



The internationalization process of German and Portuguese small-and medium sized wineries and their determinants of success.

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Abstract English

This paper aims to understand the different internationalization approaches of small- and medium-sized Portuguese Vinho Verde - and German Riesling wineries. Especially the underlying strategies, the role of networking, and additional factors that influence the success of internationalization are explored. Since the wine industry is dominated by SMEs, this industry was chosen. The research design is a multiple case study research with semi-structured interviews. In total, eight representatives from the regions are interviewed. All surveyed, unsurprisingly, use export as their market entry mode since they are selling products that are non-replicable. No specific pattern tied to the origin can be found when choosing an internationalization strategy. Either the wineries follow a localization- or internationalization strategy, suggesting that there are different determinants influencing the choice of strategy than the origin and grape variety or that it is decided unsystematically. Concerning the importance of network and its influence on success, the surveyed agree that networking is one of the most crucial success factors for internationalization. When differentiating between formal and informal networks, the results are diverse: Portuguese experts agree that formal networks are more critical, supporting existing literature, whereas Germans favor informal networks. No valid finding is found assessing additional success factors for internationalization. The motives, why wineries enter foreign markets differ across the two countries, indicating that certain cultural backgrounds or other factors influence the winery's perception. Thus, the research must be expanded into a more extensive survey to gain more significant results.

Title: The internationalization process of German and Portuguese small-and medium sized wineries and its determinants of success.

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Keywords: Internationalization, SMEs, wine industry, success factors internationalization, export, networking, formal networks, informal networks, Portugal, Germany

Abstract Portuguese

Esta dissertação tem como objetivo compreender as diferentes abordagens de internacionalização das pequenas e médias empresas vinícolas portuguesas. Especialmente as estratégias subjacentes, o papel de networking e fatores adicionais que influenciam o sucesso da internacionalização são explorados. Foi escolhida a indústria do vinho uma vez que esta é dominada por PMEs. O método de pesquisa utilizado é um estudo de caso múltiplo com entrevistas semiestruturadas. No total, foram entrevistados oito representantes. Todos os inquiridos usam a exportação como seu modo de entrada no mercado, uma vez que vendem produtos que não são replicáveis. As empresas vinícolas seguiram ou uma estratégia de localização ou uma estratégia de internacionalização, sugerindo que, além disso, existem diferentes determinantes que influenciam a escolha da estratégia para além da origem. Quanto à importância das networks e à sua influência no sucesso, os inquiridos concordam que networking é um dos fatores de sucesso mais importantes para a internacionalização. Ao diferenciar entre networks formais e informais, os resultados são diversos: os especialistas portugueses concordam que as networks formais são mais importantes, apoiando a literatura existente, enquanto os alemães favorecem as networks informais. Não foi possível encontrar nenhuma conclusão válida ao avaliar os fatores adicionais de sucesso para a internacionalização. Os motivos pelos quais as empresas vinícolas entram em mercados estrangeiros diferem entre os dois países, indicando que há origens culturais ou outros fatores que influenciam a percepção da empresa vinícola. Assim, a pesquisa deve ser expandida para um inquérito maior para obter resultados mais significativos.

Título: O processo de internacionalização das pequenas e médias vinícolas alemãs e portuguesas e seus determinantes para o sucesso.

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Palavras-chave: Internacionalização, PMEs, indústria do vinho, fatores de sucesso internacionalização, exportação, networking, redes formais, redes informais, Portugal, Alemanha

Abbreviations

BIB Bag-in-Box

CVRVV Comissão de Viticultura da Região dos Vinhos Verdes

DWI Deutsches Weininstitut

EC European Commission

FDI Foreign Direct Investment

GDP Gross Domestic Product

LVMH Louis Vuitton Moët Hennessy

MEM Market Entry Modes

MNC Multinational Corporation

MNE Multinational Enterprise

RQ Research Question

SME Small and Medium Enterprises

SNT Social Network Theory

USA The United States of America

USP Unique Selling Point

UK United Kingdom

VDP Verband Deutscher Prädikats- und Qualitätsweingüter

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1. Introduction

1.1 Motivation

Nine out of every 10 enterprises is an SME, and SMEs generate two out of every three jobs. (The European Commission, 2019)

The statement of the European Commission (EC) stresses the importance of Small and Medium Enterprises (SMEs) since they represent 90% of the businesses worldwide (World Bank). Globalization affects every firm in the economy, and SMEs are pressured especially to react to this trend. This is why SMEs need to internationalize to diversify risk, generate sufficient revenues and respond to the fast-changing environment (Duarte, Bressan, O'Shea, & Krajsic, 2014). Nowadays, SMEs are facing high competition from Multinational Enterprises (MNEs) since they have access to sufficient financial and human resources, are able to respond faster to market trends, develop new knowledge quickly, and face challenges within a foreign market such as upcoming trade barriers (Eriksson, Johanson, Majkgård, & Sharma, 2000) (Paul, 2020). On the contrary, SMEs do not easily enter foreign markets due to lack of financial and human resources, country specifics, experience, and primary resources (Duarte, Bressan, O'Shea, & Krajsic, 2014).

This dissertation focuses on SMEs in the wine industry and aims at gaining information about the different internationalization approaches for Portuguese Vinho Verde and German Riesling wineries. Approximately 85% of all German wineries and 77% of all Portuguese wineries are SMEs; thus, SMEs constitute the clear majority in the wine industry (see Appendix 1, 2). At the same time, there is a lack of research regarding the different internationalization approaches used in Germany and Portugal. These two aspects reason, why this topic has been chosen and make it highly relevant in today's economy. Just like in any other industry, wineries are also threatened by large corporations, which enter the market. Especially the entrants from the "new world wines" (New Zealand, Australia, South Africa etc.) are jeopardizing the old established wineries (Wines from Portugal, Germany, France, Italy etc.), which pressures the wineries to diversify their risks and enter foreign markets to sustain profits (Dressler, 2018). Another alarming trend is that domestic wine consumption has been decreasing in the past years, which signals the importance to internationalize (Statista, 2021). The German and the Portuguese wine markets represent the traditional world of wine; both industries show similar patterns in the distribution of the firm sizes (comp. Appendix 1 and 2) (Ballantyne, Terblanche, & Lecat ,

2019). In fact, micro enterprises make up more than half of the wineries in both countries, while small enterprises make up even 1/5th of all wineries (C. Barnes & Co, 2021). Thus, it is reasonable to compare the two in this thesis. Even though both domestic industries follow similar patterns, they seem to use different approaches to internationalize their wines.

1.2 Research objective

The goal of this dissertation is to gain insights and compare the internationalization processes of wineries in the Vinho Verde to the German Riesling. A special focus is placed on the importance of networks when internationalizing. The thesis will compare the internationalization strategies of Riesling the Palatinate and Rheingau region to the internationalization strategies of the Vinho Verde wineries.

1.3 Research questions

Therefore, the following research question (RQ) were formulated:

RQ 1: What are the different approaches to internationalize between the wines Riesling and Vinho Verde?

RQ 2: To what extent is networking relevant for internationalization? Which networks are more valuable?

RQ 3: Which factors influence the success of internationalization?

The hypothesis for RQ1 is that the internationalization approaches of the two regions do not differ highly. Since they are all in the same industry and are producing a regional product, the most common strategy is to export and establish partnerships with a foreign importer. Regarding RQ2, it is assumed that networking in this “small” industry is one of the most important factors that influences the success of internationalization. Moreover, a second hypothesis regarding the use of networks is formulated, which assumes that especially informal networks can have a major impact on the success of internationalization, since tasting wine is very individual and therefore is tied to informal occasions and people. RQ3 is tied with RQ2, because it concerns other factors that influence the success in foreign countries. The hypothesis here is that networking has a major impact on the success of internationalization.

1.4 Outline

In the following, existing theories dealing with internationalization are presented in the literature review. Within the literature review, the most important terms are defined, then the wine industry is described. Afterwards, important internationalization strategies, market entry modes and the four global strategies are discussed. Eventually, the methodology is described. In order to answer the formulated research questions, the conducted interviews are discussed within a multiple case study and its analysis.

2. Literature review

2.1 Definition SME, internationalization

There are various definitions of internationalization. On the one hand, it can be understood as a term that describes the Market Entry Mode (MEM), such as exporting, foreign direct investments and more, that will be discussed in the following literature review. On the other hand, definitions refer to the process, or the geographic extension. In this dissertation, *internationalization* is understood, as the process of entering new foreign markets. Thereby *internationalization* is not limited by the mode of entry. It can be rather understood as a general term that describes the activity of going abroad, which will be the focus of this dissertation (Casprini, Dabic, Kotlar, & Pucci, 2020).

As mentioned in the introduction, the following will focus on SMEs and therefore, it is necessary to define this term first. Depending on the location of a company, there are different limits according to which a SME is defined. As this dissertation focuses on the German and Portuguese wine industry, the dissertation uses the definition for SMEs from the European Commission (EC). According to the EC: an enterprise can be considered a medium enterprise when it has less than 250 employees and the yearly turnover rate is no larger than 50 million euros. An enterprise that has less than 50 employees and generates less than 10 million euros annual turnover is defined as a small enterprise. A micro enterprise is an enterprise that employs fewer than ten persons with an annual turnover rate less than 2 million euros (The European Commission, 2019).

In the displayed table (Appendix 1), there is a positive trend in the number of SMEs. In Germany, 82% of economic power can be attributed to SMEs. The European average, on the other hand, is 56%, which shows that there is a strong fluctuation in the power of SMEs within Europe (Statista, 2021).

2.2 Wine industry

The wine market is a segment of the alcoholic drinks market and makes up the smallest part of it but is expected to grow to 28,419.5 million liters by 2025 (Statista, 2020). It contains alcoholic beverages that are made from fermented grapes and can be divided into table or still wine, sparkling wine, and fortified wine. The wine industry is a rather unconcentrated segment when comparing it to the brewing industry for example (Statista, 2020). The five biggest companies (E & J Gallo, Constellation Brands, The Wine Group, Treasury Wine Estate and Vina Concha y Toro) make up a market share of only eight to nine percent (Statista, 2020). The top 40 world wine companies account approximately for 40% of the value of the world wine market (Montaigne & Coelho, 2012). Even in wine producing countries, the market is not solely satisfied by regional products but also by imported goods, which pressures the export activities of the producers (Dressler, 2015). Motives for exporting the regional products are: decreasing demand in the domestic market, growing globalization, influence of the media, a decrease of transportation costs, E-Commerce and growing tourism (Dressler, 2015). Those trends benefit wine countries around the world because the export market has more and more potential resulting in an even more globalized wine industry (Dressler, 2015)

The market is structured into retail sales for at-home consumption and foodservice sales for out-of-home consumption (Statista, 2020). While sales at hotels, restaurants, bars and all gastronomic places are summarized in the out-of-home consumption, all retail sales via supermarkets, hypermarkets, convenience stores, and similar channels belong to home consumption (Statista, 2020). Regarding the internationalization of wines, it can be said that approximately 40% of all produced wine is crossing borders, which again stresses the relevance of the topic chosen (Dressler, 2015). Looking at the global production share of the old-wine region, it can be seen that it is decreasing, since it has dropped by 10% from 75% between 2013 and 2014 (OIV, 2013-2014). Nevertheless, the new wine regions take this production share and steadily increase their production (Dressler, 2015).

2.2.1 German wine industry

Germany produced 10.3 million hectoliters of wine in 2018, which makes the German wine industry the ninth biggest player in terms of produced volume in the world. White wine accounts for 66,9% of the German wine production, and in fact 23,3% of this share belongs to the grape variety of Riesling, which makes Riesling the most cultivated variety of Germany (Deutsches Weininstitut GmbH, 2020). Germany's overall usage of agricultural land for vineyards is below 1% (Dressler, 2018). The German wine consumption decreased by 0.4 liters to 20.1 liters compared to 2019 in 2020 (Deutsches Weininstitut GmbH, 2020). Still, the German wines remain competitive in their domestic market with a market share of 45%, followed by Italy with 16%, France with 12% and Spain with nine percent (Deutsches Weininstitut GmbH, 2020). According to a study about the domestic wine consumption, domestic wine is more demanded under 30 years old's which is a promising trend for the German wine industry (Deutsches Weininstitut GmbH, 2020). The most important sales channel in the domestic market is the retail in supermarkets, as it accounts for approximately 78% (Deutsches Weininstitut GmbH, 2020). Germany exported 3.8 million hectoliters in 2019, which can be seen in Appendix 3. The largest export country for German Wines is the United States of America (USA); however, shares declined compared to the prior years due to the US trade tariffs of 25% introduced in October 2019 (Dressler, 2018). Important export countries are the Scandinavian countries, which import 182,000 hectoliters worth 56 million euros (Deutsches Weininstitut GmbH, 2020). Despite the increasing quality, German wines are losing market share in mature wine markets (e.g., the United Kingdom) and in dynamic growth markets (e.g., the United States), even though German suppliers are efficient and have a supporting infrastructure (Dressler, 2018).

As said before, Riesling is one of the most important grapes in Germany. Germany has 13 distinct wine regions, yet this thesis focuses only on the Palatinate and Rheingau regions (Deutsches Weininstitut GmbH, 2020). Especially there, Riesling is planted on ¼th of the vineyards in the Palatinate, and for Rheingau, 85% of the planted vines are Riesling (Kurth, 2017). Further, no accurate research is done about how much of a specific grape is exported. A Professor from Geisenheim University extrapolates the amount of exported Riesling wine. He calculates that approximately 20% of Riesling gets exported, while only 16% of all German white wine is exported (Kurth, 2017). If one puts this into perspective, more than 60% of the

German white wine that is exported is Riesling, which makes it highly relevant to analyze it with regards to internationalization (Kurth, 2017).

2.2.2 Portuguese wine industry

Portugal produced 6.1 million hectoliters in 2018, making Portugal the eleventh biggest wine producer in the world. This is especially remarkable, as Portugal is only 1/3 of the country size of Germany. Relatively speaking, one can say that Portugal uses more of its existing area to cultivate vineyards than Germany does; Portugal uses 2.88% of their land to cultivate vineyards, whereas Germany uses only 0.29% of its land (Deutsches Weininstitut GmbH, 2020). Portugal has the 11th highest wine consumption globally, with 54 liters per person, accounting on average to 2.5 wine bottles a week (OECD Health Policy Studies, 2021). In total, 3.0 hectoliters are exported (Appendix 3), which accounts for nearly 50% of the wine production in Portugal, corresponding to a value of \$936 million (Deutsches Weininstitut GmbH, 2020). The biggest importer of Portuguese wine is France, followed by the USA (Valverde, 2021).

Portugal has 14 different wine regions and since this dissertation focuses on Vinho Verde, the following will focus on the region Minho. This region has been certified for Vinho Verde by the Wine Regional Commission (CVRVV) and encompasses the region of “Minho” and “Vinho Verde”; only wines originating from grapes from the demarcated region of Vinho Verde can be called accordingly (CVRVV, 2021). The quality and uniqueness of the wines are a result of the natural conditions of the region, and whose winemaking and production occur within the demarcated region, preserving its typicity of aromas and flavors as unique in the world of wine; Vinho Verdes were the first exported Portuguese wines (CVRVV, 2021). The most important export countries in the decreasing order are the USA, Germany, France, Canada, Brazil, Angola, Switzerland, and the United Kingdom (UK) (CVRVV, 2021) (Appendix 4,5). In the following table, the growth of the exported wine is shown, which stresses the suitability of this research topic. Moreover, the exported amount shows less growth in volume than in the previous years, while the monetary value of the exported amount is steadily increasing. A similar figure corresponding to Riesling could not be found.

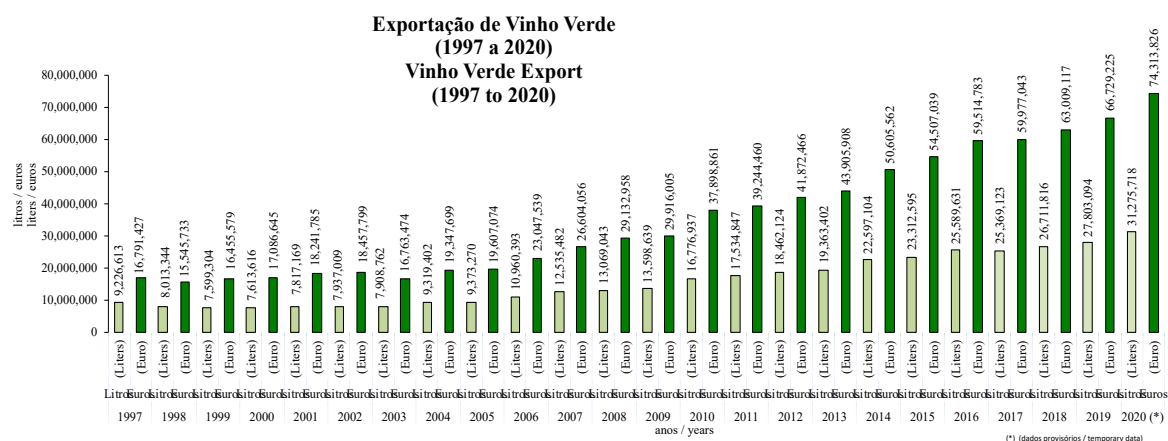


Figure 1: Vinho Verde export in liters and euros (CVRVV, 2021)

14,30% of Portuguese wine is produced in this region, making it the third biggest wine region in Portugal. In the Minho region, many grape-growers are not a winery but sell their grapes to the large cooperatives or to medium and large companies (Valverde, 2021). Not only the vine growers corporate among themselves, but also wineries to internationalize their wines; they act in networks, intentionally established by national wineries for promoting commercial activities in international markets (Dalmoro, 2013). To boost internationalization the CVRVV provides the region's businesses with tools and instruments for joint actions to increase awareness for Vinho Verde and develop effective commercial relations with target markets, including actions for importers, distributors, retailers, media, consumers, and opinion leaders (CVRVV, 2021).

2.3 SMEs main internationalization theories

Looking at the traditional theories of internationalization, one criticism is that the studies and observations mainly are about MNEs. Those theories are not tailored to the target group of SMEs, since the theories refer to a management of a company that has enormous resources (Pellicanò & Luca, 2016). The Uppsala Model (Johanson & Vahlne 1977), also known as the stages model is probably one of the most important models in the research of SMEs.

The Uppsala Model is a Scandinavian model, established in the mid-1970s, and explains the steps that are undertaken when a SME internationalizes. One of the main drivers for the model and its main assumption is that market knowledge is vital to internationalize successfully (Carneiro, 2008). Another assumption of this model is that a firm must first be successful in the domestic market before being able to expand to foreign markets (Carneiro, 2008). Furthermore, the model emphasizes risk mitigation, which in the case of internationalization means that a firm exports, rather than invests in a new facility abroad (Carneiro, 2008). Given these assumptions, a firm tends to serve markets that are physically close to the domestic market to reduce risks than serving markets that differ drastically from the domestic market (Carneiro, 2008). Physically, close means that the firm acts in markets with a similar culture, political systems, languages, trade practices and many more (Carneiro, 2008). The Uppsala Model is also known as a stage model, which can be seen in the different steps formulated in the model to better understand the factors influencing international expansion (Hollensen, 2007). The first step or stage where a firm can be located is when there are no regular export activities, but rather sporadic activities close to the home market (Hollensen, 2007). The next stage is exporting via an independent representative to minimize risks. The third step is establishing a foreign sales subsidiary after the second step was a success (Hollensen, 2007). The final step is to establish a foreign production facility (Hollensen, 2007). Another similar theory that is thinking in stages is Cavusgil (1984), who empirically identifies five stages: Pre-involvement, Reactive/Opportunistic, Experimental, Active, and Committed Involvement (Hollensen, 2007).

One can say that the Uppsala Model has established the basis for future research on internationalization of SMEs. Further research has shown the importance of networks for SMEs: one research was conducted at software firms (see: Coviello 1995 and Munro 1997) and in the automotive industry (see: Martin, Swaminathan and Mitchell 1998), which stress the

importance of networks. Johanson and Vahlne saw a need to revisit their existing model and integrated the networking aspect, which again highlights its importance (Johanson & Vahlne, 2009). Later, Johanson and Vahlne formulated a new way of understanding internationalization, namely the: “process of developing networks of business relationships in other countries through extension, penetration, and integration” while taking Johanson and Mattson’s (1993) approach as a base (Johanson & Vahlne, 2009).

Networks remain very important for most SMEs since they lack resources compared to MNEs. They can be a cheap opportunity to gain knowledge about foreign markets and bear the opportunity to participate in them actively. One can differentiate between formal and informal networks (Ibarra, 1993). According to Ibarra, formal networks are defined as a “formally specified set of relationships” (Ibarra, 1993), an example here could be the CVRVV or the Verband Deutscher Prädikatsweingüter (VDP). Two members of the VDP will be interviewed in the following case study. According to a study by Donckels and Lambrecht (1995), there is a positive connection between the growth of a firm and the establishment and maintenance of networks, which underlines the importance of formal networks for developing SMEs (Donckels & Lambrecht, 1995).

Informal networks consist of more flexible and individual relationships, where the purpose of the relationship is not exclusively related to work. (Ibarra, 1993). Similarly, to formal networks, studies have shown that it is beneficial to use informal networks as a way to internationalize a firm (see: Ellis and Pecotich, 2001, Ellis, 2000, Zain and Ng, 2006; Chandra, Styles & Wilkinson, 2009). Nevertheless, one should not oversee the blind spot, which a founder can have if there is already a large network (Masciarelli, Laursen, & Prencipe, 2009). If this happens, one tends to oversee other opportunities to expand the network and therefore see new business opportunities that come with it; the advantages that networking can have, flip then to a disadvantage (Masciarelli, Laursen, & Prencipe, 2009).

The case study will show that we have formal and informal networking activities, making it interesting to look at previous studies. A study conducted in the UK found that formal networks boost the internationalization of a SME more significantly than informal networks do (Idris & Saridakis, 2018). This information is consistent with previous findings from Watson in 2007 (Idris & Saridakis, 2018). The study observed that formal networks provide SMEs with less redundant information than informal networks, which has a greater value for SMEs that want

to internationalize e (Idris & Saridakis, 2018). Moreover, the study showed that micro enterprises do not participate in formal networks at all; only if the firm is growing, the firms tend to participate in formal networks that can boost their economic performance with knowledge and assistance (Idris & Saridakis, 2018). The Social Network Theory (SNT) focuses on the previously described networks. It implies that businesses should leverage their relationships with different businesses, competitors, families, and friends to successfully run their business in a foreign country (Florin, Lubatkin, & Schulze, 2003). The foundation here is that the internationalizing firm is to some extent dependent on certain resources, such as market knowledge, financial resources, human resources etc..

The Born global theory, often referred to as “international ventures”, is another theory that describes a SMEs internationalization (Coviello & Munro, 1995). As the title already indicates, this theory refers to ventures that internationalize early and are, therefore are “born globally” (Coviello & Munro, 1995). Meaning, a firm that is internationalizing in the first years after founding can be assigned to this theory. Like in the Uppsala model, researchers found that networks are essential for born global firms, since they help them gain sufficient information to enter a foreign market quickly (Coviello & Munro, 1995). Some researchers consider the born global firms as an exclusive phenomenon of specific industries such as the high technology one Others consider it an effect of globalization, since the trends and demands are assimilating, making it easier for different companies to enter the market (Wadeson, 2020). One firm that could be an example of this theory is the German Start-Up Gorillas, which has expanded into several foreign countries within one year. The risk-based aspect of the Uppsala model is, in fact, compatible with Born Globals where the risk involved in faster internationalization is low because of low costs and factors such as relatively homogeneous international preferences and founders’ pre-existing network connections (Wadeson, 2020).

2.4 Market Entry Modes (MEM)

There are five different entry modes for internationalization, which a company can choose when entering a foreign market. *Exporting* is the most likely way of expanding in a foreign country for SMEs in the wine industry, since it is less risky and does not require many financial resources (Johansson, 1997). Moreover, wineries themselves sell a product connected to their origin, which is unique to their producing place, so it cannot be replicated exactly in a different country (Dressler, 2015). One differentiates between indirect exporting and direct exporting. Indirect exporting means that one is in contact with home trading agencies (trading companies) that manage the entry in a foreign market for a firm; direct exporting refers to the firm contacting buyers abroad themselves by independently establishing contacts to customers and partners (Johansson, 1997). *Licensing* is the practice that one offers a foreign company to use the knowledge and rights from the company, most of the time in return for a fee plus a royalty on revenues (Johansson, 1997). Since this is not a common practice in the wine industry, it will not be discussed further. A similar and not common practice in the wine industry is *franchising*, where the domestic firm provides expertise and assists the reseller abroad (Johansson, 1997). *Strategic alliances* are collaborations among companies that exchange or share some valuable activities, e.g., joint R&D. A strategic alliance could be a joint venture, which involves financial investment and the creation of a new corporation (Johansson, 1997). One example could be Cloudy Bay, based in New Zealand, which is part of the LVMH Group, enabling them to share resources. The fifth option to enter the market is to enter the market with a wholly owned subsidiary, which is called Foreign Direct Investment (FDI). In the wine industry a FDI, could be to build a new winery in a foreign country such as the Winery Heinrich Vollmer in Ellerstadt, Pfalz which has built its second winery in Argentina, called Bodega Enrique Vollmer (Vollmer, 2020).

2.4.1 Export

As already stated, exporting is the most likely strategy for SMEs that offer products that are tied to their origin and cannot be duplicated in another country. It is always a strategic option for companies to export when the home market is very satisfied (Dressler, 2015). Thus, the firm is less dependent on one market and has additionally the opportunity to gain international experience and inspiration to improve quality and marketing (Lages & Montgomery, 2004). International trade agreements make it easier to export goods; the permanent reduction of

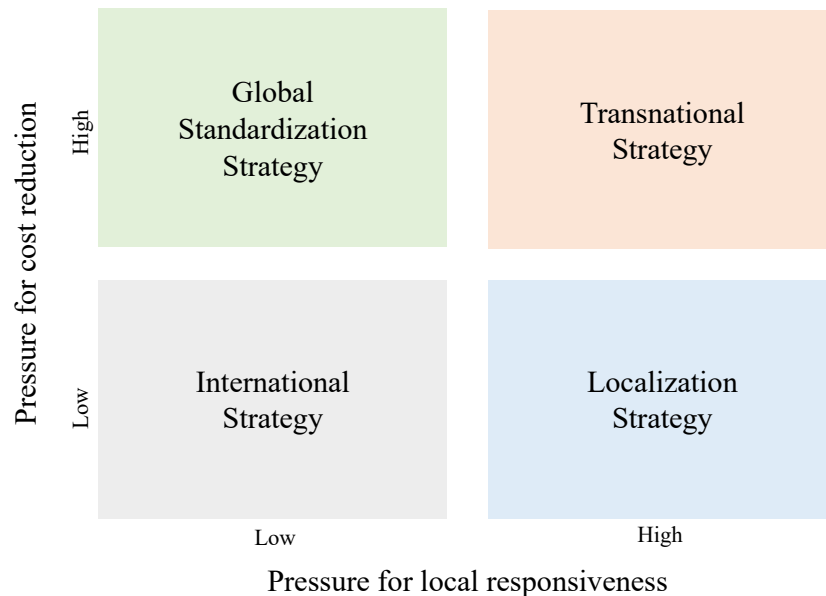
transport charges makes it more attractive to export, resulting in a growth of the export business (Dressler, 2015).

Many theories analyze the success factors of exporting. Since the wine industry mainly consists of SMEs, one needs to take a model into account which fits these firm sizes. Ali and Shamsuddoha came up with four critical success factors in the export sector which are: “export knowledge”, “export commitment”, “export strategy” and “export promotion programme” (Shamsuddoha & Ali, 2006). These will be used as an orientation in the following. And – in fact – already been applied to the wine industry in an empirical survey on German wineries and their export activities by Marc Dressler in 2015: The study revealed that the determinants, development of network and entrepreneurial commitment have the highest relevance in the overall category “export commitment” (Shamsuddoha & Ali, 2006).

Overall, the factor “export commitment” is rated as the second most important factor for German wineries (Dressler, 2015). The success factor “export knowledge” was the least important factor for wineries surveyed, which included the determinants: culture, knowledge of the market, consumers, sales requirement, competition, and knowledge management (Dressler, 2015). “Export Strategy” was considered the most important factor for international success. The factors of branding, merchandising, marketing, price management, target segments, adjustment of supply and storyline are summarized with the overall term “Export Strategy” (Dressler, 2015). All of them were rated as very important, still, the parameter supply adjustment and price management sparked out. The last aspect, “export promotion programme”, revealed heterogeneous results (Dressler, 2015). Being connected to opinion leaders in the home country is rated as particularly important, whereas communication of touristic activities and well-established infrastructure in the foreign markets are less crucial (Dressler, 2015). Taking all the different factors within the four success factors into account, the study showed that establishing a network in the country, where the firm wants to export, displays the most important factor (Dressler, 2015). This empirical survey will be used as a base to analyze the results of the study from this dissertation.

2.5 Four global strategies

There are four different strategies to enter a market with products and services as an enterprise which can be found in the table below:



Source: Coursera

Figure 2: Four global strategies (Bucheli, n.a.)

An *international strategy* is followed when there is low pressure of local responsiveness and low pressure to reduce costs. Local responsiveness corresponds to how the company customizes their products and methods to meet conditions in other countries. This would mean for the wine industry, that one sells the same wine – in this case, Vinho Verde and Riesling – in the foreign and domestic markets with no limitations on price. The *global standardization strategy*, however, has a high pressure of cost reduction. Therefore, it is important to lower prices as much as possible to succeed in the market. An example in the wine industry could be that Vinho Verde gets exported for lower prices than the prices in the export country to enter the market successfully. A *transnational strategy* is followed when the pressure for cost reductions and the pressure for local responsiveness is high. In this case, the wine producer must adapt its product, for example, through the design of the bottles and/or the taste, to meet the customer's demands. Simultaneously, the wine producer must be cautious about the pricing since the country is very price sensitive. Hence, the wine producer is in need to create a different product to its domestic products. A common practice in Germany is to sell German wine specifically produced for the export country, in Bag-in-Box (BIB) to Scandinavian countries. The last strategy on the table

is the *localization strategy*, which is used when there is high pressure for local responsiveness but low pressure for cost reductions. In this context, this implies that a winery is responding to local trends and tastes but does not need to compromise on the price. An example would be a winery that makes an extra bottling for a country and offers this for a higher price (Bucheli, n.a.).

The next chapters will analyze which strategy is followed by the chosen wineries for Vinho Verde and Riesling producers to enter a foreign market successfully.

3. Research methodology

In order to answer the prior formulated research questions, a literature review was conducted to gain a theoretical background, which helps to develop the following research method. To answer the RQs, a case study research with explanatory interviews is performed.

The collection of the data was performed through interviews. It would have been challenging within the network of the university, as well as within the researcher's network, to collect a sufficient number of answers with a survey. Instead, a mixed method research is conducted. Thus, the interview guidance consists of quantitative and qualitative questions, corresponding to a mix of open questions (e.g., How, What etc.) and closed questions (e.g., Rate the importance from 1 – 10). This method is also known as the concurrent embedded design method (Saunders, Lewis, & Thornhil, 2019). To answer the formulated RQs, explanatory interviews are conducted, which represent a set of questions that have the nature of open questions to gain insights into the different internationalization strategies. This method is recommended especially if one wants to understand an issue, problem, or phenomenon – in this case, the different internationalization approaches – and if one is unsure of the exact phenomena (Saunders, Lewis, & Thornhil, 2019). Due to their nature, these questions are rather flexible and therefore, the interviewer must be flexible and adjustable to the situation during the interview. Still, an interview questionnaire with statted questions was prepared and can be found in Appendix 6. The questions that aim to gain some quantitative insights are in the style of a structured interview with closed questions. The ones that are of a qualitative nature follow the structure of a semi-structured interview. The interview guidance consisted of 19 questions which assessed the following four topics:

- a.) The firm size, quality, market size, firm characteristics (Q1 – Q5)
- b.) The underlying internationalization strategy (Q6 – Q12, Q16)
- c.) The role of networks and other success factors influencing the success of internationalization process (Q13 – Q15)
- d.) Competitive environment and challenges (Q17 – Q19, will not be included in the analysis)

In this study, expert-interviews will be conducted to gain knowledge about the different approaches of internationalization. On the one hand, winemakers and winery owners are interviewed to gain first-hand insights into their internationalization journey. On the other hand,

there will be interviews that are rather on the wine industry's research side, such as the CVRVV and the Weincampus Neustadt, a university that offers programs in winemaking and oenology. This guarantees a good overview of the topic and avoids biases from interviewing only people who own a winery. The interviews are performed One-On-One and are conducted either in person or via Zoom. A table was created that depict the interviewed experts:

Interviewed Experts	Casa de Vila Nova	Anselmo Mendes	Quinta da Lixa	Manuel Pinheiro – Estimation Overall	Winery 1	Winery 2	Weingut Wegeler	Marc Dressler – Estimation Overall
Country	Portugal	Portugal	Portugal	Portugal	Germany	Germany	Germany	Germany
Number of produced bottles	2 500 000	700 000	6 000 000	total: 84 000 000	450 000	500 000	450 000	207 220 700
Revenue	3 000 000 €	< 5 000 000 €	12 000 000 €	not applicable	3 000 000 €	7 000 000 €	2 500 000 €	not applicable
Hectare per winery		120	105	21 000	86	50	64	24 000
Employees	19	20	35	not applicable	25	15	15	not applicable
Status of winery	Small Enterprise	Small Enterprise	Small Enterprise	not applicable	Small Enterprise	Small Enterprise	Small Enterprise	not applicable
Average export price	2,50 € (Interview)	4,20 (Interview)	2,50 € (Interview)	2,37 € (Interview)	9,00 € (Interview)	5,30 € (Interview)	7,50 € (Interview)	2,93 € (for all German white wines)
Rating: Wine Spectator	90	89	82	not applicable	88	90	86	not applicable

Figure 3: Table of interviewed experts (Grosche, et al., 2021) (Deutsches Weininstitut GmbH, Deutsche Weine, 2020) (CVRVV, 2021)

The table visualizes and contains the information about the interviewees. Eight interviews were conducted, while six of them were held with Managing Directors or Export Managers of the wineries shown in the table. Additionally, an expert is interviewed from each country to avoid biases and get an overall impression of the industry. Due to the company policies, the researcher had to anonymize two of the interviewed wineries, referring in the text as Winery 1 and Winery 2, corresponding to Expert 1 and Expert 2.

In general, one can say that they are all relatively similar in terms of firm size, which is not surprising due to the structure of the wine industry in both countries. All wineries interviewed are considered as small enterprises. Moreover, it is notable that all wineries are quite highly ranked in the Wine Spectator, suggesting a decent quality. To understand the ratings further, the key to the points can be found in Appendix 7. The number of bottles produced is similar for the German sample, whereas, for the Portuguese sample, it differs by 1.8 million and

approximately 5 million units. Taking a closer look at the average export prices, one can say that Anselmo Mendes performs above the average export price for Vinho Verde, while the wines from Casa de Vila Nova and Quinta da Lixa, rather represent the average price range of Vinho Verde. Since the Germans do not collect average prices for each grape variety, only the average export price for German white wine is presented. Comparing this price to the average Riesling export prices, asked in the interview, all of them are way higher than the average German white wine prices.

The underlying research design is a multiple case study, which is defined as: “in-depth inquiry into a topic or phenomenon within its real-life setting” (Yin R. , 2018). Case study research is appropriate for analyzing specific phenomena, such as the different internationalization approaches in the wine industry with a specific look on networks (Yin, 2011). A case study research from direct evidence is highly verifiable since it is collected directly from the roots of the problem (Saunders, Lewis, & Thornhil, 2019). A common misunderstanding is that case studies, due to their limited number of interview partners, cannot produce generalizable, reliable, and theoretical contributions to knowledge (Saunders, Lewis, & Thornhil, 2019). Due to the emerging trend of mixed research methods, which is also used in this dissertation, quantitative aspects of the research topic are included. Since this dissertation explores a phenomenon comparing two regions to each other, it is necessary to follow a multiple case study approach (Saunders, Lewis, & Thornhil, 2019). The intention here is to discover if findings can be replicated and generalized across the different cases. The cases are chosen based on the prediction that the findings are quite similar (Saunders, Lewis, & Thornhil, 2019). If it can be replicated, Yin (2018) calls these cases “literal replication” (Yin R. , 2018).

4. Analysis

As already introduced in the research methodology, eight experts from different wineries in the Vinho Verde Region and Riesling producers from the region Pfalz and Rheingau were asked the prepared questions. Since all these wineries are SMEs, selling mainly Riesling or Vinho Verde, are quite similar in size, and have significant export activities, this sample was chosen. This study aims to understand how the strategies of the different regions differ entering foreign markets (RQ1). Moreover, it will be explored how essential networks are in the process of internationalizing. Additionally, it will be analyzed, if informal networks and formal networks are evenly important or if there is a difference in importance between them (RQ2). The last question will compare the established research about success factors when exporting to the results that came up through the interviews. A summary of the different interviews can be found in Appendix 8. In Figure 4, the chosen wineries, excluding the industry exports, and their export activities are listed to emphasize the suitability of the chosen sample.

	Casa de Vila Nova	Anselmo Mendes	Quinta da Lixia	Winery 1	Winery 2	Wegeler	Average	Standard Deviation
Export Activities Vinho Verde/Riesling, produced in%	85	80	55	33	65	30	58	23.15
Export Activities Vinho Verde produced in%	85	80	55	-	-	-	73.33	16.07
Export Activities Riesling, produced in%	-	-	-	33	65	30	42.67	19.4

Figure 4: Table of export activities, Vinho Verde and Riesling (Grosche, et al., 2021)

The table suggests that on average nearly 60% of the wines from the interviewed wineries are getting exported (Grosche, et al., 2021). This seems too high when comparing the numbers to the chapters 2.2.1 and 2.2.2. That is why it can be said that the chosen sample does not represent the average export activities of Portuguese and German wineries. This can also be seen when looking at the standard deviation of the sample, which is relatively high, suggesting that the values are quite widespread. Even though this does not fit into the average numbers, it makes sense to investigate the different strategies. Because higher rates on export can hypothetically suggest a clearer strategy when it comes to internationalization.

4.1 Strategic similarities

To answer the first RQ: *What are the different approaches to internationalize between the wines Riesling and Vinho Verde?* The interview guidance aimed to find out about the strategy that is underlying the internationalization approaches Especially Q6 – Q12, Q16 (Appendix 6) target at finding out each company's strategy and are trying to assess the similarities and differences of the two regions.

First and foremost, it can be said that the dominating MEM of the firms is export. Every participant asked internationalizes through export business (Q6) (Grosche, et al., 2021). This result corresponds with the phenomena mentioned in the literature review, since wineries sell products that are tied to their origin, making it more likely to export their goods than for example make an FDI. Wine can be considered a primary product due to the non-reproducible and local characteristics that are demanded from other countries, which can only be satisfied through export (Dressler, 2015). This trait makes it a necessity to use export as a strategy. Otherwise, this regional product would lose its Unique Selling Point (USP) (Grosche, et al., 2021). Moreover, everyone stated that the export business is crucial for the success of the wineries. Due to the highly competitive domestic markets, it serves as a risk diversification within the strategy of the wineries. For example, Manuel Pinheiro, working at the CVRVV, illustrated the dependence in the home market Portugal by explaining that the leading domestic market for Vinho Verde are the supermarket chains, which is limited to two chains only. This stresses the competitiveness within the supermarkets, and the dependence on the B2B customer (Pinheiro, 2021). Thus, exporting can expand the customer base, reduce dependence on specific buyers, and can help to maintain prices above the average price.

In question six it is specified how the different wineries are exporting. It can be said that seven of the eight interviewees reported that they work with an importer (Grosche, et al., 2021). They are all stressing the importance of the connection with the importer as a success factor for internationalization. This indicates that the market entry approach is indifferent to regions and wines within the wine industry. The only one, who reported not to work with an importer solely is Quinta da Lixa. Instead, they are working closely with direct clients, since their main customers are supermarket chains, still the interviewee admitted that they are with importers working in some countries also (Vieira, 2021). This small difference in strategic direction can

be attributed to the winery's size and its consumer segment. All other interviewed wineries are in the premium segment, while Quinta da Lixa has a lower average price, and its products can often be found in retail stores. This can be one potential reason for the different strategic directions.

The classical approach of the SMEs within the wine industry describes Manuel Pinheiro in the expert interview. He explains the common steps that are undertaken entering a market successfully. The first step in the process is to establish a contract with an importer, which can be done by visiting fairs, contacting the importer through mutual colleagues, or contacting the importer directly (Pinheiro, 2021). The next step to successfully enter the market is to meet the importer in the country directly and work with him together to promote the wines in restaurants, wine shops, supermarkets, and other points of sales (Pinheiro, 2021). The last step that can be done is to increase foreign sales through extensive marketing like talking with international journalists, inviting them to the winery, and working with international sommeliers (Pinheiro, 2021). Every interviewee agrees that one of the most important channels to contact international customers is international fairs. Especially ProWein, which is a fair in Düsseldorf, is mentioned in every interview. Other important channels are platforms like LinkedIn, the media, and the support of CVRVV, VDP or DWI, which will be part of the discussion in section 4.3 (Grosche, et al., 2021).

Still, it is not possible to discover a clear internationalization strategy that the different wineries are following. It seems rather, that the internationalization of the wineries is unsystematic. Thus, the introduced main internationalization strategies for SMEs cannot be fully applied to the chosen cases. Even though the classical theories cannot be fully applied, it will be discussed in the strategic differences, which follows this section.

4.2 Strategic differences

4.2.1 Internationalization strategies

As already mentioned, one cannot see a clear strategic pattern entering foreign markets. One could, at least, assume that Portuguese Wineries and German Wineries do follow a certain strategy, but this is also not given. In the case of Casa de Vila Nova their strategy is to conquer those markets and importers, where Portuguese wines are not that present, to avoid direct competition from domestic wines. The interviewee favors rather "unpopular" countries because it is easier to enter the market and there is higher growth potential e.g., Israel (Miranda, 2021).

An approach that stresses global networks is the approach of Anselmo Mendes: Their international activities are based on former contacts of the winemaker, who has worked in multiple destinations before opening his winery in Portugal. Here one of the key drivers to internationalize is hypothetically the reputation of the winemaker Anselmo Mendes (Mendes, 2021). Furthermore, the only recently established winery has always exported most of its wines. Therefore, the Born Global Theory could be applied to this case, since they started their business and exported right after it. This would suggest that not only certain industries can come up with a born global firm. Similarly, Winery 1 revealed that they had also the advantage of reputation and international orientation, since they were the first winery in the palatinate region that introduced an international wine classification system just as in Burgundy (Premier Cru, Grand Cru, Village). This made them unique and made it easier to enter the international market (Expert 1, 2021). Therefore, for both wineries in the premium segment, no clear strategy is followed. It is rather an unsystematic result of their activities. This reveals that one cannot detect a certain strategy followed by a winery that is from a specific country, suggesting that there is no strategy that is tied to the origin of the country nor to the grape varieties that are produced. There might be different determinants that influence the chosen strategy. Or no "real" strategy is followed and that the internationalization process is rather an unsystematic process, since they all differ.

All interviewees stress that having connections "with the right people" is crucial and establishing an international network, which is mainly expanded through being present in the market or networking at fairs (Grosche, et al., 2021). Grosche explains that he already has a very mature network that helps him to enter the foreign markets, because the potential business partners became friends and trust each other (Grosche, 2021). This speaks for the *Social*

Network Theory (SNT) because this theory highlights the importance of utilizing relationships to run the business abroad successfully. Professor Dressler emphasizes that there is no one winning strategy (Dressler, 2021). He argues many variables influence the strategy of a winery to enter foreign markets. One of them is the size of the firm, or the customer segment that the winery wants to address with their wines (Dressler, 2021).

The usage of different strategies can also be seen, when asking the interviewees about taste-and bottling adjustments that are made for international markets. This depends on the market segment, for Dressler: *are we talking about premium products or easy drinking wines?* (Dressler, 2021). He states that for high-end wines, the determinate terroir (country-specifics, soil) is essential and therefore it does not make sense to adjust the taste depending on the country that imports it (Dressler, 2021). This observation can also be made by talking to the premium segment of wineries interviewed (Winery 1, Winery 2, Wegeler, Mendes). All of them affirm that a change of taste would destroy the recognition value and thus the USP of the winery, which would make the price of the product unjustified (Grosche, et al., 2021). Still, they admit that there are some special bottlings for importers or specific customers. Even though this is the case, their strategy speaks more for an *international strategy* in the framework of global strategies since they stick to their price segment and occasionally change the taste.

Adapting to the local taste would mean that they follow a *localization strategy*. In the lower price segment, many adjustments are made to meet the taste of the broad consumers and are supported with innovative marketing ideas (Dressler, 2021). This can be seen in the cases of Quinta da Lixa and Casa de Vila Nova. Here they still try to keep their DNA of winemaking but adjust their wines to the demands of their customers if this is communicated early enough. Similarly, to the previous sample of the premium segment, one can see that they use a mixture of *localization* and *international* strategy. Also, Pinheiro, explains in the expert interview that it is common in the Vinho Verde region to adjust the taste according to the demand internationally (Pinheiro, 2021). With regards to the labelling, bottle cap, and the kind of bottle, all of them are adjusted to the consumer needs if possible (Grosche, et al., 2021). Another commonality is that the wineries are not only adjusting their wines to the international taste, but they are also inspired by working in an international environment. One example that Grosche gave for this observation is, that he had the idea to market one of his Riesling as a brand, called “Bone Dry” (Grosche, 2021). He came up with this idea because he observed that Rieslings are

almost always associated with sweet wines in the American market. With this wine he wanted to correct this misunderstanding and strengthen the reputation of dry Rieslings (Grosche, 2021).

To summarize the topic of the chosen internationalization strategies, it is valid to say that everyone uses a slightly different approach and that there are diverse strategies present for each winery. Surprisingly, no pattern can be discovered looking for each of the countries. This suggests that there is no specific strategy chosen based on the country. In contrast it seems, that other determinants influence the chosen strategy such as customer segment, price and others that need to be discovered.

4.2.2 Motives to enter foreign markets

Additionally, a finding that fits the diverse findings of the used strategies are the motives to enter foreign markets that the interviewees rated in Q12. It can be summarized that neither the strategy, nor the motives to enter foreign countries are “one size fits all”. In this next figure the expert list and rank the different motives to enter foreign markets. Those motives were named without introducing any of the motives.

	CVRVV, Manuel Pinheiro	Casa de Vila Nova, Rui Miranda	Anselmo Mendes, Tiago Mendes	Quinta da Lixa, Diogo Vieira	Winery 1	Winery 2	Wegeler, Richard Grosche	Wein- campus, Marc Dressler	Average	Included in the answer by:
Risk diversification	1	2	-	1	3	1	2	-	1.666666667	6 out of 8
Entering markets with higher value	2	1	2	2	-	2	-	-	1.8	5 out of 8
Safe turnover	-	-	1	-	1	-	3	1	1.5	4 out of 8
Reputation	-	-	-	-	2	2	-	2	2	3 out of 8
Branding	-	-	-	3	-	-	1	-	2	2 out of 8
Internationalization improves quality	3	-	-	-	-	-	-	-	3	1 out of 8
Promote region and their quality	-	-	3	-	-	-	-	-	3	1 out of 8
Fun at internationalization	-	-	-	-	-	-	-	3	3	1 out of 8

Figure 5: Table depicting motives to enter foreign markets (Grosche, et al., 2021)

Looking across the regions one can say that *risk diversification* seems to be one of the most important motives to enter foreign markets, since six out of eight interviewees considered them as one of the three most important motives. Another crucial factor seems to be to *enter markets that offer higher value*, which five of eight found important. The experts found that the third most important attribute is *safe turnover*, which means that through exporting, they can sell all their wines and not rely only on the domestic market. Further, a fascinating fact is that only the German interviewees mentioned the factor *reputation*. All of them explained that through being internationally present and recognized, the winery's reputation domestically rises. Being present in top gastronomic institutions raises awareness for the winery and helps to be recognized internationally and domestically (Grosche, Dressler, Expert 1, & Expert 2, 2021). The other named attributes are neglected in the further analyzes since they are not representative at all.

Portugal	CVRVV, Manuel Pinheiro	Casa de Vila Nova, Rui Miranda	Anselmo Mendes, Tiago Mendes	Quinta da Lixa, Diogo Vieira	Included in the answer by:
Risk diversification	1	2	-	1	3 out of 4
Entering markets with higher value	2	1	2	2	4 out of 4
Safe turnover	-	-	1	-	1 out of 4
Reputation	-	-	-	-	0 out of 4

Figure 6: Table depicting Portuguese's motives to enter foreign markets (Pinheiro, Miranda, Mendes, & Vieira, 2021)

Looking closely at the Portuguese motives one can state that *risk diversification* is, like the German motives, one of the strongest arguments to enter foreign markets. This is probably, due to the high domestic competition and the dependence on the two supermarket chains which are the main customers for the wine industry. *Entering markets with higher value* is rated as one of the essential motives from everyone, right after the factor *risk diversification*. This is probably due to the rather cheap average price of the Vinho Verde in the domestic market. Being internationally present helps wineries to get inspired by the international taste, which helps to increase quality and price (Pinheiro, 2021). Moreover, entering new markets can help attract customers who have a higher willingness to pay or a higher price level and with that generate more revenue. Comparing this to the German results, which are shown below, one can say that they differ especially concerning the motive “*entering markets with higher value*” and

“*reputation*”. Here one can suspect that this is due to a higher price level for wines in Germany, which makes it less obvious for the interviewees to strive for markets with higher value.

Germany	Winery 1	Winery 2	Wegeler, Richard Grosche	Wein-campus, Marc Dressler	Included in the answer by:
Risk diversification	3	1	2	-	3 out of 4
Entering markets with higher value	-	2	-	-	1 out of 4
Safe turnover	1	-	3	1	3 out of 4
Reputation	2	2	-	2	3 out of 4

Figure 7: Table depicting German's motives to enter foreign market (Grosche, Dressler, Expert 1, & Expert 2, 2021)

As previously stated, *risk diversification* seems to be one important reason to internationalize. Like the Portuguese market, the German market is also very concentrated and can be considered a predatory market which means that if one cannot fill the spot on the shelves, someone else will come into this place (Grosche, 2021). Therefore, internationalization reduces the dependency on only one market and thus there are more opportunities to sell one’s products. This is connected to the other motive, *safe turnover*, which seems to be one of the drivers to enter international markets. Safe turnover means being less dependent on the domestic market and there is a higher guarantee that wineries sell all of their wines. As already stated in the introduction of this section, *reputation* seems to be a quiet influential factor to internationalize.

4.3 The role of networks

As previously mentioned, networks play a crucial role for the interviewees to internationalize. The overall impression that one gets in Q13 - 15 is that networks help succeed when entering a new market. Across the two countries, everyone considered them to be very important. However, the results differ throughout the countries when looking at the two different kinds of networking, namely formal and informal networks. The following table depicts the ratings from the interviewees. They were asked to rate how important informal and formal networks are on a scale from one to ten, with ten being most important.

	Casa de Vila Nova	Anselmo Mendes	Quinta da Lixa	CVRVV	Winery 1	Winery 2	Wegeler	Wein-campus	Average	Standard Deviation
Informal networks	7	9	6	5	5	10	10	9	7.625	2.13
Formal networks	10	6	10	9	9	8	8	8	8.5	1.31

Figure 8: Overview rating informal vs. formal networks (Grosche, et al., 2021)

Looking at the overall impression of this table, one can say that formal networks are of greater importance on average. On average formal networks rate an 8.5, which can be interpreted as quite important for internationalizing whereas the average of informal networks lies 0.875 points below that of formal networks. The standard deviation helps to interpret how dispersed the results are: looking at the standard deviation of informal networks, the values are quite dispersed. The smaller the standard deviation, the more concentrated the values, which is the case for formal networks, indicating a clearer result. The interpretation here could be that all the asked interviewees agree on the relatively high importance of formal networks when entering new markets. It can be suspected that the relatively high standard deviation result from the country- and wine specifics which is why these will be discussed in the upcoming paragraph.

Overall, there is an indication that formal networks seem to be more critical, which is aligned with the cited studies in the literature review. This study stressed that formal networks could boost internationalization more than informal networks could because they provide the SMEs with less redundant information and focus on the goal to enter new markets. Looking at the Portuguese results, the results underline the previously mentioned study.

	Casa de Vila Nova	Anselmo Mendes	Quinta da Lixa	CVRVV	Average	Standard Deviation
Informal networks	7	9	6	5	6.75	1.71
Formal networks	10	6	10	9	8.75	1.89

Figure 9: Portuguese rating informal vs. formal networks (Pinheiro, Miranda, Mendes, & Vieira, 2021)

This breakdown shows a more precise picture than the overall overview since a difference of two points between informal and formal networks can be observed. It is noteworthy that only one interviewee, namely Anselmo Mendes, rated informal networks as more important (Mendes, 2021). This can be considered as an outlier in this table. Mendes reasons this by admitting that they have a special position in the market since they are different from the average Vinho Verde producers. Additionally, he sees the value of formal networks such as the CVRVV, which support with export activities, which can be helpful if one has no established connections within the industry (Mendes, 2021). It would be even clearer if one excluded this outlier from the rating since the resulting standard deviation would be close to zero. Due to the existing outlier, the standard deviation is still relatively high. One of the reasons why the interviewees consider formal networks as more important is that formal networks support promoting, making connections, and helping to successfully export into different countries (Pinheiro, Miranda, Mendes, & Vieira, 2021). Informal networks are mainly seen as a door opener but are rated as less important in the long term. Regarding RQ2 for the Portuguese Vinho Verde, the interviewees consider formal networks as more useful to successfully internationalize.

When taking the results from the German interviewees into account, there is a contrast to the Portuguese results and the results are less evident than in the case of Vinho Verde. Likewise, an outlier can be detected that does not follow the same trend as the majority (Grosche, Dressler, Expert 1, & Expert 2, 2021).

	Winery 1	Winery 2	Wegeler	Wein-campus	Average	Standard Deviation
Informal networks	5	10	10	9	8.5	2.38
Formal networks	9	8	8	8	8.25	0.5

Figure 10: German rating informal vs. formal networks (Grosche, Dressler, Expert 1, & Expert 2, 2021)

Regarding the outlier, which ranks the formal network higher than the informal network, the membership in the VDP is a door opener (Expert 1, 2021). Still, it cannot be clearly said which one is the more useful network since the values differ only by 0.25. One conclusion that can be drawn is that the formal networks have a high value, and everyone agrees on it, which is suggested by the low standard deviation. Another main formal network that was mentioned is the Deutsches Weininstitut (DWI), which shares the views of CVRVV and supports export activities and connects importers with German wineries. Still, all the interviewees consider informal networks as a necessity to first get in contact with the formal networks and consider them as door openers into the industry; thus, they attribute high importance to them (Grosche, Dressler, Expert 1, & Expert 2, 2021). One conclusion that can be drawn from the interviews is that the interviewees suggest that the wine business is a people's business and that it is crucial to have a good connection with business partners and competitors, will most likely become friends eventually (Grosche, Dressler, Expert 1, & Expert 2, 2021). A clear answer to RQ2 cannot be drawn, but the hypothesis, namely that informal networks are more important, that was made in the beginning, seems to have an indication in the German wine industry.

To conclude, it cannot be said that there is a clear indication on which network is more useful. Even looking at the differences between the regions, one cannot detect a clear result, since this sample is too small and there are outliers, which distorts the small sample. One can only hypothesize why the Portuguese sample sees greater importance in formal networks whereas Germans rate the informal ones as more crucial. This can have several reasons: one reason could be cultural. It might be the case that Portuguese are more collectivistic and like to work with formal networks to succeed. In contrast the Germans might be a more individualistic culture and therefore prefer to rely on themselves and establish a network for themselves (Brewer & Venaik, 2011). Other variables that could influence the judgement could be, for example the quality, the price and maybe also the personality of the person who oversees internationalization.

Still, one can see a tendency that the study, introduced in the literature review, is validated through this small sample. Ideally, one would need to run a separate survey with a representative number of participants on this topic and explore the variables that influence the judgement on when informal networks and when formal networks are preferred. Nevertheless, network is not the only factor influencing the success of internationalization.

4.4. Success factors

To answer the last RQ the interviewees were asked to rate the three most important factors that influence the success of internationalization. Since the ratings from one (=very important) to three (=less important) resulted in diverse findings and not generalizable results, the ratings are rather disregarded. A table was created to depict the success factors from the different interviewees:

	CVRVV	Casa de Vila Nova	Anselmo Mendes	Quinta da Lixa	Winery 1	Winery 2	Wegeler	Wein-campus	Average	Included in the answer by:
Networking (informal /formal)	2	-	1	-	-	-	1	2	1.5	4 out of 8
Close relationship with importer	1	-	-	-	1	1	-	-	1	3 out of 8
USP of the winery	-	-	3	-	3	-	-	3	3	3 out of 8
Engagement in the market	-	-	2	-	2	3	-	-	2.33	3 out of 8
Quality & price	-	3	-	1	-	2	-	-	2	3 out of 8
Adjustment / flexibility	3	1	-	-	-	-	-	-	2	2 out of 8
Knowledge of the market	-	-	-	-	-	-	3	1	2	2 out of 8
Branding	-	2	-	2	-	-	-	-	2	2 out of 8
Media / Critiques	-	-	-	-	-	-	2	-	2	1 out of 8
Volume	-	-	-	3	-	-	-	-	3	1 out of 8

Figure 11: Factors that influence the success; overview (Grosche, et al., 2021)

As it can be seen in the table the findings are quite diverse. The previously discussed success factor network seems to be important when comparing it to the other ones, as it is one of the most mentioned ones. 50% of the interviewed named this in their top three success factors. This is still very surprising, since when asking them before on the importance of networking, everyone stated that it is important, suggesting that nearly everyone would include this in their top three success factors. This success factor is also considered as one of the most crucial factors in existing literature, which is discussed in chapter 2.6. This corresponds to the overall success

factor “export commitment” (Shamsuddoha & Ali, 2006). Another success factor fitting the category “commitment” is the second most frequently named one, namely the relationship with the importer, which also fits the overall topic “networking”. This close connection with the importer helps wineries know the latest trends, country specifics and the most important customers in the country. Pinheiro emphasizes this by saying that the importer and the winery must work as if they were working for the same company to succeed in a foreign market (Pinheiro, 2021). The next success factor matches the close cooperation with the importer: market engagement in the export business means acting together with the importer. This can be in restaurants, bars, fairs, or wine shops. Everyone who mentions this as a factor agrees that the more present the winery is in the market, the more successful the sales in the market will be (Grosche, et al., 2021).

Additionally, the winery and its USP seem to be a factor that can also help to internationalize successfully. As already mentioned, most of the interviewed wineries are from the premium sector, which can be a reason for the result of this question. If those interviews had been conducted with more standardized producers, it could have been that this factor would not have been named, since they are competing not on quality but on pricing. This tendency can be seen in the table above since the wineries that have a lower average price (Quinta da Lixa and Casa de Vila Nova) do not include this factor in their rating. The last factor that will be discussed is “Price & Quality”, the other factors will be disregarded because less than three people considered them to be important and therefore shows no real significance. Mendes considers quality as the umbrella for export activities. If the quality is not there, there will be no success in the domestic nor in the foreign market (Mendes, 2021). Three out of the eight interviewees agree on this statement. Moreover, the pricing must be competitive to the other wines that are offered on the international market (Grosche, et al., 2021). This factor fits the overall "Export Strategy" factor since their price management is very important when entering foreign countries.

Overall, it can be said that not all success factors in the literature review appear in the results of this case study research. One reason that not all the factors from the research were mentioned is that the interviewer limited the interviewees to three success factors in their answers. The least important factor in Dressler's research, namely market knowledge, did not come up during the interviews, which seems surprising because the Scandinavian Uppsala Model considered this one of the key drivers to success abroad. This could be because everyone works closely

with an importer and therefore it might not be necessary to have deep market knowledge. Another reason for mixed results is that the sample is biased and too small to draw objective conclusions.

Furthermore, one can see that there are no crystal-clear results, since the most frequently named success factor is mentioned by four out of eight people, which does not present an objective picture because it has only been mentioned by 50%. The only result that can be drawn from this rating-exercise is that the success factors are very diverse and cannot be generalized. Therefore, it does not make sense to further look at them and compare the two different countries individually. Also, here it most likely depends on different variables that influence the judgement of the interviewees, such as the wineries size, the quality, the judgement of the interviewees and many more variables that should be considered in further analysis. Nevertheless, it can be said that this small exercise in rating the success factors revealed the same indication as the study performed by Dressler, since it shows there is an indication that networks have an enormous influence on the success of the export activities of wineries.

5. Conclusion

This multiple case study approach assesses the internationalization strategies between the German Riesling and the Portuguese Vinho Verde wineries. In general, it can be concluded that the studies reveal similar approaches overall due to being in the same industry. Examples of their similarities in strategy include the export approach, the motive of risk diversification and many more. Whereas differences occur in how the different wineries enter countries, for example by using an international strategy or a localization strategy. Those differences are not limited by country borders but by wineries. Revealing that strategic decisions differ not only by cultural or country differences but also seem to be influenced by different variables, which need to be explored in further research. Whereas in the category motives to enter foreign markets, it is shown that there are different motives across borders, suggesting a less similar industry countrywise. The first hypothesis, saying that the approaches on how to enter foreign markets do not differ highly in their strategy, is proven by the multiple case study approach, while the motives to enter foreign countries slightly differ when comparing Vinho Verde and Riesling wineries. The second RQ revealed that the results support the existing literature, saying that formal networks are more valuable than informal networks. This result partly matches the formulated hypothesis since it has formerly been stated that informal networks are more important. This finding is only valid for the German sample, but one must see this result with caution since the sample is quite small, and the standard deviation is relatively high. This leaves room for more research in this field. The last RQ backs up the previous RQ, since the most crucial success factor for internationalization is networking, which supports the existing literature as well. This matches the formulized hypothesis, which states that networking impacts the success of entering foreign markets. Still, no accurate conclusion of the last RQ can be drawn, since the named success factors are very diverse, and no real pattern can be explored.

Overall, it is valid to state that the strategies behind the different wineries are diverse and therefore not differ by country borders. However, no explicit strategy behind their international processes is discovered. It seems that every discussed case is very individual, which makes it difficult to compare the Portuguese and German strategies directly. Moreover, it appears that there are different variables than the origin and the grape variety, that determine the strategy and the success factors for internationalization. Thus, it can be said that one should analyze

further the variables that influence the decisions of the wineries to understand the internationalization process of wineries.

6. Limitations and further research

As already teased previously, there are limitations on this multiple case study, and there is room to conduct more research in this field. Firstly, it has to be admitted that the sample size is not big enough to generate significant results. The proposed results indicate the need to proceed with further research. Therefore, it is suggested to expand this multiple case study into a survey, where a significant number of wineries are asked about the topics covered in this dissertation. One field that can be further explored is to do research about the variables that influence the choice of a specific strategy. Potential variables could be the average price, the size of the winery, the quality and many more. It might make sense to group certain wineries into subgroups to assess if certain variables determine the internationalization strategy, no matter where the winery is located

Since the questions that addressed the importance of networks revealed that they are highly important, it is necessary to proceed with these findings. Especially with a larger sample and one, representing the average winery in Portugal and Germany, the results will probably get more explicit and less diverse. If the tendencies that Portuguese wineries prefer formal networks, while German wineries prefer informal networks proves right; it would be highly interesting to analyze which cultural backgrounds and settings of the industry influence this perception. Additionally, there is still potential to find out more about the factors that influence the success of internationalization. Since the findings from this dissertation are quite diverse, one would need to expand those interviews into a survey to reach a larger audience to generate significant results.

7. Appendices

Appendix 1: Establishment by size of firm in the German wine industry

Establishments by Size of Firm in the German Wine Industry											
	Micro Enterprises		Small Enterprises		Medium Enterprises			Multinationals			
Year / Employees	1 - 4 Emps.	5 - 9 Emps.	10 - 19 Emps.	20 - 49 Emps.	50 - 99 Emps.	100 - 249 Emps.	250 - 499 Emps.	500 + Emps.	Unkown	Total	
2020	433	184	130	105	26	11	2	1	150	1042	
2021	455	194	136	110	27	12	2	1	158	1095	
2022	474	202	142	115	29	12	2	1	164	1141	
% of Firms in 2020	59.21%		22.55%		3.55%		0.29%		14.40%	1	

Appendix 1: Establishments by size of firm in the German wine industry (C. Barnes & Co, 2021)

Appendix 2: Establishment by size of firm in the Portuguese wine industry

Establishments by Size of Firm in the Portuguese Wine Industry											
	Micro Enterprises		Small Enterprises		Medium Enterprises			Multinationals			
Year / Employees	1 - 4 Emps.	5 - 9 Emps.	10 - 19 Emps.	20 - 49 Emps.	50 - 99 Emps.	100 - 249 Emps.	250 - 499 Emps.	500 + Emps.	Unkown	Total	
2020	56	24	17	14	3	1	0	0	34	149	
2021	58	25	17	14	4	1	0	0	35	154	
2022	61	26	18	15	4	2	0	0	35	161	
% of Firms in 2020	53.69%		20.81%		2.68%		0.00%		22.82%	1	

Appendix 2: Establishments by size of firm in the Portuguese wine industry (C. Barnes & Co, 2021)

Appendix 3: Overview of the most important export countries

Übersicht / Table 17

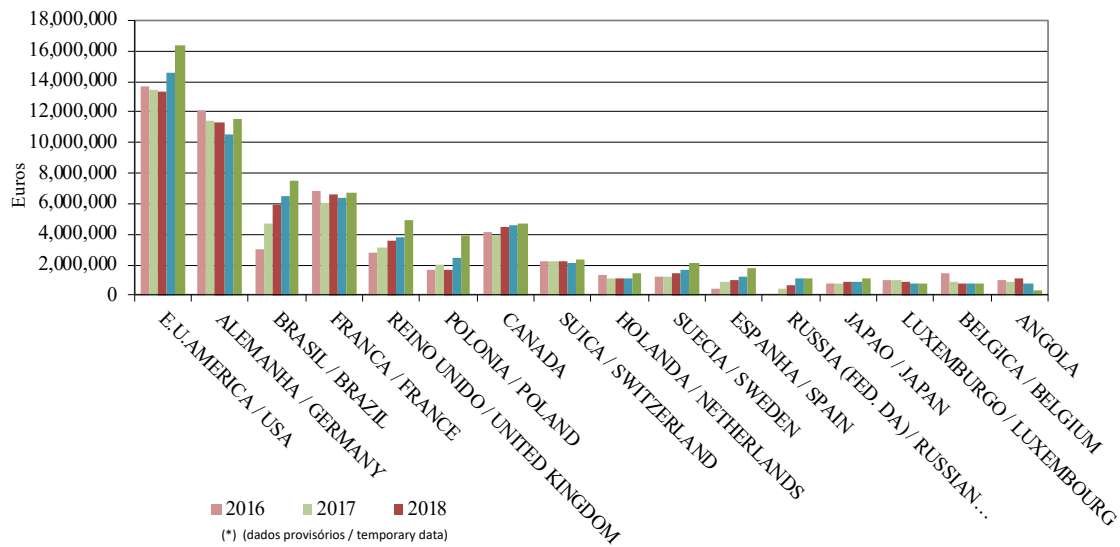
Die wichtigsten Weinexportländer 1990 – 2019

Wine exports 1990 – 2019 by country – top 10

Länder/ Countries	in Mio hl / millions of hl								Veränderung / Change in %	
	1990	2000	2010	2015	2016	2017	2018	2019*	1990/2019	2018/2019
Spanien	4,3	8,7	17,7	24,7	22,6	23,0	20,0	21,3	395,3	6,5
Italien	13,5	17,0	21,8	20,1	20,6	21,2	19,6	21,6	60,0	10,2
Frankreich	12,3	15,1	13,5	13,9	14,1	15,0	14,2	14,2	15,4	0,0
Chile / Argentinien	0,5	3,5	10,1	11,5	11,7	11,6	11,2	11,4	2.180,0	1,8
Australien / Neuseeland	0,4	3,1	9,2	9,5	9,4	10,4	11,1	10,1	2.425,0	-9,0
Südafrika	0,0	1,4	3,8	4,2	4,3	4,5	4,2	3,2	**	-23,8
USA	1,0	2,9	4,0	4,2	3,8	3,5	3,5	3,6	260,0	2,9
Deutschland***	2,8	2,4	3,9	3,7	3,6	3,8	3,7	3,8	35,7	2,7
Portugal	1,6	1,6	2,6	2,8	2,8	3,0	3,0	3,0	87,5	0,0
Gesamtexport / Total	44,4	60,0	92,9	105,3	104,1	107,9	108,0	108,0	143,2	0,0

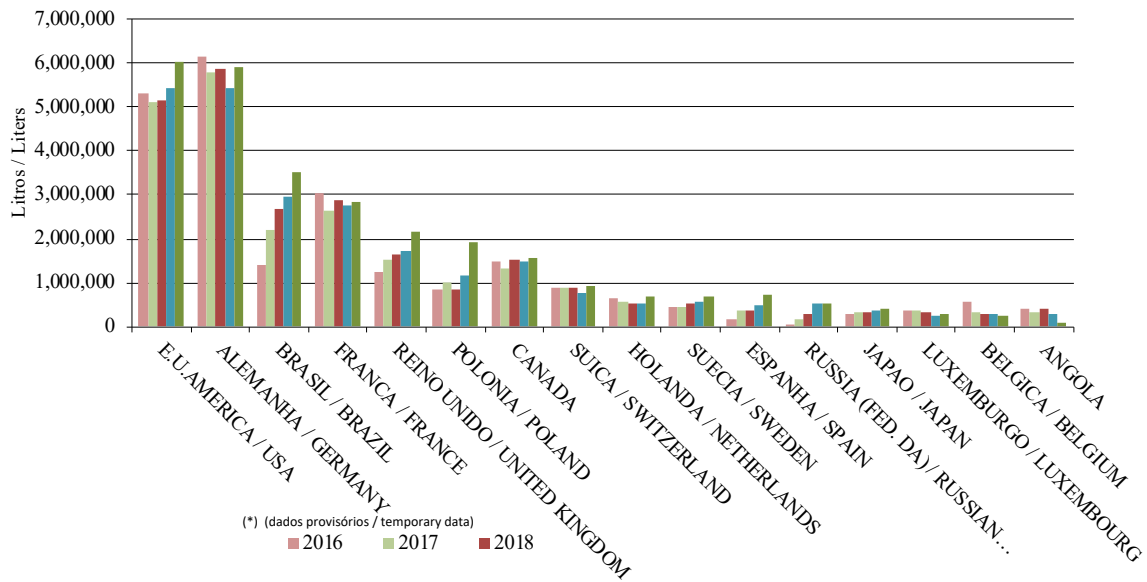
Appendix 3: Most important export countries (Deutsches Weininstitut GmbH, Deutsche Weine, 2020)

Appendix 4: Value of exported Vinho Verde in liters (2016 – 2021)



Appendix 4: Value of exported Vinho Verde in liters (2016 - 2021) (CVRVV, 2021)

Appendix 5: Value of exported Vinho Verde in euros (2016 – 2021)



Appendix 5: Value of exported Vinho Verde in euros (2016 - 2021) (CVRVV, 2021)

Appendix 6 – Interview guidance

Interview Guidance Internationalization

Interviewer: Chiara Drochtert

1. What is your role in the winery / Institute?
2. How large is the/ your market? In terms of employees and revenues?
3. How much % of your wines is Riesling / Vinho Verde?
4. How much Riesling / Vinho Verde gets exported by your company?
5. In which foreign markets do you currently operate?
6. How important is internationalization for you and what were your motives to enter a foreign country?
7. Can you rate the three most important motives from 1 (most important) to 3 (less important)?
8. How did you enter foreign markets?
9. How do you sell your wines (Market Entry Mode): through a distributor, own marketing effort etc.?
10. Can you describe the journey of your internationalization?
11. What factors influence the success of internationalization?
12. Rate the three most important factors on an order from 1 to 3?
13. How important do you consider a network in the process of internationalization?
14. How important would you rate networks on a scale from 1 – 10?
15. To what extent makes it sense to cooperate with competitors?
16. Do you make any adjustments on the product, when you sell your products e.g. change the design, taste etc.?
17. Who are your main competitors in the market abroad?
18. Are new world wines a competition for you, and if yes, how did you react to the entering of the market?
19. Challenges

Appendix 7: Wine Spectator rating

Wine Spectator Points	Description
95-100	Classic: a great wine
90-94	Outstanding: a wine of superior character and style
85-89	Very good: a wine with special qualities
80-84	Good: a solid, well-made wine
75-79	Mediocre: a drinkable wine that may have minor flaws
50-74	Not recommended

Appendix 7: Wine Spectator ratings (Wine Spectator, 2021)

Appendix 8: Summary Results of the interviews

Questions	Results Interviews Comparison Vinho Verde and Riesling							Summary
	CVRVV, Manuel Pinheiro	Caia de Vila Nova, Rai Miranda	Anselmo Mendes, Tiago Mendes	Quinta da Lixa, Diogo Vieira	Winery 1	Winery 2	Wegler, Richard Grosche	
1. What is your role in the winery / institute?	CEO of the institute	Export Manager, relationship with clients, trade shows, visit markets, Marketing	Son of Anselmo Mendes, Export Manager, Family business	Communication Manager, Export Manager	Export Manager for Scandinavian countries, Benelux	Export Manager, Sales and Customers	Managing Director Weingut Wegler, former Wine Journalist and CEO Riechard von Bahl	Professor for Marketing and Entrepreneurship at Weinmann Neustadt
2. How large is the wine market in terms of importation and revenue?	16 000 grape producers 378 bottles 17% market share (2nd) export: 74 million € / 31 million litres	1 new Winery, started 2009, 2.5 million bottles, 50% of trade, 50% on trade low revenue: 1819; Revenue 2021 2.5m	20 ha, 20 employees 100 seasonal workers, 700 000 bottles,	6 000 000 bottles, 35 employees, 12 000 revenue, 105 ha	86 hectares, 25 employees + seasonal workers, Revenue: 3 million	50 ha, 15 employees, 500 000 bottles, Revenue: 7m	64ha 450 000 bottles 2.5 m revenue	24 000 ha, worldwide for Riesling 60 000ha, Riesling is dominant in Germany
3. How much % of your wines is Riesling / Vinho Verde?	not applicable	90%, average price: 2.5	98%, the rest is experimentation	100%	92%	70%	97%	not applicable
4. How much Riesling / Vinho Verde gets exported by your company?	50% get exported	85%	80% export	55%, 38 markets	1/3 gets exported, 1/3 direct from the winery, 1/3 Germany wine shops and restaurants	50% overall, Riesling: 65-70%	30%, wants to increase the export share	will send it to me
5. In which foreign markets do you currently operate?	US is the most important market with 16 million €, but it is not known in the USA growth potential	UK, Netherlands, Brazil, Russia is in the coming -> Partner is key, diverse other "topical" countries because it is easier to enter the market and higher growth potential (e.g. in Brazil)	Sweden, Canada, Quebec, USA, Germany, Russia, UK, Belgium, NL, Brazil	Germany, holland, UK, Brazil, Russia, Japan, Poland	40 countries, USA, scandinavian countries and traditional countries like Italy, Spain, France	Norway, Sweden, USA, Switzerland, AU, Japan	China, Sweden, Denmark, Africa, Missing: Norway, USA, UK, Japan, Australia, NL	
6. How important is internationalization for you and what were your motives to enter a foreign country?	risk diversification, exporting limits risk, since portuguese wineries are mostly produced on 2 supermarket chains Samsulovity Vinho Verde is drunk in 1st Risk Diversification	export is core business, domestic market is highly competitive and price sensitive, high brand loyalty in the portuguese market and more traditional brands, entrance the market is strategic. Low season volatility	export is core business high reputation of the winemaker export price is for Vinho Verde very high (€)	national market is well, but very competitive, thus they need to internationalize pricing is aggressive, higher value in other markets	Germany is the most important market high demand for Bratko Wolf-wines in the premium segment	very important, helps to diversify the risk so that you are not dependent on one country; strengthens reputation and visibility, higher prices, higher demand from customers if the product is all	risk diversification because domestic market is very mature primary market growth culture wants recognition from foreign countries brand diversification image	Politaine is not the biggest export region, but the market is mature and to grow as a winery it is important to export or get involved in exportation
7. Can you rate the three most important motives from 1 (most important) to 3 (less important)?	1st: Risk Diversification 2nd: expand markets and enter markets of higher value 3rd: internationalization improves quality of wines	1st: safe turnover 2nd: flexibility on the market (risk diversification) 3rd: promotion Quality of Vinho Verde	1st: safe turnover 2nd: enter markets of higher value 3rd: promote Quality of Vinho Verde	1st: risk diversification 2nd: markets of higher value 3rd: branding "reputation"	1st: Risk Diversification 2nd: Being known, reputation, prestige 3rd: Risk Diversification, because Germany is a highly competitive	1st: Risk Diversification 2nd: Reputation 3rd: higher prices	1st: Branding, your wines must be drunk in the most prestigious wines, meeting in home recognition 2nd: Safety through diversification 3rd: sales potential	1st: safe turnover 2nd: build reputation 3rd: an internationalization
8. How did you enter foreign markets?	most of the wineries use help of the CVRVV to establish a contact with an importer	"Risk fair" are important to expand networking, LinkedIn, avoid markets where there are a lot of portuguese wineries because they value more traditional areas	rather random due to the activities of Anselmo Mendes, through travelling he met a lot of people in the industry and made connections	International fairs, CVRVV (help and support) go to the fairs, bring foreign buyers to the estate, internet;	Bratko Wolf is a role model for the justification Region, and started internationalizing in the 90s. Due to their international classification system (which other wineries did not have or still do not have) they were more competitive in the international market and it was easier to enter	research important importers (which product portfolios fit to the brand), through existing partners visibility through fairs, Media such as Parker influences export activities; formal	no connections: research information, understand the structure, who are the important players, with who do I need to talk, when is the best time, are there important fairs?	common practice is to work with an importer: create networks through fairs e.g. Provenis, or use DWI and EU support exporting
9. How do you sell your wines Market Entry Made: through a distributor, own marketing effort etc.?	Through an importer very few cases that have a direct contact	through key importer, develop a relationship with them, support them	through exporters 2 agents e.g. in Germany, USA	mainly through direct clients - some importers	importer - some only one importer e.g. one importer for restaurants and one importer for wine shops	importer	importer	importer
10. Can you describe the journey of your internationalization?	1st: Establish a contact with an importer 2nd: Visit market with importer and meet customers 3rd: Increase of sales through marketing, Journalism etc.	contact national importers that comes with sales from around the world, on fairs etc. 3rd: increase of sales through marketing, Journalism etc.	rather random due to the activities of Anselmo Mendes, through travelling he met a lot of people in the industry and made connections	internationalization started in 2011 through presence of fairs, especially Provenis	Bratko Wolf is a role model for the justification Region, and started internationalizing in the 90s. Due to their international classification system (which other wineries did not have or still do not have) they were more competitive in the international market and it was easier to enter	research important importers (which product portfolios fit to the brand), through existing partners visibility through fairs, Media such as Parker influences export activities; formal institutions like the DWI or Anselmo Mendes themselves also support export activities and connects winery with potential partners	connect on fairs, meet importers ask network etc.	not applicable
11. What factors influence the success of internationalization?	adapting range to the country through label, taste etc. establishment of visibility within the market e.g. through tastings in the market	Quality needs to be there first it is the umbrella, key for the industry	Network, majority of clients export of the winemakers' network	close contact to importer (latest trends promotion activities) - being in the market e.g. through tastings - EW effect: old wines which is their	close contact to importer - being in the market e.g. through tastings - EW effect: old wines which is their	close contact to importer - being in the market e.g. through tastings - EW effect: old wines which is their	strategic decisions: must be seen as strategic activity, knowledge from the market, companies resources, and support for export activities e.g. by the state or the EU	=> all of them said that they gain inspiration for their wines through their export markets and being present within them
12. Rate the three most important factors on a scale from 1 to 3?	1st: working closely with the importer 2nd: networks helps to shorten time 3rd: adjustment of the wines to the market	1st: flexibility to production, adjust to the market 2nd: branding, 3rd: Pricing & Quality	1st: Networking 2nd: Reputation 3rd: Region	1st: medium Price, client that allows a medium price 2nd: Branding (because entry level), you rather brand the region not the wines	1st: Relationship with the importer 2nd: Product Quality 3rd: Engagement in the market	1st: Relationship with the importer 2nd: Product Quality 3rd: Engagement in the market	1st: Knowledge of the market 2nd: support for export	Analysis
13. How important do you consider a network in the process of internationalization?	informal networks might be less important 1st: Colleagues from other formal/informal networks, but related to the business) are crucial for success	Key to know the important people, otherwise you do not get a step into a door	very important, all the contacts for export came through networks, but the common journey of a producer 1st: Informal networks such as CVRVVV, network with export: did not match fit	very important to have contacts in the industry, at the beginning formal networks are super important because they allow you to grow; Quinta da Lixa still profits from the activities of	important especially existing networks and recommend which helps to expand the customers - new contacts through presence in export countries	networks like the DWI formal organizations like the DWI formal organizations: informal connections develop within the sales process, customer quality and you support each other	formal network, always stay in contact with all kinds of people - good critiques in the press e.g. Robert Parker know the market	very important especially for SMEs, informal networks need to be there before you can make use of formal networks. Informal networks are door openers
14. How important would you rate networks on a scale from 1 - 10?	1 - formal networks 2 - informal networks in the same business 3 - informal networks outside business	formal networks always more important, informal networks can open door but formal networks F = 10, informal - depends on the situation	Informal: 9 Formal: 6	Formal: 10 Informal: 6	formal: 8 informal: 10 -> wine industry is a peoples business	formal: 8 informal: 10	Formal: 8 Informal: 9	
15. To what extent makes it sense to cooperate with competitors?	makes sense to promote the region overall and promote Vinho Verde as a whole	since they try to differentiate their wines to the traditional houses that produce VV, they do not cooperate	Always make sense, but has no experience with it. It is also good to cooperate among regions or grape varieties in order to create awareness, fit it and boost international	it makes sense to support each other in order to promote the reputation of the wines from the Pils, that is why producers are not realising as competitors they are rather associates	it makes sense to cooperate to represent a certain region, wine etc., it is more common to cooperate at foreign countries	it is for small producers very important to cooperate because it can save a lot of costs that are associated with e.g. visiting a market (person is highly valued and when you visit your brand and therefore it does not make sense to tailor the taste to specific markets, but stay true to their style of wine making	big cooperations, big wineries and wineries that already have an international recognition it does not make sense. For wineries that are new or want to export it makes sense to cooperate	
16. Do you make any adjustments on the product, when you sell your products e.g. change the design, taste etc.?	yes	dry goods can be adjusted adaptations screwcap or cork depending on the market, flavour profile: time to time depending on the market, cannot be changed on demand	1st: for example in branding, but they try to stick to their winemaking style, that sometimes if a certain market demands it they make specific wines if fit to their style	Normally not in the taste. Sometimes special wines for clients. Labels are being changed adjusted to markets and fit it	1st: same as the wine 2nd: sometimes special wines for a certain importer e.g. for China an Off-Dry Wine, which is normally not in the style of VV	most of the time the labels every now and then special wines for a certain market, but stay true to their style of wine making	Customer determines what he gets adjusted (Tennis), country specifics need to be integrated adjustments to meet the taste in the market	
17. Who are your main competitors in the market abroad?	Pinto Grigio	Chardonnay & Sauvignon Blanc, Alvarinho Riesling are similar, every wine from the portfolio has a different competitor. Great Grapes are easy wines and	Grapes: Riesling, Sauvignon Blanc (NZ), Alvarinho from Spain Regions: Mosel, Malvervaugh, Chablis, Sauneece,	Vino Bianco, Riesling, Chardonnay, Sauvignon Blanc	different competitors that produce Riesling - internationally, there is high consciousness about the variety Riesling, but it can be crowded in the	- European wines, especially french wines like Chablis or Sauvignon Blanc	- for sweet Riesling there are no real competitors in general the high bar internationally is Burgundy	
18. Are new world wines a competition for you, and if yes, how did you react to the entering of the market?	no, because VV can be used to differentiate because it is a light wine	yes wines that are easy to understand in competition, but no direct competitors	Yes, threat to the wine businesses, you need to protect your origin and they can produce wines that are not loved from in Portugal	yes wines which are easy to understand in competition, but no direct competitors	no	- writing prices by increasing inflation - transportation, packaging, energy etc. is getting more expensive - climate change	- travel restrictions Brand Awareness is for other wines higher and consumers return to "basics" -> one need to be present in the market	
19. Challenges	growth in terms of monetary value, instead of growing in Volume	- demanding lower alcohol wines, moving away from heavy to fresh wines - more recognition more and more trend to portuguese wines	Increase average price Communicate internationally that they do competitive wines - fight the idea that Vinho Verde is a wine for summer	COVID circumstances, personal business, competition is coming up with lower prices, but prices need to be raised	- expand market share abroad - tariffs, Brexit - reputation for german Riesling must be promoted	- writing prices by increasing inflation - transportation, packaging, energy etc. is getting more expensive - climate change	- travel restrictions Brand Awareness is for other wines higher and consumers return to "basics" -> one need to be present in the market	- The main challenge for Wineries from the Vinho Verde Region is to grow not in volume, but in monetary value. Also the goal is to promote the region and that the region is recognized as a

Appendix 8: Table summary interviews (Grosche, et al., 2021)

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