INTRODUCTION

INTERNATIONAL BUSINESS ENVIRONMENT

- high levels of complexity
- New production technologies
- New management methods
- Widespread use of IT/IS
- Easy access to a variety of markets and a wide range of suppliers
- ... Also a reality in the wine industry... but with strong asymmetries between countries (NPC/TPC)
- ... in Portugal, companies: transformational processes based on new strategic guidelines.

Objectives

1. to identify relevant styles of strategic thought/action (Portuguese wine sector) in terms of international expansion
2. analyze the relationship between the styles of strategic thought/action and the degree and growth of international expansion
3. identify contextual variables associated
4. analyze the relationship between the style of strategic thought/action and the profitability
5. propose action guidelines
**CONCEPTUAL FRAMEWORK**

**INTERNATIONALIZATION THEORIES**

- Multinational corporations /Globalization
  - Levitt (1983)
  - Bartlett & Ghoshal (1988)
  - Yip (1989)

- International / Global strategies
  - Porter (1985, 1986)
  - Oviatt & McDougall (1994)

**SMEs**

- Bonaccorsi (1992)
- Rullani & Grandinetti (1994)
- Leonidou & Katsikeas (1996)
- Coviielo & McAuley (1999)
- Lu & Beamish (2001)
- Etemad (2004)
- Wright et al (2007)

So there are several typologies depending on the company’s strategic choices:

- **COORDINATION vs CONFIGURATION**

**EMPIRICAL INVESTIGATION (INTERNATIONALIZATION)**

- **PORTUGAL**
  - Bonaccorsi (1992)
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- **ITALY**
  - Susin (2003)
  - Souza (2001)
  - Rebelo & Caldas (2011)

- **BRAZIL**
  - Sato & Ángelo (2007)
  - Fersteterseifer (2007)
  - Schneider et al (2008)
  - Souza (2001)
  - Tanushkin (2003)
  - Casu (2006)
  - Blume (2006)
  - Rosa (2006)
  - Wok (2006)
  - Ramallo (2006)
  - Zen (2010)

- **GERMANY**
  - Mih & Reh (2010)
  - Mih & Caldas (2011)

- **FRANCE**
  - Reynaud & Simin (2006)
  - Bouziane-Charme (2006)
  - Durré & Hofmeister (2008)
  - Cholez (2004)
  - Cossset (2001)

- **SPAIN**
  - Spain (1999)
  - Ochov (2001)
  - Lopez (2005)
  - Santos et al (2008)

- **AUSTRALIA**
  - Beverland (2000)
  - Wilmanss & Babiker (2000)
  - Benson-Rea (2005)
  - Remaud & Coullon (2006)
  - Boring (2008)
  - Sedglovich (2009)

**METHODOLOGY**

- **Primary data**
  - Questionnaire by mail to managers/directors
  - Universe: 1520 units

- **Secondary data**
  - International / IVVNE Regional CVPS

**INTEGRATED KEY FOR STRATEGIC THOUGHT**

**Variables (CIP Systemic Study)**

- **a) Entrepreneurial logic**
  - Strategic ambition: objectives; continuity; financial health; increase sales
  - Innovation: innovative drive; nature of innovation - production/commercial

- **b) Activity Characteristics**
  - Technical/commercial posture
  - International posture: languages
  - Experience
  - Experience (in years)
  - Organizational structure
  - Structure authority / responsibility

- **c) Extension/Quality**
  - Quality: production of DO
  - Size: number of employees

- **d) SETI**
  - Scope: scope / informatized sectors
  - Investment in IS / IT in the last 10 years
  - Internationalization
  - Number of exporting countries

- **e) Internationalization Profile**
  - Entry: time of action in main export market
  - Advertising expenditure - foreign markets (%)
  - Current mode of operation in foreign markets
  - Proximity to the main export market (+/- proximity)

- **Performance**
  - Sales
  - Average, % of variation
  - Net profit: 70077-70977, average
**STRENGTHS:**
- Managers level of qualification and professional experience
- Large amount of newly DO wines
- Exports essentially DO

**WEAKNESSES:**
- Organizational structures essentially implicit and informal.
- Reduced experience/training abroad.
- Manager mainly dedicated to technical/production issues.
- IS/IT essentially instruments of financial/accounting nature.
- Small sized explorations
- Large variety of destination countries
- Weak investment in advertising/promotion (especially foreign)
- Minimal innovative dynamics

**opportunities:**
- High degree of differentiation (quality) of Portuguese wines.
- Most companies have their own vineyards.
- Suppliers very fragmented.
- "Wines of Portugal".
- Consumer increasingly knowledgeable and demanding.
- Emergence of niches and significant growth markets (Angola, Brazil, USA).

**Trates:**
- Many small producers: difficult access to distribution channels
- Substitutes have very aggressive promotional campaigns.
- Strong pressure and high competition of wines from other countries.
- Aggressiveness of commercial wines of NPC with good quality / price ratio.
- Low awareness of Portuguese wines in the international market.
- Weak culture of inter-firm cooperation.
- Guidance business still centered on the production.
- Low innovative dynamic entrepreneurs.
- Producers averse to risk.
- Differentiation essentially technical

**passive exporter**
- STYLE adopted by companies in which the leaders dominate several languages to carry out trade and innovation are related mainly to commercial aspects.
- These are larger companies and in which the structure is highly formalized.
- They are essentially exporters and register the highest percentage of sales channelled abroad as well as in a greater diversity of countries.
- These companies invest in IS/IT, but with relative sophistication.
- Focus expansion in new geographic regions in the future.

**Focused investor**
- Style adopted by companies in which the leaders innovate mainly in productive areas.
- These companies are capital intensive and denote informal structure.
- Low exports to a small number of countries, and low volume of DO production.
- Low investment in IS/IT with unsophisticated.
- They work mainly in the external market through subsidiaries, partnerships and units in close countries (geographically and culturally).
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FINAL CONSIDERATIONS

Strategic guidelines

- Low dimension /production (EP|IF) + diminished resources for internationalization
  - hinders the strategies that may be developed;

  Most frequent styles of strategic thought: AE and GP
  - Export to a wide variety of foreign markets
    - reduces dependence and risk, … but highlight the limited resources;

  Internationalization:
  - sporadic, without consistency episodes, rarely based in agreement/tactical alliances;

    Strategic alliances (cooperation/partnerships), duly
    - leverage capacity of individual businesses
    - reduce the small size of production units effect.

- Preferential markets: closer markets (cultural tradition) - consumption > production.

  Low innovation capacity (focused essentially in production) – (PE |IF)
  - imperative to reverse this trend (innovate in commercial areas).

  As a response to the aggressiveness of the NPC, and the onslaught of the beer industry, soft drinks and spirits.