Choice of Location for Internationalization Strategy for Service SMEs

by
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Master in Management Dissertation

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Table of Contents

Table of Figures and Tables

Biographic Note

The author of this Master Dissertation, Polina Teterevleva, is a student of Master in Management Program of the Faculty of Economy, University of Porto.

Her academic career has started in St. Petersburg, Russia, where she graduated from the Bachelor in Management Program of National Research University – Higher School of Economy. While studying in Russia, Polina has been actively participating in the academic life of the faculty. She has been taking part in several conferences organised by the university. Her works, performed as individually, as in cooperation with another students - "Creativity in management is a way to success", "Efficiency valuation of HR Department performance: case study of Pharma Ltd" and "Contemporary approach to motivation of the personnel" have received good references of the scientific community of the university.

Having her Bachelor Degree completed, Polina decided to gain international experience and chose University of Porto for the further studies. There was written an article based on the current work, which was presented on international conference in the University of Southern Denmark. The article was also accepted for EuroMed Academy of Business Conference, which will take place in September 2014 in Norway.

Polina also has working experience in different areas. In Russia, she has been working in a Human Resource Department of an international Clinical Research Organisation company for two years. Polina is currently working as a Marketing, Communications and Events Department assistant in a Portuguese start-up company. Polina is also collaborating with several Portuguese brands who are interesting in entering Russian market; she is performing consultancy and market researches for these brands.

Dedication

The author dedicates this Master Dissertation to her family.

Acknowledgments

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The Abstract

Any company – small or big, new or old, service or product - faces several difficulties and limitations while going international. A service company has some extra limitations due to the nature of the services it provides. Moreover, it is considered that the smaller and newer the company is, the more limitations it faces and the more difficult the process becomes. However, how can a small new service company internationalize?

The current study is a case analysis of a small Portuguese start-up company, which is working on the development, and implementation of a retail chain of cosmetics stores. The company of seven people is developing a project is to be implemented in three continents.

The aim of the current study is identifying the key factors, which make the process of internationalization of such a company possible. The impact of the liability of foreignness, liability of outsidership, liability of smallness and newness as well as the specifics of the process of the service internationalization will be studied. The focus is made on the entrepreneurial characteristics: how the personal and professional features of the entrepreneur are helping the company to overcome the liabilities it faces.

The current study uses qualitative methodology by means of the Systematic Combining approach.

It was found out that for the PAR's case, the most relevant constraints are those connected with the liability of foreignness. We also concluded that the entrepreneurial personal characteristics and professional skills are helping the company overcoming those constraints.

The originality of the research is determined by the fact that there are no studies conducted yet which would analyse the process of internationalization of small new service company. This research allows better understanding of the factors, which allow such company overcome the difficulties it faces.

Resumo

Qualquer empresa – grande ou pequena, recente ou antiga, de serviços ou de produto, enfrenta inúmeras dificuldades e limitações no processo de internacionalização. Uma empresa prestadora de serviços possui uma serie de limitações extra dada a sua própria natureza. Se para além disso for pequena e recente enfrenta um, ainda, maior número de limitações. Então como é que uma empresa de serviços nova e pequena pode internacionalizar-se?

O presente caso de estudo analisa uma pequena start-up portuguesa, que atua no desenvolvimento e implementação de uma cadeia de lojas de cosméticos. A empresa constituída por sete colaboradores desenvolve o seu projeto para ser implementado em três diferentes continentes.

O objetivo deste estudo é identificar os fatores que tornam este processo de internacionalização possível. O impacto de *liability of foreigness*, *libilitty of outsidership*, *liability of smallness* and *newness* tal como outros fatores específicos do processo de internacionalização de uma empresa dos serviços são objeto de estudo.

Com o decorrer da investigação, o foco foi direcionado para as características do empreendedor: como é que os aspetos pessoais e profissionais ajudam a empresa ultrapassar as dificuldades.

O presente estudo utiliza metodologia qualitativa, com recurso ao Systematic Combining. Verificou-se que, para o caso do PAR, as restrições mais relevantes são os relacionados com a liability of foreigness e as características pessoais e competências profissionais dos empreendedores são o fator mais importante para a empresa superar essas limitações.

A originalidade do estudo é determinada pelo facto de que não existem estudos realizados que analisem o processo de internacionalização de PME, recentes, de serviços. Esta pesquisa permite uma melhor compreensão dos fatores que permitem que estas empresas superem as dificuldades que enfrentam no processo de internacionalização.

1 Introduction

Fast growth of globalisation, rapid development of technology and service innovation going further every day, as well as tough competition, provokes companies searching for more and more sophisticated competitive advantages and makes services going international. Besides, it is known that lately the economy has shifted to service as long as about 75% of employment and gross national product are contributed by service activities in Northern America and Europe (Cicic et al, 1999, Lommelen at al., 2005). Moreover, the process of service internationalization is more complex than the process of internationalization of goods.

In the majority of cases the process of the internationalization is toughly connected with certain difficulties: liability of foreignness (Johanson & Vahlne, 1977; Zaheer, 1995, Hymer, 1960) and liability of outsidership (Johanson & Vahlne, 2009), overcoming those liabilities requires a company using many resources. Therefore, the process of internationalization for small new companies is even more complicated as soon as usually such companies do not have many resources available. Such companies, besides of the liabilities mentioned above are also facing the liability of smallness (Aldrich & Audter, 1986) and, in some cases, the liability of newness (Singh et al 1986). Moreover, for the service company there are some additional constraints connected with the nature of the service (Patterson & Cicic, 1995; Cicic et al., 1999). However, such companies are still managing entering the international market.

Therefore, the research question is how do small, new retail companies manage to go international?

The motivation factor for choosing such theme for the dissertation was lack of variety of studies on the Service Internationalization as well as Internationalization process for retail SMEs. When speaking about the internationalization, it is usually mentioned some product supply for a foreign market (Johanson & Vahlne, 1977, 2009; Oviatt & McDougall 1994, 2005), however we believe that the contemporary business world is providing us with way more opportunities.

There are many studies conducted and theories developed regarding the aspects, stages and processes of the product internationalization (Johanson & Vahlne 1977, 2009; Oviatt & McDougall 1994, 2005; Schweizer, Vahlne & Johanson, 2010). However, the process of the service internationalization is passing different stages or depending on different factors (Boddewyn et al, 1986; Patterson & Cicic, 1995; Cicic et al, 1999). The existing theories and approaches will be analysed critically in order to find differences and similarities between the product and service internationalization processes. There surely will be some similar factors, but even in this case, the importance of the factors for the product and service internationalization might be very different.

The originality of this work is reflected by the fact that there are no studies conducted yet which would analyse the process of internationalization of small new service company.

Within the framework of the current study there will be analysed a case of PAR Europe Company. The aim of the PAR is currently working on is opening retail chains of selective cosmetics and perfumery stores. The business model assumes having in the stores selective brands (for example Chanel, Dior, Yves Saint Laurent and others), exclusive brands (the brands that are not sold by any other stores in a current country) and a private brand. The core characteristic of the brand is personalisation, and there were developed several services, which will be offered for all the clients of the brand internationally. This company is a retail company which was created in February 2013 and which has already started the process of internationalization to Turkey, Europe and Brazil. This business case corresponds perfectly with our research question.

The business case analysis will be conducted later using Systematic Combining approach (Dubois & Gadde 2002).

The structure of the work is following: The introduction is followed by the literature review, which analyses the main internationalization theories, and the existing constraints the companies face during this process. After this, the business case is being analysed and the findings are being compared with the theoretical base. Then the conclusions are being made as well as are proposed subjects for the further research.

2 Internationalization Constraints

Whenever a company decides to internationalise, there are always constraints and limitations it has to overcome. However, when the company is a service company it has to deal with additional constraints connected with specifics of the service nature. Moreover, if the company, which is entering the process of internationalization, is a small and new company, it does not possess many resources and there are additional constraints for it to overcome.

In the following chapter, there are described the liabilities the small new service company faces. The evolution of the theories and the concepts is followed.

2.1 Liability of Smallness and newness

All the companies are facing certain constraints when going international and overcoming the differences they face implies usage of the resources of the company. Nevertheless, what is happening when the company is small and it does not have too many resources to fight the difficulties? Or can only big companies go international?

In 1986, Aldrich and Auster conducted a study proving that for all types of firms – small and big, there are both advantages and disadvantages and there are strategies to overwhelm the disadvantages. Among the liabilities for the small and new companies the authors are defining problems of *raising capital*, *meeting all the government requirements* and being *competitive in terms of labour* with larger organizations, however those paths are connected with the risk of increased dependence and possible loss of control. For small companies there are several strategies to survive, among which there are partnership, franchising, contracting and being acquired.

In the same study, Aldrich and Auster (1986) are stating that small and new companies tend to have higher mortality rate then the big and old ones. They also conclude that normally, the price of surviving, getting older and growing is high – many companies are losing their autonomy.

Studying the liability of newness, Singh et al (1986) are also concluding that the mortal rage among the new organizations is much higher than for the more mature ones. However, authors claim that the acquisition of legitimacy by the organization significantly attenuates such liability. “This suggests that attempts by organizations that

lead to their becoming externally legitimated, either by changes in formal structure (Meyer and Rowan, 1977) or any other means, can significantly alter the liability of newness" (p. 191). Singh et al (1986) suggest that the attempts of the company to get some institutional support might significantly increase its chance of survival.
This point of view follows the same logic as the idea of Johanson and Vahlne, (1977) who state that the companies go international gradually, only after they have grown internally, which means that they have to have the domestic base first.

2.2 Liability of Foreignness

In the academic literature there are studies describing the first constraint of the internationalization – the liability of foreignness, which is connected with the fact that the new market entry is always associated with a disadvantage of lack of knowledge and unprivileged position of the firm compared to the local companies.
The PhD dissertation written by Hymer in 1960 has become a reference for international direct investment and international enterprise. His work is dedicated to search of microeconomic explanation of direct investment and he managed to identify several factors influencing the company when going international. The companies, entering foreign market have way *less information about the market* than the natives. Besides, the local companies might have different level of governmental support or the *government might create additional barriers* for foreign companies to enter. Finally, the *currency rates fluctuation* might provoke a currency risk that in some cases might bring significant losses for the company. All these factors are accumulating an additional cost for the company to go international and might influence the success of such initiative.
In the same vein, studying the question of how the company could overwhelm the liability of foreignness, Zaheer (1995) defined "the costs of doing business abroad that result in a competitive disadvantage for an MNE subunit ...broadly defined as all additional costs a firm operating in a market overseas incurs that a local firm would not incur" (pp. 342-343). The factors defining the liability of foreignness correspond to the ones listed by Hymer (1960). However, it was found out that the firm might also have several advantages, which might compensate the additional costs of doing business abroad. It is not always beneficial to copy the local practices while doing the business in another country as soon as the own practices of the company might be more efficient and give the competitive advantage over the local companies. Therefore, the company might benefit

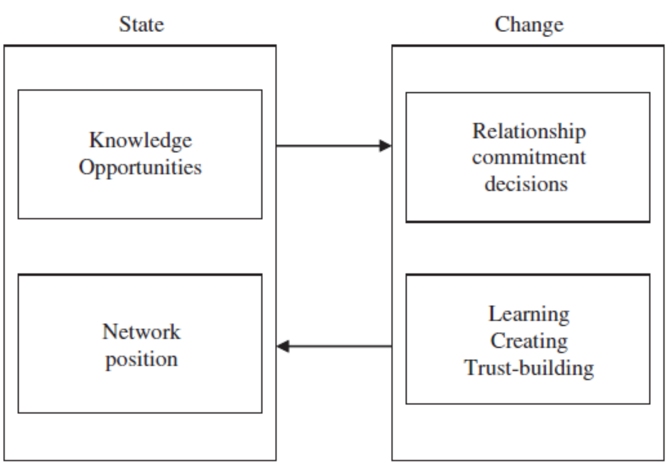
from the combination of its own practices with the practices of the local companies in order to perform more efficiently.
Johanson & Vahlne (1977), in the study ”The Internationalization process of the firm – a model of knowledge development and increasing foreign market commitments” developed a model, known as Uppsala model, which explains the process of the firms intensifying their activities on the foreign markets gradually. The article has become the classical reference for studies of the process of the internationalization. It is one of the most cited articles.
The empirical research has as a theoretical basis the existing literature of the time. In the process of the research the authors has come to a contradictory conclusion, questioning the existing point of view that the firm, while evaluating the internationalization opportunity, should take into account the factors like their own resources and the market analysis based on the costs and risks depending on the market characteristics.
Johanson & Vahlne (1977) found out that in many cases the companies tend to formalize their entries through deals with intermediaries, and only then, firms increase their commitment with the foreign market – an establishment chain. And the second feature of the pattern was the *psychic distance*, as long as the companies tend firstly entering the closest market due to the fact that the environment on those markets is easier to understand, and then the companies tend to gradually enter other markets which are more far away in terms of the physic distance .
The basic assumptions of the Uppsala model are bounded by rationality and uncertainty. The model is fundamentally dealing with the problem of learning and knowledge acquisition on a foreign market. The researchers have mentioned that the firm firstly is changing while acquiring proficiency of the market and secondly, due to strengthening its position. The grade of the company’s market knowledge is defining the level of its commitment and the activities of the firm, and this leads to another level of commitment, which promotes more learning. This model is dynamic: to be able to internationalize, the company has to acquire experiential knowledge, which in its turn can only be acquired while internationalizing.
Therefore, we can see that in accordance to Johanson & Vahlne (1977) the firm, while making the decision regarding the location of the internationalization tends to undertake incremental commitment decisions choosing the closest countries in terms of physic distance, in order to minimise the uncertainty of the market.

Thus, the internationalization process necessarily requires *many resources* of the company in order to cover all the costs of doing business abroad and the time necessary for gaining experiential knowledge gradually.

2.3 Liability of Outsidership

Thirty-two years later Johanson & Vahlne (2009) reviewed their own theory taking into account such important component of business internationalization as relationship network. In the new research, they are considering the outsidership in terms of *relevant network* in the market the main source of the uncertainty, rather than physic distances. Authors argue that any firm is involved into a network of relationship, which are interconnected, so a change in one relationship might have a significant influence on some other relationships in the network. Still considering the knowledge creation as one of the fundamental processes and the biggest challenges of the company in the foreign market, they state that the company is using the network for searching and obtaining necessary information. Therefore, Johanson & Vahlne (2009, p.1415) argue that "insidership is a necessary but insufficient condition for successful business development". Moreover, the authors find it necessary to consider *trust* as an important factor for the commitment establishment. Trust is vital for knowledge sharing, it persuades people to build joint expectations and it is truly key factor in the situations with high level of uncertainty. Studying the process of opportunity research, they conclude that it combines elements of discovery and creation.

Figure 1 - *The business network internationalization process model.*



Source: Johanson & Vahlne (2009, p. 1424)

The new version of the model (figure 1) depicts the cumulative processes of the trust, commitment building and learning. The two sets of variables – state and change are interconnected. The growth of the level of knowledge might have positive or negative impact on building trust and commitment. In the new version of the model, authors tend to indicate that the opportunity is the most important body of knowledge that drives the process.

The reconsidered position of the authors is that the company, choosing the location for the internationalization, will go to the market where it and its partners see more *opportunities*. In the situation where the company has no local partners yet, it will tend to choose the market, where the possibilities of obtaining the business connections are higher, which, therefore, emphasises the importance of the networks for the internationalization. The authors also argue that while exploring the opportunity, such variables as trust, knowledge and commitment to the relationships should be taken into account.

The importance of the business networks was already pointed out by Hakansson & Snehota in 1989. They claimed that "No business is an island" – business *networks* help companies to implement their strategy better. Taking into account three basic assumptions - that the environment of the organization is beyond its influence and control; the strategy of the business organization is the result of the resources it controls and adaptation is necessary due to the continuously changing environment, they propose the Network model of organization-environment interface. The authors state that the organizational performance is conditioned by the totality of the network as a context. The model is based on 4 propositions:

- The behaviour of a company is conditioned by a limited number of the counterparts;
- An organization engages in continuous interactions that constitute a framework for exchange processes;
- Relationships develop the distinctive capabilities of an organization;
- The performance of the companies does not just depend on how well it interacts with other companies but also on how well these companies interact with third parties (partners' partners) and the network.

Hakansson and Snehota (1989) also state that some of the resources that relationally were considered internal can hardly be controlled by the organization while a number of external resources can be actually considered as an integral part of the organization; therefore, the boundaries between companies in the network are blurring. Previously it was considered that the effectiveness of business organization is given by its capacity to acquire resources through exchange with other parties in the context (Yuchtman & Seashore, 1967). Hakansson and Snehota (1989) make a contradictory statement that the effectiveness of the organization is not based on the adaption to the environment but on its relating to the concept. This means that the organizational effectiveness – its strategy - is based on interactive behaviour. The environment that was previously seen as a constraint is now perceived as opportunity.

The fact of the company belonging to certain business network provides it with a number of beneficial opportunities: they have access to the contacts, to the resources – physical, technical, financial, etc., to the useful information, knowledge and expertise. Through the network, the company might obtain strategic partners, find out and evaluate business opportunities.

Hakansson and Snehota (1995) identify that relations in the business network are not something given and stable, they are changing and evolving over time, in this regard the outcome of them is changing and out of control. This form of organization is peculiar because it does not have a centre, nor does it have clear boundaries. Contrary traditional points of view, the relations are described as sensible, economically efficient arrangement; a consequence of rational behaviour, they are essential for the economic performance of companies. The authors also mention that there is nothing like a typical or average business relationship. They define the relation as a mutually oriented interaction between two reciprocally committed parties. They also mention the interdependence and connectedness of the companies in the industrial market which constraints their behaviour as much as creates opportunities.

Hakansson and Ford (2002) emphasise the importance of the business networks in the contemporary world: "No one interaction, whether it is a sale, purchase, advice, delivery or payment can be understood without reference to the relationship of which it is a part. Similarly, no one relationship can be understood without reference to the wider network. Each company gains benefits and incurs costs from the network in which it is embedded and from the investments and actions of all of the companies involved" (p.134). Therefore, the company gets help via its network, contradictory to idea suggested by Johanson and Vahlne in their Uppsala model (1977), the process of internationalization is not necessarily slow and gradual process anymore.

The attention of researchers have attracted international SMEs due to their increasing role in the process of the knowledge and managerial skills transferring. Oviatt and McDougall in 1994 argue that “global start-ups”, or as they are called nowadays “born global companies” are not just uninteresting anomalies as it was considered earlier, but new entity on the international market deserving detailed study. Until 1990, those firms were not mentioned, known or taken seriously. Conducted inductive research, collecting and analysing information of 11 different firms they attracts the attention of the scientific world to a new phenomenon, which was considered as a future of the business organization. Oviatt and McDougall (1994, p. 49) define“... an international new ventures as a business organization, that from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”.

The authors mentioned that the Uppsala Mode is only applicable for the companies, which internationalize slowly. However, for those born global companies it was needed different theoretical approach.

One of the main differences of such new ventures was that unlikely all other organisations, they do not necessarily need to have their own resources to start the international operations. Thus, these business entities are mostly defined by the actions undertaken by the entrepreneurs rather than the resources they possess. “These entrepreneurial actions lie at the core of new ventures' ability to develop ways to create value beyond their established and presumably resource-rich competitors” (Zahra, 2005: 21). This point of view assumes emphasising of the importance of intangible assets of the firm such as innovative abilities, relationships, networks, business insights and organizational cultures for the process of value creation for the international new ventures. Furthermore, those activities that enhance their performance on the international markets are the most valuable.

Zahra et al (2004) has emphasised that the INV and established companies have different patterns of the opportunity identification. International New Ventures undertake different assumptions; they perceive the competitors and the market differently. Therefore, the advantage of the INV is that the entrepreneur has different cognitions; he can evaluate the situation, spot the opportunities on the international market and quickly design new ways of exploiting these opportunities.

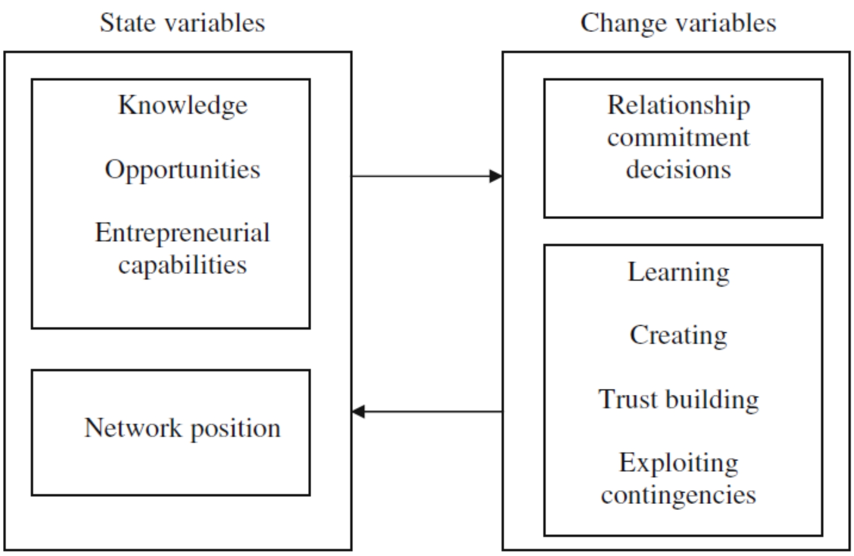
In more recent study, Oviatt & McDougall (2009) pay attention to such elements as licensing and network alliances. They also define “International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities – across national borders - to create future goods and services" (p.7)

This article by Oviatt & McDougall (2009) is moving us further towards understanding the nature of born global companies.

In 2010, Johanson and Vahlne, now with Schweizer adapted the model one more time. They consider that the internationalization should be seen as ether as product of a firm's attempt to improve its position within the network or the result of *entrepreneurial action*. In the article authors suggested improvements to the Johanson & Vahlne's (2009) business network internationalization model, emphasising the entrepreneurial aspects of the process (Figure 2).

These researchers consider the environment of the firm as dynamic, nonlinear and laced with networks. The model is also taking into account the importance of entrepreneurial activities, such as those needed for launching a born global company. Besides of the elements which were considered by Johanson & Vahlne (2009), authors add such state variable as entrepreneurial capabilities as a supplement to knowledge and opportunities. Schweizer et al (2010) are stating that entrepreneurs are operating under conditions of uncertainty and ambiguity, which is consequently causing entrepreneurial uncertainty, but it also allows the entrepreneur choosing more freely among the objectives, which only became visible during the process.

Figure 2 - *The internationalization as an entrepreneurial process model*



Source: Schweizer et al (2010: 365)

Schweizer et al (2010) believe that the model they created “presents a necessary albeit incomplete conceptualization of the role of entrepreneurship in the internationalization of firms” (p. 367)

The opportunity exploration and opportunity creation are the basic entrepreneurial activities (Brito & Meneses, 2007). Yet, the way these activities are being performed, depends on each case individually. Normally, when talking about the market opportunities, the market itself is being perceived as a passive element of the process. However, Andersen and Buvik (2002), after conducting an analysis of several business cases, have concluded that the buyer or customer may play an active role while establishing of an exchange transaction. Therefore, some firms might go international in order to respond the order of the local consumers – in this case, the *market is “calling”* the company to go abroad. To internationalize, firms might use relationship approach: they use personal and existing business relationship in order to gain information about the potential partnerships to be established and connections to be made.

The *previous experience* of the entrepreneur is also an important factor. Brockhaus and Horwitz (1986) argue that the entrepreneurs are not just learning from their previous experience, but profit from it. Those entrepreneurs, who have their second enterprise, tend to do better than those who have their first one, both in terms of sales and profits. This can be also applied to the internationalization *entrepreneurial experience*: in their study Reuber & Fischer (1997) have found proves to their hypothesis that the management team with previous international experience uses a strategic partnership to a greater extend, promoting faster and more efficient internationalization of the firm. In a study conducted by Spence & Crick (2007), the rapid and successful internationalization process of the companies studied is explained by the fact that the companies were “hiring an executive with relevant experience whose main role was to guide the firm to strategic international development” (Spence & Crick, 2007, p. 226).

Moreover, Andersson (2011) argues that a company can go international in a very short term, using the entrepreneur’s prior knowledge and network. The strategy, which is “based on an entrepreneur’s knowledge, links to foreign markets and a co-operative arrangement with network partners, can be successful” (Andersson, 2011, p.638).

The research conducted by Andersson (2000), demonstrates that the entrepreneurs are not all the same. They reveal different behavioural patterns, they concerned about different aspects of the business and they choose different strategies for the companies. According to Andersson (2000), there are three *types of the entrepreneurs*: Technical, Marketing and Structure:

- Technical Entrepreneur – his main concern is technology, the product and production development are his strategic priorities. The internationalization is not the key priority; however, the request from abroad might lead to export internationalization or to a listening agreement, as soon as these type of activities are not requiring many resources. The market choice depends on which countries are making the inquiries. This type of entrepreneur mostly prefers international pull strategy.
- Marketing Entrepreneur – the idea of the product/business for those entrepreneurs emerges from existing need on the market and an idea how to fill this need. He is proactive in the internationalization process and aims to find new channels of reaching the consumers. He is willing to establish international new ventures. This type of the entrepreneurs might choose markets in accordance to the personal preferences and connections, instead of using approach that is more "rational". It is more common for them to use international push strategy.
- Structure Entrepreneur – is aiming to restructure companies and industries. He acts in the companies operating in mature industries and he implements his strategy on corporate level. The process of internationalization is more consequence of the entire strategy, rather than a goal for him. Markets are chosen in accordance to the competitive situation.

The creation of competitive advantage for SME while going international promotes entrepreneur to innovate. O'Cass & Weerawardena, (2009) argued "that SME internationalisation process is an entrepreneurial activity and entrepreneurial SMEs pursuing international market entry actively undertake innovation in all areas of value creating activities" (O'Cass &Weerawardena, 2009, p. 1338) Therefore, the capacity of the entrepreneur to innovate is an important factor of the business success. In accordance to Frishammar & Andersson (2009) it is also vital for the entrepreneur to be proactive. The authors define proactiveness as a willingness to introduce the product or the service to the market ahead of competition. It is first-mover advantage seeking and forward-looking. Their study shows that proactiveness has a lot bigger influence on success of SMEs internationalization than the strategic orientations.

2.5 The specifics of the service internationalization process

The main reason why the processes of service and product internationalization cannot be similar is hidden in the nature of the entities “product” and “service”.

The Oxford Dictionary provides us with following definitions: “Product – 1. a substance produced during a natural, chemical, or manufacturing process; commercially manufactured articles, especially recordings, viewed collectively. 2. a thing or person that is the result of an action or process” and “Service – the action of helping or doing work for someone; an act of assistance; assistance or advice given to customers during and after the sale of goods”

The key differences between product and service from the international business point of view are following. Firstly, products have physic distribution channels in order to reach the customer, while the majority of the pure services do not need it (Demirkan et al, 2011). Therefore, talking about different entry modes while expanding to a new country, such as intermediaries, might not be relevant in some service companies’ cases. Secondly, the level of the personalization of the service is always much higher, as long as the service consumer will always be expecting the individual approach, while good consumers are purchasing standardized pieces very often (Patterson & Cicic, 1995; Cant & van Heerden, 2005). Thirdly, the product is a tangible entity; the customer has an opportunity to test it before buying, while the purchase of a service is in many cases based on trust (Patterson & Cicic, 1995, Goerzen & Makino, 2007; Boddewyn et al, 1986, Demirkan et al, 2011). Fourthly, the processes of creation of the product and the service are totally different: the majority of products require machinery and raw materials, while services require skills, experiences, competencies and motivation of the one who delivers the service (Cant & van Heerden, 2005; Goerzen & Makino, 2007). Fifthly, growing the business for the product company means producing bigger amount of products and reaching new clients, while for the service company expansion it also requires improvement of the characteristics of the service provider (Demirkan et al, 2011; Cant & van Heerden, 2005, Boddewyn et al, 1986).

Therefore, we can see that all of the processes starting from creation and finishing with approaching the customer for goods and services are different; the internationalization paths of the good-providers and the service-providers are different too. For the service companies the entry mode, the production, the distribution channel should vary. The adaptation of the service for entering the new country is also more complicated rather than adaptation of a product as long as it implies taking deeper into account the cultural differences, the language, the diversification and access of technologies in the country, the behavioural norms and standards, the economic issues and so on.

“Services are considered to be international when one or more of the following situations occur(s): (l) the movement of service providers to clients abroad; (2) the movement of foreign clients to service providers; (3) the movement of both clients and providers; and (4) no movement by either client or service provider due service delivery through objects, technological vehicles and/or assets” (Lommelen & Matthyssens, 2005, p. 97).

In 1986, Boddewyn et al have mentioned the key differences between services and “non-services” and the difficulties of services going international, which are connected with those differences. The authors are claiming that one of the major difficulties in the process of the service internationalization is associated with licensing and management contracts. “In their pure forms, they do not involve any equity since only technology or management skills are sold to another party [Buckley 1983b]. Besides, they use the "external market" rather than "internalization" within the international firm as a mode of transfer [Buckley and Casson 1985, p. 51]. Therefore, they cannot be considered forms of foreign direct investment” (p.47). The authors also emphasise the fact that the trade process in the case of services is losing its *clarity and transparenc*y – the money is paid, but there is no way ether to estimate the process of production of the service ether control its quality.

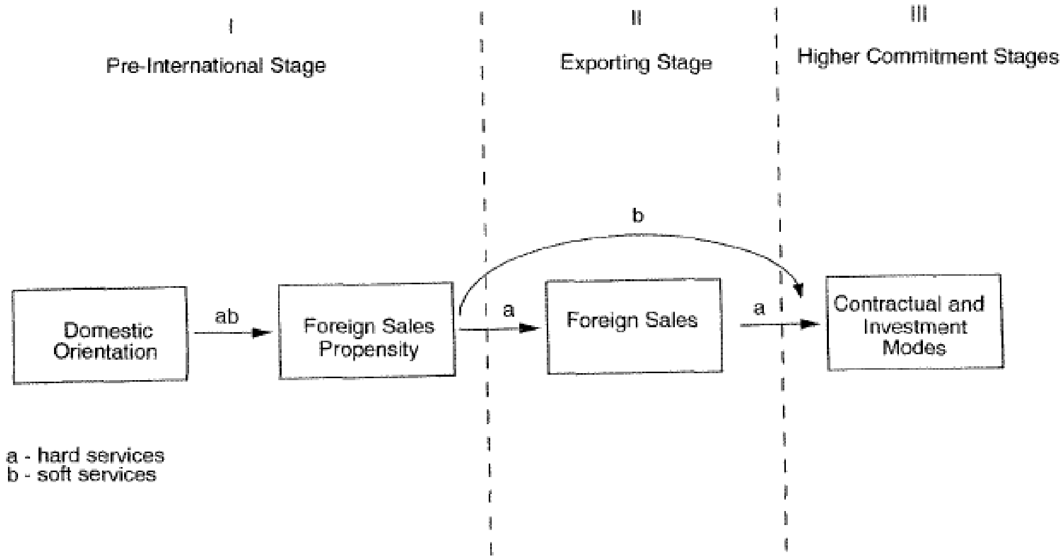
Boddewyn et al (1896) also define several ownership advantages for the service companies. Firstly, it is an Internalization Advantage: In the case of the consumer service, the internalization process might be conducted even with the absence of equity investments. Secondly, it is Location Advantage: in terms of location requirements, international services have no special problems.

In 1995 Patterson & Cicic claim that due to intangibility of the service, the providers are pretty limited in the entry mode options, meanwhile the *entry mode* is a key success factor for the service internationalization. They are also stating that for those services that require a lot of interaction between the customer and service provider, the *cultural aspect* is becoming one of the key important factors.

Based on those two key dimensions – intangibility and customer interaction, Patterson and Cicic (1995) are developing a conceptual typology of the service providers based on such factors as customization, firm size and amount of foreign investment. They are defining 4 types of service firms: Location-Free Professional Services (for those firms the degree of face-to face contact with the client in the service delivery is low and the degree of tangibility is high: those are not pure services), Location-Bound Customized Projects (the degree of face-to-face contact is high and the degree of tangibility is high), Standardized Service Packages (the degree of face-to- face communication is low and the tangibility is low: the services are bounded with goods) and Value-Added Customized Services (the degree of face-to-face communication is high and the tangibility is low). The retail might be considered as Location-Bound Customized Project, as soon as both the level of tangibility and face-to-face interaction is high. In accordance to the results of the study, those four types of the service providers have different organizational, behavioural and attitudinal profiles, as well as entry mode profile and international operation profile. The appearance of this typology has allowed developing different insights into the behaviour and perception of international service marketers, and systemising complex and heterogeneous global environment.

The global economy development, globalization and technology development have been changing the world rapidly. The development and spread of all kinds of communication technologies has moved service companies into a new level. In 1999, Cicic et al (1999) have conducted a research in order to develop a model of service internationalization. They are stating that some stages of the processes and service internationalization are similar as product internationalization; however, there are many stages, which are different. They have built a conceptual model based on the literature review and a series of in-depth interviews with representatives of the service companies (Figure 3). Cicic at al. (1999) have developed a service classification. They are defining "hard" services – not the pure services, but services embedded in goods, and "soft" services – the standard pure services. They argued that the "hard" services due to their high similarity with the goods are more likely to internationalize via standard and traditional entry modes, they are less influenced by the cultural and technological differences; while the "soft" service require totally different approach and the entry mode for such services should be adapted. Due to the key difference between those types of services, the authors are defining different stages these services are passing during the process of the internationalization. The "hard" services due to their tangible nature have to pass all the phases as it is shown on the figure 3, when the "soft" services do not require the exporting stage due to their intangible nature (figure 3). Retail service is a soft service according to this classification and it is difficult to internationalise.

Figure 3 - *Process of Internationalization of the service firms*



Source: Cicic et al (1999: 87)

Knowing the unique characteristics of each service type and the potential of the particular service on a foreign market should facilitate the choice of approaching the market and selecting the entry mode. Besides, in order to achieve success internationally, the company should evaluate the technological possibilities.

2.6 Conclusion

From the current literature review we can conclude, that any company, entering the foreign market is facing difficulties; however, those difficulties are connected with the type of the company and the types of the goods/services the company is offering.

Any company is having two major disadvantages: liability of foreignness and liability of outsidership. The liability of foreignness is the disadvantages connected with lack of information about the host country market (Johanson & Vahlne,1977; Hymer, 1960; Zaheer,1995) unprivileged position in the eyes of the local government (Hymer, 1960; Zaheer,1995), higher costs of doing business abroad in comparison to the local companies (Hymer, 1960; Zaheer,1995), the currency risk (Hymer, 1960). In accordance to the Uppsala model, the company tends firstly enter to the psychic close country Johanson & Vahlne, 1977) and to be able to internationalise, the company has to possess a big amount of necessary resources (Hymer, 1960; Zaheer, 1995; Johanson & Vahlne, 1977)

The Liability of Outsideship is connected with lack of the network in the target country (Johanson & Vahlne, 2009; Hakansson and Snehota, 1989, 1999; Hakansson and Ford, 2002; Zahra et al, 2004), inability to make business connections and difficulty of spotting the market opportunity (Johanson & Vahlne, 2009). Due to this fact, it is important for the entrepreneur to have previous experience (Brockhaus & Horwitz, 1986; Reuber & Fischer, 1997; Andersson, 2011; Spence & Crick, 2007), undertake adequate entrepreneurial actions (Oviatt & McDougall, 2009; Schweizer, Valhne & Johanson, 2010), have capacity to innovate (O'Cass & Weerawardena, 2009) and be proactive (Frishammar & Andersson, 2009). Moreover, the market might be an active participant of the process (Buvik, 2002; Brito & Meneses, 2007)

When a new and small company is willing to internationalize, there appear even more constraints – liability of newness and liability of smallness. Those liabilities are associated with such difficulties as problems of raising capital, meeting all the government requirements and being competitive in terms of labour with larger organizations (Aldrich & Auster, 1986). There is also a very high probability of an early death of a young company, and even if it manages to survive in many cases, it risks losing its independence (Aldrich & Auster, 1986).

Finally, when a new small service company is searching for an opportunity of going international, it should be taking into account the types of services it is providing with and specifics of the nature of the services. It should consider the entry mode very carefully depending on the level of tangibility of the service it is providing with and the degree of face-to-face communication with the client (Patterson & Cicic, 1995). The right choice of the entry mode is one of the most vital factors for the service internationalization (Patterson & Cicic, 1995; Cicic et al, 1999). Depending on the type of the service, “hard” and “sort” service are following different internationalization paths (Cicic et al, 1995). The difficulties might appear because of the intangible nature of the service, the money is paid, but there is no way to control the process of the service production, nether the result (Boddewyn et al, 1896). Besides of that, it is necessary to adapt the service for the customers of different culture (Boddewyn et al, 1896). Finally, the consumer should trust the service provider to purchase the service (Patterson & Cicic, 1995; Goerzen & Makino, 2007; Boddewyn et al, 1986; Demirkan et al, 2011).

Therefore, a small new retail company during the process of the internationalization faces large number of difficulties.

3 Methodology

The methodology of conducting a research might be quantitative, qualitative or mixed. In accordance to Cresswell (2003), quantitative strategies are experiment designs and non-experimental designs such as surveys. Narratives, Phenomenologies, Ethnographies, Grounded theories and Case studies are belonging to the qualitative strategies. The mixed methodology strategies are Sequential, Concurrent and Transformative, which are combining the elements of both quantitative and qualitative methodologies.

Within the framework of the current study it will be used the case study strategy. “Case studies, in which the researcher explores in depth a program, an event, an activity, a process, or one or more individuals. The case(s) are bounded by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time” (Cresswell, 2003:15). Such strategy allows understanding dynamic changes in presence within single settings. It typically combines data collection activities such as archives, interviews, questionnaires, and observations (Eisenhardt, 1989). Case studies might be used in order to reach various goals: to provide description (Kidder, 1982), test theory (Pinfield, 1986; Anderson, 1983), or generate theory (Gersick, 1988; Harris & Sutton, 1986). Besides of that, case studies are helpful to cope with the fact of intangibility of many resources of organization, which makes it impossible to assign any quantitative valuables to those resources (Hoskisson et al, 1999).

The qualitative research implies the researcher making knowledge claims based on constructivist perspectives such as data related to personal experience of the respondent, historically/politically formed data, data collected in order to verify a theory (Cresswell, 2003). In other cases, the researcher is working due to advocacy/participatory perspectives, which can be political, collaborative, and issue- or change-oriented (Cresswell, 2003).

The key criteria for choosing the approach are the Match between the problem and approach, Personal experience and Audience. Qualitative research - an exploratory research - is used when the author does not know the important variables to examine. It happens when the topic of the investigation is new, or it has never been addressed to a sample group. It is also used when existing theories are not applicable to a certain case (Cresswell, 2003). Though on one hand, quantitative research with very strict rules and procedures might be for many researches more comfortable approach. On another hand, the qualitative approach gives more space for innovation. “For advocacy/participatory writers, there is undoubtedly a strong personal stimulus to pursue topics that are of personal interest-issues that relate to marginalized people and an interest in creating a better society for them and everyone” (Cresswell, 2003:23)

The first phase of conducting a case study research is defining a research question in order to focus a research and not to be overwhelmed with the amount of information. It is also vital to specify some possibly significant variables, referring to already existing literature. Then the appropriate cases, which are likely to respond the emergent theory, are chosen. The final goal of analysing the sample is gaining accurate statistical evidence of the distribution of the variables.

There are several ways to collect information. Among them, there are observations, interviews and archival sources. Typically, such research assumes various different approaches of collecting the information. Case study might involve qualitative data only, quantitative data only or both. The case study research might be also performed by multiple investigators, which allows considering the situation from various points of view. When working with data it is important to overlap the processes of data collection and data analysis, which is not only giving the researcher a head start, but also allows them a flexible data collecting. While acquiring the research data it is useful to write down any impression that occurs rather than only those that seem important now as soon as it is unpredictable which information might turn out useful in the end of the research. Besides of that sometimes during a study the researcher feels a necessity to alter or add data collection methods.

The data analysis is the least codified and the most complicated process. One of the key steps is within-case analysis – detailed write-ups for each individual case, which is a tool for investigators to manage the huge amount of data

The next step of the process is comparison of the emergent data with the information from case to verify if the data fits into the frameworks of the theories. It is important to perfect the hypotheses and sharpen the constructs, which can be achieved by sharpening the characterisation of the construct and then identifying data that measures the construct within each individual case. Then it is necessary to ensure that the evidence in each case fit with the relationships between the constructs.

The literature review is an important part of the study firstly because it describes the existing theories about the research question and secondly, the conflicting theories, if existing, may represent an opportunity of developing more creative and "outside the box" mode of thinking.

3.1 Methodology used

The case study conducted is a qualitative research using the Systematic Combining Approach developed by Dubois & Gadde in 2002. This methodology is an abductive approach rather than inductive or deductive approach allowing a continuous interplay between the theory and the empirical observation.

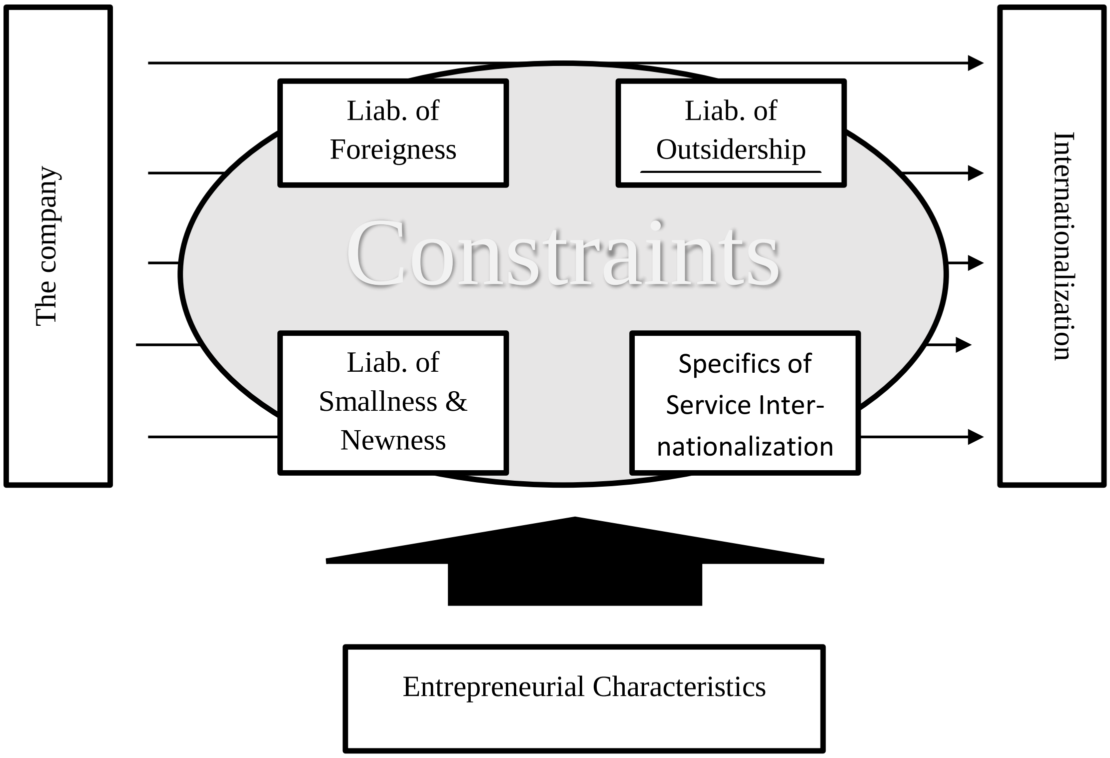
The advantage of such methodology is that it is stresses theory development rather than a theory generation allowing refining of the existing theories rather than creating new ones. "This approach creates fruitful cross-fertilization where new combinations are developed through a mixture of established theoretical models and new concepts derived from the confrontation with reality" (Dubois & Gadde, 2002, p. 559). The approach assumes matching, direction and redirection of 4 main components of Systematic Combining: Framework, the Case, Theory and the Empirical World (Dubois & Gadde, 2002).

The limitations of the study are connected with the nature of the case study. Such studies are based on analytical inference; they cannot be built using statistical inference. Besides, for the business case studies it is not possible to test the relations in complex structures and structures, so the creditability of such studies has to be proved using other means: adequacy of the research process and the empirical grounding on theory (Strauss and Corbin, 1990, Dubois & Gadde, 2002). Besides, when conducting such study it is important to be parsimonious and selective in order not to end up with a weak theory. Finally, the process of learning is guided by the theoretical framework of the research and some unpredictable discoveries might occur. The path to the discoveries and the process of how the researcher is learning should be transparent to the reader.

3.2 Conceptual Framework for Analysis

As a result of the literature review, we can conclude that small new company when starting the internationalization process faces following disadvantages (figure 4):

Figure 4 – *The conceptual framework*



Source: Own elaboration

1) The Liability of Foreignness – disadvantages connected with lack of information about the host country market (Johanson & Vahlne, 1977; Hymer, 1960; Zaheer, 1995), less advantageous position in the eyes of the local government (Hymer, 1960; Zaheer, 1995). It has higher costs of doing business abroad in comparison to local companies (Hymer, 1960; Zaheer, 1995), it faces the currency risk (Hymer, 1960) and the lack of resources necessary for the internationalization (Hymer, 1960; Zaheer, 1995, Johanson & Vahlne, 1977). The company is searching for the country, which is physically closer (Johanson & Vahlne, 1977).

2) The Liability of Outsidership – capacity of gaining relevant network in abroad (Johanson & Vahlne, 2009; Hakansson and Snehota, 1989, 1999; Hakansson and Ford, 2002; Zahra et al, 2004), difficulties of identifying market opportunities, (Johanson & Vahlne, 2009). Besides, the internationalization strategy might depend a lot on entrepreneurial action (Schweizer, et al., 2010), the type of the entrepreneur, as well as on his previous experience and network (Brockhaus & Horwitz 1986; Reuber & Fischer 1997; Andersson 2000, 2011; Spence & Crick, 2007, Johanson & Vahlne, 2009). Moreover, the international entrepreneur should be innovative and proactive (O'Cass

&Weerawardena, 2009; Frishammar & Andersson, 2009). Finally, the market itself might be an active participant of the process (Buvik, 2002; Brito & Meneses, 2007).

3) Liability of newness and smallness - such issues as problems of raising capital, meeting all the government requirements and being competitive in terms of labour with larger organizations (Aldrich & Auster, 1986). There is also a very high probability of early failure in a young company, and even if it manages to survive, in many cases it risks losing its independence (Aldrich & Auster, 1986).

4) The specifics of the service internationalization - depending on the type of service, “hard” and “soft” services follow different internationalization paths (Cicic et al, 1995). It is important to choose the entry mode carefully (Patterson & Cicic 1995). The company should also take into account the difficulty of controlling the quality and the price of the service due to its intangible nature, and consider the psychological and cultural differences of the customers in the country of destination and be able to adapt the service correspondingly (Boddewyn et al 1896). For a consumer to purchase a service, the trust factor is also essential (Patterson & Cicic, 1995, Goerzen & Makino, 2007; Boddewyn et al, 1986, Demirkan et al, 2011). Finally, it is important to mention that the market is not always a passive part in the internationalization process. In many cases, the market attracts the company to enter the country (Buvik, 2002; Brito & Meneses, 2007).

Therefore, we can define several challenges new service SMEs might face during their internationalization process (Table 1), which will be used as initial parameters for the case analysis.

Table 1 - *Factors influencing the process of internationalization of service SMEs*

Liability	Factor	Twitter definition	Authors
Liability of Foreignnes s	Market Information (MI)	Lack of the market knowledge comparing to the local companies	Hymer (1960), Johanson & Vahlne (1977), Zaheer (1995)
	Cost of Doing Business Abroad (CDBA)	Additional cost the company that is going to operate abroad has to incur and the local company would not incur	Hymer (1960), Zaheer (1995)
	Government Barriers (GB)	Government might create additional barriers for the foreign company to enter the market	Hymer (1960), Zaheer (1995)
	Physical Distance (PD)	The company tend to expand gradually: they firstly enter the markets which are physically	Johanson & Vahlne (1977)

		closer to the domestic market	
	Resources Availability (RA)	The process of the internationalization is requiring a lot of the company's resources	Hymer (1960), Zaheer (1995), Johanson & Vahlne (1977)
	Currency Fluctuation (CF)	The currency risk might in some cases bring sufficient losses for the company	Hymer (1960), Zaheer (1995)
Liability of Outsidership	Relevant Network (RN)	Belonging to a network provides the company with a number of advantages: it might obtain resources, knowledge, contacts information, etc. via the network	Johanson & Vahlne (2009), Hakansson & Snehota (1989, 1999), Schweizer, Valhne & Johanson (2010), Reuber & Fisher (1997); Andersson (2011); Hakansson and Ford (2002); Zahra et al, (2004)
	Previous Experience (PE)	The entrepreneurs might use the information, business connections, strategies and approaches they obtained or developed previously in order to conduct the process of the internationalization faster and more efficiently	Brockhaus & Horwitz (1986); Reuber & Fischer (1997); Andersson (2011); Spence & Crick (2007)
	Market Opportunities (MO)	The company, choosing the destination for internationalization, prefers the market where it and its partners see more opportunities	Johanson & Vahlne (2009)
	Types of Entrepreneur (TE)	Depending on the types the entrepreneur belongs to, it demonstrates different behavioural patterns, have concerns about specific aspects and chooses different strategies for the company.	Andersson (2000), Brito & Meneses (2007)
	Entrepreneurial Action (EA)	The activities needed for launching the process of internationalization: discovery, enactment, evaluation and	Oviatt & McDougall (2009), Schweizer, Valhne & Johanson (2010)

		exploration of opportunities	
	Capability to Innovate (CI)	The innovation is an important value creating activity	O'Cass & Weerawardena (2009)
	Proactive Attitude (PA)	Forward-looking, first mover advantage-seeking, willingness to introduce a product or service ahead of competition.	Frishammar & Andersson (2009),
	Market Call (MC)	In some cases, the market is not just a passive participant of the process of internationalization. The entrepreneurs might go to the market aiming to respond the order of the local consumers	Buvik, (2002) Brito & Meneses, (2007)
Liability of Smallness & Newness	Capital Availability (CAv)	In many cases the capital raising might be a big challenge	Aldrich & Auster (1986)
	Labour Competitiveness (LC)	Being competitive in terms of labour with larger local organizations	Boddewyn et al (1896)
	Meeting Governmental Requirements (MGR)	The government might establish some rules and norms for the business processes which would differ for ones of the firm's country of origin	Aldrich & Auster (1986)
Specifics of Service Internation alization	Lack of Transparency and Clarity (LTC)	The money is paid but there is no way to estimate the process of the service production or evaluate its quality	Boddewyn et al, (1896)
	Cultural Aspect (CAs)	The service must be adapted in accordance with local culture, norms and traditions	Boddewyn et al, (1896)
	Trust Based (TB)	To order the service, the consumer should be secure about the service provider	Patterson & Cicic (1995), Goerzen & Makino (2007); Boddewyn et al (1986), Demirkan et al (2011)

	Entry Mode Limitations (EML)	Due to the intangible nature of the services the entry mode options are more limited	Patterson & Cicic (1995)

Source: Own elaboration

3.3 The selected Case

For the case study, it was chosen PAR Europe – a small Portuguese start-up company that is currently going through the process of the internationalization. The company is working on a project of organizing and opening a retail chain of cosmetics stores in several countries. Due to the characteristics of the business model, its strong correlation with personalization in particular, PAR Europe is working on creation a number of customer services which will be delivered in-store and online. The company is aiming to create a 1-to-1 communication strategy in order to treat each customer as individual and create a strong emotional connection.

The company was chosen in order to satisfy all the necessary characteristics concerned within the current study in order to follow up the process of the internationalization and see how the company is coping with all the constraints and limitations it faces: PAR is small, new retail company which is developing a project to be implemented in different countries. It has 3 founders, who have rich experience in 3 key areas of the business: Retail and Logistics, Training and R&D, Marketing and Communication. The company was invited to develop the project for Turkish market via the personal network of the founders. The project is innovative and the entrepreneurs are very proactive.

3.4 Data collection

The main source of information was the interviews with the founders of the company. The three interviews were structured the same way.

We also had access to the official documents of the company, and some informal conversation have been taking place in order to clarify the points that provoked doubts.

Interviews were conducted with the founders and information collected. The interview with António was conducted on 10th of February 2014, the interview with Rogério was conducted on 26th February 2014, and the interview with Pedro was conducted on 14th of May 2014. All the interviews were taken place in the head office of PAR in Porto, Portugal. The official documentation was also provided by the founders of the company.

3.5 Conclusion

The current study uses qualitative methodology. Having different methodological approaches studied, we have chosen the Systematic Combining approach (Dubois & Gadde, 2002). This methodology allows abductive approach rather than inductive or deductive approach, which makes possible an incessant interaction of the empirical observation and theory.

Such approach allows the researcher refining the existing theories, rather generating new ones as soon as the methodology stresses theory development rather than a theory generation.

There was also developed the conceptual framework. The process of the internationalization of the small new retail company is conditioned by the liability of foreignness, liability of outsidership, liability of smallness and newness and specifics of service internationalization.

The case for the analysis was chosen accordingly. The current research analyses the case of small Portuguese start-up retail company who works on creation and implementation of makeup stores in three continents.

4 Case Analysis

Having the company chosen, we have scheduled the interviews with the founders. We also got access to the official documentation of the company. The aim of the study was analysing the limitation the company faces during the process of the internationalization and the ways the company is overcoming these limitations.

4.1 The Case

The case analysed in this study is a Portuguese start-up company, which was founded in 2013, and is currently working on a project of a new cosmetics brand and opening its own brand and multi-brand cosmetics stores in Europe, Turkey and Brazil. Besides products, the concept of the brand, created by this company, assumes intense interaction with the clients. The two core values of the brand, personalization and emotional connection, require a number of service activities. The company is a “hard” service provider.

The dimension of the company is impressively small. It was founded by three entrepreneurs who had previous experience in three key areas of the business: Retail & Logistics, Training & RD and Marketing & Communication.

Pedro has more than 15 years of experience in Retail & Logistics, opening and managing selective perfumery stores. He created and developed a retail chain for selective perfumeries, which became a reference in Brazil, winning the ALSHOP/VISA award in 2004, 2005 and 2006 for the best shop concept.

António is a chemical engineer and has 32 years of experience as a General Manager in a company, which was the biggest distributor of a select cosmetics brand in Portugal. While working for a Portuguese selective perfume company, he was responsible for launching international selective brands. For 7 years, António was the president of the Portuguese association of the cosmetics industry and a member of the European cosmetics and personnel care association COLIPA, based in Brussels. He is also currently working as a business consultant for a Portuguese Consultancy Company.

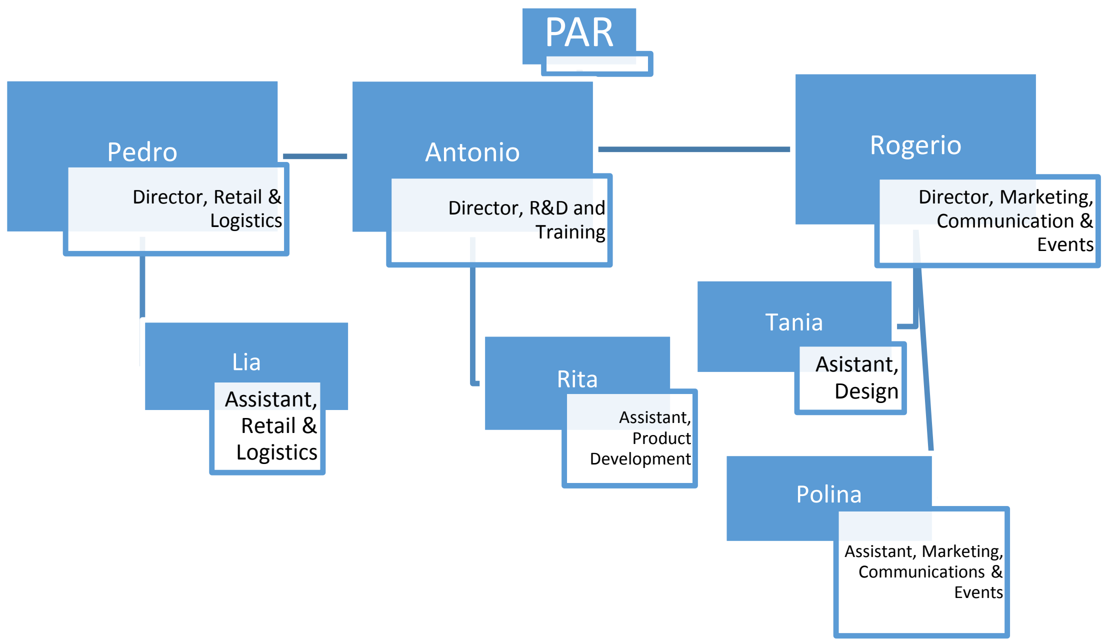
Rogério has 21 years of experience in designing and executing marketing and communication plans. He has a rich experience of working in the international business environment. Rogério has managed many Portuguese artists’ careers, as he has been working in the music industry for 15 years, organizing marketing campaigns with TV channels, radio stations, magazines and social media. He has also developed projects with international partners.

The company was born after one of the founders was contacted with a request to develop a cosmetics project specifically for Turkish market. He offered the other founders the partnership, all the founders were interested in the project and then PAR was founded. The three founders hired 4 assistants: Retail and Logistics assistant, Marketing and Communication Assistant, Product Development Assistant and Design Assistant (Figure 5).

The partner – Turkish company is providing PAR with a number of services: searching for the local investors potentially interested in collaboration, making agreements about the space, recommending another business partners such as lawyer, accountant or customs consulting. Besides, the Turkish partner delivers essential business information: market and demographics data, political, economic and social situation in Turkey, the most recent trends and tendencies, etc.

The company has the concept of the brand developed, the expansion strategy established, the product line defined and the layout of the sore designed. There have also been conducted a series of meetings with investors in Turkey and Portugal, European and Asian factories, as well as distributers of selective brands in Turkey and business partners in Portugal. The other market opportunities are currently being studied.

Figure 5- *the organizational structure of PAR*



Source: official documentation of the company

We found this case interesting, since we can analyse a situation where 7 people are preparing and implementing such a global project.

4.3 Data

The importance of the factors mentioned in table 1 was studied. (The numbers mentioned in each following table represent the number of times the issue was mentioned in the interviews and the documents).

4.3.1 Official documents

Firstly, the official documentation of the company was studied. The documents contain the information about how and why the company was created, who are the founders of the company, what their previous experience is and why the project they are working on will be successful. “Having years of experience in the business management and specifically in the cosmetics sector, Pedro, António and Rogério have an innovative business idea, the right network and the know-how needed to create a profitable and exciting project. They know each other for a long time and they have worked on several projects together. In order implement their idea, these 3 entrepreneurs created a new company in 2013 - A perfumery and cosmetics company called PAR” (official documentation of the company)

The analysis of the official documents of the company showed up following results (table 2):

Table 2 - *Factors influencing the process of internationalization of PAR in accordance to official documentation*

Category	Factor	The number of times the factor was mentioned
Liability of Foreignness	Market Information (MI)	0
	Cost of Doing Business Abroad (CDBA)	0
	Government Barriers (GB)	0
	Physical Distance (PD)	0
	Resources Availability (RA)	0
	Currency Fluctuation (CF)	0
Liability of Outsidership	Relevant Network (RN)	5
	Previous Experience (PE)	5
	Market Opportunities (MO)	0
	Types of Entrepreneur (TE)	3
	Entrepreneurial Action (EA)	2

	Capability to Innovate (CI)	2
	Proactive Attitude (PA)	2
	Market Call (MC)	0
Liability of Smallness & Newness	Capital Availability (CAv)	0
	Labour Competitiveness (LC)	0
	Meeting Governmental Requirements (MGR)	0
Specifics of Service Internationalization	Lack of Transparency and Clarity (LTC)	0
	Cultural Aspect (CAs)	0
	Trust Based (TB)	0
	Entry Mode Limitations (EML)	0

Source: Official documentation of PAR

The official information about the company emphasises the importance of 6 factors: Relevant Network, Entrepreneurial Action, Previous Experience, Type of Entrepreneur, Capability to Innovate and Proactive Attitude – all of them related to the liability of outsidership and the characteristics the entrepreneurs have to overcome this liability. The rest of the factors seem to be not significant.

4.3.2 António's point of view

Secondly, there was analysed the interview with António. He provided us with information that is more detailed about his previous experience. He have been managing a company, which was the biggest distributer of selective brands in Portugal. António has rich experience in the area of training: "In the company, one of the strongest points was the training system of different levels: chief brand manager, makeup artists, the general product training - everything". He also admitted that he has no experience in the brand creation and development as soon as he have always worked with the brands that already existed, though "the brand development from the commercial point of view, approximating it to the consumer, (…)I have huge experience, as soon as many brands entered Portugal through my hands"

The main stimuli for creation PAR, on the point of view of António is the fact of the three entrepreneurs having previous experience in three key areas, the fact of him being able to contribute to the process with his knowledge and the lack of creativity in the selective perfumery sector. "During the last dozen of years the business is the same; all the stimuli are based on price." "So we decided to create a new concept, not only on the store level, but also on the level of the brand"

The company started the process of the internationalization because it was invited by the Turkish partners to develop a project specifically for that market. The company developed the concept and made sure that it fits the Turkish market. “We confirmed that Turkey is a perfect place for implementing our project”. After this, the team decided to search for other countries where the project might be implemented, where there is a possibility to commercialise the brand freely, as soon as there are markets where specific groups domain the market. “We are searching for emerging markets – our brand was created for emerging markets. The markets where we feel the existence of the possibilities for our brand and store concepts and on another hand, we are searching the markets we can enter freely”

Regarding the problems the company faces during the process of internationalization, António noticed: “Until now we have not experienced any problems, because our project is developed specifically for several countries. As soon as we work with few countries, the big difficulties does not exist – the actual legislation facilitates a lot the process of the export”. He also assumed that on the later stages of internationalization there might appear some problems.

On the point of view of António, the only difficulty connected with the fact of PAR being small and new company is connected with obtaining financing.

In accordance to António, there are three key factors for the successful internationalization of the service company: “Communication, brand presentation and merchandising” He also believes that the implementation of the concept of the stores will not cause many difficulties, though “the difficulties might appear after we open the stores and have products for sale in Turkey”

Finally, António is sure that the project would not be possible without the three entrepreneurs having the previous experience. “It provides us with knowledge of the brand and how it is developed in commercial terms, we know the suppliers which operate on our markets, and we have knowledge in the area of distribution and retail. Knowing this, we can develop the concept of the brand and of the store”

Analysis of the interview with António provides us with following numbers (table 3):

Table 3 - *Factors influencing the process of internationalization of PAR in accordance to António*

Category	Factor	The number of times the factor was mentioned
	Market Information (MI)	6

Liability of Foreignness	Cost of Doing Business Abroad (CDBA)	0
	Government Barriers (GB)	1
	Physical Distance (PD)	0
	Resources Availability (RA)	0
	Currency Fluctuation (CF)	0
Liability of Outsidership	Relevant Network (RN)	6
	Previous Experience (PE)	4
	Market Opportunities (MO)	6
	Types of Entrepreneur (TE)	4
	Entrepreneurial Action (EA)	3
	Capability to Innovate (CI)	4
	Proactive Attitude (PA)	3
	Market Call (MC)	1
Liability of Smallness & Newness	Capital Availability (CAv)	1
	Labour Competitiveness (LC)	0
	Meeting Governmental Requirements (MGR)	1
Specifics of Service Internationalization	Lack of Transparency and Clarity (LTC)	0
	Cultural Aspect (CAs)	5
	Trust Based (TB)	0
	Entry Mode Limitations (EML)	3

Source: Interview with António

Therefore, during the interview Antonio emphasized the importance of the Market Information, Relevant Network, Previous Experience, Market Opportunities, Types of Entrepreneur, Entrepreneurial Action, Capability to Innovate, Proactive Attitude, Market Call, Capital Availability, Cultural Aspect and Entry Mode Limitations. He also mentioned Government Barriers Factor, but he this reference was positive – the company has no difficulties regarding this factor. The rest of the factors seem to be not relevant. António has not ether name any additional factor influencing the process of internationalization of PAR.

4.3.4. Rogério's point of view

Rogério provided us with more details about his previous experience. He have been working for a relatively short period in multinational pharmaceutical companies, and the rest of his career was dedicated to music. He was working in the area of marketing, developing marketing strategies firstly for the Portuguese market and then for international markets as well. "My work have always been creating, developing the marketing plan and the communication plan correspondingly". He also specified that his experience is connected to the creative areas, and now this experience might be implemented in some ways for the cosmetic project.

Rogério believes that the incentive for creation PAR was the previous experience of the three founders. “I think that PAR was born because we felt that together with our experience we can create a new project in the cosmetics area for Portuguese and international markets”

The internationalization process started because “we found out via our personal connections the potential of such country as Turkey. Turkey perhaps was the ignition of the idea”. After this the potential of Turkey was studied, confirmed that it made sense developing a cosmetic project to be implemented in this country. In the meantime, the company started considering and studying other markets and eventually the decision was made: “Ok, let us develop a cosmetics brand which would have the identity to turn global”. The Turkish market was the initial target, but as soon as Pedro worked during many years in Brazil, there the company decided to study the potential of Brazilian and other Latin America’s markets. Finally, the European markets are being studied as soon as Rogério is sure that even though the market is adult, there is an opportunity to implement the new concept developed by PAR.

The reason for accepting the challenge of creating the project for Turkey was the fact that this country has about 70 million of population, 48 million of which is younger than 30 years. More than that, the market studies predict the stable market growth in the following years. “On the other hand, after a careful analysis of the competitive field in Turkey, we felt that there is a space for our chain”. The predictions of the market growth in the Latin American countries is also very encouraging, so the company is considering the possibility of expansion there as well. As for Europe, Rogério is sure that even in such competitive market, the brand identity developed by PAR has a possibility to be implemented.

Talking about the difficulties, Rogério have identified “adapting to each of the market. First of all, it is a way we are going to understand the society. Here, the choice of our product line and communication strategy should be carefully analyzed before the implementation to the market”. Rogério has also mentioned the difficulties connected with raising the necessary financing. He is sure that the best way to overcome such difficulties is analyzing carefully the situation and planning the strategy - having always plans B.

"Moreover, we have made a big investment in *young human resources*, which would provide us with new inputs necessary for understanding the new generation of consumers and new form of the market behavior on the point of view of consumption".

Rogério is also sure that the project might take a bit more *time*: it might grow a bit slower or faster "we would probably have to reconsider our chronogram", but he does not doubt the fact of eventually gaining the necessary financing and he is sure that the project will survive anyway.

Among the most challenging factors for the process of internationalization of PAR, Rogério is identifying innovation. "With our project we are searching for the solution which would help as responding the new forms of consumption, the new consumer behavior: today they think one way, tomorrow they think another way; today they consume one product, tomorrow they consume another one". In this regard, "we are working on creation of technology system which would help us understanding in real time the interests and preferences of the consumers, and therefore help us developing new products (…) It will be a powerful tool which would allow our communication to be relevant and precise. This system would permit us to communicate with our consumers, and even suppliers and partners relevantly and accordingly to their interests, intending always satisfy their expectations"

Rogério believes, that the most important factors for the successful internationalization of the retail firm are "understanding of demography, society, consumers' profile, the potential of the market." He believes that having all this data allows the company building the efficient strategy.

Rogério also believes that "the marketing strategy of another cosmetics brands are very traditional, they are mainly based on purchasing of publicity, connection with famous people, promoting the classical concept of women's and men's beauty. (…) I believe that with my experience we could break some rules and follow some new roads. Basically, I can help establishing new partnerships with creative fields like music, theatre, cinema, writing, painting, to connect our brand with these creative forces of the society. This way we help each other with positioning and exchange the communication". This is why the capability to innovate for PAR is one of the most vital factors.

Rogério believes that the brand will be useful for the society: useful for women, useful for creative people, useful in terms of sustainability, useful for social cases and this will be the pillars of the success of the brand.

The most important factors for the internationalization process of PAR in accordance to Rogério are following (table 4):

Table 4 - *Factors influencing the process of internationalization of PAR in accordance to Rogério*

Category	Factor	The number of times the factor was mentioned
Liability of Foreignness	Market Information (MI)	11
	Cost of Doing Business Abroad (CDBA)	0
	Government Barriers (GB)	0
	Physical Distance (PD)	0
	Resources Availability (RA)	0
	Currency Fluctuation (CF)	0
Liability of Outsidership	Relevant Network (RN)	7
	Previous Experience (PE)	7
	Market Opportunities (MO)	7
	Types of Entrepreneur (TE)	7
	Entrepreneurial Action (EA)	2
	Capability to Innovate (CI)	9
	Proactive Attitude (PA)	2
	Market Call (MC)	2
Liability of Smallness & Newness	Capital Availability (CAv)	3
	Labour Competitiveness (LC)	0
	Meeting Governmental Requirements (MGR)	0
Specifics of Service Internationalization	Lack of Transparency and Clarity (LTC)	0
	Cultural Aspect (CAs)	2
	Trust Based (TB)	0
	Entry Mode Limitations (EML)	0
Factors found out during the interview	Young Human Resources (YHR)	1
	Time (T)	2

Source: Interview with Rogério

Therefore, on Rogério's perspective, the factors influencing the process of internationalization of PAR are Market Information, Relevant Network, Previous Experience, Market Opportunities – initially starting from emerging markets and then passing to mature markets, Types of Entrepreneur, Entrepreneurial Action, Capability to Innovate, Proactive Attitude, Market Call, Capital Availability and Cultural Aspect. The rest of the factors has no relevance. Moreover, there were defined two additional factors: Young Human Resources and Time.

4.3.4 Pedro's point of view

Finally, we analysed the last founder of the company – Pedro.

He has shared the information about his previous experience. He have been working in the area of perfumery since 1997. His first experience was managing 7 perfumery stores in Grande Porto – the city of Porto and the towns nearby. After this, there was an attempt to create a solution for Portuguese traditional perfumeries to resist the entry of international big players to the Portuguese market. The idea was to unite all the stores in one chain, where the owner of each of the stores would continue managing its own business, but the union would allow all the stores be stronger: have greater negotiation power and better commercial conditions. However, belonging to the chain would not allow the owner of the store opening other stores in different region where there already are stores of another member of the union. The project was negotiated with 60 stores, but this territorial limitation has made the negative effect and the storeowners repulsed the offer. The project died, and several years later, when big international players entered the Portuguese market, the traditional storeowners wanted to sign the contract, but the project already died. After this, Pedro went to Brazil. The biggest Portuguese distributor of the selective brands was planning to open about 20 big stores there in 8-10 years and Pedro was managing the project. Several years after, the Portuguese company has started having financial difficulties and stopped investing in Brazil, so the project was stopped; Pedro left the company and acquired the stores that was already opened. Nowadays he is managing the stores of the biggest player in Sao Paolo region, which is also second major player on Brazilian market.

Pedro believes that "the stimuli for creation PAR was our previous experience in the area of retail and perfumery with a challenge of development a project for Turkish market" "We analysed the market, decided to create a franchising chain for Turkish market, saw that we have the conditions and have partners – those who invited us". Therefore, there was created a new company to develop new project, with experienced people associated to the project.

Pedro identifies that the DNA of PAR was international from the very beginning: "The strategy was following: the company is situated in Portugal, the concept development was conducted in Portugal, all the, let us say, intelligence was in Portugal, developing a project for Turkey. Then we studied other markets as Poland, Colombia, Brazil and eventually Portugal" Pedro believes that the major difficulty the company faced until now is *time*. "There are a lot of good ideas, the ideas who come from our knowledge, from the visits to the countries, to Turkey in our case. But when it come to the practical realisation, it always takes more time than we imagined. (…) This is the factor I consider the biggest difficulty of internationalization. Because to study the country, the culture, everything you need – it takes its time”

Pedro believes that to overcome this difficulty, the members of the company should be *persistent* and never give up. “Because there are a lot of ideas, a lot of people have experience, but when you are launching the project there have to be discipline, resistance capability, patience, and never giving up”

He is also sure that the fact of the company being small and new is not so significant for the process of internationalization in the case of PAR: “If the company is new, but has a leader of a partner with experience, what really matters is people’s experience, not the factor of the company being new. The fact of the company not having history might complicate the process of gaining the investment necessary. But for the implementation of the project in our case it is indifferent if the company has 1 year or 10 years. Because the people involved to the project have experience and knowledge”

Talking about the difficulties of the internationalization of the service company, Pedro admitted: “The biggest challenge is your ideas to become true, materialise” He also emphasised the importance of the cultural factor: “the project is developed based on our Portuguese experience, by Portuguese team and now we have to implement this international project within another culture”

Pedro believes that the successful internationalization path of the service company is “studying the market, verifying if the idea adapts to the market, adapt the necessary aspects of the idea for the target market, after this, in our case there was no need to search for the local partner, because we already had one, we showed our project, brought the partner to our project and later jointly with him started selling our project”

Finally, Pedro believes that his experience as well as experience of another founders of PAR “is the essence of the company. If we did not have this experience, the company would not appear”

The results of the interview with Pedro are shown below (table 5):

Table 5 - *Factors influencing the process of internationalization of PAR in accordance to Pedro*

Category	Factor	The number of times the factor was mentioned
	Market Information (MI)	6

Liability of Foreignness	Cost of Doing Business Abroad (CDBA)	0
	Government Barriers (GB)	0
	Physical Distance (PD)	0
	Resources Availability (RA)	0
	Currency Fluctuation (CF)	0
Liability of Outsidership	Relevant Network (RN)	8
	Previous Experience (PE)	11
	Market Opportunities (MO)	7
	Types of Entrepreneur (TE)	6
	Entrepreneurial Action (EA)	5
	Capability to Innovate (CI)	8
	Proactive Attitude (PA)	8
	Market Call (MC)	3
Liability of Smallness & Newness	Capital Availability (CAv)	1
	Labour Competitiveness (LC)	0
	Meeting Governmental Requirements (MGR)	0
Specifics of Service Internationalization	Lack of Transparency and Clarity (LTC)	0
	Cultural Aspect (CAs)	3
	Trust Based (TB)	0
	Entry Mode Limitations (EML)	0
Factors found out during the interview	Time (T)	3
	Persistence (P)	3

Source: Interview with Pedro

Pedro mentioned the importance of such factors as Market Information, Relevant Network, Previous Experience, Market Opportunities, Types of Entrepreneur, Entrepreneurial Action, Capability to Innovate, Proactive Attitude, Market Call, Capital Availability and Cultural Aspect. The rest of the factors seem not to relevant from Pedro's point of view. Moreover, there were defined two additional factors: Time and Persistence.

4.3.4 Findings

To sum up, the most relevant factors for the process of internationalization of PAR are shown in the table 6:

Table 6 - *Factors influencing the process of internationalization of PAR*

Category	Factor	The number of times the factor was mentioned
Liability of Foreignness	Market Information (MI)	23
	Cost of Doing Business Abroad (CDBA)	0
	Government Barriers (GB)	1
	Physical Distance (PD)	0

	Resources Availability (RA)	0
	Currency Fluctuation (CF)	0
Liability of Outsidership	Relevant Network (RN)	26
	Previous Experience (PE)	27
	Market Opportunities (MO)	20
	Types of Entrepreneur (TE)	20
	Entrepreneurial Action (EA)	12
	Capability to Innovate (CI)	23
	Proactive Attitude (PA)	15
	Market Call (MC)	6
Liability of Smallness & Newness	Capital Availability (CAv)	5
	Labour Competitiveness (LC)	0
	Meeting Governmental Requirements (MGR)	1
Specifics of Service Internationalization	Lack of Transparency and Clarity (LTC)	0
	Cultural Aspect (CAs)	10
	Trust Based (TB)	0
	Entry Mode Limitations (EML)	1
New findings	Young Human Resources (YHR)	1
	Time (T)	5
	Persistence (P)	3

Source: official documentation and interviews with the founders

The interview with three founders as well as analysis of official documentation of the company emphasise the importance of such factors as Market Information, Government Barriers, Relevant Network, Previous Experience, Market Opportunities, Types of Entrepreneur, Entrepreneurial Action, Capability to Innovate, Proactive Attitude, Market Call, Capital Availability, Meeting Governmental Requirements, Cultural Aspect and Entry Mode Limitations. The rest of the factors seem not to be relevant. Moreover, there were identifies three additional factors, which influence the process of internationalization of PAR: Young Human Resources, Time and Persistence.

4.3.5 Discussion

It is interesting to note that from the results, the most relevant factor for PAR is the previous Experience of the Entrepreneurs (in line with Brockhaus & Horwitz, 1986; Reuber & Fischer, 1997; Andersson, 2011; Spence & Crick, 2007). António claimed in the interview: "Experience is the fundamental basis of the process. Without it, the founders would not have been able to advance with the project".

The second important factor is the Types of Entrepreneurs; though there are not so many references, the impact of this factor is significant. PAR is the case where all three types are working together, complementing each other in terms of knowledge. Based on the actions, main concerns, core competence and strategies of each of the founders; we can conclude that Pedro is a Structural Entrepreneur – he evaluates carefully the competitive situation before starting the internationalization. He is always the one who is concerned more about the general strategy of the company. He is defining how the company is going to work and who is performing which functions. António is a Technical Entrepreneur - the entry to the Turkish market makes sense for him because there is no big amount of resources needed to start the process and because he is not searching for the internationalization opportunity – just responding the market call. Among three of them, he is less proactive and he is not searching for another internationalization opportunities so actively, he is more concerned about the process of the product development. Rogério is a Marketing Entrepreneur – he is proactively seeking for the new opportunities and always has many ideas how to fill in the market needs. He is concerned about the innovation in many aspects: product, stores, business organisation, partnership agreement, and communication. He is always searching for new channels of reaching clients. The internationalization opportunity appeared from his personal connection and he tends to choose the potential markets in accordance to his personal feelings, however after this he studies the market as particularly as possible (Andersson, 2000; Brito & Meneses, 2007). The entrepreneurs are completing each other though, such diversity is not always beneficial, the different opinions and approaches from time to time cause the misunderstanding among the founders and sometimes they are finding it hard to arrive to the same conclusion.

The next most important factor is Capability to Innovate (O'Cass &Weerawardena, 2009). The experience in the three key areas not only helps the founders to organize and manage the business processes, but it also allows them to introduce new activities and services to the business which "has remained the same for the last dozen years, where all the stimuli are based on price" (António). They are capable of identifying the weak points of the business and presenting an innovative solution to gain competitive advantages. In case of PAR, there are a lot of space for the innovation and the entrepreneurs are eager to use this opportunity. Several of the makeup products created by PAR are innovative; the layout of the store has several innovative details as well. The willingness of Rogério to establish the partnerships with the creative people from different areas will allow the company innovate in the communication. Finally, the concept of the brand will allow the consumer participation in the creation and development of the brand which is an innovative approach in the building the relationship with the consumer.

Market Opportunity (Johanson & Vahlne, 2009) is also an important factor. The entrepreneurs are able to define existing opportunities and develop a project in accordance with them. To do so, the entrepreneurs should be proactive (Frishammar & Andersson, 2009), which is the fifth important factor for the current case. The Proactive Attitude allows entrepreneurs to identify, analyse and take advantage of market opportunity.

In the case of PAR, market is not a passive part of the process of internationalization. The three founders were contacted by business partners from Turkey with a view of developing a project specifically for the Turkish market. This opportunity appeared via personal network of one of the founders. After this call, the current market situation was carefully studied and all the necessary information was obtained in order to make sure the opportunity existed. Adequate actions were undertaken to develop and implement the project. Thus, Market Call (Buvik, 2002; Brito & Meneses, 2007), Market Information (Johanson & Vahlne, 1977; Hymer, 1960; Zaheer, 1995) and Entrepreneurial Action (Schweizer, Johanson & Vahlne, 2010) are the next most relevant factors.

Some potential markets, seemed very attractive at first glance, but it became apparent that entry modes are very limited to this market. “There are countries in Central and South America where there are cartels” (António). Such organisations limit the entry modes and complicate the entry process. For these countries, PAR had to delay the process of internationalization - the Entry Mode Limitations Factor (Patterson & Cicic 1995)

One of the biggest concerns named by the founders is the adaptation of the concept of the store, the brand identity and the communication strategy to make it attractive for young consumers in the destination countries. However, having partners in the destination countries facilitates the process of knowledge acquisition and negotiations. The large number of network connections also facilitates an access to suppliers, consultants, potential business partners, etc. Therefore, Cultural Aspect (Boddewyn et al 1896) and Relevant Network (Reuber & Fisher, 1997; Andersson 2011; Johanson & Vahlne, 2009) are of vital importance for the PAR case.

Capital Availability (Aldrich & Auster, 1986) is also an important factor for success in the process of internationalization for PAR. The investors and business partners are currently being sought. “The idea is very interesting; the project is innovative, so fortunately we cannot complain about a lack of investor interest to join us” (Rogério). Meeting Governmental Requirements, (Aldrich & Auster, 1986) and Government

Barriers (Hymer, 1960; Zaheer,1995) are also a subject of concern; however, it is not a difficulty in PAR's case since according to António "present legislation facilitates a lot of the export process".

Such factors as Currency Fluctuation (Hymer, 1960), Cost of Doing Business Abroad (Hymer, 1960; Zaheer,1995), Physical Distance (Johanson & Vahlne, 2009), Labour Competitiveness (Aldrich & Auster, 1986) and Lack of Transparency and Clarity (Boddewyn et al 1896) seem not to be relevant to the current stage of PAR's internationalization process.

Finally, there were discovered three more factors which influence the process of internationalization of PAR. 2 out of 3 founders, Rogério and Pedro, identified the importance of Time. Many processes of the company are taking a lot more time than it was planned initially and the company might reconsider the chronogram, which is demotivating factor for the team, and which complicates the entire process in general.

This factor is bringing us back to the idea that the internationalisation is a long process, which takes a lot of time and efforts, as soon as the company always needs time to get the market knowledge, study the market and adapt the initial idea accordingly. Such necessity sometimes oblige SMEs to contract big consulting companies or put a lot of efforts on obtaining necessary knowledge, which is a big constraint for the SME. This threat brings us back to the starting point – the Uppsala model and slow, gradual expansion.

However, Pedro mentioned several times, that to overcome this difficulty, the members of the team have to have Persistence and never give up. Moreover, Rogério identified such factor as investing in Young Human Resources, as well as having such people in the team allows the company to better understand the consumers as well as the target audience of brand created by PAR are young women. Though, on the current stage of the process of internationalization, there are still no people in the team from the destination countries: Turkey, Brazil or Poland. The company is planning to contract such people in the future.

4.4 Conclusion

As we can conclude, in the case of PAR the most significant constraint is the liability of Outsidership – all the factors, associated with this liability have high values compared with the other factors. The capacity of gaining relevant network abroad (Johanson & Vahlne, 2009; Hakansson and Snehota, 1989, 1999; Hakansson and Ford, 2002; Zahra et al, 2004), difficulties of identifying market opportunities, (Johanson & Vahlne, 2009) are one of the most important factors for PAR. Besides, the internationalization strategy in this case depend a lot on entrepreneurial action (Schweizer, et al., 2010), the type of the entrepreneur, as well as on his previous experience and network (Brockhaus & Horwitz 1986; Reuber & Fischer 1997; Andersson 2000, 2011; Spence & Crick, 2007, Johanson & Vahlne, 2009). Moreover, the case shows that for the internationalization of PAR going on rapidly and successfully, international entrepreneurs should be innovative and proactive (O'Cass &Weerawardena, 2009; Frishammar & Andersson, 2009). Finally, in the case of PAR the market was an active participant of the process of the internationalization (Buvik, 2002; Brito & Meneses, 2007)

In the case of PAR, the entire project would have been impossible without the founders having these characteristics. The founders' network is very important for the development of the project as well, since it is a source of getting market information and establishing the business connections.

5. Conclusions and Limitations

The case provides us with an example of how a company which only consists of 7 people is able to work on a projected retail chain of cosmetics stores which is supposed to be implemented on 3 continents.

The literature that was analysed helped us to identify the constraints small new service company normally faces: the Liability of Foreignness, the Liability of Outsidership, the Liability of Smallness and Newness and the constraints connected with the proper nature of the service.

We can conclude that the process of internationalizing a service company is more complex than the internationalization of a product company; however, such a small company managed to do it. In this case, the barriers are successfully overcome due to the capabilities of the management team.

The research question was how small new service company could internationalise. The research, which was made, demonstrates that even having so many difficulties to overcome, the entrepreneurial professional and personal characteristics help the company overwhelming these difficulties. The fact of the entrepreneur having certain business network provides it with a number of beneficial opportunities: they have access to the contacts, to the resources – physical, technical, financial, etc., to the useful information, knowledge and expertise. Through the network, the company might obtain strategic partners, find out and evaluate business opportunities (Johanson & Vahlne, 2009; Hakansson and Snehota, 1989, 1999; Hakansson and Ford, 2002; Zahra et al, 2004),. Besides, the when the entrepreneur already has previous experience in internationalization, this process for the company is running faster and smoother. (Brockhaus & Horwitz, 1986; Reuber & Fischer, 1997; Andersson, 2011; Spence & Crick, 2007). Additionally, the company benefits a lot from the proactiveness of the entrepreneur (O'Cass &Weerawardena, 2009; Frishammar & Andersson, 2009) as soon as it allows the company having the competitive advantages of the first-mover. Finally, the company is mostly the result of the actions undertaken by the entrepreneur as soon as it is a core activity of value creation (Oviatt & McDougall, 2009; Schweizer, Valhne & Johanson, 2010).

This case stresses Hambrick and Mason's (1984) idea that the company is often a reflection of its management team. In addition, we can conclude that when the 3 types of entrepreneurs collaborate and do business together, the internationalization process happens much faster, since they complement each other in terms of knowledge, and such collaboration helps in overcoming the obstacles the company faces during the internationalization process (Brito & Meneses, 2007).

The case is also interesting because the market plays an active role in the process of internationalization (Buvik, 2002; Brito & Meneses, 2007). The founders were asked to develop a project for a specific market, which later adapted for other countries. There are other factors, which influence the process of internationalization of the company such as market opportunity, market information, entry mode limitations, cultural aspect, capital availability, government barriers and meeting government requirements. However, the entrepreneurial spirit of the founders led them to recognize opportunities, and made them willing to undertake the risk.

This study originality is associated with the fact that there have not been conducted the studies analysing the process of internationalization of a small new service company.

The main limitation of the current research is that only one case was studied, therefore we suggest a more profound investigation be conducted with the participation of more companies with a profile similar to PAR's, however the type of the services the company is offering might differ. We recommend deeper research of how the company reflects the personality and actions of its managerial team – the Upper Echelons.

We would also recommend the more profound study of different types of entrepreneurs working together, if it might be an obstacle for the company to internationalise, as soon as in our case we have witnessed that sometimes the three entrepreneurs had difficulties finding common language and agree on certain subjects due to different approaches and concerns they had.

The more and more wide spreading globalisation jointly with the more increasing contribution of the service companies into the global economy motivate us studying small new service companies and the way they go international. The internationalization patterns are changing and in the contemporary world, small companies can easily become important global players. Studying such companies might provide us with valuable outlooks on the theory of internationalization and international entrepreneurship.

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ANNEX 1

The official information about PAR

Source: official video presentation of the company

PAR CREATION

Having years of experience in the business management and specifically in the cosmetics sector, Pedro, António and Rogério have an innovative business idea, the right network and the know-how needed to create a profitable and exciting project. They know each other for a long time and they have worked on several projects together. In order implement their idea, these 3 entrepreneurs created a new company in 2013 - A perfumery and cosmetics company called PAR. PAR headquarter is located in Porto, with corporate offices in São Paulo and Istanbul.3.

THE FOUNDERS' EXPERIENCE

Pedro has been working in selective perfumery industry for more than 15 years, opening and managing stores in Portugal and Brazil. While working in Brazil, managing a team consisting of 60 people, he created and developed a retail chain for selective perfumeries in São Paulo, Rio de Janeiro, Campinas and Curitiba, which became a reference in Brazil for selective perfumeries, winning the ALSHOP/VISA award in 2004, 2005 and 2006 for the best shop concept.

In PAR Pedro is performing a function of a Managing Director for Retail and Logistics.

António is a chemical engineer and has 32 years of experience as a General Manager in Polimaia Portugal. While working for a Portuguese selective perfumery company, he was responsible for launching brands like Lierac, Caudalie and Nuxe. During his career, he also managed the launching of Y.S. Laurent, Givenchy , Escada ,Issey Miaky , J.P.Gaultier , Bulgari , Kenzo and others. For 7 years, António was the president of the Portuguese association of cosmetics industry and member of the European cosmetics and personnel care association COLIPA based in Brussels. He is also currently working as a business consultant for Arié Portugal collaborating with such brands as La Prairie, Sisheido, Carita, Valmont, Hermes and others.

In PAR Antonio is responsible for managing brands and is a Director of the research and development department and training department as well.

Rogério has 21 years of experience in designing and executing marketing and communication plans. He has a rich experience of working in the international business environment. He started his career in the pharmaceutical industry working for the multinational companies Rotta Research and Grunental. Rogério managed many Portuguese artists' careers, as he has been working in the music industry for 15 years, organizing marketing campaigns with TV channels, radio stations, magazines and social media. He also developed projects with international partners like Safta Jaffery, who works with bands like Muse, Coldplay, Radiohead, Rolling Stones and Pink Floyd

In PAR Rogério is the Director of marketing, communication and events department.

ANNEX 2

Entrevista com Eng. António XXX

Porto, 10 Fevereiro de 2014

- Da permissão guardar a conversa? - Sim

1. Qual é o seu nome?

António XXX

2. Qual é sua experiência na área de formação e desenvolvimento de produto?

Fui durante muitos anos responsável por uma empresa de importação e distribuição de produtos no mercado português. Que foi uma empresa líder que trabalhou marcas como Yves Saint Laurent, Givenchy, Jean Paul Gaultier, Issey Miyake, Kenzo, Lacoste – quase todas as marcas passaram por essa empresa, e portanto tenho uma experiencia muito grande em termos de formação, na medida em que um dos pontos fortes era de facto a formação de todas as equipes, ao nível de cheief brand manager, ao nível do produto, ao nível das estantes, maquilhadores - todos

Ao nível de desenvolvimento do produto a minha experiencia, era menor, ou praticamente nula, na medida em que trabalhávamos com marcas, que comprávamos e que já estavam acabadas. Mas no desenvolvimento da marca em termos comerciais, ou seja, já desenvolvidas já junto do consumidor, tenho grande experiencia pois muitas marcas nasceram em Portugal praticamente do zero, como por exemplo marcas da farmácia como a Lierac que entrou no Portugal pelos minhas mãos, por caso de Corelie, por caso de Nuxe, por caso da Filorga, e por caso das muitas marcas de perfumaria: Escada, Salvador Dali - e quando entraram em Portugal eram desconhecidas, e foram desenvolvidas em termos comerciais pela minha empresa. Agora a criação de um produto não tínhamos nenhuma experiencia

3. Qual foi o estímulo para criar a empresa PAR?

Sentimos que existia que há uma oportunidade de mercado, nós no fundo, como sou um especialista na área da perfumaria seletiva mas também tenho muito experiencia na área da farmácia, dermocosmetica e enclusivamente na área da mass market. E já geri empresas que desenvolveram estudos de beleza.

Há vários segmentos de mercados na parte de higiene e beleza. Os lísers são perfumaria que é que domino melhor, farmácia, mass market, venda direta. Desses segmentos só nunca trabalhei produtos para cabeleireiro e a venda direta portanto tenho uma experiencia bastante grande.

E por outro lado identificamos que existe uma falta de criatividade no negócio da perfumaria, o negocio é sempre o mesmo á uma dúzia de anos e todos os estímulos são baseados no preço. Assim sendo juntamente com outras pessoas que me completam ao nível de outras valências decidimos criar a PAR e apresentar os novos conceitos não só ao nível dos lojas, mas também ao nível de marca.

4. Porque é que foi decidido entrar no mercado internacional com a marca criada pela a PAR?

A decisão veio no fundo, veio ao contrário, veio o mercado que nos contactou para saber se estávamos nos interessados trabalhar especialmente para esse mercado, e analisado o mercado: o fato que nos pensamos no novo conceito de produto e da loja como no caso da Turquia. Nós só não avançámos com essa oportunidade sem saber que o nosso conceito se adapta ao mercado. Depois confirmamos que a Turquia esta em um ponto ideal para o nosso projeto.

5. Quais foram os fatores chave para a escolha dos países?

E depois procuramos os países com oportunidade que há espaço para novos conceitos da loja. Ao outro lado, procuramos o espaço onde de certa maneira podemos livremente comercializar a nossa linha dos produtos. Porque há países onde os grupos específicos dominam o mercado… não posso dizer que são mafia, mas certos grupos que dominam artificialmente complicam a entrada no mercado. Agora, os mercados como a Turquia, o Brasil, a Polonia são os países onde o operador novo pode entrar. Porque, por exemplo, há países no América Central, como Panamá, como Colômbia, onde há carteis organizados e onde temos um pouco mais dificuldades.

Nós temos que jogar nos mercados emergentes – a marca foi criada para os mercados emergentes, onde nós sentimos há oportunidade para nosso conceito e conceito da loja, e por outro lado nós procuramos os mercados onde podemos entrar livremente.

6. Quais as dificuldades que a equipa de PAR enfrentou durante o processo da internacionalização?

Até este momento não sentimos dificuldades porque estamos com um projeto muito específico dirigido para alguns países. E como estamos a trabalhar com poucos países não existem grandes dificuldades, a legislação presente facilita muito a exportação. Qualquer problema que pode surgir será no país de origem mas nós ainda não enfrentamos isto.

7. Como é que o fato de a PAR ser uma empresa nova e pequena afetou o processo da internacionalização?

Não sentimos isso, a dimensão da empresa não tem qualquer tipo de problema, mas dificuldades administrativas não sentimentos, mas sentimos dificuldades a nível a financeiro o que nos obriga a buscar outros caminhos de acordo com as nossas possibilidades.

8. Quais os fatores que o Eng. XXX considera mais desafiantes no processo de internacionalização da empresa de serviços?

Comunicação, Apresentação da marca e Merchandising. A imagem da marca, enquanto isso é a primeira coisa que se comunica. Os fatores de sucesso estão mais ai, mais do que ao nível do próprio produto. Todas as vantagens devem ser comunicados e o modo como vamos comunicar, como vamos interagir com as consumidoras - consideramos que isto é um ponto forte da PAR.

9. Poderia identificar os fatores específicos do processo de internacionalização de uma empresa de retalho?

As lojas não são nossas, nos vamos vender o conceito. Não fatores específicos, só temos que implementar o conceito e adapta-lo ao mercado turco. É um modelo simples e fascinante, a venda do nosso conceito como costumo dizer é a venda de massa cinzenta. As dificuldades podem aparecer depois nós abrimos as lojas e temos o produto a venda na Turquia.

10. Como é que a sua experiência prévia esta a contribuir para o sucesso do processo?

A experiencia é a base fundamental do processo, e se não a tivéssemos não teríamos avançado. Dá-nos o conhecimento de marca e como esta se desenvolve em termos comerciais e conhecemos dos fornecedores que operam nos nossos mercados, conhecimento da distribuição e retalho. Assim sendo desenvolvemos o conceito de loja e a marca.

ANNEX 3

Entrevista com Rogério XXX

Porto, 26 Fevreiro de 2014

Posso gravar a nossa conversa? – Sim, claro.

1. Qual é o seu nome?

Rogério XXX.

2. Qual é sua experiência na área de Marketing & Comunicação?

Iniciei a carreira há cerca de 15 anos na indústria farmacêutica. Tive a passagem a experiência relativamente curta em os multinacionais – uma italiana e outra alemã. E entretanto, comecei o meu trabalho na indústria da música, alias já desenvolvei antes – tive uma paragem farmacêutica e depois voltei a música, então já na areia de marketing, e participei em as campanhas de lançamento de discos no mercado Portuguese. Agora mais recentemente, em as estratégias de lançamento nos mercados internacionais.

Na área de comunicação: todos os desenvolvimentos das estratégias de marketing têm também pela minha experiência acopladas uma área da comunicação. E portanto, o meu trabalho sempre foi criar, desenvolver o plano de marketing e o plano de comunicação associado ao plano de marketing. Então a minha experiência está ligada às áreas criativas e essa experiência agora pode ser de certa forma implementada nessa nova área que estou a trabalhar, que é a área da cosmética.

3. Qual foi o estímulo para criar a empresa PAR?

A PAR no fundo, do meu ponto de vista, nasceu da experiência de três pessoas distintas: uma é o Pedro, outro é o António, e terceiro sou eu. Basicamente, eles têm experiência profissional na área de cosmética e eu tenho na indústria da música. Portanto, penso que a PAR nasceu no sentido nós podermos em conjunto com as nossas experiências desenvolver o novo projeto de cosmética para o mercado portuguese e para os mercados internacionais. O nosso estímulo é desenvolver o novo projeto na área de cosmética.

4. Porque é que foi decidido entrar no mercado internacional com a marca criada pela a PAR?

Basicamente, conhecemos através de relacionamentos pessoais o potencial de um país que é a Turquia e a Turquia talvez tenha sido uma ignição de toda esta ideia. Depois conhecermos melhor a Turquia e percebemos que faria todo sentido na verdade desenvolvemos o projeto na área de cosmética para mercado turco, surgiram entretanto outras oportunidades, quer na América do Sul, quer até na Europa e então decidimos:

“Ok, vamos desenvolver uma marca de cosmética que tenha a identidade para se tornar global”.

Basicamente, a oportunidade da Turquia aparecei através de relacionamentos pessoais – uma oportunidade de trabalhar em parceria com os investidores e as empresas turcos. Dando, do nosso lado o conhecimento na área de cosmética, o conhecimento na área da comunicação, do marketing e das melhores praticas. Aqui nasceu o interesse no mercado Turco. Porque existem os turcos interessados em parceria connosco.

Na questão do Brasil – temos o Pedro que já está há alguns anos no Brasil, conhece o Brasil e conhece outros países de América do Sul e América Latina o que vai abrir uma seria das oportunidades para o futuro de curto prazo.

Na questão da Europa – será uma oportunidade que também não devemos deixar de estudar e trabalhar, porque é o mercado com mais de 60 milhões dos consumidores, é o mercado embora adulto, está disponível para aceitar o novo conceito de negócio, a nova identidade. Portanto.

5. Quais foram os fatores chave para a escolha dos países?

Na Turquia tem a ver com o perfil demográfico do país no sentido que é o país com cerca de 70 milhões das habitantes e com 48 milhões abaixo de 30 anos. E também, com indicação que temos, com os estudos internacionais que são conhecidos que nos indicam que o mercado vai crescer numa forna segura nos próximos anos. Por outro lado, depois da análise cuidada daqui que é o campo competitivo na Turquia: os operadores que já estão, as cadeias que já estão no mercado turco de cosmética, sentimos que existe o espaço para a nossa cadeia.

Em relação de América central e América do Sul: pela experiencia que o nosso parceiro Pedro tem no Brasil, temos uma certa oportunidade que podemos agarrar. América Central também tem países que estão com projeções do crescimento na área de cosmética muito encorajadores, portanto temos que olhar com atenção nesta parte do globo.

No mercado Europeu, embora de ser adulto, com campo competitivo realmente saturado, existe pelos nossos pontos de vista a oportunidade de uma nova marca de cosmética com o foco no make-up, que pode ser muito bom no mercado tão competitivo, e a identidade da Miia pode ocupar essa oportunidade.

6. Quais as dificuldades que a equipa de PAR enfrentou durante o processo da internacionalização?

Nós ainda estamos no processo da internacionalização. – é sempre um processo que está em constante crescimento. Uma das grandes dificuldades, ou desafios, para nós são:

primeiro, adaptação para cada mercado. É sobre tudo, a forma como nós temos que compreender a sociedade. Aqui, a escolha da nossa linha de produtos e a comunicação tem que ser cuidadosamente analisada para depois implementar no mercado. Por outro lado, penso que como todas as empresas que estão a iniciar o processo de lançamento e da comercialização a dificuldade tem a ver com a falta de apoios financiamentos. É mais uma questão que nós estamos a tratar e não vamos deixar a ser uma dificuldade.

7. Como é que superaram essas dificuldades?

Nos temos superando os dificuldades estudando os mercados numa forma muito precisa e preocupada, tentando retirar o máximo de informações para criar os estratégias e estudar todos os caminhos de uma forma mais segura possível ara ter os planos B.

Por outro lado também temos feito o forte investimento em recursos humanos jovens, que nos trazem os inputs necessários para uma nova era dos consumidores e para nova forma de comportamento dos mercados de ponto de vista do consumo. Este mix das preocupações que nos temos com sido responder com os recursos humanos, com preocupação de ter vários planos e com estudo detalhado dos mercados, nos conseguimos superar esses dificuldades.

O projeto vai crescer um pouco mais rápido ou um pouco mais lente dependente de capacidade de financiamento que a gente consiga captar para o desenvolvimento próprio de projeto. Mais as nossas perspetivas são boas, porque a ideia é boa, o projeto é inovador e felizmente não há falta de interesse das investidores em nós juntar neste caminho.

8. Como é que o fato de a PAR ser uma empresa nova e pequena afetou o processo da internacionalização?

Em termos pragmáticos, nos estamos com dificuldades em várias áreas, e é normal: o arranca, os produtos, a comunicação. Mas as dificuldades que possam por em causa o projeto ou a nossa internacionalização, não posso dizer que eles têm existidos. Até porque mesmo em termos de financiamento, que sempre será um ponto critica, o projeto pode ter vários planos e basicamente está sempre garantido em termos de financiamento. Pode demorar um pouco mais, pode ser preciso rever a nosso cronograma mas a sobrevivência não esta em causa porque o modelo de negócio que nos criamos na PAR é quase autofinanciado.

9. Quais os fatores que o Doutor Rogério XXX considera mais desafiantes no processo de internacionalização da empresa de serviços?

Eu considero que um das fatores mais desafiantes e que nos na PAR tentamos responder chama se inovação. E nós procuramos, com o nosso projeto aquilo que pode responder as novas formas de consumir, os novos comportamentos dos consumidores, que hoje pensam de uma forma, amanha pensam de outra; hoje consomem um produto, amanhã consomem outro. Portanto, mudam todos os gostos e interesses dos consumidores muito rapidamente. Então, um dos nossos pilares tem a ver com comunicação, tem a ver com uso das tecnologias da nossa marca. Estamos a trabalhar muito frontalmente no sistema tecnológica, que nos vai ajudar compreender em tempo real os interesses, os gostos dos consumidores, e que vai sobre tudo nos ajudar desenvolver os futuros linhas dos produtos de acordo com os gostos e interesses dos consumidores. Vai também ser uma ferramenta poderosa de podermos comunicar com eles de uma forma relevante e precisa. Nos e a nossa marca vai comunicar com os nossos consumidores, e até com nossos fornecedores e parceiros de uma forma sempre relevante e sempre com interesse para eles e com intenção encontrar as expectativas deles. Então as nossas grandes ferramentas e pilares são inovação e uso das tecnologias.

10. Poderia identificar os fatores específicos do processo de internacionalização de uma empresa de retalho?

Considero que as fatores específicos tem a ver com compreensão de demografia, sociedade, o perfil do consumidor, o potencial que o próprio mercado tem, e pegando nestes dados todos, conseguir desenvolver uma estratega, quer desenvolvimento de produto, quer nos planos de marketing e comunicação para depois em conjunto todos esses fatores nos possam ajudar com a estratégia de internacionalização.

11. Como é que a sua experiência prévia esta a contribuir para o sucesso do processo?

Posso caracterizar as estratégias de marketing e comunicação das outras marcas bastante tradicionais, porque se baseiam muito em compra de publicidade, em ligação aos figuras públicas, em margens estandardizadas das personagens da beleza, que é um conceito da beleza da uma mulher e o homem, eu sinto que pela minha experiência noa podemos quebrar algumas regras e eventualmente seguir alguns novos caminhos. Basicamente, em que eu posso ajudar trazer a parceria com todas as atividades criativas, como a música, como o teatro, como a cinema, como a escrita, como a pintura para junto a nossa marca fechar uma seria das parcerias com esta forca criativa da sociedade. E com isso, ajudarmos posicionar e trocarmos a comunicação entre nos e os criativos. O nosso modelo vai andar muito por ai, usando muitos tecnologias, as tecnologias mobile, as aplicações – todas estas novas ferramentas que temos. Com isto, a marca vai ser útil para a sociedade, vai ser útil para as pessoas: pode ser útil para os criativos, pode ser útil para a mulher, pode ser útil para o homem, pode ser útil em termos de sustentabilidade, pode ser útil para ação social – aqui há uma seria das pilares, que eu acredito pelas minhas experiências passadas, posso implementar nas estratégias de marketing e comunicação e com isso podermos marcar o novo caminho. Porque se conseguirmos ser útil, vamos ficar aqui uns bons anos, boas décadas.

Muito obrigada, boa tarde – Boa tarde.

ANNEX 4

Entrevista Pedro XXX,

Porto, 14 Maio de 2014

Qual é o seu nome?

Pedro XXX.

Qual é sua experiência na área de Retalho e Logística?

A minha experiencia na área retalho e logística, mais especificamente na área de perfumaria, vem desde 1997 quando abriu no Porto uma rede regional de perfumarias, umas lojas tinham nome H3O e ouras tinham nome Avis, foi uma rede regional só no Grande Porto. Foi a minha primeira experiencia na área do retalho e perfumaria, já gerenciávamos 7 lojas, já foi considerável. A partir dai, toda minha vida até agora, 2014, foi ligada à área de retalho, essencialmente à perfumaria. Em Portugal criei central de serviços de perfumaria, que era a solução para perfumarias tradicionais de Portugal puderem resistir a entrada dos players internacionais, como Sephora, Douglas e outros. Criamos o nome único que chamava Puzzle, houve uma central de compras para as lojas todas tiver força nas compras, conseguimos descontos e preços melhores, as sacolas eram iguais para todos, as condições das cartões de crédito eram iguais para todos, tivemos aqui o número se situações para que houvesse uma cadeia nacional, mas cada pessoa continua ser o dono do seu negócio, nós apenas íamos negociar em conjunto com eles, para eles serem mais fortes. A ideia inicial era que as fechadas das lojas começassem ser todos iguais e depois futuramente o layout interno fosse adaptado para o que nós já temos feito para as lojas Puzzle. Chegamos a negociar cerca de 60 lojas, no momento quando foi para assinar contractos não conseguimos porque o português tem alguma dificuldade para transferir a infirmação para cima de mesa. Ou então estar cingir as regras. Isto não era mais daqui o contracto de franchising, apesar de proprietário continuar ter a loja, ser dono da loja, manter a estratégia da loja, não podia invadir o espaço de outro concorrente que era da mesma rede. Então, nesse momento foi muito difícil, porque o senhor que tinha duas perfumarias em Espinho disse “Eu não posso abrir depois em Vila Nova de Gaia?” E nós “Não, porque em Gaia já tem uma cadeia dentro do nosso grupo” – “Ah, então isso não me interessa”

Então a logica de convencer os retalhistas de perfumaria tradicional é fácil porque vai ter as melhores compras e melhores descontos, mas depois ele não quer ter regras. Isso acabou por fechar o contracto com 6 ou 7 lojas em Portugal todo e depois como meio

óbvio não tivermos a força para continuar. Era um projeto bonito, passado uns 4 ou 5 anos, foi na época de 2000, já tinham entrado os grandes players em Portugal: Sephora, Douglas, todos quiseram ir buscar esse projeto outra vez, que já estava a morrer. Porque hoje, se esse projeto estava a funcionar, tivéssemos uma cadeia com 150-200 lojas nacionais e seriamos seguramente o maior player em Portugal. E cada um continuava dono da sua loja. Mas não deu.
Depois disso fui para o Brasil, abri uma cadeia de lojas de um grupo Português que era o maior grupo de distribuição de perfumaria em Portugal, tínhamos o projeto abrir 20 lojas em 8 à 10 anos nas principais cidades Abrimos 5 lojas, e a partir de 2005 a empresa em Portugal começou ter problemas e deixou de investir no Brasil. O projeto foi morrendo porque a estratégia foi desenvolvida para 20 lojas grandes com conceito de live serviço, como havia na Europa, no Brasil não havia, tivemos que desinvestir e não tivemos ainda a massa crítica, não tivemos a dimensão, porque o projeto começava ser rentável a partir de 9-10 loja. Nós estávamos a precisar de financiamento porque estávamos instalados no mercado. Depois disso fecharam-se algumas lojas, eu sai dessa empresa e fiquei com algumas lojas e abri outras lojas de perfumaria. Além disso eu estou a gerir a maior rede de perfumaria no estado de São Paulo, poderíamos dizer que é o 2º maior player do Brasil. Então toda minha experiencia é baseada na área do retalho de perfumaria. Quando gente fala no retalho, fala em retalho, em logística, em recursos humanos, em negociação
Qual foi o estímulo para criar a empresa PAR?
O estímulo tem a ver com a nossa experiencia na área de retalho e na área de perfumaria, com desafio de criarmos um projeto para o mercado turco. Analisamos o mercado turco, queremos criar uma rede de franchising no mercado turco, vimos que temos condições, que temos parceiros turcos que foram esses que nos convidaram. E nesse sentido criamos a PAR para desenvolver o projeto de marca Miia, de lojas multimarca, vender a marca Miia dentro de loja multimarca e também vender a Miia nas outras cadeias e outros mercados. Esse foi a desafio para criar a empresa PAR que seria a empresa nova para um projeto novo. E alem de ser projeto novo, ele tinha as pessoas associadas com experiencia.
Porque é que foi decidido entrar no mercado internacional com a marca criada pela a PAR?
A decisão de entrar no mercado internacional veio desde início porque a estratégia seria: a empresa está em Portugal, desenvolvimento de conceito em Portugal, digamos, toda a inteligência em Portugal a desenvolver o projeto para Turquia. Estudamos também outros

mercados como Polonia, como Colômbia, como Brasil e eventualmente Portugal, mas a ADN da empresa já veio com a lógica de internacionalização

Quais foram os fatores chave para a escolha dos países?

Enquanto o nosso ADN já nasce com internacionalização: o convicto veio de Turquia para desenvolver o conceito de loja e o conceito de negócio. Esse primeiro país foi escolhido porque a ideia veio dai. Relativamente os outros países que estamos a analisar, os fatores chaves têm a ver com a característica do país na área de perfumaria: se o nosso conceito encaixa nesse país, em países a onde haverá o grande nível de crescimento de mercado nessa área.

Quais as dificuldades que a equipa de PAR enfrentou durante o processo da internacionalização?

Nós ainda estamos a desenvolver o conceito, a desenvolver a marca, a estudar os mercados, essencialmente o mercado Turco. Penso que a maior dificuldade aqui é o tempo. Digamos, a gente tem sempre ideias muito interessantes, ideias que vem do nosso conhecimento vem das visitas ao país, neste caso à Turquia, mas depois colocar em prática, o tempo é sempre maior daqui o que nos imaginamos. Essencialmente, estamos a desenvolver o conceito, estamos a desenvolver uma linha de produto, 250 referências. E isso demora muito mais daqui nós estamos a espera. Isso é o fator que eu acho a dificuldade maior da internacionalização. Porque tem que se conhecer muito bem o país, as culturas, essas situações todas, e isso demora o seu tempo.

Como é que superaram essas dificuldades?

Eu acho, que superar as dificuldades é termos experiencia e não desistirmos. Porque ideias há muitas, experiencia – muita gente tem a experiencia, e quando se tenta implantar o projeto, tem que haver a disciplina, a capacidade de resistência, a paciência e nunca desistir. Se olhas historicamente os projetos com sucesso são onde as pessoas, os líderes não desistiram. Então, nos estamos a ultrapassar com essa paciência, com essa montada, com certeza que o projeto é bom, bonito, agradável, as pessoas gostam do projeto tanto no nível do produto como no nível de nossa concessão de negócio. É isso, é o tempo para a gente ultrapassar.

Como é que o fato de a PAR ser uma empresa nova e pequena afetou o processo da internacionalização?

Nesse caso eu acho, que o fato de a PAR ser uma empresa nova e pequena não e fator que tenha prejudicado o processo de internacionalização. Se a empresa é nova, mas tenha digamos a líder ou parceiro com experiencia, o que interessa é a experiencia das pessoas e não o fator de empresa ser nova. Pode condicionar na captação de investimentos a empresa ser nova e não ter histórico. Mas no processo de dificuldade da se implantar o seu negócio, não tem no nosso caso problemas se a empresa tem 1 ano ou se tem 10 anos. Porque? Porquê as pessoas, que são envolvidos no projeto, têm experiencia e tem conhecimento. É o fator que faz ultrapassar muitas barreiras.

Quais os fatores que o Doutor Pedro XXX considera mais desafiantes no processo de internacionalização da empresa de serviços?

Eu penso que qualquer negócio é desafiante, seja ele para internacional o seja ele para nacional. O mais desafiante é suas ideias, o seu projeto, começassem materializar, acontecer. Esse é o aliciente. Nesse caso, é um projeto essencialmente internacional, tem uma componente melhor que as suas ideias que são desenvolvidas um pouco pela sua experiencia portuguesa, por pessoas essencialmente portuguesas, e a gente conseguir implantar essas ideias no projeto internacional dentro de uma cultura diferente. A gente conseguisse adaptar, conseguisse pegar na nossa experiencia e colocar os pés, acho que isso é mais aliciante.

Poderia identificar os fatores específicos do processo de internacionalização de uma empresa de retalho?

A empresa de retalho, como a empresa de serviços, tem os primeiros passos: estudar o mercado, ver se a sua ideia se adapta, adaptar depois um pouco alguns passos e alguns princípios da sua ideia, do seu negócio ao aquele mercado, depois dai, no nosso caso não foi contatar o parceiro local, porque o parceiro turco já existia, mostramos o parceiro o nosso projeto trazemos parceiro para o nosso projeto e a partir dai vendemos o nosso projeto junto com nosso parceiro. Não vou aqui falar nas questões burocráticas, porque isso é igual nos todos os mercados: é preciso falar com advogado, com contabilista, com os bancos, acho que isso é igual em todo lado. É isso: ter uma ideia, ter o parceiro local, mostrar o parceiro que a nossa ideia é bom para aquele mercado, que lá o trabalhamos e depois ir vender o projeto: no nosso caso é um projeto dos serviços, é um projeto de retalho, é um projeto de produto, nós temos todas essas componentes – tecnologia, relacionamento com cliente, essencialmente são esses passos.

Como é que a sua experiência prévia esta a contribuir para o sucesso do processo?

A minha experiencia junto com a experiencia dos outros nossos parceiros da empresa é a essência de empresa. Se não houvesse a nossa experiencia não havia a emergência essa empresa para desenvolver o projeto. Portanto, a minha experiência colabora desde início a ideia de constituição de empresa em toda linha.