

Chapter 2

Internationalization Strategies: Circumventing the Liability of Newness – A Case Study of Irregular Internationalization Paths

Beatriz Clarinha

University of Aveiro, Portugal

Diana Cunha

University of Aveiro, Portugal

Francisca Sá

University of Aveiro, Portugal

António Carrizo Moreira

University of Aveiro, Portugal

ABSTRACT

This chapter analyzes the internationalization process of an irregular exporter and seeks to perceive the internationalization theory that explains the company over this international path. Some of the most studied internationalization models that explain the rapid internationalization process were reviewed in order to compare the main characteristics of each theory. Methodologically the chapter uses primary data, obtained from an interview, complemented by the analysis of secondary data. A synthesis table seeks to summarize the characteristics of the internationalization process of each of the four theories analyzed.

Internationalization Strategies

INTRODUCTION

The globalization process has driven firms' internationalization (Ietto-Gillies, 2012; Ribau et al., 2015). Normally, Small and Medium-sized Enterprises (SMEs) seek to exploit their competitive advantages in overseas markets involving exporting activities as the main outward internationalization modes of entry (Ribau et al., 2018; Stanisauskaite & Kock, 2016). However, with the globalization process, firms have been changing their international behavior according to the dramatic socioeconomic shifts in the international environment. As a result of the increasing international competition, several models and theories of internationalization have been used to categorize firms' behaviors in international markets, namely SMEs.

Nowadays, the international environment is complex, since SMEs and multinationals are increasingly adopting various forms of internationalization strategies (Ribau et al., 2015) that aim to: "serve global markets, rapidly deploy new products in several countries, or adapt their brands to global/multidomestic environments" (Ribau et al., 2015, p. 529).

Naturally, the concept of internationalization has evolved over time and varies depending on the area under study. Moreover, it depends on firm-based factors, such as size, age, management mode, among others (Paul & Sánchez-Morcilio, 2019; Ribau et al., 2015; 2018). Briefly, internationalization can be described as the process of increasing involvement in international operations, that is, increasing activities in foreign markets (Calof & Beamish, 1995).

According to the literature, international expansion represents an opportunity for company's growth and added value creation, particularly for SMEs. Indeed, companies that enter international markets usually increase their technological and market knowledge, improve their performance, and become more innovative. In this way, they also become stronger competitors in domestic markets (Engelman et al., 2015).

Ribau et al. (2015) offer an evolutionary schematic perspective of the main internationalization theories, foci and assumptions following a historical perspective. Paul & Sánchez-Morcilio (2019) defend that the internationalization process is conservative and predictable. As such, it is possible to claim that behavioral theories emerged as more or less predictable explaining the internationalization of SMEs.

Several models have been put forward to explain the internationalization path followed by SMEs—born globals (BGs), born regionals (BRs) or born again globals (BAGs)—as an alternative to the traditional Uppsala model in order to explain the scale, scope, and speed of internationalization. As the internationalization path can hardly be explained by a single theory, the aim of this chapter is to, based on a single case study known as CASTLE—which for confidentiality reasons its name cannot be disclosed—, discuss the characteristics of the internationalization of CASTLE and identify the typology of internationalization that fits CASTLE the most. For that, four internationalization models are going to be used to understand CASTLE internationalization path—Uppsala model, BGs, BRs, and BAGs—to identify the one that resembles the most to CASTLE's. CASTLE's characteristics are unique as the company started to expand abroad right from its inception and, nowadays, is present in all continents. In this sense, several topics will be addressed and discussed, such as: the modes of entry abroad, the main internationalization drivers and barriers when entering foreign markets. Moreover, the four internationalization modes are analyzed using CASTLE's internationalization path, reasons for internationalizing, modes of entry and speed of internationalization, among others.

An important assumption for all studies on this type of small and medium-sized companies is their resource constraints (Hånell & Nordman, 2019). However, managers and/or founders have an indispens-

Internationalization Strategies

able and preponderant role in networking so that they enhance their internationalization paths, showing that companies with international entrepreneurial orientation seek international markets taking on risky, proactive and innovative behaviors that underpin their rapid internationalization process (Coviello, 2015). Nevertheless, more important than entrepreneurial orientation is adaptation of the firm as markets change dramatically.

Based on a case study, this book chapter seeks to explore the following research questions:

1. How did the company take advantage of the globalization process and embraced the opportunities in the international arena?
2. How has the company evolved in international markets and has adapted to swift changes?
3. What determinants motivated this rapid and early internationalization process and the subsequent adaptation process?
4. What are the main theories – Uppsala model, Born Global, Born Regional or Born-again Global – that can explain the internationalization process of the company?

This document is structured as follows: after the introduction, Section 2 presents the literature review. Section 3 describes the methodology adopted. In Section 4 the general presentation of the company chosen is done. Section 5 addresses the main results obtained from the interview and data analyzed. In Section 6 the results are discussed. Finally, in section 7 the main conclusions drawn from this work are shown.

LITERATURE REVIEW

Uppsala Model

The internationalization of SMEs is a multifaceted theme as it involves different topics and contexts in which SMEs operate (Ribau et al., 2018). Although this area of research has been extensively analyzed in the last decades, the Uppsala Model is recognized as the most used one addressing the internationalization of SMEs (Ribau et al., 2015; 2018). This model depicts the internationalization of SMEs as a gradual process in which companies internationalize based on the market knowledge they have and the more knowledge they internationalize the more committed they are to leverage further the internationalization process. As such, this model depends on the company's internal characteristics but also on the contextual characteristics that influence companies in the international path.

The revised version of the original Uppsala model adds the business networks' perspective and their implications. If the original Uppsala model was based on the assumption that developing knowledge was fundamental to the firm's internationalization, Johanson and Vahlne (2009) revised the model incorporating business networks and previous management team relationships as essential to generate new essential knowledge for the internationalization process, i.e., the concept of relationship-specific knowledge generated through inter-organizational interactions are important to generate heterogeneous capabilities and resources. As such, companies may follow resource-seeking or market-seeking behaviors to evolve in their international paths.

Internationalization Strategies

Born Globals

The globalization of the world economy brought about not only global markets, but global competition as well (Zander, McDougall-Covin, & Rose, 2015), creating examples of companies with rapid internationalization processes in the early stages of the firm's internationalization process (Ribau et al., 2015). These firms, Born Globals (BGs), expand to international markets, taking advantage of both new global contextual conditions and new needs, which are based on rapid internationalization approaches (Coviello, 2015; Ribau et al., 2015; Weerawardena et al., 2007).

BGs stand out for having: a global vision from the beginning of their business activity, managers with international market orientation as well as prior international experience, and strong capabilities (Ribau et al., 2015).

Since they were already born operating in international markets, BGs do not normally follow the typical linear internationalization process proposed by the Uppsala model (Ribau et al., 2015). Clearly, BGs are focused on how early they become international, rather than how they serve the local market and are characterized by their proactive international strategy (Oviatt & McDougall, 1994).

Born Again Globals

Born Again Globals are known for being well-established in their domestic markets with no motivation to begin the internationalization process (Bell et al., 2001), but as soon as they implement some strategic changes, they may adopt an international focus (Schueffel et al., 2014). Also known as late internationalizers, they usually change their internationalization perspective when they go through "critical incidents" such as reformulation of the management team, the focal firm being acquired by a competitor, acquisition of a firm with international operations, and customer influence, among others (Bell et al., 2001).

Born Again Globals usually begin their internationalization process incrementally (Baum et al., 2015) with the main motivation for entering external markets being to exploit new resources and networks (Bell et al., 2003). As such, Born Again Globals are present in a low number of foreign markets, and have a high institutional and cultural distance from foreign markets (Baum et al., 2015).

Born Regionals

The internationalization of BRs is very similar to that of Born Globals as they internationalize soon after their inception. However, they focus their international activities on a geographical area that is very similar to the contextual characteristics that they face in their country of origin (Baum et al., 2015; Lopez et al., 2009). The main reasons behind this path is that the companies tend to exploit some specific competitive advantages in its region and the need to operate in vast international markets is very limited (Baum et al., 2015).

Born Regionals are less likely to be learning oriented towards, as they are focused on their geographical proximity (Baum et al., 2011). BGs and BRs are closely related, being the main difference between them the number of countries they serve (Lopez et al., 2009).

Entry Modes

When a company begins to consider the possibility of going international, there are several aspects to which it should pay the greatest attention so that the process runs with as few difficulties and objections as possible. There are numerous ways of entering foreign markets, and most suitable mode of entry for a given market is only one of these aspects. This choice implies making several decisions that may affect the company, and, for this, it is necessary to know and understand the characteristics of a given market/country, since “it is difficult to understand the business environment in a country without studying the current political system and institutions, government policies, and a variety of data and other information on the country’s economy” (Zeqiri & Angelova, 2011, p. 573), as well as aspects related to the culture, demography and history of that country. Thus, a company seeking to internationalize needs to assess the factors that play a significant role during the decision-making process for market selection and then proceed to choose the entry mode that best suits that market (Zeqiri & Angelova, 2011).

The modes of entry into a foreign market fall into three major groups: (A) export; (B) contractual forms; and (C) foreign direct investment. Exporting can occur in three distinct types: direct, indirect and own. Contractual forms can take many forms, the most important of which are: licensing, franchising and strategic alliances. Regarding foreign direct investment, this can occur through the acquisition of an existing company or the creation of a new subsidiary (Armstrong & Sweeney, 1994).

Naturally, each mode has its advantages and disadvantages, but a company will be more attracted to a specific mode depending on its nature, background and experience, strategic objectives, and resources (Zeqiri & Angelova, 2011). In the following, these different modes of entry into a foreign market will be briefly analyzed.

A. Export

In exporting, goods are sold in a country other than the one where they are manufactured (country of origin). This is a traditional method of reaching foreign markets and is the simplest, fastest and most common way to do this. In this case, there is no need for the company to invest in a foreign country because exporting does not require the goods to be produced in the destination country. Most of the costs associated with exporting take the form of marketing expenses (Zeqiri & Angelova, 2011).

As stated earlier, exporting can take on three different types (Gabrielsson et al., 2002). In the direct export mode, the producing firm handles export activities directly with the first intermediary located in the target country, which will take care of the distribution of the products (examples: importers, agents and distributors). The indirect export mode exists when another company located in the domestic market performs export activities on behalf of the producing company (examples: trading company or subcontractor) (Gabrielsson et al., 2002). Finally, the own export type occurs when the company uses its own assets and knowledge network and there is no domestic or foreign intermediary between the company and the final customer. The producer’s own export team is involved in sales activities to serve end customers and is in charge of sales promotion, customer acquisition and product distribution. Examples are online sales (website orders) or mail orders (Gabrielsson et al., 2002).

B. Contractual Forms

Internationalization Strategies

Contractual forms allow companies to collaborate with their counterparty. Thus, costs are shared and they can specialize even more in their skills and gain more knowledge about the market. The main contractual forms are (Zeqiri & Angelova, 2011): licensing, franchising, and strategic alliances. A license agreement is a commercial agreement between a licensor who has a competitive advantage/monopoly position (e.g. a patent, a trademark, a design, copyright, a manufacturing capability) of which it has the exclusive right, which prevents others from exploiting the idea, design, etc., and a licensee who pays a fee in exchange for the rights to use the intangible asset and possibly technical assistance (e.g. pays a royalty per unit produced). Franchising is an entry mode quite similar to licensing: it is also a contractual arrangement whereby, upon payment of a royalty fee by the franchisee to the franchisor, the latter grants the franchisee the right to use an already developed and tested business concept, including the trademark, products/services, marketing, etc., in order to ensure the success of the franchisee's business. The difference from the licensing mode is that the franchisee must abide by certain rules given by the franchisor (Zeqiri & Angelova, 2011). Alliances represent an agreement between two companies that come together to develop a certain project, operate jointly in a certain market, etc. Typically, alliances are about entering a market and sharing risk, rewards and technology to achieve a common goal, which requires reciprocity, mutual efforts and acting together (Zeqiri & Angelova, 2011).

C. Foreign Direct Investment

Foreign Direct Investment (FDI) is the direct ownership of facilities in the destination market/country. It involves capital, technology and personnel. Direct ownership provides a high degree of control in operations and the ability to learn more about consumers, the competitive environment and the market in general. However, it requires a high level of resources and a high degree of commitment. FDI can be done by acquiring an existing company or creating a new subsidiary (Zeqiri & Angelova, 2011).

Facilitators to Enter International Markets

One of the factors that facilitates the entry of a company into overseas markets is the so-called international orientation. This factor concerns the entrepreneurial vision and vocation of the owner or manager of a company to internationalize it (Deprey et al., 2012). This managerial international orientation may stem from: his/her international work experience, which may enable him/her to become aware of the opportunities that exist in foreign markets (Hutchinson et al., 2007); the length and extent of the trips managers have spent abroad, whether studying or working (the longer in time and the more extensive his/her stay abroad has been, the greater the orientation); his/her foreign language skills; and his/her understanding of cultures other than his own (Deprey et al., 2012).

Technology may be another relevant factor in facilitating firms' entry into international markets. However, the effects of technology on internationalization vary depending on the area in which the firm operates, being more important in some sectors than in others. Technology can therefore be a source of competitive advantage in the internationalization process and fundamental to entry modes. For example, companies can make use of the Internet and communication technologies to develop a virtual presence, which gives them immediate and low-cost access to foreign markets, reducing geographical distance and facilitating interaction with potential international clients. Technology also makes it possible to operate from the home country, but also travel abroad as needed (Deprey et al., 2012).

Internationalization Strategies

A third factor that can facilitate firms' internationalization is their degree of specialization in market niches, i.e., the adaptation of products to specific markets. That is to say that meeting customer needs by tailoring goods and services to small segments can represent a source of competitive advantage in foreign markets (Deprey et al., 2012). In fact, providing appropriately focused and customized products and services for niche markets is essential in the internationalization process of companies. To prove this, based on a study revealing that in six of the nine companies investigated, the specialization "is an important reason for their distinctiveness and attraction to international clients, many with whom they have long-standing relationships" Deprey et al. (2012, p. 1617).

Finally, what can be considered the factor that most favors the entry of companies into foreign markets is networks. Networks are important for several stages of the internationalization process, from the identification and exploitation of market opportunities to the growth and establishment of the company in international markets. Networks can be classified as: business networks (also called formal), which refer to relationships with other business actors; and social networks (also called informal), which allude to social contacts with friends and family (Andersson et al., 2018; Ojala, 2009).

On one hand, relationships and networks represent key tools for gaining access to market-relevant information and other material and immaterial resources (Andersson et al., 2018). Moreover, networks can not only help overcome internal resource deficiencies but also enable access to knowledge and experience absent within the firm (Hutchinson et al., 2006; Ribau et al., 2019). Indeed, by working more closely with other firms, it is possible to obtain, combine and share expertise, resources and knowledge, as well as coproduce additional knowledge in ways that would not be possible if a firm operated independently (Welch et al., 1998). On the other hand, when faced with uncertainty when entering new markets, firms can draw on contacts and connections with others firms of the network to minimize risk (Zain & Ng, 2006). Deprey et al. (2012) further highlight the important role that networks play in helping to "determine which ways to enter abroad and, to a lesser extent, which markets to enter" (p. 1611).

Barriers to Entering International Markets

When a company enters international markets, some obstacles hinder this process and create failures in operations, causing the company to have large financial losses and giving rise to negative attitudes toward internationalization (Al-Hyari et al., 2012). Thus, companies must know how to overcome them to be successful in these markets.

There is a wide variety of aspects that can be considered barriers to the internationalization of companies, one of them being the lack of financial resources (Roy et al., 2016). The fact that companies do not have enough financial resources to be present abroad and to export their products is an obstacle that prevents many companies from going down this path (Al-Hyari et al., 2012). Although there is the possibility of receiving government support for these situations, some governments do not provide it and those that do so are rarely enough to help all the companies that need it. With this lack of government support, it becomes impossible for many of them to reach the international market. In addition to the lack of support from the government, political risk, corruption and the laws of each country are all obstacles for companies to enter various countries (Roy et al., 2016).

Culture can be presented as either a benefit or a problem to the entry into several markets. As an obstacle, it represents the cultural distance that exists between different countries and the different languages spoken in them. Thus, it is important that companies have a good knowledge of the culture and

Internationalization Strategies

language of the markets they intend to enter, so that they can adapt better and be well-regarded by future partners/distributors (Roy et al., 2016).

The insecurity of the logistics process, the costs that it can represent, as well as the price difference between companies and their competitors, must be taken into consideration in order to remain competitive and survive in these markets (Al-Hyari et al., 2012).

METHODOLOGY

As the case study method allows the analysis of specific situations, this chapter was based on a Portuguese firm—CASTLE—that is an internationalized company, with a clear position in the market that has had an adaptive strategy in international markets. The case study is based on a qualitative analysis of the previous knowledge of the firm gained from public presentations, the sound brand name it has on the market and an interview carried out with CASTLE's CEO.

CASTLE produces a broad range of products—luxury perfumed soaps, solid shampoos and conditioners, hand and body gel, body lotion, hand cream, shaving products, eau de toilette, travel packs, among others—for the premium market. It started its production activities as a sourcing company to supply luxury perfumed soaps for an American brand. After an initial success, CASTLE needed to muddle through this competitive market and created its own brand after losing its anchor in the American market. This company was selected as it allows the analysis of several theories that support the internationalization process firms go through with new empirical results drawn from specific situations under analysis. Moreover, this case study also allows the investigation of particular contextual phenomena that influences the firm's positioning and evolution and the interpretation of retrospective information that supports theoretical and practical insights (Eisenhardt, 1989; Ribau et al., 2019; Yin, 2014). Furthermore, the case study method is particularly appropriate to analyze a dynamic perspective over time involving a complex nonlinear internationalization process (Durão & Moreira, 2019; Vissak & Francioni, 2013; Silva & Moreira, 2019).

CASTLE was selected based on a theoretical sampling approach, which involves the selection of business cases that meet several important aspects under analysis (Patton, 2015): (a) being involved in a nonlinear internationalization process; (b) the participation in the provision of B2B and B2C markets; (c) having core activities in the luxury market; and (d) actively seeking to increase the international market segment.

Based on the qualitative nature of the research, a semi-structured interview was arranged with CASTLE's CEO to collect data. This interview took place in June 2022 and lasted around one hour. This semi-structured interview aimed at obtaining insightful primary information from the interviewee regarding the history of the company, the internationalization strategy—motivations, timings, sales volume and exports percentages—, main markets where the company operates and how the company has managed to adapt to those markets. In order to complement the information obtained, secondary information from public sources—firm's website, public presentations, information from industrial associations, among others—complemented primary data obtained during the interview, supporting triangulation of information, validity and reliability (Eisenhardt, 1989). Moreover, all information was complemented by a visit to CASTLE's premises, which also helped the interviewers to break the ice and the interviewee to feel more comfortable while speaking in his own environment. In order not to interfere with the messages carried out by the interviewee, the interviewers kept an unobtrusive presence,

Internationalization Strategies

not interfering with the on-going events and activities. After the interview, the researchers' impressions were summarized for subsequent analysis.

To ease the interviewing process, the researchers started by explaining the objectives of the research, guaranteeing the interviewee total anonymity. The interview script was developed to explore the firm's internationalization path, its importance for the firm, and how the firm managed to serve different types of markets abroad in such a competitive market. After obtaining information and data from all the possible sources, it was possible to transcribe all information into a single case story.

COMPANY PRESENTATION

CASTLE was founded in 1999 by Aquiles Barros, Porto, Portugal. Originally, it was the result of a challenge proposed to the founder to create a soap production company, exclusively for an American brand and in 2000 CASTLE started this production with only six workers. In 2003, the company lost its only client and was faced with one of the most important decisions in its history: close doors or risk continuing. At that time, CASTLE chose to continue its production for other American brands and for large Spanish company, until 2006.

In that year, the company decided to start producing its own brands, creating a product brand with the same name of the company, in 2007, Portus Cale. Until 2008 it exported 100% of its production. It was in 2008 that CASTLE started to sell its products in Portugal, CASTLE's country of origin, followed later by exports to several other countries. Nowadays, the brand is present on all continents and its exports represent about 80% of the sales volume.

Although the company started producing its own brands, that did not stop it from continuing to produce for other brands worldwide. Even today CASTLE produces for major global brands, based mainly in the USA. CASTLE does not position itself as a simple soap company: it sells gifts, luxury soaps as well as products for the body and the home.

At present, it operates with about 150 employees, with a single production plant in Portugal, and is characterized as a company that, because of the price and the quality of its products, sells affordable luxury. The hand-packed products allow the company to have a connection with all the items it produces, valuing the work of employees. A dedicated team is exactly what CASTLE considers to be the secret to its success.

To serve all the countries in which it is present, CASTLE adopts a standardization strategy, meaning that it produces and distributes the same products to all the countries. Therefore, the company tries to keep up with the trends, both in Portugal and abroad, in order to create products that satisfy and surprise its customers.

CASTLE operates in the B2B market—because it distributes its products to other stores, which then sell them, and manufactures products for other brands—and in the B2C (business to consumer) sector, because it sells its products in its own stores, both physical and online.

RESULTS

Currently, CASTLE has around 150 employees hired directly by the company. However, this number varies according to the time of year, for example: during the Christmas season, the number goes up.

Internationalization Strategies

Regarding the turnover, in 2021, the company invoiced 14 million euros, which reflects a trend of continuous growth, although, due to the Covid-19 pandemic, in 2020 there was a drop in growth.

Over the years there has been a change in CASTLE's marketing strategy: initially, they did not make advertisements, which meant they did not work with paid advertising. They did occasional actions with influencers and worked with some agencies, although it was something sporadic. At this moment, the company is reorganizing its marketing strategy and is working with an external agency to promote products, namely through advertisements on social networks. Those ads occur, mostly, when new products are launched, as was the case of the latest launch of Portus Cale—White Crane. In addition, at specific times, such as Christmas, they look to create new events, where they invite influencers and public figures, so they make their followers aware of the products and the brand, promoting them. At the same time, the company also seeks to establish contact with direct customers and promote the brand as much as possible, in a measured way, as it is a company that does not want to be everywhere at once, but rather intends to choose and manage customers (helping them grow with them) while showcasing the core of the brand: traditional, hand-packed products in Portugal. It is a gradual change that is still being designed and that involves changing the approach they use towards the market: a strong presence on social networks, greater contact with influencers, the creation of two of their own shops at El Corte Inglés, which is a major department store—with one shop in Porto and the other one in Lisbon.

In terms of competitors, Claus Porto, belonging to the Ach. Brito group, is considered CASTLE's biggest national competitor, followed by Benamôr. Internationally, *L'Occitane en Provence* stands out.

CASTLE's main product brand is present in the four corners of the world (see Figure 1), with the European continent being the most evident one. Here, Great Britain appears as one of the company's main markets, but it also has a vast presence in countries like Ireland, Spain and France. For many years, Portugal was not one of CASTLE's key markets; nevertheless, today, it is undoubtedly one of its vital clients.

On the other side of the world, Southeast Asia has been one of CASTLE's great bets, and Hong Kong is the market most explored by the company. CASTLE is also strongly inserted in the American continent, with the USA representing one of its most important clients. It has also been registering significant growth in Canada.

CASTLE is also growing considerably in South America and has a more tenuous presence in Oceania and Africa. The latter is a market that CASTLE finds more difficult to enter due to the lesser means of some countries. The company thus recognizes that its products are not of easy access to everyone due to the premium price.

The choice of which countries to enter was based on a variety of reasons. The one that may be considered the main reason is the fact that, from very early on, one of CASTLE's main goals has been to expand internationally. As already mentioned, the company was born to produce soaps for an American brand. Even after losing this client, CASTLE chose to continue to export to the USA, since it already had experience in that market and, therefore, knew how the export process worked in that country.

As far as Great Britain is concerned, and as in several European countries, its entry was natural since these were markets in which it made sense for CASTLE to be present. Furthermore, the existence of good contacts allowed the entry of the company into the British market. Even though the United Kingdom's exit from the European Union in 2020 made things a little more difficult in terms of bureaucracy, the business continued successfully. Entry into the Southeast Asian market was also favored through contacts with people from those countries, and these relationships are still maintained today.

Internationalization Strategies

Figure 1. CASTLE in the world



On the other hand, the assiduity in international fairs, namely those that take place annually in Italy and France—*Cosmoprof* and *Maison & Objet* respectively—, has enabled CASTLE to enter these markets, which is mainly through contacts that the commercial team receives (besides the prospection that is a tiny part, since there are more people contacting them than the other way around). Most contacts come from these European fairs, but they are also present in some others outside Europe. The fact that these countries are very open to the beauty and cosmetic industry was also essential to facilitate the entry of the company.

In terms of objectives/projects, currently, CASTLE's purpose is not to increase the number of markets where they are present but to grow in the markets where they already are present. The reason for this is they think that if there is enormous accessibility, the brand will be discredited. In addition, by increasing production exponentially, it would be difficult for them to continue to be what they are, traditionally working by hand. Clients are chosen carefully, as it is intended that beyond the business itself, a solid and lasting relationship is maintained. Thus, they aim to grow more in the Spanish market, developing their presence in the Iberian market. Besides that, the German market is another goal. Although they place a lot of barriers to the entry of foreign products, Germans are extremely loyal customers because, from the moment they trust the brand and its quality, they have the habit of recommending it, which is very important for companies that are starting to enter these countries.

As a project for the future, CASTLE intends to consolidate its presence in the Asian market, which they consider to be an interesting market, but also one of slow penetration due to the nature of the Asian culture in which it is necessary to build a relationship before the negotiation itself. However, after gain-

Internationalization Strategies

ing that trust in the partner, it becomes a long-lasting relationship that brings great advantages to those who do business with these countries. The justification given during the interview for the desire to be present in Asia has several points: (1) because the countries of the Asian continent give great importance to personal health and beauty care; (2) because it is a very appealing market that is little explored by Portuguese companies; (3) because it is a very malleable market that offers great opportunities to companies like CASTLE by accepting new products with different materials; (4) because of a demographic reason since they are highly populated countries; and (5) because despite being very demanding clients, they do not mind spending, for example, 100€ on cream if they know it is worth it.

In fact, the interviewee mentioned that they already have some presence in Asia: they have some distributors in South Korea, Japan and China, some pop-up shops (shops opened for a specific purpose, managed by CASTLE or by its suppliers and which, after some time, may or may not remain in the same place or even close), namely in Hong-Kong.

In total, CASTLE exports around 80% of its production. Naturally, the most popular products vary from market to market. Generally speaking, the collections that are top sales abroad, especially on the European and American continents, are Ruby Red, which is inspired by the so well-known Port Wine, and Gold & Blue, inspired by traditional Portuguese tiles. In Asia, White Crane stands out, a collection inspired precisely by Asia. In Portugal, the *Sardinha* [sardine] collection is particularly appreciated for its underlying cultural issue.

Alongside this, it should be noted that CASTLE operates in two distinct ways: it has its own brands but it also produces for some foreign brands. The latter arises through clients who contact the company with a concept for a collection in mind but do not have the means to produce it. In the past, sales to foreign brands represented a large percentage of the company's exports; today it is the company's own brands that are most sought after by nationals and internationals.

Until now, CASTLE has entered the foreign market only through exportation. It is known that the company sells its products abroad through its website (online shop) and through the physical points of sale of its distributors because the company does not have its own shop abroad. In this sense, to distribute to the points of sale, CASTLE works with logistics companies. There is therefore no other intermediary between the company and the client, either nationally or internationally. So that this whole process runs smoothly and satisfies all the parties, CASTLE carefully assesses all the companies that want to be their distributors so that it does not harm the distributors they already have. The shops present in foreign countries are normally located in more sophisticated commercial areas with a high level of affluence, which serve an upper-middle/high-class public, and aesthetically suit the image that CASTLE wants to transmit to its clients.

For CASTLE, it is a matter of pride to show foreign countries what is made in Portugal and the people that make it. In this way, it is clear the importance the company gives to its employees, who wrap millions of soaps per year by hand, since, by choice, they do not have machines for that purpose. In addition, Portugal is considered a fashionable country, so making culture and traditions known through cosmetics is something that attracts people.

However, entering certain foreign markets has its obstacles, particularly at the legal level. In the USA, for example, CASTLE cannot export some products (e.g., diffusers) because above a certain level of alcohol the items are not accepted, at least not by air. As for China, trademark registrations are complex, so some companies trying to enter this market find out that the trademarks have already been registered. Besides this, CASTLE needs to have some adaptation capacity to meet deadlines and rationalize every-

Internationalization Strategies

thing so that the products do not lose their quality and characteristics during the export process. It is also necessary to take into account that markets change, as well as the way consumers view products.

For CASTLE, it is fundamental to establish contact networks before entering markets, and this is something that greatly facilitates entry into them. In fact, the solid relationships that the company still maintains today with the big markets are part of its internationalization strategy and arose before entering the countries in question.

In some cases, the relationships established between CASTLE and its distributors are managed by companies, such as in Spain. In this country, CASTLE has a company that helps them do market management, which facilitates the distribution of their products. In other markets/countries, the company's relationships are mostly based on advice, contacts or people who know people. In rarer but also possible cases, some relationships have arisen purely by chance.

In this last situation, the interviewee gave the example of the beginning of a relationship in which the director of one of the company's departments, during a visit to Porto, met a man from Hong Kong trying to buy a train ticket and decided to help him. During this moment, they talked about several topics, including CASTLE. So, through this interaction, a business opportunity arose and became a reality and, nowadays, this man's company is the main distributor of CASTLE products in Hong Kong. Taking this into consideration, it can be said that some CASTLE relationships have opened international opportunities that were not planned.

Generally speaking, the internationalization strategy of the company has remained the same over time, with the presence at international fairs being highlighted, as it is possible to make CASTLE known to countries all over the world. Missing, for example, *Maison & Objet*, in Paris, will certainly have an economic and commercial impact on the company. To date, CASTLE has not exited any foreign markets, which shows that the internationalization strategy has worked relatively well, and, for this reason, the company does not intend to change it.

CASTLE generally adopts a standardization strategy because, as they are present in many countries, it would be complicated, both in terms of logistics and product management, to adapt all the products to each country, or even to create different products for each one. However, there are occasional cases of product adaptation, although these are minimal. They try to follow trends and be ahead of competitors to create collections that reflect the cultural and aesthetic context of the time, not only in Portugal but also abroad. An example of this is the White Crane collection which mixes Portuguese ceramics with Asian influences.

According to the interviewee, the biggest difference between Portugal and the other countries where they operate is the fact that Portugal is more traditional and reserved. However, this is not a negative factor, as CASTLE has products to serve this type of client. Nevertheless, it is necessary to adjust its production a little in order to globalize it so that it can serve all markets, and this constitutes a challenge for the company.

Given these differences, CASTLE needs to be able to adapt to them. So, the company has distributors in the countries where it operates with whom they are in constant contact in order to be the link between CASTLE and the clients in all the countries, for example, the distributor can explain more effectively to the clients why there is a sardine-shaped product. This way of business makes it much easier for the company to connect with its customers. If CASTLE itself made this connection, it would not work so well.

CASTLE does not have any subsidiary established abroad, either in production or in the commercial or financial department, so it relies only on its distributors, as has already been mentioned. It is not the company's intention to establish any subsidiary abroad soon, in other words, it is not part of the com-

Internationalization Strategies

pany's strategy at the moment. So, it can be said that all CASTLE products are produced in Portugal; only some components of the products may not be made in the country of origin, for example, the palm oil that is used to produce soaps. However, the final CASTLE product is 100% made in Portugal.

In the words of the interviewee, the founder did not accept the challenge of creating the company thinking that, later, this would be his life's work. He simply accepted it thinking that it was a temporary project, created with the well-defined purpose of producing exclusively for the American brand, and so he never imagined the global reach that the brand would have. Having said this, the interviewee believes that the company was not born "global", although it later registered a global reach. However, this subject will be discussed in more detail below.

DISCUSSION

CASTLE's Positioning in Internationalization Models

As it was founded with the purpose of creating products exclusively for a foreign customer, CASTLE has been an international company since its inception. However, its internationalization is considered passive, because the company was subcontracted to sell its products abroad for several years, and did not try to internationalize by itself as generally happens. Therefore, this company started opposite to normal: it started selling abroad first and, only later, in 2008, it focused on the domestic market. For this reason, it can be said that it had an irregular internationalization process.

CASTLE is an example that internationalization is not always a unidirectional, linear and incremental process in which companies first focus on the domestic market for a while, and only then expand internationally, as Carlos et al. (2021) mention.

In order to understand CASTLE's position with regard to the internationalization model, table 1 was prepared, adapting the "yes" or "no" answers taking into account CASTLE's internationalization process. Thus, in table 1, a comparison is made and a parallel is established between several internationalization models: Uppsala, BG, BAG and BR.

Concerning the moment of internationalization, and as explained above, CASTLE could be considered a Born Global or a Born Regional since its internationalization started right at the beginning. However, it would be a passive Born Global or a passive Born Regional, since internationalization was not the objective for the creation of the company; it emerged naturally, when responding to a proposed challenge, as will be discussed below. Thus, and for the reasons already explained, the Uppsala Model does not fit CASTLE's internationalization strategy in this topic.

Regarding the motivations for internationalization, the objective for the establishment of the company was not the search for resources or the search for the market, nor the internationalization, since this was only to respond to a challenge launched to the founder of CASTLE. Therefore, the Uppsala Model and the Born Global perspective are excluded here. However, the following must be taken into account:

- Depending on the moment under analysis, the Born Again Global perspective can be considered: the moment of creation of the company did not result from a "critical incident", but the moment when the first customer stopped being interested in the products (leaving CASTLE without any customers) can actually be considered a "critical incident" because it forced the company to re-think its strategy in order to survive.

Internationalization Strategies

- Likewise, depending on the moment under analysis, the BR perspective can also be considered: it can be said that in the first phase, the motivation for internationalization was not market search, as the company was subcontracted on an exclusive basis, but the direction that the company took later did lead it to search for other markets.

Regarding the volume of sales abroad, CASTLE always registered more than 25% of sales abroad in relation to the total turnover, both in its initial phase (when it exported 100%) and after its “strategic change”, from the moment it started selling to the domestic market, which currently represents around 20%, against the 80% of the volume of sales abroad. Thus, any of the models fits CASTLE’s situation in this subject.

Concerning the presence in international markets, CASTLE did not limit its presence exclusively to foreign markets geographically and/or culturally close or distant. Therefore, its presence is considered global since it can be found both in nearby markets and geographically and culturally distant markets. In this way, the Born Global perspective is the only one that fits the company in this topic.

As far as the speed of internationalization is concerned, it can be considered fast in the first phase of the company, since it started selling abroad right from the beginning. However, the company later went through a lethargic period: after the American client cancel the contract, CASTLE was from 2003 to 2008 selling only to American brands and to Zara Home (as mentioned by the interviewee). From 2008 onwards, there was a sudden and rapid internationalization, as CASTLE started selling to several markets at the same time. For this reason, the Uppsala Model and the Born Again Global are the ones that do not fit CASTLE’s position.

Finally, regarding the company’s entry modes abroad, exports stand out but also local networks which, through contacts, allowed CASTLE to enter more easily in some of the markets. Because of this, the Born Global and the Born Regional perspectives reflect the company’s situation on this topic.

With this analysis, we can conclude that there is no typology in which CASTLE fits perfectly since none of the typologies analyzed in table 1 fully reflects the company’s path and situation. CASTLE has a unique and somewhat unusual internationalization process and, therefore, calls into question the theories proposed in the literature. However, the closest model would be Born Global, in a passive way, although in terms of resources and internal competences the company does not fulfill these requirements.

Internationalization Strategies

Table 1. CASTLE’s positioning in internationalization models

Characteristics	Uppsala Model	Born Global	Born Again Global	Born Regionals
Moment of internationalization	After developing the domestic market	Up to three years after the start of operations	No time limit, but normally late internationalization	Up to three years after the start of operations
	No	Yes	No	Yes
Motivations for internationalization	Search for resources and market	It is the initial objective for the creation of the company	As a result of “critical incidents”	Market search
	No	No	Initially—No Later—Yes	Initially—No Later—Yes
Sales volume abroad	No established rule	More than 25% of turnover	More than 25% of turnover in the three years following the strategic change	More than 25% of turnover
	Yes	Yes	Yes	Yes
Presence in international markets	Foreign markets geographically and/or culturally close	Global markets	Foreign markets geographically and/or culturally close	Foreign markets geographically and/or culturally close
	No	Yes	No	No
Speed of internationalization	Slow and incremental	Fast	Fast and sudden internationalization after a lethargic period. Several markets at the same time	Fast
	No	Yes	No	Yes
Entry modes	Low export commitment and gradual evolutionary perspective. First exports, then foreign presence	Export and local networks	Acquisition of distribution and/or market subsidiaries	Exports and local networks
	No	Yes	No	Yes

CASTLE’s Motives to Internationalize

CASTLE’s motives for entering international markets can be considered reactive or proactive, depending on the moment to which it refers. At first, in 2003, when the company lost the only customer to whom it sold, the reasons for internationalization were reactive. This is because CASTLE was forced to look for new customers (otherwise, it would not be able to survive) so internationalization was not directly desired by the company: it had to react to the situation it was faced with. In the second moment, when CASTLE had already established itself in the domestic market while working for world brands, the reasons to continue to internationalize and expand to new countries are considered proactive. In fact, at that time, the company was looking to further ensure its place in global markets, as well as to increase sales and market share.

Internationalization Strategies

CASTLE's Entry Modes

Until today, CASTLE entered the international market exclusively through exports, which represent around 80% of the company's sales volume. We also know that CASTLE sells its products to foreign countries in two ways: through the online store on the company's website, and through physical points of sale in the countries where it is present. Considering the distinction made in the framework section on what direct, indirect and own export modes are, we can say that CASTLE uses:

- Own export mode when it comes to online sales, as the company is responsible for promoting and distributing the products, establishing a direct relationship with the customer;
- Indirect export mode when it comes to exports to points of sale since the distributors are the ones who own the products, that is, they are the intermediaries between the company and the final customer and are responsible for the export process.

Facilitators for CASTLE's Entry Into International Markets

The factor that undoubtedly facilitates CASTLE's entry into foreign markets is the networks. As already mentioned, the interviewee stated that in some markets, networks effectively play a crucial role in the company's internationalization strategy, as they help to reduce risks. The solid relationships that the company maintains in these markets took place even before it entered them. In addition, it is known that the existing networks are essentially social, having emerged through personal knowledge and advice from close people. The situation that occurred at the train station in Porto—in which one of the company's members met the one who is now a CASTLE partner in Hong Kong—is a good example of a network that began as social and that, later, extended to business.

CASTLE's Standardization Strategy

According to CASTLE, Portugal is a traditional and reserved country, while other countries are more open to globalization. In this way, the products that CASTLE develops are suitable for all markets (that is, it follows a standardization strategy), as there is a need to globalize the products so that they can be distributed all over the world. However, if the company created products according to the market in which it would distribute them, that is, if it opted for an adaptation strategy, it could attract more customers, increasing its annual revenue.

As pointed out by the interviewee during the interview, this process would be very laborious and would require great flexibility from the company, which, given its size, would not be possible. In this way, the implementation of subsidiaries around the world would allow CASTLE to explore the possibility of adapting products, since the efforts would be shared, and each subsidiary would be responsible for developing and producing the products that suit its market.

Possibilities for the Future

As already mentioned, CASTLE does not have any subsidiaries abroad, which has both positive and negative consequences for the company. In fact, not having subsidiaries allows the company for greater control of the products, since all production is in one place and there is a greater personal approach to

Internationalization Strategies

all orders placed with CASTLE due, for example, to the handmade packaging of all soaps. The reception of the components to produce the products is also facilitated since they are all directed to the same place, without the need to manage other deliveries, which can increase costs.

On the other hand, if the company had subsidiaries in strategic countries, it would facilitate different situations. By implementing a production subsidiary, for example in the USA, Canada or in a European country (as they are CASTLE's biggest markets), the distribution of products to countries close to these would be easier, with a reduction in distribution costs. If there were subsidiaries of the commercial department abroad, it would be possible to have closer and more dedicated contact with the distributors, as there would be face-to-face contact with them more often, strengthening relationships.

CASTLE adopted the strategy of supplying its products abroad through resellers, which facilitates its entry into different markets. However, it would also be beneficial for CASTLE to open its own stores abroad, giving customers the possibility to have a more personal experience with the brand. However, if the company switched to this strategy, it would be liable to lose its distributors, as they would become a competitor to them. If that happened, CASTLE might not be able to survive in the international market. Therefore, the current strategy is considered the best to maintain, as they have distributors responsible for selling their products and they reach international customers with their own brand through online sales and physical points of sale.

CONCLUSION

This chapter analyzes the internal and external context of CASTLE, as well as its international strategic formulation, based on a qualitative methodology. In conclusion, we must emphasize the crucial importance of networks and relationships as a facilitator of entry into international markets, which was verified in the case of CASTLE: first, by the knowledge that CASTLE's founder had of the American entrepreneur who challenged him to create the company, and, subsequently with the contacts that were established, some of them by mere chance, and which allowed easier entry into various markets (for example, the moment when a CASTLE employee helped a Chinese gentleman buy a ticket at a train station, which resulted in a Chinese client for CASTLE).

Another conclusion is that, at the moment, CASTLE's only way of entering foreign markets is through exports. Exports account for a large percentage of sales volume since the company only sells 20% of what it produces for the domestic market, and the remaining 80% is destined for export abroad.

As for the accessibility of products, these are available in their own stores in Portugal and in resellers' stores both in Portugal and abroad, as well as in the online store in a large number of countries. It is also concluded that CASTLE has opted for a strategy of standardization of products, all of which are produced in the country of origin.

CASTLE is, as analyzed, a company with a very particular development process, what causes some difficulties to its characterization in terms of Internationalization Model. For this reason, the main conclusion that we reached with this work is that internationalization is not always a linear process that all companies follow, and therefore it is not always possible to fit a company into one of the internationalization model typologies found in the literature, as is the case with CASTLE.

The objective of this chapter was to analyze CASTLE internationalization strategy and confront four different typologies regarding international path the company has followed. As a result of the literature review of the most suitable internationalization models—Uppsala Model, Born Global, Born Again

Internationalization Strategies

Global and Born Regional—it is possible to claim that the internationalization path that resembles the most with CASTLE's characteristics, is the Born Global. However, it is possible to argue that the internationalization process was irregular and adaptive over time and no single typology fits theory perfectly. Moreover, the Born Again Global is the typology that less fits CASTLE international path. This conclusion is based on the analysis of the interview and other secondary data that were summarized on table 1, based on the matching of characteristics of the firm's internationalization process and the information obtained during the research process.

The case study carried out took into account the theoretical models that resemble the most with CASTLE's characteristics and its learning paths and plans for the future. It is clear that theory hardly fits CASTLE situation as theories tend to be explanatory and the identification of the reality needs to be confronted with the theory under analysis and the firm's internationalization behavior.

REFERENCES

- Al-Hyari, K., Al-Weshah, G., & Alnsour, M. (2012). Barriers to internationalisation in SMEs: Evidence from Jordan. *Marketing Intelligence & Planning*, 30(2), 188–211. doi:10.1108/02634501211211975
- Andersson, S., Evers, N., & Gliga, G. (2018). Entrepreneurial marketing and born global internationalisation in China. *Qualitative Market Research*, 21(2), 202–231. doi:10.1108/QMR-11-2016-0115
- Armstrong, R. W., & Sweeney, J. (1994). Industry type, culture, mode of entry and perceptions of international marketing ethics problems: A cross-cultural comparison. *Journal of Business Ethics*, 13(10), 775–785. doi:10.1007/BF00876258
- Baum, M., Schwens, C., & Kabst, R. (2015). A latent class analysis of small firms' internationalization patterns. *Journal of World Business*, 50(4), 754–768. doi:10.1016/j.jwb.2015.03.001
- Bell, J., McNaughton, R., Young, S., & Crick, D. (2003). Towards an Integrative Model of Small Firms Internationalisation. *Journal of International Entrepreneurship*, 1(4), 339–362. doi:10.1023/A:1025629424041
- Calof, J. L., & Beamish, P. W. (1995). Adapting to foreign markets: Explaining internationalization. *International Business Review*, 4(2), 115–131. doi:10.1016/0969-5931(95)00001-G
- Carlos, C. T., de Jesus, N. B., Henriques, R. N., & Moreira, A. C. (2021). Challenges of the Internationalization Process: A Case Study of a Knowledge-Intensive Service Company. In A. Moreira (Ed.), *Cases on Internationalization Challenges for SMEs* (pp. 65–82). IGI Global. doi:10.4018/978-1-7998-4387-0.ch004
- Coviello, N. (2015). Re-thinking research on born globals. *Journal of International Business Studies*, 46(1), 17–26. doi:10.1057/jibs.2014.59
- Deprey, B., Lloyd-Reason, L., & Ibeh, K. I. N. (2012). The internationalisation of small- and medium-sized management consultancies: An exploratory study of key facilitating factors. *Service Industries Journal*, 32(10), 1609–1621. doi:10.1080/02642069.2012.665899

Internationalization Strategies

Durão, V., & Moreira, A. C. (2019). Critical and inhibiting success factors in inter-organizational networks: A case study. In S. Teixeira & J. Ferreira (Eds.), *Multilevel Approach to Competitiveness in the Global Tourism Industry* (pp. 63–86). IGI Global.

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, *14*(4), 532–550. doi:10.2307/258557

Engelman, R., Zen, A. C., & Fracasso, E. M. (2015). The Impact of the Incubator on the Internationalization of Firms. *Journal of Technology Management & Innovation*, *10*(1), 29–39. doi:10.4067/S0718-27242015000100003

Gabrielsson, M., Kirpalani, V. H. M., & Luostarinen, R. (2002). Multiple channel strategies in the European personal computer industry. *Journal of International Marketing*, *10*(3), 73–95. doi:10.1509/jimk.10.3.73.19542

Hutchinson, K., Alexander, N., Quinn, B., & Doherty, A. M. (2007). Internationalization motives and facilitating factors: Qualitative evidence from smaller specialist retailers. *Journal of International Marketing*, *15*(3), 96–122. doi:10.1509/jimk.15.3.96

Hutchinson, K., Quinn, B., & Alexander, N. (2006). SME retailer internationalisation: Case study evidence from British retailers. *International Marketing Review*, *23*(1), 25–53. doi:10.1108/02651330610646287

Letto-Gillies, G. (2012). *Transnational Corporations: Fragmentation Amidst Integration*. Routledge.

Lopez, L. E., Kundu, S. K., & Ciravegna, L. (2009). Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *Journal of International Business Studies*, *40*(7), 1228–1238. doi:10.1057/jibs.2008.69

Ojala, A. (2009). Internationalization of knowledge-intensive SMEs: The role of network relationships in the entry to a psychically distant market. *International Business Review*, *18*(1), 50–59. doi:10.1016/j.ibusrev.2008.10.002

Oviatt, B., & McDougall, P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, *25*(1), 45–64. doi:10.1057/palgrave.jibs.8490193

Patton, M. Q. (2015). *Qualitative Evaluation and Research Methods*. Sage.

Paul, J., & Sánchez-Morcilio, R. (2019). Toward a new model for firm internationalization: Conservative, predictable, and pacemaker companies and markets. *Canadian Journal of Administrative Sciences*, *36*(3), 336–349. doi:10.1002/cjas.1512

Ribau, C. P., Moreira, A. C., & Raposo, M. (2015). Internationalisation of the firm theories: A schematic synthesis. *International Journal of Business and Globalisation*, *15*(4), 528–554. doi:10.1504/IJBG.2015.072535

Ribau, C. P., Moreira, A. C., & Raposo, M. (2018). SME internationalization research: Mapping the state of the art. *Canadian Journal of Administrative Sciences*, *35*(2), 280–303. doi:10.1002/cjas.1419

Ribau, C. P., Moreira, A. C., & Raposo, M. (2019). Multidyadic relationships: A multi-stage perspective. *Global Business and Economics Review*, *21*(6), 732–755. doi:10.1504/GBER.2019.102553

Internationalization Strategies

Roy, A., Sekhar, C., & Vyas, V. (2016). Barriers to internationalization: A study of small and medium enterprises in India. *Journal of International Entrepreneurship*, 14(4), 513–538. doi:10.1007/10843-016-0187-7

Schueffel, P., Baldegger, R., & Amann, W. (2014). Behavioral patterns in born-again global firms. *Multinational Business Review*, 22(4), 418–441. doi:10.1108/MBR-06-2014-0029

Silva, P., & Moreira, A. C. (2019). Subsidiary survival: A case study from the Portuguese electronics industry. *Review of International Business and Strategy*, 29(3), 226–252. doi:10.1108/RIBS-10-2018-0094

Stanisauskaite, V., & Kock, S. (2016). The dynamic development of international entrepreneurial networks. In H. Etemad, S. Denicolai, B. Hagen, & A. Zucchella (Eds.), *The changing global economy and its impact on international entrepreneurship* (pp. 119–135). Edward Elgar. doi:10.4337/9781783479849.00012

Vissak, T., & Francioni, B. (2013). Serial nonlinear internationalization in practice: A case study. *International Business Review*, 22(6), 951–962. doi:10.1016/j.ibusrev.2013.01.010

Weerawardena, J., Mort, G. S., Liesch, P. W., & Knight, G. (2007). Conceptualizing accelerated internationalization in the born global firm: A dynamic capabilities perspective. *Journal of World Business*, 42(3), 294–306. doi:10.1016/j.jwb.2007.04.004

Welch, D. E., Welch, L. S., Young, L. C., & Wilkinson, I. F. (1998). The importance of networks in export promotion: Policy issues. *Journal of International Marketing*, 6(4), 66–82. doi:10.1177/1069031X9800600409

Yin, R. (2014). *Case Study Research. Design and Methods*. Sage.

Zain, M., & Ng, S. I. (2006). The impacts of network relationships on SMEs' internationalization process. *Thunderbird International Business Review*, 48(2), 183–205. doi:10.1002/tie.20092

Zander, I., McDougall-Covin, P., & Rose, E. (2015). Born globals and international business: Evolution of a field of research. *Journal of International Business Studies*, 46(1), 27–35. doi:10.1057/jibs.2014.60

Zekiri, J., & Angelova, B. (2011). Factors that influence entry mode choice in foreign markets. *European Journal of Soil Science*, 22(4), 572–584.

ADDITIONAL READING

Moreira, A. C., & Alves, C. (2016). Commitment-trust dynamics in the internationalization process: A case study of market entry in the Brazilian market. In Information Resources Management Association (Ed.), *International Business: Concepts, Methodologies, Tools, and Applications*, (Volume 3, Chapter 57, pp. 1206-1229). IGI Global. doi:10.4018/978-1-4666-9814-7.ch057

Moreira, A. C., Silva, P., Mota, J. H., & Gadim, H. (2019). De-internationalization of SMEs: A Case Study. In A. C. Moreira & P. Silva (Eds.), *Handbook of Research on Corporate Restructuring and Globalization* (pp. 143–169). IGI Global. doi:10.4018/978-1-5225-8906-8.ch007

Internationalization Strategies

Mota, J. H., & Moreira, A. C. (2017). Determinants of the capital structure of Portuguese firms with investments in Angola. *Suid-Afrikaanse Tydskrif vir Ekonomiese en Bestuurswetenskappe*, 20(1), a885. doi:10.4102ajems.v20i1.885

Ribau, C. P., Moreira, A. C., & Raposo, M. (2017). Export performance and the internationalisation of SMEs. *International Journal of Entrepreneurship and Small Business*, 30(2), 214–240. doi:10.1504/IJESB.2017.081438

Ribau, C. P., Moreira, A. C., & Raposo, M. (2018a). Categorising the internationalisation of SMEs with social network analysis. *International Journal of Entrepreneurship and Small Business*, 35(1), 57–80. doi:10.1504/IJESB.2018.094264

Ribau, C. P., Moreira, A. C., & Raposo, M. (2018b). Internacionalização de PME no Continente Americano: Revisão da Literatura. *Innovar (Universidad Nacional de Colombia)*, 28(67), 59–73. doi:10.15446/innovar.v28n67.68613

Ribau, C. P., Moreira, A. C., & Raposo, M. (2019). The role of exploitative and exploratory innovation in export performance: An analysis of plastics industry SMEs. *European Journal of International Management*, 13(2), 224–246. doi:10.1504/EJIM.2019.098149

KEY TERMS AND DEFINITIONS

Globalization: A global trend aimed at integrating economies, finances, trades, and communications is often depicted as the absence of trade restrictions among countries, which are eliminated through worldwide free trade deals and agreements between nations. This movement entails expanding from local and narrow-minded viewpoints to a more expansive perspective of a world that is interconnected and interdependent, with unhindered movement of capital, goods, and services across international borders, thereby leading to increased investment prospects.

Internationalization: The phenomenon of businesses expanding their presence in global markets through a deliberate strategy is known as internationalization. This strategy involves firms choosing to enter foreign markets in order to compete. Such internationalization typically involves transactions of goods, services, or resources between two or more firms or organizations situated in different countries.

Internationalization Process: The path a company takes as it moves from operating within a domestic market to targeting a specific foreign market involves various entry modes such as exports, foreign direct investment (FDI), franchising, and others, which can significantly impact the company's subsequent trajectory and the costs associated with internationalization. The two primary theories that explain this process are the Uppsala model and the network-based approach.

Uppsala Model: One of the highly debated dynamic theories in the Nordic School and International Business Studies pertains to the internationalization process of companies. Known as the Uppsala model, it elucidates the learning process of organizations and the influence of such learning on the companies' international expansion. This theory posits that a company's internationalization journey is gradual, progressing from non-regular exports to the eventual establishment of overseas entities.