



CASE STUDY: CASA ERMELINDA FREITAS – SUCCESSFUL INTERNATIONAL STRATEGIES

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Abstract

Title: “Successful International Strategies” – Casa Ermelinda Freitas Case study

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This dissertation aims to understand how Casa Ermelinda de Freitas, a successful Portuguese wine company, has been able to internationalize its business, maintaining a sustained competitive advantage in foreign markets, as well as the impact of it on the firm’s performance. The focus is to identify the entry strategies of the firm, the resources and capabilities needed to sustain a competitive advantage elsewhere and finally how did this strategies impact the company’s margins and performance.

Globalization has opened the doors for firms to internationalize their products and business strategies. When a particular firm is concerned about its growth opportunities, the international markets become an important target, because of a natural opportunity to increase the volume of sales, as well as to reduce the overall business risk through diversification. Therefore, it is crucial to understand what strategies are more likely to help overcome the barriers of international markets, leading the business to another level.

The wine industry has been suffering the effects of globalization for a long time. Many firms start the internationalization process, searching for a better performance. The new markets bring the possibility to increase volume and there is a non-confirmed prejudice that wine companies are also able to increase margins and thus improving performance when internationalized.

Keywords: International strategies; Entry strategies; Resource-based view; Dynamic Capabilities; Internationalization and Firm Performance

Resumo

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Autor: Sebastião Dias

A presente dissertação tem como objectivo entender como a Casa Ermelinda de Freitas, um caso de sucesso dentro do sector dos vinhos portugueses, foi capaz de internacionalizar o seu negócio, mantendo uma vantagem competitiva sustentada nos mercados estrangeiros, assim como de entender o impacto que esta estratégia teve nos resultados da empresa. Assim, o foco está em identificar as estratégias de entrada da empresa, os recursos e capacidades necessárias para sustentar essa vantagem competitiva no estrangeiro e, finalmente, como é que tudo isto impactou as margens e os resultados da empresa.

A globalização dos dias de hoje abriu portas para as empresas internacionalizarem os seus produtos e estratégias de negócio. Quando uma empresa em particular está preocupada com oportunidades de crescimento, os mercados internacionais tornam-se um alvo importante, visto serem uma oportunidade natural de aumento do volume de vendas, assim como de redução do risco do negócio através da diversificação. Assim sendo, é crucial entender quais são as estratégias que podem ajudar a ultrapassar as barreiras dos mercados internacionais, levando o negócio para outro patamar.

A indústria dos vinhos tem sofrido os efeitos da globalização a vários níveis e por um longo período de tempo. Várias empresas começaram o seu processo de internacionalização, procurando melhores resultados. Os novos mercados trazem a possibilidade de aumentar o volume de vendas e existe ainda o preconceito (não confirmado) de que as empresas deste sector são capazes de aumentar as margens e, por consequência, melhorar os seus resultados, quando “atacam” os mercados internacionais.

Palavras-chave: Estratégias de internacionalização; Estratégias de entrada; Teoria baseada nos recursos; Capacidades dinâmicas; Internacionalização e resultados

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1. Introduction

1.1. Problem Statement

The development of an adequate internationalization strategy is one of the most challenging jobs for every business. In particular for a family business, there is a point when they face this immense growth opportunity, which also has its risks and requires a different level of involvement and professionalism. In the specific case of the wine industry, many small and medium enterprises can serve the domestic markets, but an upgrade is needed when they want to reach foreign markets. Despite that, the internationalization of Portuguese wineries has a long history and many of them have already reached the maturity stage and the success will then depend on the ability to differentiate in a market with huge competition.

With the objective of understanding the process and the outcomes of the internationalization of Casa Ermelinda Freitas, it emerged the need for a thorough study. Being a company with almost a century of history, it is more recently when they found immense success, in which the international markets play a major role.

Having said that, the aim of this thesis is to provide a detailed overview of the internationalization process of the company, pretending to understand how it started and the strategies involved, as well as the dynamic capabilities needed to achieve that competitive advantage in foreign markets. Finally, it is interesting to understand the impact of these international strategies on firm's performance. In the Portuguese wine industry there is a general idea that producers are able to increase their margins when selling to international markets and I would specifically like to confirm whether this is true or false in respect to Casa Ermelinda Freitas.

1.2. Research Questions

In order to reach a solution to the previous problem, the following research questions were suggested:

- **What was the internationalization strategy, in terms of entry strategies, marketing mix standardization or adaptation and entry process theories of Casa Ermelinda Freitas?**
- **How Casa Ermelinda Freitas did gain and sustain a competitive advantage in international markets?**
- **What was the impact of internationalization on the performance of the firm?**

1.3. Methodology

In order to reach meaningful conclusions this case study will base itself in secondary data. The majority of the information is expected to be provided by the company, through presentations and interviews with several departments of the firm. In addition to that, an exploration of the company's website and Facebook page is also used as an additional source of information.

2. Literature Review

This chapter will focus on literature concerning different factors that may lead to competitive advantages of firms acting in international markets, as a strategic process. Besides this, it will also underline wine industry characteristics and the relation between internationalization and performance.

2.1. Internationalization Strategies

First of all, is important to know that strategy is about changing perspectives and/or positions (Mintzberg, 1987). Also, internationalization is the process of increasing a firm's involvement in operations across borders (Welch and Luostarinen, 1988), which comprises both new perspectives and positions. Therefore, the internationalization part of the strategy of a company is a major dimension of the ongoing strategic process of most business firms. This strategic process determines the continuous development and change in the international dimension of the firm in terms of scope, business idea, action orientation, organization principles, nature of managerial work, dominating values and converging norms. It is true that the international dimension is related to all of these aspects of the general strategy (Melin, 1992).

The level of change of an internationalization process may differ from a state of status quo to a radical one. Between those it is possible to outline the expanded reproduction, incremental change and evolutionary transition (Wilson, 1992).

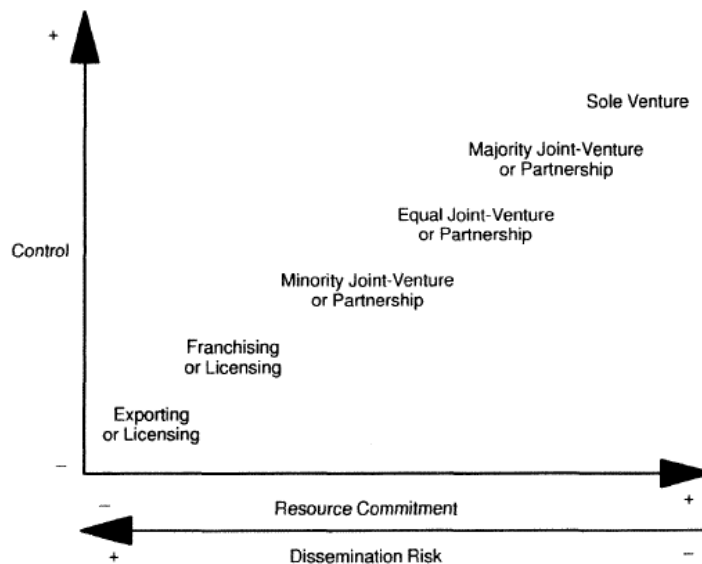
2.1.1. International Entry Modes

At the point a firm decides to internationalize, a typical decision that has to be taken is about how to enter in foreign markets. As the entry mode decision involves resource commitments and is difficult to change without a considerable loss of time and money (Root, 1987), it becomes a very important and critical decision.

On one hand, normative decision theory takes us to a decision of entry mode based on risk-return trade-offs. Thus a firm is expected to find the highest risk-adjusted return on the international investment. On the other hand, behavioural evidence indicates that these choices may also be determined by resource availability and need for control (Cespedes, 1988; Stopford and Wells 1972). Here is important to clarify that resource availability is the financial and managerial capacity for serving a particular market and that control is the need for a firm to influence systems, methods, and decisions in that

foreign market (Anderson and Gatignon, 1986). Higher control improves the firm's competitive position and maximizes the returns, but it also has higher risks due to the assumption of responsibility for decision-making and higher commitment of resources (Agarwal and Ramaswami, 1992). Higher control can result, for example, from having a greater ownership in the foreign venture.

Generally speaking, entry mode choices are often a compromise among these four attributes: resource commitment (e.g. investment), risk, return and control. Based on relation between this attributes, the usual entry modes are present in the following graph. Exporting is a low resource/investment and thus low risk/return option and even providing a good operational control, it lacks marketing control which may be crucial for market seeking firms. The sole venture mode, as opposite to exporting, is high on investment and consequently a high risk/return alternative, providing also high degree of control. The joint venture mode has relatively lower investment and hence provides the risk, return and control levels correspondent to the extent of equity participation of the investing company. Finally, the licencing mode is low in resource commitment as well as in risk and return and provides the least control to the licensing firm (Agarwal and Ramaswami, 1992).



Graph 1 - Parameters of Entry Mode Decision

Source: Maignan and Lukas, 1997

Peter J. Buckley and Mark C. Casson went further into defining entry mode strategies, giving it a more practical approach. The basic approach should be to determine all set of possible market entry strategies, measure the profitability of each one of them and identify the most profitable one. To define the strategy set dimensions, they use the following issues:

1. Where production is located;
2. Whether production is owned by the entrant;
3. Whether distribution is owned by the entrant;
4. Whether ownership is outright, or shared through an IJV; and
5. Whether ownership is obtained through greenfield investment or acquisition.

With these dimensions is possible to define twelve entry strategies and variants, as it can be seen in the table below (Buckley and Casson, 1998).

Table 1- Twelve Entry Strategies and their Variants

Ref.	Type	Description	Variants
1.	Normal FDI	Entrant owns foreign production and distribution facilities.	1.1 Both facilities are greenfield 1.2 Both facilities are acquired. 1.3 Production is greenfield and distribution is acquired. 1.4 Distribution is greenfield and production is acquired.
2.	FDI in production	Entrant owns foreign production, but uses independent distribution facilities.	2.1 Production is greenfield. 2.2 Production is acquired.
3.	Subcontracting	Entrant owns foreign distribution, but uses independent production facilities.	3.1 Distribution is greenfield. 3.2 Distribution is acquired.
4.	FDI in distribution	Entrant exports to own distribution facility.	4.1 Distribution is greenfield 4.2 Distribution is acquired.
5.	Exporting/ franchising	Entrant exports to independent distribution facility.	
6.	Licensing	Entrant transfers technology to independent integrated firm.	
7.	Integrated JV	Entrant jointly owns an integrated set of production and distribution facilities.	
8.	JV in production	Entrant jointly owns foreign production, but uses an independent distribution facility.	
9.	JV in distribution	Entrant jointly owns foreign distribution, but subcontracts production to an independent facility.	
10.	JV exporting	Entrant exports to a jointly owned distribution facility.	
11.	FDI/JV combination	Entrant owns foreign production and jointly owns foreign distribution.	11.1 Production is greenfield. 11.2 Production is acquired.
12.	JV/FDI combination	Entrant owns foreign distribution and jointly owns foreign production.	12.1 Distribution is greenfield. 12.2 Distribution is acquired.

Source: Buckley and Casson, 1998

2.1.2. Theories for the Internationalization Process

Several models in the international business field describe the internationalization process as a gradual development that takes place in distinct stages and over a relatively long period of time (Melin, 1992). In this section I will try to demonstrate the knowledge on some theories about this subject. I chose four theories with the criteria of being the most relevant for several authors or because they are important to the specific sector I am studying, the wine sector.

- **Product (life) cycle model (Vernon, 1966):**

According to this model, the sequential modes of internationalization are related to the product life cycle stage of the product. Each of these stages has different implications for the internationalization of the product and the company itself. At first, the introduction stage is completely domestic. In the growth stage, export activities start to increase and foreign direct investments in manufacturing plants are made in countries with an expanding demand for the firm's product. The maturity stage is when major markets are saturated and the product is standardized, the manufacture is relocated to countries with low labour costs. Finally, in the stage of decline, manufacture, and in some cases also the demand, definitely leaves the industrial country which was home to the original innovation (Vernon, 1966; McKiernan, 1992).

Basically, this model says that firms go through sequential stages in which an exporting phase precedes one of market seeking FDI, which is followed by a cost-orientated FDI phase (Melin, 1992).

- **Internationalization process model (Johanson and Vahlne, 1977):**

This model states that internationalization is a process in which a firm gradually increases involvement. There are several logical steps of internationalization behaviour based on its' gradual acquisition, integration and use of knowledge about foreign markets and operations and on its successive increased commitment to those markets (Johanson and Vahlne, 1977). The focus here is market knowledge and market commitment, through engaged resources. The knowledge and experience allows overcoming the "psychic distance" (differences between any two countries in terms of language, culture, education level, business practice and legislation), and the firm enters

new markets with successively greater “psychic distance”, starting with the markets with lower uncertainty.

- **Eclectic paradigm (Dunning, 1980 and 1988):**

This paradigm argues that three different advantages explain the involvement of firms in foreign production, which are ownership-specific advantages, internalization advantages and localization advantages. It is a multitheoretical approach that encompasses the RA theory (ownership advantage), international trade theory (location advantage), and TCA theory (internalization advantage). For Dunning, successful FDI is made to markets where the company possesses these three advantages.

The ownership-specific advantages is to go beyond a firm's boundaries to include costs and benefits derived from relationships and transactions between firms, shifting toward accessing and organizing knowledge-intensive assets and integrating these into global alliances. The location advantage is about incorporating the conditions that make strategic alliances successful and the increasing role of trading blocs (Malhotra et al, 2003). Many new location variables are important, such as capacity for knowledge accumulation and technological standards (Dunning, 2000). Finally, the internationalization advantage goes beyond the transaction cost perspective and embraces dynamic goals such as strategic asset-seeking or efficiency seeking objectives (Malhotra et al, 2003).

- **Network theory (Johanson and Mattsson, 1988; Bell, 1995; Coviello and Munro, 1997):**

According to this theory, internationalization is done in a dynamic, complex and less structured manner. In short, reactive and opportunistic exporting takes place rather than planned strategic activities. The focus of firm behaviour is in the network of interorganizational and interpersonal relationships (Coviello and McAuley, 1999). Internationalization is a result of multilateral externalization through business and social networks. These networks influence the market in which firms enter as well as the mode of entry (Coviello and McAuley, 1999). This theory has a lot of empirical support on the small computer software firms and many authors mention it on the wine industry.

2.1.3. Standardization vs Adaptation

Another typical question that often arises in the internationalization strategy of the firm is whether to standardize or adapt its marketing mix. Standardization means to offer an essentially uniform marketing mix to all markets around the world in which the firm operates (Dimitrova and Rosenbloom, 2010). On the other hand, a strategy of adaptation relies on adapting the marketing mix to reflect varying infrastructure and cultural and behavioural dimensions associated with the different markets (Dimitrova and Rosenbloom, 2010).

A great benefit of a standardized strategy is the higher possibility of generating economies of scale, turning the cost reductions into good competitive advantages (Ghantous, 2008). A second advantage is a higher “speed to market” (Lambin and Schuiling, 2006), given the centralized resources that allow to plan and organize product launches in a lean manner. The third great benefit of standardization is the creation of a global unique brand, which allows to be known in the global market, increasing the brand equity (Papavassiliou and Stathakopoulos, 1997). The benefits of standardization are much more supply-driven than market-driven (Lambin & Schuiling, 2006).

The main disadvantages of standardization are basically the advantages of an adaptation strategy and vice-versa. At first, besides accelerating the product launches standardization can be slow down the other marketing decisions, especially when it involves a quick answer to local needs. The lack of sensibility for local need is obviously other disadvantage, leading to a possible mismatch between the product and the customer local needs and cultural differences (Ghantous, 2008).

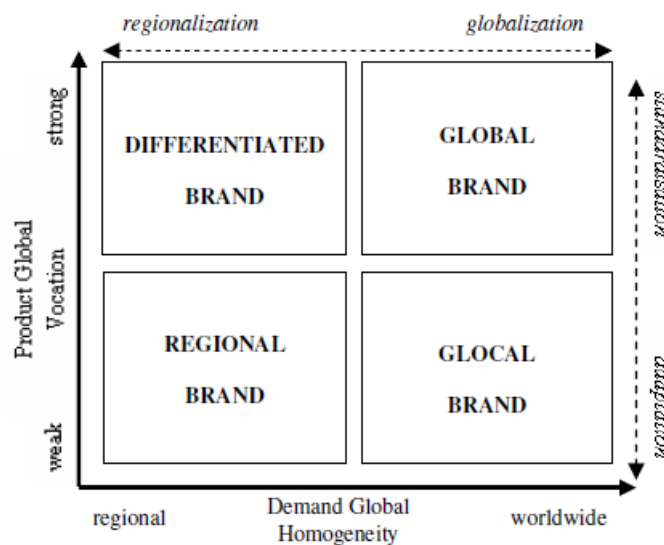
Ghantous still proposes a matrix for strategies of brand internationalization. The four strategies are described as follows:

- **Global brand strategy:** Product categories with high global vocation targeting a globally homogeneous public (e.g. computers). Brand strategy is to highly standardize brand essence.
- **Glocal brand strategy:** Products with low global vocation targeting a globally homogeneous public. The brand should standardize its essence across markets and adapt its executions to regional and even local conditions.
- **Regional brand strategy:** Products with weak global vocation, and demand homogeneity is regional (e.g. food). A different regional brand line must be

created for each region, but adaptations should take into consideration global brand consistency.

- **Differentiated brand strategy:** Product is highly global while demand has regional characteristics (e.g. banking, wine). The brand should standardize executions, especially in back office and process, in order to achieve economies of scale, and differentiate its essence, through communication and brand personality, to meet regional targets.

Figure 1 - Strategic Matrix for Brand Internationalization



Source: Ghantous, 2008

2.2. Sustainable Competitive Advantage in International Markets

In this chapter I will present the perspective I have of the competitive advantages as applied to this particular industry, giving the fact that understanding how to get a sustained competitive advantage in international markets is key for this thesis. The study of this studies started with Porter's competitive forces analysis in 1980 and the most important additions were introduced through the resource-based view and lastly by the dynamic capabilities theory.

2.2.1. Sustained Competitive Advantage vs Competitive Advantage

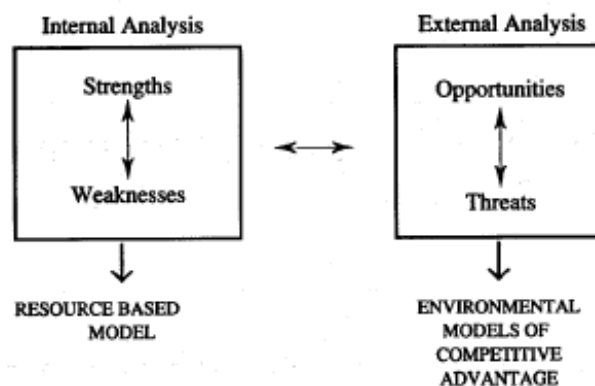
At first, it is important to define the subjects we are talking about. According to Jay Barney, a firm has competitive advantage when it introduces a value creating strategy which is not being implemented by any current or potential competitor. To have a sustained competitive advantage we need to add one more requirement: the other firms must be unable to duplicate the benefits of this strategy (Barney, 1991).

It is important to underline that these definitions include the actual competitors and any potential one, as well as the fact that it does not include a temporal factor differentiating competitive advantage from sustained competitive advantage (as other authors did) but rather a duplication possibility factor.

2.2.2. SWOT and 5 Forces

Porter's SWOT model states that in order to achieve sustained competitive advantage a firm must implement strategies that exploit its internal strengths, responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses (Porter, 1980, 1985). The following picture describes the model and also explains the relation with the next findings. First, Porter's competitive 5 forces try to explain how to get competitive advantage by an external analysis and then the resource based model pretends to explain the internal performance of the firm.

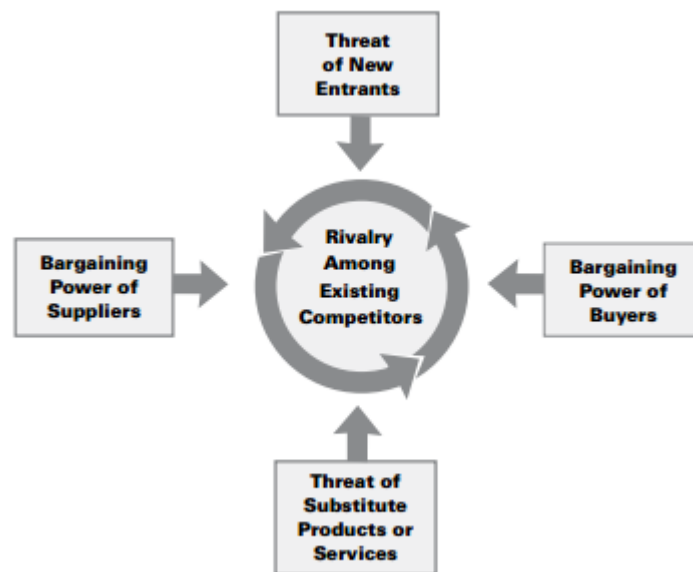
Figure 2 - SWOT and competitive advantage models



Source: Porter, 1985

Porter's 5 Forces model tries to explain which forces shape an industry's competition and thus an industry's external attractiveness. The lower it is the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants and the threat of substitute products or services, the lower will also be the rivalry among existing competitors and, by consequence, the higher will the industry attractiveness be. The following figure illustrates the model (Porter, 1985).

Figure 3 - The Five Forces that shape industry competition



Source: Porter, 1985

2.2.3. Resource-Based View

The resource-based view (RBV) of the firm pretends to explain how firms can develop competitive advantages, focusing on the internal organization of firms, completing the five forces model. In particular, RBV assumes that firms are bundles of resources, that those resources are heterogeneously distributed across firms and that resource differences persist over time (Wernerfelt, 1984). Based on this, researchers found that when firms have resources that are valuable, rare, inimitable and non-substitutable (VRIN attributes) they can introduce strategies that create a sustainable competitive advantage because those cannot be duplicated (Barney, 1991). Also, the potential of these resources to create sustained competitive advantages is enhanced when they have complementarities with their related activity systems (Porter, 1996). The heart of RBV

are resources, which are those specific physical, human and organizational assets that are used to implement value-creating strategies (Wernerfelt, 1984). In the appendix 1 there is an analysis of the different concerns of authors regarding RBV and dynamic capabilities and in appendix 2 the link of RBV to marketing.

2.2.4. Dynamic Capabilities

The rationale behind RBV has not been sufficient to explain how firms attain competitive advantages in situations of rapid and unpredictable change (Barney, 1991).

Dynamic capabilities are the antecedent organizational and strategic routines by which managers alter their resource base, which means to acquire, shed and integrate resources together and re-combine them to generate new value-creating strategies (Grant, 1996; Pisano, 1994). By consequence, they are the drivers behind the creation, evolution and recombination of other resources into new sources of competitive advantage (Teece et al., 1997). The most proper definition, in my opinion, was given by Teece et al. (1997):

“The firm's processes that use resources – specifically the processes to integrate, reconfigure, and release resources - to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configuration as markets emerge, collide, split, evolve, and die.”

Dynamic capabilities are known as an identifiable, specific process, are commonalities in key features, but idiosyncratic in details and are what allow firms to adapt to market changes, creating competitive advantages (Eisenhardt and Martin, 2000). In these rapidly changing markets the dynamic capabilities by which firm managers' integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Teece et al., 1997) become the sources of sustained competitive advantage. The manipulation of knowledge resources, in particular, is especially critical in such markets (Grant, 1996; Kogut, 1996).

Dynamic capabilities are specific strategic and organizational processes such as product development, alliancing, and strategic decision making that creates value for firms within dynamic markets, completely different than the resources of RBV, such as specialized equipment or geographic location. Appendices 3 and 4 describe the adaptation of dynamic capabilities to more dynamic markets.

2.3. Internationalization and Performance

2.3.1. Degree of Internationalization

There have been several studies that define the degree of internationalization (DOI) of a firm in different ways. Following Sullivan (1994) analysis of several types of measures, the DOI of a firm has three attributes: performance, structural and attitudinal. Also according to this, we should use a multiple-item measure. Taking in consideration the limitations stated by (Ramaswamy et al. 1996), and in line with Reuber and Fischer (1997), it is suggested to have three components when measuring the DOI:

- 1) Performance - Percentage of foreign sales as percentage of total sales (commonly used as single-item measure)
- 2) Structural - Percentage of the firm's employees that spend over 50% of their time on international activities
- 3) Attitudinal - Geographic scope of sales by asking which of three regions, each increasingly distant from the domestic market, the company made sales to.

(Segaro, 2010)

2.3.2. Measures of Performance

The researchers that previously studied the relationship between the DOI and firm performance have taken different perspectives, but used the same traditional financial ratios as dependent variables. The return on assets (ROA), return on equity (ROE), or return on sales (ROS), were the ones used. With an efficient interpretation these can provide good insight on the adequacy of profits, the efficiency of assets committed to the firm, solvency risk and liquidity risk (Hsu and Boggs, 2003).

The key in interpreting this ratios is analysing them as a whole, rather than individually. The organizing paradigm for joint ratios analysis is the DuPont analysis, which involves three fundamental ratios that drive ROE and ROA:

- 1) *Return on equity = Net Profit Margin × Total Asset Turnover × Leverage*
- 2) *Return on assets = Net Profit Margin × Total Asset Turnover*

The ratios that determine ROE reflect three major performance dimensions (one from the income statement and two from the balance sheet): how much profit a company can

generate per sales dollar, how well assets can generate sales and the amount of solvency risk. The ratios also indicate the return options for the owners, which are margin, volume and leverage (Hsu and Boggs, 2003).

2.3.3. Benefits vs Costs of Internationalization

Geographic diversification, when well managed, can lead to many positive outcomes. The benefits are divided between exploration and exploitation benefits. The realization of economies of scale and scope (Caves, 1996), the reduction in revenue fluctuations by spreading investment risks (Kim, Hwang and Burgers, 1993), the cost reductions and increase in revenues by increasing market power over suppliers, distributors and customers (Kogut,1995) are the main exploitation benefits. The main exploration benefits come from the opportunity to explore market imperfections in the cross-border use of intangible assets (Caves,1971), such as the fact that subsidiaries in host countries can help to enhance the knowledge base, capabilities and competitiveness through experiential learning (Barkema and Vermeulen, 1998), which bring benefits also for the home market.

There are also several challenges faced by managers when internationalizing their business. Costs of the foreign investment, such as purchasing and installing facilities, staffing, and establishing internal management systems and external business networks are a good example. Also, a foreign subsidiary has a liability of foreignness (Hymer, 1976) that can lead to higher costs because it cannot conduct business activities as effectively as a local firm. The information costs are another important issue, including the loss or distortion of information as it passes through the layers of hierarchy as well as coordination difficulties between headquarters and foreign divisions (Williamson, 1967). The increasing environmental uncertainty raises even more the costs of hierarchical governance (Bergh and Lawless, 1998). In sum, managing operations in disparate host countries leads to diseconomies in larger and larger operations (Bartlett and Ghoshal, 1989) that significantly increase information-processing demands on the firm managers and administrative systems (Hitt et al., 1997).

2.3.4. Family SMEs

There have been many trial definitions of family business and no concise, measurable and widely accepted definition has been found. Even though, what makes it different is the involvement of family in ownership and management (Chua et al., 1999). A family SME can be defined as “*a small and medium-sized enterprise that belongs to a family with one or more members in managerial positions and is also viewed by the firm as a family SME*” (Fernandez and Nieto, 2006).

Another important finding is regarding the usual confirmation of the stewardship theory in family businesses. This theory examines situations in which executives (stewards) are motivated to act in the best interests of their owners (principals) (Donaldson and Davis, 1991). The qualities of stewardship behaviour are trust, involvement, collectivism, commitment and long-term orientation (Davis et al., 1997). In Segaro’s study these dimensions are studied as customer orientation, employee orientation, and long-term orientation and have possible positive implications for the firm performance (Segaro, 2010).

2.3.5. Impact of Internationalization on Performance

Based on the theories for internationalization advantages, supporting the reduced risk of bankruptcy and increased sales as consequence of geographic diversification, many scholars have observed a positive linear relationship between internationalization and performance. Others found a negative relationship or no relation at all. The following table summarizes the outcomes (Hsu and Boggs, 2003):

Table 2 - Empirical studies on the monotonic relationship between degree of internationalization and firm financial performance

Vernon (1971)	Positive Relationship
Errunza and Senbet (1981)	Positive Relationship
Dunning (1985)	Positive Relationship
Kim and Lyn (1987)	Positive Relationship
Buhner (1987)	Positive Relationship
Grant (1987)	Positive Relationship
Grant, Jammine, and Thomas (1988)	Positive Relationship
Brewer (1981)	Negative Relationship
Siddharthan and Lal (1982)	Negative Relationship
Kumar (1984)	Negative Relationship
Michel and Shaked (1986)	Negative Relationship
Chang and Thomas (1989)	Negative Relationship
Collins (1990)	Negative Relationship
Buckley, Dunning and Pearce (1977, 1984)	No Relationship
Kumar (1984)	No Relationship
Morck and Yeung (1991)	No Relationship

Source:
Hsu and Boggs, 2003

Recognizing also the costs of internationalization most recent studies study a curvilinear relationship rather than a monotonic one. There would be increased firm performance up to a point beyond which the organizational costs and complexity associated with managing widely scattered operations are higher than the advantages. Many studies found the inverted U-shaped relationship, where performance increases as strategic resources are leveraged and falls when the scope of the international business exceeds the range of those resources. The multiple waves format was also found sometimes, as you can see in the table below (Hsu and Boggs, 2003):

Table 3 - Empirical studies on the curvilinear relationship between degree of internationalization and firm financial performance

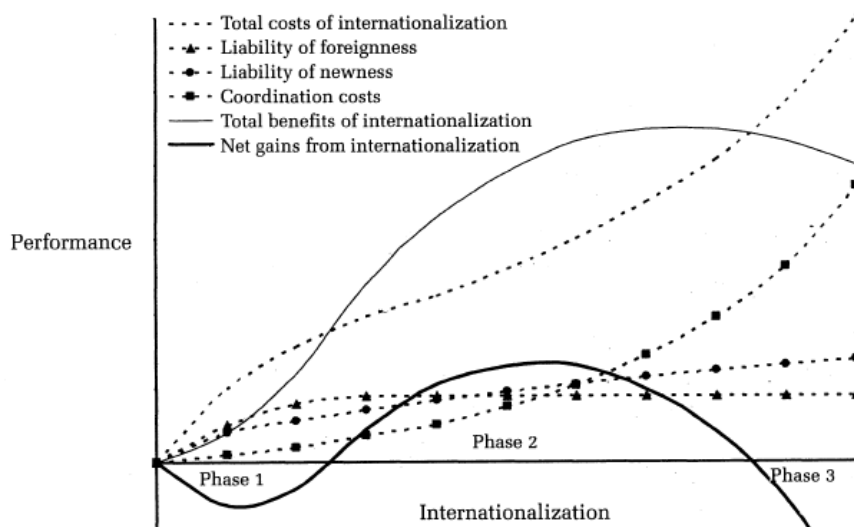
Rumelt (1974)	Inverted U-shaped
Daniels and Bracker (1989)	Inverted U-shaped
Geringer, Beamish and daCosta (1989)	Inverted U-shaped
Sullivan (1994)	Inverted U-shaped
Ramaswamy (1995)	Inverted U-shaped
Al-Obaidan and Scully (1995)	Inverted U-shaped
Gomes and Ramaswamy (1999)	Inverted U-shaped
Hitt, Hoskisson and Ireland (1994)	Multiple Waves
Riahi-Belkaoui (1998)	Multiple Waves

Source: Hsu and Boggs, 2003

More recently this relationship has been found to be not linear. A good example is the study of Lu and Beamish (2004), where it was concluded that *“the relationship between geographic diversification and firm performance is nonlinear, with the slope negative at low levels of geographic diversification, positive at medium levels of geographic diversification, and negative at high levels of geographic diversification”*, turning the relationship into a S-shaped curve. Moreover, the authors define the internationalization process in three distinct phases as you can see in the figure below. The initial phase is characterized by liabilities of newness and foreignness in which the firm must pay some “tuition” in the form of reduced profits, because there are no “deep pockets”. In phase 2, as expansion increases, experiential learning allows reducing these costs and the higher diversification and development of new capabilities allow profits to increase. Here the costs of newness decrease but the costs of governance and coordination increase. In phase 3 as the network of foreign subsidiaries is more extensive, governance and

coordination costs escalate to a point where it can surpass the benefits (Lu and Beamish, 2004).

Figure 4 - Multinationality and Performance: a three-phase model



Source: Lu and Beamish, 2004

2.4. Wine Industry

2.4.1. Globalization in the Wine Industry

In 2001 there were over 50 countries that produced the majority of the world's wine (Wine Institute, 2001). The largest producers were France, Italy, Spain and the United States. Although the first three were clearly global producers, exporting over 25% of wine, the USA was exporting just 5% (Mariania, et. al, 2012). There are some other European countries that take part in the traditional wine producers (such as Portugal), constituting the "old world".

Recently, there has been a shift in consumer preferences towards the "new world wines", which include Chile, California, Australia, South Africa and New Zealand (Felzensztein, 2002). New world wine-producing countries, which were not well recognized, have been able to acquire a significant share of the world's wine consumers (Gastin & Schwing, 2004). We can see that in the exports values: the European wine

export values accounted for 95% of the market in 1980 and 75% of imports, while in 1997 the exports account for 85%, decreasing 10 pp (Anderson and Berger 1999).

Another important change is that traditionally the countries producing wine were also the countries consuming it, but globalization has integrated cultures introducing new tastes, costumes and practices. Recent figures show that countries where the consumption was not usual are changing habits, like China where consumption has grown 40% in 2004 and where it has established the world's eighth largest viticulture area (Gastin & Schwing, 2004). Similar things have happened outside Asia, such as in Mexico, Peru, and Uruguay (Gastin & Schwing, 2004). In terms of trade levels, there is a clear decline in the non-premium category and a sustained growth in the premium bottled wine trade, internationally (Anderson, Norman and Wittwer, 2002).

2.4.2. Internationalization in the wine Industry - resources of international firms

Following the RBV perspective, some authors have tried to discover what are in fact the resources or capabilities to succeed in the wine industry. According to Olmos (2011) the most determinant are the following:

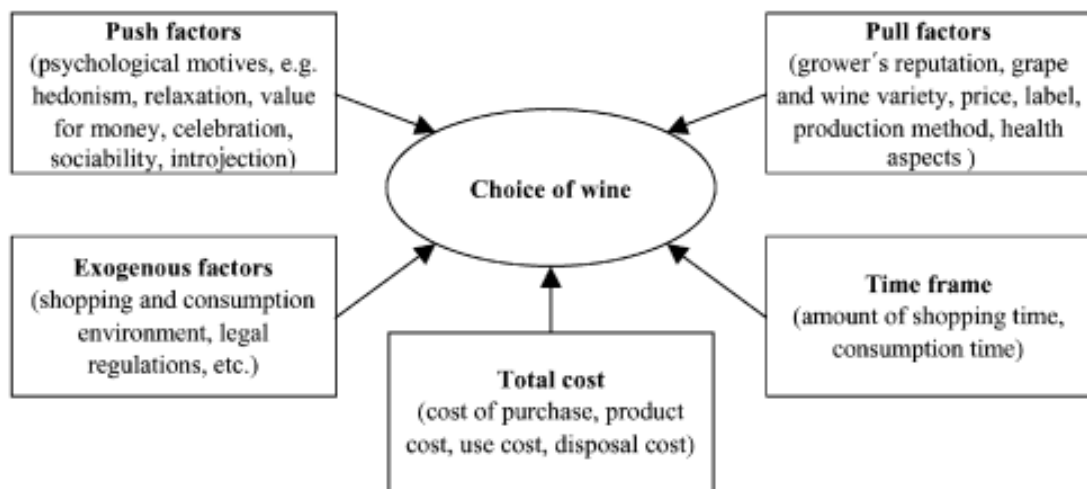
- Human Capital – increasing the participation in foreign markets requires a higher number of people involved in managing international activities. Various scholars indicate also that the level of employees' formal education is critical to competitive success in international business (Contractor and Mudambi, 2008).
- Innovation – process innovations can generate competitive advantage through gains in process efficiencies and/or greater differentiation in product characteristics.
- Advertising – the theoretical literature predicts that advertising-intensive firms tend to be more internationalize (Rondi et al., 2004) and many empirical studies confirmed it. Advertising improves a firm's competitive position by lengthening its value appropriation opportunities or reducing the ones of its competitors.' (Chu and Keh, 2006),
- Size – greater size implies greater managerial and financial resources, or “deeper pockets” making it easier to absorb the international risks (Wagner, 1995).

All of these resources were independently tested by Olmos (2011), reaching the results that firms with higher level of human capital, innovation, advertising and higher size tend to have a higher degree of internationalization. The organization experience was also tested but the hypothesis that older firms tend to have higher DOI was rejected (Olmos, 2011).

2.4.3. Wine Marketing Drivers

There are many factors that influence consumers' choices when it comes to bottle wine purchases. These can be summarized in push factors, pull factors, exogenous factors, cost and time frame, as you can see in the following picture (Orth and Krska, 2002). I will develop more on the most important factors.

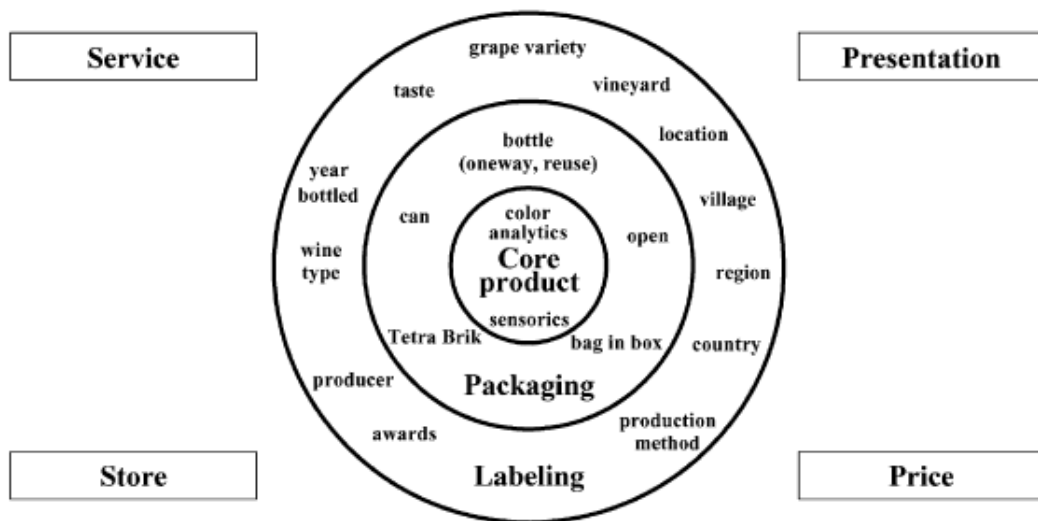
Figure 4 - Factors influencing consumers' choices of bottled wine



Source: Orth and Krska, 2002

It is important to know that some of these factors can be controlled by the supplier (producer/retailer), such as product attributes and other pull factors, and others cannot. In the following figure you can see the main attributes of the product bottled wine.

Figure 5 - Attributes of bottled wine



Source: Orth and Krska, 2002

Among all these factors mentioned, the ones related to quality are found to be amongst the most important influencing consumer's choice of wine (Orth & Krska, 2002). It is also true that in the wine sector the price truly depends on objective characteristics such as vintage, alcoholic content, geographical origin, grape variety or producer size. However, most of the times the seller has better access to product information than the buyer, resulting in information asymmetry in respect to quality for example (Von der Schulenberg, 1993). Thus, the key is to enhance the quality perception of the customers.

Wine branding is becoming more and more important, especially in international markets, because it allows to differentiate from competition, enhancing customer loyalty and opening the opportunity for higher margins (Vrontis et al., 2011). In terms of branding, the label becomes also a crucial point. A part from that, the country of origin of the wine is increasing its importance in the quality perception of customers, especially for the "old world", giving it a competitive advantage in comparison to the "new world" (Hollebeek et al., 2001; Vrontis et al., 2011). Finally, experts reviews have played also a major role, helping vanishing the information asymmetry between costumers and producers when it comes to quality issues (Benfratello *et al*, 2009).

3. Case Study

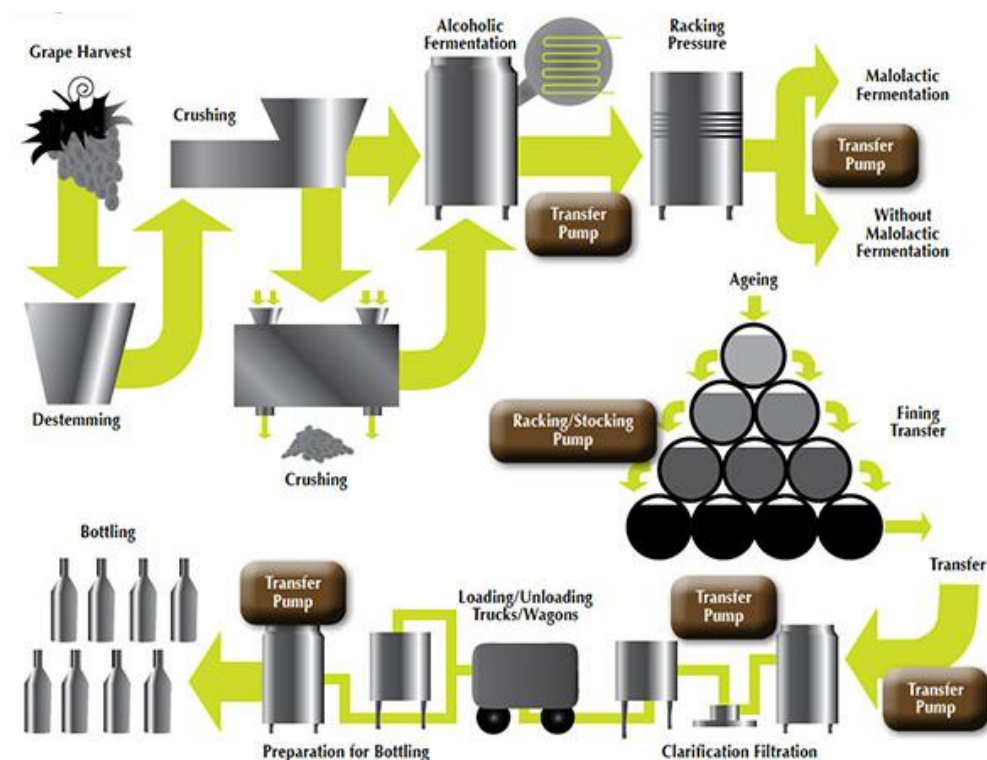
3.1. The Wine Industry

3.1.1. Wine Production and Consumption - a brief introduction

The wine production has extremely old and traditional patterns, which started around 6000 B.C. using conventional and primitive processes¹. Throughout times the production process have been evolving and technological advances allowed to increase quality as well as improving the productivity of each process in the supply chain, resulting in increases on the production output.

In terms of the production process itself, we have several distinctive steps: grapes farming, harvesting and crushing and wine fermentation, clarification, ageing and bottling². You can see all of them in the figure below. The result of this long process in terms of business development is a necessary high investment and employment level, which has great impact in the local economies³.

Figure 6 - Wine Production Process



Source: David Kirk, 2013

¹ David Keys, A. (2003)

² Myers, K. (2014)

³ Wineofthemonthclub.com (2015)

This type of beverage has a great number of worldwide loyal customers and is often linked with different consumption occasions and habits, which leads to a unique world presence and acceptance. It is also proven that wine has beneficial health effects, when moderately consumed⁴. Internationalization of wine has been increasing worldwide and it contributes for the increase in international world trade, accounting for 25.7 Billion euros, in 2013⁵.

Portugal has incredible conditions for wine production, due to the good weather and geography. These conditions allow the country to have a great variety of wines and some unique ones. The dryness of Alentejo region and the freshness of the Douro region allow having more acid and softer wines, respectively. Also, the region of Peninsula de Setúbal has a mix of both regions, making part of a huge diversity of wines as well. In fact, the wine makes part of the country's culture since long time ago and it has evolved into one of the most competitive businesses in Portugal. Despite this facts, there has been a slight trend for decrease in volume and value in the Portuguese wine market for 10 years (Appendix 5). In terms of vineyard area, it can also be seen a diminishing flow, with a 10% decrease in 10 years (Appendix 6). However, the Alentejo region keeps increasing its vineyards, having almost doubled since 99.

3.1.2. The Global Wine Industry - Portuguese position

In a global perspective, the production level of wine has been quite unstable for the last 15 years, with declines suffered by the European players, as well as increases in emerging producers. Despite this increase in the emergence of the New World wines, as it was explained before, there is still a great concentration of wine producers in terms of countries. The top three producers (France, Italy and Spain) account for roughly half of the world's wine production. After them, we have two top producers from the New World completing the top 5: USA and Argentina. As we can see in the following figure, Portugal is responsible for only 2,2% of the world production, accounting for the 12th position in the ranking of producers. As a matter of fact, the size of the country and structure of the vineyards increase the difficulties to produce in large scales.

⁴ Artero A, e. (2015)

⁵ Oiv.int (2014)

In terms of destinations of the exports, the largest consumer of Portuguese wine is by far Angola. Afterwards, USA, Germany and France have also high consumption levels

Table 4 - World largest wine producers (volume in thousands of hectoliters)

	Country	Volume (2014)	Quota
1	France	46.698	16,7%
2	Italy	44.739	16%
3	Spain	41.620	14,9%
4	USA	22.300	8%
5	Argentina	15.197	5,5%
6	Australia	12.000	4,3%
7	South Africa	11.316	4,1%
8	China	11.178	4%
9	Chile	10.500	3,8%
10	Germany	9.334	3,3%
11	Russia	6.694	2,4%
12	Portugal	6.195	2,2%
13	Romania	4.093	1,5%
14	New Zealand	3.204	1,1%
15	Greece	2.900	1%

Source: Viniportugal, 2015

In terms of wine consumption the figures are quite similar, with some changes at the top. In fact, most of the high producing countries are also great consumers of wine, and vice-versa. The top consumer is, in fact, the USA, which is followed by France and together account for almost 25% of the world wine consumption. Portugal appears in the 11th position with 1,8% of the world consumption and again we can say that size matters to explain this position. The table below shows the figures explained.

Table 5 - World largest wine consumers (volume in thousands of hectoliters)

	Country	Volume (2014)	Quota
1	USA	30.700	12,8%
2	France	27.900	11,6%
3	Italy	20.400	8,5%
4	Germany	20.200	8,4%
5	China	15.800	6,6%
6	United Kingdom	12.600	5,3%
7	Spain	10.000	4,2%
8	Argentina	9.900	4,1%
9	Russia	9.600	4%
10	Australia	5.400	2,3%
11	Portugal	4.200	1,8%

Source: Viniportugal, 2015

3.2. The company: Casa Ermelinda Freitas

3.2.1. Historical Background

Founded in 1920 in the region of Fernando Pó, Palmela, Casa Ermelinda Freitas is a company with almost one century of familiar management. In fact, the company started by Leonilde da Assunção and followed by Germana de Freitas and Ermelinda de Freitas afterwards, has actually the fourth and fifth family generations: Leonor Freitas, who leads the company and her daughter Joana, who also takes part of the management team. The company faced ups and downs throughout the years but never lost its mission of “being a reference and prestige the rural world” (Appendix 7).

During the first phase of development the company limited itself to the production and sale of bulk wine, with only 60 hectares of winery and 2 vine varieties (“Castelão” and “Fernão Pires”). However, after Leonor Freitas takes control of the firm there was a huge turnover. The strategic decision of creating own brands of wine and the investments made took the company to another level. The first turning point was in 1998 with the investment in a new winery and bottling line and in 1999 with the launch of the first brand “Terras do Pó”. During 17 years of management Leonor always bet on innovation, quality and competitiveness, resulting in a winery with 440 hectares and a huge vine variety (appendices 8 and 9), in an incredible variety of products and brands (appendix 10) and in a company which without doubt is one of the best representatives of the excellence of the Portuguese wine industry.

“We don’t invest to do more, but to produce the best, which is our greatest objective”, Leonor Freitas

The effort to create a high quality wine has brought many awards recognizing that quality, in between which the firm can highlight the Best Wine in the World awarded in the 2008’s edition of the “Vinaiques Internacionais” to the Syrah of 2005. Apart from this one there were several important awards and medals, as you can see in appendix 11. Besides the wine, Leonor Freitas was also awarded due to the success and social conscience by the President of the Republic of Portugal at that time, Aníbal Cavaco Silva, with the “Comenda de Ordem de Mérito Agrícola” on the 10th of June of 2009.

“Our success is related to the previous generations, to my family, to the region and finally with the consumers. It is for them that this house lives.”

Knowing what took the firm to this successful position, in the future the goal is to consolidate the reputation and increase the production of quality wines, betting on differentiated Portuguese grape varieties. With a strategy that pretends to grow the national and especially the international market shares, Casa Ermelinda Freitas pretends to continue as a reference by the wine quality and appreciation of the winery and the wine.

3.2.2. Internationalization History

The internationalization of Casa Ermelinda Freitas' wines started out in a quite unplanned manner. Before the 21st century, the company used to sell its wine in bulk, to many local businesses which had their own brands. They had demand, the business was flowing and the company was still quite unprofessional so the need of having their own brands had not arisen yet. However, starting around 2000, the buyers of bulk wine started to have excess of supply and Casa Ermelinda Freitas was thinking about taking the next step, professionalizing and making the business grow.

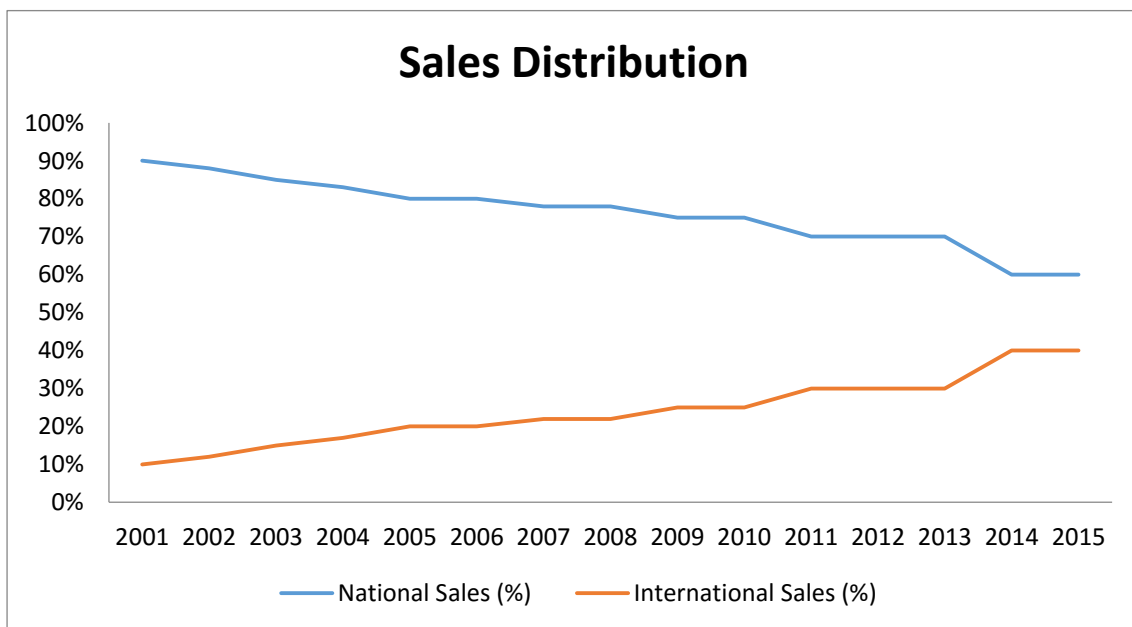
Therefore, the company decided to launch its first own brand of bottled red wine, called Terras do Pó (1999), which was first exported to France, Luxemburg and Germany in 2001. Right after that, it turned out that unexpectedly there was a big market for bag-in-box wine outside Portugal, leading to the launch of M.J.Freitas (2003), the first brand of bag-in-box wine, which was exported right away. Casa Ermelinda Freitas was making this kind of wine with a quality above average, since the competition usually sells bag-in-box wine as a low quality product. Thus, there was a great awareness and notoriety of the bag-in-box wine outside borders, which was unexpected, but made the company start exporting a lot more, especially to Portuguese communities.

The company began its internationalization to the regions that took part of the “Mercado da Saudade”, which is composed of the countries with more Portuguese emigrant communities, such as France, Luxemburg, Germany, USA, etc. This started out by exporting mainly bag-in-box wine and then evolved to bottled wine. The “Mercado da Saudade” appeared naturally due to the higher network of contacts that the company

had with this countries, obviously because they have more Portuguese living there. After that, the company started relations with many countries, step-by-step, by enlarging the contacts' network and the business relationships in a spontaneous way.

Nowadays the company has relations with more than 30 different countries, reaching places like China, Angola, Brazil or England where a lot of persistency was needed in order to penetrate different markets. During a period of exponential increase in sales since 2004, as it is shown in the appendix 13, the company was able to expand its business overseas and foster a great increase in the international sales. Casa Ermelinda Freitas understood that in order to grow it had to expand the business internationally, which resulted in a solid increase in the percentage of international sales in the overall sales of the firm, as you can see in the graph below.

Graph 2 - Sales Distribution



Source: Author

It is important to highlight that nowadays international sales account for 40% of the company's sales while 14 years ago they accounted for around 10%. This means that actually national sales are 10 times higher than in 2001, while international sales are 60 times higher. It is true that the overall sales are now 15 times higher as well, but in the following graph one can confirm that the growth of international sales have always been equal or higher than the growth of national sales.

Graph 3 - Sales Growth



Source: Author

3.2.3. Internationalization Process

The internationalization process of Casa Ermelinda Freitas is considerably simple. The company starts by making presence in several international fairs of wine in the country they wish to enter. This first step is made with the objective of getting the right contacts in the other country. In fact, the main objective is to get a big importer with a big distribution network throughout the country, so that they can have big quantities of exportation guaranteed.

After finding the right importer, starts a whole relationship of help and trust to get the sales. This also includes actions to promote the wine, such as presentations and wine tasting events so that the retailers know the wine and want to sell it. In operating matter, Casa Ermelinda Freitas works really closely with these importers to help them solve the possible issues.

A critical step then is to define the marketing mix to that country. This means deciding which brands to sell at which price, given the consumers characteristics. This strategy is going to be analysed further on. In the following chart you can see the internationalization process of the company:

Figure 7 - Internationalization process of Casa Ermelinda Freitas (Source: Author)



3.2.3.1. Entry Strategies

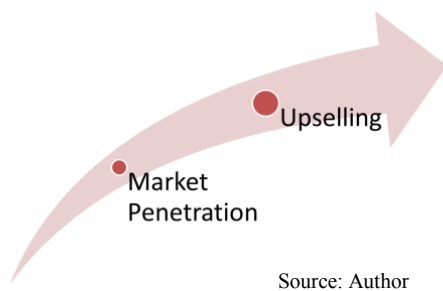
In terms of entry modes, the company first tries to find the right importer, as it was said in the previous chapter. In fact, this importer is crucial to assure a critical mass of retailers wanting to sell Casa Ermelinda Freitas' products. The importer is really important not only in terms of size but also in variety of the retailing distributing units: is better if this importer can sell to supermarkets, restaurants, hotels, speciality stores, etc., so that the company can sell its wide range of products in the future. This strategy goes totally in line with the network theory already described, where *“the focus of firm behaviour is in the network of interorganizational and interpersonal relationships”*⁶. In fact, this search for the right importer among their network of contacts is no more than the opportunistic and unplanned strategies described in this theory, where *“these networks influence the market in which firms enter as well as the mode of entry”*⁷.

Another important issue regarding the entry strategy of the firm is related to the marketing mix approach. Casa Ermelinda Freitas thinks that in order to be successful in international markets, the key is to have the right mix of quality, price and quantity. As a matter of fact, getting a big and solid distribution network elsewhere requires that the company is competitive in the market. Having the right quality at an initially low price (to foster trial and consumption) combined with the capacity to deliver the huge amounts of quantity required is seen as a more important factor than the advertising and labelling actions. This fact goes in line with the overall business strategy of the firm, where the objective is to be competitive with any product in any market.

Figure 8 - Strategic pillars



Figure 9 - Entry strategy



Therefore, the approach is as of the penetration pricing strategy, where the company sets initial low prices as it enters a new market with the first reference in order to attract customers away from competitors. Afterwards, they try to use the upselling technique, by introducing other products into that market, with higher price,

⁶ (Coviello and McAuley, 1999)

⁷ (Coviello and McAuley, 1999)

value and margins and trying to make customers move from the first products to the latest. The reasoning behind this marketing strategy is to let costumers be aware and try the new product with a competitive pricing and once they like and attach to it they can try other wines, with better quality and higher prices. Thus the first product to enter a foreign market has a crucial role in order to attract customers and penetrate the market. This product needs to be totally suitable to the country's typical customer characteristics and also needs to be competitive in relation to the competition in that market.

3.2.3.2. Standardization vs Adaptation

Before I can define the firm's strategy in terms of adaptation or standardization of the marketing mix it's important to distinguish between two possible country profiles. The first one includes the countries that already have wine habits. These countries the ones where wine is drank very often during meals or in other occasion, in other words there is a wine culture, such as most of the European countries but especially Spain, Italy, France. The second profile is the one of the countries where wine is not a culture at all, since people are not used to drink it or even not used to alcoholic beverages in some cases, such as China. The company takes two opposite approaches regarding the country profile.

The first type of countries is more similar to Portugal in terms of taste preferences and cultural habits. Therefore, the company launches a strategy of standardization in these countries. In addition to that, these consumers often search for what is traditionally Portuguese, for the wines that represent the region and the country, and for quality. By consequence, Casa Ermelinda Freitas does not change the products or its labels and offers a fully standardized product but again focusing much on competitiveness, through price and quality.

However, the product assortment is adapted to each country in order to be competitive, so they do not change the price of the products, but indeed change the products they offer to each market in order to reach the price level they want to penetrate.

In the countries without wine habits the strategy is totally different. Here is necessary to educate the customers and adapt to their tastes and needs. In these markets the strategy is to fully adapt the marketing mix. First of all, in many cases the product itself is

adapted, creating wines which are more soft and easy to drink and trying to use the wine and grape varieties they already know before introducing the upselling strategy with the already well-known brands. Apart from that, the brand image, packaging and labelling of the wines is also changed, targeting to educate the new customers. Again, the key is to penetrate with a competitive product in terms of price and consumer's characteristics and then upsell.

Regarding Ghantous definitions, I can say that the company follows a Global and Differentiated brand strategy to each market, respectively.

3.2.4. How to achieve a sustained competitive advantage?

In this section I will try to define how can sustained competitive advantage be attained in international markets, regarding Casa Ermelinda Freita's case, based on the resources and the dynamic capabilities possessed by the firm.

3.2.4.1. Resources

In this chapter I am trying to identify the physical, human or organizational assets that are Valuable, Rare, Inimitable and Non-substitutable. The first and maybe the most important resource of the firm is the location or geographic condition of its land. The vineyards of Casa Ermelinda Freitas are located in the region of Setúbal, which is characterized by some unique conditions: it combines having one of the biggest water table in Portugal, which gives a lot of water availability, with a unique climate that has both the freshness of the mountains of Serra da Arrábida and the hot weather of the region. These geographic characteristics allow the firm to produce a huge diversity of wines that they can adapt to the different needs of the different markets. In fact this is a huge weapon of the firm in its internationalization process, because they can adapt the wine to the customers' wants as well as to the price and quality range they want.

The immense effort made into producing quality wines has been constant throughout times and lead to a different bundle of resources, the wine awards. This effort was followed by crucial investments in producing facilities that allow the firm to produce wine with advanced technology, leading to higher qualities. As a matter of fact (Appendix 11 and 12), the firm has been rewarded with a great amount of awards that

allow to be recognized internationally and make it easier to enter in any foreign market, due to the quality sign that a possibly unknown wine can still transmit. A great example is the Syrah of 2005, which was Best Wine in the World and led the company to an amazing recognition and reputation, helping a lot to penetrate new international markets.

3.2.4.2. Dynamic Capabilities

Dynamic capabilities pretend to go further than resources, since they are what integrate them to create value, taking market changes into account. A key dynamic capability was the capacity to learn from experiences. The firm takes presence in many international fairs since long ago not only with the objective of getting in those markets but also to learn what is being done elsewhere and improve their business. The capacity to learn from other businesses and from their experience in other markets is definitely a dynamic capability, basically because it allowed the firm to understand whether it should adapt or standardize and which marketing mix should be used to target a certain market.

Apart from the knowledge improvements, the production technology advancements have been also crucial for the firm's success. The winery, ageing cellars and bottling units have the most recent technologies and huge capacity for wine production. The fact that the company keeps up with technology allows it to be lean in production and costs and efficient responding to the supply needs.

Another important capability is the team itself. With great flexibility and experience, Casa Ermelinda Freitas' management and operational teams have outstanding performances, being able to respond to any needs. This fact takes especial importance in international markets, given the fact that management and operations need to adapt to circumstances rapidly otherwise opportunities can be lost.

Finally and maybe the most important dynamic capability of the firm is its adaptation and flexibility culture. The fact that the company is able to adapt to local markets needs in terms of product and marketing at the same time that they know when is good to standardize has been crucial. The wise choice of product assortment regarding different markets is an example of that. The flexibility in the team and in production also reflects that issue.

3.2.5. The impact of internationalization on firm performance

The last chapter of this case study is pretending to analyse the impact of the internationalization has on the firm performance, in particular I chose the profit margin as the performance measure. The reason I did so is because there is an overall prejudice in the wine industry, which states that as Portuguese firms are able to internationalize their businesses they are able to increase prices significantly and by consequence the margins increase.

After several interviews I could understand that we cannot say that the internationalization process affects the margins of the firm in a sustained pattern, due to several reasons. At first, margins are a difficult measure to compute from country to country in a standardized manner, because there are lot of figures that differ from place to place. For instance, in some countries there is an extra tax on the alcohol level or the tax rate is just different for alcoholic beverages, which impacts margins and the impact is different in each country. Most of the times, the differential margin in comparison to the national market is an unknown number inside the company, due to its complexity in computation.

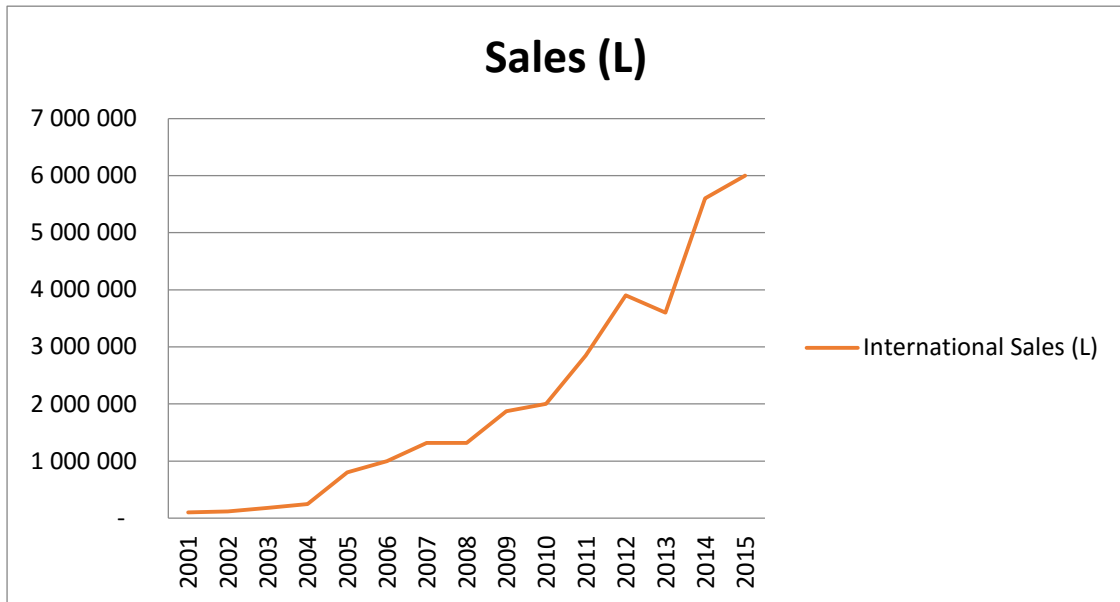
This problem could be solved by computing margins case by case individually, but the fact is that the strategy of the firm is not to change the price tag due to exogenous factors. What Casa Ermelinda Freitas does is to adapt the product offer to the price level they want to target. This means that if they want to target a certain price level consumers they do it with their brand for that price level, without changing much the marketing mix. By consequence, margins are not affected positively in most of the cases, because the company does not sell a wine at a higher price just because it is an international market, due to its penetration strategy and the will to sell wine always at a competitive price, as it was explained before. On top of that, there can still be extra exporting costs or taxes on alcohol levels which even lower the possibility of ncreasing margins.

To summarize I can state that in the particular case of Casa Ermelinda Freitas the internationalization of the business does not affect the profit margins of the firm, due to the complexity of calculation of this figure as well as the pricing strategy of the firm.

However, as it can be seen in the graphic below, the internationalization process had a huge impact on the performance of the firm, especially in terms of sales volume. As it

can be seen the international markets have been allowing the firm to increase a lot the sales and as it were explained in the “[Internationalization History](#)” section the increase in the relative importance of the international sales on the overall sales has been huge.

Graph 4 - International sales in litters



Source: Author

4. Conclusions

What was the internationalization strategy, in terms of entry strategies, marketing mix standardization or adaptation and entry process theories of Casa Ermelinda Freitas?

The entry process used by the firm is in line with the network theory, as explained before, which in my opinion is totally suitable. The quality of wine is perceived while tasting, smelling and feeling. In addition, wine is a somehow hedonic good, produced and designed to provide pleasure and excitement while drinking rather than just fulfil the thirsty need. The consumption is also conspicuous at many times. For the importer to want to sell the wine, he needs to somehow feel that it is going to be a success by its own characteristics, quality and price. By consequence, is more efficient for Casa Ermelinda Freitas to enter new markets creating a solid network of contacts, which believe in its wine and will make an effort together in order for it to be successful. The presence in fairs and extending the network from contact to contact becomes crucial in the internationalization process.

In my opinion, the key for Casa Ermelinda Freitas success entering new markets comes with the other two issues. The competitiveness the firm gets by its strategy of penetrating the market with a low price product, allows it to grab a large portion of the market right away, gaining awareness without a big marketing effort. The firm pretends to be competitive with each brand, and has it has the capacity for selling large quantities it turns into a successful strategy.

The other issue is the flexibility and business knowledge that turns into adapting to the different market needs. The firm standardizes and keeps the wine's traditional characteristics in the "closer" markets, while adapting even the product to the ones which are not used to its product. The firm is able to attain here a difficult matter, which is to sell big quantities efficiently while adapting to local needs when needed. The company tries to think at the costumer profile first, serving its needs.

Most of Casa Ermelinda Freitas success elsewhere is due to this capacity of being always competitive and adapt to what the client wants, levelling up the products sold and practicing upselling afterwards.

How Casa Ermelinda Freitas did gained and sustained a competitive advantage in international markets?

From my point of view, Casa Ermelinda Freitas gained and sustained its competitive advantage in foreign markets by leveraging its resources, developing crucial dynamic capabilities and applying a clever strategy of flexibility and competitiveness, the two greatest pillars of the firm.

Leveraging the land, which has amazing features, has allowed the firm to produce wines with a lot of diversity. This becomes fundamental for the adaptation strategy used. Also, taking advantage of the quality of the wine for the word-of-mouth marketing, and using the awards as a proof of that quality, providing a funded presentation of the brands is important in the internationalization process.

If the resources where the only source of competitive advantage it would have been vanished quickly. The fact is that Casa Ermelinda Freitas was able to develop incredible learnings from market to market in order to create this flexible strategy and the big network of contacts. The focus on quality at the same time of efficiency was present not only on the marketing mix and entry strategy but also in the investments on producing technologies that allowed to keep producing high quality wines at low costs.

Finally the team was always inducing this flexibility culture and able to introduce the successful strategy based on competitiveness. Competitiveness is achieved with the penetration strategy but always with the adaptation in mind to not only the costumers needs but also to the importers, who demand punctual needs that demand huge restructuration sometimes. This is probably the biggest and least replicable weapon of the firm: the flexibility to adapt to every need, remaining always competitive in each market.

What was the impact of internationalization on the performance of the firm?

With what I consider a smart strategy the firm attacks the international markets with the adaptation of the product assortment but with standardization on prices. This allows the company to be consistent with its strategy of being competitive in terms of pricing in each market with every single product.

Apart from that, the firm shows itself a little uncontrolled about the margins of the different markets and if they are able to raise or decline it with the internationalization process. This happens because they rather focus on being competitive and selling a lot of quantities than having bigger margins with fewer units sold.

After several analyses during the interviews the company representatives and I could conclude that there is no sustained impact of internationalization on the company's profit margins.

However and as it was explained, international markets have been contributing massively to a better performance of the firm in terms of liters sold (sales volume) and the reputation to possibly enter new markets that comes with it.

Final considerations

The study of this company made me understand that a solid and well planned strategy always brings positive results. With such good results at the point is difficult to analyse and recommend something to Casa Ermelinda Freitas. The overall strategy is coherent in its sub-strategies: a proper entry strategy followed by a mechanism of adaptability and competitiveness drove the company to international success. The company brings an incredible example and benchmark for other firms, as well as a good presentation of what the Portuguese wine is, what a Portuguese wine company can do overseas and what can be done to overcome the lower awareness for Portuguese wines.

However there is one fact that I leave as development point and possible future research problem, which is the management control systems of the company's margins, as well as the price sensitivity analysis of the different markets. In fact, the company made its success with a penetration strategy with the base idea of competitiveness, but I wonder if in some markets the consumers are willing to pay a higher price for the quality wines the company is offering. Maybe in some places the competition on price would not be necessary. Besides that, the company does not have control on the customer value of its wines as well as the different margins of the products in different markets. A management control system that allows the firm to control this issue, as well as a sensitivity analysis made to each different country could possibly help improve those margins.

5. Appendices

Appendix 1 – Concerns of different authors regarding RBV and Dynamic Capabilities

Paradigm	Intellectual roots	Representative authors addressing strategic management questions	Nature of rents	Rationality assumptions of managers	Fundamental units of analysis	Short-run capacity for strategic reorientation	Role of industrial structure	Focal concern
(1) Attenuating competitive forces	Mason, Bain	Porter (1980)	Chamberlinean	Rational	Industries, firms, products	High	Exogenous	Structural conditions and competitor positioning
(2) Strategic conflict	Machiavelli, Schelling, Cournot, Nash, Harsanyi, Shapiro	Ghemawat (1986) Shapiro (1989) Brandenburger and Nalebuff (1995)	Chamberlinean	Hyper-rational	Firms, products	Often infinite	Endogenous	Strategic interactions
(3) Resource-based perspectives	Penrose, Selznick, Christensen, Andrews	Rumelt (1984) Chandler (1966) Wernerfelt (1984) Tece (1980, 1982)	Ricardian	Rational	Resources	Low	Endogenous	Asset fungibility
(4) Dynamic capabilities perspective	Schumpeter, Nelson, Winter, Teece	Dosi, Teece, and Winter (1989) Prahalad and Hamel (1990) Hayes and Wheelwright (1984) Dierickx and Cool (1989) Porter (1990)	Schumpeterian	Rational	Processes, positions, paths	Low	Endogenous	Asset accumulation, replicability and inimitability

Appendix 2 – RBV link to Marketing

RBV issue	RBV literature/ perspective	Elements of the issue	Marketing relevance
Where is value determined?	Value determination is exogenous to RBV (occurs external to the firm in the marketplace)	Value thus is subject to choices made by actors external to the firm and to multiple sources of external change	At its core, marketing addresses value creation for customers; Marketing, by definition, is externally focused
What is the source of value?	Value flows from resources with specific attributes: they are rare, inimitable, nonsubstitutable, etc	Direct <i>causal</i> links between a resource with the desired attributes and the value they give rise to for specific external stakeholders needs tractability and accessibility	Marketing attempts to determine what value is perceived, experienced and understood by customers
How is value created?	The process of transforming resources into value has not been a focal point in RBV	Resources are the source of value but the firm must do something with the resources to create outputs that in turn will be valued by external stakeholders	Marketing activities provide one distinct means by which value for customers gets created
When is value identified?	Tends to be post hoc in RBV empirical work: identified after it has been created (and then related to resource attributes)	Strategy requires some a priori projection of the value to be created for specific external stakeholders; If value is only identified <i>a posteriori</i> , then strategy as a proactive process is greatly circumscribed	Marketing professes to identify value <i>ex anti</i> ; Marketing begins with an emphasis on determining customer needs
What is the source of resources?	The origins of resources (and how they evolve) has received relatively scant attention in the RBV literature	The creation of resources is fundamental to entrepreneurial aspects of strategy development and execution	Marketing generates multiple forms of resources (e.g. customers' perceptions) that can be leveraged in the process of customer value creation
What is the degree of resource specification?	Specification of resources tends to be broad-grained, rather than fine-grained	Understanding of the details of individual resources critical to advance research and prescriptive implications	Assets and capabilities specific to marketing can be/have been delineated and documented in great detail
To what extent are resource interaction effects pursued?	Often noted, but not a distinctive focus of theoretical or empirical work	The "services" provided by any resource gain leverage only when commingled with other resources	Marketing necessarily entails commingling of assets and capabilities (within marketing and with other functional areas)
Is RBV analysis static or dynamic?	Analysis represented as dynamic. But, often, theoretical implications are drawn based on competitive equilibrium —i.e., static predictions	Competitive dynamics suggest that customer value (competitive advantages) in always in a process of change;	Search for differential competitive advantages (customer value) leads to disequilibria provoking dynamic competition
Marketplace (demand and supply/resource) heterogeneity	Marketplace heterogeneities and uncertainties are recognized but have received limited attention in the RBV literature	Customer value for market niches can be generated by targeting different market segments and/or different competitors by leveraging different complementors	The concepts of segmentation, differentiation and positioning represent the core elements of information-driven marketing theory and practice
Market (customer and competitor) information and uncertainty	Marketplace information and knowledge as central to developing competitive advantages. Yet, the RBV focus has been on internal assets and capabilities.	Information (and knowledge-based management acumen) is essential for competing in short-cycle, heterogeneous (fragmented) markets. External information is needed to navigate markets and to run operations both efficiently and effectively	Market orientation advocates systematic acquisition, dissemination and use of information to guide strategy development and implementation market orientation is itself a resource.
Organization learning	Intangible resources such as culture, knowledge and competencies can lead to competitive advantages	It is not (tangible) resources per se that guarantee customer value creation. But, it is how these resources are leveraged via the learning embedded in capabilities/competencies.	The process of competing (developing new products, innovative channels and new ways of supporting customers) provides an opportunity to learn that leads to knowledge discovery]

Appendix 3 – Dynamic capabilities contrasting concepts regarding market dynamism

	Traditional view of dynamic capabilities	Reconceptualization of dynamic capabilities
Definition	Routines to learn routines	Specific organizational and strategic processes (e.g., product innovation, strategic decision making, alliancing) by which managers alter their resource base
Heterogeneity	Idiosyncratic (i.e., firm specific)	Commonalities (i.e., best practice) with some idiosyncratic details
Pattern	Detailed, analytic routines	Depending on market dynamism, ranging from detailed, analytic routines to simple, experiential, ones
Outcome	Predictable	Depending on market dynamism, predictable or unpredictable
Competitive Advantage	Sustained competitive advantage from VRIN dynamic capabilities	Competitive advantage from valuable, somewhat rare, equifinal, substitutable, and fungible dynamic capabilities
Evolution	Unique path	Unique path shaped by learning mechanisms such as practice, codification, mistakes, and pacing

Appendix 4 – Dynamic capabilities regarding types of dynamic markets

	Moderately dynamic markets	High-velocity markets
Market definition	Stable industry structure, defined boundaries, clear business models, identifiable players, linear and predictable change	Ambiguous industry structure, blurred boundaries, fluid business models, ambiguous and shifting players, nonlinear and unpredictable change
Pattern	Detailed, analytic routines that rely extensively on existing knowledge	Simple, experiential routines that rely on newly created knowledge specific to the situation
Execution	Linear	Iterative
Stable	Yes	No
Outcomes	Predictable	Unpredictable
Key to effective evolution	Frequent, nearby variation	Carefully managed selection

Appendix 5 - Portugal wine market value and volum

Year	Value (million euros)	% growth
2009	4.167,3	
2010	4.154,0	(0,3%)
2011	4.149,8	(0,1%)
2012	4.146,1	(0,1%)
2013	4.140,1	(0,1%)

Year	Volume (million liters)	% growth
2009	437,9	
2010	436,8	(0,3%)
2011	438,9	0,5%
2012	437,0	(0,4%)
2013	435,7	(0,3%)

Appendix 6 - Vineyards area in Portugal

Year	Area (hectares)
2005	238.830
2006	238.646
2007	237.588
2008	236.928
2009	234.663
2010	233.597
2011	233.680
2012	230.810
2013	224.074
2014	218.677

Appendix 7 – Casa Ermelinda Freitas actual logo



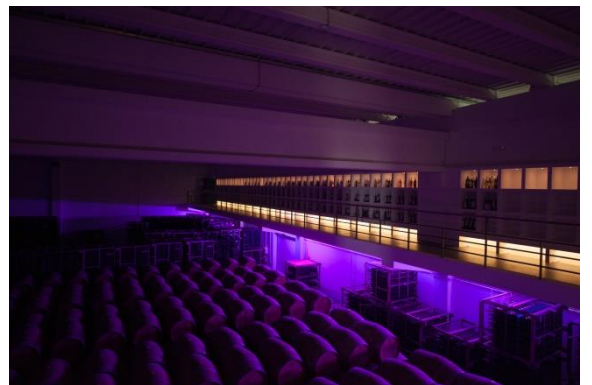
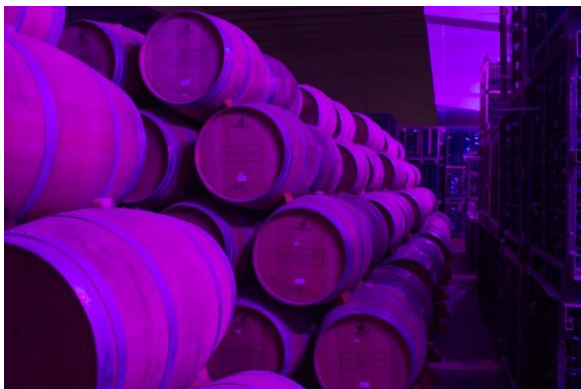
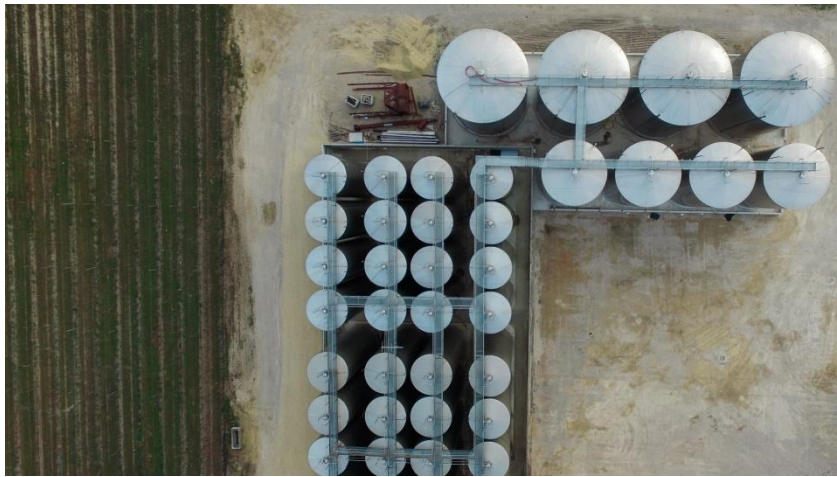
Appendix 8 – Casa Ermelinda Freitas vine varieties

- 60% of Castelão
- 20% of red grapes varieties Touriga Nacional, Trincadeira, Syrah, Aragonês, Alicante Bouschet, Touriga Franca, Merlot, Petit Verdot, Pinot Noir, Trincadeira, Petite Sirah, Carmenère, Moscatel Roxo

- 20% of white grapes varieties like Fernão Pires, Chardonnay, Arinto, Verdelho, Sauvignon Blanc and Moscatel de Setúbal, Viosinho, Encruzado, Alvarinho, Pinot Grigio, Viognier, Vermentino and Gewurtztraminer.

Appendix 9 – Casa Ermelinda Freitas winery







Appendix 10 – Most important products of Casa Ermelinda Freitas







Appendix 11 – Some important awards of Casa Ermelinda Freitas

- 2013: the wine Dona Ermelinda Branco 2011 is in the top 50 best portuguese wines according to Olly Smith's
- 2014: Casa Ermelinda Freitas reached the 36st position in the top 100 of Wines Of Ther World with the Moscatel de Setúbal Superior 2013
- 2014: the wine Leo D'Honor 2008 was considered one of the top 30 best Portuguese wines by the magazine Vinhos
- 2014: Casa Ermelinda Freitas won the award of best company by the magazine Vinhos
- 2014: Casa Ermelinda Freitas reached the 26th place in the ranking of the World Association Of Writers And Journalists Of Wines And Spirits.
- 2014: Casa Ermelinda Freitas is awarded with the Small and Medium Enterprises Excellence award for the third year in a row
- Since 1999 Casa Ermelinda Freitas won more than 600 awards, both National and International.

- Medals:

Medal type	#
Golden	217
Silver	273
Bronze	160
Total	650

Appendix 12 – Awards of Casa Ermelinda Freitas in the year of 2015

2015

Berliner Wein Trophy

[Moscatel Superior](#) 2005 - Medalha de Ouro

[Cabernet Sauvignon Reserva](#) 2012 - Medalha de Ouro

[Touriga Nacional Reserva](#) 2012 - Medalha de Ouro

[Petit Verdot Reserva](#) 2011 - Medalha de Prata

Challenge International du Vin

[Moscatel Superior](#) 2005 - Medalha de Ouro

[Merlot Reserva](#) 2011 - Medalha de Bronze

[Terras do Pó Branco](#) 2014 - Medalha de Bronze

[Terras do Pó Rosé](#) 2014 - Medalha de Bronze

[Espumante Reserva](#) 2011 - Medalha de Prata

[Valoroso Reserva](#) 2012 - Medalha de Bronze

China Wine & Spirits Awards

[Moscatel Superior](#) 2005 - Dupla Medalha de Ouro

[Quinta da Mimosa](#) 2013 - Medalha de Ouro

[Syrah Reserva](#) 2012 - Medalha de Prata

[Alicante Bouschet Reserva](#) 2012 - Medalha de Ouro

[Cabernet Sauvignon Reserva](#) 2012 - Dupla Medalha de Ouro

[Cabernet Sauvignon Reserva](#) 2012 - Vinho Português do Ano

[Touriga Nacional Reserva](#) 2012 - Medalha de Ouro

[Merlot Reserva](#) 2013 - Medalha de Ouro

[Sauvignon Blanc - Verdelho](#) 2013 - Medalha de Ouro

[Dona Ermelinda Reserva](#) 2013 - Dupla Medalha de Ouro

[Terras do Pó Rosé](#) 2014 - Dupla Medalha de Ouro

[Terras do Pó Reserva](#) 2013 - Medalha de Ouro

[Sauvignon Blanc](#) 2014 - Medalha de Prata

[Espumante Reserva](#) 2011 - Medalha de Prata

[Vinha do Rosário Reserva](#) 2012 - Medalha de Ouro

[Terras do Pó Castas Branco](#) 2014 - Dupla Medalha de Ouro

[Valoroso](#) 2013 - Dupla Medalha de Ouro

[Valoroso Reserva](#) 2012 - Medalha de Ouro

[Dom Campos Reserva](#) 2012 - Dupla Medalha de Ouro

[Alvarinho](#) 2014 - Medalha de Prata

Concours International des Cabernets

[Cabernet Sauvignon Reserva](#) 2012 - Medalha de Ouro

Concours Mondial de Bruxelles

[Moscatel Superior](#) 2005 - Medalha de Ouro

[Merlot Reserva](#) 2011 - *Medalha de Prata*

[Petit Verdot Reserva](#) 2011 - *Medalha de Prata*
Concurso CVR Península de Setúbal

[Quinta da Mimosa](#) 2012 - *Medalha de Ouro*

[Dona Ermelinda Branco](#) 2014 - *Melhor Vinho Branco*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Ouro*

[Sauvignon Blanc](#) 2014 - *Medalha de Ouro*

[Terras do Pó Castas Branco](#) 2014 - *Medalha de Ouro*
Concurso de Vinhos do Crédito Agrícola

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Ouro*

[Terras do Pó Branco](#) 2014 - *Medalha de Bronze*
Concurso Vinhos de Portugal

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Prata*

[Petit Verdot Reserva](#) 2011 - *Medalha de Prata*

[Terras do Pó Castas Branco](#) 2014 - *Medalha de Prata*
CWSA Best Value

[Moscatel](#) - *Medalha de Ouro*

[Quinta da Mimosa](#) 2012 - *Medalha de Ouro*

[Syrah Reserva](#) 2012 - *Medalha de Ouro*

[Alicante Bouschet Reserva](#) 2012 - *Medalha de Bronze*

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Prata*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Ouro*

[Dona Ermelinda Branco](#) 2013 - *Dupla Medalha de Ouro*

[Sauvignon Blanc - Verdelho](#) 2013 - *Dupla Medalha de Ouro*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Prata*

[Valoroso Reserva](#) 2012 - *Medalha de Ouro*
Decanter Asia Wine Awards

[Moscatel Superior](#) 2005 - *Medalha de Bronze*

[Syrah Reserva](#) 2012 - *Medalha de Bronze*

[Cabernet Sauvignon Reserva](#) 2012 - *Commended*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Bronze*

[Petit Verdot Reserva](#) 2011 - *Medalha de Prata*

[Terras do Pó Castas Branco](#) 2014 - *Medalha de Bronze*

[Valoroso](#) 2013 - *Medalha de Bronze*
Decanter World Wine Awards

[Alvarinho](#) 2014 - *Medalha de Bronze*

[Moscatel](#) - *Medalha de Bronze*

[Moscatel Superior](#) 2005 - *Medalha de Ouro*

[Alicante Bouschet Reserva](#) 2012 - *Commended*

[Dona Ermelinda Branco](#) 2014 - *Commended*

[Merlot Reserva](#) 2010 - *Commended*

[Sauvignon Blanc - Verdelho](#) 2013 - *Commended*

[Terras do Pó Branco](#) 2014 - *Medalha de Bronze*

[Espumante Reserva](#) 2011 - *Medalha de Bronze*

[Valoroso](#) 2013 - *Commended*
International Wine & Spirit Competition

[Moscatel Superior](#) 2005 - *Medalha de Prata*

[Quinta da Mimosa](#) 2012 - *Medalha de Bronze*

[Syrah Reserva](#) 2012 - *Medalha de Bronze*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Prata*

[Dona Ermelinda Branco](#) 2013 - *Medalha de Bronze*

[Merlot Reserva](#) 2008 - *Medalha de Bronze*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Prata*

[Petit Verdot Reserva](#) 2011 - *Medalha de Bronze*

[Valoroso](#) 2013 - *Medalha de Bronze*
International Wine Challenge

[Moscatel](#) - *Medalha de Prata*

[Moscatel Superior](#) 2005 - *Medalha de Prata*

[Syrah Reserva](#) 2012 - *Commended*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Bronze*

[Dona Ermelinda Branco](#) 2014 - *Medalha de Bronze*

[Merlot Reserva](#) 2011 - *Commended*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Bronze*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Bronze*

[Terras do Pó Branco](#) 2014 - *Medalha de Bronze*

[Petit Verdot Reserva](#) 2011 - *Commended*

[Valoroso](#) 2013 - *Medalha de Prata*

[Valoroso Reserva](#) 2012 - *Medalha de Prata*

La Selezione del Sindaco

[Moscatel Superior](#) 2005 - *Medalha de Prata*

[Quinta da Mimosa](#) 2012 - *Medalha de Ouro*

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Prata*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Prata*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Prata*

[Petit Verdot Reserva](#) 2011 - *Medalha de Ouro*

[Terras do Pó Castas Branco](#) 2014 - *Medalha de Ouro*

Les Citadelles du Vin

[Quinta da Mimosa](#) 2012 - *Medalha de Prata*

[Dona Ermelinda Branco](#) 2014 - *Medalha de Ouro*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Prata*

[Terras do Pó Tinto](#) 2013 - *Medalha de Prata*

[Vinha do Rosário Tinto](#) 2013 - *Medalha de Ouro*

[Espumante Reserva](#) 2011 - *Medalha de Ouro*

[Vinha do Rosário Reserva](#) 2012 - *Medalha de Prata*

[Vinha do Rosário Branco Ligeiro](#) 2014 - *Medalha de Prata*

Mundus Vini - Primavera

[Syrah Reserva](#) 2012 - *Medalha de Prata*

[Alicante Bouschet Reserva](#) 2012 - *Medalha de Prata*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Prata*

[Dona Ermelinda Branco](#) 2013 - *Medalha de Prata*

[Merlot Reserva](#) 2011 - *Medalha de Ouro*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Ouro*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Ouro*

[Terras do Pó Branco](#) 2014 - *Medalha de Prata*

Mundus Vini - Verão

[Moscatel](#) - *Medalha de Ouro*

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Prata*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Ouro*

[Terras do Pó Castas Branco](#) 2014 - *Grande Medalha de Ouro*

[Terras do Pó Castas Branco](#) 2014 - *Melhor Vinho Branco Português*

[Valoroso](#) 2013 - *Medalha de Prata*

[EF Branco](#) 2014 - *Medalha de Prata*

[EF Reserva](#) 2013 - *Medalha de Prata*

[Festivo Chardonnay - Viosinho](#) 2014 - *Medalha de Ouro*

Portugal Wine Trophy

[Moscatel Superior](#) 2005 - *Medalha de Ouro*

[Quinta da Mimosa](#) 2012 - *Medalha de Prata*

[Syrah Reserva](#) 2012 - *Medalha de Ouro*

[Alicante Bouschet Reserva](#) 2012 - *Medalha de Prata*

[Cabernet Sauvignon Reserva](#) 2012 - *Medalha de Ouro*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Ouro*

[Dona Ermelinda Branco](#) 2014 - *Medalha de Prata*

[Merlot Reserva](#) 2011 - *Medalha de Prata*

[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Prata*

[Dona Ermelinda Reserva](#) 2012 - *Medalha de Ouro*

[Petit Verdot Reserva](#) 2015 - *Medalha de Ouro*

[Sauvignon Blanc](#) 2014 - *Medalha de Ouro*

[Vinha do Rosário Branco Ligeiro](#) 2014 - *Medalha de Ouro*

[Terras do Pó Castas Branco](#) 2014 - *Medalha de Prata*

[Valoroso](#) 2013 - *Medalha de Ouro*

[Valoroso Reserva](#) 2012 - *Medalha de Ouro*

[Vinha do Rosário Rosé Ligeiro](#) 2014 - *Medalha de Prata*

ProdExpo / Russia

[Alicante Bouschet Reserva](#) 2012 - *Medalha de Ouro*

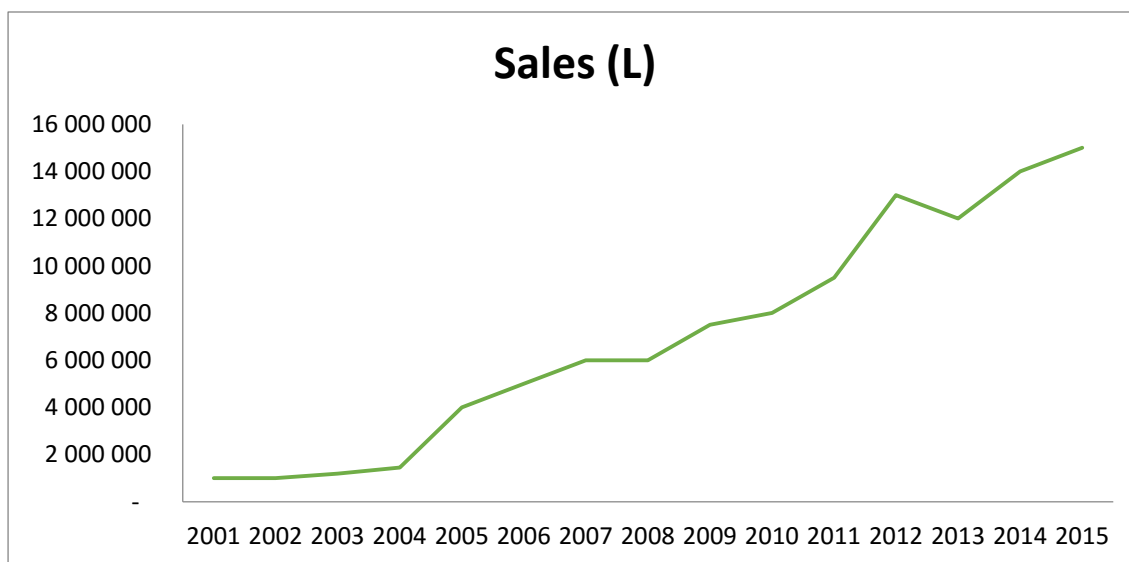
[Cabernet Sauvignon Reserva](#) 2011 - *Medalha de Prata*

[Touriga Nacional Reserva](#) 2012 - *Medalha de Ouro*

[Dona Ermelinda Tinto](#) 2012 - *Medalha de Prata*
[Merlot Reserva](#) 2011 - *Medalha de Prata*
[Terras do Pó Branco](#) 2014 - *Medalha de Prata*
[Terras do Pó Tinto](#) 2013 - *Medalha de Ouro*
[Terras do Pó Reserva](#) 2010 - *Medalha de Prata*
[Vinha do Rosário Tinto](#) 2013 - *Medalha de Prata*
[Terras do Pó Castas Tinto](#) 2010 - *Medalha de Ouro*
[Petit Verdot Reserva](#) 2011 - *Medalha de Prata*
[Vinha do Rosário Reserva](#) 2012 - *Medalha de Ouro*
[Valoroso Reserva](#) 2012 - *Medalha de Ouro*
San Francisco Wine Competition
[Moscatel Superior](#) 2005 - *Medalha de Bronze*
[Touriga Nacional Reserva](#) 2012 - *Medalha de Prata*
[Dona Ermelinda Tinto](#) 2012 - *Medalha de Prata*

[Dona Ermelinda Branco](#) 2014 - *Medalha de Prata*
[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Ouro*
[Dona Ermelinda Reserva](#) 2012 - *Medalha de Prata*
[Terras do Pó Castas Branco](#) 2014 - *Medalha de Prata*
Syrah du Monde
[Syrah Reserva](#) 2012 - *Medalha de Prata*
Uva d'Ouro (Continente)
[Dona Ermelinda Reserva](#) 2012 - *Melhor Da Região*
Vinalies Internationales
[Moscatel Superior](#) 2005 - *Medalha de Ouro*
[Sauvignon Blanc - Verdelho](#) 2013 - *Medalha de Ouro*
[Vinha do Rosário Reserva](#) 2012 - *Medalha de Prata*
[Valoroso Reserva](#) 2012 - *Medalha de Ouro*

Appendix 13 – Sales (international + national) in litters



Source: Author

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6.2. Case Study

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