



# **Strategic Non-Internationalisation as a Deliberate Choice**

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## **Abstract** (*English*)

**Title:** Strategic Non-Internationalisation as a Deliberate Choice

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This dissertation explores the concept of strategic non-internationalisation as a deliberate managerial decision, challenging the common assumption in international business literature that firms inevitably seek foreign market expansion. Although traditional theories, such as the Uppsala model, suggest that internationalisation is a natural and incremental growth path, empirical evidence indicates that numerous large, resource-rich firms actively choose to remain domestically focused.

This study uses the case of ABC-Retail GmbH, a leading German e-commerce platform, to explore why and how non-internationalisation can be a rational and strategically coherent decision rather than a sign of failure. A qualitative case study approach was employed, drawing on semi-structured interviews with senior management experts, as well as internal documents. The data were analysed using an abductive thematic analysis, integrating internationalisation theory with empirically grounded insights.

The findings suggest that the decision not to expand internationally is influenced by strategic priorities, risk considerations, organisational focus, and market-specific conditions. Rather than reflecting capability constraints, firms deliberately allocate resources towards domestic scale, platform development, and business model transformation. While international expansion is not dismissed entirely, it is consciously deprioritised in favour of strengthening competitive advantages in the home market.

This study makes a valuable contribution to the field of international business research by presenting non-internationalisation as an active strategic option. It emphasises the importance of managerial intent, opportunity costs and contextual embeddedness, and shows that growth strategies do not have to be international in order to be sound, particularly in highly competitive digital markets.

**Keywords:** strategic non-internationalisation; internationalisation theory; e-commerce platforms; qualitative case study; managerial decision-making

## **Resumo** (*Português*)

**Título:** A não internacionalização estratégica como escolha deliberada

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Esta dissertação explora o conceito de não internacionalização estratégica como uma decisão gerencial deliberada, questionando a suposição dominante na literatura de negócios internacionais de que as empresas inevitavelmente buscam a expansão para mercados externos. Embora teorias clássicas, como o modelo de Uppsala, descrevam a internacionalização como um processo natural e incremental, evidências empíricas mostram que várias empresas grandes e ricas em recursos optam conscientemente por manter um foco doméstico.

O estudo analisa o caso da ABC-Retail GmbH, uma plataforma líder de comércio eletrônico alemã, para investigar por que e como a não internacionalização pode representar uma decisão racional e estrategicamente coerente. Foi adotada uma abordagem qualitativa de estudo de caso, baseada em entrevistas semiestruturadas com gestores de topo e na análise de documentos internos. Os dados foram analisados por meio de uma análise temática abduativa, integrando teoria da internacionalização e evidências empíricas.

Os resultados indicam que a decisão de não expandir internacionalmente é moldada por prioridades estratégicas, avaliações de risco, foco organizacional e características específicas do mercado. Em vez de refletir limitações de capacidade, a empresa aloca deliberadamente recursos para a consolidação doméstica, o desenvolvimento da plataforma e a transformação do modelo de negócio. Embora a internacionalização não seja descartada, ela é conscientemente subordinada ao fortalecimento das vantagens competitivas no mercado interno.

Esta dissertação contribui para a pesquisa em negócios internacionais ao enquadrar a não internacionalização como uma opção estratégica ativa, destacando o papel da intenção gerencial e dos custos de oportunidade em mercados digitais competitivos.

**Palavras-chave:** não internacionalização estratégica; teoria da internacionalização; plataformas de comércio eletrônico; estudo de caso qualitativo; tomada de decisões gerenciais

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## **Disclaimer**

AI algorithms (namely ChatGPT & DeepL) were used for word compression and language correctness under the supervision of my advisor. Prompt conversation is available upon request.

## **1. Introduction**

### **1.1. Problem Statement**

Internationalisation has long been regarded as a central and almost inevitable pathway for firms seeking growth, competitiveness, and strategic resilience. Foundational theories such as the Uppsala Model conceptualise foreign expansion as a natural evolutionary step in organisational development, emphasising experiential learning and growing international commitment (Johanson & Vahlne, 1977). Consequently, academic discourse has traditionally centred on explaining why and how firms internationalise, often implying that international expansion is the expected trajectory for successful organisations.

Yet real-world business dynamics reveal a far more diverse picture. Several large, resource-rich and highly capable firms deliberately refrain from entering foreign markets, despite having the necessary resources and finances to do so. EDEKA, Germany's largest food retailer, operates exclusively within the domestic market. Trader Joe's, one of the most profitable supermarket chains in the United States, has avoided international expansion for decades. Similar patterns can also be observed more broadly within the retail sector. Companies such as OBI have historically maintained a predominantly domestic footprint, expanding internationally only selectively and with marked caution.

These examples demonstrate that the decision not to internationalise is neither marginal nor accidental, but rather a deliberate strategic choice, even for firms that would theoretically be strong candidates for international growth. Nevertheless, academic research has comparatively neglected to explore why firms choose not to internationalise. While extensive scholarship examines the motives and performance outcomes of internationalisation, the underlying drivers of a deliberate domestic focus are significantly less well understood (Dunning, 1988).

This gap is particularly evident in digital industries. Technological advancements, platform-based business models and AI-driven automation are lowering the traditional barriers to entering foreign markets by enabling scalable cross-border operations (Knight & Cavusgil, 2004). However, digital markets also tend to increase competitive pressure and organisational complexity, thereby raising the strategic risks associated with international expansion. Consequently, firms operating in these environments face a paradox: although access to foreign markets has become more feasible, the uncertainties and challenges surrounding expansion have also intensified.

Against this backdrop, the factors that lead firms to consciously avoid internationalisation, even when external opportunities and internal capabilities suggest otherwise, remain unclear. Closing this knowledge gap is crucial for developing theoretical perspectives on internationalisation and

informing managerial decision-making. This thesis meets this need by investigating the mechanisms, priorities and contextual conditions that underpin deliberate non-internationalisation within a large, digitally advanced company.

## **1.2. Research Question**

Building on these considerations, the central research question guiding this thesis is: *'Which strategic, organizational, and market-related factors influence a company's decision to refrain from internationalization?'*

Addressing this question advances international business research by broadening our understanding of strategic decision-making at the firm level, moving beyond the traditional logic of expansion. It also illustrates the conditions under which remaining domestic becomes a deliberate and rational strategic choice. Furthermore, the study sheds light on the limitations of current internationalisation theories and emphasises the need for greater conceptual attention to be given to non-internationalisation.

## **2. Theoretical Background**

### **2.1. Foundations of Internationalisation**

#### **2.1.1. Definition and Concept of Internationalisation**

The concept of internationalisation refers to a variety of cross-border business activities that extend a firm's operations beyond national borders. These activities include exporting and importing goods and services, establishing subsidiaries or production facilities abroad, and participating in cooperative arrangements, such as joint ventures or strategic alliances (Welch & Luostarinen, 1988). Therefore, internationalisation can be understood as an overarching process that integrates the strategic and operational aspects of a firm's involvement in foreign markets.

Despite its central importance, the concept is interpreted differently throughout the literature. While some scholars adopt a broad definition considering any form of cross-border activity as sufficient, others emphasise a more strategic, long-term approach involving deliberate planning and commitment of resources (Macharzina, 2002). Welch and Luostarinen (1988, p. 36) encapsulate this viewpoint by defining internationalisation as 'the process of increasing involvement in international operations', thereby emphasising its evolutionary and ongoing nature.

For the purposes of this thesis, internationalisation is defined as the progressive expansion of a firm's activities into foreign markets. This involves an increasing commitment of resources and

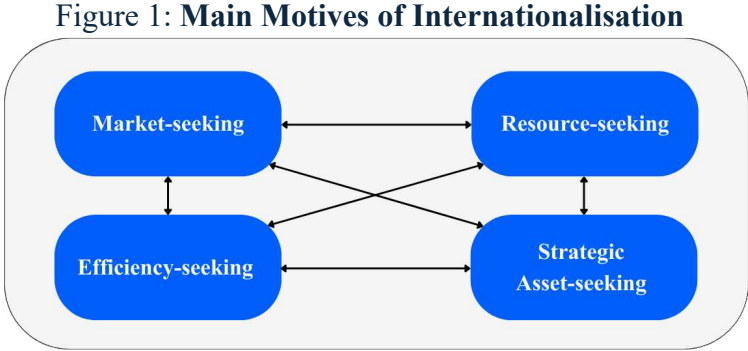
experiential learning, in line with the process-based view of Johanson and Vahlne (1977). This definition highlights the evolutionary, knowledge-driven nature of internationalisation, which forms the basis of the theoretical framework used in this study.

Beyond its definitional scope, internationalisation is a strategic means of achieving growth and accessing new markets and resources, as well as strengthening competitive advantages through a global presence (Teece, Pisano & Shuen, 1997). It should therefore be regarded as an ongoing, adaptive process that reflects a firm's strategic intent and its ability to operate in diverse market environments.

### 2.1.2. Motives and Drivers of Internationalisation

The decision to expand internationally is usually motivated by a combination of strategic, economic, and organisational factors. Several frameworks have been developed by international business researchers to explain why firms expand beyond their domestic markets. One of the most influential of these is Dunning's typology (1993, pp. 56–60). This framework distinguishes four main motives for international expansion: resource-seeking, market-seeking, efficiency-seeking, and strategic asset-seeking. Together, these categories encapsulate the fundamental economic rationales that influence firms' internationalisation behaviour.

Resource-seeking motives refer to the pursuit of production inputs that are unavailable or more cost-effective abroad, such as raw materials, specialised labour, and technological capabilities (Dunning, 1993). Market-seeking motives describe firms' efforts to access new customer segments, increase sales and establish a presence in foreign markets, particularly when domestic demand is mature or saturated. Efficiency-seeking motives focus on achieving cost advantages and economies of scale by distributing value chain activities across locations. Strategic asset-seeking motives involve acquiring resources, such as technology, brands or managerial expertise, to strengthen a firm's long-term competitive position (Dunning, 1993).



Source: Own illustration based on Dunning (1993).

Although Dunning's framework offers a robust economic basis, subsequent research has identified further situational and contemporary factors influencing internationalisation. For example, international expansion can help firms to offset seasonal or cyclical fluctuations in domestic demand by entering markets with different consumption patterns, thereby stabilising capacity utilisation (Müller & Kornmeier, 2002, p. 114).

Competitive and imitative pressures also influence the behaviour of firms seeking to expand internationally. In oligopolistic industries, for example, firms may expand abroad in response to their competitors' moves, in order to maintain strategic parity and avoid losing their market position (Hymer, 1976; Knickerbocker, 1973). In such contexts, internationalisation may be a defensive strategy rather than being purely opportunity-driven.

Technological progress and digital transformation are another set of drivers. Advances in communication technologies, e-commerce, and digital platforms have lowered traditional entry barriers, allowing firms to access foreign markets without making substantial physical investments. This has led to the emergence of 'born global' firms that internationalise rapidly by leveraging digital infrastructures and knowledge-based capabilities (Knight & Cavusgil, 2004, pp. 124–125).

## **2.2. Key Theoretical Models of Internationalisation**

### **2.2.1. The Uppsala Model**

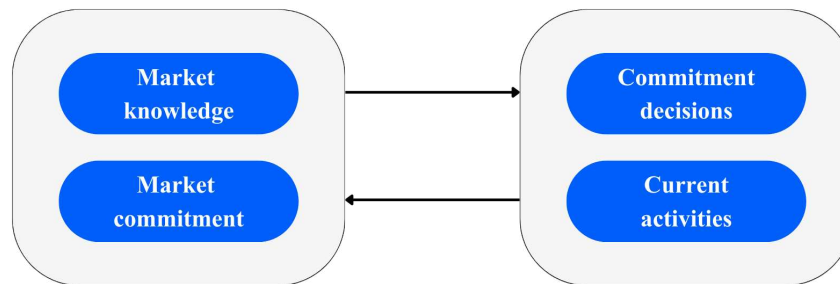
The Uppsala Model is one of the most influential frameworks for explaining internationalisation as a gradual, experiential process. It conceptualises foreign expansion as a series of incremental commitment decisions whereby firms gradually increase their involvement in international markets as their experiential knowledge grows and uncertainty decreases (Johanson & Vahlne, 1977). Typically, firms start with low-risk entry methods, such as exporting, before moving on to more resource-intensive forms of market presence.

The model is centred on the idea that uncertainty and limited experiential knowledge are the primary barriers to internationalisation. According to Johanson and Wiedersheim-Paul (1975), firms initially expand into markets with low psychic distance, meaning countries that are perceived as being culturally and institutionally similar, before gradually entering more distant markets. Thus, internationalisation is understood as an evolutionary process rather than a single strategic decision.

A core mechanism of the model is the interaction between knowledge and commitment. Market knowledge influences decisions regarding commitment, while international activities generate

new experiential knowledge. This creates a self-reinforcing learning cycle, known as the 'state and change' mechanism (Johanson & Vahlne, 1977).

Figure 2: The Basic Mechanism of Internationalisation - State and Change Aspects



Source: Own illustration based on Johanson & Vahlne (1977).

Later revisions of the model take into account changes in the global business environment, particularly the increasing significance of networks and inter-organisational relationships. The revised version emphasises that firms learn through both their own experience and interactions with suppliers, partners, and customers (Johanson & Vahlne, 2009). This extension is particularly relevant for digital and platform-based firms, where network embeddedness and shared knowledge are increasingly shaping internationalisation pathways.

### 2.2.2. The Eclectic Paradigm (OLI Framework)

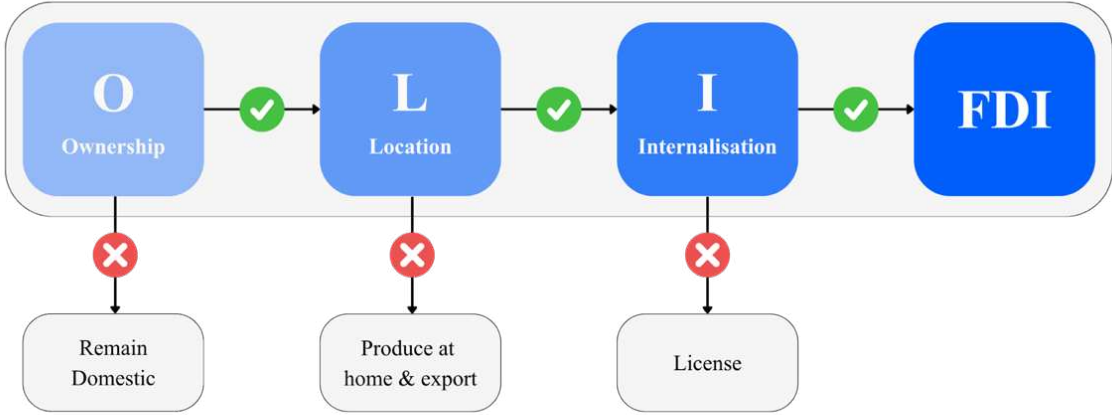
The Eclectic Paradigm, also known as the OLI Framework, was developed by Dunning (1988) to explain the conditions under which firms engage in international production. This decision-oriented framework evaluates the economic and strategic justification of international expansion.

The model is based on three interdependent factors: Ownership (O), Location (L), and Internalisation (I). Ownership advantages refer to assets that are specific to a firm, such as proprietary technology, strong brands or managerial capabilities, which enable firms to compete abroad. Location advantages arise from favourable conditions in foreign markets, including demand potential, cost structures, and regulatory environments. Internalisation advantages explain why firms may prefer to retain activities in-house rather than relying on external partners, in order to maintain control and reduce transaction costs (Dunning, 1988).

According to the framework, international expansion is only rational if all three conditions are met to a sufficient degree. If ownership advantages exist but location advantages are weak or internalisation is inefficient, then alternative strategies such as exporting, licensing or

maintaining a domestic focus may be more appropriate. Therefore, the OLI framework explains why firms internationalise and why some deliberately refrain from foreign expansion when the expected benefits do not outweigh the associated costs and risks (Dunning, 1988).

Figure 3: The Decision Logic of the OLI Framework



Source: Own illustration based on Dunning (1988)

Taken together, the OLI framework provides a structured approach to assessing the economic justification of internationalisation and the rationality of remaining domestic. By explicitly linking firm-specific capabilities, market attractiveness, and governance considerations, the framework highlights that the absence of one or more of these factors can render non-internationalisation a coherent, value-preserving strategy rather than a strategic shortcoming.

**2.2.3. The Network Model of Internationalisation**

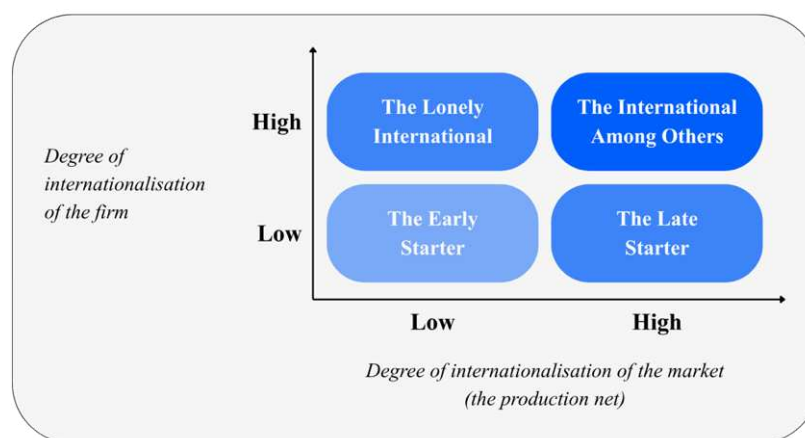
Building on the process logic of the Uppsala Model, the Network Model of Internationalisation shifts the analytical focus from learning at the firm level to the role of inter-organisational relationships (Johanson & Mattsson, 1988). According to this model, firms do not internationalise in isolation, but as part of interconnected business networks consisting of suppliers, customers, competitors, and institutional actors. Consequently, internationalisation is understood as the development and extension of network positions across national boundaries through interaction, learning, and mutual adaptation.

According to Johanson and Mattsson (1988), firms expand into foreign markets when they establish or strengthen relationships within international networks. These relationships act as channels through which knowledge, trust and resources can be exchanged, thereby reducing uncertainty and lowering the perceived risk of operating abroad. Therefore, internationalisation

is shaped not only by internal capabilities or ownership advantages, but also by the extent to which a firm is embedded within relevant networks.

The model also categorises firms according to their own level of internationalisation and that of their surrounding network. Four typical situations can be identified: the Early Starter, the Lonely Internationalist, the Late Starter and the Internationalist Among Others (Johanson & Mattsson, 1988). This typology shows that internationalisation opportunities and constraints depend strongly on the maturity and international reach of a firm's network, rather than solely on its internal readiness.

Figure 4: **Typology of Firms in the Network Model of Internationalisation**



*Source: Own illustration based on Johanson & Mattsson (1988).*

Network positions evolve in a cumulative and path-dependent manner over time. Established relationships provide stability and continuity, while new connections encourage learning and adaptation. Consequently, internationalisation emerges as a relational and incremental process rather than a series of distinct market entry decisions. By emphasising relational embeddedness, the Network Model supplements the learning logic of the Uppsala Model and the economic rationale of the OLI Paradigm, providing further insight into why firms may delay or avoid international expansion in the absence of suitable international networks.

## **2.3. Challenges and Barriers of Internationalisation**

### **2.3.1. Internal Barriers**

Internal barriers are firm-specific constraints that limit a company's ability to recognise, plan for, or implement international activities. According to the Resource-Based View (Barney, 1991), these barriers originate from limitations in financial, human, organisational and

knowledge-based resources. These limitations shape the strategic options available to a firm and its willingness to commit to foreign markets.

Financial constraints are a key internal barrier. Firms with limited access to capital often struggle to finance market research, entry strategies, or foreign operations. Consequently, they are more susceptible to sunk costs and uncertainty, and tend to undertake internationalisation later or to a lesser extent than firms with greater financial resilience (Kinoshita, 1998; Falavigna, 2024).

In addition to financial resources, international expansion also depends on adaptive and learning capabilities. According to the dynamic capabilities perspective (Teece, Pisano & Shuen, 1997), firms must be able to reconfigure their resources and adjust their processes in order to adapt to unfamiliar market environments. Those lacking such capabilities are more likely to postpone or avoid internationalisation, as they will struggle to adapt their operations, offerings and organisational routines to foreign conditions.

A further barrier is limited international experience. According to the Uppsala Model (Johanson & Vahlne, 1977), a lack of experiential knowledge increases perceived uncertainty and risk, causing firms to be reluctant to allocate resources abroad. In such cases, firms either delay internationalisation or rely on low-commitment entry modes that limit exposure and learning opportunities.

Finally, organisational complexity can hinder sustained international expansion. Cross-border coordination, decentralised decision-making and increased communication requirements can put a great deal of strain on organisational structures. Inadequate coordination and control mechanisms can therefore act as additional barriers to effective international operations (Bartlett & Ghoshal, 1989).

Overall, the existence of internal barriers highlights that internationalisation depends not only on strategic intent, but also on financial strength, learning capabilities, and organisational flexibility.

### **2.3.2. External Barriers**

In addition to internal constraints, firms face external barriers arising from their broader market environment. These barriers largely lie outside of managerial control and include factors such as competitive intensity, market uncertainty, institutional differences, and cultural distance (Leonidou, 2004). Together, these factors shape the perceived attractiveness and risk of international expansion, strongly influencing whether firms view foreign market entry as a viable strategic option.

Market-related barriers play a particularly important role. High levels of competition, saturated markets and dominant incumbents can limit entry opportunities and reduce profit margins (Bradley, 2005). Furthermore, demand volatility, exchange rate fluctuations, and political or regulatory uncertainty can increase the perceived risk and transaction costs of international operations, making domestic operations appear comparatively more predictable and secure (Katsikeas & Morgan, 1994).

Institutional and regulatory differences further complicate the process of expanding internationally. Variations in legal systems, taxation, consumer protection, and administrative procedures increase the complexity of compliance and the costs of adaptation. In some industries, foreign ownership restrictions or investment regulations can prevent market entry altogether (Kostova, 1999).

Cultural distance is another significant external barrier. Differences in language, values, and business practices can hinder communication, distort consumer understanding, and reduce the transferability of business models. This increases coordination costs and limits strategic effectiveness abroad (Hofstede, 2001).

Overall, external barriers demonstrate that internationalisation depends not only on a firm's capabilities, but also on market structure, institutional environments, and cultural context. Consequently, high uncertainty, regulatory complexity and cultural distance can discourage firms from entering foreign markets, even when they have sufficient internal resources.

## **2.4. Strategic Non-Internationalisation**

### **2.4.1. Definition and Concept**

The concept of non-internationalisation refers to situations in which firms do not engage in foreign market activities. By contrast, internationalisation is often depicted in international business research as an inevitable organisational development characterised by gradual, knowledge-driven expansion across borders (Johanson & Vahlne, 1977). However, several scholars have emphasised that firms do not necessarily follow this trajectory, instead remaining focused on their domestic markets for extended periods, or even permanently (Welch & Luostarinen, 1988).

It is important to note that non-internationalisation should not be viewed as an indication of managerial failure or a lack of ambition. Rather, it reflects a variety of underlying reasons. For example, firms may refrain from internationalising due to unfavourable market or institutional conditions, or internal constraints such as limited resources or capabilities (Welch & Luostarinen, 1988). Furthermore, research highlights that firms may deliberately choose not to

internationalise if their strategic priorities, resource base, or organisational identity are better aligned with a domestic focus (Benito & Welch, 1997).

For the purposes of this thesis, 'strategic non-internationalisation' is defined as the deliberate, long-term organisational decision to focus on the domestic market, despite having the capability and resources to expand internationally. It reflects the assessment that a firm's competitive advantages, resource allocation and long-term strategic positioning are stronger when focusing on domestic operations than when expanding internationally.

This definition enables a clear distinction to be made between non-internationalisation caused by constraints and non-internationalisation as an intentional strategic choice. In the latter case, a domestic focus is a coherent and deliberate strategy, rather than a deviation from an assumed international growth path.

#### **2.4.2. Strategic Foundations of Non-Internationalisation**

Strategic non-internationalisation refers to situations in which firms deliberately decide not to expand abroad despite having the capability to do so, because they perceive a domestic focus to offer greater strategic value than international growth (Welch & Luostarinen, 1988). This decision can be explained by three complementary factors: resource-based advantages, market-based considerations and managerial cognition.

From a resource-based perspective, a firm's competitive advantage is often deeply embedded in its home market. These advantages include customer relationships, market-specific knowledge and culturally embedded routines which are tacit, firm-specific and difficult to transfer across borders. As these capabilities may lose their effectiveness in foreign environments, international expansion risks diluting a firm's core strengths. In contrast, a domestic focus allows firms to exploit their strengths more efficiently (Benito & Welch, 1997). Market-based considerations also favour a domestic focus. Internationalisation increases managerial and operational complexity, requiring substantial coordination across markets. According to Porter's (1996) theory of strategic focus, firms may therefore prioritise clarity, efficiency and concentrated resource allocation over geographic diversification, especially if the domestic market remains attractive or offers continued growth potential.

A third foundation lies in managerial cognition. Strategic decisions are shaped by the experiences, expectations and interpretations of strategic fit of managers. If international expansion is seen as not aligning with the firm's strategic trajectory or organisational identity, decision-makers may deliberately prioritise domestic operations over foreign expansion (Tripsas & Gavetti, 2000).

Overall, a strategic approach to non-internationalisation emerges when the strengths of the domestic market, market conditions and managerial assessments favour a focus on the home market. Unlike barrier-driven non-internationalisation, this is a deliberate, coherent, long-term strategic choice.

### **3. Methodology**

#### **3.1. Research Design and Case Selection**

This study uses a qualitative, exploratory research design to analyse why a leading e-commerce company has chosen not to expand internationally. As strategic non-internationalisation is a relatively unexplored phenomenon in the field of international business research, a qualitative approach is well-suited to capturing the way in which decision-makers interpret risks, organisational capabilities, and market conditions. Rather than testing predefined hypotheses, the aim is to develop an in-depth contextual understanding of the reasoning behind this strategic decision.

A single-case study design was selected as it allows for an in-depth examination of a complex strategic issue within an organisational context (Yin, 2018). The chosen company, which is kept anonymous due to privacy concerns, is a particularly relevant case: despite its size, technological sophistication, and strong position in the domestic market, it has consistently opted against entering foreign markets. This makes it ideal for investigating the mechanisms and internal logics that underpin deliberate non-internationalisation.

A purposive sampling strategy was employed to select the interview partners. The participants are senior leaders responsible for strategic direction and organisational development. This gives them deep insight into historical internationalisation assessments and internal capability evaluations. As internationalisation is discussed within a small group of decision-makers within the company, only a few individuals possess the necessary knowledge to meaningfully contribute to the discussion. The selected interviewees therefore represent the core group involved in evaluating and shaping the company's geographic strategy. For confidentiality purposes, all participants have been anonymised and referenced only by organisational level.

This research design ensures that the study focuses on a case that is theoretically meaningful and integrates insights from organisational experts, all the while maintaining methodological rigour.

### 3.2. Data Collection

This study uses a triangulated approach to data collection, combining semi-structured interviews with relevant secondary sources, to ensure contextual depth and methodological robustness.

*A. Primary data:* The primary data consists of two semi-structured interviews with senior members of the company's leadership team who are directly involved in strategic decision-making processes. Semi-structured interviews were chosen in order to strike a balance between comparability across respondents and the flexibility required to explore complex strategic reasoning. Topics covered in the interview guide included historical internationalisation assessments, perceived risks, organisational capabilities and domestic market conditions.

The interviews took place between 28 October and 3 November 2025. One interview took place in person at the company's headquarters, while the other was conducted via Microsoft Teams. Both interviews lasted approximately 60 minutes, were recorded with the participants' consent and were subsequently transcribed and anonymised.

Because internationalisation decisions are so strategically sensitive, discussions about foreign expansion are limited to a small, centralised group of decision-makers within the organisation. As only a few individuals have in-depth knowledge of previous internationalisation evaluations and internal capability assessments, the two interviewees are key members of the group responsible for shaping the company's geographic strategy.

*B. Secondary data:* To triangulate and contextualise the interview findings, secondary data were collected from publicly available sources, such as company reports, press releases, industry analyses, and academic literature. These materials supported the interpretation of the primary data, helping to situate interview statements within a broader organisational and market context.

*C. Ethical considerations:* All participants were informed of the purpose of the study and gave their consent for their statements to be recorded and used anonymously. Personal identifiers were removed during transcription, and all data were stored securely in accordance with GDPR requirements.

### 3.3. Data Analysis

A systematic thematic analysis was performed on the interview data, using an abductive approach that involved repeatedly comparing the empirical material with theoretical concepts from internationalisation and strategic management research. This approach is well-suited to

revealing how organisational leaders interpret risks, capabilities and contextual conditions when making complex strategic decisions. An abductive approach was chosen because it enables iterative movement between empirical insights and theoretical concepts, allowing refined interpretations without imposing predefined assumptions. The first-order coding process is documented in Appendix 1 (Figures A1-A3).

1. ***Preparation and familiarisation:*** All interviews were transcribed verbatim and anonymised. The researcher familiarised themselves with the material by repeatedly reading it to develop an initial understanding of the topics that recurred, the terminology used by the interviewees, and the links to the research question of deliberate non-internationalisation.
2. ***Initial coding (Open Coding):*** In the first analytical step, relevant statements were highlighted and given descriptive codes. The aim was to identify all passages offering insight into the factors that shape the company's stance on international expansion. These factors include perceived risks, organisational priorities, market conditions, resource constraints, and competitive considerations. The coding process remained inductive and closely aligned with the wording used by the participants to avoid premature interpretation.
3. ***Theme Development (Second-Order Analysis):*** Descriptive codes were then grouped into broader themes that captured recurring patterns across the interviews. These themes reflect higher-level concepts related to how interviewees evaluated the potential for and risks of internationalisation. Examples include risk perception, organisational capacity constraints, the attractiveness of the domestic market, competitive pressure abroad, the transferability of capabilities, and institutional or cultural barriers. The development of these themes was informed by both empirical insights and relevant theoretical perspectives, enabling abductive refinement.
4. ***Aggregate Dimensions:*** To summarise the findings, the themes were synthesised into five overarching categories representing the key concepts that emerged from the data:
  - (1) *Risk, Cost and Organisational Constraints;*
  - (2) *Domestic Market Strength and Strategic Focus;*
  - (3) *External Market Barriers and Competitive Environment;*
  - (4) *Competence Fit and Limited Transferability and*
  - (5) *Future perspectives and 'Internationalisation Light'.*

This structure clearly establishes links between raw interview data, thematic categories, and overarching conceptual insights. This analytical process follows the Gioia methodology,

which emphasises the transparent transition from primary codes to secondary themes and overall dimensions.

5. ***Use of Secondary Data:*** Secondary sources, such as company reports, press releases, industry studies and academic literature, were used to provide context for the interview insights and strengthen the analysis's credibility through triangulation.
6. ***Separation of Method and Findings:*** In line with qualitative research standards, this section only describes the analytical procedures. The resulting themes, representative quotations, and theoretical interpretation are presented in the Teaching Note Analysis.

### **3.4. Limitations**

As with other qualitative case study research, several methodological limitations must be acknowledged. Firstly, the study is based on a single company, enabling an in-depth analysis of strategic decision-making, but limiting the generalisability of the findings. While the results contribute to theory-building, they cannot be assumed to represent the experiences of all firms facing internationalisation decisions.

This limitation is exacerbated by the small, expert-focused sample size. The analysis is based on two interviews with senior leaders who are directly involved in strategic decision-making. While the limited number of participants restricts the diversity of perspectives, their proximity to the topic ensures highly relevant and informed insights. As internationalisation decisions are discussed within a very small circle of decision-makers, access to additional knowledgeable interviewees was inherently limited.

Another limitation is the researcher's prior professional experience with the company, which could have affected how the data was interpreted. However, this risk was mitigated through systematic coding procedures, transparent application of the Gioia methodology and triangulation with secondary data. However, a certain amount of interpretative subjectivity cannot be ruled out entirely.

Finally, the study is limited by restricted access to non-public internal documents and detailed analyses of market entry, since internationalisation decisions are highly sensitive and confidential. Consequently, the analysis primarily relies on interview data and publicly available sources. Furthermore, the findings reflect a specific organisational and market context at a particular point in time. Rather than offering a universally applicable model, the study demonstrates how deliberate non-internationalisation can emerge under specific strategic, organisational, and environmental conditions.

## **4. Case Study: ABC-Retail GmbH**

### **4.1. Introduction to the Case**

On a grey Monday morning in early 2025, the executive leadership team of ABC-Retail GmbH gathered for a strategic off-site meeting. The agenda was short, but the implications were significant. *'Should the company expand beyond the German market for the first time in its history? And if so, on what terms and in what form?'*

ABC-Retail, one of Germany's most recognised retail companies, had evolved steadily over the past decade to become a leading domestic e-commerce and platform player. It served millions of customers nationwide and had built a strong position in the German online retail sector. However, despite its technological capabilities, large customer base and growing digital footprint, ABC-Retail had remained entirely focused on its home market, concentrating its commercial and operational efforts exclusively within Germany.

Recently, several developments had revived internal discussions about the company's long-standing domestic focus. Competitive dynamics across Europe were shifting, technological innovation was accelerating, and new platform-based business models were emerging. Some members of the leadership team saw these changes as an opportunity to reconsider ABC-Retail's geographic scope. However, others argued that the company's strategic priorities, resource allocation and growth opportunities were still firmly anchored in the German market. The CEO opened the meeting with a simple but important statement: *'We need to clarify whether our domestic focus is still the right strategic path, or if the environment has changed enough for us to consider expanding beyond Germany.'*

Throughout the day, the leadership team reviewed ABC-Retail's development and digital transformation in the context of the changing European market. The objective was to determine whether the company's long-standing domestic focus would still be appropriate in 2025, and if not, which internationalisation pathway should be pursued. Taking on the role of a senior decision-maker, the reader had to formulate an evidence-based strategic recommendation.

### **4.2. Company Background and Industry Context**

ABC-Retail GmbH was one of the largest and most well-established retail companies operating in the German market. Over several decades, it had built a strong nationwide presence and a reputation for reliability, extensive product range and customer-oriented service. By 2025, ABC-Retail had evolved into a leading German e-commerce platform operating a hybrid model combining its own retail assortment with that of selected third-party merchants.

Germany was one of Europe's most advanced and competitive e-commerce markets. According to the EHI Retail Institute, the 1,000 largest online shops in Germany generated a combined net e-commerce turnover of €80.4 billion in 2024, which was an increase from €77.5 billion the previous year. Forecasts indicated continued growth, with the German online retail market expected to reach €92.4 billion in 2025 (Handelsverband Deutschland [HDE], 2025). This growth was being driven by high internet penetration, a well-developed logistics infrastructure and digitally savvy consumers, which positioned Germany as a challenging yet highly attractive e-commerce environment (U.S. Department of Commerce, 2024).

ABC-Retail's product range covered many general merchandise categories that were commonly purchased online. These included home and living products, household appliances, consumer electronics, DIY and garden supplies, toys, pet products, basic apparel, beauty and personal care items, and selected lifestyle and seasonal goods. This enabled the company to address both everyday consumer needs and the demand for higher-margin durable goods.

The company served a broad and diverse customer base. This included young, tech-savvy households seeking convenience and fast delivery, families who relied on a dependable one-stop shop for everyday purchases, and older consumers who valued transparent product information and reliable service. ABC-Retail enjoyed strong brand recognition in Germany and had a sizeable base of loyal repeat customers who accounted for a significant proportion of orders.

ABC-Retail had secured a strong domestic position in this market, serving millions of active customers nationwide. Continuous investment in technology, data infrastructure, logistics operations and the user experience had strengthened the platform, enabling the company to remain competitive in a rapidly evolving market. However, ABC-Retail also operated in an increasingly challenging competitive landscape, which was being shaped by multinational platforms, expanding regional retailers and digitally native entrants that were active across Europe. This competitive pressure had repeatedly sparked internal discussions about the long-term sustainability of a purely domestic focus.

Despite this pressure, the German market continued to offer significant scale and stability. Its large consumer base, ongoing growth in online retail penetration and robust demand for general merchandise provided a solid foundation for ABC-Retail's operations. Furthermore, e-commerce penetration in certain product categories was lower than in some neighbouring countries, indicating further potential for domestic growth.

ABC-Retail was a service-oriented, reliability-driven general merchandise platform offering a broad assortment, reliable delivery and trustworthy product information, providing customers

with a consistent experience. This positioning set the company apart from discounters focused on price and niche specialists serving limited categories. The characteristics of the German e-commerce market further supported this domestic orientation. Consumers were comparatively price-sensitive yet had high expectations regarding availability, returns processes and service quality. Meanwhile, the regulatory environment placed a strong emphasis on consumer protection, data privacy and transparency. ABC-Retail's long-standing presence and its well-established logistics and customer service infrastructure therefore gave it a structural advantage in meeting these requirements efficiently.

### **4.3. Business Model & Digital Transformation**

With a hybrid business model combining direct online retailing and the integration of selected third-party merchants, ABC-Retail offered a broad and competitive range of products across multiple categories. While the company did not disclose detailed segment-level figures, its general merchandise range included household goods, lifestyle products and everyday non-food items that were commonly purchased online in the German market.

ABC-Retail's platform model was built on three core components:

- 1. *Retail operations:*** ABC-Retail ran a sizeable direct retail business, purchasing, managing and selling its own range of products directly to consumers. This included core general merchandise categories such as homeware, household appliances, consumer electronics, DIY products, gardening equipment, toys and seasonal goods. By owning the product range, ABC-Retail maintained full control over pricing, product availability, delivery times, and service quality. Retail operations therefore remained a key source of revenue and formed the foundation for a consistent customer experience across the platform.
- 2. *Marketplace integration:*** In addition to its own retail assortment, ABC-Retail integrated selected third-party merchants who sold their products via the platform. Although these merchants usually managed inventory, pricing and fulfilment themselves, ABC-Retail provided the digital infrastructure, traffic and customer access. This model significantly broadened the range of products available while enabling the platform to expand categories more easily and with less operational complexity, thereby strengthening the ecosystem as a whole.
- 3. *Digital & Value-Added Services:*** ABC-Retail offered merchants a growing portfolio of complementary services, including advertising solutions, payment and financing options, fulfilment and logistics support, and analytics services. These services generated additional

revenue, strengthened partner integration, and improved the competitiveness of the hybrid platform model.

In order to remain competitive in an increasingly digital and fast-moving market, ABC-Retail had invested heavily in technological and organisational transformation. These efforts included the modernisation of its IT infrastructure to improve platform scalability, the expansion of data analytics capabilities to enable more personalised interactions, enhancements to logistics and fulfilment operations, the optimisation of search, navigation and product discovery functions, and the development of more seamless customer journeys across devices.

The transformation also required internal changes. ABC-Retail reorganised parts of the organisation to encourage cross-functional collaboration, adopted more agile working methods in certain areas and invested in recruiting talent for technology and analytics roles. These steps were intended to strengthen the core business and increase the platform's competitiveness before exploring additional strategic opportunities.

Throughout this transformation, despite its growth in online retail and platform services, ABC-Retail had maintained a clear focus on the German market. Resources, leadership attention, technology roadmaps and operational investments had primarily been directed towards strengthening the domestic business. Consequently, most of the company's processes, systems and customer-facing services had been optimised specifically for the German retail environment.

By 2025, ABC-Retail had stabilised its digital transformation efforts, scaled key platform components, and built strong capabilities in logistics, data, and customer experience. However, these developments also raised a strategic question: *'Should it continue to concentrate exclusively on the domestic market, or had the platform matured enough to consider selective international expansion?'*

#### **4.4. Historical Consideration of International Expansion**

Although ABC-Retail had remained focused on its domestic market, the idea of expanding beyond Germany had repeatedly arisen throughout the company's history. These discussions had typically emerged when the organisation had explored new avenues for growth or reassessed its strategic priorities in light of developments within the European retail landscape. Despite this recurring interest, however, no formal expansion initiative was ever launched, with internationalisation consistently remaining in the background of broader strategic deliberations. Earlier assessments viewed entering foreign markets as a promising long-term opportunity, but also as a highly complex and resource-intensive endeavour. Internal reviews from previous

strategy cycles revealed that successful expansion would necessitate significant investment in localisation, logistics infrastructure, regulatory compliance and customer acquisition. At the time, ABC-Retail concluded that meeting these requirements would put considerable pressure on the operational and financial resources needed to strengthen the domestic business.

Several factors contributed to the company's reservations. ABC-Retail recognised that its organisational structures, processes and systems were heavily geared towards the German market. Expanding abroad would require extensive adjustments to customer service, fulfilment capabilities, assortment management and technology. Furthermore, the strong presence of local competitors and well-established multinational platforms in many neighbouring countries raised concerns about the feasibility of achieving a meaningful market share within a reasonable timeframe.

Consequently, ABC-Retail repeatedly concluded that the timing for internationalisation was not favourable. Strategic planning documents referred to foreign expansion as a 'future option' rather than a short-term priority. Instead, the company directed its resources towards digital transformation, marketplace development and consolidating its domestic operations.

However, by 2025, the strategic environment had evolved. Advancements in platform capabilities, the growing sophistication of digital services and changes in European consumer behaviour caused some members of the leadership team to question whether the original arguments against expansion were still valid. Meanwhile, others emphasised that concerns regarding organisational capacity, competitive intensity and the cost of market entry remained highly relevant.

This historical pattern was important for understanding the company's current strategic considerations. Although ABC-Retail had never taken concrete steps towards internationalisation, the topic had remained part of the company's long-term strategic horizon and was now receiving renewed attention from the leadership team.

#### **4.5. Current Strategic Environment**

By 2025, ABC-Retail was operating within a rapidly evolving competitive and technological landscape. Significant shifts in the German and wider European e-commerce markets were reshaping the company's strategic position, increasing the need to reassess its long-standing domestic focus.

Technological innovation continued to accelerate, raising industry standards and transforming customer expectations. Advancements in automation, data analytics, AI-driven personalisation, and digital service integration widened the performance gap between leading online platforms

and their smaller, regionally constrained competitors. Although ABC-Retail had made substantial progress in modernising its platform, the pace of technological change meant that it would need to make sustained investments and continuously enhance its digital capabilities to maintain competitiveness.

Competitive pressures were intensifying across Europe. Multinational platforms were expanding their presence even further, benefiting from economies of scale, sophisticated technological infrastructure, and increasingly efficient logistics networks. Meanwhile, several regional retailers were strengthening their online presence and entering neighbouring markets, thereby increasing the competitive exposure of those with a limited geographical reach. These developments raised strategic questions about the long-term viability of a purely national footprint, particularly as cross-border e-commerce activity continued to grow.

The regulatory conditions were also evolving. European initiatives in consumer protection, data governance and sustainability were gradually creating a more harmonised digital operating environment across member states. While this trend offered the prospect of greater efficiency in cross-border operations, it also increased compliance demands and introduced uncertainty regarding the future cost and complexity of entering the market. To successfully navigate this environment, ABC-Retail would need to dedicate considerable organisational resources to regulatory readiness.

Consumer expectations added another layer of complexity. Shoppers increasingly expected fast delivery, transparent product information, flexible payment options, and a seamless omnichannel experience. Meeting these expectations on a large scale required robust logistics processes and advanced digital infrastructure. Although ABC-Retail had strengthened its domestic capabilities, the company recognised that rising customer demands could eventually outstrip the improvements achieved through previous transformation initiatives.

Emerging technologies were beginning to influence the way in which the company assessed its future strategic options. Advances in AI-driven content localisation, automated translation, and scalable language models were seen as tools that could reduce the effort involved in adapting product information, customer communication, and parts of the user interface for foreign markets. However, the leadership team emphasised that these technologies would only be effective if supported by appropriate internal processes and a multilingual systems architecture. Although AI could reduce certain barriers to internationalisation in the long term, it could not replace the operational readiness, local adaptation and organisational capacity necessary for sustainable cross-border expansion.

Taken together, these developments had created a more dynamic and demanding strategic environment. For ABC-Retail, this intensified the question of how a business focused on the domestic market could position itself within an increasingly integrated and competitive European retail landscape.

#### **4.6. Strategic Options for ABC-Retail**

In response to the evolving market landscape and the company's enhanced digital capabilities, several strategic pathways had emerged as viable options for ABC-Retail. These differed significantly in terms of the level of commitment required, investment needs and potential strategic impact. Together, they provided alternative ways of addressing competitive pressures that were aligned with the company's resources, capabilities, and long-term ambitions.

- 1. *Full international market entry:*** Under this high-commitment strategy, ABC-Retail would enter selected foreign markets by setting up local online operations. This would entail localising the platform, tailoring product assortments, developing international logistics flows, and establishing dedicated marketing and customer service structures. While this approach provided the greatest degree of control and long-term growth potential, it also demanded substantial investment and organisational capacity. Previous evaluations had consistently emphasised the complexity, risk exposure and lengthy payback periods associated with this option.
- 2. *Internationalisation Light (Test & Learn Entry):*** This incremental strategy involved entering neighbouring European markets through limited, low-risk activities. Examples included shipping from Germany without establishing local infrastructure, testing cross-border fulfilment routes, and offering a restricted assortment tailored to initial demand. This option enabled ABC-Retail to explore the potential of foreign markets with lower upfront investment and reduced operational complexity. However, limited localisation could make it difficult to compete with established local players and hinder meaningful market penetration.
- 3. *Marketplace-First Expansion:*** Instead of expanding its retail operations abroad, ABC-Retail could internationalise its platform by enabling foreign partner merchants to sell through its marketplace, or by selectively attracting international sellers to access new markets. This option would leverage ABC-Retail's platform strengths while avoiding the resource-intensive process of full market entry. However, its success depended on the company's ability to differentiate its marketplace proposition, develop appealing merchant

services, and compete with well-established European platforms in attracting and retaining partners.

4. ***Reinforcing the domestic focus:*** ABC-Retail might choose to maintain its exclusive focus on the German market and continue to strengthen its domestic position. This would involve driving operational excellence, expanding digital services, enhancing platform performance, and strengthening competitive differentiation in Germany. Although this option carried lower risk and aligned with historical strategy, it could hinder long-term growth if competitors expanded geographically or if scale advantages became more important in European e-commerce.

The four strategic pathways outlined above demonstrated the variety of options available to ABC-Retail as it considered its future geographic direction. Each option involved different trade-offs in terms of market potential, resource allocation, and organisational readiness. Selecting the most suitable option would necessitate carefully balancing ambition, risk tolerance, and long-term strategic positioning within the wider European retail landscape.

#### **4.7. Internal & External Factors Provided to the Student**

##### **4.7.1. Internal Factors**

The internal environment at ABC-Retail was characterised by organisational constraints and capabilities that directly influenced the feasibility of international expansion. The company's resources were heavily committed to ongoing transformation initiatives, with multiple functions operating at or near capacity. Consequently, the organisation had limited capacity to absorb additional, complex initiatives, such as preparing for and executing foreign market entry. This was a critical consideration for any strategy requiring cross-functional coordination and long-term investment.

Although ABC-Retail had strengthened its technological foundations in recent years, particularly with regard to data infrastructure, logistics systems and platform architecture, further development would be required to support full localisation and multi-market operations. Many of the company's processes were still optimised for the German market. This domestic orientation was reflected in workflows, customer-facing services and regulatory routines. Consequently, substantial adaptation would be required for customer service, fulfilment operations, compliance structures and product presentation to be used in foreign markets.

ABC-Retail's cautious investment philosophy also influenced internal decision-making. The company prioritised predictable returns and measurable outcomes, which meant initiatives associated with uncertain payoffs, such as entering new markets, were subject to greater

scrutiny. This risk-averse approach might result in strategies involving experimentation, long payback periods or substantial upfront investment being deprioritised or slowed down.

In addition, ABC-Retail's strong brand position was largely confined to Germany. Much of its domestic brand equity was built on trust-based customer relationships, cultural familiarity, and long-standing market visibility, advantages that did not automatically transfer to foreign markets. Therefore, establishing a recognisable and competitive brand presence abroad would require deliberate investment and time.

Taken together, these internal factors emphasised the organisational complexity and resource implications of internationalisation. They demonstrated why expanding beyond Germany would necessitate substantial preparation, cross-functional alignment, and sustained commitment of resources.

#### **4.7.2. External Factors**

The external environment presented a variety of considerations that were relevant to ABC-Retail's internationalisation strategy. European e-commerce markets were highly competitive, with strong local retailers, multinational platforms, and digitally advanced newcomers all competing for market share. Many competitors benefited from extensive logistics networks, sophisticated technology and strong brand visibility, which made market entry challenging for newcomers.

Expanding internationally would also require compliance with country-specific regulations relating to consumer protection, product standards, taxation, sustainability, and data governance. Although EU-wide harmonisation had reduced some of these barriers, there were still notable differences across markets. Addressing these variations required specialised expertise, administrative effort, and continuous monitoring.

Cross-border logistics introduced additional operational complexity. Achieving competitive delivery times, reliable returns handling and localised customer support often required market-specific fulfilment solutions. Developing these capabilities could increase the operational and financial demands of entering new markets, particularly in the early stages of expansion.

Consumer behaviour varied significantly across European markets. This included differences in product preferences, delivery expectations, payment methods, and customer service standards. Therefore, processes optimised for German consumers would require meaningful adjustments to meet the expectations of foreign shoppers. Failure to align consumer expectations with service delivery could hinder initial success in new markets.

Although many European markets offered an attractive size and growth potential, high levels of competition and the strong customer loyalty of existing players could hinder newcomers' ability to quickly gain a significant market share. However, the gradual harmonisation of digital regulations and the growth of cross-border e-commerce were reducing some of the structural frictions traditionally associated with international expansion, thereby providing opportunities for newcomers.

Overall, external factors showed that, although several European markets offered promising opportunities, they also presented significant competitive, operational and regulatory challenges that had to be carefully considered when evaluating the feasibility of internationalisation.

#### **4.8. Closing Scene: Decision Point**

In 2025, the executive leadership team at ABC-Retail GmbH met to reassess the company's strategic direction. Following months of market analysis, internal workshops and preliminary evaluations, international expansion had emerged as one of the most prominent topics on the strategic agenda.

The foundation for decision-making was now in place, taking into account the company's strengthened digital capabilities, the shifting competitive landscape, the potential of neighbouring European markets, and the internal constraints stemming from ongoing transformation efforts. Each strategic option, ranging from full market entry to maintaining a domestic focus, carried distinct implications for investment, organisational capacity, and long-term positioning.

As the discussions progressed, the leadership team acknowledged that it was becoming increasingly difficult to justify maintaining the status quo. At the same time, expanding beyond Germany would introduce operational uncertainties and resource demands that could push the organisation to its limits. The CEO concluded the meeting by emphasising that the leadership team had to deliver a clear recommendation on whether ABC-Retail should expand internationally, and if so, which pathway would be the most appropriate strategic move.

Having considered all the relevant information, the leadership team recognised that moving forward would require answering three central questions:

- (1) Why had ABC-Retail historically refrained from internationalisation, and which strategic, organisational and operational factors had shaped this decision?*
- (2) How had internal and external conditions changed by 2025, and how did these shifts influence the feasibility of international expansion today?*

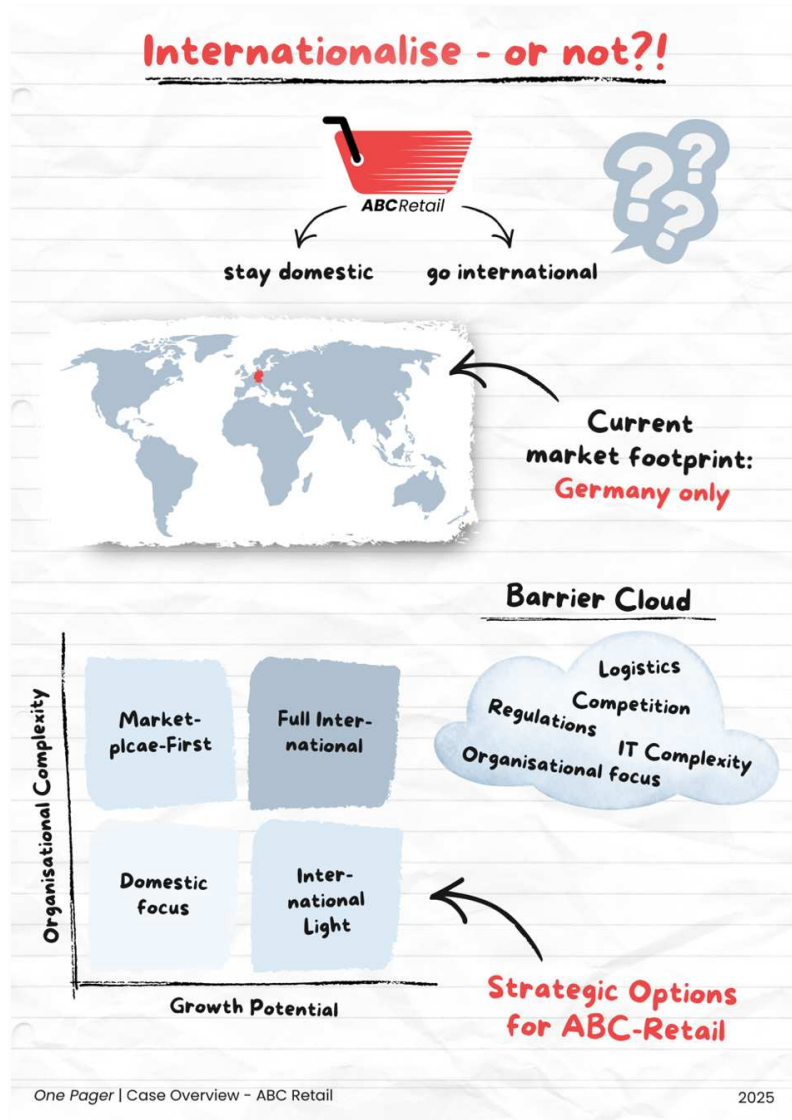
(3) Which of the four strategic pathways should ABC-Retail pursue, and why?

These three questions would form the core of the upcoming strategy session, marking a pivotal moment in determining the company's future geographical direction and potentially reshaping ABC-Retail's long-term trajectory.

#### 4.9. Visual Case Overview for Classroom Discussion

To support the teaching-oriented nature of this case study and facilitate classroom discussion, a visual, one-page overview of the case is provided. This one-pager does not introduce additional empirical findings or strategic arguments. Rather, it synthesises the core elements of the case in a concise and accessible format.

Figure 5: Visual overview of ABC-Retail's internationalisation decision context



Source: Own illustration, based on Chapter 4 – Case Study.

The one-pager translates the case context into a graphical representation to help students quickly grasp the decision situation and structure their analysis. Detailed explanations and evaluations remain fully embedded in the main case text. The one-pager has been designed to support teaching and is provided in the appendix for use in the classroom.

## **5. Teaching Note**

### **5.1. Purpose and Pedagogical Goals**

#### **5.1.1. Purpose of the Case**

The purpose of this case study is to familiarise students with the strategic and organisational challenges associated with geographical expansion in a mature yet highly competitive digital industry. Despite strengthening its capabilities in recent years, ABC-Retail GmbH, a leading German e-commerce and platform company, has repeatedly refrained from international expansion. This case study asks students to evaluate whether this domestic focus is still valid in 2025, considering evolving competitive dynamics, technological advancements, and the company's enhanced organisational preparedness. They must adopt the perspective of senior management and develop a reasoned recommendation on whether ABC-Retail should expand internationally, and if so, which pathway they should take.

#### **5.1.2. Target Audience & Course Fit**

This case study has been designed for use in graduate-level courses in strategy, international business, digital transformation and e-commerce. It is particularly well-suited to sessions on market entry decisions, platform business models, strategic prioritisation, and the choice not to internationalise by large firms. It can also be used in core strategy modules or optional courses focusing on digital industries and platform economics.

#### **5.1.3. Pedagogical Goals**

After working through the case, students should be able to:

- assess trade-offs between a domestic focus and international expansion in digital sectors,
- analyse internal constraints such as organisational capacity and resource allocation,
- evaluate external factors including competitive intensity, regulation and consumer heterogeneity,
- apply internationalisation frameworks (e.g., Uppsala Model, OLI Paradigm) to a platform-based business,

- assess how digital capabilities and AI-enabled processes influence the feasibility of market entry,
- develop an evidence-based strategic recommendation under uncertainty.

#### **5.1.4. Key Concepts and Theoretical Anchors**

The case study draws on the Uppsala Model of internationalisation, which emphasises incremental, learning-based expansion, as well as Dunning's OLI Paradigm, which is used to assess ownership, location and internalisation advantages. It also engages with strategic prioritisation theory, which is used to allocate constrained resources, and literature on platform business models, digital transformation, and organisational readiness. Together, these concepts provide a structured basis for evaluating ABC-Retail's strategic options.

### **5.2. Case Synopsis**

#### **5.2.1. Case Summary**

In early 2025, ABC-Retail GmbH, a major German retail and e-commerce company, will face a pivotal strategic decision. Having completed extensive digital transformation efforts, the company has strengthened its platform, logistics, and technological capabilities. However, despite this progress and intensifying competition from multinational and regional players, ABC-Retail has never expanded internationally.

Shifts in technology, regulation and consumer expectations have reignited internal discussions about whether the company should continue to focus solely on the German market or pursue foreign markets. Students must evaluate four strategic options: full international expansion, incremental 'Internationalisation light', marketplace-first expansion or a renewed focus on the domestic market. This case study places students in the role of senior decision-makers, tasked with recommending ABC-Retail's future geographic direction.

#### **5.2.2. Industry Background**

Germany is one of Europe's largest and most competitive e-commerce markets. In 2024, the 1,000 largest online shops generated €80.4 billion (EHI Retail Institute), with forecasts projecting this figure to reach €92.4 billion in 2025 (Handelsverband Deutschland [HDE], 2025). Continued growth is supported by high internet penetration and strong logistics infrastructure (U.S. Department of Commerce, 2024).

Across Europe, competition is intense. Multinational platforms and regional retailers leverage economies of scale and sophisticated technology, raising the bar for established players (Porter,

2008). While EU-level regulation reduces some formal barriers, differences in taxation, product standards and consumer preferences continue to vary across member states. These dynamics create opportunities and challenges for domestic players considering international expansion (Johanson & Vahlne, 2009; European Commission, 2025).

### **5.2.3. Protagonists**

The protagonists are the senior leadership team at ABC-Retail, who are responsible for defining the company's long-term strategy. The CEO poses the key question of whether the company should reconsider its domestic focus. Leaders from the strategy, technology, operations and finance departments contribute different perspectives on organisational capacity, technological readiness, market potential and investment requirements. Students assume the roles of these leaders and must synthesise these perspectives into a coherent recommendation.

### **5.2.4. Core Decision Problem**

The central decision concerns whether ABC-Retail should expand beyond Germany for the first time. Although the company has strengthened its digital and operational capabilities, international expansion would require substantial localisation, investment and organisational capacity. Students must weigh up the internal constraints against the external opportunities, and then assess which of the four strategic pathways offers the most attractive balance of risk, feasibility, and long-term competitiveness.

### **5.2.5. Relevant Literature**

The analysis of ABC-Retail's strategic situation draws on several well-established areas of internationalisation research. The Uppsala Model (Johanson & Vahlne, 1977) offers a learning-based perspective that emphasises incremental expansion and the role of experiential knowledge. Dunning's OLI paradigm (1980) offers a complementary perspective by assessing whether ownership, location, and internalisation advantages justify market entry. Literature on strategic non-internationalisation (e.g. Benito & Welch, 1997; Schweizer, 2022) explains why firms may choose to remain domestic even if they have the capability to expand internationally. Further insights stem from research on platform business models and digital transformation, helping to evaluate the influence of digital capabilities, scalability, and AI-enabled processes on entry barriers and organisational readiness. Together, these theoretical foundations provide instructors and students with the analytical tools needed to interpret ABC-Retail's strategic options.

### 5.3. Teaching Plan & Analysis Process

#### 5.3.1. Suggested Class Flow and Time Allocation

A 60–70-minute session can be divided into four phases to guide students from their initial understanding of ABC-Retail’s strategic situation to making a well-reasoned recommendation.

- 1. Introduction & Case Recap (5–10 minutes):** The instructor briefly reviews the key elements of the case, inviting students to summarise ABC-Retail’s strategic position and digital transformation trajectory. The central question is whether the company should expand beyond Germany. This establishes a shared foundation for discussion.
- 2. Diagnostic Analysis (10–15 minutes):** First, students analyse ABC-Retail’s internal capabilities, constraints and resource commitments. They then assess external market dynamics in Germany and across Europe. This phase enables students to identify strategic bottlenecks, organisational readiness and environmental pressures that are shaping the firm’s strategic options.
- 3. Evaluation of Strategic Pathways (20–25 minutes):** The session focuses on comparing four strategic pathways: full international entry, incremental internationalisation, a marketplace-first approach and a continued domestic focus. Students will evaluate each option in terms of its feasibility, investment requirements, risk exposure, scalability and alignment with ABC-Retail’s capabilities and priorities.
- 4. Recommendations and Debrief (10–15 minutes):** Students present their strategic recommendations. The instructor then summarises the class’s key insights and highlights the trade-offs identified. They also connect the discussion to relevant theoretical frameworks, such as the Uppsala Model, the OLI Paradigm and strategic non-internationalisation, thereby reinforcing the conceptual learning objectives.

#### 5.3.2. Guiding Questions for Instructors

The following questions can be used to guide classroom discussions and help students structure their analysis of ABC-Retail’s strategic situation:

- What are the key strengths and constraints that are shaping ABC-Retail’s current position? (This encourages diagnosis of internal readiness and organisational capacity)
- How do developments in the German and European e-commerce landscape influence the company’s strategic options? (Links external dynamics to feasible pathways)
- What factors explain why ABC-Retail has not internationalised in the past? Are these factors still valid in 2025? (Prompts reflection on historical decisions and evolving conditions)

- How do the four strategic options differ in terms of investment, complexity, scalability, and risk? (Supports a structured comparison of the alternatives)
- Which strategic pathway best aligns with ABC-Retail's long-term positioning, and why? (Guides students towards making an evidence-based recommendation)

### 5.3.3. Intermediate Discussion Milestones

During the discussion, the instructor may emphasise several intermediate checkpoints to ensure that students are making progress towards producing a well-structured strategic assessment.

1. **Clarifying ABC-Retail's readiness:** Students should identify the internal capabilities that have been strengthened through digital transformation, as well as any organisational constraints that remain relevant to internationalisation.
2. **Assessing external pressures and opportunities:** Students should recognise shifting competitive dynamics, regulatory developments and consumer expectations across Europe before evaluating expansion pathways.
3. **Comparing the four strategic options:** The class should articulate the trade-offs associated with each option, focusing on investment levels, operational complexity, and strategic fit.
4. **Converging towards a recommendation:** Students should synthesise their insights into a coherent argument that considers both feasibility and long-term positioning.

## 5.4. Analysis of the Case

### 5.4.1. Answer to Case Question 1

*'Why had ABC-Retail historically refrained from internationalisation, and which strategic, organisational and operational factors had shaped this decision?'*

ABC-Retail's historical decision not to expand internationally was a deliberate strategic choice influenced by organisational capacity constraints, operational path dependencies and cautious investment logic. Rather than reflecting a lack of ambition or neglecting the international market, the company consciously deprioritised internationalisation in favour of consolidating and modernising its domestic business. Given the company's historical development, foreign expansion would have posed significant risks and had limited short-term feasibility.

From a strategic perspective, ABC-Retail prioritised stabilising and transforming its core domestic business rather than expanding geographically. Over the past decade, the company has undergone a comprehensive digital and organisational transformation, which has required sustained leadership attention and significant financial investment. This approach is consistent with the resource-based view of strategy (Barney, 1991), which states that scarce managerial

attention and financial resources should be allocated to initiatives with the greatest strategic relevance. Pursuing internationalisation in parallel would have meant managing two major strategic change processes simultaneously, thereby increasing execution risk and diluting managerial focus. Consequently, international expansion was postponed until the domestic transformation had reached a sufficiently mature stage.

At an organisational level, limited internal capacity further constrained ABC-Retail's ability to expand overseas. During the transformation period, many key functions were operating at or near full capacity, leaving little room for large-scale expansion. Internationalisation would have required dedicated teams, new governance structures and greater coordination across markets. In line with the Uppsala Model's (Johanson & Vahlne, 1977) emphasis on experiential learning and uncertainty, the absence of international routines and experiential market knowledge increased perceived risk and reduced the organisation's willingness to commit resources to foreign markets. Given these circumstances, management concluded that the organisation lacked the capacity to absorb the additional complexity without endangering ongoing transformation efforts.

From an operational perspective, ABC-Retail's systems, processes and customer-facing services had been optimised historically for the German market. Core activities such as customer service, fulfilment processes, product presentation, payment methods and regulatory compliance were closely aligned with domestic consumer expectations and institutional requirements. These characteristics reflect routines that are difficult to transfer across borders due to their path-dependent and location-bound nature. Consequently, entering foreign markets would have necessitated extensive localisation and structural adaptation. As many of these processes were not designed with cross-border scalability in mind, the operational effort and associated costs of international expansion would have been disproportionately high compared to the expected short-term benefits.

Finally, the financial and risk-oriented decision-making process at ABC-Retail played a decisive role. The firm has traditionally pursued a cautious investment strategy, prioritising predictable returns and financially disciplined growth. According to the Eclectic Paradigm (OLI framework) (Dunning, 1988), international expansion would require a combination of strong ownership advantages, attractive location advantages and clear internalisation benefits. Historically, however, these conditions were only partially met. Substantial demand and competitive uncertainty, combined with high upfront investments in market entry, customer acquisition, logistics infrastructure, and regulatory adaptation, weakened the economic rationale for foreign expansion. Consequently, internationalisation did not align with ABC-

Retail's prevailing risk–return expectations and was deprioritised in favour of lower-risk domestic investments.

Overall, ABC-Retail's historical decision not to expand internationally was a rational and context-dependent strategic choice. In line with the concept of strategic non-internationalisation (Benito & Welch, 1997), the company has deliberately prioritised domestic consolidation over international growth. Shaped by constraints on resources and attention, limitations on organisational learning, and path-dependent operational structures, maintaining a focus on the domestic market was a coherent strategic response rather than a deviation from established internationalisation theory.

#### **5.4.2. Answer to Case Question 2**

*'How had internal and external conditions changed by 2025, and how did these shifts influence the feasibility of international expansion today?'*

By 2025, internal developments at ABC-Retail and shifts in the European e-commerce landscape had altered the conditions for international expansion. Compared to previous strategy cycles, these changes have made entering foreign markets more feasible, although significant constraints remain. It is essential to assess these developments in order to determine whether internationalisation has become a viable strategic option.

The most significant internal change concerns ABC-Retail's enhanced technological infrastructure. In recent years, the company has modernised its platform architecture, expanded its data and analytics capabilities, optimised its logistics operations, and improved the overall customer experience. From a resource-based and dynamic capabilities perspective (Teece et al., 1997), these developments strengthen the firm's ability to reconfigure and scale its core capabilities. This reduces the internal barriers that previously constrained its internationalisation. Notably, ABC-Retail now operates more scalable systems that could, in principle, support cross-border assortment presentation, merchant onboarding, and user interface adaptations. Additionally, emerging AI-driven tools for content localisation and automated translation reduce the costs and complexity of adapting product information and customer-facing services for foreign markets. Technologically speaking, international expansion is therefore more feasible than in the past.

However, these technological advances coexist with ongoing organisational constraints. Despite having completed a major transformation programme, many teams continue to operate at or near full capacity. Furthermore, ABC-Retail has yet to develop the multilingual customer service structures, decentralised fulfilment processes, and market-specific operational routines

necessary for sustained international activity. In line with the Uppsala model's (Johanson & Vahlne, 1977) emphasis on experiential knowledge and uncertainty, limited international routines and market-specific learning can amplify perceived risk and hinder commitment decisions. Core processes are also heavily optimised for the German market, indicating path-dependent structures and location-bound routines that are difficult to transfer across borders. Consequently, while the company's technical capabilities have improved markedly, its organisational readiness for complex international expansion remains limited.

In parallel, the external environment has also evolved. On the one hand, regulatory harmonisation within the European Union and ongoing digitalisation have reduced formal barriers to cross-border e-commerce. From the perspective of the OLI framework (Dunning, 1988), these developments can be interpreted as an improvement in location advantages, given that institutional and compliance-related frictions within the EU have declined. However, competitive intensity has also increased substantially. Large multinational platforms continue to expand across Europe, regional incumbents have strengthened their digital capabilities, and digitally native players have accelerated innovation cycles. Meanwhile, consumer expectations regarding delivery speed, returns, product transparency, and mobile shopping have increased, raising the performance threshold required for successful market entry. These pressures increase the 'cost of entry' in strategic terms and reduce the appeal of expansion, unless ABC-Retail can establish a clear differentiation strategy.

Taken together, these developments create a paradoxical strategic environment. Although European markets have become more accessible from technological and regulatory standpoints, they are also more saturated, competitive and demanding than ever before. This suggests that the feasibility of ABC-Retail's internationalisation has improved, particularly for low-commitment modes. This is consistent with process-based perspectives, such as the Uppsala model (Johanson & Vahlne, 1977). However, high-investment, full-scale entries remain constrained by organisational readiness and the absence of market-specific operating capabilities. In this sense, the company's situation continues to align with the concept of strategic non-internationalisation (Benito & Welch, 1997), as domestic consolidation may still be the more coherent option, unless international expansion offers a clearly superior risk–return profile and strategic fit. Consequently, although internationalisation is more feasible than in previous periods, it remains selective and conditional rather than universal.

### 5.4.3. Answer to Case Question 3

*'Which of the four strategic pathways should ABC-Retail pursue, and why?'*

In order to determine which of the four strategic pathways ABC-Retail should pursue, insights from internal and external analyses, the company's historical development and the theoretical frameworks discussed in Chapter 2 must be integrated. Taken together, these perspectives suggest that a phased, low-commitment internationalisation strategy centred on marketplace expansion is the most appropriate choice. This approach best aligns with ABC-Retail's organisational capabilities, risk tolerance and long-term strategic positioning while allowing for flexibility in future development.

A comparison of the four strategic options explains why the other options are not suitable at this stage. Full international market entry offers the greatest strategic control and long-term value capture, but also the greatest organisational complexity and financial commitment. Setting up localised operations abroad would require decentralised fulfilment structures, market-specific assortment strategies, multilingual customer service capabilities and extensive regulatory adaptation. As ABC-Retail's systems and processes are currently optimised primarily for the German market, such an approach would put considerable strain on organisational capacity. From the perspective of the Eclectic Paradigm (OLI framework) (Dunning, 1988), the company does possess strong ownership advantages in the form of its platform, brand and data capabilities. However, location and internalisation advantages in neighbouring markets are insufficient to justify this capital-intensive strategy. Consequently, the risks associated with full-scale international entry would outweigh the potential benefits.

The Internationalisation Light option involves lower levels of investment and operational complexity, relying on cross-border shipping and limited product ranges. Although this approach reduces risk and can provide initial market signals, it is unlikely to establish a sustainable competitive advantage in markets characterised by intense competition and high customer expectations. Limited localisation often constrains the customer experience and restricts differentiation. From an Uppsala perspective (Johanson & Vahlne, 1977), incremental entry modes are valuable only if they generate meaningful experiential knowledge and support commitment decisions driven by learning. In this case, however, the limited scope of engagement would provide only partial learning benefits and weak strategic feedback.

Given the size, stability and continued relevance of the German e-commerce market, maintaining an exclusive domestic focus remains a defensible strategic option. In line with the concept of strategic non-internationalisation (Benito & Welch, 1997), prioritising domestic consolidation could be a logical and sensible choice. However, pursuing this option exclusively

could constrain ABC-Retail's long-term growth potential and learning opportunities. As platform-based commerce becomes more integrated across borders and competitors expand regionally, a purely national presence could restrict future strategic flexibility. While strategic prioritisation supports a domestic focus, it does not support the indefinite avoidance of moderate-risk expansion opportunities that could enable capability development.

Against this backdrop, the marketplace-first expansion strategy emerges as the most balanced and theoretically consistent approach. This approach leverages ABC-Retail's most scalable and transferable asset, its digital platform, while avoiding the need to establish foreign logistics or customer service infrastructures immediately. By enabling selected international merchants to participate on the platform or by offering marketplace services in targeted foreign markets, ABC-Retail can test cross-border dynamics, assess demand and gain experiential knowledge. From an Uppsala perspective, this represents a low-commitment, learning-oriented step that facilitates gradual international engagement. From an OLI perspective, the company can exploit its ownership advantages without prematurely taking on location-specific and operationally complex activities.

Moreover, this approach is consistent with the principle of strategic sequencing. By initially extending the platform's reach and observing market responses, ABC-Retail can preserve organisational focus and limit downside risk while retaining the option to deepen its commitment selectively if favourable conditions emerge. The marketplace-first model therefore maintains strategic flexibility and supports the development of incremental capabilities, creating a structured pathway towards more advanced forms of internationalisation if these are deemed necessary in the future. For these reasons, it is the most suitable strategic choice of the four alternatives.

### **5.5. Discussion and Answer to the Research Question**

Together with insights from internationalisation theory and the empirical evidence presented in the strategic context of ABC-Retail, the findings of this case provide a clear answer to the research question: *'Which strategic, organisational and market-related factors explain why firms refrain from internationalisation, and how do these factors shape their long-term strategic choices?'*

First, the case study illustrates the importance of strategic prioritisation. ABC-Retail consistently allocated its resources towards strengthening its domestic business and pursuing large-scale digital transformation. According to the theory of strategic prioritisation, firms refrain from internationalisation when competing strategic initiatives exceed organisational

capacity, or when the leadership team anticipates greater returns from domestic consolidation. In the case of ABC-Retail, internationalisation was repeatedly deprioritised, not because it lacked potential, but because digital transformation and platform development were considered to be more strategically important and urgent.

Second, the analysis shows that organisational readiness is a decisive factor. Firms avoid foreign expansion when their internal structures, processes and capabilities are not sufficiently scalable. ABC-Retail's systems, customer-facing services and fulfilment operations were optimised for the German market and required extensive adaptation for cross-border use. According to internationalisation process theory (e.g. Uppsala), firms refrain from expansion when experiential knowledge is low, and when the internal costs of overcoming 'psychic distance' and operational complexity outweigh the short-term benefits. ABC-Retail's limited multilingual capabilities, decentralised infrastructure, and market-specific know-how reinforced this barrier.

Third, the company's decision is influenced by barriers related to the market and industry. The European e-commerce market is characterised by strong incumbents and regional competitors with entrenched customer loyalty, as well as multinational platforms with economies of scale. These structural conditions reduce the attractiveness of international entry and increase the risk of low competitive differentiation. According to Dunning's OLI framework, firms refrain from expansion when location advantages (in terms of demand potential, competitive structure and regulatory environments) are insufficient to justify the internalisation of market activities.

Finally, these factors collectively determine a firm's long-term strategic direction. By focusing on domestic consolidation, ABC-Retail has built strong digital capabilities and a resilient platform business. However, avoiding internationalisation limits experiential learning and may reduce future options. As demonstrated by the case evaluation, these constraints now dictate which expansion pathways remain feasible. While the company is more mature in terms of both strategy and technology than in previous years, its organisational constraints and the competitive landscape mean that only low-commitment, platform-based approaches to internationalisation are viable in the near term.

In summary, the decision not to internationalise is rarely the result of a single barrier. Instead, it emerges from the interplay of strategic priorities, organisational capacity and market structure. In this sense, the case supports the concept of strategic non-internationalisation as a deliberate, long-term strategy rather than a temporary deviation from established models of international growth. These factors influence the rationale behind non-internationalisation and the strategic options available to firms over time.

## **6. Discussion**

### **6.1. Summary of Findings and Contribution**

The aim of this thesis was to understand which strategic, organisational and market-related factors explain why firms refrain from internationalising, and how these factors influence their long-term strategic decisions. The analysis of ABC-Retail GmbH, supported by internationalisation theory and a case-based evaluation of three key strategic decisions, provides a thorough explanation for the lack of internationalisation among large, digitally focused firms.

The findings show that non-internationalisation is not merely the absence of international activity, but a deliberate strategic choice shaped by competing priorities and limited resources. In the case of ABC-Retail, for example, the leadership team decided not to expand internationally in favour of domestic consolidation, digital transformation and platform modernisation. This confirms that firms may avoid foreign expansion when their internal strategic agendas already require substantial managerial attention and capital.

The case study also shows that firms are unlikely to expand internationally if their operational structures, technological systems and workflows are optimised for a single market. ABC-Retail lacked the multilingual processes, decentralised fulfilment capabilities and market-specific customer service structures required for successful international expansion. This finding is consistent with process-based internationalisation theory, which posits that firms refrain from expansion when experiential knowledge and organisational readiness are inadequate.

Market-related factors also played a decisive role. Intense competition in neighbouring European markets, saturation by multinational platforms and high consumer expectations reduced the appeal of entering foreign markets and limited opportunities for differentiation. These conditions are consistent with OLI-based evaluations, which suggest that insufficient location advantages can undermine the economic rationale for internationalisation.

Although the findings point towards a deliberate decision against internationalisation, this does not imply that all potential international pathways were evaluated uniformly. Interviewees clearly differentiated between neighbouring markets, broader European expansion, and non-European markets. Neighbouring countries were perceived as being closer, but were still associated with significant operational complexity and limited strategic upside. Broader European expansion was described as entailing greater regulatory, logistical and organisational challenges, while non-European markets were largely deemed to be incompatible with the firm's core value proposition and control requirements.

Taken together, these insights contribute to internationalisation research by demonstrating that non-internationalisation arises from the interplay of strategic prioritisation, organisational capability limitations, and unfavourable market structures, rather than from one dominant barrier. From a managerial perspective, the case study illustrates how a sustained focus on domestic consolidation can bolster core competencies while simultaneously limiting future strategic alternatives, thereby explaining why only low-commitment and incremental internationalisation pathways remained viable by 2025.

Overall, this thesis provides a detailed explanation of why firms may rationally refrain from internationalisation. It demonstrates that non-internationalisation is not a passive outcome or a sign of strategic weakness, but rather the result of deliberate prioritisation in situations where organisational capacity is limited and competition is intense. By analysing a large, digitally mature e-commerce platform, the study challenges the implicit assumption in internationalisation theory that expansion abroad is a natural or superior growth strategy. Instead, it shows that firms may consciously prioritise domestic consolidation, business model transformation, and capability development when these offer a more coherent strategic path. By reframing non-internationalisation as an active strategic choice influenced by opportunity costs, organisational preparedness, and market structure, this thesis contributes to a more nuanced understanding of firm growth strategies in digitally enabled markets.

## **6.2. Limitations and Directions for Future Research**

Although this thesis provides a detailed explanation of why firms may avoid internationalisation, there are still several limitations that suggest promising avenues for future research.

One key limitation of the study is its single-company case design. Although ABC-Retail is a compelling and relevant case, the context of its organisational history, technological maturity and competitive environment is specific to this company. Therefore, the findings should be understood as analytically grounded rather than statistically generalisable. Future research could address this limitation by conducting comparative case studies across different industries, firm sizes and institutional contexts, in order to examine the broader applicability of strategic non-internationalisation mechanisms.

Another limitation is access to decision-makers within the case organisation. At ABC-Retail, strategic decisions regarding internationalisation are made by a small, centralised group of senior managers. This means that only a limited number of individuals are directly involved in, or possess detailed knowledge of, these decisions. Consequently, conducting a larger number

of interviews would have compromised the relevance of the data. However, gaining in-depth access to two key decision-makers with direct strategic responsibility is a valuable empirical opportunity. This access enabled the collection of rich, decision-relevant insights that would be difficult to obtain through broader, less targeted interview samples.

Another limitation relates to the qualitative and interpretative nature of the data. The analysis reflects a specific phase in the company's strategic development and is based on the perspectives of a select group of decision-makers. These findings could be complemented by quantitative research approaches, such as large-scale surveys or econometric analyses, which would systematically examine the relationship between organisational capacity, market structure and internationalisation behaviour across a wider sample of firms.

In addition, this study focuses primarily on the structural and strategic determinants of non-internationalisation. Behavioural and cognitive factors, such as managerial risk perceptions, decision heuristics and organisational culture, are comparatively under-researched. Incorporating these dimensions into future research could provide a more comprehensive understanding of how managerial interpretation and cognition influence decisions regarding internationalisation and non-internationalisation.

Finally, while this thesis acknowledges the growing influence of digital technologies, particularly AI-enabled localisation, automation and cross-border logistics innovations, it cannot fully capture their long-term strategic impact. Ongoing technological advances could fundamentally alter the timing, sequence and mode of internationalisation. Therefore, future research could explore how digital transformation alters internationalisation pathways, particularly for platform-based and digitally native firms.

Despite its limitations, this thesis clearly contributes to theory and practice by demonstrating how strategic priorities, organisational readiness and market structures interact to influence firms' decisions not to expand internationally. It thus establishes a robust basis for further research into the deliberate, rational and strategically coherent choice of non-internationalisation.

From a theoretical perspective, these findings imply that internationalisation should be conceptualised not as an inevitable stage of firm growth, but as one strategic option among several, whose relevance depends on strategic trade-offs, internal prioritisation and timing.

## Appendix 1: Interview Coding (Coding 1-3)

	A	B
1	<b>Interview Analysis</b>	
2	<i>Initial Coding (1st-Order Codes)</i>	
3		
4	<b>Interviewee A</b>	
5	<b>Original Quote (DE)</b>	<b>Initial Quote (1st Order)</b>
6	“XYZ ist ein eher risikoaverses Unternehmen.”	Risk aversion
7	“Ein Familienunternehmen empfindet eine Fehlinvestition sehr unmittelbar.”	Owner structure → risk sensitivity
8	“Da wurden immer Dimensionen abgefragt, die das Ziel hatten, das Risiko kleinzuhalten.”	Systematic risk assessment
9	“Wie hoch sind die Markteintrittsbarrieren?”	Market entry barriers
10	“Welche Investitionen wären notwendig, um in einen Markt hineinzukommen?”	Required investment level
11	“Ich glaube nicht, dass mangelndes Wissen über Märkte ein Hindernis war.”	Market knowledge is sufficient
12	“Ein Vorteil wäre sicherlich die Skalierung gewesen.”	Economies of scale
13	“Stärkere Verhandlungsposition gegenüber Marken.”	Bargaining power
14	“Risikopuffer durch Überbestände in anderen Ländern.”	Risk diversification
15	“Reichweite ist von besonderer Bedeutung im Werbegeschäft.”	Reach as advertising asset
16	“Es waren immer Nachbarländer: Polen, Schweiz, Österreich, Niederlande.”	Geographic proximity
17	“Einmalkosten / Initialkosten wären sehr hoch gewesen.”	High initial costs
18	“Webseiten in unterschiedlichen Sprachen darstellen...”	Localisation effort (language)
19	“Logistik, Retoure, Kundenservice müssten neu aufgebaut werden.”	Operational complexity
20	“Europäische Märkte sind reif, hohe Konkurrenz.”	Competitive intensity in Europe
21	“Tiefe statt Breite.”	Focus strategy (depth over breadth)
22	“Im Heimatmarkt gibt es noch was zu expandieren.”	Home market growth potential
23	“Wir erreichen mehr Kund:innen als unser Marktanteil hergibt.”	Untapped domestic potential
24	“Vertrauen ist schwer in ein anderes Land zu übertragen.”	Non-transferable trust
25	“Heritage, schon immer da gewesen.”	Brand heritage
26	“Junge Leute erinnern sich an den Katalog, obwohl sie ihn nie erlebt haben.”	Symbolic heritage effect
27	“Wunsch, Dinge zu kontrollieren.”	Preference for control
28	“Compliance oder regulatorische Anforderungen sind ein Hemmschuh.”	Regulatory barriers
29	“Opportunität nicht groß genug, um Risiko einzugehen.”	Insufficient opportunity size
30	“Investitionsintensives Geschäft – Ressourcen müssen gut eingesetzt werden.”	Capital allocation constraints
31	“Internationalisierung eher nicht als singuläres Ereignis.”	Low likelihood of internationalisation
32	“KI kann Lokalisierung erleichtern.”	AI as localisation enabler
33	“Wir betreiben Marktplatz-Internationalisierung, aber keinen Markteintritt.”	Marketplace internationalisation (“light”)
34		
35	<b>Interviewee B</b>	
36	<b>Original Quote (DE)</b>	<b>Initial Quote (1st Order)</b>
37	“Schwerpunkt lag auf Geschäftsmodell-Transformation.”	Business model transformation focus
38	“Fokus auf Skalierung des hybriden Plattform-Modells.”	Platform scaling focus
39	“Internationalisierung wurde depriorisiert.”	Deprioritisation of internationalisation
40	“Wir wollten uns nicht die Komplexität geben.”	Complexity avoidance
41	“Technische Veränderungen am System wären notwendig gewesen.”	Tech stack limitations
42	“Multilanguage... mehrere Mehrwertsteuersätze...”	Localisation requirements
43	“Deutscher Markt bietet große Opportunitäten.”	German market attractiveness
44	“Wir wachsen über dem Marktdurchschnitt.”	Strong domestic growth
45	“Man wäre sonst stuck in the middle.”	Organisational overload
46	“Wenn man zu viel parallel macht...”	Parallel initiative strain
47	“Ressourcen sind begrenzt.”	Resource constraints
48	“Internationalisierung sollte man nicht leicht nehmen.”	Cautious stance toward expansion
49	“Man verbrennt schnell viel Geld.”	High financial risk
50	“Man muss alle Ps lokal anpassen.”	Local market adaptation effort
51	“Dieses Wissen muss man sich aneignen.”	Market knowledge acquisition
52	“Wir waren schon in NL aktiv.”	Prior international experience (NL)
53	“Auslieferungsgeschwindigkeit müsste vergleichbar bleiben.”	Service-level comparability requirement
54	“Frankreich kennt die Marke XYZ nicht.”	Low brand awareness abroad
55	“Hoher Marketingdruck nötig.”	High marketing cost abroad
56	“Sehr kompetitive Märkte.”	Foreign competitive intensity
57	“About You hat Märkte gewählt, in denen Zalando nicht war.”	Competitive entry logic
58	“Robustes Geschäftsmodell.”	Strong business model
59	“Differenziertes Markenimage, Nachhaltigkeit.”	Brand differentiation (domestic)
60	“High-involvement Logistik schwer kopierbar.”	Hard-to-replicate logistics capabilities
61	“Diese Vorteile sind transportierbar.”	Perceived capability transferability
62	“Europa ist ein fragmentierter Markt.”	Market fragmentation
63	“Regulatorien, Compliance, Steuern...”	Regulatory barriers
64	“Robuste Prozesslandschaft notwendig.”	Need for robust processes
65	“Lokale Adaption notwendig.”	Local adaptation necessity
66	“KI erleichtert Sprachbarrieren.”	AI-enabled localisation
67	“DE-Markt ist nicht gesättigt.”	Domestic market underdeveloped
68	“E-Commerce-Penetration niedriger als anderswo.”	Lower e-commerce penetration in DE
69	“B2B als weiteres Wachstumsfeld.”	B2B growth potential
70	“Konsumenten-zentriert, Qualität, Vertrauen...”	Strategic identity / consumer-centricity
71	“Adaptionsfähigkeit als Stärke.”	Adaptability / organisational resilience
72		

Figures A1: Interview Coding - First Order Codes

	A	B	C	D
1	<b>Interview Analysis</b>			
2	<i>Thematic Coding (2nd-Order Codes)</i>			
3				
4	<b>A) Themes related to Risk, Resources &amp; Organisation</b>			
5	<b>Initial Quote (1st Order)</b>	<b>Theme (2nd-Order)</b>	<b>Explanation</b>	<b>Interviewee</b>
6	Risk aversion	Risk Perception	Company culturally risk-averse	A
7	Owner structure → risk sensitivity	Risk Perception	Family business with high sensitivity to losses	A
8	Systematic risk assessment	Risk Perception	Decisions framed through detailed risk evaluation	A
9	Market entry barriers	Risk Perception	Barriers increase risk in international markets	A
10	High initial costs	Cost & Operational Constraints	High upfront investments deter expansion	A
11	Operational complexity	Cost & Operational Constraints	New logistics, returns, service setup needed	A
12	Language localisation effort	Cost & Operational Constraints	Websites/content require localisation	AB
13	Tech stack limitations	Organisational Capacity Constraints	Old systems not internationalisation-ready	B
14	Resource constraints	Organisational Capacity Constraints	Limited organisational capacity for parallel projects	B
15	Organisational overload / “stuck in the middle”	Organisational Capacity Constraints	Too many initiatives create strategic strain	B
16	Capital allocation constraints	Investment Logic	Available resources prioritised for DE platform	AB
17	High financial risk	Investment Logic	Internationalisation seen as risky capital use	B
18	Cautious stance toward expansion	Investment Logic	International markets not worth the risk	B
19				
20	<b>B) Themes related to Market Attractiveness &amp; Strategic Focus</b>			
21	<b>Initial Quote (1st Order)</b>	<b>Theme (2nd-Order)</b>	<b>Explanation</b>	<b>Interviewee</b>
22	Home market growth potential	Domestic Market Attractiveness	Domestic market still offers untapped potential	A
23	Untapped domestic potential	Domestic Market Attractiveness	High active user reach → growth without intl.	A
24	German market attractiveness	Domestic Market Attractiveness	Large market, continues to grow	B
25	Strong domestic growth	Domestic Market Attractiveness	Domestic growth > market average	B
26	Lower e-commerce penetration in DE	Domestic Market Attractiveness	Indicates future growth runway	B
27	Focus strategy (depth over breadth)	Strategic Focus	Strategy of focusing resources on the core market	A
28	Marketplace internationalisation (“light”)	Strategic Focus	Cross-border assortment instead of market entry	A
29	Domestic B2B growth potential	Domestic Growth Opportunities	New growth area without intl. complexity	B
30	Focus on safeguarding core business	Strategic Identity	Maintain strong domestic base	B
31				
32	<b>C) Themes related to Competitive Environment &amp; External Barriers</b>			
33	<b>Initial Quote (1st Order)</b>	<b>Theme (2nd-Order)</b>	<b>Explanation</b>	<b>Interviewee</b>
34	Competitive intensity in Europe	Competitive Pressure Abroad	Mature EU markets with strong rivals	A
35	Foreign competitive intensity	Competitive Pressure Abroad	Highly competitive: FR, NL, PL, CH	B
36	High marketing cost abroad	Competitive Pressure Abroad	Low brand awareness → high spend needed	B
37	Low brand awareness abroad	Competitive Pressure Abroad	Otto not known in many markets	B
38	Competitive entry logic (AY example)	Competitive Pressure Abroad	Need to avoid overlapping strong incumbents	B
39	Regulatory barriers	Institutional Barriers	Compliance, tax, regulations vary by market	AB
40	Market fragmentation in Europe	Institutional Barriers	EU markets culturally & structurally diverse	B
41	Local adaptation effort	Local Market Knowledge Requirement	“All Ps” must be adapted locally	B
42	Market knowledge acquisition needed	Local Market Knowledge Requirement	Local know-how must be learned first	B
43				
44	<b>D) Themes related to Core Capabilities &amp; Transferability</b>			
45	<b>Initial Quote (1st Order)</b>	<b>Theme (2nd-Order)</b>	<b>Explanation</b>	<b>Interviewee</b>
46	Brand heritage	Core Capabilities & Value Proposition	“Heritage” is central part of brand trust	A
47	Non-transferable trust	Core Capabilities & Value Proposition	Trust advantage difficult to export	A
48	Symbolic heritage effect	Core Capabilities & Value Proposition	Even non-catalog generations recall heritage	A
49	Hard-to-replicate logistics capabilities	Core Capabilities & Value Proposition	Strong advantage in heavy goods logistics	B
50	Strong business model	Core Capabilities & Value Proposition	Robust platform model as foundation	B
51	Brand differentiation (domestic)	Core Capabilities & Value Proposition	USP in sustainability & brand	B
52	Capability transfer (Blinda view)	Transferability Challenges	Some capabilities can be transferred	B
53	Localised consumer preferences	Transferability Challenges	Customer behaviour differs across markets	AB
54				
55	<b>E) Themes related to Future Perspectives &amp; Emerging Enablers</b>			
56	<b>Initial Quote (1st Order)</b>	<b>Theme (2nd-Order)</b>	<b>Explanation</b>	<b>Interviewee</b>
57	AI as localisation enabler	AI & Internationalisation	AI reduces language/content barriers	AB
58	AI-enabled localisation	AI & Internationalisation	LLMs reduce cost/time for adaptation	B
59	Robust processes needed	Future Preconditions	Intl. requires stronger internal processes	B
60	Multilanguage tech stack needed	Future Preconditions	System must support multilinguality	B
61	Local adaptation necessity	Future Preconditions	Even with AI, localisation still needed	B
62	Low likelihood of intl as “single event”	Future Preconditions	Expansion only if other preconditions met	A
63				

Figures A2: Interview Coding - Second Order Codes

	A	B	C	D
1	<b>Interview Analysis</b>			
2	<i>Aggregate Dimensions (3rd-Order Codes)</i>			
3				
4	<b>A) Aggregate Dimension 1: Risk, Cost &amp; Organisational Constraints</b>			
5	<b>Aggregate Dimension</b>	<b>Related 2nd-Order Themes</b>	<b>Description</b>	<b>Representative 1st-Order Codes</b>
6	<b>Risk, Cost &amp; Organisational Constraints</b>	Risk Perception	This dimension captures how perceived risks, high upfront costs, organisational overload, and resource limitations shaped the company's preference to avoid international expansion.	Risk aversion; Systematic risk assessment; High initial costs; Operational complexity; Tech stack limitations; Resource constraints; High financial risk
7		Cost & Operational Constraints		
8		Organisational Capacity Constraints		
9		Investment Logic		
10				
11	<b>B) Aggregate Dimension 2: Domestic Market Strength &amp; Strategic Focus</b>			
12	<b>Aggregate Dimension</b>	<b>Related 2nd-Order Themes</b>	<b>Description</b>	<b>Representative 1st-Order Codes</b>
13	<b>Domestic Market Strength &amp; Strategic Focus</b>	Domestic Market Attractiveness	This dimension reflects the company's strong domestic position, focus on depth over breadth, and belief in remaining growth potential within the German market.	Home market growth potential; German market attractiveness; Focus strategy; Marketplace internationalisation ("light"); Strong domestic growth; Lower e-commerce penetration in DE
14		Strategic Focus		
15		Domestic Growth Opportunities		
16		Strategic Identity		
17				
18	<b>C) Aggregate Dimension 3: External Market Barriers &amp; Competitive Environment</b>			
19	<b>Aggregate Dimension</b>	<b>Related 2nd-Order Themes</b>	<b>Description</b>	<b>Representative 1st-Order Codes</b>
20	<b>External Market Barriers &amp; Competitive Environment</b>	Competitive Pressure Abroad	This dimension includes external factors such as intense competition, regulatory and compliance differences, and the need for extensive localisation and market knowledge.	Competitive intensity in Europe; High marketing cost abroad; Low brand awareness abroad; Regulatory barriers; Market fragmentation; Local adaptation effort
21		Institutional Barriers		
22		Local Market Knowledge Requirements		
23				
24	<b>D) Aggregate Dimension 4: Competence Fit &amp; Limited Transferability</b>			
25	<b>Aggregate Dimension</b>	<b>Related 2nd-Order Themes</b>	<b>Description</b>	<b>Representative 1st-Order Codes</b>
26	<b>Competence Fit &amp; Limited Transferability</b>	Core Capabilities & Value Proposition	This dimension describes how strong domestic capabilities (e.g., logistics, brand heritage, trust) may not be easily transferable to foreign markets, limiting the rationale for expansion.	Non-transferable trust; Brand heritage; Hard-to-replicate logistics capabilities; Brand differentiation; Perceived capability transfer
27		Transferability Challenges		
28				
29				
30	<b>E) Aggregate Dimension 5: Future Perspectives &amp; "Internationalisation Light"</b>			
31	<b>Aggregate Dimension</b>	<b>Related 2nd-Order Themes</b>	<b>Description</b>	<b>Representative 1st-Order Codes</b>
32	<b>Future Perspectives &amp; "Internationalisation Light"</b>	AI & Internationalisation	This dimension reflects the interviewees' view that future technological developments (especially AI) and organisational improvements may enable a lighter form of internationalisation	AI-enabled localisation; Need for robust processes; Multilanguage tech stack needed; Low likelihood of intl. as "single event"
33		Future Preconditions		
34				

Figures A3: Interview Coding - Third Order Codes

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