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Strategies to Surpass the Lack of Touch Constraint on E-commerce Overseas:  
The case of the Furniture sector

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## **Biographic Note**

Rita Vilas Boas Piloto was born in November 18 of 1996, in Viseu. Passionate about numbers, people and letters, the decision of pursuing an Economics degree at the University of Porto in 2014 seemed the right choice, even though still undecided on opting for law school.

During this four-year period, despite being far from an easy journey, this four-year period was filled with important life and career insights. She joined AIESEC where she learned how to work with others and to start gaining responsibility. Furthermore, in 2017 she did an exchange semester at Rio de Janeiro Federal University. By living abroad for 5 months she gained self-reliance and independence, crucial characteristics for life in general. Here, she attended classes about international business that prompted the choice of choosing the masters in Economics and International Business one year later, again at University of Porto.

Since November of 2019, when she initiated her journey on the labor market, she is a Junior Consultant at Market Access, a company that provides consulting services related to international businesses. She joined the knowledge team, where she developed her first researching skills by doing market studies and communication skills by supporting the implementation of projects.

## **Acknowledgments**

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## **Abstract**

**Purpose:** This work aims to understand how companies selling experience goods in an international dynamic can surpass the lack of touch constraint (intangibility) in e-commerce and to perceive the current state of this constraint in the furniture sector dynamic.

**Design/Methodology:** For that purpose, the systematic combining method (qualitative method) was used, by analyzing semistructured interviews with Portuguese entities of the furniture sector. The sample is composed of six companies and one business association.

**Findings:** Trust in the company, in the process, in the product and reduction of potential lost were the main categories found. It was verified that proximity between the firm and clients is the key. Betting in brand reputation, international events, local presence, business experience and a more personal connection were found to be relevant. There are also other problems that aggravate even more the problem analyzed (namely sensorial aspects and distance). Firms must present wisely these goods to gain consumer's trust.

**Limitations/Implications:** All companies identified this problem, but it was hard to separate it from others. Separating the analyses of firms selling to B2B and B2C might bring new insights. Future research could also include the analysis of psychological distance in this context of study, quantitative data to measure impact and include consumers' view to understand their difficulties.

**Originality/Value:** This study can be considered relevant since it shows to companies strategies to deal with the intangibility issue alongside with a context of international activity.

**Keywords:** Cross-border E-commerce, Experience Goods, Intangibility, International Marketing, Internationalization, Internetization, Need for Touch.

## Resumo

**Objetivo:** Este trabalho tem como objetivo entender como as empresas que vendem bens experimentáveis num contexto internacional podem superar a restrição vivida da falta de toque (intangibilidade) no *e-commerce* e perceber o estado atual desta restrição na dinâmica do setor mobiliário.

**Metodologia:** Para tal, foi utilizado o método do *Systematic Combining* (método qualitativo), analisando entrevistas semiestruturadas a entidades portuguesas do setor mobiliário. A amostra é composta por seis empresas e uma associação empresarial.

**Resultados:** Confiança na empresa, no processo, no produto e redução da potencial perda foram as principais categorias encontradas. Verificou-se que a proximidade entre a empresa e os clientes é a chave. A aposta na reputação da marca, em eventos internacionais, numa presença local, experiência e uma maior conexão pessoal foram consideradas medidas relevantes. Outros problemas que agravam ainda mais o problema em análise foram encontrados, nomeadamente aspetos sensoriais e distância. As empresas devem apresentar cuidadosamente os seus produtos de modo a ganhar a confiança do consumidor.

**Limitações/Implicações:** Todas as empresas identificaram este problema, mas foi difícil separá-lo dos outros. Separar as análises de empresas que vendem para B2B e B2C pode trazer novas conclusões. Investigações futuras poderiam incluir a análise da distância psicológica neste contexto de estudo, dados quantitativos para medir impactos e incluir a visão do consumidor para entender as dificuldades.

**Originalidade/Valor:** Este estudo é considerado relevante pois mostra às empresas estratégias para lidar com a questão da intangibilidade, juntamente com um contexto de atividade internacional.

**Palavras-Chave:** E-commerce além-fronteiras, Bens Experimentáveis, Intangibilidade, Marketing Internacional, Internacionalização, Internetização, Necessidade de Toque.

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## 1. Introduction

Nowadays it is known that Internet has a crucial role in society's dynamics and the number of Internet users is growing day by day. People spend a lot of time in their day connecting to the Internet world using websites and social media (Angioni, 2019). In fact, it appears to be useful for the business world, where electronic channels were transformed into opportunities for global e-commerce (Lawrence & Tar, 2010), creating the cross-border e-commerce. These channels are of high importance in what concerns competitiveness and growth (Angioni, 2019). There are several advantages associated to e-commerce, mostly due to its efficiency and practicality (Lawrence & Tar, 2010).

When it comes to a purchase between different countries the costs associated vary. These costs associated have to be considered and strongly affect buyers and sellers trust, which will interfere with transactions. As it is highlighted by Valarezo, Pérez-Amaral, Garín-Muñoz, Herguera García, and López (2018) several authors mention the main barriers for cross-border e-commerce are little familiarity and trust in the seller, language, need of payment security, costs arising from different currency and cost efficiency of parcel delivery. Compared with two decades ago, companies nowadays have easy access to several digital communication tools that allow them to develop relationships with potential customers all over the world or to improve those with current customers, regardless of companies' and customers' location (Angioni, 2019). However, e-commerce also presents some limitations and it is not adequate for all kinds of business.

In several sectors and, thereby, some products, consumers need to experience goods before they decide whether to buy them, in order to understand their functionalities. These are called experience goods, the type of purchase that relies on a direct product experience, where consumers need to feel the product with their senses to understand its attributes (Klein, 1998). The need of touch to analyze the good is the common attribute of these goods. Thus, this kind of products need careful attention when it comes to online sales for foreign markets. The online sale process can become difficult to happen in the case of these goods since their consumers cannot feel them. Therefore, this lack of touch appears as an e-commerce substantial disadvantage (Niranjanamurthy, Kavyashree, Jagannath, & Chahar, 2013).

Therefore, this work has the purpose of investigating how to overcome this e-commerce constraint in a sector characterized mainly by experience goods, the furniture sector, alongside with a context of insecurity derived from cultural distance between countries and liability of outsidership. This sector has a high contribution on Portugal's international trade and is considered a strong sector, since it has been growing over the last years with modernization and self-improvement in order to be distinguished, not only in the national market but also overseas. Today, Portuguese furniture is known to be a reference of excellence and quality. Despite the continuous growth verified, this sector also faces some challenges and that explains the importance of studying these in a more accurate way. The lack of touch on sales is a major constraint of the present reality of this sector. In a more internetized world with open borders, remote sales channels are getting popular and it can become hard for a sector mainly characterized by experience goods to stand out, simply because these items cannot be experienced (and touched) if there is no physical presence in the market or if this presence is too far. During this study, in the beginning of 2020, due to the imposed social isolation and consumers being advised to stay at home, several sectors were forced to adapt their sales strategy thanks to the Covid-19 pandemic. In the furniture sector, it was not different. To begin with, this work is of major relevance for companies that sell experience goods online to improve their sales within markets other than national market. However, halfway through this investigation process, this study became even more relevant. During this time, online shopping increased and consumers were more prone to experiment this type of shopping method. The great challenge for e-commerce companies will be the contact with their clients, regarding their trust and safety concerns on buying from online channels. Therefore, studying this lack of touch constraint became even more relevant.

The literature review part will firstly focus on a new way of internationalization called internetization, followed by cross-border e-commerce, focus on experience goods, and then exploring the lack of touch present in e-commerce as a constraint for internationalization process. For such purpose, some strategies that companies can adopt in order to surpass this common and actual constraint in the online international environment will be proposed. A qualitative methodology should be used to better understand this lack of touch constraint in the furniture industry, by analyzing some furniture companies to take into consideration their problems and solutions on this matter. In previous works the sample used was composed of consumers (namely college students), to better understand the consumer view. This study focuses on the companies' view instead.

## **2. Literature Review**

Companies are getting more internationalized with each passing day, with an increasingly global market in which focusing only on home markets is no longer an option. They have to face global competitiveness to achieve success, not only when competing in their home market, but also when betting in a global marketplace (Etemad, Wilkinson, & Dana, 2010). The internationalization process of a firm occurs when it “increases its commitment and involvement to international markets, on all aspects of its productive activities” (Etemad et al., 2010, p. 320). Another important aspect, consumers can shop through two types of environments: remote and in-store environments. According to McCabe and Nowlis (2003), on remote environments only descriptions are provided, so consumers cannot physically examine the products available relying their purchase decision merely on the information provided through the sense of vision. On the other hand, in-store environments are the ones where consumers can touch products and, thereby, use their sense of touch to obtain more information crucial to their purchase decision. Indeed, throughout the years, the human senses have progressively been recognized as crucial factors that truly influence consumer’s behavior, emotions and perceptions (Rupini & Nandagopal, 2015) That is why analyzing the sense of touch in the purchase intention process is of great importance. Also, e-commerce, as a remote environment, has changed the way of doing business and Internet use is considered almost a primary need on these days.

The Internet has been seen as an important driver for firms seeking to expand their business overseas (Mostafa, Wheeler, & Jones, 2005). Although it is witnessed a rapid increase in electronic commerce over the last decades, consumers see the Internet as an unsafe purchasing environment compared to in-store methods, as it is claimed by Eggert (2006).

### **2.1 Internetization**

No firm is indifferent to globalization’s development, yet internationalization is not an easy process. In traditional internationalization theories, the entry process into a new specific market by a company happens in sequential steps which reflects an incremental resource commitment and experience accumulation (Johanson & Vahlne, 1977), hence describing a careful process. At the beginning of the internationalization process, firms lack precious knowledge about the market they want to enter and face cultural obstacles (Luo,

Hongxin Zhao, & Du, 2005). As stated by Loane (2005), some companies need face-to-face interaction with their clients according to the type of product/service they are selling or even the sum significance involved in the transaction. Therefore, companies usually started to enter in markets culturally and psychically close to theirs so that they could understand them and fit in more easily (Johanson & Vahlne, 2009) and where the perceived uncertainty is lower (Luo et al., 2005). This happens because firms face liability of foreignness, which increases when psychic distance increase (Johanson & Vahlne, 2009). Due to the lack of information and knowledge about foreign markets, psychic distance increases the uncertainty of entering and costs of coordination associated with them which influences, for that reason, the market choice decision (Luo et al., 2005). Besides, markets cannot be only seen as territories, they are also “networks of relationships in which firms are linked to each other in various, complex and, (...) invisible patterns” (Johanson & Vahlne, 2009, p. 1411). Hence, it is crucial for entering firms to be present in relevant networks in order to achieve a successful internationalization process (Johanson & Vahlne, 2009), since a network is a contact source and a knowledge transmission vehicle. However, companies will face again some constraints regarding entry integration. When companies face difficulties expanding into overseas markets because they do not have any position in relevant business networks, they are facing liability of outsidership (Johanson & Vahlne, 2009), which complicates the process of developing a business on a foreign market and, consequently, the internationalization process.

Even though today internationalization processes are still decisions that require higher attention and care, the Internet has a redefining role in facilitating business activities. It redefined the current way of doing business in a way that today it is not only affordable to access the Web, but also essential to maintain business activities (Loane, 2005). Internationalization is a current phenomenon for all type of firms. This internetization concept emerged with the development of internet-based information that enabled the involvement of influential agents crucial to acquire, transmit and process information that capture the initial base for the firm’s value creation (Etemad et al., 2010). Internet has a crucial role in the current state of information intensity and as a communication source and thus has an impact on any firm aspiring to compete in an international market (Mostafa et al., 2005). Now, with Internet, firms can easily and quickly access knowledge referent to new markets, industry trends or even supplier details (Loane, 2005), which highly helps the internationalization process (Mostafa et al., 2005). Since the scope of information is open to

overseas markets through one click (Etemad et al., 2010), now potential buyers can easily be well informed about all the alternative values presented by all competing firms (Etemad et al., 2010) and customers can provide useful insights about their value expectation and, therefore, help companies to appropriately deploy their capabilities to create value (Angioni, 2019). Also, the rise of the Internet with online trade contributes to the decrease of the relevance of geographical distance in what concerns the supply of information, since vendors can provide information to reduce information asymmetry risks (Huang & Chang, 2019). In fact, Internet can be perceived as “an efficient tool for knowledge generation and sharing” (Loane, 2005, p. 272), which helps firms within their internationalization process regarding crucial knowledge about foreign markets and the uncertainty associated. Apart from that, Internet as a communication tool allows firms to interact with customers, suppliers, employees and important stakeholders regardless of geographic area which may lower the need for face-to-face interactions (Mostafa et al., 2005). Basically, Internet can be seen as an “all-embracing global network” (Petersen, Welch, & Liesch, 2002, p. 208) which allows the transmission and reception of transaction flows, so important for the company to adjust its business model and explore business opportunities that could not have been perceived until then. More than a communication facilitator, accessing to the Web provides firms with several benefits such as reduced importance of economies of scale, lower marketing communication costs, price standardization and reduced time to get quality information (Loane, 2005).

Before the Internet had arisen to this extreme, following the guidelines of the Uppsala model (Johanson & Vahlne, 2009), improved knowledge about a foreign market would create stronger commitments to that area and would decrease the operational risk associated (Etemad et al., 2010). Today it is no different. Although there are no real border barriers to face, the entry into the internetized world may be difficult at the beginning, just like the initial experience in crossing cultural barriers in the real world (Etemad et al., 2010). Internet infusion will allow companies to reduce internationalization barriers and to increase international opportunities and competitiveness (Loane, 2005), mainly because Internet is capable of reducing the well-known uncertainty associated to overseas business activities (Petersen et al., 2002). Angioni (2019) even states that the internet-enabled opportunities will trigger even more internetization, even though a careful entry planning when using the Internet to penetrate foreign markets successfully is still needed (Petersen et al., 2002). Therefore, the firm should enter in the internetized world when it feels operationally more

competent to achieve higher efficiencies and lower psychic dissonance (Etemad et al., 2010), and this entry can be triggered by the top management team, competitors, external advisors or even the networks to which the company belongs.

Internetization may have become a necessary condition for internationalization of firms (Etemad et al., 2010, p. 339) and Internet may hold the potential of accelerating foreign market expansion (Petersen et al., 2002). Internet also provide a new form of international trade, the cross-border e-commerce.

### **2.1.1 Cross-border e-commerce**

Cross-border e-commerce consists in a new type of international business activity, allowing consumers to buy online from merchants, located in other countries and jurisdictions (CBEC, 2019), with cross-border logistics to distribute products (Hu & Luo, 2018). Here, products need to be physically transported between different regulatory systems to get to the buyer (Gomez-Herrera, Martens, & Turlea, 2014). Cross-border e-commerce allows paperless transactions and the development of companies' channels by lowering transaction costs (Hu & Luo, 2018). In traditional foreign trade, commodities must go through several national agents to reach overseas importers, but now with this type of international trade, foreign consumers can directly receive the same domestic commodities (Hu & Luo, 2018) as well as dealing with a different kind of distance. Distance is considered a "proxy for various sources of international trade costs that affect the relative price of domestic and imported goods" (Gomez-Herrera et al., 2014, p. 84) and its effects will vary by product category (Martens, 2013).

Factors like trust and value will have a crucial role in determining consumers' online shopping behavior (Huang & Chang, 2019). Consumers will choose to buy the alternative that gives the most perceived value ((Kotler and Keller, 2015) in Huang & Chang, 2019), so the value obtained with cross-border e-commerce will certainly determine their buying choice (Huang & Chang, 2019). Consumers will choose to buy from vendors who offer maximal value, whether they are domestic or foreign vendors (Huang & Chang, 2019). Besides, firms are constantly making efforts to optimize their value creation process in order to match the buyer's value expectation (Etemad et al., 2010). That is why it seems possible to provide maximum value to the final customer through online channels. In fact, when the total purchase cost presented by the foreign website is lower and the availability of the wanted

product in the home-country is limited, consumers will prefer to shop on a foreign website (Huang & Chang, 2019).

Some authors have found benefits from online purchases, whereas others have found costs and risks throughout the literature. Martens (2013) concluded that there are important consumer welfare benefits derived by the shift from offline to online transactions that should be taken into consideration, mainly increased price competition both in online and offline markets, increased variety of supply and the reduction in consumer transaction costs (concerning transport and time). Since internet-enabled companies are generally subject to fewer physical barriers when entering foreign markets they can escape from expensive physical presence and facilities concerns (Luo et al., 2005). Huang and Chang (2019) also state that price competitiveness and product uniqueness are the perceived benefits of cross-border e-commerce for customers. In Gomez-Herrera et al. (2014) study, physical goods distance-related trade costs were significantly lowered compared to offline trade, because of information costs' reduction. Factors like the legal structure and national integrity of a vendor's country will have influence in consumers' trust perceptions (Huang & Chang, 2019). In the web-world, consumers usually can access to relevant information to evaluate the vendor and for their decision process such as: vendor's country of origin, vendor's website quality, policy and reputation (Huang & Chang, 2019).

However, consumers still perceive some costs when choosing to purchase online. According to Niranjanamurthy et al. (2013) there is no clear guarantee of the product's quality and delivery, a proper access to a mobile device is required, time and monetary costs associated to every purchase may be harmful, consumer's privacy attacks may happen and its resolution is struggled by jurisdictional aspects, among others. Martens (2013) highlights another type of trade costs that play a more prominent role in the online purchase environment: the culture-related trade costs, in particular the ones that emerge from linguistic and cultural barriers. Huang and Chang (2019) also suggests three types of costs of shopping on a foreign website including communication, waiting and return costs. In the online shopping process, consumers must read and interact with foreign vendors sometimes in an unfamiliar language, decreasing the perceived value and, therefore, the likelihood of purchase (Huang & Chang, 2019). Besides, because of the inherent geographical distance and logistics procedures, cross-border delivery times are usually longer and the returning process more costly to the customer (Huang & Chang, 2019). In the same way, Gomez-Herrera et al. (2014)

confirmed that cross-border e-commerce is still affected by trade costs, not only regarding physical delivery costs and regulatory barriers but also linguistic market segmentation costs and online payments security concerns. Finally, Luo et al. (2005) explain the importance of host countries' regulatory system and how important it is for internet enabled companies to succeed.

At last, in what concerns e-commerce companies, they face a faster internationalization process compared to traditional firms due to some characteristics. These internet-enabled firms can share information and knowledge in real-time with both customers and other business units which allows organizational learning crucial for the decision-making process and more efficient flow of products (Luo et al., 2005). Naturally, these companies face special conditions to explain their attributes and Luo et al. (2005) explain it in their study, dividing these conditions into micro and macro level conditions. Regarding firm-specific traits, e-commerce firms are usually endowed with innovative capability, marketing capability and previous international experience in the management teams. With these characteristics, firms are more likely to seize business opportunities, reduce uncertainty and enjoy network connectivity when entering foreign markets. When it comes to foreign countries' technological infrastructure, it is important for a firm to succeed to analyze the market's internetability (actual usage of the internet) that will describe the possible market or consumer base, the technology supportiveness, legal protection and regulatory transparency.

In short, when the value perceived in cross-border e-commerce by customers is high, they will be more willing to choose a foreign website to purchase. With the trivialization of cross-border e-commerce, distance-related trade costs were significantly reduced because information costs and trust frictions were reduced. That is crucial for an easy purchase abroad. However, geographical and psychological distances still play an important role in customers' decision processes through online channels (Huang & Chang, 2019), regarding the support and availability expected from the foreign vendor. All in all, e-commerce companies face lower coordination and communication costs and do not have to feel so constrained about physical and cultural distance, which constitutes the major reasons to explain the faster internationalization process of these firms.

On online platforms, buyers will be presented with a variety of foreign goods but, in comparison with domestic online goods, they will need more mental effort to understand

such goods (Zhu, Mou, & Benyoucef, 2019). This happens because of the differences regarding language and cultural backgrounds. When searching through online channels, customers are presented with a completely different buying process. Here, they cannot feel or touch products, which makes them uncertain of whether they should buy them or not. Indeed, this intangibility requires a higher mental effort to perceive the good through the available information online like images and descriptions.

## **2.2 Experience Goods and Need for Touch**

In order to evaluate a product and understand if it is intended to be bought, buyers need to spend time searching for information, regardless of the type of product. This search process can be done through online websites or by in-store environments. Before deciding to purchase, consumers need to pre-evaluate products and then analyze their purchase intention. Human senses are the ones responsible for this evaluation, even though their responsiveness has long been unnoticed (Rupini & Nandagopal, 2015). Indeed, most of our purchase decisions are based on emotions, feelings, recalling situations, memories (Bratulescu & Vasilache, 2014), rather than on rationality. According to Rupini and Nandagopal (2015), senses truly are connected to our emotions. Therefore, sensorial experiences in the buying process emerge from the stimulus of our senses that can generate emotions which means that a purchase becomes more than a simple buying process, where consumption is seen as a holistic experience (Schmitt, 1999). Companies should not only consider the consumer's reasoning but also the emotion generated in which the buying decision will rely on (Schmitt, 1999). That is why it is so important to consider the sense of touch.

Besides, the information obtained must be credible for shoppers, in order to give them security when making the purchase decision (Rodrigues & Silva, 2013). When searching on websites, shoppers will be presented with product descriptions, yet some of them need to touch a product with their hands to acquire information about it (Peck & Childers, 2003a). These customers need a different type of information to analyze an object, the haptic information. This kind of information is obtained through the sense of touch or transmitted by others by another communication tool (Rodrigues & Silva, 2013), in other words, it is the information retrieved by experiencing the object with our hands. The need for haptic information to make the purchase decision will vary from consumer to consumer (Peck & Childers, 2003a) because it helps to appreciate the product's quality which is essential to

understand if it fulfills the customer intended purpose (González-Benito, Martos-Partal, & San-Martín, 2015). Not only the tactile input affects quality perception, but it also helps customers to measure intrinsic characteristics of the product (San-Martín, González-Benito, & Martos-Partal, 2017). This need for touch is defined as a “preference for the extraction and utilization of information obtained through the haptic system” (Peck & Childers, 2003a, p. 431) and it varies from consumer to consumer. So, this need for tactile input required to evaluate a product gains importance when determining which shopping medium should be used (Citrin, Stem, Spangenberg, & Clark, 2003) and individuals with a higher need for touch will be less likely to buy online than those with low need for touch (Yazdanparast & Spears, 2013). Basically, when consumers require sensory, physical or experimental information about a product, they usually prefer to purchase it through a physical store (Flavián, Gurrea, & Orús, 2017).

Although the need for touch varies from consumer to consumer, at the same time, there are also products that require the sense of touch to be understood, that require experience before being purchased and these are called experience goods (Klein, 1998). Products are characterized in categories regarding the sense of touch. On the one hand, there is a distinction that relies on the consumers’ ability to gain quality information about the product before purchase (Nelson, 1974, in Huang, Lurie, & Mitra, 2009). Search goods are the ones that consumers can understand the product quality without interacting with it, whereas experience goods require experience with the product to better perceive its quality attributes. On the other hand, McCabe and Nowlis (2003) highlight the classification of Klatzky et al. (1993), where they differentiate material and geometric objects. In material goods the sense of touch is crucial to understand the object (properties like texture, hardness, temperature or weight (Peck & Childers, 2003b) are analyzed) whereas in geometric goods, since most of its attributes are geometric, there is no need of touch to understand it. So, buyers will be more likely to pick up material goods in order to obtain more information through their sense of touch rather than geometric goods and the same happens with experience and search goods, respectively. Although the time spent online searching for information about experience and search goods is similar, the way they are searched is different (Huang et al., 2009) and, therefore, experience goods require a greater depth of search. Regarding this kind of goods characteristics, it is expected that they are less prone to be bought through online channels (Rodrigues & Silva, 2013).

Besides, as virtual markets enable immediate access to useful information about products' experience attributes and their prices, consumers can evaluate different experience goods (Peck & Childers, 2003a) and the purchase decision is facilitated (Laroche, Yang, McDougall, & Bergeron, 2005). However, when facing barriers to touch that inhibit access to haptic information and a higher need for touch is required, their confidence in product's evaluation will decrease and, consequently, become discouraged to buy online (Peck & Childers, 2003a). Also, when it is impossible to touch, it becomes hard for consumers to discriminate among products (San-Martín et al., 2017) and between varying levels of product quality (Grohmann, Spangenberg, & Sprott, 2007). In fact, in an online environment, information can be perceived as asymmetric and imperfect by shoppers due to the fact that it is impossible to touch the good or to receive in-person advice from sellers (González-Benito et al., 2015). Customers who cannot touch products will construct a less positive evaluation of products since they have less available information (Grohmann et al., 2007). Thus, since buying online does not provide the same product insight when compared to remote environments (Peck & Childers, 2003a), it seems legitimate that the need for touch limits online shopping intentions (Rodrigues & Silva, 2013).

However, the authors that will be mentioned next have other perspectives regarding the importance of the sense of touch in the shopping process. González-Benito et al. (2015) conclude that depending on the prominence of tangible attributes in goods, the need for touch may not be essential to its evaluation by customers, yet it can be important when choosing between a set of options available to buy. Also, Yazdanparast and Spears (2013) state that the frustration felt by customers with a high need for touch when not being capable of touching an item can be surpassed by a positive mood. Eggert (2006) concludes that factors like consumer's concerns related to its privacy, security of its purchase and security of the system used to complete its transactions are what highly influence its perception of risk in online shopping, whereas intangibility gains major importance when using traditional methods of shopping.

Indeed, e-commerce presents retailing challenges because of its intangible nature which can cause consumers to be uncertain about whether products purchased online will fit their needs (Weathers, Sharma, & Wood, 2007) and, therefore, complicates the pre-purchase evaluation of goods (Laroche et al., 2005). When deciding to buy experience goods online, consumers need to be presented with useful information about products, namely

haptic information. Otherwise, the lack of touch will bring up insecurity and uncertainty regarding product quality to consumers, as well as they will perceive the online transaction riskier than in an offline environment (Laroche et al., 2005). So, consumers will prefer to buy from contexts that enable them to touch products, namely when this tactile input is important to evaluate and material properties are outstanding (Grohmann et al., 2007).

For that matter, the need for touch might be seen as a constraint to online shopping and, therefore, a business constraint for companies that rely on online channels to profit. However, that is not the only concern when it comes to cross-border e-commerce. Despite the possibility of ordering the product and touching it when it arrives home, buying from foreign markets brings other problems. It must also be taken into consideration the geographic distance, regulatory barriers, linguistic differences and physical delivery costs on the shoppers' decision. After all, in this research, e-commerce intangibility constraint gains even more importance by being associated to an international trade dynamic, which brings more difficulty. Thereby, it is crucial to understand what ways are available to surpass this constraint in the literature.

### **2.3 Ways to Surpass**

Some ideas have been discussed in studies about how to overcome the lack of touch constraint on e-commerce. As stated before, experience goods require a greater depth of search and this search can be enriched by online mechanisms used by vendors to allow consumers to interact with product attributes before purchase (Huang et al., 2009). In physical environments, buyers may opt to try a product in a physical store when the sense of touch is required to evaluate it. Nonetheless, when it comes to shopping from a foreign company, consumers cannot experiment a good in a physical store. Hence, opting for trying in person first is not an option when it comes to cross-border e-commerce. In this situation, consumers have to evaluate and purchase a product solely from an online platform. Likewise, consumers have to get involved in the platform so as to gain trust which is a key factor that determines consumers' online shopping behavior (Huang & Chang, 2019). Although they face uncertainties when buying online, these can be reduced through perceived trust (Zhu et al., 2019) and higher levels of trust will develop a higher likelihood of buying (Baker, Hubona, & Srite, 2019). Furthermore, online companies should simplify the online buying process and make it more convenient to increase online sales (Dabrynin & Zhang, 2019).

All customers want to feel safe when opting for this shopping method and for that reason companies should provide a clear and fair policy in what concerns payment methods (Lian & Yen, 2013) and information security, namely requiring only necessary personal information and providing seals of database security (Eggert, 2006). Besides, it has been noticed by Mou, Ren, Qin, and Kurcz (2018) and Dholakia and Zhao (2010) that shipping time has a greater impact on consumers' satisfaction of the product, therefore firms should bet on global logistics too (Huang & Chang, 2019). Huang and Chang (2019) also suggest it might be appropriate to consider collaborations with service providers to deal with international payments, deliveries, duties and laws regarding foreign customers. In what concerns the national integrity of the foreign vendor's country, companies should provide guarantees or consider selling through national agents (Huang & Chang, 2019).

Consumers evaluate a good's quality and performance using not only intrinsic cues, but also using extrinsic cues such as the brand name, reputation, price and quality of the vendor associated to the product (Citrin et al., 2003). The brand represents the signals the firm wants to send to the market about its quality and this reputation gets even more important when physical access is not possible in the buying process (González-Benito et al., 2015). A strong brand will hence be associated with higher levels of quality, which will provide better assessments by buyers (González-Benito et al., 2015). Customers are getting even more visually sophisticated and are selecting in a more conscious way (influence of the senses), therefore brand strategy built with careful planning seems a valid way to diminish perceived risk and to communicate trustworthiness (Eggert, 2006). In a remote environment, due to its intangibility, this brand planning plays a greater role in the brand's strategy.

Another strategy that can enhance the likelihood of purchasing in this environment is online sales promotions in accordance with Yazdanparast and Spears (2013), Lian and Yen (2013), Huang and Chang (2019) and San-Martín et al. (2017). When it comes to buying expensive products through online channels, the purchase decision must be taken more carefully, since it represents a great investment to be made. If there is the possibility to buy an expensive product with a price discount, some customers may feel more prone to experiment an online purchase, since there is a significant perceived risk reduction.

During the shopping process, customers need to spend some time looking and searching for products. It is not different when using online platforms, the more time customers spend searching through the platform and learn how to operate with it, the more

likelihood of purchasing (Zhu et al., 2019). Hence, the decision about how to present the information about products' characteristics (and the website presentation) and the interaction with the consumer should be revised. To begin with, a product should be described with written information and should include pictures so as consumers can visualize it. According to Peck and Childers (2003b), when presented with written descriptions describing the product's haptic information, consumers' confidence in product evaluation increased. In the same way, Zhu et al. (2019) found on their study that a high quality product description highly influences perceived trust from buyers, by reducing foreignness uncertainty and hence lessen their perceived risk. Rodrigues and Silva (2013) also found that hands-on descriptions next to the product image might enhance companies' sales. Actually, emotional information about the good should be presented firstly followed by the core technical information (Yazdanparast & Spears, 2013), always with clarity (Dholakia & Zhao, 2010). High quality product descriptions contribute to better consumer perception of the product (Rodrigues & Silva, 2013), enhance trust beliefs towards product providers (Zhu et al., 2019) and further alleviate foreign customers' uncertainty about products and reduce their perceived risk (Zhu et al., 2019).

Notwithstanding the importance of the construction of clear and easy to understand information, sellers should find ways to stimulate shoppers' attention by presenting pictures or videos (Zhu et al., 2019). Pictures were found to reduce performance uncertainty and improve the vividness of information for experience goods (Weathers et al., 2007). Flavián et al. (2017) conclude that when presented with an appealing video, consumers would produce better attitudes toward the product whereas with realistic video, consumers' likelihood of purchasing increased. This is explained by the ease of imagining the product. Moreover, videos can be used to help consumers learn how to buy using online technologies or to elucidate them about product usage ((San-Martín et al., 2017); (Lian & Yen, 2013)). This multimedia materials help to establish a positive image toward buying goods online (Lian & Yen, 2013). It might be advantageous for firms, as well, to allow product trial before purchase. Offering free product tests can make the experience to be perceived as easier and less risky (San-Martín et al., 2017), and sending fabric swatches might even allow a better quality perception, namely for experience goods (Weathers et al., 2007). Citrin et al. (2003), Lian and Yen (2013) and Laroche et al. (2005) defend offering free trials too. Advertisement is crucial to diminish perceived risk as well (Eggert, 2006), so companies should emphasize

the experience of the good in order to promote positive feelings in consumers (Yazdanparast & Spears, 2013) and thus potentiate the purchase intention.

Furthermore, communication trustworthiness should occur already on the shopper's first interaction with the website (Eggert, 2006), thereby a good design and clear interface may increase consumers' online experience (Dabrynin & Zhang, 2019). The webpage should be detailed and easy to understand (Lian & Yen, 2013), presenting clear information and it must be easy to find what consumers are looking for (Dholakia & Zhao, 2010). Indeed, a more friendly e-store layout and virtual artistic schema can enhance a positive mood in the buyers, which has impact on purchase likelihood (Yazdanparast & Spears, 2013). Thus, companies should invest in feature-rich websites (Huang et al., 2009) in order to make the process more appealing. For instance, the use of the virtual word as a way to enhance trust during the buying process is gaining popularity, where customers can interact online by experiencing social presence which is not possible through the web-based environment (Baker et al., 2019). However, firms should only invest in this kind of resources if their consumers have familiarity with mixed reality e-commerce (Baker et al., 2019).

Besides, communication between shoppers and sellers is fundamental to enhance consumers' involvement (Zhu et al., 2019). Companies should talk to customers, listen to them and provide them with reviews from other consumers' experiences. By establishing online real-time customer services with conversational agents through instant messaging applications and free calls (Lian & Yen, 2013), sellers may communicate with consumers and teach them how to look for and purchase products on the platform (Zhu et al., 2019). Concerning linguistic costs and in order to diminish them, firms should provide multi-language websites and consumer services (Huang & Chang, 2019).

Firms need to listen to customers feedback as well, so that they can increase customer retention rates, increase consumer perception of quality and a positive company image, and therefore help these firms building a stronger consumer relationship (Mou et al., 2018). It also allows firms to understand difficulties and barriers for users (Mou et al., 2018) and contribute to a much more accurate product evaluation (Huang et al., 2009). In fact, companies should not only listen to consumers opinions, but should also provide them with the means to access to other buyers' reviews. These third-party evaluations may reduce uncertainty and increase information credibility and must provide negative and positive information (Weathers et al., 2007) so that the consumer can evaluate the product more

accurately (Huang et al., 2009). However, according to Weathers et al. (2007), this information should be provided through a link to the review's source instead of presenting it directly on the webpage. San-Martín et al. (2017) also highlight the importance of online forums explaining product manufacturing and usage and Lian and Yen (2013) add the importance of social community platforms to develop a positive image toward online purchasing. At last, providing unique products for foreign buyers that are hard to find their home country may be a good strategy for cross-border e-commerce firms as well (Huang & Chang, 2019).

Table 1 shows a summary of these strategies proposed from the literature and authors that support them while explaining how to adapt these strategies to e-commerce companies' international activity and also, how each of them respond to the touch constraint. Most of these strategies explain how to overcome the lack of touch constraint on e-commerce, depending on firms' conditions and consumers' knowledge. Moreover, each one of these strategies responds to the constraint at stake in a different way. Some are used to improve the vividness of information presented, allowing a better product's perception, whereas others are relevant to enhance consumer's experience crucial to develop higher levels of trust and lower levels of uncertainty. However, it is also important to understand whether these strategies can or cannot be adaptable to be used on external markets, and if they can, how should this adaptability be proceeded, regarding communicational and cultural issues related to the specific foreign market or even partnership or network building. Each market may have different habits about how to purchase online regarding payment methods, shipping times, guarantees, information requirements, security concerns. Besides, the language spoken and traditional customs may vary from country to country, which explains why the website content should be translated, the way advertisement should be done or why should companies should communicate differently. The major point for companies is to present haptic, vivid and relevant information about products that usually require the sense of touch to be evaluated and sometimes, this purchase represents a high investment for the consumer. Therefore, by making use of these strategies, companies may try to gain customers' trust and reduce their uncertainty when touching is not an available option, regarding national or foreign presence.

Table 1: Strategies proposed to surpass the constraint at stake, according to the Literature Review.

Strategy	Authors	Response to Touch Constraint	External markets Practability	External Markets Adaptability
<b>Clear and Fair Policy</b>	Lian & Yen (2013) for payment; Eggert (2006) for information; Huang & Chang (2019) for guarantees; Mou, Ren, Qin & Kurcz (2018); Dholakia & Zhao (2010) for shipping time	Appropriate to overcome online issues' insecurity and build trust	It is possible to use this strategy, but with adaptability	Requires market research to understand what are the payment methods frequently used, security awareness from consumers. It may be appropriate to consider collaboration with services national providers.
<b>Brand Reputation</b>	Citrin et al (2003); González.Benito et al. (2015); Eggert (2006)	Appropriate to overcome quality's uncertainty and build trust	It is possible to use this strategy, but it depends on the brand	If the brand isn't universally known, it may be appropriate for brands to collaborate with other well-known brands of the specific foreign market
<b>Online Sales Promotion</b>	Lian & Yen (2013); Huang & Chang (2019); San-Martin et al. (2017); Yazdanparast & Spears (2013)	Appropriate for higher investments to experiment the product	It is possible to use this strategy	
<b>Written Descriptions</b>	Peck & Childers (2003b); Zhu et al. (2019); Rodrigues & Silva (2013); Yazdanparast & Spears (2013); Dholakia & Zhao (2010)	Appropriate to better product perception and enhance trust	It is possible to use this strategy, but with adaptability	It should be translated according to the foreign market. Also, always with english option
<b>Pictures/Videos/Multimedia Materials</b>	Zhu et al. (2019); Weathers et al. (2007) for pictures; Flavian et al. (2017); San-Martin et al. (2017) for video; Lian & Yen (2013) for multimedia materials	Appropriate to improve vividness of information	It is possible to use this strategy	It should be translated according to the foreign market. Also, always with english option.
<b>Advertisement</b>	Eggert (2006); Yazdanparast & Spears (2013)	Appropriate to emphasize the product's experience and promote positive feelings	It is possible to use this strategy, but with adaptability	It should not only be translated (or at least english option for the consumer), but should also be done market researches to understand specific market's facts to better communicate with consumers.
<b>Good design of the Webpage</b>	Dabryning & Zhang (2019); Lian & Yen (2013); Dholakia & Zhao (2010); Yazdanparast & Spears (2013); Huang et al. (2009)	Appropriate to improve vividness of information and promote a positive mood on consumers	It is possible to use this strategy	
<b>Virtual World</b>	Baker et al. (2019)	Appropriate to enhance experience social presence and build trust	It is possible to use this strategy	
<b>Communication</b>	Zhu et al. (2019); Lian & Yen (2013); Yazdanparast & Spears (2013); Huang & Chang (2019) for multi-language website	Appropriate to enhance consumer's involvement to perceive and evaluate a product's characteristics more accurately	It is possible to use this strategy, but with adaptability	It should be translated according to the foreign market. Firms might hire conversational agents in order to be able to communicate in every language of every foreign market. Also, market researches to better understand how consumers like to be communicated.
<b>Consumer Review and Feedback</b>	Mou et al. (2018), Huang et al. (2009) for consumer feedback; Weathers et al. (2007), Huang et al. (2019) for consumer reviews	Appropriate to enhance consumer's involvement to perceive and evaluate a product's characteristics more accurately	It is possible to use this strategy, but with adaptability	Firms should provide reviews with language option
<b>Online Forums</b>	Lian & Yen (2013); San-Martin et al. (2017)	Appropriate to enhance consumer's involvement to perceive and evaluate a product's characteristics more accurately	It is possible to use this strategy, but with adaptability	Firms should indicate links to forums on their websites in accordance with the consumer language
<b>Product Trial</b>	San-Martin et al. (2017); Weathers et al. (2007); Citrin et al. (2003); Lian & Yen (2013); Laroche et al. (2005).	Appropriate to diminish risks and to evaluate a product in advance	It may not be possible to use this strategy according to the shipping cost or depending on store presence on certain markets	
<b>Unique Products</b>	Huang & Chang (2019)	Appropriate for consumers to experience a rare product	It is possible to use this strategy	

## 2.4 Conclusion

The Internet has appeared a long time ago and it came to help firms enjoy crucial business opportunities helping, at the same time, to reduce international barriers associated with the internationalization process. Despite the liability of foreignness and outsidership

hindering this process, this remote environment as a “real time” information source and communication tool supported a better customer-seller relationship. With the trivialization of cross-border e-commerce, consumers can not only buy online but can also buy from different foreign markets. With this way of doing business, several benefits were recognized, namely regarding price competition, product variety, transaction costs and so on. Some costs were also identified, though. There are still cultural and linguistic costs associated, monetary and time costs and uncertainty regarding guarantees of quality and delivery. Although trade-related costs still affect e-commerce platforms business activity, the trivialization of this type of platforms allowed the reduction of these costs because of the reduction of information asymmetry and trust costs. However, consumers will need a higher mental effort to better understand online presented goods due to linguistic and cultural differences and, more importantly, the intangibility associated to this buying method. Customers will have to perceive and evaluate the wanted product by only analyzing the information provided on the store’s website. This means, indeed, that only images and written descriptions will be available for products that usually require physical contact to be better perceived, like what happens with experience goods. This requirement will influence the shopping medium chosen and, therefore, buying online might be seen as inappropriate for some consumers, since digital platforms usually bring up insecurity and uncertainty to them. So, firms must choose wisely how to present products on the website in order to build consumer’s trust. When it comes to shopping from a national store, to surpass the intangibility constraint, consumers, for example, could go to a physical store and touch the good to evaluate it. However, that is impossible when it comes to buying from international markets. Thereby, it is important to find strategies to surpass this cross-border e-commerce constraint by understanding how companies can adapt their online platforms business to their international activity since each market has its own specificities.

### **3. Methodology**

In this chapter the description of the methodology used through this dissertation will be presented. In this way, the chosen methodology type helps to understand how companies can surpass the previous identified constraint using adaptive strategies.

#### **3.1 Qualitative Methodology**

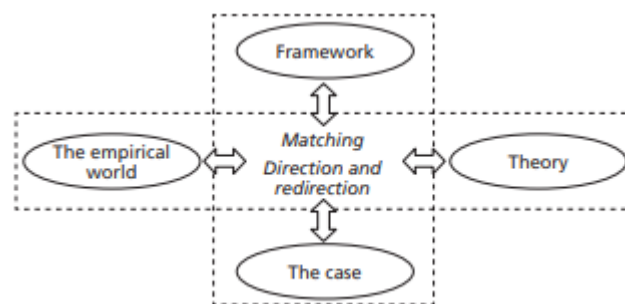
Qualitative research looks for a profound vision of human behavior and its explanations and has been broadly recognized in the scientific world. Some of the characteristics that describe this research is being exploratory, inductive and flexible. This method aims to collect data, interpret phenomena and allocate results (Prodanov & de Freitas, 2013). Unlike other methods, it does not rely on statistic data as the center of analyses, not having the aim to measure units (Prodanov & de Freitas, 2013). It follows an inductive path, where the researcher begins by studying concrete cases in a temporal and local particularity (Flick, 2018) and hence concludes something more general, in this way, through observation of descriptive data and experimentation, a theory can be built (Prodanov & de Freitas, 2013). Instead of obtaining conclusions from hypothesis tests, with an inductive method, a theory can be developed through data. Besides, the unit of analyses usually consists of people's words, images, photos, videos, audio tapes and events, rather than numeric data. Moreover, qualitative methods share the aim to achieve an "understanding of a particular phenomenon from the perspective of those experiencing it" (Vaismoradi, Turunen, & Bondas, 2013, p. 398).

#### **3.2 The Systematic Combining Method**

In this specific study, the methodology used will be the systematic combining method which stands out because of its theory development rather than theory generation. This method implies the study of case studies which are characterized by providing in-depth insights of empirical phenomena and their contexts, crucial to developing theory (Dubois & Gadde, 2002). In this research process, theoretical framework, empirical fieldwork and case analysis are simultaneously developed. Besides, it is characterized by continuous interactions between empirical observations and readings of relevant literature, which in this way allows a "refinement of existing theories (rather) than on inventing new ones" (Dubois & Gadde, 2002, p. 559). Figure 1 gives a visual explanation of this research process dynamics. Systematic combining seeks for the generation of new concepts and development of theory

and implies systematic interplay between theory and data obtained through the investigation process. Although it may seem similar to inductive approaches, such as grounded theory (Glaser & Strauss, 1967), systematic combining consists of an abductive approach to case research, though. Indeed, with an abductive method, the theoretical framework can be explained, developed or changed before, during or after the research process. The researcher prepares the investigation regarding what is already concluded in the subject to be studied and then seeks for a more enriched explanation (Dubois & Gadde, 2002). The idea of the investigation process is to firstly match theory with reality, understanding and constantly redefining the relationship between the framework, data sources and analysis. On a next stage, the researcher must deal with the direction and redirection of the study. The researcher guides the data collection process according to its current framework, however, as the sampling is being collected, discoveries, such as new paradigms or new phenomena, may appear and, therefore, the study must be redirected (Dubois & Gadde, 2002).

Figure 1: Research Process of Systematic Combining method.



Source: Adapted from Dubois & Gadde (2002)

### 3.3 Context of Study - Furniture Sector in Portugal

The furniture sector has a high contribution on Portugal's exports, and in just 25 years, foreign sales increased by 70%<sup>1</sup>. Between 2009 and 2013, despite being installed the beginning of Lehman Brothers' crises, this industry exports had grown. In 2019, this sector includes nearly 7600 companies and 71 thousand employees<sup>2</sup> and most of them are little

<sup>1</sup> Source: <http://www.ccip.pt/pt/newsletter-internacional/361-mobiliario-design-e-exportacao> consulted at 25 October 2019.

<sup>2</sup> Source: <https://www.vidaeconomica.pt/vida-economica-1/publicacoes/edicao-num-1789-do-vida-economica-de-14062019/negocios-e-empresas/industria-do-mobiliario-exporta-25-mil-milhoes-de-euros> consulted at 26 December of 2019.

business, strongly regionally concentrated in Paços de Ferreira and Paredes, in the north of Portugal<sup>3</sup>.

Although previously highly focused on the national market and specific niches, now with the globalization phenomenon they betted in foreign markets where the global crisis had a major national impact<sup>4</sup>. In the last years, it has been possible to notice the major development of this traditional sector that had to modernize and improve itself in order to become a reference of excellence, quality, innovation and design<sup>5</sup>. This was possible not only because of the *know-how* already inherent to this industry, but also thanks to the export and internationalization support given to this industry's companies<sup>6</sup>. These results were also possible because of the consolidation of the sales to the Spanish and French markets (representing more than half of the Portuguese exports from this sector), but also because of the dynamization of the exports to new markets, such as Germany and North America.<sup>7</sup> The working process has radically changed in the last 15 years, namely in the last 5 years when the label "Made In Portugal" was created. Besides, the great capacity of adaptability that the furniture companies have shown, namely by renewing management techniques to better respond to market's needs, the technological development and the better seize of human skills available<sup>8</sup> had a great impact on these results. Another skill that contributed to this end was the comprehension of consumer's needs and the possibility of adaptation on orders made, ensuring a great before and after sales service<sup>9</sup>. A "design culture" was, hence, created with the arising of appealing products adaptable to different markets. Portugal wants to differentiate itself by its quality and by innovation and not by its price.<sup>10</sup>

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<sup>3</sup> Source: <http://www.ccip.pt/pt/newsletter-internacional/361-mobiliario-design-e-exportacao> consulted at 25 October 2019

<sup>4</sup> Source: <http://www.ccip.pt/pt/newsletter-internacional/361-mobiliario-design-e-exportacao> consulted at 25 October 2019.

<sup>5</sup> Source: Indústria do Mobiliário – Sinopse 2017. Direção Geral das Atividades Económicas.

<sup>6</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/casa-portuguesa-enche-alfandega-do-porto-em-junho> consulted at 26 December 2019.

<sup>7</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/cluster-do-mobiliario-alimenta-o-negocio-com-charme-internacional> consulted at 18 May of 2020.

<sup>8</sup> Source: <http://www.ccip.pt/pt/newsletter-internacional/361-mobiliario-design-e-exportacao> consulted at 25 October 2019.

<sup>9</sup> Source: Indústria do Mobiliário – Sinopse 2017. Direção Geral das Atividades Económicas.

<sup>10</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/cluster-do-mobiliario-alimenta-o-negocio-com-charme-internacional> consulted at 18 May of 2020.

In 2016, 52% of the industry production was exported to France, Spain, USA, UK, Germany<sup>11</sup>. More recently, in 2018, this sector counted with 3.34 billion euros<sup>12</sup>, with the majority deriving from exports (totaling 4.3% of the Portuguese exports) to 187 different markets<sup>13</sup>. According to the International Trade Center (ITC), in 2018, the main importers of Portuguese furniture were France, Spain, UK, Slovakia, Germany, USA and Angola. In fact, in 2019, furniture sector had accomplished 1.83 billion euros of exports, which means a raise of 32% in just 5 years.<sup>14</sup> These companies should keep on betting on the well-known quality coupled with a differentiation strategy and an international prospection<sup>15</sup>. Several companies are betting in the customization and personalization of their products and hence, expanding their sales overseas, thus increasing the number of exporting companies.<sup>16</sup>

Nowadays, there are several types of furniture companies in Portugal. There are companies that have their own production process and own digital commercialization, where the consumer can design the product according to the consumer's desired bases from home and it goes automatically into production. This means a robotization of the process which means a customization in large distribution. Furthermore, there are also companies that already have some international recognition of their brand and capacity to deal with the entire electronic network and make it work. These firms stand out for their communication method and marketing strategy, and often have a service component associated. Therefore, Portuguese companies work differently. Besides, companies that bet on the online market must consider that the global online market value in this sector is worth 3%. It is expected to grow up to 5% in the next three years in the world-class furniture market, which means that firms can expect their online sales to grow 5% compared to today's sales. The top two countries regarding online consumption are China and the USA, which might mean good

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<sup>11</sup> Source: Indústria do Mobiliário – Sinopse 2017. Direção Geral das Atividades Económicas.

<sup>12</sup>Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/casa-portuguesa-enche-alfandega-do-porto-em-junho> consulted at 26 December 2019.

<sup>13</sup>Source: <https://www.vidaeconomica.pt/vida-economica-1/publicacoes/edicao-num-1789-do-vida-economica-de-14062019/negocios-e-empresas/industria-do-mobiliario-exporta-25-mil-milhoes-de-euros> consulted at 26 December of 2019.

<sup>14</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/cluster-do-mobiliario-alimenta-o-negocio-com-charme-internacional> consulted at 18 May of 2020.

<sup>15</sup> Source: <https://www.ccip.pt/pt/newsletter-internacional/1249-mobiliario-made-in-portugal> consulted at 25 October 2019.

<sup>16</sup> Source: <https://ecommercenews.pt/apima-o-foco-sera-no-digital-para-a-internacionalizacao/> consulted at 18 May of 2020.

business opportunities within these markets. However, the furniture sector is quite unpredictable, since its trends tend to change quite often.<sup>17</sup>

During this research process, the world faced the Covid-19 pandemic. This situation brought several problems to all countries' economies, and thus the Portuguese furniture sector was highly affected. Several firms had to ingress in a lay-off regime, leaving their activity and production processes in standby, being expected a job loss of 15% in the sector until the end of 2020.<sup>18</sup> In this way, a business association (APIMA) is already studying new channels to promote the sector internationally, focusing on the digital world.<sup>19</sup>

### **3.4 Data and Interviews**

The collection of data was made by conducting interviews to several participants from entities linked to the furniture sector. These interviews were semistructured interviews since they allow a more natural and fluid way to conduct the conversation. In this type of interview, the interviewer has already defined a set of questions and themes to explore yet is free to place others that may arise during the course of the interview and in different interviews (Saunders, Lewis, & Thornhill, 2003). There is a predefined guideline (as seen in annex 1) that integrates a set of questions to explore, however, it does not represent how the interview will be conducted nor the questions have to be asked in the exact way they were initially defined. This method makes the content analysis, evaluation and comparison easier.

These interviews were conducted between February and May of 2020. The majority of these were made via skype call<sup>20</sup>, were recorded and then transcribed in order to collect the maximum of relevant information presented. Thus, their content was coded and then analyzed through NVIVO software, which allowed to draw conclusions by their content analysis. This software allowed the organization of the information obtained according to the categories and subcategories extracted from the literature review as well as to obtain new emerging subcategories. Thus, it was possible to explore new concepts (strategies) different from the ones presented in the initial stage of the investigation process. The resulting subcategories can support and extend the theoretical framework.

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<sup>17</sup> Data extracted from APIMA's Interview.

<sup>18</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/cluster-do-mobiliario-alimenta-o-negocio-com-charme-internacional> consulted at 18 May of 2020.

<sup>19</sup> Source: <https://www.jornaldenegocios.pt/empresas/industria/detalhe/cluster-do-mobiliario-alimenta-o-negocio-com-charme-internacional> consulted at 18 May of 2020.

<sup>20</sup> These interviews were scheduled to be held in person, but due to Covid-19 pandemic this was not possible.

Initially, four categories were created in a way to better understand the origin of the strategies already found, that are: trust in the product, trust in the company, trust in the process and reduction of potential risk. This categorization (shown in figure 2) has been made as a way to perceive the origin of the efforts being made to surpass the constraint of this investigation and the different levels of trust that clients have. Regarding the categories and subcategories that had already been explored in the literature review, thirteen new subcategories emerged which means thirteen new strategies to surpass the lack of touch constraint appeared. These strategies are new insofar as the context under analysis, being used by these interviewed companies. Within these new strategies, five resulted within the group of Trust in the Company, three within the group of Trust in the Process, three within the group of Reduction of Potential Lost and two resulted within the group of Trust in the Product.

*Figure 2: Categories of the context under study.*



### **3.5 Participants**

The sample is composed by six furniture companies and one business association. The main aspects taken into account when looking for participants were their business model, target consumer, sales method (whether they sell through remote or physical environments), their sales destination (exports), where they perform and, hence, their international activity, among other relevant issues. All of them operate in the furniture sector, have Portuguese roots, and might have international or e-commerce experience. After a previous research and defining several possible participants, these candidates were contacted by phone or by e-mail. Table 2 shows the interviewed entities and the name and job positions of the corresponding participants.

Table 2: Details of the interviews.

Company/Brand	Date	Method	Participant	Job Position
Covet Group	3 February	Presential	Pedro Cardoso	Sales Director
MOB	5 February	Skype call	João Quitério	Board Member
Móveis Batista	11 February	Skype call	Pedro Batista	Finance Director
Mamoa	3 March	Presential	Nuno Ribeiro	Managing Partner
APIMA	23 March	Skype call	Quarter Morgado	Executive Officer
Móveis Jota Barbosa / Stylish Club	4 May	Skype call	Samuel Santiago	Chief Operations Officer
TGV Interiores	21 May	Skype call	Gonçalo Mata	E-commerce Manager

### 3.5.1 Móveis Batista

Founded in 1976, in Torres Vedras (more exactly in São Pedro da Caldeira), this company was born out of a couple of entrepreneurs' initiative that started with only two little showrooms. They began to sell small-sized furniture, with a few models of bedroom and living room products, since there was no space for more. Today, this company operates with a physical store of 8000 square meters and has an online presence, presenting a wide range of furniture types, ranging from beds, sofas, dining tables to mattresses. With a team of ten employees and own fleet, it is possible to ensure an efficient distribution from north to south of the country. Móveis Batista has the ultimate goal of not only offering a wide variety of high-quality furniture but also providing maximum customer satisfaction. At the same time, it always takes into consideration the sector's trends regarding materials and styles. In what concerns its online presence, the company developed an online store and claims to be active on its social networks, so as to reach all kind of costumers. Despite having more than 40 years of existence, the company began to sell online in 2010, yet this platform was only fully developed in 2017, providing an easy and client friendly purchase process. Today, 5% to 10% of its revenue is from e-commerce sales. Furthermore, its internationalization process was triggered by Portugal's economic crises in 2008, when the company decided to start exporting to other markets. Nowadays, its exports are almost exclusive to Angola.

### 3.5.2 Menina Design Group (Covet Group)

Founded in 2003, this company is held by Covet Group, which is a well-known group in the furniture and decor field. The Menina Design Group is a revolutionary and creative enterprise with an extreme capacity to elevate the Portuguese design, always striving for

excellence and with a vision set to future trends (Benhance). Moreover, the company highlights an important differentiating detail: its manual production on every piece, the power of craftsmanship. The Menina Design group combines powerful premium brands that were created to fill distinguished necessities, namely: Boca do Lobo (the one that is more recognized internationally), Luxxu (extravagant design), Maison Valentina (bathroom furniture), Circu (children oriented furniture), Pullcast and Rug'Society (rug design). These are already well-established brands, characterized by holding a consolidated background and international experience. Its head office is in Rio Tinto (in Porto, Portugal), yet there are several showrooms that are called Covet Houses, located in different worldwide cities, namely in London, Paris, New York and the Portuguese region of Douro. By presenting its products in this way, the company immediately creates a business relation in a specific environment where the customer can see how different products fit together in a real time experience which enhances the purchasing interest. There is always at least one person allocated to these locations in order to receive clients or to visit them *in loco*. Regarding its internationalization process, the company has always had in mind tapping into strong and demanding markets, since it enables the company to grow and develop its strategy in an open-minded way. Markets such as USA, UK, Germany or France were the initial focus. Then the focus was redirected to ascending markets like the Middle East. In what concerns its online presence, the company focuses on developing a digital marketing strategy to promote their products, allying web tools with its process of market prospecting.

### **3.5.3 MOB**

Mob is one of the largest and most prestigious Portuguese kitchen furniture manufacturers and is a holding of the Visabeira Group. Founded in 1988, Visabeira Group decided to open a small factory unit specialized in producing kitchen furniture projects, in Viseu (Portugal). This group is known by its rigorous manufacturing process alongside with a diversified selection of materials, following the highest quality standards. The contemporary design and the pursue of the best technical solutions are highlighted so as to meet the customer's needs. Through the years, thanks to its increased capacity and flexibility in producing components, its facilities were amplified not only in the national markets but throughout foreign markets (European, Middle East, African). For instance, in 2006, the company decided to amplify its presence, by opening an industrial facility in Angola. The internationalization process was deepened in 2013, when a physical store was opened in Paris

and in Angola. One year later, the company got a partnership with FORCE 10, a United Arab Emirates business group, to establish its presence in this market, opening another industrial facility in Abu Dhabi. This company follows a differentiation strategy since it wants to be recognized by developing unique projects, properly designed to each client, refusing to offer a standardized solution. By assembling a team of specialized designers and working closely with its clients, tailor-made solutions are born. Its online presence has the only purpose of promoting the brand, to communicate with its clients, but not with a selling purpose.

#### **3.5.4 Mamoa**

Founded in 2011, Mamoa is a Portuguese furniture design brand from Porto. Directed to the B2B market, this company distinguishes itself for producing exclusively in Portugal. By combining the work of their designers with the wisdom of local artisans, this brand stands out for creating unique high-quality pieces. Although most companies bet on mass customization, their business strategy aims to differentiate themselves by being furniture's artisans, providing highly personalized products. Throughout a meticulous involvement in the production of each product, with different materials, colors, fabrics, each article can take on many varieties. Mamoa does not seek to provide exclusive products, but to provide an exclusive design. Mamoa works with two different services: *mamoa design be our guest* and *mamoa myownway be yourself*. This second service differs from the first because it focuses on exclusive custom-made articles for unique projects. Its international presence is accomplished through agents in the markets (who act as intermediaries) and with international fairs. They attend these fairs since 2015, with the preparation being done remotely through international contracting and establishing partnerships abroad with partners that prepare their attendance. They have already operated in several markets such as England, Spain, USA, among others, and soon will try Senegal and Côte d'Ivoire. In what concerns their online presence, it is more focused on promotion. They sell online through electronic commerce to professionals, which requires a strategy different from the most target audiences of this sales method (final consumers). Mamoa works directly with designers, architects, decorators which combine a demanding group to pursue a consolidated e-commerce strategy.

### **3.5.5 APIMA (Associação Portuguesa Das Indústrias De Mobiliário E Afins)**

Created in 1984, APIMA is a Portuguese business association with the aim to promote and increase the competitiveness of local companies of the furniture sector. Most of its associates are small and medium-sized companies, which represents the large part of the sector today in this country. Every year, this association develops joint internationalization cooperation projects alongside with furniture industries. These projects are emerged in a promotion campaign entitled INTERFURNITURE that has the goal of projecting and asserting Portugal as a producer of excellence, where the “Made in Portugal” is promoted. Besides, APIMA promotes the participation of its associated companies in international fairs and encourages the organization of business missions. The association works alongside the best Portuguese furniture companies, not only the ones that are already advanced in their internationalization processes, but also those who are in the initial stage of it. This accompaniment is done through a counseling process so that these companies can accomplish a good performance overseas, by helping in minoring errors likelihood, set the investment required and provide them some negotiating power.

### **3.5.6 Móveis Jota Barbosa/ Stylish Club**

With more than 30 years of activity, Joaquim Barbosa founded in Paços de Ferreira a furniture family business in its home warehouses. The company highlighted itself beyond the furniture and interior design sector and began to sell in the national B2C market. Soon, they decided to broaden horizons and sell in the international market, starting to export to Portuguese speaking markets and to Spain, making use of geographical and physic distance which made the communication process easier. They focus on producing custom-made articles, always keeping in mind the highest quality, functionality and innovation. Móveis Jota Barbosa has an online store and has been selling on this platform for 2 months. A few years ago, in 2012, Joaquim decided to create another company named Made to Last in order to reach new markets and new business areas, since the national market was highly affected by the Lehman Brothers’ Crisis (in 2008), and as a consequence, the company’s results. Made to Last has two entities: Stylish Club (run by Samuel Santiago) and Prime Design. With this new company they decided to work in the B2B market, focusing on an international environment. Stylish Club is a brand mostly associated with prestige that performs in a higher segment. This company is redefining its new website and its online store which will soon be released.

### 3.5.7 TGV Interiores

TGV Interiores, founded in 1983 in Portugal, stands for the name of the founders Teresa Gomes & Vieira and it stands out for its adaptability, innovation, familiarity and quality. As the years pass by, this company is becoming a reference of excellence in Portugal within the design and architecture sector, offering a wide range of products and decoration and architecture services. It does not only offer standard furniture, but also provides customized solutions for its clients. This company stands out in the market because of the eclecticism of the brand, which means that they offer a great variety of products, not being closed to any style. It counts with several shops throughout the country (Oporto, Leiria, Lisbon) and in Angola, Africa. Within the Portuguese market, the company covers both residential and professional projects. More recently, about two years ago, the online store was launched, not only to the Portuguese market but also overseas (to European countries). Here, the consumer is more prone to buy a specific article instead of enjoying of a decoration consultancy, and hence, the values reached are completely different. While in a physical store, by buying articles with the consultancy service associated, clients spend thousands of euros, in an online basis they make an average purchase of 200 or 300 euros. In 2018, the year of launch, the turnover from the online store was about 100 thousand euros, which was a good result, considering the company's expectations. However, in this channel, overseas sales have a residual share, and these sales are basically from Portuguese customers that live in the United Kingdom and in France.

## 4. Results

In this chapter, the data obtained from the interviews will be firstly presented, regarding the inhibitors found within e-commerce and/or international activity and regarding the emergent strategies to surpass the constraint of touch under investigation. Then, these results will be discussed to better understand how they are interconnected within the furniture sector (the context of study).

### 4.1 Findings

The results schemes are presented below and the information was extracted from the NVivo software. This software was used to organize and code the initial categories and subcategories alongside with the new ones that emerged during the data collection which were not referred in the literature.

At the same time, the participants were interviewed about some inhibitors that make selling furniture by an online channel overseas a hard process, so as to understand other difficulties that companies might face because of this *low touch* reality. The first scheme presented (figure 3) refers to these inhibitors found. Table 3 summarizes all the categories and subcategories of this research process, with the emerging subcategories highlighted. In this table, “Sources” refers to the number of sources used, this is, number of different interviews and “References” refers to the exact number of citations where the subcategories were observed during the interviews. Finally, table 4 explains the definition of each emergent subcategory in accordance with the respective category.

Figure 3: Inhibitors found with e-commerce overseas.

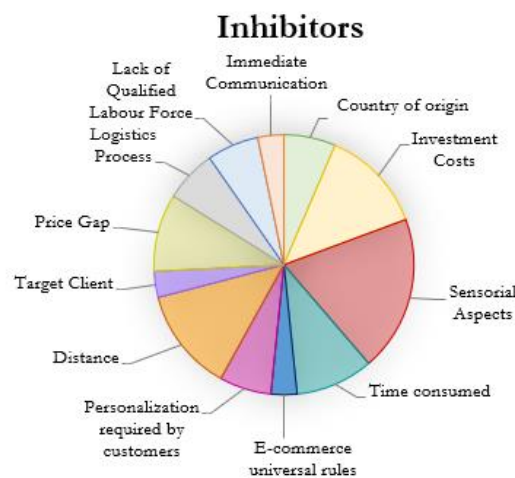


Table 3: Theoretical and Emergent Subcategories in the investigation process.

Name	Sources	References
<b>Trust in the Company</b>		
Brand Reputation	7	14
Advertisement	4	6
Business Experience	6	17
International Fairs	5	15
Business Missions	4	8
Local Agents	6	14
Personal Connection	5	16
<b>Trust in the Process</b>		
Clear and Fair Policy	4	4
Online Forums	0	0
Free shipping	2	3
Previous Projects	1	1
Complementary Service	3	8
<b>Reduction of Potential Lost</b>		
Communication with clients	5	19
Good design of the webpage	4	6
Unique Products	4	11
Online Sales Promotion	3	4
Physical Presence	7	17
Design Tools	3	5
Customer Servicing	3	7
<b>Trust in the Product</b>		
Product Trial	4	5
Virtual World	0	0
Consumer Review and Feedback	1	3
Written Descriptions	4	7
Multimedia Materials (Images, Videos)	4	7
Blog (multimedia material)	1	1
Storytelling about the product's manufacturing process	2	2

Table 4: Emergent Subcategories.

<b>Trust in the Company</b>	
<b>Emergent Strategy</b>	<b>Definition</b>
Business Experience	All the experience accumulated throughout the years of operations (accomplishments, events, among others).

International Fairs	To show the company's products in another market through an organized international event and establish relationships with different players.
Business Missions	When the company goes to another market, in an organized visit to meet clients.
Local Agents	Entity or person acting as a representative of the company in other markets.
Personal Connection	A more direct and personalized contact with clients.
<b>Trust in the Process</b>	
<b>Emergent Strategy</b>	<b>Definition</b>
Free Shipping	Company's policy of offering the transportation price of the product.
Previous Projects	Showing to potential clients what has already been made by the company.
Complementary Service	Advisory service by architects, designers, decorators as a way to help the consumer to know how to combine different articles.
<b>Reduction of Potential Lost</b>	
<b>Emergent Strategy</b>	<b>Definition</b>
Physical Presence	Showrooms, have a store in another market.
Design Tools	Tools such as softwares that allow to simulate home decor online with customers' pieces and specificities.
Customer Servicing	All the phases of the service of selling an article and how carefully it is done.
<b>Trust in the Product</b>	
<b>Emergent Strategy</b>	<b>Definition</b>
Blog (multimedia material)	Using a blog (multimedia material) as a way to show clients how to combine different articles, providing decoration tips (not payed).
Storytelling about the product's manufacturing process	When the company explains all the manufacturing process of its products.

Within the group of the inhibitors found in the context under analysis, the main characters refer to sensorial aspects and distance. Even though several other barriers were identified, these two seem to support the perspective of this study. To begin with, the Sensorial Aspect barrier refers to the intangibility in general (visual, tactile) that does not provide insights about the product's real quality because of the inability to experiment it and visualize it in real time. When it comes to the distance problem, it represents all the differences within markets and difficulty in accessing to market specificities, which means physical and psychological distance. Right after, the most mentioned difficulty was related to the investment costs. Other barriers like explaining the price gap presented, the country of origin effect, logistics processes aspects regarding international events and normal selling processes, personalization required by customers, the difficulty of finding a target client, e-commerce universal rules, the difficulty to find qualified labor force to ensure production processes and the difficulty of answering immediately to consumers' doubts were mentioned during the data collection process. These inhibitors make the lack of touch issue even more serious and relevant since they do not allow to overcome it more easily.

Upon the analysis of the table 3 we can conclude that two categories have at least one subcategory as highly mentioned by the interviewed parties, but the Trust in the Company category has more subcategories mentioned. All the participants recognized the importance of a good brand reputation and of having a physical presence as strategies used to ensure good results within e-commerce sales and/or international sales. Regarding the number of references, a good communication with clients was highlighted several times. The Physical Presence was not only the second most cited strategy in the Reduction of Potential Lost category, but also one of the most cited in all the interviews. Besides, the importance of the business experience was recognized by 6 out of 7 participants which means that companies should make efforts in developing trust in their customers. All in all, proximity and developing trust in the company seem to be the main aspects with crucial tools to promote and ensure e-commerce overseas sales when touching is not an option. Strategies such as communicating with customers, ensuring a presence in international fairs, having an official representation in another market and developing a more personalized contact with customers were found to be the most used by the interviewed entities. These strategies fit in the major category of the efforts made by companies regarding proximity and trust development. The lack of touch provides an uncertainty feeling associated to the article, which brings a higher risk perception on clients. If the company is widely known and has

achieved a good reputation in the foreign markets where it wants to sell its products, this lack of touch constraint would be surpassed more easily. That explains the importance and necessity of developing proximity efforts with customers.

## 4.2 Findings Discussion

The discussion of the results aims to understand if the information obtained from the data collection is in line with the literature's review dynamic. As it can be seen in Table 3, interviews allowed to reinforce the importance given to some of the initial subcategories that emerged from the literature's review. In addition, it aims to analyze new insights that have not been mentioned in this specific research process. By combining these emergent insights with the initial information, this constraint under investigation explained alongside with the reality of some Portuguese Furniture entities might be better perceived and somehow minimized. Throughout the discussion, theoretical and emerging categories will be presented and confronted simultaneously.

### 4.2.1 Inhibitors found

These problems that companies face in a daily basis, presented before in figure 3, altogether make the constraint of the lack of touch under study even stronger in their business activity and reinforce one another. To begin with, the **Sensorial Aspect** barrier refers to the intangibility in general (visual, tactile) that does not provide insights about the product's real quality because of the inability to experiment it and visualize it in real time. For example, when a customer is buying a chair *"it is crucial to understand if it is light, heavy, robust and comfortable according to the customer's preferences, and that is why the sensorial aspect is so important"* - Gualter Morgado (APIMA), since the comfort characteristic is one of the most looked for in the furniture sector and it can only be appreciated through touching and feeling the article. Gualter Morgado (APIMA) adds that *"the purchase decision is highly sensorial, because that material and that fabric turn the decision almost impossible to be made online, because of the inability to use our senses to experiment"*. Besides, when only looking for products through an online channel, *"a photo's perspective and the product's finishing is not the same as the client seeing it in real time, since a little detail with luminosity might not be the same as expected in physical presence"* – Pedro Cardoso (Covet Group). In fact, when it comes to dimension and scale notion *"even with all that information details available on the website, it is not an easy process to clients to accomplish a real image"* - Samuel Santiago (Móveis Jota Barbosa), for example *"the drawers can be different, they can have different systems, and*

*the customer cannot get that perception*”, said Pedro Batista (Móveis Batista). However, this intangibility is not so important when dealing with a B2B target client, in accordance with Nuno Ribeiro, managing partner of Mamoá, dealing with professional clients *“that are used to buying furniture from manufacturers (...) they do not need to touch to evaluate its quality”*.

When it comes to the **distance** problem, it represents all the differences within markets, such as the business culture, imports and transactional policies, bureaucratic and tax aspects and difficulty in accessing to market specificities. In fact, according to Pedro Cardoso (Covet Group) it becomes hard for furniture companies to sell articles online to foreign markets when sending these articles represents *“payments [of high taxes] on each product transacted, as in Brazil and Egypt, and bringing this product back if there is a defective product, it is not always worth it to bring the article back”*. In short, these specificities such as taxes and bureaucratic requirements hinder the process, that was also mentioned by Pedro Batista (Móveis Batista). Developing a long term furniture project implies several modifications over time and, according to João Quitério from MOB, when in an overseas dynamic it becomes hard for the seller to get all the information from the client, because of communication difficulties, complicating the presentation of a final solution. He also adds that *“partners and clients from Middle East and North Africa have different working methods that imply cultural adaptation”*. Samuel Santiago from Móveis Jota Barbosa explains the difficulty of accessing to market specificities information, even with the help of Portuguese governmental entities. Therefore, operating overseas leads to more physical and psychological distance and operating through online channels (without a physical presence) reinforces the sensorial aspect difficulty of the lack of touch.

Right after, the most mentioned difficulty was related to **investment costs** that is not only the amount of money required to support the logistics processes (mentioned by Gualter Morgado from APIMA and Nuno Ribeiro from Mamoá) and the expansion of companies’ business activities (Pedro Batista from Móveis Batista), but also the investments that they have to make because of not being sufficiently supported by government entities – Samuel Santiago, Móveis Jota Barbosa. These investment costs regarding logistics processes show how physical distance affects these companies. Besides, the online world is not so immediate nor so appetizing as the physical selling environment due to the fact of a product taking longer to be ready, explaining in this way the **time consumed** barrier. In truth, Gualter Morgado (APIMA) explains that *“having a delivery time, in addition to the logistical operation for*

*delivery, it takes longer to receive the product rather than buying it for immediate consumption. Online is therefore not as immediate or desirable as physical sales.*”. Both investment costs and time consumed difficulties are explained by the international dynamic of cross-border e-commerce. At the same level, the **price gap** barrier emerged within the online environment. According to Pedro Cardoso (Covet Group), when acting in a large or medium segment and prices are higher, it is difficult to explain these prices to consumers without touching products, *“when there are other companies selling similar products way cheaper”* (Pedro Batista, Móveis Batista). In fact, when not being able to experience a product and its quality, it is hard to understand these price differences. The **country of origin effect** can be perceived as the consumer’s perception of the quality of Portuguese products (Gualter Morgado, APIMA) and as a way of competition (consumers perceive better quality in other markets’ products rather than on Portuguese ones, for example *“made in Italy is very strong, so there is a big obstacle to the acceptance of products from other markets in an international dynamic”* – Samuel Santiago, Móveis Jota Barbosa). Once again, by not being possible to touch an article, consumers only base their purchase decision on the reputation they have of it, in this case, the reputation of its country of origin.

Besides, it is difficult to ensure a perfect return (Samuel Santiago from Móveis Jota Barbosa) and transportation of a fragile product and exhibit it in a limited space, as it is explained by Gualter Morgado *“[these articles] are big in terms of size and fragile in terms of transport. It requires a lot of care, which makes it difficult to present them internationally.”* When operating overseas, Nuno Ribeiro (Mamoa) highlights that it might be more complicated for companies to find clients within the B2B target (architects, designers, among others) than in the B2C target. Not having a physical presence in another market and not being able to ensure trust and proximity, reinforces the lack of touch problem overseas. It is also hard to *“respond to this exclusivity sought by our client (...) for example, you can change color, fabrics, materials and this provides an enormous amount of varieties of the same article. This represents an enormous and diversified inventory at a very high cost”* – Nuno Ribeiro (Mamoa). This **personalization** aspect is not seen with the same importance by TGV Interiores since it is not viable for international sales to personalize products in this company, thus not being considered a barrier. The **e-commerce universal rules** are procedures that must be followed, and it becomes harder day by day to find **qualified labor force** to ensure the production process. Selling to other markets means a wide range of customers, which represents more demand and, thus, more production. It is also not so easy to answer to technical doubts so quickly at the pace the

consumers ask (**immediate communication**), when not physically operating in different markets.

Even though this low touch reality problem is not the only problem faced by furniture companies and each company sees each inhibitor differently, this lack of touch problem gets even more remarkable in an international dynamic. The lack of touch problem present in e-commerce appears because not being physically present and not being able to experience products in real time, makes the purchase decision and evaluation of them harder. All these problems explained before not only appear because of not being possible for customers to touch the product or communicate in real time with companies, but also because of the distance inherent to international markets (physical and psychological) when operating overseas too.

#### **4.2.2 Strategies to surpass the Lack of Touch problem**

Each interviewed company uses differentiated strategies to face the lack of touch concern. As noted in table 3, the data capture made it possible to increase the importance of some subcategories applicable to the literature review. However, it is important to note that two subcategories covered in this section (Virtual World and Online Forums) had no sources, and consequently zero references, during the data collection process as it can be observed in table 3. Within the group of the new strategies that emerged, five resulted within the group of Trust in the Company – Business Experience, International Fairs, Business Missions, Local Agents and Personal Connection; three within the Trust in the Process group – Free Shipping, Previous Projects and Complementary Service; three within the Reduction of Potential Lost group - Physical Presence, Design Tools and Customer Servicing; and two resulted within the group of Trust in the Product – Blog and Storytelling about the product's manufacturing Process.

Concerning the first category regarding the trust that clients have in the company, the two theoretical subcategories were mentioned by the interviews and five new subcategories appeared. In addition, there is one subcategory already studied in the literature that was highlighted in this investigation process, **brand reputation**, that all the seven interviewed entities referred. In fact, regarding trust and security issues that clients face, when buying from a company with a relevant dimension that has some recognition achieved within some market segment (for example, luxury), "*clients know already what is the quality associated to the*

*company's products*" – Gualter Morgado (APIMA), making the likelihood of buying higher. Besides, *"nobody buys a Mercedes or a Fiat if they do not identify themselves with the product, in the furniture sector is quite the same. We have to explain that a piece of furniture is in a certain way because we are inspired by nature, the sea, the tones of sand, to create a relationship of closeness and affection so that the customer can see himself in those articles."*, explains Samuel Santiago, from Móveis Jota Barbosa. Consumers not only have to identify themselves with the brand but also have to trust in its associated quality, they have to perceive the quality. **Advertisement** was also found to help to surpass the constraint under investigation, making use of social media as a web marketing tool (Mamoa, MOB, Móveis Batista, Covet Group). In particular, Covet Group creates special content directly to magazines to promote its brand. In addition, the business experience and local agents were the second most mentioned by 6 out of 7 entities and two of the most referenced subcategories throughout the interviews' course. The first emergent strategy was the **business experience**. Basically, this refers to all the experience accumulated throughout the years of operation: the dimension and relevance that the company is associated to, all the prospecting work (MOB), having constructed a well-defined efficient strategy (Móveis Jota Barbosa), selling to other markets (TGV Interiores), developing several brands (Covet Group), among others. In short, all the difficulties felt are surpassed through accumulated experience (Covet Group and Mamoa). For instance, an efficient way to deal with psychological distance is to arrange meetings and ensure presence at events. Móveis Jota Barbosa, MOB, Mamoa, Covet Group and APIMA mentioned the importance of showing the company's products in another market through an organized international event (**international fairs**), which means that the event works as a company's showroom (Mamoa). These events *"require high investments and a long preparation work to look for agents (indirect sales, since they contact potential consumers) and clients (direct sales)"* says Nuno Ribeiro, Mamoa. Despite being a strategy to deal with the focused constraint, *"Large-sized furniture turns out to be something more complex than another type of sector articles, it is large in terms of size and fragile in terms of transport. It requires a lot of care, which makes it difficult to present it internationally. While in a sector like shoes, they are picked up in a suitcase and traveled around the world to be shown to potential customers, in the case of furniture this cannot be done"* - which means that international fairs bring logistics problems, so *"other tools are needed to show products in other markets"* added Gualter Morgado, APIMA. Due to Covid-19 pandemic, Móveis Jota Barbosa explained the advantage of realizing a virtual fair and how it can help surpassing the lack of touch problem, where the client *"cannot touch, but can visualize the piece in that environment, turn it inside out, see the finishes"* -

Samuel Santiago. Furthermore, companies can arrange **business missions** alongside with business associations to go to another market, *“that promote these trips for the first approach and to understand consumption and negotiation habits in different markets. These are not trips to sell, but to understand what companies can offer at a later stage and how to work those markets”* – Samuel Santiago, Móveis Jota Barbosa. Another strategy used by Covet Group, MOB, Móveis Jota Barbosa, and mentioned by APIMA to build reputation and bring confidence to new foreign clients is betting in **local agents**, a representation of the company in a foreign market. In fact, some companies bet in a more direct and personalized contact with clients (TGV Interiores, MOB, Móveis Jota Barbosa) so that the consumer can perceive the product better and the company can meet the clients’ needs providing the most efficient solution (MOB), developing a **personal connection**. For example, Móveis Jota Barbosa mentioned that its employees’ faces are presented in its website to show the team behind and build confidence.

When it comes to the Trust in the Process category, even though not so mentioned, three new strategies emerged while one initial strategy was reinforced. To begin with, betting in a **clear and fair policy** is highly important for ensuring trust and security in clients, that sometimes might feel uncomfortable with the process of buying online from another country. Therefore, by simplifying all the processes as much as possible (TGV Interiores), ensuring a compliance of all the safety requirements and opting for safe payment methods (Móveis Jota Barbosa) alongside with showing availability to answer all doubts that may arise during the buying process (Covet Group) may contribute to a positive experience when buying online. Another strategy that companies might use is the **free shipping** policy, not only when opting to return fabric samples already been sent (Covet Group), but also in the delivery service (TGV Interiores). The fact of providing a free delivery service creates confidence because *“even if the person does not know the brand/store, he/she knows that when ordering an article and the shipping is provided by the company, he/she may feel more comfortable trying it out”* – Gonçalo Mata, TGV Interiores, since the company takes that responsibility. Another idea that Covet Group uses to enhance the trust of their clients is showing to potential clients what has already been made by the company (**previous projects**) so that they can better perceive what to expect. However, the focus of the company should not only be the product itself, but also the process of selling and the service associated. This **complementary service** can be implemented by assisting in the assembly of products (TGV Interiores) or through counseling with a designer or a decorator (APIMA, TGV Interiores, Móveis Jota Barbosa). This last type of advisory service by architects, designers, decorators aims to help the

consumer to know how to combine different articles of the store. *“When we talk about a specific kind of furniture, focused on the decoration aspect, where design has an aesthetic function, I think that this purchase will go through a support tool associated with a service”*, Gualter Morgado (APIMA) explained. Some companies (Móveis Jota Barbosa, TGV Interiores, MOB and several others not included in this research process) are already betting in this kind of services, namely when *“the client is more demanding, he/she will want to study the decision through a decorator or designer, who will show the most interesting articles to the specific client’s home and how to combine it through a remote channel”* added Gualter Morgado (APIMA). By providing these solutions with products that happen to have e-commerce activity and/or international selling options, it can help these companies to improve their sales and their potential customers to feel more secure by communicating and exchanging insights, otherwise *“I do not believe that anyone would buy a sofa without testing the comfort and the guarantee of what they are buying”*, concludes Gualter Morgado (APIMA).

Concerning the third category, Reduction of Potential Lost, several new strategies emerged as the interviews were being conducted and one initial subcategory was confirmed to be an efficient strategy, hence being the most referenced one (**communication with clients**). The language spoken with customers (translation and speaking in foreign languages) is quite important to deal with psychological distance in an international environment, breaking the language barrier (MOB, Covet Group and Mamoá), helping dealing with linguistic market segmentation costs. At the same time, that strategy refers to the business deal, which means that the company should always be supportive in answering to clients’ doubts about prices, logistics measures, workmanship, flaws, among others (Covet Group) through emails or phone calls (Móveis Jota Barbosa). In this way, confidence and security can be promoted, reducing the chance of losing the sale. In what concerns other initial categories, a **good design of the website** was also mentioned by Covet Group, Móveis Batista, TGV Interiores and Mamoá. They referred the importance of designing the dynamic and framework of the webpage client in a friendly way, namely without pop-ups, being easy to get the information required, being formatted for the language of the country where the search is being conducted (Covet Group) and being optimized for smartphones (Móveis Batista). Therefore, the experience of buying online is promoted and facilitated, developing the sense of security needed. Although being seen as a barrier, personalization (providing **unique products**), that is a specialized solution, can also be a differentiator for some companies (APIMA, Mamoá, MOB, Móveis Batista). In fact, *“the idea is that customers feel*

*themselves using the product, that is why we make the project so that they can visualize it (...) our client needs a special solution designed by a specialist, not a standard solution.*” – João Quitério, MOB. This personalized solution can only be provided by using **design tools** (TGV Interiores, Móveis Jota Barbosa and APIMA), that is *“softwares that allow an online stimulation of home décor with customers’ most wanted pieces (...) they can arrive at the store and design their furniture according to the desirable bases”* – Gualter Morgado, APIMA. Despite being used by Covet Group as a strategy to increase sales, Móveis Batista do not seem to find **online sales promotion** to help dealing with intangibility constraints. Notwithstanding these strategies’ importance, the **physical presence** subcategory emerged and all the respondents acknowledges the major importance of this strategy. Consumers can dislocate themselves and opt to experiment in physical stores to surpass these online restrictions. Therefore, having a local structure works *“as a showroom of the online store”* (TGV Interiores), so that consumers can *“experience materials and finishes in person”* (MOB). In fact, a physical presence can increase online sales (Móveis Batista), as consumers experience products in real time and then decide to buy it through e-commerce at home. By the same token, a physical presence might work as a communication tool, *“by having a store, people know that if something goes wrong online, there is a physical place to go and someone is going to take responsibility for that, and that is the confidence that we want to transmit”* – Samuel Santiago, Móveis Jota Barbosa. Besides, the purchase act does not include solely buying a product. Therefore, Covet Group and MOB differentiate themselves because of the **customer servicing** they provide, which includes all the phases of selling an article/project and how careful it is done.

Regarding the last category named Trust in the Product, four out of five theoretical subcategories were referred and two new ones appeared. Firstly, as it is already stated, consumers feel insecure because of not being able to experience the product in real time, and that is why they need to be presented with good **written descriptions** and **multimedia materials (images and videos)** in order to *“dynamize consumer’s experience (...) providing them with good pictures taken in a good environment, showing details, providing products’ descriptions”* – Pedro Cardoso, Covet Group. As a matter of fact, Móveis Jota Barbosa also uses a **blog** (multimedia material) to show clients how to combine different articles and providing decoration tips. These multimedia materials should provide the consumer with the ability to perceive the dimensions and characteristics of the article and an example of that is the usage of catalogues (Mamoá). Still within this category, even though not so mentioned, companies should opt for ensuring a good **consumer’s review and feedback** on social media (for

example, *Google* and *Facebook*) and the only way of doing it is by promoting consumer's confidence striving for excellence in ensuring articles' quality. In fact, Pedro Batista (Móveis Batista) says that *"customers come to our store from all over the country, who say they have searched on the internet and according to the evaluations to our company, they decided to visit. It is a company (...) with good evaluations and this conveys confidence"*. Pedro Batista (Móveis Batista) also highlighted that these reviews may have a positive or a negative effect, as it can lower expectations of potential consumers. When the company explains all the **manufacturing process** (like a **storytelling**) of its products in order to show their clients the workforce and care associated to the product they are selling, clients will see more than an object (Covet Group and MOB). Without a doubt, a way to surpass intangibility is proving means to experience products before clients decide to purchase, so that they can perceive better the product. Covet Group, Mamoa and Móveis Batista usually send fabric samples (**product trial**), when being in real time in physical present is not a valid option.

#### 4.2.3 Findings Conclusion

During the investigation process, it was possible to come to the point that the furniture's sector reality in Portugal goes along with the literature insights that say that Internet as a way of communicating helped to answer to doubts in real time, even though there are still costs associated at a cultural and linguistical levels, uncertainty in what concerns quality and delivery of articles and others. Although these costs are still a reality to these companies, the Portuguese furniture sector is already making efforts to bridge these problems. For example, some companies are already promoting complementary services as a way to deliver personalized solutions, betting in quality. Meanwhile, the course of the interviews showed that this sector still has a lot to improve namely regarding logistics costs (physical distance) and, as opposed to what Loane (2005) and Mostafa et al. (2005) said, there is still a lot to be done in what concerns the access to foreign markets information (psychological distance). Despite already helping internationalization processes (Petersen et al., 2002), Internet does not seem to totally reduce the uncertainty associated to foreign markets in the present context under investigation.

## 5. Conclusion

This investigation has the major point of understanding how companies selling experience goods can surpass the lack of touch constraint present in cross-border e-commerce. In the previous chapter, all the relevant data presented during the interview process were tried to be presented exhaustively. In the present chapter, the conclusions of the study are presented and the limitations are identified. Finally, some topics for future research are proposed. Initially, a literature review was carried out in order to understand the point of view of several studies and what were the strategies already used by firms to respond to the constraint under investigation. Besides, categories and subcategories that explain the phenomenon of study were created. Then, several furniture companies and one business association were interviewed to better perceive how the Portuguese furniture sector deals with the lack of touch constraint. These results were coded, analyzed and conclusions were discovered.

The present investigation came to broaden insights about this current difficulty that firms face on a daily basis, by listening to the companies' view about it instead of consumers, in order to understand the reality applied to a sector mainly characterized by selling experience goods. In addition, the study of the proximity between the company and the client should be deepened. In truth, the major conclusion of the data analyses process is that this seems to be the major motivation to surpass the problem under investigation, so companies should bet heavily on these type of measures so as to promote trust and a sense of security in clients, essential to conclude the purchase decision. Moreover, the physical presence strategy turned out to be quite relevant which does not go exactly in accordance to Luo et al. (2005) that thought that companies with online activity, by entering into foreign markets, would escape to expensive physical presence and facility concerns. Therefore, companies that sell experience goods through online channels will have to incur in costs because of the extreme importance of proximity and possibility to effectively experience in real time before purchasing online concluded in this study.

At a practical level, this research might be of interest to companies selling experience goods online and to foreign markets in order to help them realize if the strategies they currently adopt are being effective to overcome this lack of touch difficulty. As a matter of fact, this is the great contribution of this research. The idea of this study is to deepen the existent knowledge about the current state of this constraint in the furniture sector dynamic.

During the investigation course, it was understood that there are other relevant problems that aggravate even more the lack of touch problem and thus, make it even harder to surpass the problem in focus. More important than realizing these problems, is to understand the connections between each other and their implications with online commerce overseas.

Based on the literature review and the empirical results, an Ishikawa diagram (figure 4) was created to explain all the strategies that firms can opt to adopt in order to surpass the constraint under study.

Figure 4: Final Scheme explaining the strategies proposed on how the Lack of Touch constraint can be surpassed.



By surpassing the constraint under investigation, e-commerce sales to foreign markets can be promoted. Indeed, there are some groups of strategies of different nature that help to surpass the problem more easily. In this study, since it was perceived that this problem present on e-commerce come from trust issues, three categories of strategies were created regarding the development of trust – Trust in the Company, Trust in the Process and Trust in the Product – and one combining ways to reduce the potential loss of a sell. Not all strategies require the same amount of investment and some are easier to adapt than others. The last category explains all the efforts that promote higher confidence and develop in the consumer the idea of wanting to experience the product, reducing the likelihood of giving up of buying from a different country and/or by from an e-commerce channel. In truth, some strategies of this category do not require great efforts to be used, such as communicating with clients (highly referenced in the interviews), invest on a more friendly

design of the brand's webpage, or providing customer servicing, by explaining carefully all the purchase process. The physical presence strategy seems the hardest one to implement, since it implies investment costs. To promote trust in the product, firms should make efforts to show and describe their articles clearly. Even though some of these strategies does not seem complicated to implement (written descriptions, multimedia materials like posting images and videos or developing content in a blog, showing consumers' feedback), promoting the product trial seems challenging and requires higher costs. Consumers need to have in mind that all the phases of the buying and delivery process are safe. Despite being difficult for some companies to provide complementary services or free shipping policies, providing a clear and fair policy naming all the most wanted details is costless. Strategies that promote trust in the company seem to be the hardest to apply for firms. However, these insights should be highly considered to implement on firms' business strategies since they were found to be the most influencing ones. Assuring a good brand reputation, invest in international events and reunions and local presence, developing a more personal connection might be challenging and expensive for companies, but should be considered a priority to develop future sales.

Throughout this study, some limitations were felt:

- The lack of touch constraint does not seem to appear alone. All companies identified the lack of touch as a problem, but it was difficult to separate the analyses from other problems, becoming hard for them to answer with clarity how they face this concrete problem;
- It is important to note that these conclusions are related with the furniture sector that does not represent all kind of experience goods, being only an exploratory study, which means that these results should not be generalized, and some of the companies are developing their online presence or international presence, which means that they do not have a consolidated presence;
- Only the supply side was studied, thus it would be interesting to include consumers to understand their difficulties and uncertainties in order to refine selling processes;

- The companies interviewed either sell to consumers (B2C) or to intermediaries (B2B), it would be interesting to study separately these targets, since they have different specificities and see how it influences sales;
- It would be interesting to study the impact of psychological distance in selling experience goods with more focus, since it was highly referenced, and study if the impact of helping with investment costs would increase these companies' sales overseas;
- Include quantitative data of sells, accomplished with proximity efforts and without any proximity effort, to see if it has impact indeed.

The emergent conclusions of this study confirm the importance of promoting trust and security senses in consumers, not to mention the importance of ensuring proximity and confidence on the company, whereby companies should focus their efforts on this kind of measures. By the same token, this study shows some of the problems that companies face from international nature. All the results emergent from this investigation alert managers of the necessity of rethinking their sales strategies in an online overseas environment with measures related with the promotion of trust: in the product they are selling, in the process of the sell and in the company.

At last, it is important to note that this investigation has been carried out in the middle of the Covid-19 pandemic. In one hand, this situation made the process of gathering information more difficult, promoting the delay of the interviews' course, but on the other hand, it made it even more evident the importance of touch in online sales, at a time when confinement forced us to stay at home, promoting e-commerce.

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## **Annexes**

### **1. Guião das Entrevistas**

#### **1.1 Predefinido para Associação Empresarial.**

Breve contextualização da dissertação e dos objetivos da entrevista.

Explicação de que a ideia da entrevista seria perceber a perspetiva de uma associação empresarial face à questão de investigação.

1. Quais são as maiores dificuldades que as empresas sentem em vender móveis, tanto via e-commerce como venda física?
2. Tendo em conta que as gerações mais jovens e as gerações atuais tendem a usar cada vez mais este tipo de método para proceder às suas compras (e-commerce), qual a sua opinião da importância do e-commerce no setor mobiliário? E porque sente que este pode, por vezes, não funcionar muito bem?
3. Como considera que se possa promover a confiança nos clientes no mundo online?
4. Dentro dos vossos associados da associação, já existem empresas a vender os seus móveis através de e-commerce? Como tem sido a experiência?
5. Como acha que é passar de um método venda presencial para um método de venda tão caracterizado por esta intangibilidade, neste setor do mobiliário?
6. O que pode estar ao alcance das empresas para superar esta intangibilidade? É possível estas promoverem confiança e segurança nos mercados internacionais, tendo em conta as diferentes especificidades?
7. A APIMA ajuda empresas nos seus processos de internacionalização. Calculo que seja ao nível das feiras/missões empresariais. Lidam, portanto, com empresas que já têm presença noutros mercados. Sendo que estas preparações dos processos de internacionalização são bem estruturadas, qual é o principal apoio da associação para estes processos?
8. O grande problema associado a esta intangibilidade em bens experimentáveis é a falta de confiança e segurança dos clientes porque não conseguem experimentar os produtos. Quais as maiores dificuldades sentidas neste aspeto dentro da questão da abordagem de um novo mercado? Como promovem esta confiança em novos mercados?

9. Algum dos vossos associados já vende para fora e online? Se sim, como foi o processo de adaptação e o feedback dado?

### **1.2 Predefinido para Empresa que não vende através de e-commerce.**

Breve contextualização acerca da dissertação e objetivos da entrevista.

Breve contextualização acerca da empresa em específico.

1. Quais são as maiores dificuldades sentidas em vender móveis?
2. Descrever a presença internacional. Como fazem a preparação dos vossos processos de internacionalização? Como adquirem conhecimento das especificidades de cada mercado? Contam com algum apoio? Fazem algum tipo de adaptação da estratégia de acordo com o mercado em específico?
3. Quais são as maiores dificuldades sentidas nestes processos?
4. Tendo em conta que as gerações mais jovens e as gerações atuais tendem a usar cada vez mais este tipo de método para proceder às suas compras (e-commerce), qual a sua opinião da importância do e-commerce no setor mobiliário? E alguma vez se pensou estabelecer e-commerce na empresa?
5. Como promovem a confiança com os vossos clientes?
6. Como acha que é passar de um método venda presencial para um método de venda tão caracterizado por esta intangibilidade, neste setor do mobiliário?
7. Quais são as maiores dificuldades sentidas a lidar com esta intangibilidade?
8. Algum fator que sinta que remarque/destaca a empresa a lidar com esta questão da intangibilidade?

### **1.3 Predefinido para Empresa que vende através de e-commerce.**

Breve contextualização acerca da dissertação e objetivos da entrevista.

Breve contextualização acerca da empresa em específico.

1. Quais são as maiores dificuldades sentidas em vender móveis?

2. Descrever a presença internacional. Como fazem a preparação dos vossos processos de internacionalização? Como adquirem conhecimento das especificidades de cada mercado? Contam com algum apoio? Fazem algum tipo de adaptação da estratégia de acordo com o mercado em específico?
3. Quais são as maiores dificuldades sentidas nestes processos?
4. Tendo em conta que as gerações mais jovens e as gerações atuais tendem a usar cada vez mais este tipo de método para proceder às suas compras (e-commerce), qual a sua opinião da importância do e-commerce no setor mobiliário? Como funciona na vossa empresa? E porque sente que este pode, por vezes, não funcionar muito bem?
5. Como promovem a confiança com os vossos clientes (online)?
6. Como acha que é passar de um método venda presencial para um método de venda tão caracterizado por esta intangibilidade, neste setor do mobiliário?
7. Quais são as maiores dificuldades sentidas a lidar com esta intangibilidade?
8. Algum fator que sinta que remarque/destaca a empresa a lidar com esta questão da intangibilidade?