugal.

Also, as mentioned in the previous context of this study, aligned with what the authors highlight, from the Real economic plan in 1994 on, the international trade between Brazil and Portugal intensified. The trade balance between countries is historically in deficit for Portugal. Historically, wine and olive oil have been the most important Portuguese food exports to Brazil, meanwhile, soy, fruit, corn, meat, coffee, sugar and tobacco are the most important products of Brazilian exports to Portugal.

The author points out that the pressure for Brazilian products led to the emergence, from 2009 onwards, of stores specializing in ethnic products from Brazil, selling products that were previously found alongside African and Asian products.

3.2.4 - Barriers imposed to some Brazilian food exports

Aranda, M. A. et al. (2019) present some considerations about the existence of barriers imposed by Brazilian chicken importing countries. The authors indicate that there is a liberalization in international trade in the last decades as a result of the drop in importing tariffs on goods. However, new forms of protection have emerged in accessing other nations. It is also known that there has been a change in consumer behavior in the last decades and that their preferences for the purchase of food are not only conditioned by price, but also by special conditions of food composition, safety and preferences attributed to certain specificities and contemporary diets.

The authors bring the condition of protectionism of countries as restrictive policies through the imposition of tariff and non-tariff barriers. Technical standards imposed by food importing countries may establish restrictive measures in a mandatory or voluntary manner, such as the requirement of HACCP certification for food safety control, a tool widely used in international food trade to certify that international standards are being fulfilled.

Trade barriers were created in order to safeguard the local economy, but they can create obstacles in order to achieve this objective.

Some technical measures are required as in to justify consumer behavior, which aims at healthy, high quality imported food and concerns about the environment.

Technical norms and regulatory standards often vary between countries and can be considered barriers to exports if they differ from commonly established international regulations.

As for trade barriers, they include the adaptation of information on labels and packaging as commonly requested by food importers. Quotas are also considered to be protective measures of some countries in the food sector as to regulate the amount of food imported into the country and to protect domestic production.

Trade regulations are related to the application of tariffs, non-tariffs and other random factors which are frequent in negotiations between exporters and importers.

Beyond, there may be general requirements related to the form of production and adaptation of products, specifications in the production process, and these may still be indirectly involved in the commercial and technical requirements themselves.

3.3 – Brazilian Case Studies of internationalization

Some studies of Brazilian firm's internationalization and their export cases can be found, however there is a lot, based on academic point of view, to be explored. The scope of this study aims to observe the most relevant points regarding to how some firms behave and develop their exports and internationalization processes. Thus, it is observed some studies of firms of relevant brands in the Brazilian territory and strong international presence in order to consider some propositions and variables to be analyzed.

3.3.1 - Internationalization case of Chocolates Garoto

A study was considered in this analysis as for shedding light on the practical cases of internationalization of industries in Brazil. In this case, Takeuchi (2001) analyzed the case of a genuinely Brazilian food industry, traditionally known for the manufacture of chocolates, Chocolates Garoto SA.

Among the objectives of the study, it was considered to evaluate the decision in the mode of entry to the international market; The strategies adopted at the entrance and the stages of this process; The implementation and adjustments in the process of expansion to the foreign markets; As well as, the international marketing strategies adopted by the firm.

The internationalization process of the firm object of this study, began in 1972 when it exported semi-finished products to the United States, such as butters and cocoa cake, as well as, South American countries.

In 1976, the company acquired cocoa processing equipment that significantly increased export sales. Two years later, the finished products gained space on the agenda. By then, the company was exporting to countries such as The United States, Japan, Canada, and some countries in Europe and in the Middle East. Such activities represented 25% of the firm's sales. In 1982, the Chocolates Garoto SA was made present with its brand on all continents through its exports.

In the mid-1990s, the company felt great presence of international competition and a big retraction in the domestic market, so distribution centers were opened considering the local market necessity of spreading and the possibility of more shipments to neighboring countries. Just in 1997 the firm started to elaborate a definitive and formal business plan of internationalization. In 1998, after years of being present in various countries through representatives, the firm opened two subsidiaries, one in Buenos Aires, Argentina, and one in Chicago, in The United States.

Until the closing of the study on analysis, the export sales represented 17% of the company's production and its external sales was directed to 43 different countries, among them, the Portuguese market, besides some others

considered more strategic. The company was also considered the largest exporter of chocolates in Brazil, having them double the export volume of its nearest competitor.

In view of the fierce growth of the competition and the retraction of the domestic market in mid-1990, the company targeted its efforts to the foreign market.

Chocolates Garoto's products are recognized by the final consumers as per their relation of reliability and affection, which facilitates their perception and better acceptance in foreign markets of ethnic nature.

The firm has invested in cutting-edge technology and considers this aspect an important factor in comparison to national competitors. In addition, the firm has a huge differential in the sector which operates due to have the largest manufacturing capacity installed in the same site. The use of technology is considered a landmark by the firm for local and export market purposes. The idle capacity of national production is used to supply the international market.

One of the main factors considered by the firm in the opening of its internationalization process is that operating in international markets allows technological expertise and revenue in strong currency. In addition, the firm recognizes that the foreign market began to be given importance only after the Brazilian market went into retraction. Thus, the firm has accumulated expertise in technological development processes.

Chocolates Garoto's products are standardized for the various markets to which they are exported, only them producing specific products of different brand for the North American market. It was not considered adaptation in the products to the international market, only in some real needed items such as packaging and translation of labels. Moreover, the company uses the same brand in all consumer markets. Such strategy allows economies of scale.

The cultural similarity of Latin American countries is found a relevant factor by the firm. Besides, the North American market is highlighted by the fact that it is the largest chocolate consumer market in the world and does not

impose trade barriers on the product segment. The European market, on the other hand, is not prioritized, given the barriers imposed by the economic bloc. Markets with significant barriers inhibit the firm's operations. It is also worth noting that countries belonging to economic blocs that have trade agreements with Brazil, as the case of MERCOSUR, are considered to be relevant by the firm to operate.

The expansion of the export culture is an internal challenge for Chocolates Garoto. The Brazilian market demands high production volumes, while the foreign market requires low volumes. Thus, for those who are involved in the industrialization process of the products and do not have the proper knowledge of foreign market, they do not see it as significant for the firm. The same occurs in the conviction of stakeholders that exports can present other advantages in relation to the Brazilian market. Decision makers understand that there are advantages in operating in the international market such as the acquisition of experience, knowledge of new products and markets, bringing a lot of improvement to the company's competence in general. There is also a lack of in-depth knowledge of the sector on the part of the human resources which manage the company's exports, becoming problems related to external operations being constantly repaired rather than prevented.

The firm admits that it does not monitor international markets considered non-strategic for the company. There is a lack of resources in this area concerning to researches and in commercial promotion for the construction and strengthening of the brand in foreign markets.

The firm carries out economic monitoring so that may assume certain operating risks in some countries. In this sense, it also carefully defines with which partners and distributors it is going to operate in the target countries, which ones have exclusivity on sales. In this way, it transfers part of the country risk to the commercial partner, in order not to interfere in local operations. Therefore, the global strategy may be considered risky since cultural idiosyncrasies are important for spreading the product/brand locally. In addition, there is a limitation of resources in supporting the exclusive local partner.

Some markets where Brazilian products have a strong ethnic characteristic are considered as priority by the company. Aspects such as close eating habits, taste and traditions are strongly considered. The ethnic segment in the American market, for example, is of great relevance because it explores similar aspects of different immigrant Latin cultures, which share common or close habits.

In general terms, Chocolates Garoto's entry mode chosen was through direct export, with exception of its two subsidiaries located in more strategic countries. Such operations with the subsidiaries have been questioned because of their huge fixed costs of operation.

Logistics operations were mentioned considering that all transportation must necessarily be in refrigerated containers, which makes difficult the access to certain markets due to the low volume and high costs. Thus, the size of the market in which it is going to operate has become a criterion in the mode of entry.

3.3.2 - Internationalization case of Brazilian Specialty Foods sector

An important study was recently carried out by Leite (2018) with the intention of analyzing a Brazilian market with very specific characteristics and in constant growth, known as Specialty Foods. Few studies have been carried out in this area to date. Such study evaluated the internationalization process of organizations and institutions linked to sector projects of APEX-Brasil, in the category of specialty foods, their advantages and disadvantages, obstacles and challenges. The comprehension regarding to the internationalization process of Brazilian food and beverage companies in this area is of fundamental importance for those who study, invest, decide and act directly or indirectly in this sector.

Among the firms evaluated in the survey, it was found that there was no differentiation between products manufactured for the domestic and international markets, it means, there is a relative consensus on standardization, with only few adaptations regarding packaging and labels and issues related to product validity. All firms have relatively recent export

activities, some of which are considered Born Global. The firms studied are of medium and small sizes. The study was focused on the organic, gourmet and ethnic food and beverage segments.

The way in which the companies entered the market was predominantly through direct exports, and thus, a consideration of the risk reduction regarding to the control of operations and a better relationship with the client, which would not be possible in the indirect export model. It was also observed the participation of representatives and distributors in the target market. Although other forms of entry have not been implemented until the end of the study analysis, there is some reflection on the part of the players regarding the integration of subsidiaries.

The study denoted some logistical difficulties of some firms which require special shipping conditions for their products, as in the case of frozen products, directly linked to external control barriers and challenging the operations in certain countries. Therefore, strategic alliances were necessary to enable the development of the business in the foreign market. In addition, other firms categorically affirm the logistical cost of distribution as the main disadvantage of operating in the direct export model.

The size of the potential market, culture, habits and consumption formed aspects considered dominant by the analyzed firms. The consumption of Specialty Foods is directly related to what certain cultures consider as a value-added food.

Regarding to the economic and financial forces, the analyzed firms believe that they are closely linked to the buying power of the consumer in the target country, since they are not dealing with traditional foods for consumption.

According to the export maturity of each firm, it was possible to observe that legal factors related to the application of laws, taxes and tariffs, exert levels of influence considered more to less important to the export business.

The communication of promotional actions in the foreign market was taken into consideration according to the culture, language, colors, images, etc. of each target market by the firms.

An important aspect regarding the distribution channels mentioned in this study was that large retail chains have been allowed space for Brazilian ethnic products, while they were only sold in specialized stores in the past.

The commercial agreements between Brazil and some countries are recognized as a main feature in overcoming tariff barriers. With reference to non-tariff barriers, these were mentioned as being linked to phytosanitary and sanitary barriers established by inspection and regulatory bodies in the target countries, in addition to environmental barriers linked to the firms and product certifications required.

Respecting to the commercial support received by the firms through their participation in actions of sectorial projects and Brazilian export agencies, it is important to mention that it is considered respecting the performance of each firm according to its export stage, so that they could be gradually prepared for each step in the direction of internationalization. Studies and market intelligence actions were mentioned as a crucial support by the supporting agencies. In addition, such actions allow a better interactivity in the relationship network between national and international companies.

Some firms mentioned a greater acceptance of their ethnic products in the "*Mercado da saudade*" or market of nostalgia, composed abroad of mostly Brazilian immigrants, who have a strong connection between consumer and country of origin. This type of consumer market alludes to the products consumed in the domestic market, analyzed from the point of view of psychic distance. Such firms attest to explore their products through emotional appeal, healthiness and with reference to the origins of consumers. It is also mentioned that Brazilian products are considered important to conquer market share precisely by the origin factor.

It was also mentioned that there is a strong need to expand the activities of the analyzed companies, from the point of view of the associations which support internationalization projects, to the European market, with focus on Portugal market.

3.3.3 - Internationalization case of O Boticário to Portugal

A study developed by Freire (2001) sought to analyze the internationalization process of one of the leading Brazilian beauty and cosmetics brands, O Boticário, to the Portuguese market. More specifically, the intention was to throw light on the reasons that led the company in choosing the country, which factors influenced this decision, the entry mode choice and which entry strategy was used. The review of this case study was selected and considered in this study analysis so that it would be possible to identify variables that were taken into consideration by a Brazilian company in its decision to internationalize its brand to Portugal.

The internationalization process of the brand began in the mid of 1980s when O Boticário had business contacts with individuals interested in marketing the brand's products abroad, starting sales in Bolivia through a reseller. In 1986, the firm decided to open the first store in Portugal. The internationalization process took place through a demand of people who intended to sell O Boticário's products abroad, and not necessarily by the company's planning to expand business internationally as a way of diversifying, since the domestic market had a lot to explore still. According to the study's conclusive analysis, the decision to internationalize came against an external demand.

The choice of the Portuguese market was due to factors such as individuals interested in the business were already known to the company; The firm considered Portugal a hub to the European market; And also because habits and language were considered more close between Brazilians and Portuguese citizens; In addition, the fact that there would be low need for product adaptation due to the economic lot. The economic lot in the adaptation of the product abroad appeared as an obstacle to the export of the products.

The decisive factor for entering in the mode of franchise stemmed from a model already implemented and successfully recognized in Brazilian territory. A family of franchisees, who had family members in Lisbon, would like to repeat the model in that country. In this way, the entry took place through three franchise stores. The decision to internationalize was based on

the perception of the brand owners and the opportunity to join a group of franchisees as the interest arisen.

The study shows that the adaptation problems appeared due to the lack of knowledge of the local culture and adaptation in the advertising campaigns to Portugal, which should be more adequate locally. Moreover, it was noticed that the size of the country reflected in an infinitely smaller consumption than an operation installed in any other Brazilian region.

Another factor that emerged from the franchise mode experience was that the firm could not work abroad with just some single stores, but it should have an expansion of stores, besides a local operator who understood the market. Then, the operation in Portugal was modified with the entry of a Portuguese Master franchised and the opening of several stores, with strong operation and investment.

The evaluation of the operation by the firm in the mode of entry into Portuguese market was that there was a mistake in repeating the model that worked in Brazil. Product characteristics have also been examined. Chemical components react differently according to each country's weather conditions.

No local production was adopted until the date of such study due to the low volume that sales in the Portuguese market represent.

Concerning to the economic analysis, the Portuguese market had a great influence as it demonstrated stability for operations.

From the case studies presented above regarding Brazilian companies, it can be concluded that export is an entry mode very often chosen by the firms, besides being usual in the beginning of the international operation. This mode may evolve to more advanced stages of internationalization, such as the opening of subsidiaries or franchises. In order to assess the reasons why the firms internationalize their businesses and what are the opportunities faced by them, it was identified points such as the recession in the domestic market, the market's perception of homesickness abroad and the opportunity for ethnic products, the gain of expertise in technology, the low adaptation of product, the perception of close culture. These issues can be considered as items of

great influence among the firms analyzed. As for the challenges to internationalization, the barriers to the European market entry, the size of the target market, the lack of agreement between countries in facilitating foreign trade and the logistical cost, are among the difficult aspects of international operation. Thus, this study also aims to investigate the opportunities and challenges that Brazilian exporters of specialty foods tend to face for the Portuguese market. It is going to be better demonstrated in the further chapter of Analysis of Results.

Chapter 4. Methodology

This chapter is intended to present the methodology used to respond the research objective and how the investigation was conducted. The characteristics of the population of the survey will be detailed, as well as, how the primary and secondary data was obtained, the advantages and disadvantages of using questionnaires to access primary data, and the mechanism to analyze the results.

4.1 The data collection

In consonance with Creswell (2014), there are two main groups where data sources for research can be approached: primary and secondary sources. In this case, the primary sources were obtained through non structured interviews with the leaders responsible for reporting on firm's export operations, descriptive observations and the results of the data obtained through the method of applying questionnaires.

The investigation of the study was based on a descriptive exploratory nature (questionnaires), using a quantitative approach.

Secondary sources were also used to record and complement this study. Previous research studies, books and papers, in the sector proposed for analysis were of fundamental relevance in order to achieve greater consistency in the subjects and to reach specific conclusions. Data obtained from official internet sources, such as institutional websites and administrative records were also considered.

4.2 The choice and characterization of the population

In order to determine the population of the survey, it was selected players involved in the scenario of interest, where at the top of the chain is the main Brazilian government agency responsible for supporting Brazilian exporting companies, the Brazilian Export and Investment Promotion Agency – APEX-Brasil. In the context of actions aimed at promoting Brazilian industry exports, APEX-Brasil divides its activities in partnership with the Business

Associations that bring together most companies in the Brazilian productive sectors and determine the Sector Projects. These are classified into different categories (sectors), among which the Food and Beverage category was selected for this investigation because of the area of interest and object of the study. Still in the form of selection and definition of the population, since the object of this study is specialty (ethnic) processed food, only few associations of food and beverages were chosen, as they were considered more appropriate to the profile of products that are exported by Brazilian companies and commonly found in ethnic product stores in Portugal. The sectorial projects that are part of APEX-Brasil's promotional actions were: Sweets and Snacks Project, belonging to the Brazilian Association of Chocolate, Cocoa, Peanut, Candies and Derivatives Industry - ABICAB; Brazilian Flavors Project, belonging to the Brazilian Association of Food and Beverage Importers Exporters - ABBA; and the Brazilian Biscuits, Pasta and Industrialized Breads and Cakes Project, belonging to the Brazilian Association of Biscuits, Pasta and Industrialized Breads and Cakes Industries - ABIMAPI. The companies participating in the research are associated with APEX-Brasil's export projects and were classified only those that have already regularly exported or are exporting to the Portuguese market.

Regarding the delimitation of the study, 56 national companies associated to ABICAB were identified, being 25 exporters; 26 companies associated to ABBA, being 15 exporters; 70 companies associated to ABIMAPI, being 42 exporters. It was not possible to precise the exact number of firms exporting specifically to Portugal due to the lack of response of these firms to the questionnaires and lack of reply regarding the position of being or having already been exporting to Portugal. Based on that, it was considered the total number of exporters (82 companies) to compose the sample of the survey.

Based on the explained above, the research universe is characterized by exporters. The Population is defined by Brazilian exporters to Portugal. The Sample is defined by the Brazilian exporters of specialty food products to Portugal belonging to the Brazilian Associations (ABBA, ABIMAPI and ABICAB) of APEX Brasil sector projects. The subject of the survey is defined by the person in charge of export area of each of the 82 export companies.

It is worth mentioning that this research did not take into consideration other food and beverage associations and sector projects supported by APEX-Brasil, as these projects deal with products *in natura*, not processed, or out of the profile of products considered ethnic or of Brazilian ethnicity, it means, products characteristic from Brazil found in Portugal. For such identification, it was used the access to the websites and social network pages of the specialized products stores in Portugal and research in loco.

Find below an illustrative chart of the system proposed in this research:

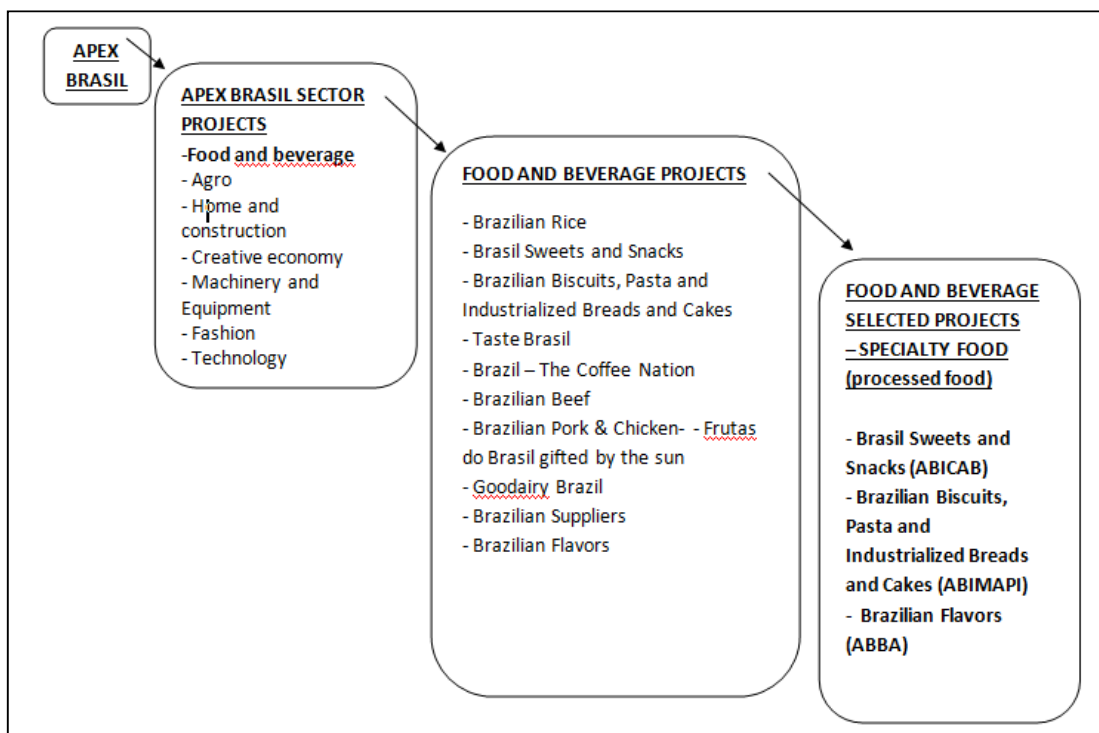


Figure 10 – Chart of the population of the survey
Source: Table drawn up by the author from primary data

4.3 The collection of primary data

A research project is composed of valuable resources and, among them, the necessary data to answer the questions of the investigation (Creswell, 2014). This research sought to identify the main challenges and opportunities, barriers and strategies adopted by Brazilian companies exporting specialty processed foods to Portugal.

The methodology was developed through the application of a questionnaire to the companies with previously selected profile. The chosen criteria was that they have been exporting to Portugal or they had already performed some spot export operations to Portugal.

As mentioned by Bickman and Rog (2009), the quality of a survey depends on the size and representativity of where it is collected. Thus, it is relevant to emphasize that the exporting companies selected for this survey have great representation in the economic sector they occupy. Much of what is decided by the associations in terms of export strategies for the sector in general, considers the participation and what is decided by the member of these exporting companies.

A pilot study was conducted in order to prevent research errors. Bickman and Rog (2009) defend question design, so that question can be improved through sampling data collection. Based on that, the questionnaire was first submitted to five respondents. The questions could be previously tested and analyzed. No doubts regarding the questionnaire were reported by them.

In addition, it was also conducted some interviews with the same five previous respondents. Robson (2002) states that interviews can be structured, semi structured and unstructured. In this case, the interviews were unstructured and considered general interest in the area. The conversation was conducted informally so that some main points of the investigation could be put under discussion. Based on that, it was possible to assert that the main concerns were included in the questionnaire, giving the certain that the investigation was in the right direction.

4.4 Advantages and disadvantages of the questionnaires

As per Robson (2002), research is common and has been in our midst for a long time. Their use is highly instrumental. A survey can use questionnaires sent by email, but not only. Surveys are more of a survey strategy than a specific tactic or method. It can be composed entirely of fixed or open-ended questions.

Questionnaires can present advantages and disadvantages. Some disadvantages are related to the feedbacks may be affected by respondents' personal characteristics, such as memories and experiences, not necessarily corresponding to what the firm thinks; Respondents may not yet reflect in their answers what they necessarily believe or what effectively corresponds to reality, since some replies sound better by standard responses. Ambiguities, low adherence of respondents, lack of seriousness and fear of lack of confidentiality may also imply some disadvantages of the questionnaires (Robson, 2002).

As for the advantages, the questionnaires reflect simple and direct ways of having access to what the respondents think and believe; they can access a collection of information in a generalized form, in addition to a large amount of standardized information. Besides the fact that they are low cost and take short period of time to be answered (Robson, 2002).

Given the fact that the responding companies are in a different country from where the study is being conducted, the use of the questionnaire facilitated the access to the data needed to conduct this study. The time given to respondents to fill out the questionnaire allowed them to answer it as they preferred, and it was not necessary to spend specific time. This is usually a common impediment due to the allegation of lack of time and agenda for academic investigations.

4.5 Questionnaire compiling procedure

The questionnaire was developed in order to answer the main challenges and opportunities faced by Brazilian companies exporting specialty foods to Portugal. These opportunities and challenges involve the analysis of barriers that may be internal or external, it means, they may be related to the firm or the environment in which they find themselves. Barriers inherent to the organization itself and to its professionals working in the area. External barriers related to the macro-environment, of economic and political nature. Furthermore, the assessment of the mode of entry into the desired country and how sales are internationally developed were issues under analysis. Technological, cultural and geographic aspects of the target country were also

considered. The following structure shows how was the basis of preparation of the questionnaire. (See figure 11).

| | | |
|--|--|--|
| INTERNATIONALIZATION | OPPORTUNITIES AND CHALLENGES: | |
| | <ul style="list-style-type: none"> • Learning and development of skills to handle new markets; • Explore internationally the advantages of size country and location of Brazil; • Higher Returns on export sales investment; • Gains in expertise and new technologies; • Company global appreciation and market recognition. | |
| | BARRIERS: | |
| | INTERNAL (company) | EXTERNAL (environment) |
| | <ul style="list-style-type: none"> • Lack of international management experience and knowledge; • Development of a formalized strategy for internationalization; • Difficulty in accessing and finding distribution channels and forming international partners/networks; • Investigation and monitoring of competitive environment; • Insufficient scale to compete with international players; • Insufficient Technology Skills; • Difficulty of understanding the international consumer and consequent product offer. | <ul style="list-style-type: none"> • Difficulty of adaptation of cultural nature; • Low Governmental efficiency to support and overcome export issues (Institutional) • Macro-economical barriers; • Tariff barriers; • Logistics barriers; • Bureaucratic barriers (customs procedures, documentation, certifications, registers...); • Import Quotas; • Standards and technical standards of regulation; • Sanitary and Phytosanitary barriers. |
| STRATEGIC PARTENERSHIPS: | | |
| <ul style="list-style-type: none"> • Mode of entry (Exports); • Competitive advantages and disadvantages. • Nostalgia market; • Choice of partners (network relationships) | | |

Figure 11 – Base for questionnaire

Source: Drawn up by the author from primary data

The proposed questionnaire for this research was composed of 5 sections, containing 23 questions (open and closed). Thus, the first section is related to the understanding of the characteristics of the company, its size and usual forms of operation of its exports to Portugal. The second section aims to know which internal and external barriers are the most impacting for firms. The third section seeks to find out which topics are classified as the most opportune and challenging for exporters. The fourth section investigates the market aspects that are related to the way of acting in the target country, as well as the players and possible partners in the intended market. And finally, the fifth section brings a reflection of the companies on their perception with the experience of exporting to the Portuguese market, an effort to evaluate the

main mistakes and successes of this operation. The fourth and fifth sections present one and two open questions respectively, so that the respondent can reveal his or her opinion regarding the operation in the Portuguese market for the firm's exports. The other questions are closed of multiple choice, being some of them structured according to Likert scale of five levels (1 to 5 levels), in order to identify the main impacts and importance for the topics.

The survey took the form of questionnaires in electronic format of a specific platform in the internet, Google Forms. They were applied directly to the companies' export managers or person in charge for the area through email. The questionnaire was submitted to the total of 82 export companies and obtained 20 replies. 17 questionnaires were considered valid (20% of total selected companies). 3 questionnaires had to be disregarded as they did not accomplish with the minimum requirements requested in the survey.

The whole process was based on the Internationalization theory and previous studies with approach on the internationalization of the Brazilian industry, focusing on exports as mode of entry. It is worth mentioning that the survey questionnaires were organized according to the specific objective and directed to the exporting companies.

The questionnaires were submitted to the Brazilian companies located in different regions, thus considering all five regions of Brazil (North, Northeast, South, Center-West, Southeast). From the point of view of the time criterion, the questionnaires were submitted for response from 14th January,2020 to 14th February,2020, via formal email, with the possibility of response accessing the link to the Google Form available electronically.

4.6 Analytical Methodology

After the deadline for replies to the questionnaires had elapsed, the answers obtained were transcribed for graphical analysis, using a simple descriptive analysis, in order to access the research responses. As indicated by Creswell (2014), one way of analyzing quantitative data is to summarize the data into meaningful forms or indicators that are easy to understand, compare

and communicate. Such indicators are called descriptive statistics and have as method presentations through simple statistics and graphs.

The methodology presented is based on the use of Microsoft Excel software of Microsoft Office Pro Plus. This is one of the easiest software to learn to use, mainly because of its spreadsheet base that facilitates data entry for less experienced users. Other applications require a significant amount of time to learn and interpret the manuals to effectively create a model. Given the time of development of this study has been limited, the speed and ease of learning was taking into consideration to conclude the analysis.

The open-ended questions were analyzed through content analysis.

In order to end up the methodology procedures, this module presents the data sources for the collection of the proposed study, as well as the characteristic of the population. Both primary and secondary data were used in this survey. The form chosen through questionnaires to conduct the research allowed access to the primary data of the study. Some advantages and disadvantages were presented in the use of questionnaires as investigative form. The structure of the questions showed how the study was conducted through a line of reasoning. The use of the Internet and its tools allowed quick and easy access to the assembly of the questionnaires, their sending and administration of the data collected. Finally, after the ultimate application and the answers obtained, simple study of data formatting through graphs and statistical analysis of the answers was employed.

Chapter 5. Analysis of results and discussions

The analysis of the information to be presented in this chapter was collected through the respondents and then selected in categories. The themes will be associated in patterns that will be compared according to the existing literature for each topic. According to Cresswell (2014), these theories or generalizations represent interconnections of thoughts or parts connected to a whole.

5.1 Brief overview Brazilian food industry exports

For introduction purposes to the Brazilian food industry, according to data from the Brazilian Food Industry Association - ABIA (2015), Brazil has a food processing industry composed of 34,800 companies, being most of them small industries with up to 99 employees. Medium-sized companies account for 3.4% of the total, while large companies account for 1.2%. Regarding the large food industries, these represent approximately 570 industries, concentrating a great part of the sector's turnover. In 2014, 83% of the food produced by these units was used for the preparation of meals at home. Snacks and Chocolates accounted for approximately 13% of food industry production. Among the most exported food products by Brazil there were: orange juice, sugar, meat, soluble coffee, soybean oil. The balance of international trade of processed food from Brazil was positive in 35.2 billion dollars in 2015.

Based on a study prepared by the National Confederation of Industries - CNI (2018) in identifying the challenges to the competitiveness of Brazilian exports, Brazil faces serious difficulties to export, especially when it comes to manufactured products. Factors such as poor infrastructure, administrative and customs bureaucracies and the lengthy export process are cited as barriers that reduce the competitiveness of Brazilian products and services abroad.

Based on Conceição (2007), in an analysis of the radiography of the food industry in Brazil and the factors inherent to export, there is a correlation between the determinants of export and the level of industrial development of the Brazilian economy. There is a conclusion that there are few firms in this sector that carry out exports, and when they do, they supply few markets,

besides the fact that firms that export are larger and more productive than those that do not do so. Other factors that directly influence Brazilian food exporters are related to product safety and demand for special products (frozen, gourmet, diet, light, etc.). Thus, there was a need for technological development of these firms so that they could compete globally.

It is worth mentioning the issue of fusions and acquisitions in the Latin American food industry, especially in Brazil, where industries such as water and juices, soft drinks and beers manufacturers are very concentrated, allowing a saving in distribution and in productive scale, especially in the acquisition of raw materials in large quantities. Such industries receive incentives from foreign direct investments from multinationals. Thus, based on previous studies, it was possible to conclude that the internationalization of the Brazilian food industry was due to two main factors of expansion: trade in commodities and foreign direct investment in local production through subsidiaries belonging to multinationals.

Regarding the issue of technological innovation and exports, the results indicate that the firms are obliged to adhere to it due to the degree of importance given to the standard regulations required internationally, in addition to the requirements of certification and traceability of products, considered as technical barriers. It is important to emphasize the process of *de-commoditization*, it means, adding value to the product and differentiation, which this sector is going through. On the other hand, the food industry represents approximately 20% of the manufacturing industry's exports, and according to the technological criteria, they are the ones that present themselves as being of low industrial technology. In this way, such measures can reduce the flow of trade and increase production costs to meet international requirements, making it difficult for firms to enter and keep them in new foreign markets.

5.2 Characteristics of the firms evaluated

The companies listed in this study were pre-selected according to the criteria established and described in the previous chapter, based on the premise that they are exporting companies associated with sector projects and that they export or have ever exported to the Portuguese market. These firms

were evaluated according to the criteria of Specialty Foods manufacturers and their main characteristics were compiled according to the table below, necessarily related to their exports to the Portuguese market.

In table 5 it is possible to observe that the sample consists of 17 food exporting industries, being 12 firms classified by the production of other prepared foods; 3 firms of sugars and sweets; 1 of grain milling and 1 of oils and fats.

10 companies are classified as large dimension, when they have more than 250 employees; 4 as medium dimension, when they have between 50 and 250 employees; and 3 as small dimension, when they have more than 10 and less than 50 employees.

Regarding the participation of exports in the company's annual sales, considering the scenario of the last three years, 11 companies stated that export represented less than 5% of the sales; 5 companies declared that it represented between 6 and 10% of the sales; and only 1 declared that it represented between 21 and 50% of the sales.

With respect to the Brazilian region through which the export products leave, 12 companies are located at the Southeast region of Brazil, 3 in the South, 1 in the Northeast and 1 in the Center-West.

In relation to the time of exporting to Portugal, 8 companies mentioned that they export between 2 and 5 years; 5 less than 1 year; 2 between 11 and 20 years; 1 between 6 and 10 years; 1 over 20 years.

In the questioning on the most used modal for the domestic transport of goods to Portugal, 9 firms indicated the use of sea transport and 8 road transport. Similarly, 13 firms indicated that sea transport was used as frequent or extremely frequent for sending goods for exporting to Portugal; In addition, 17 firms indicated that air transport was not used or infrequently in international transport.

| <u>Main Economic Activity</u> | <u>Dimension</u> | <u>% Exports on Sales (last 3 years)</u> | <u>Region from which the export products come</u> | <u>Exporting Time</u> | <u>Main modal domestic transport</u> | <u>Most frequent modal in international transport</u> |
|---|--|--|---|-----------------------------|--------------------------------------|---|
| 12 Food industries - other prepared foods | 10 - Large (over 250 employees) | 11 – Less than 5% | 12 – Southeast | 8 – Between 2 and 5 years | 9 – Sea | 13 – Sea (frequent or extremely frequent) |
| 3 Food industries - sugars and sweets | 4 -Medium (more than 50 and less than 250 employees) | 5 – Between 6 and 10% | 3 – South | 5 – Less than de 1 year | 8 – Road | 17 – Air (Nothing or low frequent) |
| 1 Food industry - grain milling | 3 - Small (more than 10 and less than 50 employees) | 1 – Betwen 21 and 50% | 1 – Northeast | 2 – Between 11 and 20 years | | |
| 1 Food products industry - oils and fats | | | 1- Central-West | 1- Between 6 and 10 years | | |
| | | | | 1 – More than 20 years | | |

Table 5 – Characteristics of inquired exporters

Source: Table drawn up by the author from primary data

5.3 Analysis of internal barriers

In assessing the criteria selected with respect to internal organizational barriers, it means, those conditions that are under the decision-making power of entrepreneurs and executives for the purpose of exporting to the Portuguese market, and contrasting them with the characteristics of the respondent companies, it can be observed in Table 5 that the level of maturity of most of the respondent companies is no longer reflected in companies that are new to exporting, besides the fact that they are also large companies, which presupposes that there is an international trade department dedicated to the activities of exporting, negotiating, selling and contacting international trade representatives. Thus, the respondents evaluated that the lack of professionals with experience in the area to manage exports and the low gain of expertise are no longer impacting issues for the firms, which runs counter to the theory of Johanson and Wiedersheim-Paul (1975) when they cite that obstacles are gradually overcome as operations and decisions of internationalization are developed. A firm with some export maturity has already in its staff professionals who have lived experiences in the export activity, besides knowing how to justify the gain that this activity has for the company in general.

There is some concern of the respondents about the lack of a strategic plan of internationalization established by the firms, in addition to forms of investigation and monitoring of the target market and low availability of capital and technology for export activities, criteria assessed as low to moderate impact. The lack of resources is also cited by the authors Johanson and Wiedersheim-Paul (1975), as well as Cavusgil (1980), who mention that many firms move forward without a rational analysis and an adequate plan of activities for their exports. When choosing to enter international markets, they must be prepared, planned and their strategies aligned.

The most impacting criterion regarding firms' internal barriers for their exports to the Portuguese market is linked to the need of adapting products to the target market with low gain of productive scale. Reid (1981) mentions that decision makers need to make their entry choices to countries based on their perceptions, which may even be based on the domestic market, leading to the principle of similarity, with some adaptation of products to target markets,

closely linked to psychic distance. Such decisions involve adapting the products or not to the target market. In the food production environment, adaptations to the level of labels and packaging, taking into account the requirements of the countries to which one will export, are quite common. However, such adaptation causes companies lose in gains of productive scale, in addition to the minimum batches required because of design, packaging and label printing. This perception is closely linked to the theory of Johanson and Wiedersheim-Paul (1975) when they mention that the potential of the target market is one of the most relevant factors in international business.

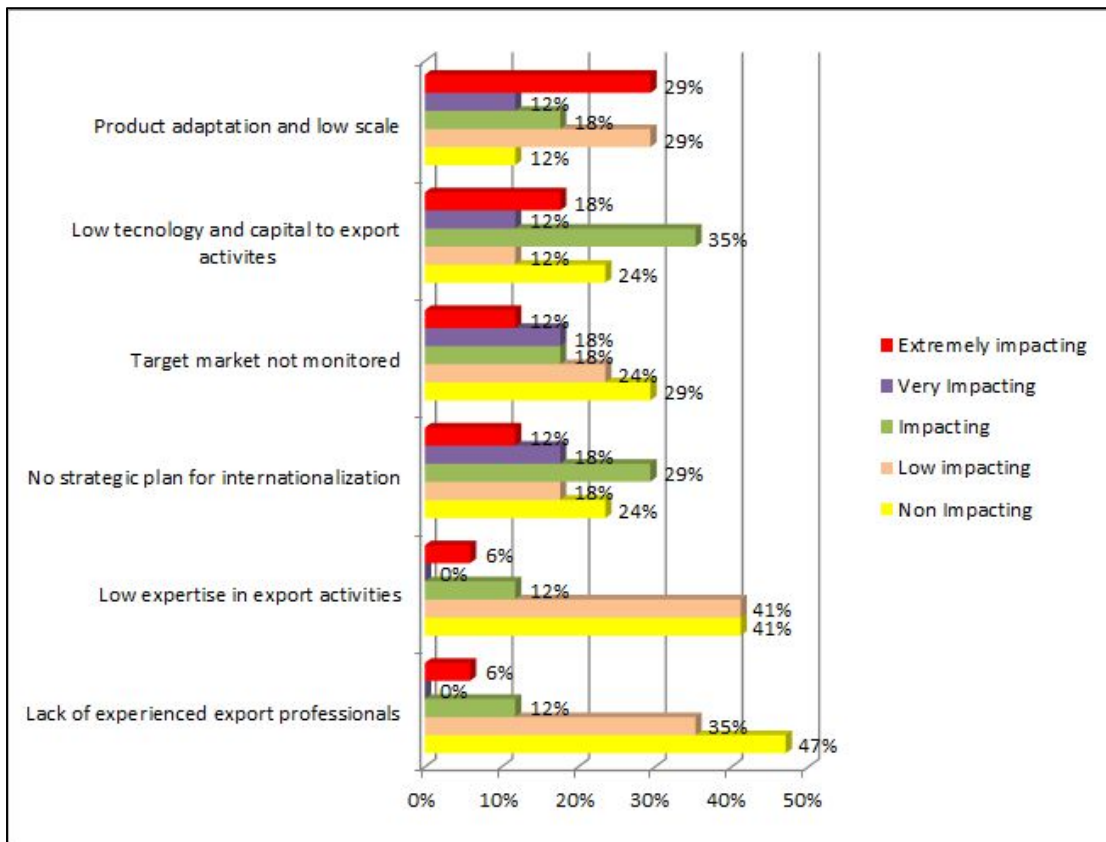


Figure 12 – Graph of internal barriers
 Source: Drawn up by the author from primary data

In order to analyze the barriers more broadly and completely, also presenting barriers that occur in the environment outside of the firm, the next topic presents more issues inherent to the obstacles faced by the firms in exporting.

5.4 Analysis of external barriers

As an evaluation of external barriers to exports to Portugal, it means, those inherent to factors external to the company's environment or systemic, the low logistic efficiency in the Brazilian territory was one of the most intense factors among the survey respondents, highlighted as very or extremely impacting to Portugal exports. In the food segment and exports as a means of entering the target country, the freight conditions directly impact the performance of the companies and their competitiveness in the international market. Some companies even require special temperature and storage conditions for the transportation of their products, which directly impacts the costs. The precarious logistic infrastructure offered by Brazil, added to its continental country size issue, makes the goods to be directly impacted in the forward movement of the firms until the destination point. The road modal, pointed out in the survey as one of the most used by companies in the transportation of goods after the exit of the firm to its point of destination, reflects in unfavorable conditions and too costly. Although some firms use sea transport in domestic logistics, the use of road transport inside the country is inevitable. Moreover, the low efficiency of Brazilian ports and the numerous tariffs charged for handling and storage of goods until they are effectively exported should be added to this figure.

Other two factors scored as impacting or of extreme impact refer to the tariff and non-tariff barriers imposed by the target country. As discussed by Aranda, M. A. et al. (2019), the application of tariffs are quite common practices in the international market and they can be technical, sanitary or phytosanitary, as well as, commercial.

In order to protect their market, certain countries impose barriers and sanctions to Brazilian food, and not only, they aim to limit the entry of these products into their territory. Food companies face great difficulties in transposing these protectionist barriers, which can often discourage or even make it impossible to export these foods to the desired country. Such practices are closely linked to the inefficiency of the Brazilian government in discussing with the European economic bloc - the focus group of this study, in order to facilitate the entry of Brazilian food to its member countries and overcome obstacles. For the responding companies, even though the practice of tariff

barriers is considered common, this is an impacting factor for their exports to Portugal.

In the case of non-tariff barriers, these may vary according to the characteristic of the business or product, since certain products require compliance with more health and safety requirements than others. As mentioned in the contextualization of this study, there is a great concern of the European regulatory bodies on food safety, which makes practices extremely rigid or considered by some companies as extremely protectionist. In addition to these issues, there are also customs administrative bureaucracies and difficulty in complying with the technical standards required. For some food sectors, as in the case of the dairy sector, there are health barriers that have totally prevented the entry of Brazilian products into the European Union because of the inspection of food of animal derivatives, becoming a serious obstacle for certain firms that cannot operate in European territory with their products.

The bureaucracy in the Brazilian export process, also pointed out as a very and extreme impacting issue in the survey by the respondents, it is still a reality even in times of modernity and advanced technology, regardless of the size of the firm. Although in recent years computer systems have advanced, there is still much to be done in this regard. There is a complex collection of tax and customs laws that are often poorly understood by the sector's own professionals, which differ in interpretation and make the process even more time consuming. It is important to emphasize the immense amount of non-unified documents among the different agencies that participate in the Brazilian export process, the requirements of original documents and non-digital signatures, the lack of standardization and personnel for a unified dispatch process and agile inspection. Besides, the customs and tax costs incurred during the period in which the goods are stopped in little effective procedures at any stage of the export process, make the processes even more expensive. All these factors do not favor the competitiveness of companies.

In the less impacting issues to the external barriers faced by Brazilian firms in exports to Portugal, there are the low impact of the Portuguese economic situation; The low impacting of the lack of knowledge of distribution channels and representation in the Portuguese market; In addition to the low or none impacting in the difficulty in understanding the market, and

consequently, offer a product according to the consumer profile. The less impacting results are in line with the theory of Shenkar (2001) regarding to culture attractiveness. Some important factors can be not considered once the country represents attractiveness based on the perception of decision makers. It does not imply to be easier to enter there, as culturally attractive countries can be as difficult as distant countries.

With regard to the economic and financial aspect, since Portugal is a member of the European Union and has the Euro as its strong currency, it does not represent an economic risk to Brazilian exporters, as there is good analysis regarding its payment capacity, security in operations and stability of its currency. Thus, the target country is assessed as a low risk country with little need for international bank guarantees.

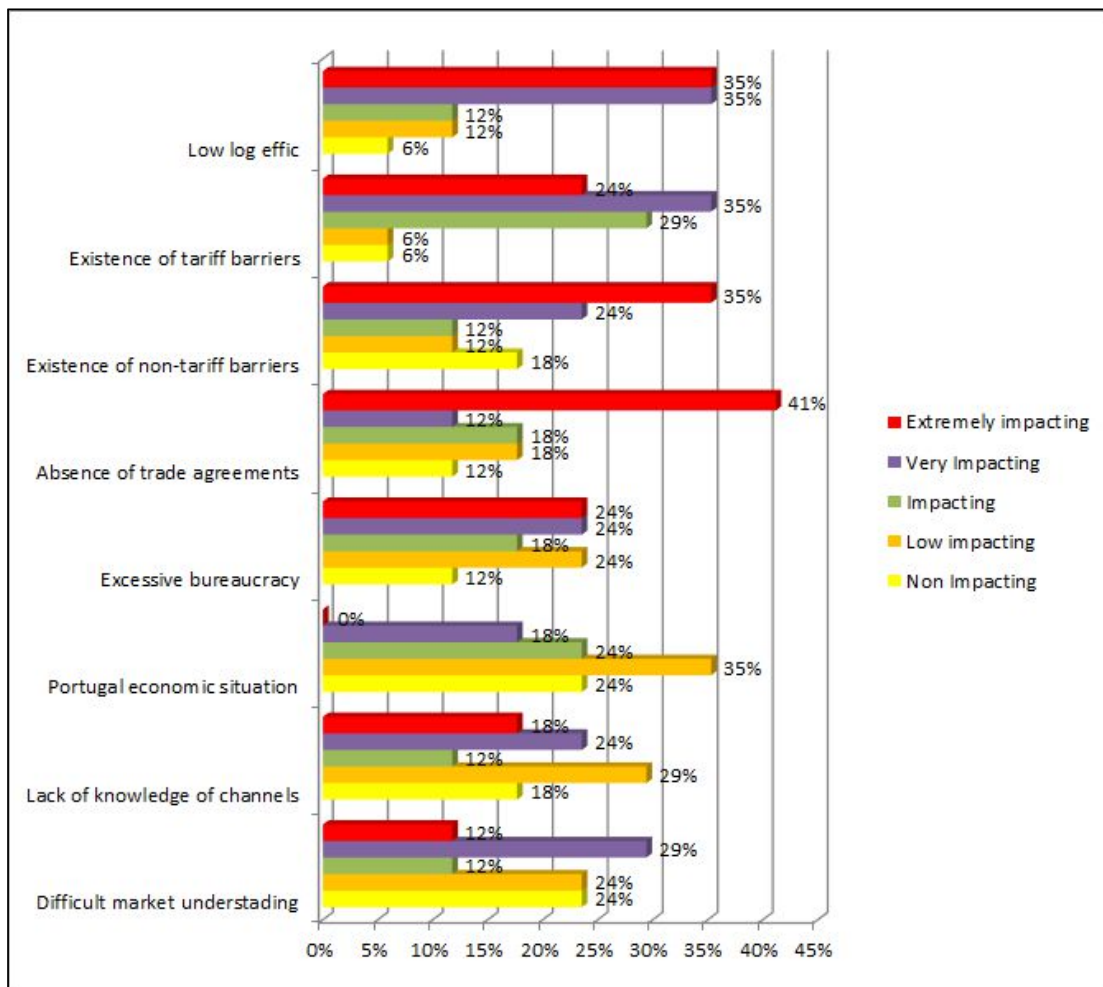


Figure 13 – Graph of external barriers
Source: Drawn up by the author from primary data

In examining what impedes Brazilian specialty food exporters from performing effectively as leaders in sales to the Portuguese market, it is important to look beyond the barriers and check also at the opportunities and challenges to be faced in this foreign market. This is the content addressed in the next topic.

5.5 Analysis of Opportunities and Challenges

The firms participating in this survey elucidated the topics they most considered an Opportunity or a Challenge, or both, in the process of exporting their Brazilian specialty foods to Portugal. As illustrated in the Figure 14 below, 88% of respondents considered language in the target country to be a great opportunity for their exports, followed by 65% who considered Portugal as an entry hub for the other European Union countries; 65% revenues in strong currency (Euro); 59% culture and habits of the target country; and 47% as Brazil's geographic location in relation to Portugal to be an opportunity.

In line with the ideas defended by Johanson and Wiedersheim-Paul (1975), Kogut and Singh (1988), Bilkey and Tesar (1977) and Shenkar (2001), concerning to psychic distance, this concept is strongly present in the perception of Brazilian exporters to Portugal. The fact that both countries, Brazil and Portugal, officially speak the Portuguese language, is considered one of the major opportunities for Brazilian exporters. However, as researched by Freire (2001), problems may arise in adapting the product regarding label information, tags and advertising campaigns, mainly due to the lack of knowledge of the local culture of the intended country, which leads again to meet the theory that psychic distance may impact by contrasting domestic culture with the target country. There is a perception among Brazilian exporters that what works for the domestic market also works for the Portuguese market. Many Brazilian firms, when internationalizing, go after environments of cultural and geographic proximity. Johanson and Valhne (1977) point out that obstacles can arise because of the lack of knowledge of the differences between markets. The fact that the same language is spoken between the two countries tends for exporters to believe that Portuguese culture and habits are close to Brazilians ones. As reported by Braga (2010), there is a correlation between the cultural groups that live together, but it

starts from distinct habits. Shenkar (2001) also mentions that does not matter how two different cultures differ from each other, the friction occurs when they are put in contact.

The same trend occurs when the opportunity of entry to other countries in Europe is analyzed, Portugal is considered a hub, a starting point for the operations in Europe. As seen in the literature, Bilkey and Tesar (1977) determines that some efforts are directed to those countries considered psychically close, and as internationalization advances, firms become more familiar with initially unknown beliefs. Shenkar (2001) cites that uncertainties thanks to lack of information can lead firms to have higher operating costs and loss of control. This explains some changes in the strategies of more consolidated firms in their internationalization process in Portugal, as they identify considerable differences in what they initially predicted in their international business model.

With regard to the Challenges, 71% of the respondents stated that they consider the final price of the product in the Portuguese market as the most important one; followed by 59% the international competition; 53% the national competition; 47% the geographic location of Brazil in relation to Portugal; 47% greater technological development when dealing with the foreign market; 47% appreciation and recognition of the brand in the global market; 41% government incentives in Brazil to export and overcome barriers with the target country.

The price of the product and the concern with competition reflect with much evidence the lack of competitiveness of Brazilian manufactured food. Brazil's economic performance and commercial insertion have been occupying less and less significant positions among world exporters. It is known that much of the exports in this sector are concentrated in natural resources, agricultural and industrial commodities, and little in products with technological intensity. Thus, the theory defended by Johanson and Wiedersheim-Paul (1975) elucidates that the size of the potential market is one of the most important factors in internationalization. Freire (2001) proves it in his analysis when he shows that consumption in Portugal was infinitely smaller than that of a Brazilian region/state, leading the firm to re-evaluate the compensating factors of exporting.

The culture of internationalization can become difficult within a firm by justifying that a productive lot for the export market can lead to production losses for the sake of size, high raw material costs with minimum lots required by suppliers and requirements to adapt products. Reid (1981) mentions that exporting is a motivating process of the firm in the decision of staying in the domestic market or going abroad. A compensating factor for these challenges, which impact the final prices of Brazilian products and make it difficult to face competition, is the compensation of revenues in strong currency, since Portugal is economically inserted in the Euro zone.

It should also be noted that the geographical position of Brazil in relation to Portugal was mentioned in the survey as both an opportunity and a challenge to Brazilian exporters. Shenkar (2001) brings the idea that geographical proximity is commonly confused with cultural distance. Geographical proximity can be beneficial by reducing barriers, logistical costs and allowing closer monitoring of the target country. For this reason, Portugal may show itself to be a country geographically close to Brazil if compared to Asian countries, for example, or distant if compared to Latin American countries.

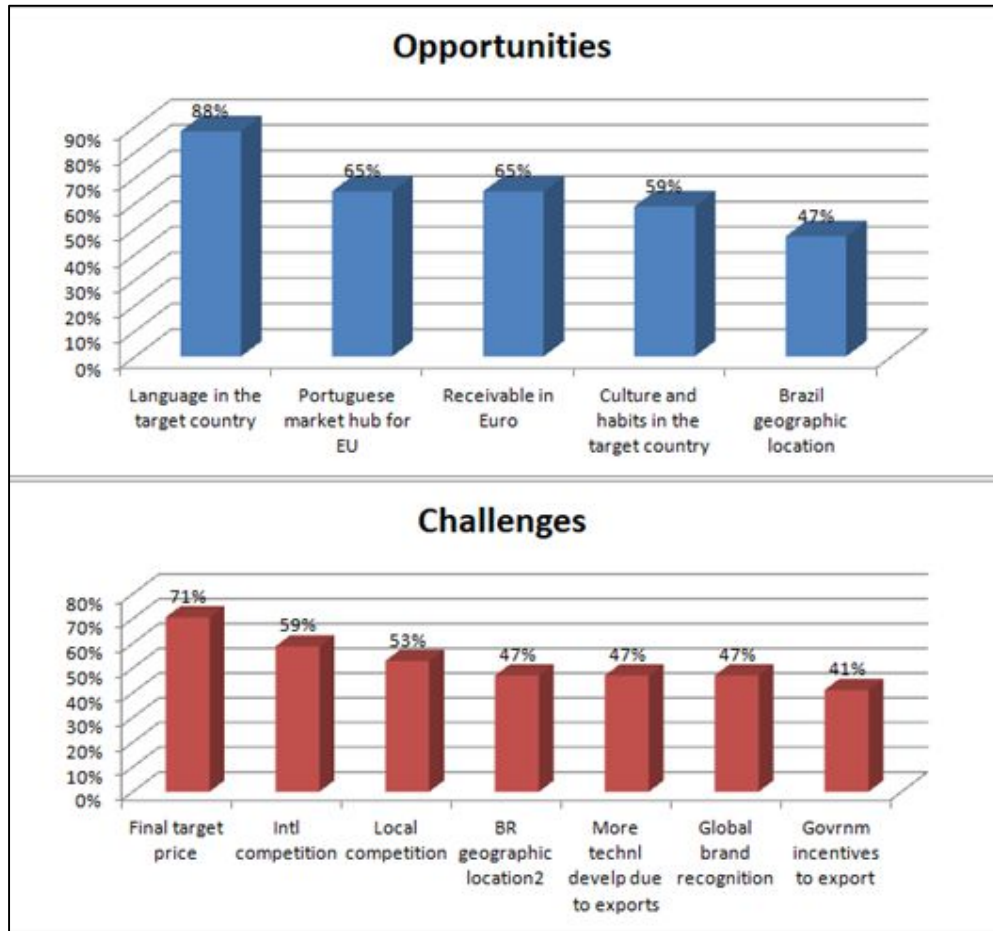


Figure 14 – Graph of opportunities and challenges
 Source: Drawn up by the author from primary data

Beyond the domestic factors that identify the barriers, obstacles and opportunities faced by Brazilian exporters, it is vital to look across the other side of the ocean where established strategic actions should be implemented. Identifying which factors corroborate a successful entry into the intended country, which are the competitive differentials, the consumer behavior intended to be achieved and which partners will be required to enter the market, are signals that will led to export success or failure. In this way, the next topic addresses market aspects that will give light to some of these questions.

5.6 Analysis of market aspects

5.6.1) The stimuli to the Portuguese market entry

When inquired about the factors that led the firms to enter the Portuguese market, the respondents of this survey emphasized three main topics: The opportunity to enter the European market through Portugal (with emphasis on unanimity in the answers on this topic); The fact that the firms were contacted by representatives from abroad; And visits to international trade fairs.

The opportunity to access the European market through Portugal reinforces the theory of Johanson and Vahlne (1977) regarding the characteristics of consumption considered close to the domestic market, related to the psychic distance, bringing with factors that may approximate or suppress the communication between companies and consumers. Portugal is considered the country with the closest characteristics to Brazil among the other countries of the European Union, mainly because of the language. The latter topic and the reality that companies have been contacted by market players of Portugal are also aligned with Reid's theory (1981) that deals with the possibility of the company starting its export process from an external stimulus, that is, an unsolicited foreign order.

Both the concepts of psychic distance and foreign market orientation explain the perception of preference of Brazilian exporting firms for Portugal when they decide to export to Europe. Portugal is perceived by them as a way to join other European countries as a consequence of the similarities it has with the domestic market. It is also considered that the perception of decision makers by factors related to similarity stands out at a level of importance compared to other topics such as: access to specialized information on the sector; analysis of competitors and products operating in this market; trips to the country for local knowledge; being present in a larger number of markets; and non-tariff barriers, such as the lack of access to specialized information on the sector.

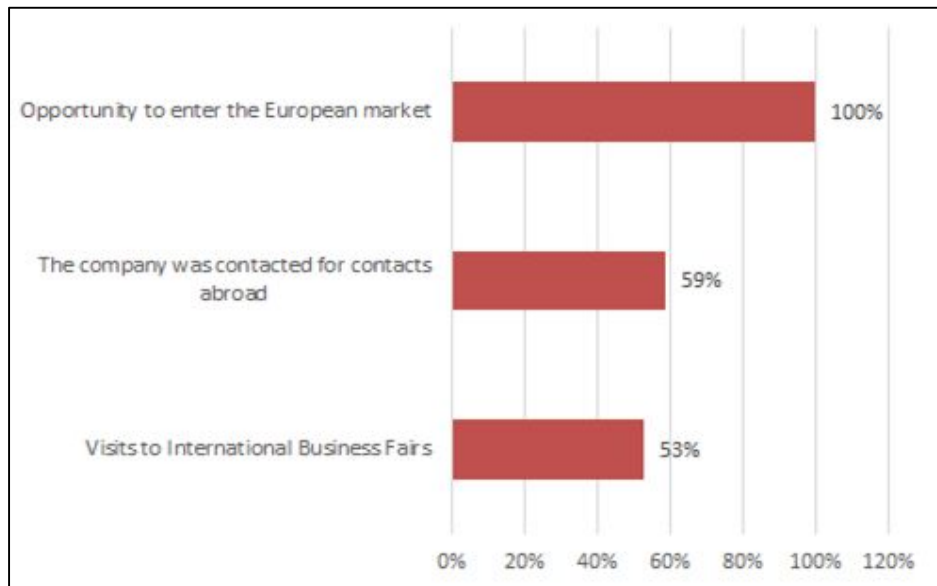


Figure 15 – Graph of the main factors led to entry into Portuguese market
 Source: Drawn up by the author from primary data

5.6.2) The nostalgia market and consumer behavior

Hofstede (1983) brings to light the ideas of culture and how much national culture influences managerial decisions. The author discusses how important nationality is from a political, sociological and psychological point of view and how culture is linked to a collectivist mental programming, being one of the resources that illustrate mental collectivism, language. Cultural programs reflect common traditions and ways of thinking, rooted in a common culture.

The Brazilian community of expatriates has great influence in the Portuguese market for Brazilian products. According to the figures explained at the contextualization of this work, this is currently the largest foreign community in Portugal, which makes Brazilian exporters of ethnic foods consider the strategy of entry of these products into the potential European market through the expatriated. First, a connection is established between the consumer and the country of origin through the consumption of ethnic products, then these products are disseminated among individuals as a form of

interaction between cultures, so that products become internationally accepted.

From these concepts, it is possible to raise the topic of the formation of a market of nostalgia and the behavior of its consumers, analyzed by Vignolles and Pichon (2014). The "*Mercado da saudade*" brings nostalgia as the main reason for its formation. When asked in the survey, 35% of respondents said to be the Brazilian "*Mercado da saudade*" important, and another 35% considered it as being extremely important. As well as it was considered the impact of the Brazilian community in Portugal as important (29%), very important (35%) and extremely important (24%) by the respondents. This confirms the opportunity for ethnic Brazilian products in Portugal.

Seventy one percent of the respondents to the survey of this study consider, among other factors, that the elements referring to Brazilian origin, i.e., ethnic elements, are the most important attractive issue for product differentiation in Portuguese market. Other important items, with 47% of importance, are the products not presenting transgenic ingredients in their composition, which reflects the concern of Brazilian food exporters to be aligned with the technical and health standards required by the European Union for the entry and marketing of products in this territory. This issue was already emphasized at the beginning of this study too. The innovation in design, with 41% of choosing, reflects an attention in the differentiation of these products against Portuguese competitors and may refer to cultural appeal. It is also worth mentioning that the Bio, ISO, CE mark and other international Certifications ensure the quality of Brazilian products to the Portuguese market.

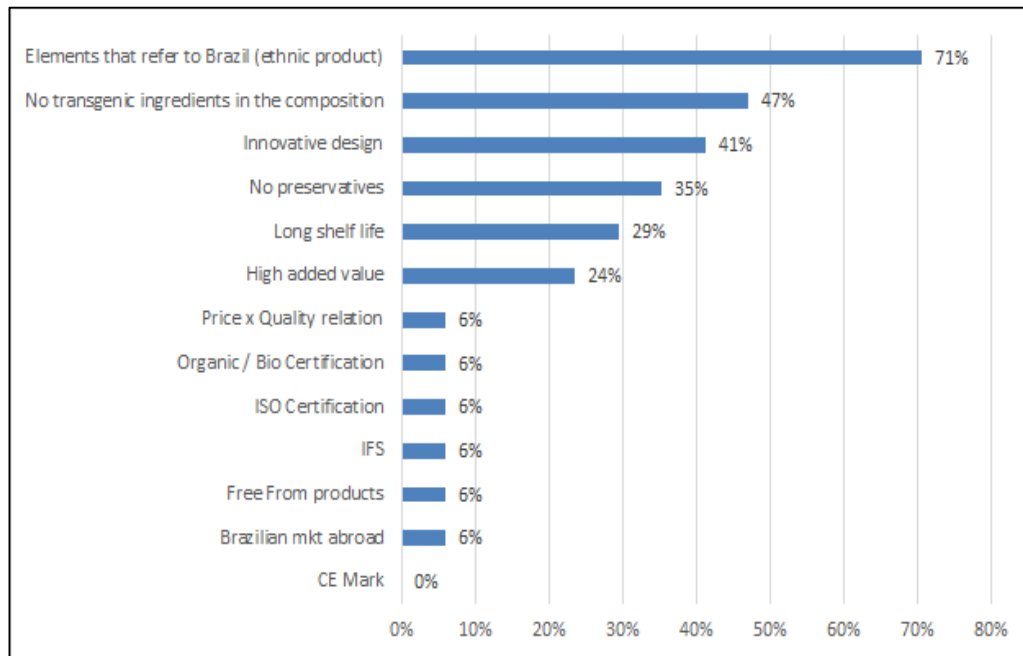


Figure 16 – Graph of competitive differential of the product to enter the Portuguese market
 Source: Drawn up by the author from primary data

5.6.3) Analysis of the entry mode to the Portuguese market and the consequent formation of strategic alliances

In the survey conducted in this study, 100% of respondents said that export was the most correct entry mode to the Portuguese market, besides the fact that 41.2% of respondents were satisfied with their exports to Portugal, and 23.5% extremely satisfied. This leads to believe that there is no intention to change the strategy of the way of entering the market intended for the moment.

Many authors mentioned in this study, such as Cavusgil (1980), Bilkey and Tesar (1977), Reid (1981), Fletcher (2001), Rialp and Rialp (2001), Kumar and Subramanian (1997) define export and indicate it as a way to enter to the intended market, being one of the possible phases of internationalization according to the multi-stage process theory. It is also known that, according to the theory, exports can be classified as direct and indirect, the latter being carried out through commercial partners. This leads to the realization that strategic alliances have their due importance in the export process. When questioned if the way of acting of the trading partner was determinant for the success of the product in Portugal, a vast majority of the responding firms

informed positively, this was indeed a determinant for the success of their product in the Portuguese market. This analysis is in line with Cavusgil (1998), when described that certain entry modes require international partnerships, which can be either advantageous or disadvantageous to the exporters. Some respondent firms mention advantages in working with business partners for their exports to Portugal. Since when they are well chosen, partners have deep knowledge of the market and local culture and they know how to promote the desired products. Other respondent firms claim to have had negative experiences in choosing their partner for the Portuguese market, as they face not have been successful in selling their products due to the way their partners operate. This analysis can be in line with Cavusgil (1998) theory, which mentions that strategic partnerships can increase firms' competitiveness, and Johanson and Vahlne's (2003) theory, which states that network relationships can only be built in the long term when one is part of it. In this way, some firms have responded that they are still looking for the ideal partner to promote their products in the Portuguese market.

Still regarding the analysis of marketing aspects and the formation of strategic partnerships through exports, 47% of the responding firms reported that their partners use Business Fairs as a way of communicating Brazilian products in Portugal; 41% use promotional catalogues for marketing, and another 41% use product degustation actions as a way of communicating products. These were the most used ways of communicating the products to the Portuguese market. However, it is worth mentioning that 35% of the respondents did not know how their commercial partners communicate the offer of their products in the Portuguese market. Therefore, it is important to recapture to the initial theory of this analysis about export as the most appropriate way to enter the Portuguese market. Considering that direct export is less risky than indirect export, the fact that many firms do not know how their products are offered in the Portuguese market, may reflect in a loss of control of some stages. This observation can be closely linked to the type of product that is marketed by the responding firms, since certain foods can require direct export operations or not, that means, controlled from end to end of the chain.

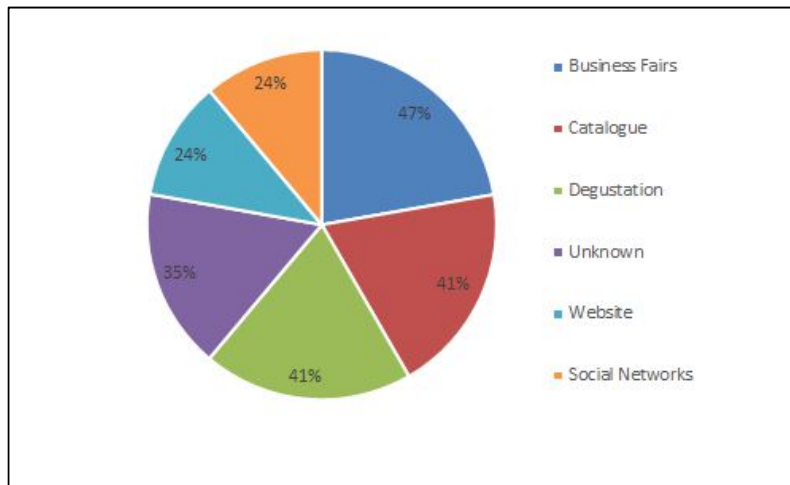


Figure 17 – Graph of forms of communication of the partners for products commercialization
 Source: Drawn up by the author from primary data

5.6.4) Conclusion of results analysis

The results presented from the survey proposed in this study enabled to characterize the profile of a small sample of Brazilian exporters of specialty foods to Portugal. The firms evaluated were comprised of manufacturers of diverse products in the food sector, most of them of large sized companies, with a participation of exports up to 5% in their sales in the last three years and operations between 2 and 5 years to Portugal. This allows to be affirmed that they are considered intermediate exporting firms at export maturity level, which already reflects some experience gained in their export operations. The departure of their goods is concentrated in the Southeast region of Brazil, for the most part, and they use road and sea modals for the domestic and international transport of their cargoes.

Due to the Brazilian territorial dimension, food manufacturers have facilities considered large and with high productivity, in order to supply all the national demand requested. In this way, the gain in scale production is what drives the productivity of a firm in Brazil. Therefore, the supply of orders to smaller countries, as Portugal is defined, with the necessity of adapting the product to that country, causes a great loss of production scale and difficulties in the minimum production lot. This is one of the main barriers faced by Brazilian exporters in serving their external customers, since it implies low production volume, increased production costs, adaptation of products with high cost and losses due to minimum lots of raw material and packaging, and

consequently, losses of competitiveness at international level. In addition to this reality, Brazil does not have a proper logistic infrastructure, causing a huge impact from the production until the exit of the goods of the national territory, impacting costs of products to be exported. In addition, the barriers faced by the firms in the movement of entry in countries such as the European Union members, make difficulties even greater because of sanctions on some foods, besides the lack of trade agreements between governments. Based on that, it is possible to conclude that the size of the market to where to internationalize really matters and must be taken into account by the decision maker in his international strategy.

In order to overcome this scenario, some opportunities and challenges have been identified through this study. The fact that Brazil and Portugal speak the same language, the Portuguese idiom, gives the firms an insight that the adaptation of products to the Portuguese market is less impacting, and it gives them also the idea that other countries will be served with the same products, starting from the entry into the European Union through Portugal. What was observed in this study can be explained by the psychic distance that tends to make Brazilian exporters believe that there is a cultural proximity between Brazil and Portugal, mainly because of the idiom. Thus, once the product is already internalized and internationalized in Portugal, other European Union countries may have access to it, due to the legal provision of free circulation of goods into the economic block. The case studies cited in this paper corroborated to the observation that this type of thinking may lead to misunderstandings and changes in the export strategy initially foreseen by the firms, since there is a tendency to consider that what works for the domestic market may also work for Portugal. Cultures and habits are put to the proof of similarity when in contact, what the theory calls friction.

As challenges, the final price of the products in the Portuguese market and the technological differentiation of the firms emerge. As explained in the theory, the technological increase of exporting firms develops as they gain international expertise. Therefore, this may be a viable way to overcome barriers and convert such challenges into definitive opportunities.

Many firms have experienced their export projects be initiated from an external demand for their products, so there was a demand in understanding the national culture of the intended country. Thus, Brazilian firms were

challenged by two different scenarios, the one of the national culture of the intended country and the another for the appeal for the product with characteristics of the country of origin, also due to Brazilian immigrants demand abroad. Ethnic and regional characteristics were combined with the need for innovative design, specific certifications, no use of transgenic raw materials, reflecting a European cultural appeal in the demand for imported products. To synthesize both demands, strategic partnerships were of fundamental importance in this process, in order to bring to light all the knowledge of the national culture, habits and local manners, allied to the satisfaction of the culture of origin, without losing the ethnic appeal. Strategic partners way of working, how they market and offer, was emphasized as being of total importance for the success or failure of Brazilian products in the Portuguese market. Many companies affirmed to be right or wrong in their export operations to Portugal for the same reason, the choice of the ideal partner.

Chapter 6. Conclusions

As a conclusion to this study, it is necessary to recapitulate some main remarks mentioned here. It is initially observed that, although Brazil is a country of continental dimension, with a very attractive domestic market due to its large population and demand for products, the export of foodstuff still faces great difficulties. This was corroborated in this study when the analysis of internal barriers demonstrated impeditive factors such as the country's low logistic infrastructure and a food sector that is undeveloped technologically, causing international competition to become a challenge due to more attractive final product prices. The literature validates this scenario when it mentions that exports develop better to the extent that firms have access to the most advanced technologies. Added to this, there are also external barriers that arise from the lack of important governmental agreements, tariff and non-tariff barriers, making trade even more complex between the economic blocks.

This study presented a special demand for ethnic products formed from the increasing migration of Brazilians to Portugal. Different cultures were put in contact, making the opportunities for the insertion of Brazilian products among the Portuguese to be considered by the firms. For this purpose, the business environment, cultural aspects, language and habits must be taken into consideration.

The intense movement of foodstuff exports from Brazil to Portugal, demonstrated by figures that reflect a large trade partnership in the sector between countries, should be considered in view of the growing demand for Brazilian products in recent years. The question of product adaptation, mentioned as one of the most important and difficult items for Brazilian companies to deal with, should no longer be seen as an obstacle, but rather as an opportunity to internationalize their products. Translation of labels and packaging to the local language can no longer be seen as a simple form of adaptation. If firms perceive Portugal as an entry hub for other European countries, as clearly highlighted in this research, they should also look at other important items, such as innovation, design, no use of transgenic ingredients, combined to the "Brazilianness" of their products.

Some markets with the same patterns of Portugal are often neglected by Brazilian exporting firms. Psychic distance can disturb the formation of the strategy as it is considered as a familiar market. It explains a phenomenon that many firms say they have not succeeded in their export sales to Portugal. However, they consider Portugal to be an easy market to enter. The repetition of old patterns leads to strategic errors. The lack of knowledge of the market, allied to the lack of resources for monitoring it, lead companies to the failure.

Nevertheless, Portugal has been increasingly open to Brazilian products. In any case, it is worth pointing out that the cultural differences presented in this study have a direct impact on the way of doing business. The choice of a good business partner, often necessary in the export phase, is fundamental to achieve success in sales. The knowledge of the local culture and the way the products are communicated are essential criteria for the progress of Brazilian firms in the Portuguese market.

Finally, technology must be an allied of the companies to overcome important barriers. Most Brazilian trading partners will be presented smaller in external demand, and it cannot be an impediment to the exporter. There is much more to be discovered and gained from international business.

6.1) Theoretical contributions

Several authors have investigated, and are still investigating nowadays, the internationalization of firms and the way they behave in their outgoing operations to the international market. Thus, this work have considered authors who have greatly contributed to the formation of the internationalization literature, such as Johanson and Wiedersheim-Paul (1975), Bilkey and Tesar (1977), Johanson and Valhne (1977, 1990), Cavusgil (1980), Reid (1981), Welch and Luostarinen (1988), Rialp and Rialp (2001), among others.

In order to conduct the literary research process and on account of what was intended to be investigated, more focus was given to one of the most approached modes of internationalization in the literature, the exporting. The process of exporting through multi-stages learning investigated by Johanson and Valhne (1977) (1990) corroborates to the reality of firms today. As approached by Cavusgil (1980), it is possible to find out that firms have started

their export activities and moved forward to more advanced stages, or even, mentioning to have the intention of setting up a subsidiary in the foreign market in near future for their foreign business.

The theory of Johanson and Wiedersheim-Paul (1975) also corroborates when it mentions that the lack of resources and knowledge can become obstacles to internationalization. Some firms object of this study stated that not all markets can be monitored because of lack of resources.

Cavusgil's (1980) theory affirms that firms move forward without a rational analysis of their exports. It has also ratified the concern with the lack of strategic planning in the internationalization of some firms in this study.

At the center of this study's investigation, the concept of psychic distance guides the export strategies of the Brazilian firms studied. Although Portugal is not a market geographically close to Brazil, it is considered a familiar market. The theory of Kogut and Singh (1988) attests what firms mentioned in this research, that culture and language can impact internationalization. This impact can be perceived both negatively and positively.

Another theory that validates the impact on exports of the firms investigated was of Johanson and Wiedersheim-Paul (1975) on the size of the potential market as a relevant factor in the internationalization strategy. Many firms indicated to be a problem to adapt their products due to the size of the market intended.

The psychic distance perceived by foreign entry decision makers may not only consider as important the economic factors to enter in a country, but also attitudes of personal preferences, as stated by Reid (1981). This reinforces the importance given by researched firms to issues such as language, instead of other issues such as brand recognition or technological development. A culture perceived as close can give more confidence at the time of management decision making.

The "*Mercado da Saudade*" brought as very important to firms in this research can be legitimized by Bilkey and Nes (1982) theory when they state that the country of origin of a product actually affects its evaluation.

Andersen (1993) argues that there is a "pull" that drives the beginning of the process of internationalization of the firm, as reported in this research when firms mention having been contacted by outside companies interested in buying their products.

Finally, as firms decide how to enter and interact with the foreign market, two variables arise: technological advance and interaction with strategic partners. Cavusgil (1998) highlights the importance of choosing strategic partnerships and that they should not be chosen randomly. In the open questions of this research, when asked about the biggest mistakes and successes in the process of exporting to Portugal, many firms mentioned the fact that they work with the ideal partner or that they are still looking for a suitable player for their operations in the Portuguese market.

6.2) Practical contributions

This investigation aims to shed light on issues rarely perceived by Brazilian specialty foods export leaders. Some obsolete strategic models continue to be repeated as patterns on the internationalization of Brazilian products to the Portuguese market. Even the issue of psychic distance may be brought to light as a suggestion of profound discussion on the strategy for entering into the Portuguese market, as to evaluate whether firms may be incurring in errors of market preference and similarities, instead of effective opportunities for the products.

Moreover, topics such as strategic partnerships and their performance in the Portuguese market can be revisited from this study. Little is known about how the products are being communicated for supply in the intended market, so that many questions may arise as the form of action of a strategic partner is unknown.

6.3) Research limitation

It is worth mentioning that the research conducted in this study faced extreme difficulties of accessing Brazilian exporting companies for primary data collection purposes through questionnaires. The companies are quite inaccessible to the academic appeal for research questions and do not give due importance to the subject. Several times the emails of contact should be

replied requesting them a response to the survey, so that a plausible number of responses could be reached within the established deadline. Thus, the study became limited due to inaccessibility and low adherence of the respondents.

Furthermore, because of the respondent companies are located in a different country from where the study is being carried out, there is a limitation to the use of Internet tools to make the survey viable, once face-to-face interviews would require more availability from the parts involved.

6.4) Future Research

This study aimed at investigating the opportunities and challenges inherent to Brazilian industries that export specialty foods to Portugal, so that the investigation started from the internal analysis of the barriers faced by the firms, passing through external barriers, the main opportunities and challenges, until the market aspects that were expected for Brazilian specialty foods exports to Portugal. Thus, only one side of the chain was analyzed, from the exporter's point of view. For future researches, it is suggested that the whole chain could be investigated, passing through the distributors of Brazilian products in Portugal, as well as, the shops and final consumers of these products. Then, it would be possible to link all the opportunities and challenges that the Brazilian specialty foods face from end to end in the international supply chain.

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Appendices

Annex I- Questionnaire

Internacionalização de alimentos especiais brasileiros: uma análise das exportações para Portugal

Prezado,

Me chamo Juliana Vogel e sou aluna do 2o ano do Mestrado de Negócios Internacionais, do Instituto Politécnico de Leiria, em Portugal. Estou conduzindo uma investigação no âmbito das exportações brasileiras de alimentos especiais (alimentos processados étnicos) para Portugal, no intuito de avaliar as principais barreiras e oportunidades que envolvem as operações entre estes dois países.

Em se tratando de uma empresa exportadora (de forma direta ou indireta) para o mercado português, venho pedir sua participação para responder este inquérito. Todas as respostas são confidenciais e tratadas exclusivamente para fins acadêmicos.

Caso pretenda ter conhecimento sobre os resultados obtidos neste inquérito, por favor envie um e-mail para: 2172341@my.ipleiria.pt. Sua participação é muito importante! Agradecemos desde já sua colaboração na nossa investigação.

*Obrigatório

Endereço de e-mail *

1.2) Empresa *

1.3) Principal atividade econômica da empresa * *Marcar apenas uma opção.*

- Indústria de produtos alimentícios - derivados de carne
- Indústria de produtos alimentícios - laticínios
- Indústria de produtos alimentícios - conservas e enlatados
- Indústria de produtos alimentícios - moagem de grãos
- Indústria de produtos alimentícios - açúcares e doces
- Indústria de produtos alimentícios - óleos e gorduras
- Indústria de produtos alimentícios - outros alimentos preparados
- Comércio de produtos alimentícios
- Prestação de Serviços

Outro: _____

1.4) Porte da empresa *

Marcar apenas uma opção.

- Micro (até 10 colaboradores)
- Pequena (mais de 10 e menos de 50 colaboradores)
- Média (mais de 50 e menos de 250 colaboradores)
- Grande (mais de 250 colaboradores)

1.5) Qual o percentual aproximado das exportações no faturamento anual da empresa nos últimos 3 anos? *

Marcar apenas uma opção.

- Menos de 5%
- Entre 6 e 10%
- Entre 11 e 20%
- Entre 21 e 50%
- Mais de 50%

1.6) Em termos logísticos, de qual região brasileira saem os produtos de exportação? *

Marcar apenas uma opção.

- Norte
- Nordeste
- Centro-Oeste
- Sudeste
- Sul

1.7) Há quanto tempo a empresa exporta para Portugal? *

Marcar apenas uma opção.

- Menos de 1 ano
- Entre 2 e 5 anos
- Entre 6 e 10 anos
- Entre 11 e 20 anos
- Mais de 20 anos

1.8) Qual o principal modal utilizado no transporte doméstico (da empresa até o ponto de saída do país) para as cargas de Portugal? *

Marcar apenas uma opção.

- Marítimo
- Aéreo
- Rodoviário
- Ferroviário

~

1.9) Qual a frequência de uso do modal MARÍTIMO para o transporte internacional das cargas para Portugal? *

Marcar apenas uma opção.

| | | | | | | |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Nada frequente | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremamente frequente |

1.10) Qual a frequência de uso do modal AÉREO para o transporte internacional das cargas para Portugal? *

Marcar apenas uma opção.

| | | | | | | |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Nada frequente | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremamente frequente |

Barreiras

Avalie o impacto das barreiras abaixo indicadas nas exportações da empresa para Portugal. Considere a escala como sendo: 1 - NADA IMPACTANTE a 5 - EXTREMAMENTE IMPACTANTE

2.1) Barreiras Internas (Inerentes à empresa) *

Marcar apenas uma opção por linha.

| | 1 | 2 | 3 | 4 | 5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Falta de profissionais com experiência na área para gerenciar as exportações | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Baixo ganho de expertise nas atividades de exportação | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Não há um plano estratégico de internacionalização da empresa | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Não há formas de investigação e monitoramento do mercado alvo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Baixa disponibilidade de capital e tecnologia para as atividades de exportação | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Necessidade de adaptação do produto ao mercado externo e consequente baixo ganho de escala produtiva | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

2.2) Barreiras Externas (Macroambientais) *

Marcar apenas uma opção por linha.

| | 1 | 2 | 3 | 4 | 5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Falta de conhecimento dos canais de distribuição e representação no mercado português | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Dificuldade em compreender o mercado e,, por consequência,, oferecer um produto de acordo com o perfil do consumidor | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Existência de barreiras tarifárias | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Existência de barreiras não-tarifárias (Ex.: exigência de Certificações,, documentação técnica,, etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Ausência de acordos comerciais com o mercado-alvo ou Bloco Econômico a que este pertence | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Excesso de burocracia no processo de exportação,, alto custo alfandegário e altos tributos | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Baixa eficiência logística brasileira e alto custo de operação de transporte | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Situação econômica de Portugal/UE | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Oportunidades e Desafios

3.1) Como a empresa classificaria, em termos de “O” OPORTUNIDADES; “D” DESAFIOS; OU “A” AMBAS, os itens abaixo no processo de exportação para Portugal? *

Marcar apenas uma opção por linha.

| | O | D | A |
|--|-----------------------|-----------------------|-----------------------|
| O mercado português é um hub de entrada para UE | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Localização geográfica do Brasil | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Maior desenvolvimento tecnológico ao lidar com o mercado externo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Preço final do produto no país alvo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Valorização e reconhecimento da marca no mercado global | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Idioma do país alvo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Cultura e hábito do país alvo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Faturamento em moeda forte (Euro) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Incentivos governamentais do Brasil em exportar e transpor barreiras com o país alvo | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Concorrência internacional | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Concorrência local | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Aspectos Mercadológicos

4.1) Identifique os fatores que levaram a empresa a entrar no mercado português (é possível marcar mais do que uma opção) *

Marque todas que se aplicam.

- Pessoas do círculo social sugeriram
- Alguns concorrentes nacionais já exportavam para esse destino
- Conhecimento de produtos dos concorrentes que considerou poder competir
- Oportunidade de entrada no mercado europeu
- A empresa foi procurada por contatos no exterior
- Acesso à informação de revistas especializadas sobre o setor
- Acesso à Informação de pesquisas setoriais disponíveis em entidades de apoio à exportação
- Visitas a Feiras de Negócios internacionais
- Viagens a Portugal para conhecimento local
- Contratação de empresas de pesquisas no exterior

Outro: _____

4.2) Considera que o produto da empresa possui algum diferencial competitivo que tenha ajudado na entrada no mercado de Portugal? (é possível marcar mais do que uma opção) *

Marque todas que se aplicam.

- Certificação ISO
- Design inovador
- Certificação Orgânica/Biológica
- Marca CE
- Alto valor agregado
- Possui elementos que remetem ao Brasil (produto étnico)
- Não leva ingredientes transgênicos na composição
- Não leva conservantes
- Validade longa

Outro: _____

4.3) Qual a importância do "Mercado da Saúde" em Portugal para a empresa? *

*

Marcar apenas uma opção.

| | | | | | | |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Nada importante | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremamente importante |

4.4) Qual o impacto da comunidade brasileira em Portugal no consumo do produto da empresa? *

Marcar apenas uma opção.

| | | | | | | |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Nada impactante | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremamente impactante |

4.5) Considera que a forma de entrada escolhida para o mercado de Portugal (Exportação) foi a mais correta? Em caso negativo, qual seria a opção mais adequada? *

Marcar apenas uma opção.

- Sim. Exportação foi a mais correta para o mercado de Portugal.
- Não. Investimento Estrangeiro Direto seria a mais adequada.
- Não. Joint Venture seria a mais adequada.
- Não. Franchising seria a mais adequada.
- Outro:

4.6) Qual a forma de comunicação dos parceiros comerciais para distribuição/comercialização dos produtos da empresa no mercado de Portugal? (é possível marcar mais do que uma opção) *

Marque todas que se aplicam.

- Desconhecida
- Promoção através de website institucional
- Promoção em redes sociais
- Catálogo de produtos
- Participação em feiras de negócios
- Promoção através de ação de degustação

Outro: _____

4.7) Considera que a forma de atuação de parceiros comerciais foi determinante para o sucesso/insucesso do produto da empresa no mercado de Portugal? Por quê? *

Considerações Gerais

5.1) Considerando todos os aspectos mencionados neste questionário, como avalia a experiência de exportação da empresa para o mercado de Portugal? *

Marcar apenas uma opção.

| | | | | | | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Nada satisfatória | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremamente satisfatória |

5.2) Qual considera ter sido o maior erro cometido no processo de exportação da empresa ao mercado português? *

5.3) Qual considera ter sido o maior acerto cometido no processo de exportação da empresa ao mercado português? *
