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A resource- and institution-based view of the internationalisation of Douro SME wineries: a case study

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Master's in International Management

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ISCTE Business School

September, 2025

Department of Marketing, Strategy, and Operations

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Resumo

Este estudo examina como as pequenas e médias empresas (PMEs) da região vitivinícola do Douro em Portugal encaram a internacionalização num contexto de crescente desglobalização e de recursos limitados. Ao integrar a visão baseada em recursos e a visão baseada em instituições, o estudo explora como os recursos e as capacidades internas, e as condições institucionais externas moldam em conjunto as escolhas estratégicas das empresas. Recorrendo a um design de métodos mistos sequencial, a pesquisa combina a análise de dados secundários com um estudo de caso de múltiplas unidades, que envolveu entrevistas semiestruturadas e em profundidade com cinco gestores seniores de adegas. Os resultados revelam que, embora a reputação de qualidade do produto seja um recurso fundamental, as limitações de capital financeiro e humano representam desafios significativos. As empresas dependem sobretudo de recursos intangíveis, como marcas fortes e capacidades relacionais, para navegar nos mercados internacionais. O estudo identifica barreiras institucionais significativas, incluindo programas de apoio domésticos complexos e burocracia estrangeira, que as PMEs superam ao alavancar capacidades institucionais e parcerias estratégicas. Embora a exportação seja o modo de entrada dominante, algumas empresas adotam estratégias de maior compromisso, como embaixadores de marca e joint ventures. A pesquisa conclui que a internacionalização das PMEs vitivinícolas do Douro é definida pela interação estratégica entre os seus recursos, capacidades institucionais e redes. Isto confirma o valor de uma abordagem teórica combinada num estudo de internacionalização e fornece implicações práticas tanto para gestores como para decisores políticos em indústrias com raízes na tradição.

Palavras-chave: visão baseada em recursos; teoria institucional; internacionalização; modos de entrada; redes; adegas portuguesas

Códigos de Classificação JEL: F23, M16

Abstract

This study examines how small and medium-sized enterprises (SMEs) in Portugal's Douro wine region navigate internationalisation amid increasing deglobalisation and limited resources. Integrating the resource-based view and the institution-based view, the study explores how internal resources and capabilities, and external institutional conditions jointly shape firms' strategic choices. Employing a sequential mixed-methods design, the research combines an analysis of secondary data with a multiple-unit case study involving in-depth, semi-structured interviews with five senior winery managers. Findings reveal that while product quality reputation is a foundational resource, financial and human capital limitations present significant challenges. Firms primarily rely on intangible resources, such as strong brands and relational capabilities, to navigate international markets. The study identifies significant institutional barriers, including complex domestic support programmes and foreign bureaucracy, which SMEs overcome by leveraging institutional capabilities and strategic partnerships. While exporting is the dominant entry mode, a few firms adopt higher-commitment strategies such as brand ambassadors and joint ventures. The research concludes that the internationalisation of Douro SME wineries is defined by the strategic interplay between their resources, institutional capabilities, and networks. This confirms the value of a combined theoretical approach in an internationalisation study and provides practical implications for both managers and policymakers in industries rooted in tradition.

Keywords: resource-based view; institutional theory; internationalisation; entry modes; networks; Portuguese wineries

JEL Classification Codes: F23, M16

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1. Introduction

In today's globalised economy, international expansion has become increasingly central to firm growth, even as emerging trends of deglobalisation present new challenges. Rising trade barriers, such as tariffs and quotas, and the resurgence of nationalist policies that prioritise domestic interests over international cooperation (Moyo, 2019) add complexity to firms' internationalisation strategies. For small and medium-sized enterprises (SMEs) in Portugal's Douro region, which has a centuries-old winemaking tradition, expanding abroad involves balancing the preservation of regional heritage with the demands of foreign markets. These SMEs often operate under conditions of limited financial and managerial resources and face complex institutional environments, making strategic choices such as entry modes, partner selection, and market prioritisation particularly consequential. Understanding how these firms navigate such constraints is crucial not only for academic scholarship but also for guiding managerial practice in similar traditional sectors.

Research on internationalisation has traditionally emphasised large multinational corporations, leaving a gap in understanding how SMEs in heritage-intensive industries manage resource constraints while responding to institutional pressures (DiMaggio & Powell, 2012; Balzano et al., 2025). While assets and capabilities enable international expansion, the nature and limitations of these resources strongly influence the strategies SMEs adopt (Sharma & Erramilli, 2004; Meyer et al., 2009). Simultaneously, regulatory requirements, market norms, and cultural expectations create institutional barriers that shape the feasibility and attractiveness of various entry modes (Moreira da Silva, Ogasavara & Pereira, 2024). For SMEs, effective internationalisation requires not only deploying internal resources but also leveraging external networks, institutional support, and clusters of complementary firms to overcome market and regulatory constraints.

This study integrates two complementary theoretical lenses—the resource-based view (RBV) and the institution-based view (IBV)—to examine how internal resources and capabilities, along with external pressures, jointly influence internationalisation strategies. The RBV highlights how tangible and intangible resources generate competitive advantage, while the IBV emphasises how formal and informal institutional contexts constrain or facilitate strategic decisions. Linking these perspectives provides a comprehensive understanding of how Douro SME wineries manage both resources and institutional challenges throughout the internationalisation process.

The relevance of this approach is reinforced by empirical evidence showing that SMEs' internationalisation is shaped by both firm-level capabilities and institutional conditions. SMEs often rely on public support programmes, networks, and clusters to supplement internal resources, while institutional capabilities determine whether firms can translate such opportunities into tangible outcomes (Landau et al., 2016). Financial resources, human capital, knowledge, and relational capabilities interact with institutional conditions to affect decisions about market entry, export strategy, and partner selection (Bellone et al., 2010; Zain & Ng, 2006). For Douro wineries, these dynamics are evident: while cluster collaboration, coopetition, and cumulative capability development enable resource pooling and strategic flexibility, bureaucratic hurdles, regulatory complexity, and inconsistent support programmes can limit the effectiveness of these resources.

Entry mode choice is a particularly relevant aspect of internationalisation for SMEs. Historically, international business literature focused on ownership structures and market imperfections, often overlooking institutional and learning-related considerations (Cuypers et al., 2021; Pan & Tse, 2000). Contemporary studies, however, increasingly frame entry modes as strategies to exploit firm-specific resources, transfer knowledge, and develop new capabilities abroad (Meyer et al., 2009; Kogut & Zander, 1993). This perspective is especially pertinent for heritage industries such as wine, where exporting often constitutes the first step in international expansion, while direct investment or partnerships may be pursued later as firms gain experience and accumulate resources. Entry mode decisions are shaped by a combination of internal capabilities, institutional conditions, and strategic objectives, highlighting the interplay between RBV and IBV perspectives.

The Douro Valley provides a rich context for examining these dynamics. Despite its global reputation for Port and table wines, the region's SMEs are generally small, family-owned businesses with limited international experience and resources. Recent global trends—stagnating wine production, declining consumption in traditional European markets, and volatility in export values—further complicate internationalisation strategies. While Portugal has achieved gradual diversification and premiumisation, Douro SMEs face the dual challenge of maintaining competitiveness in international markets while addressing structural constraints at home, including fragmentation, small firm size, and limited marketing capacity. Detailed export data shows that top Douro markets have experienced both volume contraction and moderate price growth, indicating that firms are pursuing premiumisation as a strategy to sustain revenue, even

amid declining consumption. Understanding how SMEs respond to these pressures through resource deployment, institutional navigation, and entry mode selection is central to this study.

The main research question guiding this dissertation is: *How do the resources and capabilities of Douro SME wineries, alongside the ways they address resource constraints and institutional challenges, shape their internationalisation and entry mode choices?* This question is explored through five sub-questions:

1. What are the most relevant resources and resource limitations for Douro SME wineries in the internationalisation process?
2. How do Douro SME wineries leverage available resources and deal with resource limitations?
3. What institutional challenges do Douro SME wineries face in the process of internationalisation, and how do these challenges affect their ability to enter and operate in foreign markets?
4. How do Douro SME wineries navigate these institutional challenges to support their internationalisation?
5. What entry modes do Douro SME wineries typically adopt, and how do their resources, resource limitations, and institutional barriers shape those choices?

The purpose of this study is predominantly exploratory, as it seeks to uncover how Douro SME wineries overcome resource and institutional constraints during internationalisation and how these mechanisms shape entry mode decisions. At the same time, the research has an explanatory dimension, as it aims to understand and explain the influence of these constraints and institutional factors on the strategic choices of firms.

The dissertation proceeds as follows: following this Chapter 1, Chapter 2 presents a comprehensive literature review of internationalisation theories, RBV and IBV frameworks, SME-specific dynamics, and entry mode determinants. Chapter 3 provides contextual background on the Douro wine region, global and domestic market trends, and institutional environments. Chapter 4 outlines the research methodology, including data collection and analysis approaches. Chapters 5 and 6 present the empirical findings and discussion, analysing how Douro SME wineries deploy resources, navigate institutional challenges, and select entry modes. Finally,

Chapter 7 concludes, summarising the study's contributions, managerial implications, and directions for future research.

2. Literature review

According to Buckley (2006), the International Business theory starting point can be conventionally traced to Hymer's (1960) *The International Operations of National Firms*, who relied on Dunning (1958) for empirical data. Before Hymer and Dunning's seminal works, while there was a considerable amount of theory, it was fragmented and unsystematic and lacked the required labelling, leading to many insightful theoretical advances being ignored or forgotten. For example, due to a later bifurcation of "international business" and "international management" the conceptual and theoretical contributions in Phelps' (1936) *Migration of Industry to South America* were mostly ignored. In his book, Phelps conducts an analysis that is surprisingly modern. He articulates what would later be termed "first mover advantages" (p. 58); he addresses what contemporary literature refers to as the "costs of foreignness", citing concerns such as "prejudice against foreign capital", "lack of stability in the (host) country", and "distance from the home-office organisation". In Chapter 8, he anticipates the concept of "glocalisation", suggesting that "... a firm which, in a sense, merges its interests in the national economy ... is more likely to enjoy successful, long-continued operation. It will be considered a part of the national economy". As with Phelps, there are numerous other cases of early, overlooked literature which Buckley (2006) not only highlights but explicitly lists, arguing that international business would benefit from revisiting them to recover valuable, still-relevant insights. Edith Penrose's (1956) *Foreign Investment and the Growth of the Firm* is another intriguing example of ignored, but insightful works. In it, Penrose foreshadows the real options theory of internationalisation, by outlining a process later termed the "Gambler's Earning Hypothesis" (Barlow & Wender, 1955). She described how firms enter foreign markets cautiously, reinvesting profits locally before eventually remitting larger returns. This strategy, while rational for firms, can disrupt host countries' balance of payments. The hypothesis assumes subsidiaries are relatively autonomous, foreign ventures carry higher risk, and firms prefer reinvesting in familiar markets. Though less applicable to global multinationals, Penrose's early work remains insightful for understanding smaller or first-time international investors.

Small and medium-sized enterprises (SMEs) represent about 90% of all businesses worldwide and contribute more than 50% of global employment (World Bank, 2023). They are therefore crucial actors in advancing the global sustainability agenda, contributing to the achievement of the Sustainable Development Goals (SDGs) through initiatives that promote environmental protection, social equity, and economic resilience (Graafland & Smid, 2017). For the purpose of this study, SMEs are defined according to the European Union criteria as enterprises

employing fewer than 250 persons, with an annual turnover not exceeding €50 million and/or an annual balance sheet total not exceeding €43 million. Compared to large firms, SMEs have distinct characteristics, such as smaller size, limited resources, and more flexible structures, that may influence their decision to enter international markets (Laufs & Schwens, 2014). Over the past two decades, academic and policy interest in the internationalisation of SMEs has grown significantly (Ribau, Moreira & Raposo, 2018), as their potential to participate in global markets has been increasingly recognised (HSBC, 2016). Yet, SMEs still remain less likely to trade internationally than large firms: according to the World Bank Enterprise Surveys (2016), only 11% of small firms and 20% of medium-sized firms export, compared to 36% of large firms. Additionally, SME internationalisation is strongly shaped by the context in which they operate, both in their home economies and in the foreign markets they target, as well as by firm-specific characteristics. This dual influence aligns with the theoretical perspectives guiding this study: the resource-based view (RBV), which emphasises the internal resources and capabilities that enable firms to compete internationally, and the institution-based view (IBV), which highlights the role of formal and informal institutions in shaping internationalisation strategies and outcomes.

The concept of internationalisation has been widely studied in the business literature and defined in multiple ways. Welch and Luostarinen (1988) describe it as “the process of increasing involvement in international operations.” In the SME context, internationalisation does not necessarily follow a set sequence of stages; rather, firms may exhibit diverse patterns and trajectories (Jones, 1999).

2.1. Theoretical framework

2.1.1. The resource-based view (RBV)

The Resource-Based View (RBV) serves as the theoretical foundation for this investigation. It has been widely applied within the strategy and international business literatures in the past decades. In contrast to external-market focused frameworks, such as Porter’s industry-based Five Forces model (Porter, 1980), the RBV emphasises that a firm’s idiosyncratic attributes have an impact on its competitive position (Wernerfelt, 1984; Barney, 1991). Wernerfelt (1984)

was the first to formally conceptualise strategy from the resource rather than product perspective, arguing that firms should be viewed as a set of tangible and intangible assets that can be used across multiple markets. According to the RBV, a firm achieves a competitive advantage by exploiting the resources in its possession. Resources are all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm. The RBV rests on two core assumptions: resource heterogeneity, meaning that not all firms possess the same resources, and resource immobility, meaning that resources cannot easily be transferred from one firm to another (Barney, 1991). The RBV argues that if resources are evenly distributed across competing firms and highly mobile, firms cannot expect to achieve sustained competitive advantages. In such circumstances, any strategy implemented by one firm could be replicated by all other firms in the industry.

Multiple scholars have developed typologies to classify the attributes of resources capable of producing an advantage. Barney (1991) claims that resources that allow a sustained competitive advantage must satisfy four criteria: (a) they must be valuable, enabling the firm to exploit opportunities or neutralise threats in its environment; (b) rare, meaning few current or potential competitors possess them; (c) imperfectly imitable, making replication by others difficult or costly; and (d) non-substitutable, with no strategically equivalent alternatives available. These criteria are collectively referred to as the VRIN framework. Amit and Schoemaker (1993) expand on these criteria by identifying eight primary determinants of a firm's resources that endow the firm with sustainable advantage: complementarity, scarcity, low tradability, inimitability, limited substitutability, appropriability, durability, and overlap with strategic industry factors. Resources are typically divided into tangible and intangible categories. Tangible resources refer to physical or financial assets whose value is generally recorded in a firm's balance sheet, and there is broad agreement on their definition (Andersen & Kheam, 1998). Intangible resources, by contrast, are non-physical and non-financial in nature, and are rarely recognised in accounting statements (Galbreath, 2005). Hall (1992, 1993) further classifies intangible resources into assets (resources a firm has) and capabilities (activities a firm does). This distinction, adapted from Hall, is presented in Figure 2.1, which outlines a firm's resource portfolio (Galbreath, 2005).

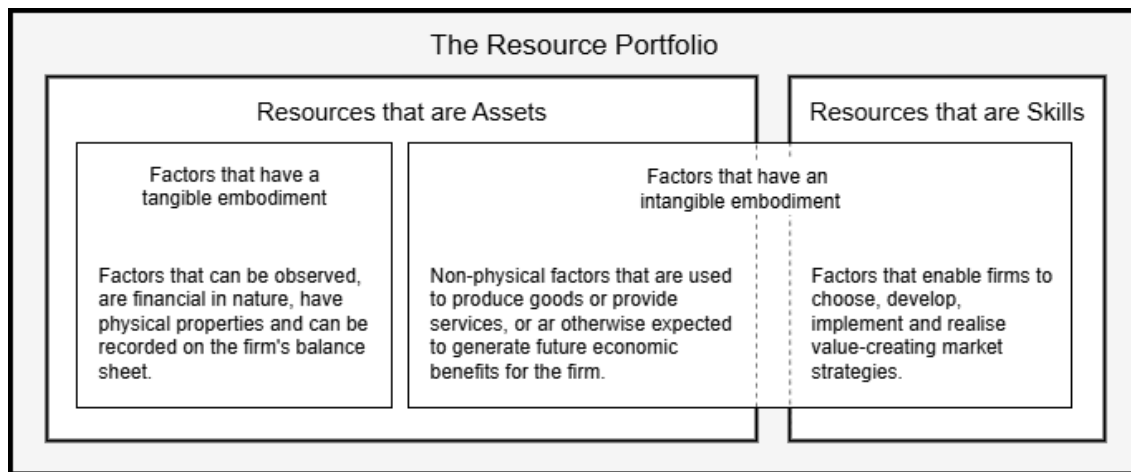


Figure 2.1- The Resource Portfolio. Adapted from Galbreath (2005).

Resource-based theory has evolved to increasingly acknowledge the critical role of external resources and stakeholder relationships in enhancing firm performance, beyond the traditional focus on internal capabilities. As Barney (2018) emphasises, stakeholders can significantly influence the resources and capabilities-performance link, particularly in contexts such as coopetition where collaboration occurs even among competing firms. This recognition aligns with an emerging ‘outside-in’ perspective that highlights the strategic value of engaging with external actors to improve firm outcomes (Day, 2014; Musarra & Morgan, 2020; Rust, 2020). Crick and Crick (2021) note under-resourced firms often find coopetition a valuable strategy for mutual benefit. This collaboration between rivals can include pooling funds to subsidise market visits, sharing equipment to lower costs, and exchanging information to support organisational learning. Such cooperative behaviours foster innovative sensing and opportunity-seizing that individualised business models might not achieve alone. Furthermore, Crick and Crick (2021) highlight that possessing valuable resources is insufficient on its own; strategic flexibility is also critical for decision-makers to adapt effectively to changing environmental conditions (Priem & Butler, 2001). Building on this, Crick and Crick (2021) show how high-quality relationships, through social capital, facilitate organisational learning, reduce perceived risks, and ultimately support better performance.

Building on these perspectives, the RBV provides a lens to examine how firms identify, classify, and exploit resources for competitive advantage, while also acknowledging the constraints that may limit such exploitation. This theoretical framework directly informs the present

study's focus on (1) *the most relevant resources and resource limitations for Douro SME wineries in the internationalisation process*, and (2) *how these firms leverage available resources and deal with resource limitations*.

2.1.2. The institution-based view (IBV)

While the industry-based and resource-based views offer valuable insights, they largely overlook the influence of institutions on strategic decision-making (Kogut, 2003). Institutional theory describes how organisations and their actions are shaped by external factors, including government regulations, cultural values, and industry norms (Wu & Deng, 2020). Organisations look to achieve their goals, but must consider the expectations of the outside world. To manage this, they adopt certain practices and behaviours that allow them to both stay competitive in the market and meet these external expectations (Estrin et al., 2013; Urban & Kujinga, 2017). Institutions are *multifaceted systems of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behaviour* (Scott, 1995). Institutions rest on three pillars. The regulative pillar constrains and regularises behaviour through explicit regulative processes, such as rule-setting, monitoring, and sanctioning activities. Commonly known as “the rules of the game” (North, 1990) they can be formal, such as rules, and informal, such as conventions. DiMaggio and Powell (1983) identified key mechanisms for how institutions shape organisations, often resulting in isomorphism (organisational similarity) within a field. The primary mechanism of control under this pillar is coercion (DiMaggio and Powell's, 1983). Institutions also rest on a normative pillar, where the basis of compliance is social obligation. Normative systems comprise both values and norms — values represent conceptions of what is desirable and provide standards for assessing behaviour, while norms specify appropriate ways of achieving valued goals. For example, these systems define objectives such as winning a game or making a profit and also establish legitimate means to pursue them, like fair business practices. These shared expectations contribute to organisational conformity (DiMaggio & Powell, 1983). Finally, the cognitive pillar emphasises the mental frameworks through which individuals interpret the world. Conformity occurs not only because of rules or norms but because alternative courses of action may seem unthinkable. Routines and scripts become the taken-for-granted “way things are done.” In this context, imitation serves as a key mechanism of control, as organisations and individuals reduce uncertainty by modelling themselves on others they see as successful and legitimate (DiMaggio & Powell, 1983).

Institutional theory has been largely absent from the international business literature, in part because most research has focused on developed economies. In such contexts, institutions are often treated as a stable “background” condition, given their relatively predictable, market-based nature (Peng et al. 2008). As McMillan (2007) observes, when markets function efficiently in developed economies, market-supporting institutions are almost invisible. By contrast, in less developed economies, the weakness or absence of such institutions becomes highly visible. However, the institution-based view has gained increasing prominence as scholars research emerging economies (Lyles & Salk, 1996; Peng & Heath, 1996; Hitt et al., 2000; Hitt et al., 2004). Within this perspective, institutions are considered alongside industry conditions and firm capabilities in shaping strategic decisions (Peng et al., 2008). As a result, the institution-based view is now often regarded as the “third leg of the strategy tripod,” complementing the industry- and resource-based views (Peng et al., 2008), as illustrated in Figure 2.2.

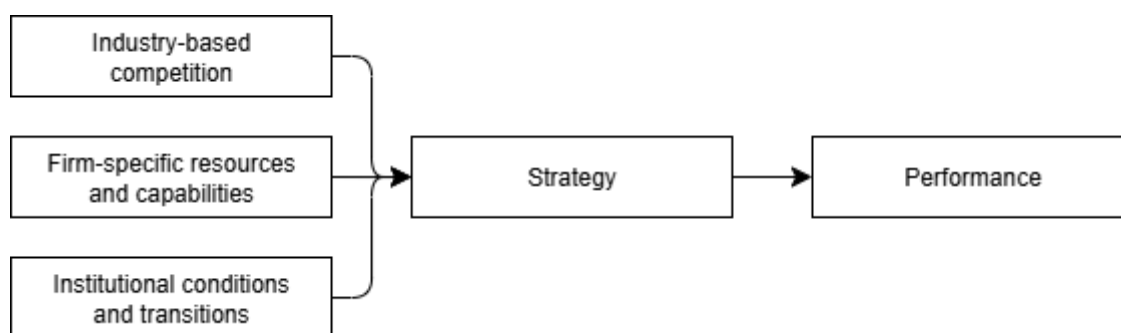


Figure 2.2- The institution-based view: a third leg of the strategy tripod. Adapted from Peng (2006).

This study combines the resource-based view and the institution-based view to provide a more comprehensive analysis, acknowledging that a firm is impacted by both its unique internal resources and the external institutional environment in which it operates or intends to operate. Within this framework, particular attention is given to (3) *the institutional challenges Douro SME wineries face in the process of internationalisation and their effects on market entry and operations*, and (4) *how these firms navigate such challenges to support their internationalisation*.

2.1.3. Foreign entry mode

Entry mode is one of the most extensively studied topics in international business (Sharma & Erramilli, 2004). Internationalisation can be pursued through a variety of activities beyond the

domestic market, including exports of goods and R&D, foreign direct investment (FDI) such as overseas production, the establishment of foreign affiliates, and participation in cross-border alliances (Child et al., 2022). Early research, dominated by transaction cost theory (TCT), explained mode choice as the alignment of governance structures with transaction characteristics (Cuypers et al., 2021). However, this narrow focus often reduced entry modes to ownership structures (e.g., joint ventures vs. subsidiaries), overlooking strategic, institutional, and learning-related factors (Pan & Tse, 2000; Brouthers & Hennart, 2007). To address these limitations, scholars increasingly apply alternative perspectives such as the resource-based view (RBV) and institutional theory (Brouthers et al., 2008). From an RBV lens, entry modes can be seen as strategies for resource exploitation or augmentation (Meyer et al., 2009), particularly relevant in industries like wine, where internationalisation often occurs without significant asset ownership. RBV research highlights how firms deploy unique resources, transfer tacit knowledge, and build new capabilities abroad (Kogut & Zander, 1993; Barkema & Vermeulen, 1998).

Entry mode research has been shaped by several theoretical paradigms. Early market imperfection approaches, such as Hymer's theory and the international product life cycle (Vernon, 1966; Hymer, 1976), highlighted monopolistic advantages and product stages in shaping export or FDI decisions. Behavioural models, most notably the Uppsala internationalisation model (Johanson & Vahlne, 1977, 1990), framed internationalisation as a gradual, experiential learning process. Building on market failure arguments, internalisation and transaction cost theories explained governance choice through firm-specific knowledge and asset specificity (Buckley & Casson, 1976; Anderson & Gatignon, 1986). Finally, the eclectic paradigm (OLI) integrated ownership, location, and internalisation advantages to explain the conditions under which firms pursue exports, licensing, joint ventures, or FDI (Dunning, 1980, 1995).

Definitions of entry modes also vary. Root (1977) framed them as institutional arrangements enabling resource transfer, while more recent studies conceptualise them as flexible organisational arrangements that may combine or shift over time (Benito et al., 2009). This dynamic view recognises that firms adapt their modes to changing conditions, moving beyond rigid, static classifications (Anderson & Gatignon, 1986; Hill et al., 1990).

Research has identified numerous determinants shaping entry mode choice, ranging from external conditions such as culture, regulation, and market attractiveness to internal factors like resources, control needs, and managerial experience (Zhao et al., 2004; Hennart & Slangen, 2015). Yet, relatively little research explicitly integrates RBV and IBV perspectives to study

entry mode choice, leaving space for further theoretical development. This study addresses this gap by examining *(5) the entry modes typically adopted by Douro SME wineries, and how their resources, resource limitations, and institutional barriers shape those choices.*

2.2. Empirical evidence on the impact of institutions and resources on SME internationalisation and entry mode

An institutional environment refers to the complex system of formal and informal rules, regulations, norms, and practices that guide the behaviour, interactions, and operations of individuals and organisations within a given society (Deng & Zhang, 2018). It shapes decision-making processes, the allocation of resources, and the establishment and maintenance of relationships (He & Cui, 2012). In this way, institutions directly affect how firms plan, implement, and manage international expansion (Gaur et al., 2014). Although institutional factors strongly shape firm behaviour, their impact on SMEs has received less attention than on large corporations (DiMaggio & Powell, 2012; Balzano et al., 2025). SMEs face particular challenges due to limited resources and dependence on both formal and informal institutions for legitimacy (Graafland & Smid, 2017). For instance, Cheng and Yu (2008) found that SMEs facing stronger institutional pressures tended to internationalise earlier and through more radical initial entry modes. Evidence suggests that supportive regulations, network pressures, and stable institutions enhance SME export performance, while weak or unstable institutions constrain it (Balzano et al., 2025; Hessels & Terjesen, 2010; Ranjan, 2024; Torkkeli et al., 2019; Dung Ngo et al., 2024; Child & Rodrigues, 2011). Specific institutional barriers such as high tariffs (Shahid, 2025; Lartey, 2025) or complex regulations and bureaucratic procedures (Cuervo-Cazurra, 2022) can hinder SMEs' ability to internationalise, while institutional factors also affect entry mode choice and can accelerate internationalisation during pro-market reforms (Schwens et al., 2011; Shin et al., 2022).

SMEs often rely on external networks and partnerships to access complementary capabilities and knowledge, and their ability to leverage institutional support is crucial. Torres et al. (2016) found that only firms capable of navigating and applying public support programmes effectively actually benefit from them, highlighting the importance of institutional leverage capability. Landau et al. (2016) similarly emphasise that firms must actively exploit institutional resources to gain a real advantage. This is referred to as institutional capability — a firm's ability to adjust to and interact with a given institutional context (Boddeyn 1998; Oliver, 1997). Beyond institutional capabilities, SMEs depend on other firm-level resources for

successful internationalisation. Financial resources are particularly critical, with internal funding driving innovation (Ughetto, 2008), but also for enabling export entry, as firms with better financial health are more likely to start exporting, while financial constraints act as a barrier to entering foreign markets; additionally, strong export supply-chain management skills further support successful market entry and competitive positioning (Bellone et al., 2010; Ling-yee & Ogunmokun, 2001). Entrepreneurial skills and human capital (the expertise, knowledge, competencies, and personal qualities within a workforce (Acs & Armington, 2006)) significantly enhance firm internationalisation (Ndofirepi, 2024). Knowledge-related factors such as uncertainty and the appropriability of knowledge shape SMEs' entry mode and market diversification decisions (Saarenketo et al., 2008), and this knowledge, as many other resources, is often context-specific: it is embedded in particular environments, making transfer to new markets challenging (Kogut & Zander, 1996; Zaheer & Mosakowski, 1997; Stinchcombe, 1965). Firms acquire essential internationalisation knowledge by combining internal experience with external advisors, and network resources provide intelligence and contacts that bridge gaps in international knowledge, facilitating early partner selection (Fletcher et al., 2013; Hayer & Ibeh, 2006). For smaller or lesser-known firms, trade fairs mainly support raising awareness, maintaining contacts, and exchanging information, though high costs and limited marketing capacity can restrict new customer acquisition (Prause et al., 2013). SMEs' innovation capabilities also strengthen exporting performance, particularly by enabling entry into new or more demanding markets (Golovko & Valentini, 2011; Love et al., 2015). Beyond firm-level resources, collective and country-level reputations also play a role: Fishman et al. (2018) show that collective brands, where multiple firms share the same label, generally increase incentives for each firm to invest in quality, although free-riding can reduce these incentives; similarly, Montanari et al. (2019) found that a positive country reputation facilitates domestic firms' international investment, while firms' internationalisation can in turn strengthen the country brand and generate favourable attitudes abroad. Network relationships further support internationalisation: Zain and Ng (2006) found that SMEs' networks facilitate market selection, entry mode, and pace of expansion, while also providing credibility, access to channels, and reducing costs and risks, and Coviello and Munro (1997) showed that formal and informal network relationships shape foreign market selection, entry mode, product development, and market diversification. Relational capabilities also help small firms leverage clusters of firms already connected to global markets to expand internationally (Balboni, et al. 2014). A cluster is a geographical concentration of interrelated firms (Porter, 1998). While exports remain the most common form of SME

internationalisation, an increasing number of firms engage in more complex modes such as interorganisational networks, strategic alliances, and foreign subsidiaries (Dimitratos et al., 2003; Stoian, Dimitratos & Plakoyiannaki, 2018)

In the wine sector, national and EU regulations directly influence international orientation, while institutional support such as funding or trade promotion encourages export activity (Galati et al., 2014; Williams & Spielmann, 2019; Pellicanò & De Luca, 2016; Monticelli et al., 2018). Wineries' ability to leverage institutional support effectively enhances internationalisation outcomes, for example by using public programmes or trade promotion strategically (Monticelli et al., 2018). Beyond institutional factors, other firm-level resources—such as cluster-specific assets, cumulative capability development, and coopetition—enable wineries to access complementary capabilities, shape strategic options, and facilitate internationalisation while enhancing domestic competitiveness (de Oliveira Wilk & Fensterseifer, 2003; Fensterseifer & Rastoin, 2013; Monticelli et al., 2018). Felzensztein et al. (2019) show that, for wineries, the presence of an independent industry body can significantly accelerate internationalisation.

3. Industry background

The international wine industry has become an increasingly globalised and competitive arena, where producers of all sizes seek to secure access to foreign markets. For small and medium-sized enterprises (SMEs), however, internationalisation presents a complex challenge: while it offers opportunities for growth and visibility, it also requires overcoming significant barriers related to resources, capabilities, and institutional conditions. In Portugal, the Douro Valley is one of the most emblematic wine regions in the world, known for its centuries-old production of Port wine and, more recently, for the international rise of Douro table wines. Yet despite the region's global reputation, most wineries are small, family-owned businesses with limited financial and managerial resources, making internationalisation both a necessity and a challenge.

Global wine production and consumption have remained relatively stable in volume since 2009, though recent years have seen significant pressures. In 2023, global production fell sharply to its lowest level since 1961, mainly due to climate events and disease, while consumption declined to 221 Mhl, continuing a downward trend driven by inflation, changing consumer habits, and reduced disposable income (see Figure 3.1). Traditional wine markets in the EU, such as France, Italy, and Germany, are shrinking, while demand outside Europe is more dynamic, though volatile.

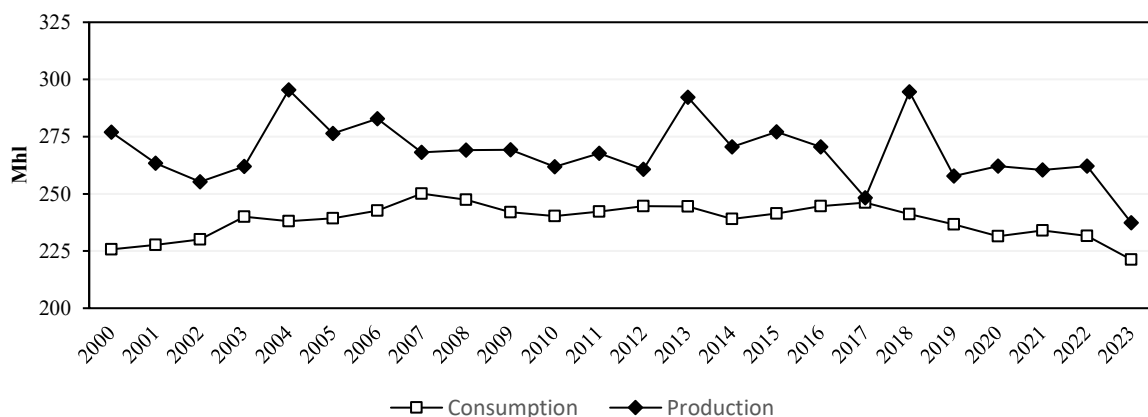


Figure 3.1- Evolution of global wine consumption and production. The author, with raw data from OIV (2024).

International trade has also slowed. Export values have continued to rise (Figure 3.2a), but global export volumes in 2023 remained at levels comparable to 2012 (Figure 3.2b). This indicates that wineries have been growing their revenues by raising prices rather than by selling more (Figure 3.2c). These global shifts, including declining consumption in traditional markets

and increasing price pressures, set the context in which Portuguese wineries, particularly SMEs, must navigate international expansion.

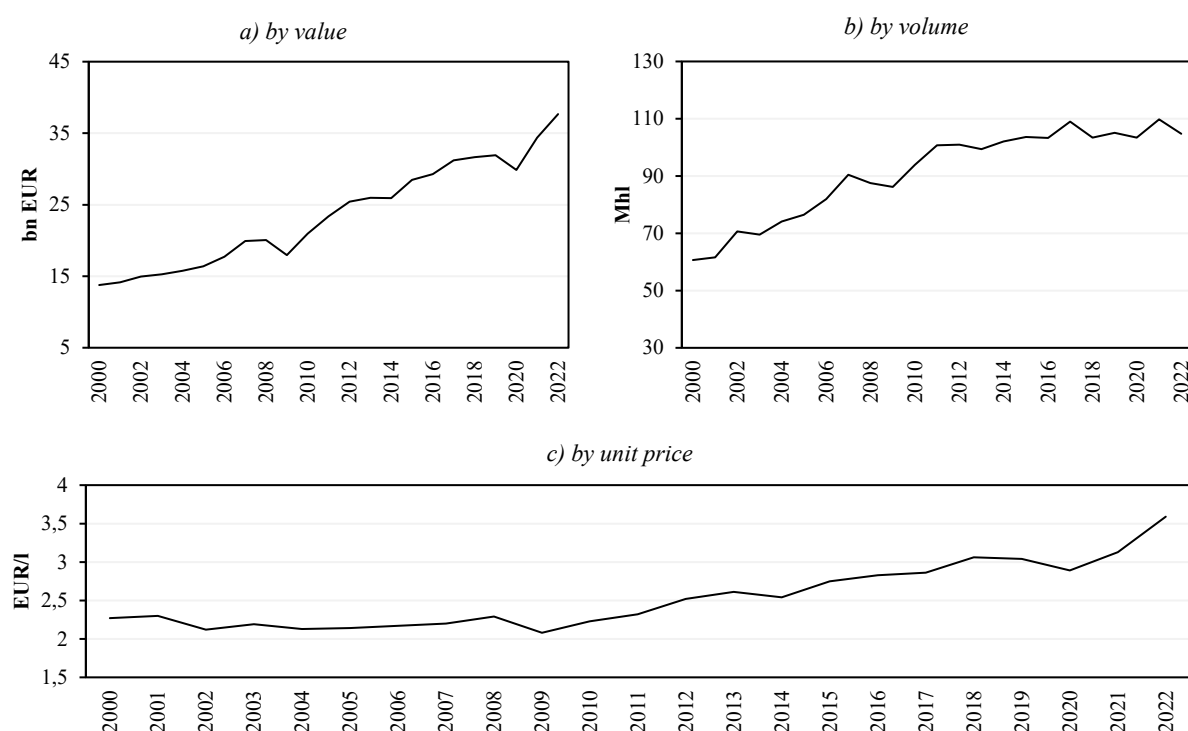
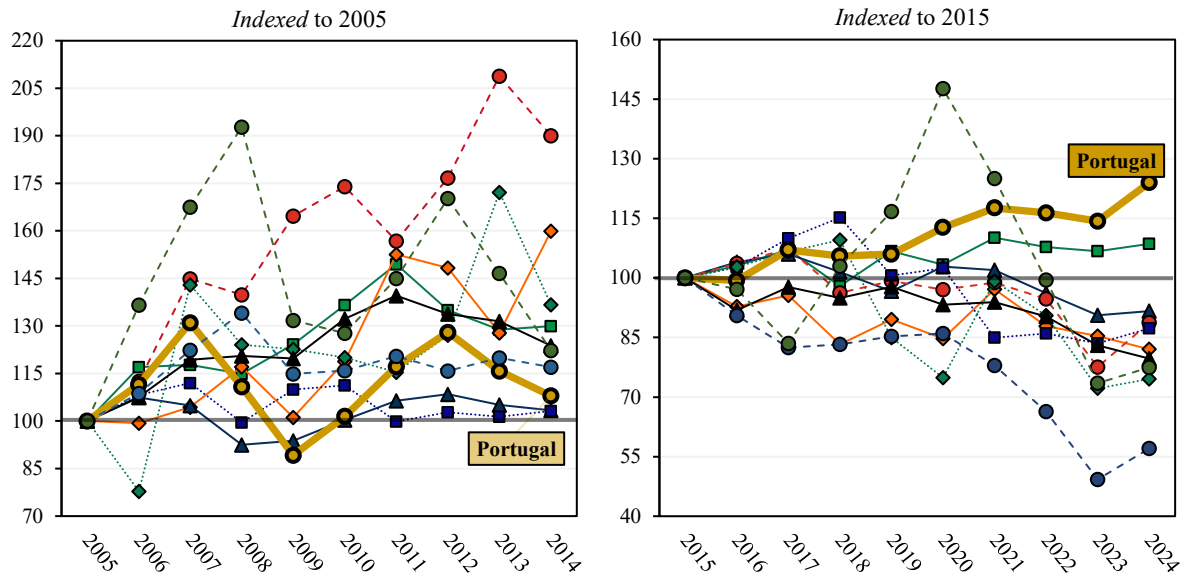


Figure 3.2- Evolution of international wine trade. The author, adapted from Del Rey & Loose (2023).

During the period 2005–2014, export volumes expanded at a steady pace, particularly among New World producers, with all of the top ten exporters recording positive growth. In the subsequent decade, however, this pattern shifted (Figure 3.3a). Between 2015 and 2024, all major New World exporters experienced negative growth in export volumes, while only Portugal and Italy registered positive rates. Among the countries with declining volumes, the smallest contractions were observed primarily in Europe, namely in France, Spain, and Australia (Figure 3.3a). By contrast, trends in unit values reveal a different trajectory. Across both decades, most leading exporters achieved positive growth in unit prices, with the United States consistently emerging as the strongest performer. Portugal, in comparison, exhibited comparatively modest growth in the last decade, with an increase of only 10.57%, topping only Australia and Chile. However, the consistent growth in both measures indicates a gradual process of premiumisation where increasing unit values complement rather than replace volume expansion. (Figure 3.3).

a) by volume



b) by unit price

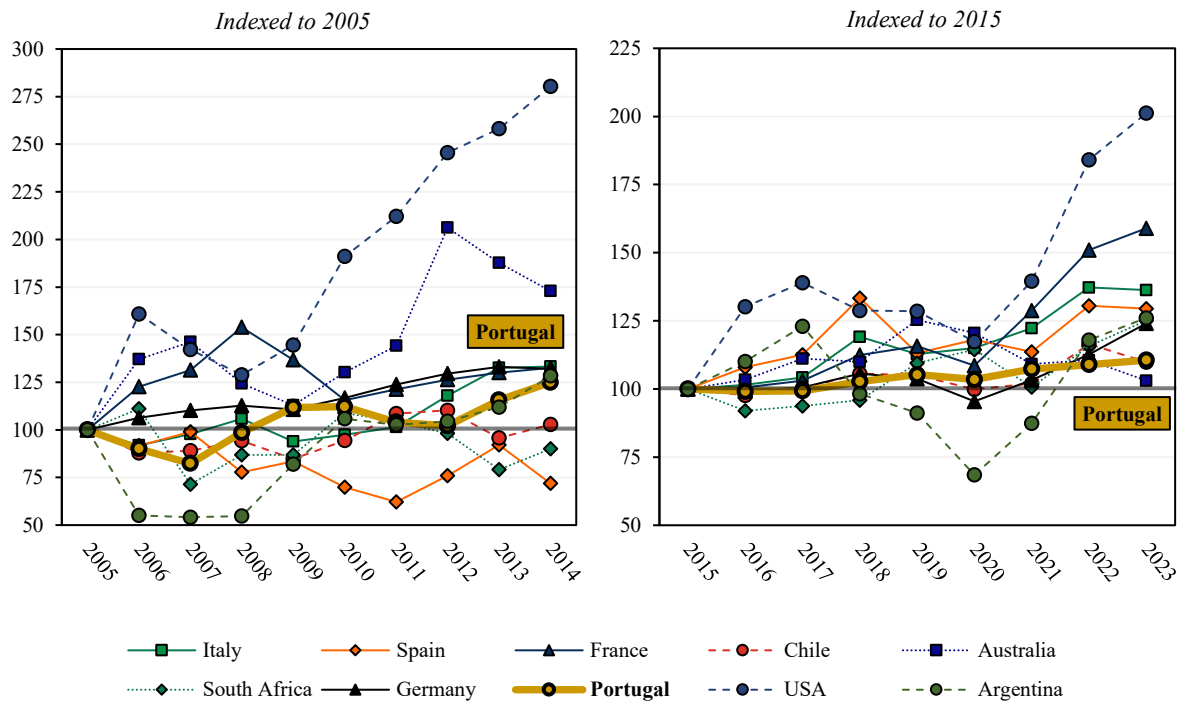


Figure 3.3- Evolution of the 2024 top 10 wine exporting countries. The author, with raw data from OIV (2024).

Portugal, a traditional wine producer, has demonstrated resilience in this shifting environment. The Portuguese wine sector is fragmented and dominated by micro and small enterprises, but exports have grown steadily. Key markets in 2023 include USA, France, Brazil, UK,

Canada, and the Netherlands (Figure 3.5), alongside growing diversification outside the EU (Figure 3.4).

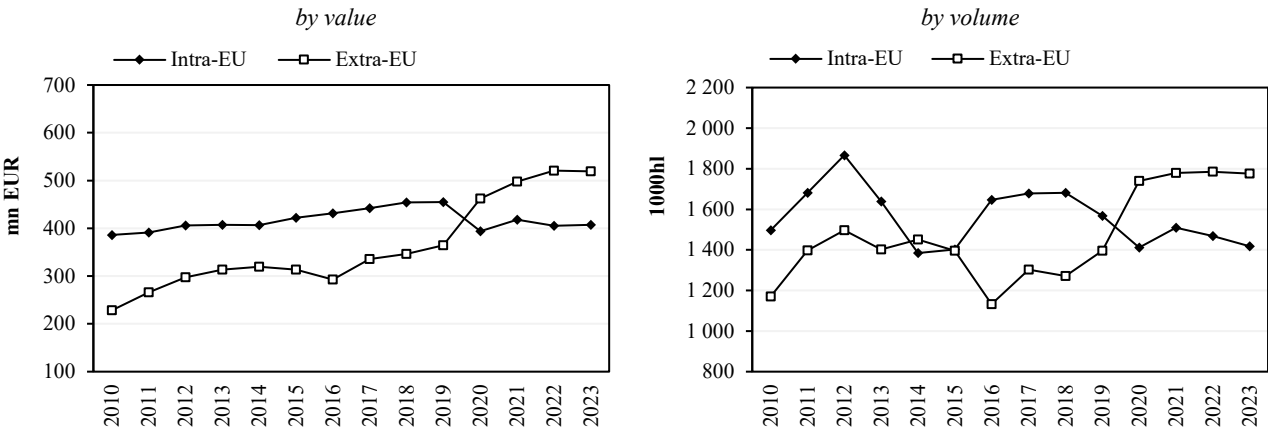


Figure 3.4- Evolution of Portuguese wine exports: Intra-EU vs. Extra-EU. The author, with raw data from OIV (2024).

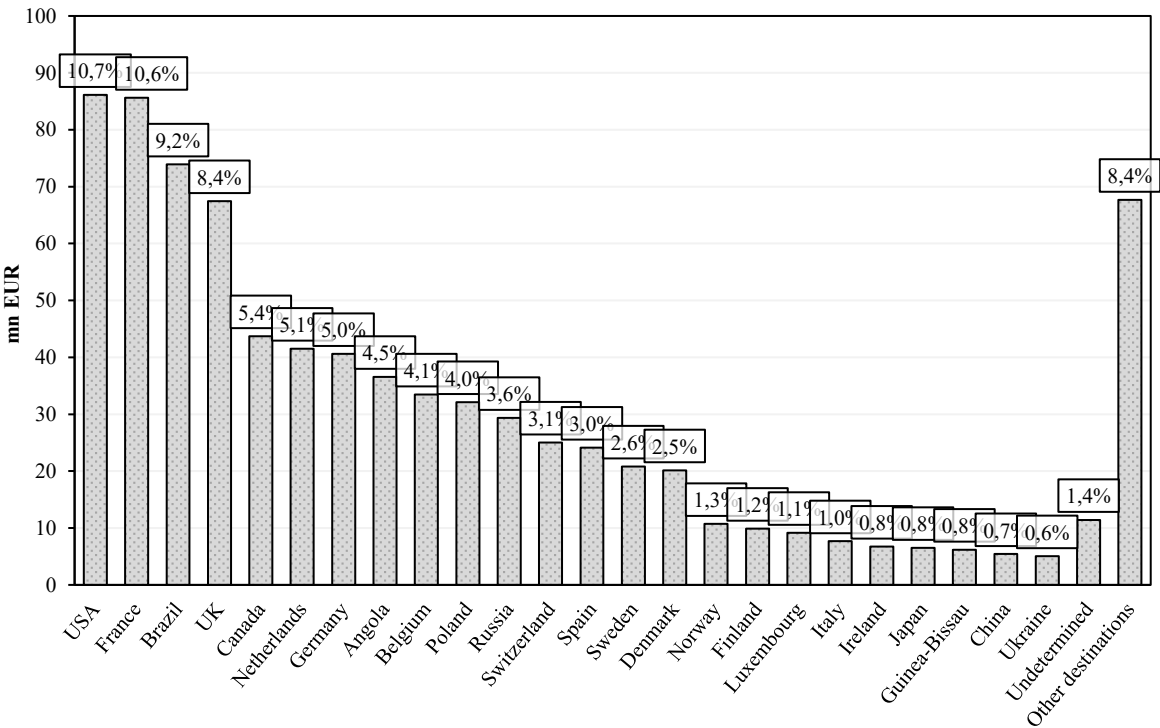


Figure 3.5- Top importers of Portuguese wine in 2023. The author, with raw data from IVV (2024).

The Douro region, Portugal’s largest wine-producing area, illustrates both opportunities and challenges. Although production has shown signs of recovery in recent years (Table 10.1**Erro! A origem da referência não foi encontrada.**), export volumes have declined steadily since 2006, with a decrease of 2.11% over the past decade (Table 3.1). Despite gradual premiumisation, reflected in a 2.02% increase in EUR per litre across all markets during the

same period, export values have remained largely stagnant since 2006 (Table 3.2), as the increase in price has not been sufficient to offset the decline in volume. Over the past decade, the countries that have recorded the largest increases in the value of Douro wine purchases are South Korea, Norway, Germany, and Denmark, whereas the countries with the highest absolute purchase volumes are France, the UK, the USA, and the Netherlands.

Table 3.1- Evolution of top 15 Douro Wine destination markets of 2023 in 1000l. The author, with raw data from IVDP (2024).

Country	2006	2010	2014	2015	2020	2022	2023	CAGR 06-14	CAGR 15-23
France	25 529	24 480	21 660	21 051	17 651	18 571	15 759	-2.03%	-3.55%
United Kingdom	10 391	9 076	9 306	9 871	10 815	9 402	9 408	-1.37%	-0.60%
The Netherlands	14 151	12 470	11 116	11 000	9 271	7 539	7 524	-2.97%	-4.64%
Belgium	11 528	11 130	9 357	9 333	8 295	8 117	6 657	-2.57%	-4.14%
Germany	3 008	4 088	3 977	3 775	4 188	4 354	4 437	3.55%	2.04%
United States	4 762	3 968	4 922	4 853	4 562	4 693	3 972	0.41%	-2.48%
Canada	3 006	2 985	2 967	3 255	4 340	3 661	3 164	-0.16%	-0.35%
Brazil	1 517	2 080	2 072	2 136	2 216	1 976	2 180	3.97%	0.26%
Denmark	1 433	1 865	1 639	1 703	1 974	1 915	1 832	1.69%	0.92%
Switzerland	1 212	1 197	1 537	1 541	1 807	1 814	1 722	3.01%	1.40%
Poland	178	564	1 077	1 176	1 099	1 119	1 247	25.25%	0.73%
Spain	1 293	1 228	1 369	1 111	858	1 117	1 020	0.72%	-1.07%
Norway	649	404	421	474	929	734	728	-5.28%	5.50%
Italy	869	645	584	531	530	634	656	-4.85%	2.67%
Russia	104	162	580	409	976	745	596	24.01%	4.81%
Total Top 15	79 631	76 342	72 582	72 582	69 512	66 392	60 899	-1.15%	-2.11%
Total Worldwide	83 403	81 050	78 706	77 939	74 571	72 470	66 249	-0.72%	-2.01%

Table 3.2- Evolution of top 15 Douro Wine destination markets of 2023 in mn EUR. The author, with raw data from IVDP (2024).

Country	2006	2010	2014	2015	2020	2022	2023	CAGR 06-14	CAGR 15-23
France	87,1	86,0	78,3	77,2	67,3	72,5	65,3	-1,33%	-2,07%
United Kingdom	50,5	43,2	47,5	52,2	53,1	49,3	50,8	-0,75%	-0,34%
United States	36,5	26,5	36,5	37,7	37,9	45,1	38,8	-0,02%	0,36%
The Netherlands	48,3	44,3	43,2	42,4	37,5	34,9	35,8	-1,40%	-2,10%
Belgium	41,4	40,6	36,7	36,0	33,7	33,1	29,0	-1,51%	-2,67%
Germany	12,0	15,7	16,1	15,7	18,7	21,3	21,4	3,73%	3,91%
Canada	19,6	20,6	18,5	19,9	23,6	23,4	20,7	-0,72%	0,53%
Denmark	7,4	13,8	10,7	12,2	17,4	17,8	16,1	4,81%	3,52%
Switzerland	5,7	6,1	8,2	8,6	10,0	10,7	10,5	4,57%	2,54%
Brazil	5,4	8,7	8,2	8,4	9,2	9,4	10,4	5,28%	2,80%

Spain	6,2	5,7	6,2	4,8	3,6	5,1	5,0	0,02%	0,59%
Poland	0,7	1,9	3,5	3,8	3,8	4,1	4,6	22,23%	2,40%
Norway	2,2	1,6	2,1	2,2	4,6	3,9	4,0	-0,57%	7,59%
Italy	4,1	3,0	2,9	2,7	2,7	3,4	3,5	-4,31%	3,21%
South Korea	0,1	0,0	0,2	0,2	2,0	3,6	3,1	11,03%	37,60%
Total Top 15	327,4	317,8	318,8	324,0	325,1	337,5	319,0	-0,33%	-0,19%
Total Worldwide	348,7	343,9	356,3	357,8	356,6	378,7	356,8	0,27%	-0,03%

Table 3.3- Evolution of 14 selected Douro Wine importers in EUR/litre. The author.

Country	2006	2010	2014	2015	2020	2022	2023	CAGR 06-14	CAGR 15-23
United States	7,66	6,68	7,41	7,76	8,30	9,60	9,76	-0,43%	2,91%
Denmark	5,14	7,42	6,54	7,18	8,80	9,27	8,80	3,07%	2,58%
Canada	6,53	6,89	6,25	6,10	5,44	6,40	6,55	-0,56%	0,89%
Switzerland	4,73	5,11	5,33	5,57	5,56	5,91	6,09	1,51%	1,13%
Norway	3,39	4,00	5,00	4,68	4,92	5,26	5,48	4,98%	1,98%
United Kingdom	4,86	4,76	5,11	5,29	4,91	5,25	5,40	0,63%	0,26%
Italy	4,74	4,70	4,96	5,10	5,15	5,30	5,31	0,57%	0,52%
Spain	4,79	4,64	4,53	4,32	4,22	4,55	4,94	-0,69%	1,68%
Germany	4,00	3,84	4,06	4,16	4,47	4,90	4,81	0,18%	1,83%
Brazil	3,58	4,20	3,96	3,92	4,15	4,76	4,79	1,25%	2,54%
The Netherlands	3,41	3,55	3,88	3,85	4,05	4,63	4,75	1,62%	2,66%
Belgium	3,59	3,64	3,92	3,85	4,06	4,07	4,35	1,10%	1,53%
France	3,41	3,51	3,62	3,67	3,81	3,90	4,15	0,72%	1,54%
Poland	3,92	3,40	3,22	3,27	3,42	3,70	3,73	-2,41%	1,66%
Average Selected 14	4,55	4,74	4,84	4,91	5,09	5,54	5,64	0,77%	1,74%
Average Worldwide	4,18	4,24	4,53	4,59	4,78	5,23	5,39	1,00%	2,02%

Overall, the international wine trade faces structural stagnation, rising costs, and shifting consumer preferences. Portugal, and particularly the Douro, stand out for their gradual diversification and progress in premiumisation. However, in terms of export performance, the Douro has not achieved growth in total export value and remains vulnerable to global economic volatility and the challenges of positioning in increasingly competitive premium segments.

4. Research Method

This chapter sets out the methodological foundations of the study by explaining and justifying the philosophical stance, research approach, methodological design, and data collection and analysis procedures employed. Given the aim of understanding how Douro SME wineries overcome resource and institutional challenges during internationalisation and how these factors influence their entry mode choices, the chapter explains why a pragmatist research philosophy and an abductive approach to theory development were adopted. A sequential mixed methods design is used, starting with the contextualisation of the Douro region through secondary quantitative data, followed by an exploratory multiple-unit case study using in-depth semi-structured interviews. The methodological choices are therefore oriented towards generating rich, context-sensitive insights while allowing for theoretical inference. The remainder of the chapter discusses the research purpose and strategy, describes the case study design and concludes by detailing how participants were selected and data were collected and analysed.

4.1. Research philosophy and approaches to theory development

Business and management research draws on diverse social science traditions, resulting in multiple coexisting philosophies (Tsoukas & Knudsen, 2003). This study adopts a pragmatist philosophy, which permits methodological flexibility by integrating qualitative and quantitative approaches. Pragmatism balances the context-sensitive insights of interpretivism with the objective orientation of positivism (Saunders, Lewis, & Thornhill, 2023).

The research follows an abductive approach, moving iteratively between empirical data and conceptual frameworks. Emerging themes from interviews informed theory development, while existing literature guided the refinement of propositions. In this way, theory generation and modification occurred progressively, aiming to build new insights and refine existing understandings of Douro SME internationalisation.

4.2. Research design

4.2.1. Methodological choice

For the purpose of this research, mixed methods is the most appropriate design as it allowed, through official figures, for the contextualisation of Douro's position in the global wine sector,

which in its turn supported a more in-depth understanding of the underlying causes. More concretely, the use of two phases where a quantitative method is followed by a qualitative method to expand or elaborate on the initial set of findings make it a partially integrated sequential double-phase explanatory mixed methods re-search design (Saunders, Lewis, & Thornhill, 2023; Nastasi et al. 2010; Teddlie & Tashakkori, 2009). The reasons for this methodology are initiation, where the initial method provides contextual background and helps to better understand the research problem; complementarity, where meanings and findings are elaborated, clarified, and confirmed; diversity of views to inform and be reflected in the study; and focus, where the first phase will deal with macro aspects and the second with micro aspects.

4.2.2. Research strategy

The case study – an in-depth inquiry into a topic or phenomenon within its real-life setting (Yin, 2018) – was the strategy employed in this research, as they're particularly valuable for answering 'how' and 'why' questions. Unlike other strategies, case study research is often used for exploring phenomena where the boundaries between the context and the subject are not clearly defined (Yin, 2018). The scholar defends that case studies can generate insights from intensive and in-depth research that lead to rich, empirical descriptions and the development of theory. They're often composed by both qualitative and quantitative data from a range of sources in a way that help in identifying what is happening and why.

Case studies can be in different philosophies, and, while they have been used over a long period, Piekkari, Welch, & Paavilainen (2009) claim that the range of case study approaches in International Business remains significantly narrower – with a strong focus on positivism – than in the broader methodological literature, limiting the potential for alternative epistemological perspectives that could yield richer, more context-sensitive insights.

This research took an emergent approach to the case study, where, contrary to an orthodox one, the focus of the research emerged through the different stages of data collection and analysis, incorporating relevant literature.

This research was structured as an embedded single case study, with the Douro wine sector serving as its single case composed of multiple empirical units (or research subjects), such as wineries. Alternative methodologies, such as surveys, could provide a broader overview and statistical generalisation of the Portuguese wine industry, but they lack the depth and contextual

richness required to fully understand the complex dynamics influencing the Douro region's internationalisation processes. Each manager may perceive and experience internationalisation differently, and an embedded case study will allow for the capture of these varying perspectives, rather than imposing a single, objective reality.

4.2.3. Time horizons

This research adopts a cross-sectional approach. The secondary data collected covers the period between 2015 and 2025 and draws on earlier decades where necessary for comparative purposes. The primary data focuses mainly on participants' recent perspectives on internationalisation, although it also addresses their initial motivations for entering foreign markets.

4.2.4. Data collection and analysis

Given the case study approach, a combination of secondary and primary data was used to ensure a comprehensive understanding of the internationalisation of Douro wineries. The ability to incorporate “a variety of data collection procedures” is one of the strengths of the case study (Creswell, 2003). Yin (2008) argues that it allows for triangulation and enhances the construct validity of the study, resulting in the development of converging lines of inquiry, and Eisenhardt (1989) also highlighted the advantages of mixing qualitative and quantitative evidence.

First, secondary data serves as an integral component of the case study by establishing the external dynamics influencing winery decision-making. This aligns with the constructivist perspective, which sees context and subject as deeply interwoven rather than distinct entities. It includes the analysis of publicly available documents, such as trade reports, statistical databases, and industry studies, which provide insights into historical patterns and market dynamics. Second, primary data, composed of semi-structured interviews, provides deeper insights into the decision-making processes of wineries. The following subsections detail these two components.

4.2.4.1. Primary data – Interviews

Population and sample selection

To ensure the relevance and reliability of the data collected, the selection of interview participants followed a deliberately strict set of eligibility criteria. Participants had to occupy a managerial or decision-making role within a Douro wine-producing SME, such as owner, managing director, or export manager, and be directly involved in the firm's internationalisation activities, including export planning, selection of foreign partners, or strategic market entry decisions. Eligible firms were required to meet the official EU classification of a small or medium-sized enterprise, with principal production and operational facilities based in the Douro region of Portugal. Importantly, only firms that had already engaged in at least one international market entry (e.g. exporting or partnerships abroad) were considered. Participants also had to be able to communicate in Portuguese or English, to ensure interview comprehensibility, and had to provide informed consent for their participation. These strict criteria were adopted to guarantee that the insights gathered would reflect genuine managerial perspectives on early internationalisation processes in the Douro wine sector. Although the resulting sample was relatively small, a smaller sample enables greater attention to be paid to the design and piloting of data collection tools, while also allowing for richer, more detailed insights from high-quality respondents — including those who are typically more difficult to access — and it permits more thorough data verification prior to analysis.

To identify suitable interviewees, a combination of network-based and online search strategies was employed. Initial contacts were established through my personal network, drawing on friends with links to the wine industry who helped me reach well-connected individuals within the sector. These key contacts not only provided access to relevant managers but also allowed me to reference their name in the invitation, which facilitated trust and increased the likelihood of participation. In parallel, additional potential participants were identified through professional networking platforms such as LinkedIn, as well as specialised industry databases, enabling a broader and more systematic search for eligible firms and individuals. To encourage participation, interviewees were informed that they would have access to other anonymised interviews as a reference. Additionally, I updated my LinkedIn biography title to indicate that I was investigating the internationalisation of Douro wineries and used the free trial of LinkedIn Premium to expand the search for potential participants.

A total of five semi-structured interviews ranging from 30 minutes to one hour were conducted with senior managers of Douro wine SMEs, including owners, managing directors, and export or commercial managers. All participants represented firms that met the eligibility criteria and were directly involved in formulating or executing internationalisation strategies. The

firms ranged from micro to medium-sized enterprises within the EU definition, and each had already entered at least one foreign market. While the sample remained intentionally limited in size, it offered a diversity of managerial perspectives and organisational profiles, thereby providing a solid empirical basis for the qualitative analysis. A summary of the interviewees and the firms is presented in Tables Table 4.1 and Table 4.2 below.

Table 4.1- Profile of participants

Interviewee	Role	Interview time
Interviewee 1 (W1)	Commercial Director	38 min.
Interviewee 2 (W2)	Responsible for Marketing, Sales, and Viticulture	32 min.
Interviewee 3 (W3)	Export Director	50 min.
Interviewee 4 (W4)	Responsible for Exports to Asia and Eastern Europe	55 min.
Interviewee 5 (W5)	Responsible for Commercial Area and Wine Business Developer	30 min.

Table 4.2- Profile of participating wineries and their key characteristics

Winery	Winery 1 (W1)	Winery 2 (W2)	Winery 3 (W3)	Winery 4 (W4)	Winery 5 (W5)
Type	Family-owned group	Family-owned	Family-owned	Family-owned	Family-owned group
Age	26-50	101+	101+	101+	1-25
Annual Production (1.000 bottles)	501-2000	0-500	2001-5000	5001-10000	0-500
Exported Production	26-50%	51-75%	51-75%	26-50%	1-25%
Annual Turnover (1.000 EUR)	2,501-7,500	0-2500	15,000-30,000	30,001-50,000	2,501-7,500
Employees	100-149	10-29	60-99	150-250	100-149
Clustered	No	Yes	Yes	No	No
Internationalisation	Beginning	Beginning	Beginning	Beginning	Beginning

The table reveals that all five wineries are family-owned firms and that most of them have been operating for over a century, highlighting their long-standing presence in the Douro region. Their production volume differs considerably, ranging from a few hundred bottles to several thousand per year, which reflects diversity in scale of operations. Similarly, the proportion of production exported varies across firms: some export less than half of their output, while others export more, indicating varying levels of international engagement. Turnover figures and workforce sizes also differ significantly, with some wineries employing fewer than 30 people and others employing over one hundred. Overall, the sample includes firms with contrasting organisational profiles in terms of age, size, and export involvement, enabling a richer and more detailed comparison within the analysis.

Data collection and analysis

The primary data were gathered through research interviews. These interviews followed a semi-structured format, guided by pre-determined themes yet allowing for flexibility in the sequence and phrasing of questions to suit each participant's specific context and narrative, and to accommodate any emergent themes. Managers and employees also often favour interviews over questionnaires, particularly when the topic is of personal or professional relevance. Interviews offer them a chance to reflect on their experiences and perspectives without the burden of writing, while also enabling the researcher to provide direct, personal reassurance regarding the confidentiality and intended use of their data (Saunders, Lewis, & Thornhill, 2023). A guide, which can be seen in Interview Guide in the appendices section — both in English and in Portuguese — was produced for each interview, first in Portuguese and then translated into English (except in one case where the participant was not Portuguese and the interview was directly in English). These transcripts (which are available in Interview Transcripts in the appendices section) were sent back to the participants, allowing them to review and make any corrections they considered necessary to ensure the validity of the data and their comfort with what was stated. Regarding the media and modes, the interviews were conducted online via Zoom and Teams, owing to the geographical distance between the researcher and the participants. Video was always enabled during the web conferences to ensure a more personal and engaging interaction.

Any unclear meanings or words were clarified with the participants. The data was analysed during and after data collection, with the process of analysis helping to shape the direction of data collection. Due to this concurrent process, the interviews were arranged with intervals long

enough that allowed for a transcription to be made and a preliminary analysis to be conducted before proceeding to the next. A Thematic Analysis, in which patterns of meaning are developed through processes of coding (Braun & Clarke, 2006), was the chosen approach for the analysis. Its essential purpose is to search and identify themes or patterns that occur across a data set (Saunders, Lewis, & Thornhill, 2023). In this approach, qualitative data is coded to identify themes or patterns for further analysis. It is a concurrent and recursive procedure, as it involves analysing data as they are collected while simultaneously looking into earlier data and analysis as coding and categorisation of data is refined and new analytical themes are searched. MAXQDA was used to facilitate the management and analysis of the collected data (Silver & Lewins, 2014).

The study followed strict ethical standards to protect participants' rights and privacy. All participants were informed about the study's purpose, and confidentiality was maintained, with personal identifiers removed from transcripts. One participant requested the removal of a section of their interview for safety reasons, and their request was fulfilled. Participants were also given the opportunity to review transcripts to ensure accurate representation of their views.

4.2.4.2. Secondary data

The secondary data employed in this research was primarily quantitative in nature, consisting of raw, structured data obtained from publicly available official sources. This included data from academic papers, as well as both snapshot and longitudinal datasets. In one instance, upon request early access was granted to a dataset that should become publicly available in the near future. These data were used both to contextualise the case study and to triangulate the perspectives of the interviewees with objective evidence, when possible.

5. Findings

5.1. Resources and Institutions

This chapter addresses research questions 1 and 2, namely what the most relevant resources and resource limitations for Douro SME wineries in the internationalisation process are, and how these wineries leverage available resources and deal with such limitations.

All wineries interviewed agreed that a *high-quality product reputation* is the foundation upon which all other resources and capabilities are built. Without a consistently good wine, no amount of marketing, partnerships, or funding would be sufficient for sustainable internationalisation. As W2 put it, "you can't fail on product quality: that's the essential foundation for any product to be consumed. It's even a responsibility we have towards the consumer." This sentiment was echoed by W3, who, after highlighting their unique internal resources, simply commented, "Of course, this all depends on the product. We have a quality product." Similarly, W5 stated that "without good wine, there is nothing to be done." Beyond product quality, the most critical tangible resources identified were financial resources. This emerged as a significant limitation for multiple wineries. W4 noted that "for many businesses, especially smaller ones, the main constraint is the budget." For instance, participating in international fairs is a major expense, with each trip "easily reach[ing] five figures," requiring significantly more sales to cover the costs. This was a shared concern, as W2 also highlighted that "the costs associated with export are, of course, significant limitations, and we have to choose very carefully where to invest." From this basis, wineries draw on a range of tangible and intangible resources while simultaneously developing capabilities that allow them to use these resources, particularly in areas such as *human resources, brand building, relationships, and institutional navigation*. These are the topics that will be discussed in the remainder of this chapter.

Human Capital

Human resources emerged as a vital asset for wineries, but securing skilled talent proved to be a major challenge. W3 described this as "probably our biggest challenge," noting that the winery had "literally just three people dedicated exclusively to exports... covering eighty countries..." W5 echoed this difficulty, explaining that "SMEs do not have the financial capacity to keep 2, 3, 4, or 5 people permanently abroad." As a partial workaround, W3 explained that international

fairs serve as a practical substitute, allowing them to meet “many clients we sometimes can’t visit during the year”. The lack of dedicated staff not only limited international travel, as W5 noted, but also hindered wineries in navigating institutional hurdles. W3 remarked that a firm would “need two people dedicated solely” to domestic financing programs, and W5 stressed the necessity of staff “fully dedicated to handling the bureaucratic process of international markets” like the US and China.

Beyond a simple headcount, the true value of human resources lay in their ability to shape internationalization. *Skilled and motivated personnel* were considered essential, with market knowledge being a top priority. W2 explained that acquiring this knowledge required “a lot of research,” including analysing consumption data and understanding local cuisine through resources like “newspapers,” “magazines,” and institutional studies. However, not all wineries viewed knowledge acquisition as difficult. W3 argued that “the unknown aspects of a specific market are filled in by actually entering it.” W4 noted that with modern tools like Google and ChatGPT, getting “partial information” was easy, and stressed the importance of firsthand experience: “go to the local market and observe for yourself.”

Some wineries, like W2, relied partially on institutional bodies like ACIBEV and AICEP for information, yet others criticised their limited contribution. W5 felt these institutions failed to “provide all the inputs needed for truly effective planning,” pointing to their own lack of human resources: “For people to acquire that knowledge, it is necessary to invest in them.” W3 added that “we don’t usually rely on institutional support,” though they acknowledged that small producers should still take advantage of it. For many, knowledge came directly from partners. As W3 explained, “it’s with partners that we figure out how the market works,” a view echoed by W2 and W4. A widespread weakness identified was a *lack of planning*. W1 argued that coaching was needed for producers who “won’t have a clear direction,” and W5 noted that outside of large brands, “no one is really doing an outstanding job in internationalisation yet.”

Finally, the findings highlighted the importance of *motivation and dedication*. W3 described a “big family” atmosphere and a “very loyal team” that “wear the company colours,” attributing their success to this team spirit. W4 mentioned that after acquiring knowledge, success “depends on how much passion you have.” W2 and W4 both noted that a strong sense of purpose was essential for facing the “overwhelming” challenges of internationalization.

Entrepreneurial skills

Another closely related dimension critical for internationalisation concerns the skills of managers and leaders. Many wineries emphasised the importance of entrepreneurial skills, such as *creativity, risk-taking, innovation, leadership, and adaptability* (Cardon & Patel, 2015; Shane, 2003).

For example, W3 stated that a key factor in their growth was successfully anticipating an important market trend. "When we started noticing that markets were becoming saturated with very intense wines... those signs were already there. Today... consumers are looking for something different. They no longer want wines that overwhelm them after half a glass." The respondent mentioned that the owner took a big risk and innovated, a move that was heavily criticised at the time. "Ironically, many of those critics now produce wines following the very approach he pioneered..." Similarly, albeit not innovation-related, W2 decided to enter the South Korean market after observing that Port Wine was experiencing notable growth there (see Table 3.2 — South Korean imports of Douro Wine have grown 37,60% in the last decade).

W2 also highlighted how the newest generation brings "a factor of innovation." The winery benefits from "the tradition and security of being well-established on that pillar, but also some freshness and joviality, thanks to the entry of new generations... who communicate differently, can reach other audiences, and bring innovation." One concrete example was their decision to age wine underwater — a first for Port wine.

Similarly, W4 noted a history of innovation in their company's origins. "Our company created Portugal's first red wine brand to be bottled..." The founder learned the method in France, bought a bottling machine, and by inventing the brand and serving wine in bottles, the company was able to export to many markets. This historic brand, established in 1850, helped them to build an international presence.

Brand and Branding/Marketing Capabilities

A *recognisable brand and strong reputation* emerged as central for all wineries, especially when engaging partners or participating in international fairs. W2 stressed, "we have to build brands and leverage the product through intangible factors — it's not just the tangible ones.", later adding that the ideal is to offer "something distinctive, with character, that reflects the work being done." Similarly, W1 highlighted on symbolic attributes and storytelling: "We have

unique things in our country... centenarian vineyards in the Douro, grape varieties brought at the time of the Roman invasion..., types of vineyard cultivation that are very much our own, like the field blend.” The participant later added: “Try to differentiate yourself by the characteristics of the place and the grape varieties you have.” W2 underlined the emotional dimension “This is a business where everything has to be emotional. It's completely linked to the pleasure of living” They also mentioned shifting worries: “In the past, people worried more about enology; now, they worry more about nature.”, and constant brand innovation: “We don't let the wine brands become complacent; we're always working on them.” Similarly, W3 cited creative strategies such as using local artists to design “different labels for each country, with each label referencing the country” W5 applied similar localisation with “special seals” referent to the Chinese New Year sent exclusively to China, “similar to what Château Lafite Rothschild did.” This strategy “had a direct impact on sales”. For W3, the creation of a “very active marketing department” had “a huge impact in promoting and strengthening the brand.”

Brand positioning was also highlighted as a key strategy by some wineries. W2 explained that they target opinion-leader markets and clients, noting that “our goal isn't to sell volume; it's to build a brand.” They cited Hong Kong, which they see as losing relevance to Singapore — despite its high tariffs —, Dubai, and “mini-markets” such as Manhattan and Miami in the US as examples, stressing that they are willing to face greater bureaucratic hurdles to be present in these markets rather than in less strategic ones. W3 mentioned pursuing global visibility, even in tiny markets, such as the British Virgin Islands and the Turks and Caicos Islands: “We want to be present in as many countries as possible, even if they're small and will never bring us much volume.” W5 stressed that wineries abroad should not cut costs by avoiding to showcase their best bottles, stressing that “if we want to compete, we must present the very best we produce, not what is merely average.” Awards and ratings were also identified as important signals of quality that are beneficial for the brand (W2, W4). At fairs, W3 noted that visibility often comes “thanks to the brand's strength and recognition.” Collective promotion was also seen as important, with the participant highlighting joint stands abroad that “leverage resources and networks... generating more buzz around all our brands collectively.”

Two participants stressed that brand strength must also be anchored domestically. W1 noted: “The export market is important for international recognition... but we are always aware that it's in the domestic market that brands are built.” W5 agreed, stating the business started “very focused on the domestic market, aimed at consolidating the brand and positioning it as

best as possible,” but highlighted internationalisation as a branding tool, stating a strategy to “position ourselves in fine dining and top wine shops.”

Reputation was not limited to the corporate brand. The personal standing of key figures — especially charismatic owners and winemakers — was seen as a critical resource. W3 explained that their family’s leadership is “our greatest internal resource,” adding that simply announcing their presence at events ensures full venues. The participant elaborated that the owner-manager is regarded as a visionary in winemaking, widely recognised outside Portugal, and considered the most important Portuguese wine producer of today. Similarly, W2 immediately emphasised their father as a central asset, value for both his technical and marketing recognition.

Finally, collective brands such as “Portugal” and “Douro” were viewed as both assets and challenges. W1 observed that “we actually compete at a significant disadvantage” compared with France and Italy, as, price for price, consumers “can opt for these more internationally recognised wines.” W2 agreed and gave an example of a partnership they have with a Spanish company, but who sell “twice as much at the same price.” W1 then warned against “very low positioning that harms the image of the country,” and advised wineries to not “succumb to the temptations of large volumes.” This emphasis on value over volume was also shared by W2, who stated, “we have to seek value, not volume,” and by W5, who remarked: “There are wines [from other countries] sold at €500 a bottle that are not even worth it, and we have wines at €50 that could, abroad, achieve that type of positioning” (see Figure 3.3b — The average export price of Portuguese wine in EUR per litre has shown only modest growth over the past decade). W2 also noted that Portuguese wines face limits with clients who feel “they already have Douro represented,” despite owning only two or three references. Still, all participants acknowledged the region’s progress, even though “there have been many strategic errors over time” (W2). Clusters were mentioned as a particular tool to promote the Douro’s reputation collectively to international opinion leaders: “The objective of forming the cluster was precisely that: to communicate the quality and consistency of DOC Douro wines and how they have a place among the great wines of the world,” as W2 stated, going on to say all of the cluster’s investment since its formation has been focused “on international markets, and the target was opinion leaders”, such as journalists, sommeliers and masters of wine.

Network and Relational Capabilities

All wineries emphasised the importance of *identifying reliable partners* and nurturing trust-based relationships, which are crucial for market entry, knowledge exchange, and effective brand positioning. W1 explained that they “never look for a partner who privileges the off-trade and the retail business, because we will not have sufficient volumes” nor be able to “practice the desired price positioning.” Similarly, W3 prioritises distributors “who share our philosophy” and want to “work with quality, [are] well connected” and that can place them in the HoReCa channel. They also target clients “who aren’t too big so they can give us the attention we need to break into markets;” and that they “want clients who work with our brand because they know it and appreciate its value.” W2 similarly noted that they “almost always look for small clients” or those with a “more dedicated portfolio.” W4 offered a contrasting perspective regarding size, stating that in larger markets they seek “a sizeable company... a market leader — a medium to large-sized player.” Despite differences in scale, W4 and W2 both stressed that partners must be reliable, capable, understand local consumers, and align with the winery’s portfolio and values. W2 also described their approach to finding new customers, noting that direct mailings often have very low success rates — “5 to 6% in thousands of mailings” — making fairs the most effective channel, though the role of fairs will be explained in detail later. W4 mentioned using “every method you can think of — LinkedIn, international fairs, email, and if you have their number, also text messages... Referrals, or Facebook groups.” W1 added that contacts can also be found “using company databases like AICEP and ViniPortugal.”

Some companies also highlighted the importance of *attracting partners*, as these relationships not only support brand building but can also pull wineries into new markets. Attracting new partners often depends on brand reputation and niche specialisation. W3 described their situation as “a bit privileged” and lucky since they receive weekly inquiries from potential clients, then adding that this is “the result of our work and brand building.” W2 echoed this, noting that international fairs frequently create opportunities, citing an approach from a client in Aruba that they “would never make an effort to export to”, but whose “interesting positioning, knowledge, and distribution” made them worth pursuing. W4 added that niche products, such as their alcohol-free wine, naturally draw attention: “If you search Google for ‘alcohol-free wine from Portugal,’ our company pops up... clients come to us.” W3 explained that all prospective importers who contact them are carefully evaluated based on track record, portfolio, and market coverage before partnerships are formalised.

International wine fairs and trade events were repeatedly identified as the most effective channels for meeting partners. W4 described them as “a must,” as they provide “opportunities for everyone to showcase their wines and meet clients from ten different countries in one place.” W3 added that fairs serve to consolidate existing networks and introduce new products to known partners, rather than as a random approach to unknown contacts, but also that they tend to invite interesting distributors to go visit their stand at the fairs. W2 reinforced this, noting that direct mailings often have a very low response rate, making fairs “where we get the best results, undoubtedly.” When entering specific markets, W3 explained that focus on relevant trade fairs, such as Dubai and Cannes for duty-free markets. Both W4 and W3 highlighted the high costs of fairs, stressing the need for strong brand recognition to justify investment.

Bonding, trust and long-term relationships were central to relational capabilities by all wineries. W4 explained that relationships depend on understanding the person and their cultural context, and W1 called durable partnerships “a great sustenance and a great support for us to succeed in export,” and emphasised that “these are honest and transparent relationships, where there is no attempt to gain an advantage by either side.” W2 noted the “close human relationships” they have with their clients, many of whom are considered friends, independently on how much they buy from them. W4 added that finding even one buyer requires significant effort and time, “so once you get one, you need to ensure the relationship lasts.” Personal connections often extend beyond business, fostering loyalty and problem-solving: W3 stated, “Given equal conditions, the client will choose the people they have a better relationship with.” W1 and W5 described welcoming partners onsite to experience the brand fully, noting that these individuals then become ambassadors in their markets. Naturally, maintaining close relationships becomes more challenging with a growing client base. As W3 explained, “Since we sell in 80 countries, we have different types of relationships... But we always try to establish a personal connection.”

Finally, some wineries use collective strategies through *clusters* to pool resources and access wider networks abroad. W3 explained that joint promotion leverages not only commercial contacts but also connections with journalists, influencers, and opinion makers, while W2 highlighted the cost-sharing benefits of collaborating with producers with similar market positioning.

Institutions and Institutional Capability

This section addresses research questions 3 and 4, which concern the institutional challenges Douro SME wineries face in the process of internationalisation and how they navigate these challenges to support their expansion abroad. Institutions and institutional capability are central to wineries' internationalisation, shaping access to resources, market entry, and operations. Wineries rely on their own experience, capabilities, and strategic partners to navigate these complex environments.

To acquire risk capital, most wineries participate in public funding programmes, such as PORTUGAL2020 or COMPETE2030, aimed at supporting internationalisation. W3 explained: "We always take part in these programmes – it's a way to recover part of the enormous investment we make every year in promoting our wines and internationalising Portuguese products." While these programmes are well-intentioned (W4: "the region wants to grow its name and product"), companies face several challenges. One major issue is the lack of sector-specific focus. W3 noted: "These programmes are designed to cover as much of Portuguese production as possible, so they're not tailored to the wine sector. The requirements are completely misaligned." Another significant problem is bureaucracy and rigid rules. W3 described them as practically inaccessible: "they require an absurd amount of bureaucracy and rules ... and if you make one tiny mistake, it's all over and you don't get any funding." The participant mentioned being aware of many companies that "just give up", as the struggle is "not worth it." W4 added: "There is a program whose regulations keep changing, and navigating it requires significant time and effort, but it's not impossible." W5 highlighted that banks are supportive for well-established projects, though "there must be a structured and well-prepared financial plan." Delays, uncertainty, and unreliability exacerbate the issue. W2 recalled: "All government support programs have been stalled for years... We invested in an internationalisation program that was supposed to be approved in November... and requires a minimum investment of €200.000... We are in July, and we still have no answer... this means enormous financial risk, creating great instability." W3 confirmed: "The processes are extremely slow."

In foreign markets, wineries face an even more complex set of institutional barriers, increasing their reliance on networks and institutional capability. *Bureaucracy* is a recurring challenge. As W3 explained, "because of the heavy bureaucracy around importing [wine], the process becomes very difficult." Regulatory constraints in the alcohol sector add to the complexity, including mandatory labelling and health warnings (W1). Latin America, Asia, the United

States, and specific European countries were repeatedly cited for their demanding requirements. W2 noted that even experienced wineries can be “caught by surprise”, as many obstacles arise only at the point of import, when not all “documentation [is] prepared for any potential market.” Latin America as “quite complex” (W3) due to sanitary registrations, licenses, and authorisations. W2 mentioned Colombia’s “extreme” bureaucracy and the need for extensive documentation (“labelling approvals, food authority requirements, specific analysis reports.”), while W5 noted that Mexico requires specific labels due to alcohol regulations related to the country’s criminal context. Asia was seen as a “whole different world” (W4), with lengthy brand registration processes and strict sample restrictions. W3 explained that registration may “take up to a year” and must be “done locally by the importer before any purchases can happen.” W4 described limitations in Malaysia and Indonesia, where only a few bottles can be sent, requiring creative solutions, while W2 recalled that South Korea required “an extensive report.” The United States poses challenges at the state level, with each AVA (American Viticultural Area) subject to its own rules (W5). W5 stressed the need for “someone fully focused just on the bureaucratic side and legal aspects” given the country’s “very complex structure” and the “considerable budget” required. Nordic markets were described as “extremely interesting” by W5, as they are “complete opposites.” Denmark is relatively open but with ambiguous legislation, requiring potential entrants to “understand well how it works, because there are no specific laws and everything isn’t clearly structured.” Sweden, by contrast, was described as “a world of its own” due to the state-controlled Systembolaget monopoly. Although entry is “one of the most difficult,” W5 noted that it can be “extremely attractive,” since once listed, producers gain access to the entire national market — a major advantage for wineries producing around 200,000 to 300,000 bottles.

Tariffs, duties, and taxes further complicate exports. W1 noted import barriers in developed markets. Within Europe, conditions are comparatively favourable: W2 stressed that intra-EU trade offers “practically open channels,” allowing wineries to know “the markup effect of products.” Beyond Europe, however, challenges intensify. Latin America was repeatedly described as particularly difficult. Brazil stood out as a “particularly complicated market” that delayed re-entry for years. As W2 explained, “we spent practically five years trying and only succeeded this year because the tax burden is very high. Besides the import tax, each state adds another. For high-category wines ... this makes the price unaffordable for many consumers.” W3 reinforced this, noting that Brazil imposes 100% tariffs on Portuguese wines, effectively doubling prices and limiting consumption. The United States was highlighted as another complex case.

W2 noted that “now with Donald Trump’s policies, [we face] a big challenge — it’s our main market. Suddenly, they applied tariffs. Overnight. How do we react?” W3 confirmed that the country exemplifies markets where excessive tariffs complicate entry. Similarly, Singapore is highlighted by W4 as having “quite high taxes for various reasons.”

Cultural and linguistic barriers also shape market accessibility. Religious norms in some Muslim-majority countries were cited as drivers of higher taxes and more restrictive regulations (W3, W4). while language requirements, particularly in Asia, create additional hurdles (W2, W3).

Institutional capability is critical both domestically and internationally. *Domestically*, wineries often rely on consultants to navigate complex bureaucratic processes. W4 observed: “Sometimes you can hire a consultant – people dedicated to handling these tasks.” Similarly, W3 explained that they “rely heavily on the work of a consultancy specialised in this kind of programme... If we had to apply on our own, we would have tremendous difficulty and would need two people dedicated solely to that.” Experience also matters: W4 noted that learning over time allows firms to recognise patterns and plan ahead.

Internationally, wineries rely on adaptation, accumulated knowledge, and partners with strong local capabilities. W4 emphasised that “if you don’t know the specific regulations of the countries you’re trying to export to, it can cost money — sometimes a lot of money.” W5 highlighted the importance of logistics and institutional knowledge: “If we do not have this knowledge well structured, we may create highly uncomfortable situations, such as products being blocked in different locations, unable to overcome the obstacles. Clients become dissatisfied, may lose confidence in us, and this creates future complications for new market entries.” Creative solutions are often required. For instance, W2 described overcoming Brazil’s high import taxes by working with clients who sell directly to consumers, bypassing intermediary margins. W5 noted leveraging consultants and industry contacts to navigate Brexit-related challenges in the UK market, and mentioned they’re looking for partners in other markets to help them overcome these barriers. In Indonesia, W4 explained that local connections allow the retrieval of samples from airports, circumventing formal restrictions.

Institutional capability is closely linked to relational capability. In highly regulated markets, wineries deliberately seek partners with strong institutional knowledge and connections. W1 explained: “In the Nordic or monopoly markets, we try to form partnerships with companies that have connections to the monopoly... former brand managers, former monopoly employees

who know the internal rules.” W4 added regarding Japan and South Korea: “Finding the right partner helps us overcome language barriers and better understand local culture and regulations.” Such partnerships complement the winery’s own capabilities, enabling effective navigation of regulatory and institutional hurdles.

The relationship between institutional capability, institutional barriers and business partners can be visualised in Figure 5.1.

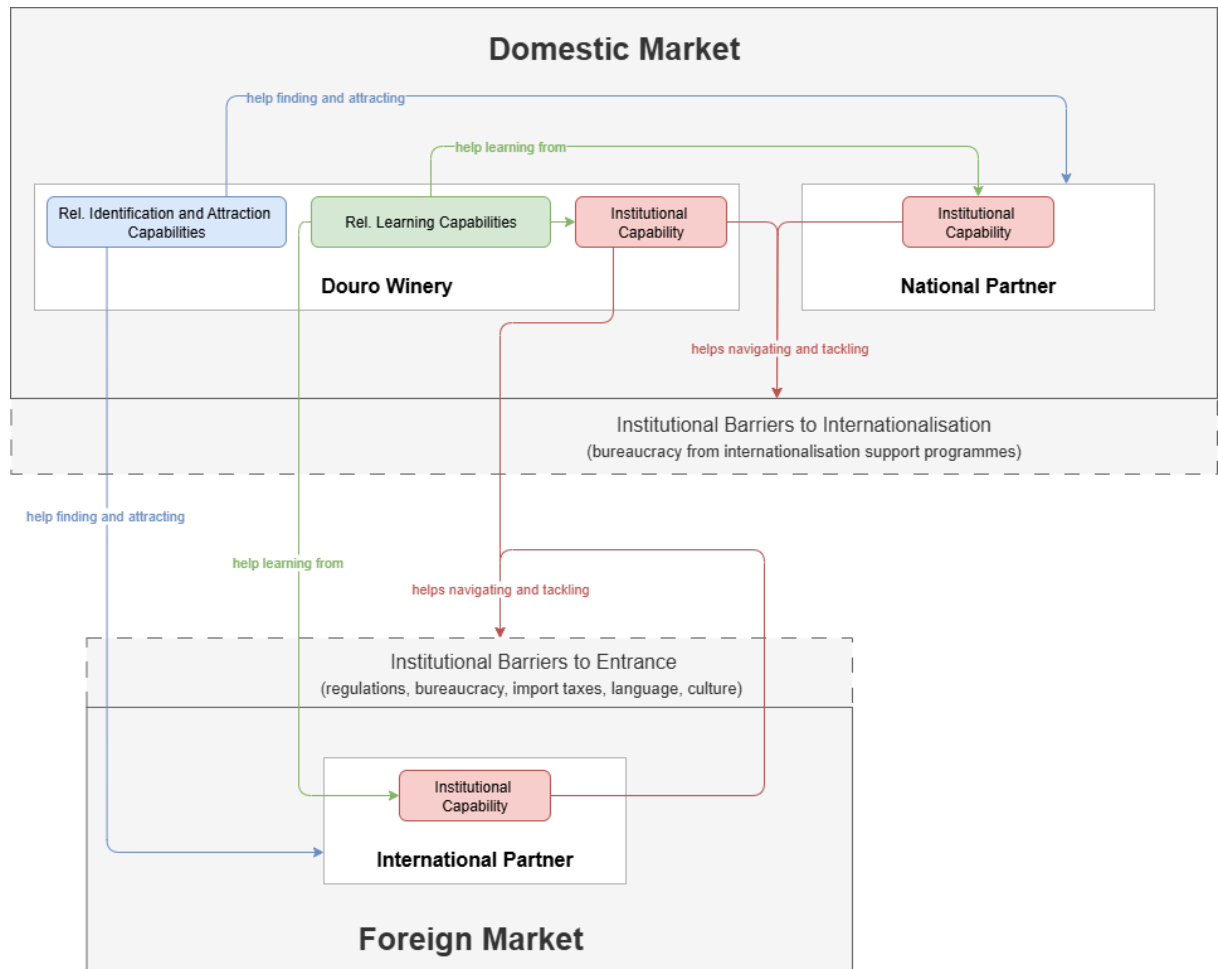


Figure 5.1- Conceptual Framework of Institutional and Network Influences on Internationalisation. The author.

5.2. Entry Mode

This section addresses research question 5, which explores the entry modes Douro SME wineries typically adopt and how their resources, resource limitations, and institutional barriers shape those choices. Exporting remains the most common entry mode for Douro wineries. As W4 explained, “*exportation is the dominant entry mode*, and new firms will most likely start with export — you send wine abroad and let others do their job,” usually through importers and

distributors. W1 confirmed this, noting their direct relationships with importers. Yet exporting is not without obstacles: bureaucracy, taxes, and accumulated intermediary costs all weigh heavily on wineries' margins. Some try to offset these by reducing layers between producer and consumer. W2 described working with importers who sell directly to consumers, as "some of these margins disappear," while W4 acknowledged Direct to Consumer (D2C) as a growing trend they are evaluating for future expansion.

Beyond shipments, some wineries use their *facilities* to strengthen ties with partners. W1 stressed that "there was always an interest in hosting partners and clients worldwide at our facilities and homes," while W5 highlighted offering visitors a full brand experience through hotels, vineyards, and day-to-day activities.

Institutional conditions also influence entry mode choice. In monopoly markets such as Canada and the Nordic countries, W1 explained, producers must work through agents since "the producer cannot sell directly to the buyer — which is the State."

Another widely used approach is the deployment of *brand ambassadors*. W1, W3, and W5 described appointing individuals — often importer employees — to represent their brands abroad, sometimes on a full-time basis. These ambassadors are partially funded by the wineries and help maintain a consistent presence in key markets. W1 stated that they have ambassadors in Brazil and Switzerland and are working towards establishing one in the United States. W5 considered them "the most important resource for international positioning," adding that the decision "was precisely motivated by the need to be present in more premium international markets. It was extremely important." In some cases, such as W3 and W5, ambassadors are fully dedicated to promoting their brands. In W1's case, ambassadors represent a portfolio of Portuguese wines within the importer, but even then, W1 noted this "has proven to be an important investment" by ensuring ongoing contact and local support.

By contrast, higher-commitment strategies such as joint ventures, acquisitions, or wholly owned subsidiaries remain *rare*. Most wineries considered them unfeasible due to limited resources. As W2 stated, "we don't have the capacity for that," while W5 emphasised a focus on the domestic market. W1 similarly explored the idea of opening an importer or distributor in the United States but concluded that it was not financially viable. W3, however, provided a notable exception. In the UK, they established a company with trusted local partners "who are respected and know the market well," in order to ensure a strong focus on their wines, even if the firm also imports other products. In Germany, they created a majority-owned subsidiary to

“take control of the product distribution” and expand beyond their cheapest, highest-volume wine: “We wanted to expand the offering and give more importance to the rest of the range, which is where we really add value and stand out.” W3 also acquired vineyards abroad — producing Riesling in Germany’s Mosel region and purchasing land in Spain’s Sierra de Gredos to integrate into their Portuguese portfolio. Larger groups provide further examples: W4 pointed to Sogrape, which owns vineyards in Spain, New Zealand, Chile, and elsewhere. W4 also suggested that future D2C expansion could involve regional warehouses set up through joint ventures.

6. Discussion

This study focuses on the resources and institutions that shape the internationalisation and entry modes of Douro wine SMEs. While most studies overlook the institutional perspective, and even fewer combine it with the resource-based view, this case study confirms that SME wineries face fundamental challenges with institutions and resources when seeking to internationalise.

SMEs' internationalisation and performance are shaped by institutional capabilities, a range of internal resources and capabilities—including financial, human, managerial, entrepreneurial, brand, and marketing assets—and networks, which together influence entry mode choices and the ability to overcome domestic and foreign market constraints.

Interpretation, Comparison, and Theoretical Contributions

This chapter discusses the findings, compares them with the literature, and highlights their theoretical contributions in three sections: institutions and institutional capability, internal resources and capabilities, and coopetition and clusters.

This study's findings show that the internal resources and capabilities of Douro SME wineries are central to sustaining competitive advantage abroad, consistent with Wernerfelt (1984) and Barney (1991). The findings highlight which resources are most critical and which are perceived as lacking. Financial resources and product quality form the foundation of internationalisation, without which expansion abroad is unattainable. Beyond this, wineries emphasised human capital, managerial competences, entrepreneurial skills, brand assets (both individual and collective), marketing capabilities, relational networks, and institutional capabilities. Human resources were particularly critical: without sufficient personnel, wineries could not send staff on international missions or manage multiple markets. This was closely tied to financial resources, but finance alone proved insufficient — success also required motivation and commitment from employees. Entrepreneurial skills, particularly innovation, also distinguished firms. Older wineries often drew on their tradition of innovation and calculated risk-taking, responding to market trends or adapting practices observed abroad, which created a competitive edge. Newer wineries instead placed more emphasis on collective branding and tradition, though these were also valued by older firms. Brand and marketing capabilities further enhanced visibility and reputation, while strong relational capabilities ensured loyalty from

foreign partners — for instance, by providing positive on-site experiences that encouraged promotion abroad. These results reinforce prior studies on the importance of finance (Ughetto, 2008), human capital and entrepreneurship (Acs & Armington, 2006; Fletcher et al., 2013; Ndofirepi, 2024), brand (Fishman et al., 2018; Montanari et al., 2019), and networks (Zain & Ng, 2006; Coviello & Munro, 1997; Balboni et al., 2014; Hayer & Ibeh, 2006). Clusters also contributed by pooling resources and enhancing marketing capacity, though there was no evidence that they provided direct institutional support. At home, wineries saw each other as competitors, but in international markets they collaborated to strengthen the collective Douro brand, recognising that the performance of one firm abroad directly affected the region's overall reputation (Monticelli et al., 2018). This underscores how external collaborations can complement internal resources and capabilities in driving international success.

The findings also demonstrate that institutions shape firms' internationalisation in distinct ways, and that institutional capability is critical in navigating institutional barriers. Consistent with Torkkeli et al. (2018) and Monticelli et al. (2018), supportive home-country institutions can promote internationalisation. At the same time, echoing Williams and Spielmann (2019), overly complex national support programmes can hinder access to funding and constrain firms' efforts abroad. These programmes were reported as being too complex and lacking sector-focus. Consequently, only firms with strong institutional capabilities are able to convert institutional opportunities into competitive advantages, as also suggested by Landau et al. (2016) and Torres et al. (2016). Institutional capabilities derive from accumulated experience and knowledge of bureaucratic procedures, regulations, culture, and norms, as well as networks with actors who hold such expertise. For instance, one winery received support for entering the UK market but had to rely on its own resources elsewhere, actively seeking partners to fill these gaps. Regarding host-country institutions, this study confirms Shahid (2025) and Lartey (2025) in showing that tariffs negatively affect internationalisation, though firms often adapt creatively with the help of partners. Similarly, in line with Cuervo-Cazurra et al. (2022), regulations generally deter internationalisation but may also push firms toward more committed—though still relatively modest—entry modes, such as appointing an agent abroad. Once again, institutional capability is essential for overcoming such barriers: experience, knowledge, and especially foreign language proficiency assist with regulatory documentation, in line with Galati et al. (2014). Foreign partners also play a decisive role by providing information, translating documents, assisting with regulatory filings, and helping firms respond to sudden institutional changes such as tariffs. Yet these capabilities are highly context-specific, in accordance with Kogut & Zander

(1996), Zaheer & Mosakowski (1997), and Stinchcombe (1965). Knowledge of one institutional environment may not transfer effectively to another, which explains why firms often face difficulties entering complex markets, such as Sweden, even when neighbouring countries appear less challenging. Overall, the findings reinforce Cheng and Yu's (2008) argument that theories of small-firm internationalisation must give as much weight to institutional pressures as to resources, capabilities, and experience.

Resources and institutions also strongly influenced entry mode choice. Wineries with stronger financial capacity tended to pursue more committed modes, while those with fewer resources relied on lower-commitment strategies or pooled resources with peers, such as jointly appointing a brand ambassador abroad. Network resources also played a role: entry mode commitment was lower when firms had reliable partners who valued their products and partnerships. In the two cases a winery mentioned regarding vertical integration abroad, higher-commitment entry modes were pursued only because the partners had limited focus on the winery's products or only handled lower-value lines, necessitating a strategic acquisition. Thus, wineries with sufficient financial resources appear to avoid risky acquisitions, pursuing them only when they cannot effectively convey the value of their products to partners. This study also found that international fairs, while often considered important for internationalisation, are costly and not always effective for attracting new clients, particularly for lesser-known brands. Instead, they appear more useful for consolidating relationships with existing clients, in line with Prause et al. (2013).

Theoretical Implications

The findings of this study have multiple theoretical implications. First, they highlight that institutional environments actively shape SME internationalisation, and that firm-specific institutional capabilities — such as experience, knowledge of regulations, and networks — are critical for navigating barriers, underscoring the need for internationalisation theories to integrate both institutional pressures and capabilities. Second, the results refine the resource-based view by demonstrating that financial resources and product quality form the foundation for internationalisation, but that human capital, entrepreneurial skills, brand assets, and relational networks complement these resources and influence strategic choices, including entry mode. The literature on internationalisation should also recognise that resources and capabilities can be context-specific, with their relevance and mobility varying across markets and types of

resources. These resources, such as institutional knowledge, brand recognition, and network, must often be recreated in each new market. Finally, the study emphasises the role of cooptation and clusters as strategic mechanisms: collaboration among firms in international markets enhances visibility and brand reputation, showing that external networks can amplify internal capabilities. Collectively, these insights suggest that dynamic frameworks combining internal resources, institutional navigation, and external collaboration offer a more complete explanation of SME internationalisation.

Practical Implications

The findings of this study offer several actionable insights for both wineries and policy makers seeking to support SME internationalisation. Wineries should enhance their institutional capabilities when pursuing international markets and designate staff specifically to manage regulatory barriers. They should strategically seek partners abroad who can help overcome such barriers and use their networks effectively, recognising how networks can accelerate internationalisation. Smaller wineries, particularly those with limited financial resources, are encouraged to form and integrate clusters to pool resources, share knowledge and networks, and strengthen marketing capabilities; sharing human resources to manage regulatory requirements can also be included in cluster arrangements, as individual firms rarely enter new markets alone. Wineries should make collective efforts to enhance the reputation of their region and country and resist pressure to compete solely on low prices. Participation in international fairs should be approached strategically—not merely to find new customers, which is rare—but as an opportunity to consolidate relationships with existing clients. Alternative marketing channels like personal selling or internet sales can be more cost-effective for smaller, resource-limited SMEs.

For policy makers, simplifying access to internationalisation support programmes and making them more sector-specific would help SMEs overcome barriers to international expansion. Authorities and industry associations could provide clear guidance on foreign regulations, tariffs, and documentation, as well as offer training or advisory services to strengthen firms' institutional capabilities. Finally, policy makers should actively encourage the formation and development of clusters to support collaboration, resource-sharing, and collective internationalisation efforts.

7. Conclusion

This dissertation set out to examine how Douro SME wineries pursue internationalisation under conditions of limited resources and institutional complexity. The central research question asked: How do the resources and capabilities of Douro SME wineries, alongside the ways they address resource constraints and institutional challenges, shape their internationalisation and entry mode choices? To address this, the study was guided by five sub-questions:

1. What are the most relevant resources and resource limitations for Douro SME wineries in the internationalisation process?
2. How do Douro SME wineries leverage available resources and deal with resource limitations?
3. What institutional challenges do Douro SME wineries face in the process of internationalisation, and how do these challenges affect their ability to enter and operate in foreign markets?
4. How do Douro SME wineries navigate these institutional challenges to support their internationalisation?
5. What entry modes do Douro SME wineries typically adopt, and how do their resources, resource limitations, and institutional barriers shape those choices?

The study found that Douro SME wineries' internationalisation is shaped by a combination of institutions, institutional capabilities, and other internal resources and capabilities, alongside their networks. Institutional capabilities allow firms to navigate complex domestic and foreign regulations, leverage supportive home-country institutions, and turn institutional opportunities into competitive advantages. Institutional constraints can make market entry very difficult, but in some cases they may push firms toward higher-commitment entry modes. Internal resources and capabilities—including financial, human, entrepreneurial, brand, and marketing assets—enable firms to succeed abroad through higher differentiation, greater visibility, and stronger dedication to foreign markets. Networks, clusters, and coopetition complement these resources by providing access to pooled financial resources, which support higher-commitment entry modes, and pooled knowledge resources, as well as shared contacts and networks between cluster members, which often enable lower-commitment entry modes. Together, these factors enable SMEs to make informed entry decisions, overcome resource and institutional constraints, and enhance their international performance. This study makes several important contributions. Theoretically, it confirms that both institutional pressures and firm-specific institutional

capabilities are critical for SME internationalisation, extending existing frameworks that often focus primarily on resources. It also refines the resource-based view for SMEs by showing that while financial resources and product quality form the foundation for internationalisation, human capital, entrepreneurial skills, brand, and relational networks complement these resources and influence strategic decisions, including entry mode choice. Furthermore, the findings highlight the context-specific nature of resources and capabilities and emphasise the strategic role of coopetition and clusters in amplifying internal strengths. From a practical perspective, the study suggests that wineries should actively enhance their institutional capabilities and designate staff to manage regulatory challenges, while strategically leveraging partnerships and networks abroad to navigate barriers and accelerate internationalisation. Smaller wineries, in particular, benefit from forming clusters and engaging in coopetition to pool resources, share knowledge, and strengthen marketing and operational capacities. Policy makers can support these efforts by simplifying access to internationalisation support programmes, providing sector-specific guidance, and encouraging the development of clusters to facilitate collaborative and sustainable international growth.

Despite its contributions, this study has several limitations. First, it focuses on a relatively small sample of Douro SME wineries, which may limit the generalisability of the findings to other wine regions or SMEs in different industries. Second, the study relies primarily on qualitative data from interviews and case observations, meaning that results are shaped by participants' perceptions and may be influenced by recall bias or subjective interpretation. Third, while the study considers both internal resources and institutional factors, the dynamic interplay between these elements over time could be further explored with longitudinal or mixed-method approaches. Finally, the research is context-specific, and the institutional and market conditions of the Douro region may differ from other domestic and international settings, which could affect the applicability of some findings elsewhere.

Building on these limitations, several avenues for future research emerge. Future studies could examine a larger and more diverse sample of wineries across different regions and countries to test the generalisability of the findings. Longitudinal or mixed-method approaches could provide deeper insights into how resources, capabilities, and institutional factors interact over time to influence internationalisation and entry mode decisions. Comparative studies could explore how institutional and market conditions in other regions shape SMEs' international strategies, and whether the role of clusters and coopetition differs across contexts. Finally, further research could investigate the transferability of specific resources and institutional knowledge

between markets, providing a clearer understanding of how SMEs can replicate success in varied international environments.

In conclusion, this study shows that the internationalisation of Douro SME wineries is not defined by a single factor but by the interplay between resources, institutional capabilities, and networks. By examining how firms overcome constraints and strategically leverage their strengths, the research highlights the resilience and adaptability of SMEs in a demanding global environment. Ultimately, the findings suggest that when resources, institutions, and collaboration are brought together, even small firms operating in traditional sectors can carve out successful international paths and contribute to the global recognition of their regions.

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10. Annexes

10.1. Additional Tables

Table 10.1- Evolution of total production by wine region in mhl. The author, with data adapted from IVV (2024).

Region	2010	2014	2015	2020	2023	2024	CAGR 10-24	CAGR 15-24	CAGR 20-24
Douro	1 660	1 407	1 613	1 264	1 562	1 632	-0.12%	0.13%	6.59%
Lisboa	1 204	895	1 203	1 253	1 539	1 212	0.05%	0.09%	-0.83%
Alentejo	1 190	1 223	1 152	1 159	1 233	1 199	0.06%	0.44%	0.85%
Minho (Vinho Verde)	912	693	874	848	924	1 015	0.77%	1.67%	4.59%
Tejo	631	578	611	644	760	651	0.23%	0.70%	0.26%
Setubal P.	432	503	504	475	590	454	0.36%	-1.16%	-1.13%
Dão	356	241	342	189	281	225	-3.22%	-4.56%	4.43%
Beira Atlântico (Bairrada)	298	225	273	174	251	214	-2.33%	-2.66%	5.25%
Beira Interior	225	217	226	219	186	175	-1.77%	-2.81%	-5.48%
T. Montes	119	108	112	94	101	99	-1.33%	-1.40%	1.19%
Távora-Varosa	61	53	67	38	52	52	-1.08%	-2.69%	8.57%
Madeira	37	41	46	37	38	33	-0.77%	-3.56%	-2.99%
Algarve	19	11	14	13	17	21	0.65%	4.92%	12.65%
Azores	5	13	10	8	8	4	-1.27%	-10.08%	-16.81%
Average	511	443	503	458	539	499	-0.16%	-0.10%	2.14%
Total	7 148	6 206	7 048	6 418	7 542	6 986	-0.16%	-0.10%	2.14%

10.2. Interview Guide

English

I. Introduction & Context

1. How many employees work in your company?
2. What is the annual turnover?
3. How many bottles of wine does your company produce annually?
4. How many of these bottles are sold abroad each year?
5. Have these international sales changed significantly over time?
6. What type of company is it? (e.g., family-owned, cooperative, part of a group, etc.)
7. Is your company part of any cluster?

8. In what year was the company founded?
9. What are your main international markets?
10. How long has your company been involved in international markets?
11. What were the first markets you entered?
12. What is your role within the company?

II. Understanding International Orientation & Driving Forces

13. Could you describe what initially motivated your company to look beyond the domestic market and pursue internationalisation?
14. How have institutional pressures and barriers, both in Portugal and in your export markets, influenced your winery's international orientation?

III. Internal Resources & Distinctive Advantages

15. What do you consider to be the most unique internal resources — tangible and intangible — that drive your company's international orientation?
16. How have these unique resources directly contributed to your success or differentiation in international markets? Could you provide concrete examples?
17. Does the cluster your company belongs to have specific resources that help with internationalisation?

IV. Strategy, Constraints & Entry Modes

18. When considering internationalisation, what specific factors mainly guide your company's decisions regarding entry modes into foreign markets? What entry modes do you usually adopt?
19. What are the most significant resource constraints (e.g., financial, human resources, marketing budget) you face in internationalisation?
20. How have these constraints directly influenced the types of entry modes you have been able to adopt (e.g., direct export, indirect export, joint ventures, acquisitions)? Could you give examples of decisions made due to these limitations?
21. Has your company ever chosen an entry mode specifically to acquire new knowledge in a foreign market or through a local partner? What type of knowledge were you seeking and how did you acquire it?
22. Have you ever considered higher-commitment entry modes, such as partial acquisitions or setting up a subsidiary abroad? What motivated or prevented this decision?

V. Future & Recommendations

23. If you could give advice to another Douro wine SME just starting its internationalisation process, what strategic recommendations would you share?

24. What types of resources or support do you consider most helpful to assist Douro wine SMEs in internationalising more effectively?

VI. Final Considerations

25. Is there anything else you would like to add about your company's internationalisation that has not yet been covered?
26. Would you be available to be contacted if additional questions arise?

Portuguese

I. Introdução & Contexto (Para estabelecer o enquadramento)

1. Quantos colaboradores trabalham na sua empresa?
2. Qual é o volume de negócios anual?
3. Quantas garrafas de vinho produz anualmente?
4. Quantas dessas garrafas são vendidas para o estrangeiro por ano?
5. Estas vendas internacionais têm mudado significativamente ao longo do tempo?
6. Que tipo de empresa é? (por exemplo, familiar, cooperativa, parte de um grupo, etc.)
7. A sua empresa está integrada em algum cluster?
8. Em que ano foi fundada a empresa?
9. Quais são os seus principais mercados internacionais?
10. Há quanto tempo a sua empresa está envolvida em mercados internacionais?
11. Quais foram os primeiros mercados em que entraram?
12. Qual é o seu papel dentro da empresa?

II. Compreensão da Orientação Internacional & Forças Impulsionadoras

12. Pode descrever o que motivou inicialmente a sua empresa a olhar para além do mercado nacional e a procurar a internacionalização?
13. De que forma as pressões e barreiras institucionais, tanto em Portugal como nos seus mercados de exportação, influenciaram a orientação internacional da sua adega?

III. Recursos Internos & Vantagens Distintivas

14. Quais considera serem os recursos internos – tangíveis e intangíveis – mais únicos que impulsionam a orientação internacional da sua empresa?
15. De que forma esses recursos únicos contribuíram diretamente para o seu sucesso ou diferenciação nos mercados internacionais? Pode dar exemplos concretos?

16. O cluster do qual a sua empresa faz parte possui recursos específicos que a ajudam na internacionalização?

IV. Estratégia, Limitações & Modos de Entrada

17. Ao considerar a internacionalização, que fatores específicos orientam principalmente as decisões da sua empresa relativamente aos modos de entrada em mercados estrangeiros? Que modos de entrada costumam adotar?
18. Quais são as limitações de recursos mais significativas (ex.: financeiras, recursos humanos, orçamento de marketing) que enfrenta na internacionalização?
19. De que forma estas limitações influenciaram diretamente os tipos de modos de entrada que conseguiu adotar (ex.: exportação direta, indireta, joint ventures, aquisições)? Pode dar exemplos de decisões tomadas devido a essas restrições?
20. Alguma vez a sua empresa escolheu um modo de entrada com o objetivo específico de adquirir novos conhecimentos num mercado estrangeiro ou através de um parceiro local? Que tipo de conhecimento procuravam e como o adquiriram?
21. Já considerou modos de entrada de maior compromisso, como aquisições parciais ou a criação de uma filial no estrangeiro? O que motivou ou impediu essa decisão?

V. Futuro & Recomendações

23. Se pudesse dar conselhos a outra PME vitivinícola do Douro que está a começar o seu processo de internacionalização, que recomendações estratégicas partilharia?
24. Que tipos de recursos ou apoios considera que seriam mais úteis para ajudar as PME vitivinícolas do Douro a internacionalizar-se de forma mais eficaz?

VI. Considerações Finais

25. Há mais alguma coisa que gostaria de acrescentar sobre a internacionalização da sua empresa que ainda não tenha sido abordada?
26. Estaria disponível para ser contactado/a caso surjam questões adicionais?

10.3. Interview Transcripts

10.3.1. *Winery 1*

1 Interviewer: How many employees work in your company?

2 Respondent: Around 100.

- 3 Interviewer: And what's the annual business turnover?
-
- 4 **Respondent**: It's above 6 million euros.
-
- 5 Interviewer: How many bottles of wine do you produce annually?
-
- 6 **Respondent**: In the Douro, 650,000 bottles.
-
- 7 Interviewer: And how many of those bottles are sold abroad per year?
-
- 8 **Respondent**: Our main market is the domestic market. In the international market, the share is between 25% and 30%, depending on the year.
-
- 9 Interviewer: Have international sales changed significantly over time?
-
- 10 **Respondent**: As a company with limited quantities and a high-end positioning, we've focused on certain key target markets, precisely because, as I mentioned, quantities are limited. The main market is the domestic market, and we have to ensure volumes with our main partners, so we don't go for everything. But in the markets where we operate more regularly, I've noticed an improvement in the sales mix and also greater recognition, especially in the Douro. A caveat here: in addition to W1, we also have W1.2 [from outside the Douro], which is a more recent project that started in 2020 – it was launched in 2020 – and, currently, the entire business accounts for these more than 6 million euros; so, if we had to separate only the Douro, it would be around 4 and a half M€.
-
- 11 Interviewer: What type of company is your winery? For example, family-owned, cooperative, part of a group...?
-
- 12 **Respondent**: Part of a family-owned group.
-
- 13 Interviewer: Is your winery integrated into any cluster?
-
- 14 **Respondent**: Not really. We are, of course, part of associations like ACIBEV and AEVP, etc., but we're not exactly integrated into a group, a cluster, like, for example, some Douro companies that group together, like the Cluster 1 or something similar. We're not associated, no.
-
- 15 Interviewer: In what year was the winery founded?
-
- 16 **Respondent**: As it stands today, in 1999.
-
- 17 Interviewer: And what are your main international markets?
-

- 18 **Respondent:** Our main international markets are Switzerland – it's our primary international market – then the United States, Canada, and Brazil.
-
- 19 **Interviewer:** How long has the winery been involved in international markets?
-
- 20 **Respondent:** Since the beginning.
-
- 21 **Interviewer:** What were the first markets you entered?
-
- 22 **Respondent:** Also these: Switzerland, Central Europe, and also the American and Brazilian markets.
-
- 23 **Interviewer:** And finally, what is your role in the company?
-
- 24 **Respondent:** At the moment, I'm the Commercial Director, and I'm also in charge of, in addition to the sales team in international markets, what we call here "third-country markets," which are non-EU countries.
-
- 25 **Interviewer:** Can you describe what initially motivated your winery to look beyond the domestic market and seek internationalisation?
-
- 26 **Respondent:** As the saying goes, you shouldn't put all your eggs in one basket. Although the fact that the domestic market is our most important market is also a guarantee for our international partners, who feel secure because the brand is recognised and widely distributed throughout the national territory. The two markets are never seen in isolation or as exclusive, but rather as complementary. The export market is important for international recognition and for the opportunities it obviously provides, but we are always aware that it's in the domestic market that brands are built, and where we don't face the competition of thousands and millions of brands that exist internationally.
-
- 27 **Interviewer:** How have institutional pressures, both in Portugal and in your export markets, influenced your winery's international orientation? We're talking, for example, about regulatory pressures, expectations like professional standards, established industry standards, or internal practices.
-
- 28 **Respondent:** The group has always had a strong internationalisation vocation since the mid-1970s. Group 1 always had a strong internationalisation aspect and component. Therefore, besides exporting, there was always an interest in hosting our partners and clients worldwide at our facilities and homes to physically show and introduce the business. This attention has always been present and is reflected in all business areas, with wine production being even more affected by this type of internal stance and policy. In terms of institutional and external pressures, I believe there was never anything that pressured us. Of course, it's obvious that organisations like AICEP and ViniPortugal are very useful; they provide support and encourage

internationalisation, but we never felt obliged to internationalise. It's truly a group desire and strategy.

29 **Interviewer:** What do you consider to be the unique internal resources, both tangible and intangible, that drive your winery's international orientation? For example: specific vineyards, grape varieties, methods, family heritage, knowledge, brand, relationships, and so on.

30 **Respondent:** The group's vision for wine production has always been very clear. Our decision to opt for wine production was a late one. In the group's 250-year history, own-label wine production only began in the last 25 years, and we only moved forward when we had that opportunity, taking into account what we considered most important – the promotion of national and local grape varieties, the *terroir*, the expression of the territory, and the ability to demonstrate that, with local grape varieties, in our vineyards and demarcated regions, it is possible to produce wines as good and of such high quality as the best wines produced worldwide. Our grape varieties have nothing to envy from other international grape varieties – quite the opposite. We have always privileged this. We don't have any international grape varieties planted in our vineyards, wineries, or estates. What we do is try to give the best expression of the combination of grape varieties and *terroir* and express what can be best produced in the different wine regions where we operate. In fact, these are the resources we value most, combined with technology, obviously. We have wineries that, besides being very beautiful, are very functional and practical and help us to extract these best characteristics and what we believe to be the best expression of the territory and region with the vineyards we have planted.

31 **Interviewer:** So, what about relationships?

32 **Respondent:** Of course, relationships are part of and the foundation of our business – they always have been. The relationships already existed... The group internationalised very early on, with the opening of factories and production and finishing units for [the other business] in various countries around the world, and there was always this vocation to cultivate professional relationships and – more than professional – partnerships. That's what we believe in – partnerships that are as transparent as possible, where both parties must be united and on the same side to achieve the objectives we want for our companies, both in terms of import and distribution, and in terms of production on our side. Now, strong and lasting relationships are something we have always cultivated. We have long partnerships with international and national partners and we try to foster these relationships. Lasting relationships based on transparency and honesty, which benefit both companies. So – these are honest and transparent relationships, where there is no attempt to gain an advantage by either side, but rather a union of efforts to achieve what we want, both on one side and the other. It's even more important when our positioning is high. A positioning that, in export, is very challenging because – just the other day we were commenting with some partners, production colleagues, and competitors – in terms of Douro table wine, we must be the company with the highest average price in the region, and this proves even more difficult and challenging in the international market, where we have competitors like Italy and France, with much more international recognition, presence,

strength, support, and who practice similar prices to ours. Therefore, there we actually compete at a significant disadvantage compared to international competitors that consumers recognise more easily, including their quality, and who – price for price – can opt for these more internationally recognised wines, such as champagnes and international brands of Bordeaux châteaux, Italian wineries, and even Spanish bodegas that have much more recognition than us. But we have not yielded to the pressure to lower the price and we face the competition with what we have and can do. Therefore, these lasting relationships are a great sustenance and a great support for us to succeed in export.

33 **Interviewer:** How have these unique resources directly contributed to your success or differentiation in international markets? Can you give some concrete examples?

34 **Respondent:** Our grape varieties and our vineyards have a lot of history and tradition, and they are beginning to spark curiosity internationally, as well as a desire to learn and gain more knowledge. We have always been very faithful to national grape varieties and especially to local ones – those that have best adapted to that territory and have shown the most resilience and wine quality over many decades and even centuries. We have unique things in our country, such as, for example, the centenarian vineyards in the Douro, grape varieties that were brought at the time of the Roman invasions and have been preserved to this day, types of vineyard cultivation that are very much our own, like the field blend, like the mixture of different grape varieties in the same vineyards, which we still preserve today. For example, at W1, we have seven hectares of centenarian vineyards where several grape varieties are cultivated in the same vineyard, following this field blend principle. These are very old vineyards, very resilient, that have adapted to the territory and adversities and have lasted for more than a century. In Dão, we also have very old vineyards in field blend. It is these characteristics and this type of differentiation that we usually disseminate and promote to demonstrate the differentiation of our wines relative to wines produced elsewhere in the world.

35 **Interviewer:** When considering internationalisation, what specific factors primarily guide your winery's decisions regarding modes of entry into foreign markets, and what modes of entry do you usually adopt?

36 **Respondent:** We produce limited quantities, and this volume limitation also heavily guides market entry. So, what we've been doing is selecting more mature markets or markets that already have a relationship with wine – evolved wine consumption markets with growth potential – and these are the markets we focus on. The modes of entry... these partnerships have also been built largely on participation in international fairs, on contacts from other partners who suggest international companies, and also using company databases like AICEP and ViniPortugal, and participation in all of that. But also very much on contacts and relationships with other market players.

37 Interviewer: So, the mode of entry ends up being direct export?

38 **Respondent**: Direct export. We have agents in very few places. We mainly have agents in monopoly markets, such as Canada and the Nordic European countries, where the producer cannot sell directly to the buyer – which is the State – and has to be represented by an agent. That's the only exception to the rule; generally, we have direct relationships with the importer.

39 Interviewer: Are there specific reasons or circumstances that make other modes of entry less common or viable? For example, the acquisition of a winery abroad or joint ventures.

40 **Respondent**: We don't have a different entry method planned – acquisitions or expansion into other markets in that area, nor joint ventures or winery acquisitions. We don't have that ambition, precisely because of what I've been saying. The group's vision for wine production is contrary to the vision for the other area, which is a volume and large-scale business. In wine production, we focus on limited quantities and a higher positioning, precisely because there's a line and a balance that needs to be achieved, as we don't want to be seen by our other business clients as their competitors in the wine sector. We won't compete with our main clients in terms of volume. We're in a constructive mindset of improving the average price, promoting and disseminating the 'Portugal' brand worldwide, with a high-quality seal, but never competing in terms of volume or entering with low prices. These options and different approaches to entering international markets, I believe, in the case of the wine production area, will not be considered.

41 Interviewer: Do you believe you also choose these modes of entry because that's how it's done in the industry? It's the established practice.

42 **Respondent**: Yes, yes, that's how it's done, yes.

43 Interviewer: What are the most significant resource limitations you face in internationalisation? We're talking, for example, about financial, production, human resource limitations, and so on.

44 **Respondent**: It's all those you mentioned: financial, human resources, and, most importantly, volume limitations. If we go to a market the size of the United States or Brazil, we don't have the volume for the dimensions these markets could represent. These are markets of over 300 and 200 million people, respectively, so we would never have the necessary volumes to become mass suppliers of wines for these markets. Therefore, our option has been to position ourselves at a higher level which, initially, provides smaller volumes, but gives us the guarantee of having sufficient quantities for the positioning in which we are operating.

Of all these measures, we frequently encounter import barriers, particularly due to high taxes and duties in some developed markets. In other cases, the alcohol sector faces additional restrictions because it is somewhat demonised, including mandatory

labelling and health or consumption risk warnings—similar to what occurs with tobacco.

Therefore, there are several obstacles of various kinds, and all those you mentioned, and some others, are obstacles and difficulties we face at the internationalisation level.

45 Interviewer: How do these limitations directly influence the types of entry modes you've been able to adopt? Can you give examples of decisions made due to these restrictions?

46 Respondent: All these difficulties also end up conditioning the mode of entry and the choice and selection of partners, because, in fact, in our initial approaches to new markets, or even to markets where we are already present, we never look for a partner who privileges the off-trade and the retail business, because we know that we will not have sufficient volumes to enter a retail chain with many points of sale, where we will not have sufficient quantities to supply the volumes they need, nor to practice the desired price positioning for this type of clients. All these decisions that were made from the outset, when we started the wine business, condition the selection of partners at an international level.

47 Interviewer: Has your winery ever chosen an entry mode with the specific goal of acquiring new knowledge in the foreign market or through a local partner? What kind of knowledge were you looking for, and how did you end up acquiring it?

48 Respondent: That's a difficult question for me to answer because I've been on the commercial team since 2021, and most of the partnerships were already established before that. Obviously, new markets have been opened since then. In the Nordic or monopoly markets, for example, we try to form partnerships or establish relationships with companies that have some connection to the monopoly, to the state organisation that coordinates the alcohol business in those countries. For example, former brand managers, former monopoly employees who know the internal rules and who, having worked there, know what the rules are and the type of action they should take to succeed in these markets. So, yes, there's this care to, when choosing a partner, ensure they have knowledge of how the market works and maintain relationships with various players at an institutional level and even at the sector level, with competitors and local entities that can also support and develop... Often, more in Portuguese-speaking markets – which we call "saudade markets" – we resort to importers of Portuguese origin who, in combination with local embassies, can attract the type of consumers and public we want for the events we participate in.

49 Interviewer: You mentioned the diaspora. Do you consider a significant part of your business to be due to the diaspora?

50 Respondent: Not much. It mainly arises in Central Europe, like France, Luxembourg, and those countries. But, for example, our main importer, from our main country – Switzerland – is a local partner whose shareholders are not of Portuguese origin. Naturally, there are always employees of Portuguese origin who help a lot, facilitate,

and even act as advocates in our name and on behalf of Portuguese wines, that is, their country of origin. But, for example, in the case I'm referring to, they are not the ones with decision-making power, unlike, for example, our importer from Luxembourg or France, where, yes, the majority shareholder of the company itself is of Portuguese origin.

51 **Interviewer:** Have you considered higher commitment entry modes, such as partial acquisitions or setting up a foreign subsidiary? What motivated or prevented that decision?

52 **Respondent:** It always comes down to the philosophy behind the business, doesn't it? Which is to focus on smaller volumes, limited quantities, and a higher positioning. We have considered that option. On several occasions, we've carried out studies on the possibility of opening an importer or distributor in the United States, for example, but it simply isn't financially viable or profitable. What we've opted to do, and what we've been expanding to more countries and partners, is an ambassadorial representation. We currently have this figure in Brazil and Switzerland, and we're trying in the United States. This is a figure who, being an employee of the importer where we are present, is an ambassador for our brands, partially supported by us. They are not 100% an ambassador for our winery, but for Portuguese brands within our importer. Importers have, in addition to wines from Portugal, wines from other denominations of origin and from other countries like France, Italy, and Spain – these are the most striking examples, which are always in the portfolios of these importers. This figure of ambassador for Portuguese wines has proven to be an important investment because, as we cannot be physically present 100% of the time to support our importers, we have a person who, at least, has a specific mission in promoting Portuguese wines, with whom we are in permanent contact – daily, weekly – and who provides support in promoting our brands, being partially supported by us as well. This was a way for us to have our own structure in a destination country.

53 **Interviewer:** If you could give advice to another Douro wine SME that is starting its internationalisation process, what strategic recommendations would you share?

54 **Respondent:** [Laughs] My advice would be not to start. We are going through a difficult phase in the business – a reduction in consumption worldwide, a serious lobby attack from other products, such as cannabis, for example. We have been heavily attacked, especially wine, as a major health risk. The WHO, which five or ten years ago mentioned that moderate wine consumption with meals could even have beneficial cardiovascular effects, nowadays states that alcohol is harmful from dose zero. Therefore, this change of opinion comes from lobbies, political pressures, and other sectors that have altered their position and are conveying a very harmful image of alcohol. So, my advice is not to start. There are many sayings in the wine industry, but one that I often remember is: "the best way to turn a large fortune into a small fortune is to start in the world of wine." This is clearly an indicator of the type of investment and costs that have to be made to succeed. Another saying – this one originating from the Baroness de Rothschild – is: "the wine market is not difficult, the most complicated part are the first 200 years." It is a great risk to start a business, a winery, a new brand. Nowadays, it involves very high costs, very high investments.

The advice I would give is not to give in to price and volume pressures, to be true to yourself and try to differentiate yourself by the characteristics of the place and the grape varieties you have, and by promoting the differentiation you have compared to the rest of the competitors. Do not succumb to the temptations of large volumes and very low positioning that harm the image of the country and the wine sector in Portugal. Unfortunately, one of the great difficulties we feel is the image that Portugal has in the international wine world as a producer of very low prices, of very low positioning. Therefore, when we start negotiating with any importer at an international level, the mindset of that importer is already at a lower price bracket than desirable. The more players there are in Portugal who give in and let themselves be carried away by this posture and positioning, the greater difficulty we will all have in the future in increasing the average price of our exports and positioning ourselves in a more premium segment, as would be desirable. Especially because Portugal, due to the country's size as a wine producer – we are the 11th largest wine-producing country, although we are the first consumer – will never have the same volumes and access to volumes that Chile, Argentina, Australia, or even China have, which, when it gains greater recognition, will be a very difficult player, due to the prices it practices and the volumes it can produce. That would be the main advice – stay true to the region and the terroir where you operate and do not succumb to the temptation of low price and ease of sale. But the first advice is: "don't start."

55 Interviewer: What types of resources or support do you think would be most useful to help Douro wine SMEs internationalise more effectively?

56 Respondent: Regarding financial resources, at the European level, we've had quite a lot of support and assistance. In terms of internationalisation, there are European funding programmes that significantly support investment and the internationalisation of business in various sectors. I think it wouldn't be so much about financial resources, but rather about coaching. I think there are many producers who don't have a clear direction and are just drifting. Their strategy is to sell – they don't have a defined strategy. Therefore, for an SME that was just starting out and for a newcomer in this sector, I think coaching and support as a basic orientation would be essential factors.

57 Interviewer: Regarding coaching, do you feel it's support that simply isn't available, is available but not sought after, or, being available, doesn't quite fit the needs of SMEs and ends up being more for large companies?

58 Respondent: I don't know how to answer that.

59 Interviewer: Would you like to add anything else about your winery's internationalisation that hasn't been covered yet?

60 Respondent: No, I think we've covered the main points.

61 Interviewer: Are you available to be contacted if additional questions arise?

62 **Respondent**: Yes, of course.

10.3.2. *Winery 2*

1 Interviewer: How many employees work at your company?

2 **Respondent**: 12, but it's going down to 10.

3 Interviewer: What's your annual turnover?

4 **Respondent**: €1.3M.

5 Interviewer: How many bottles of wine do you produce annually?

6 **Respondent**: 75,000.

7 Interviewer: How many of those bottles are sold abroad per year?

8 **Respondent**: 60%.

9 Interviewer: Have these international sales changed significantly over the year?

10 **Respondent**: Yes, they've changed quite a lot. We relaunched the brand in 2020. I think the most reliable data is from 2020 onwards because we did a portfolio restructuring and an image change. What we've been doing is expanding into new markets. This year, so far, we've already opened four new countries, and we estimate it will be eight in total by the end of the year. We don't open markets at this pace every year since 2020. In many cases, it was more a matter of recovering old clients, but now we're talking about completely new clients. What changes most in the international landscape is that we're managing to find new markets, which naturally brings us more turnover.

11 Interviewer: What type of company is your winery? (e.g., family-owned, cooperative, part of a group, etc.)

12 **Respondent**: Family-owned.

13 Interviewer: Is your company integrated into a cluster?

14 **Respondent**: Yes.

15 Interviewer: In what year was the company founded?

16 **Respondent**: 1780.

17 Interviewer: What are your company's main international markets?

18 **Respondent**: In terms of turnover, the United States is first. The second is Macau, the third is Germany, and then they start getting very close to each other, but those are the top 3.

19 Interviewer: And how long has your company been involved in international markets?

20 **Respondent**: Since the beginning. I have records from the 18th century showing we exported. In fact, our company is responsible for establishing the first commercial wine relations between Portugal and the Baltic countries. So, export is in the genesis of our company.

21 Interviewer: Do you know which were the first markets you entered?

22 **Respondent**: I don't know the very first, but the records we have include Hamburg, Buenos Aires, Saint Petersburg, London, and Rio de Janeiro, or maybe São Paulo – I think it's Rio de Janeiro.

23 Interviewer: What is your role within the company?

24 **Respondent**: I'm responsible for marketing, sales, and viticulture. Since it's a small, family-owned company, I cover several areas.

25 Interviewer: What initially motivated your company to look beyond the domestic market and seek internationalisation?

26 **Respondent**: The answer lies in the product we make. The basis of our business is Port Wine, or Douro wines, which have always depended on exports. Building a Douro company without the goal of exporting would go against the history of the region, which has always been built on exports and foreign markets, not on internal wine consumption. Domestic wine consumption, in fact, only began to develop much more in the 90s, with the creation of the DOC Douro category and the recognition of Douro wines. In Portugal, Port Wine is consumed much more by tourists than by Portuguese people.

What motivates us to export, obviously, is part of our history. It has to do with diversification and the type of product we make, which we know is more appealing to markets like the English, American, French, and German, who are more accustomed to consuming Port Wine of different categories than the domestic market.

This is work that we desperately need as producers. Naturally, diversification can be by brands or by product type. Although Port Wine is often seen as a single product, it has several categories – tawnies, rubies, vintages, whites, aged and non-aged. So, when we are limited in product diversification (because we make wine), we have to look at market diversification and, naturally, go for export.

27 **Interviewer:** How have institutional pressures, both in Portugal and in your export markets, influenced your company's international orientation? For example, regulatory pressures, such as laws and state mandates, but also established industry standards, internal practices, social values.

28 **Respondent:** They influence it immensely. It's much easier to export within the EU, where we have practically open channels and we know the markup effect of products, which is relatively balanced. This is even more relevant at a time when e-commerce exists — not directly from our company, but through channels that sell our wines. So, it's essential to think about the consumer experience and ensure they don't feel ripped off by paying much more in certain markets. At the same time, we have to maintain consistent prices. Thus, our export price is the same for all markets, but each country applies different taxes and fees. A particularly complicated market is Brazil, which is why we had difficulty re-entering. We spent practically five years trying and only succeeded this year because the tax burden is very high. Besides the import tax, each state adds another. For high-category wines — and our positioning is luxury, niche, small quantities — this makes the price unaffordable for many consumers. We managed to overcome this through a channel of our clients that sells directly to the consumer, eliminating importer → distributor → retailer → consumer margins. By working with an importer who sells directly to the consumer, some of these margins disappear, making the import viable.

The United States, now with Donald Trump's policies, was also a big challenge — it's our main market. Suddenly, they applied tariffs. Overnight. How do we react? Either we lower the price, or we leave the market, which is not a solution for us, given its weight and the strength our brand already has in some states. So, we had to find the best way to maintain our presence with our clients. In our case, we managed to anticipate the tariffs: we sent an order equivalent to almost a year's supply at the very beginning, with an agreement that the stock would stay with the client, but payment would be phased. This took pressure off the client and ensured we at least did the same volume as the previous year. We've been growing in the US, so this year we probably won't grow, but we'll maintain our position.

Other markets, like Colombia, are extremely bureaucratic — labelling approvals, food authority requirements, specific analysis reports. For South Korea, for example, we had to prepare an extensive report; some countries ask for translated documents. These are obstacles that often arise only at the time of import. That is, when the client shows interest, we realize we have to comply with bureaucratic processes. AICEP helps, with courses and workshops on markets, and we participate whenever possible. But, generally, we're "caught by surprise" — not entirely, because we already have experience, but we face these obstacles at the time of import without having all the documentation prepared for any potential market.

So, yes, that influences the markets we are in. We prioritize those that are easier and those

that help build the brand. For example, exporting to the Middle East, to Dubai, is more bureaucratic than to Kazakhstan, but we invest in Dubai because it helps with brand building. Our goal isn't to sell volume; it's to build a brand. We know the US is fundamental for this — they are opinion leaders — so we will continue to invest in that market, even if Canada, "a monopoly state," is liberalizing more. Still, we prefer to focus on the US.

In summary, our export criteria involve maintaining high-medium positioning and prices, increasing distribution, always having more demand than supply, and not seeing bureaucracy as an obstacle. If the market and the client justify it, we move forward. For example, supermarkets demand immense bureaucracy. Entering a network in Angola would be very laborious, but that's not our goal, so we don't do it.

29 Interviewer: You mentioned bureaucracy several times. Do you also feel bureaucracy on Portugal's side?

30 **Respondent**: Yes, of course. But much less. There's very strict control by the IVDP, related to export capacity, quality control, and quantity control. All export documentation is our responsibility. Everything must leave our customs correctly. This is so established that I can't even say if it's a lot or a little, because I don't export from other countries. But, yes, there are processes we have to go through. Still, I believe quality control has to go through that, so it's not something that bothers me, neither philosophically nor intellectually [laughs].

31 Interviewer: You also mentioned, in the case of Colombia and South Korea, that you end up discovering several bureaucratic obstacles during the export process. Is it common for your company to be pulled into a market by a client, or had you already considered that market, having advertised there, for example?

32 **Respondent**: We never start with advertising. We always start by getting the client first. For example, we're now trying to enter India, which is a long process and a virgin market. It's 1.2 billion people with very low per capita consumption, but with purchasing power. Those who consume are people with training and education, which means we have a greater opportunity to explore our portfolio with that type of consumer, who doesn't consume wine just because it's an alcoholic beverage, but because there's culture and history — and that's the type of consumers we look for. The way we're trying to enter the market starts, on one hand, with a marketing strategy in conjunction with a potential client. We're exploring and learning from the process, which will start attracting consumers, and we begin to educate a group of these consumers. Our investment is mainly time and wine — not financial. If it goes well, we might even make some money from it, because it works almost like tourism: they have to pay for these experiences. That's what we're analysing. "Advertising," on our scale, works like this: they are marketing strategies where we find niche markets through an existing client, who found us or whom we found, and we gradually build the consumer base.

33 Interviewer: What do you consider to be the most unique internal resources - tangible and intangible - that drive your company's international orientation? Not just the ones

you have now, but the ones you seek to have. For example, you already mentioned the brand.

34 **Respondent:** I'll start with the brand — the brand's history — and the people involved. My father has technical recognition, market recognition, and extensive client knowledge — that is, a very wide range of clients. We have two specific vineyards that consistently produce two internationally well-rated wines — some of the highest-rated, even. So, we have recognition for quality and consistency.

And also, a factor of innovation. We have the tradition and the security of being well-established on that pillar, but also some freshness and joviality, thanks to the entry of new generations, like my brother and me, who communicate differently, can reach other audiences, and bring innovation, even in different products. One example was aging wine underwater — the first time Port wine was aged at sea — and there are other innovation factors that will emerge.

The type of viticulture we practice is also fundamental for communication. In the past, people worried more about enology; now, they worry more about nature, not just enology, and we remain very current in that aspect. We don't let the wine brands become complacent; we're always working on them.

Our relationships with clients are also fundamental. Many of them are friends. Despite being clients, the relationship is very different from the usual commercial relationship. My father goes hunting with one of them; I go to another's wedding. We have close human relationships, whether they buy €9,000 per year or €300,000 — that doesn't concern us.

35 **Interviewer:** And is the diaspora a big part of your business?

36 **Respondent:** Some companies export not only to PALOP countries but also to the so-called "nostalgia markets." We don't necessarily seek the "nostalgia market" because we don't fit into it, but we're sure there's still a strong connection to Portugal among younger generations, descendants of emigrants, who, when they come here, discover new brands to take and consume in their countries. But it's not through those clients that we find markets. In countries like Belgium, Holland, Luxembourg, France, and Canada, there are obviously Portuguese people who act as importers, but they are not the majority of our clients. We have one client in Luxembourg specifically from the diaspora, and we also work with Angola.

37 **Interviewer:** Does the cluster your company is part of have specific resources that help it internationalise?

38 **Respondent:** Yes. In fact, the objective of forming the cluster was precisely that: to communicate the quality and consistency of DOC Douro wines and how they have a place among the great wines of the world like Champagne, Bordeaux, or Burgundy. And, yes, all our investment over the last 23 years has been focused on international markets,

and the target was opinion leaders — journalists, sommeliers, masters of wine; that was the audience.

39 **Interviewer:** When considering internationalisation, what specific factors primarily guide your company's decisions regarding modes of entry into foreign markets, and what entry modes do you usually adopt?

40 **Respondent:** It always has to do with the likability of the client, meaning the people on the other side, but also with how our portfolio fits into theirs. So, we almost always look for small clients or, if they're large, clients who have a smaller, more dedicated portfolio. That's the type of clients we seek.

We also look at wine consumption data. For example, we aimed to enter South Korea precisely because we know that Port wine consumption is growing there, representing an opportunity. We observe markets that have liberalized imports, like Thailand. We analyse data and consider how these clients add to our brand's positioning. If they are opinion-leading markets, even if regional, that's important. For example, Hong Kong is an opinion-leading market for Southeast Asia — now the influence is shifting from Hong Kong to Singapore. We want to be in the most relevant markets.

In the US, we're not present in all states. We focus on New York State, especially New York City — more specifically in Manhattan. So, we work much more directly for Manhattan than for the rest of the state. In Florida, it's essential to be in Miami, more than in Fort Lauderdale. We attach great importance to each mini-market within the larger markets and how to reach these points of sale.

Having a friend call us has happened few times. Since we participate in international fairs, namely VinExpo, often clients come to us. This year, for example, someone from Aruba, in the Caribbean, approached us. I would never make an effort to export to Aruba, but this client had such an interesting positioning, knowledge, and distribution that we kept in contact. Also in Costa Rica, we wouldn't necessarily make an effort to enter, but when an opportunity arises, we seize it. Furthermore, personal connection is very important. Often, these meetings are personal, and that allows us to realize that we will connect and understand each other well because we want long-term relationships. We're not interested in just making a sale.

41 **Interviewer:** What are the most significant resource limitations you face in internationalisation?

42 **Respondent:** Distance is a major limitation, without a doubt. We do door-to-door sales here in Portugal, and we know perfectly well that the impact of arriving and presenting the wines is very different from sending an email and waiting for someone to reply.

The costs associated with export are, of course, significant limitations, and we have to choose very carefully where to invest. At the moment, all government support programs have been stalled for years, which represents a major limitation. For example, we invested in an internationalisation program that was supposed to be approved in November.

So, I think there have been many strategic errors over time, although the region's name has also been successfully promoted. Portugal, in general, doesn't do this work well. There's a lack of deep analysis of the last 20 years. We're always looking forward, without evaluating what didn't go well in the past, what could have been improved and corrected based on that data: what were the marketing strategies, what story did we tell, what clusters did we work with to create the image of the Douro, where was the money invested, and how should we improve going forward. I think that work isn't done.

47 **Interviewer:** Has your company ever chosen an entry mode with the specific objective of acquiring new knowledge in a foreign market or through a local partner? What kind of knowledge were you looking for and how did you acquire it?

48 **Respondent:** Institutions share information — ACIBEV, IVDP, AICEP, ViniPortugal. And, often, clients also share information, such as market studies they've done or general industry studies they purchase. This is how we gather data.

However, much of the knowledge comes from direct contact with clients. I call a client in Ireland and ask how the market is; I do the same with Belgium, Estonia, Slovenia... They tell me how their consumers are doing. It's not a broad market study, but it allows me to understand how their business is going. From those answers, we try to find solutions. Normally, the solution isn't to lower prices, but to create campaigns that might be interesting.

We don't expect the client to do all the work: we try to show that we are concerned, proactive, present. These are our main sources of information — we don't invest directly in market studies.

49 **Interviewer:** And have you ever considered higher commitment entry modes, such as a partial acquisition of a winery or the creation of a subsidiary abroad, a joint venture...?

50 **Respondent:** No.

51 **Interviewer:** And what prevented that consideration?

52 **Respondent:** Turnover. We don't have the capacity for that.

53 **Interviewer:** If you could give advice to another Douro wine SME that is starting its internationalisation process, what recommendations would you share?

54 **Respondent:** First and foremost, more than anything, it's to know your portfolio well — what you're offering. That is, how your portfolio and your product differentiate themselves. What is your unique selling proposition? Saying we're a family-owned company or that we have wine isn't enough — all companies say that. What's your ultimate differentiator? The ideal is to offer something distinctive, with character, that reflects the work

being done. There's always something unique, so you need to highlight that. Work very well on that marketing aspect.

Then, when approaching clients, know exactly what you add to their portfolio. For example, when I send my portfolio, I never just say "this is who I am." I do something like: "I've seen that you work like this, here, here, and this is what I can add, because I am this." I always study the clients I approach, whether by email or other contact initiatives, to understand who's on the other side. That way, when they receive the proposal, they understand: "Okay, this producer adds something to me."

As for finding contacts: invest in fairs — not all of them, but the main ones, like VinExpo and ProWein. Also try ViniPortugal events: some go better than others, but they already have a lot of experience, so it's worth participating. At the beginning, maybe don't go alone at a table, but share with other producers. Try to access international support, join clusters — try to find other producers with the same market positioning and the same needs, because diversifying costs helps immensely.

55 Interviewer: What types of resources or support do you think would be most useful to help Douro SMEs internationalize more effectively?

56 Respondent: That question is always difficult for me. I think we often tend to think: "I make wine, it's not bad, my enologist is good" and we forget that we have to build brands and leverage the product through intangible factors — it's not just the tangible ones. Of course, you can't fail on product quality: that's the essential foundation for any product to be consumed. It's even a responsibility we have towards the consumer. That's rule number 1.

Then, it's about thinking how to convey a message that touches people's emotions. Because, yes, there's a lot of wine out there, but this is a business where everything has to be emotional. It's completely linked to the pleasure of living. There are so many restaurants, cuisines, and types of people in the world. I can't be everywhere — I have to find the people who will understand my product and, in that sense, share my vision. When I offer wines to South Korea, I have to understand what South Korean cuisine is like. When I offer wines to the US, I have to know which restaurants I want to enter. And it's not about trying to sell the whole portfolio — sometimes it's about entering with one or two references. Essentially, it's about looking very carefully at who's on the other side.

57 Interviewer: Is there anything else you'd like to add about internationalisation, about the company, that hasn't been covered yet?

58 Respondent: No.

59 Interviewer: Would you be available to be contacted if additional questions arise?

60 Respondent: Yes.

10.3.3. *Winery 3*

1	<u>Interviewer</u> : How many employees work at your company?
2	<u>Respondent</u> : About 80 employees.
3	<u>Interviewer</u> : What is your annual turnover?
4	<u>Respondent</u> : About €17 million.
5	<u>Interviewer</u> : How many bottles of wine do you produce annually?
6	<u>Respondent</u> : It varies, that's the question. We produce not only in the Douro but also in the Dão, Bairrada, and we also collaborate with other regions. But in terms of annual sales, we should be around 2.5 million bottles, more or less.
7	<u>Interviewer</u> : And how many of those bottles are sold abroad annually?
8	<u>Respondent</u> : Two thirds.
9	<u>Interviewer</u> : Have these international sales changed significantly over time?
10	<u>Respondent</u> : No, we have maintained the proportion of one third in the domestic market and two thirds in exports for several years now.
11	<u>Interviewer</u> : What type of company is it? For example, family-owned, cooperative, part of a group...
12	<u>Respondent</u> : We are a 100% family-owned company. The owner is part of the fifth generation leading the company, and the sixth generation is already integrated as well. Therefore, we expect to remain a family business for quite some time.
13	<u>Interviewer</u> : Is your company part of any cluster?
14	<u>Respondent</u> : We are founding members of Cluster 1 and Cluster 2.
15	<u>Interviewer</u> : What year was the company founded?
16	<u>Respondent</u> : 1842.
17	<u>Interviewer</u> : What are the main international markets?
18	<u>Respondent</u> : The main ones in terms of turnover — not necessarily in this order — are Switzerland, Germany, the United States, Canada, and Norway. These are our largest markets, but we are present in about eighty countries worldwide.
19	<u>Interviewer</u> : How long has your company been involved in international markets?
20	<u>Respondent</u> : Since 1842.
21	<u>Interviewer</u> : What were the first markets you entered?
22	<u>Respondent</u> : Right now, I have no idea, because it was a very long time ago. But I have the impression that they were European markets. Surely countries like the Netherlands, Belgium, and France. I think those were the main countries at the beginning. I can't say for sure — it's a very old history. Unfortunately, we don't have a very complete archive or historical record. There aren't many documents from the early days of the

company. There was a fire at the beginning of the 20th century that destroyed a lot — much information that, unfortunately, we no longer have.

23 **Interviewer:** What is your role within the company?

24 **Respondent:** Export Director.

25 **Interviewer:** What initially motivated your company to look beyond the domestic market and pursue internationalisation?

26 **Respondent:** I think this question is very simple and we have to look at the time when the company was created — in the 19th century. At a national level, the wine consumed was mainly farmer's wine — everyone made wine at home. It should be noted that the company started solely as an exporter of Port wine. That is, it bought wine, made the blends, carried out the aging, and then sold it. The Port wine markets were exclusively outside Portugal. The domestic market was relatively small, at least at that time, so the company's creation had to focus on exports.

27 **Interviewer:** How have institutional pressures, both in Portugal and in your export markets, influenced your company's international approach? I'm referring to, for example, regulatory pressures like laws and mandates, but also social values, professional standards, industry norms, internal practices...

28 **Respondent:** There are different types of markets. Some markets, for cultural reasons—mainly religious—restrict the import of alcoholic beverages but still consume alcohol, albeit on a small scale, because most people living there are foreigners allowed to drink. For example, Dubai is one of our export destinations where, officially, people can't drink alcohol, but it's sold in restaurants and hotels mainly targeting an international clientele. Then there are countries, usually with Muslim majorities, that are stricter due to religious reasons and don't allow alcohol imports at all.

Beyond that, there are other challenges in internationalisation that are even trickier. Some markets are open—they allow alcohol consumption and imports—but they often also produce alcohol locally. However, because of the heavy bureaucracy around importing (I'm speaking specifically about wines; I'm not sure about other products), the process becomes very difficult. For example, through excessive tariffs—which are widely discussed these days—the United States could be an example, though I believe they'll eventually find an acceptable balance between them and other countries. Some countries have long imposed 100% tariffs on Portuguese wines. Take Brazil, for instance, where those tariffs double the price of imported wines, limiting consumption since they become very expensive on the shelves.

Besides tariffs, there's the bureaucracy itself, especially in Latin America, where sanitary registrations, licenses, authorisations, and other documents make exporting quite complex.

There are also some Asian countries where the brand registration has to be done locally by the importer before any purchases can happen—and that can take up to a year. We've had cases like that: we started working with an Asian country recently, and from the moment the importer began the licensing process, it took 11 or 12 months before we could finally ship.

All of this delays our plans. We meet the people, agree on a market strategy based on assumptions at the time, but the product only hits the shelves a year after the initial talks. By then, market realities and habits have shifted, and the importing company might already be

One of the biggest growth drivers has been creating different labels for each country, with each label referencing the country where it's sold and designed by local artists—usually in a cartoon style. That's been a major lever for our growth.

Obviously, the people play a role too. As I mentioned, the dedication among our team is huge and based on product quality and the team spirit we have. It's almost like a big family working together here. These are the main factors behind the brand's success.

33 Interviewer: Are relationships key to entering a market? Do people invite you into markets, or do you take the initiative and make contacts there?

34 **Respondent**: We're lucky—and it is luck, because it's not usually the case—to receive weekly inquiries from potential clients interested in buying our wine. In that sense, we're a bit privileged, though it's the result of our work and brand building. Often, the approach comes directly from the importer.

In markets where that doesn't happen, we make efforts to enter by, for example, attending one or two specific trade fairs. Right now, we're focused on duty-free markets, so we participate in the two biggest duty-free fairs: one in Dubai and another in Cannes, France. So, in those cases, we're the ones reaching out.

Also, because our family knows many people and has a strong reputation, we don't usually look for the biggest distributor in a region, but rather for a distributor who shares our philosophy — someone who wants to work with quality, is well connected, and can place us where we want to be. We want importers who can get us into the HoReCa channel (hotels, restaurants, cafes)—that's our main focus. We look for clients who aren't too big so they can give us the attention we need to break into markets. A client importing 12 to 15 brands can't give us the same attention as one handling 20 or 25 brands and focusing closely on them. That's basically it.

35 Interviewer: Do you maintain strictly professional relationships with your business partners, or are you "friends"?

36 **Respondent**: It depends. Since we sell in 80 countries, we have different types of relationships. It really depends on the market managers—some keep a more professional approach. But we always try to establish a personal connection. I've been working in this company for over five years, but I've seen the same in other places: there are always some partners with whom we build much closer relationships. That's extremely beneficial because it helps solve many problems that arise. Having closeness is very important—feeling comfortable to talk openly, having a true partnership where we can work together to find solutions without conflicts. I've always said in my career that 50% of selling wine is the relationship with the client. There's a lot of wine in the world, and a lot of good wine. We're not the only ones making good wine — there are many others, often at similar prices. Given equal conditions, the client will choose the people they have a better relationship with. So, in a situation where two wines are similar, priced the same, from two good producers—one where the client has no or a distant relationship, and another where the client has a close relationship and knows that producer helps when problems come up—the client will choose the second 95% of the time because of that connection.

37 Interviewer: Do the clusters your company belongs to offer specific resources that support your internationalisation efforts?

38 **Respondent:** I'll speak specifically about our Douro cluster. The group has undergone some changes over time, partly due to shifts within the member companies themselves. For example, one member left the cluster after being acquired by a company that didn't fit the profile we deemed appropriate.

But to answer your question directly: yes, the cluster has its own resources—each company contributes equally. The group focuses on joint promotion of its products abroad, and sometimes even within Portugal. It leverages its resources and networks—not just commercial contacts but also, importantly, connections with journalists, influencers, and opinion makers—and tries to involve all members in these activities. For instance, we often participate in events with a shared stand, where all the brands are showcased together. This attracts a much larger audience, since each member brings their own customers and interested parties. That way, we generate more buzz around all our brands collectively.

However, on the commercial side, competition is open. Each company operates independently in the market—I wouldn't say we try to “steal” customers from one another, but everyone sells without worrying about whether another cluster member is selling there too. We do our own business, and the others do theirs. That was the initial agreement of the cluster.

39 **Interviewer:** When considering internationalisation, what specific factors mainly guide your company's decisions regarding foreign market entry modes? And which entry modes do you typically use?

40 **Respondent:** I think I've touched on this a bit already. We enter markets through direct contact with a potential importer who reaches out to us, and we then evaluate them—assessing their track record, portfolio, sales team, markets covered, and customer types. From there, we start a partnership and collaboration, which in our case is quite complex and takes time because our portfolio is quite extensive.

We also rely on trade fairs, obviously. It's rarely a spontaneous direct approach like “Hi, we're Winery 3, we'd like to work with you.” We hardly use that approach here.

In other markets where we hear about a distributor with a profile that really interests us, we do try to establish contact—we invite them to visit our stand at VinExpo or ProWein, which are the two main fairs we usually attend. Actually, now we're only participating in VinExpo and no longer going to ProWein, at least for now. We invite them to get to know our brand, check whether they're familiar with it and what they think of it, and from there we try to build a relationship—which often takes a while, because if there's no prior knowledge of the brand, we have to establish that connection both with the brand and with the people, and that takes time.

So, these are the three main ways we enter markets.

41 **Interviewer:** And what are the most significant resource limitations you face in your internationalisation efforts?

42 **Respondent:** We're a family business—that's the first point—which has many, many strengths but also faces challenges, like any company. Organisationally, we're not the most structured company in the world. In fact, we're known to be a bit “crazy,” much like our CEO. We're very spontaneous.

Financially, thankfully, we have the resources we need. We're against "buying" our way into markets—I'm not sure if you know what I mean by that, but we don't invest heavily just to get a client to work with our brands. We want clients who work with our brand because they know it and appreciate its value. We won't pay to enter any company, even though we could probably afford it.

When it comes to human resources, that's probably our biggest challenge. We have literally just three people dedicated exclusively to exports, plus one export assistant handling office tasks, covering eighty countries—which is tough. Thankfully, we also get support from the company's General Manager—who handles the domestic market but sometimes helps with exports—and again from our main resource: the family. The CEO and his two sons help out when they can, traveling to markets, attending events, hosting wine dinners with top clients, where having a family member present is really important. They're very active in this area, I have to say. It's very different to promote an event announcing the company's Export Director (which can be interesting, no doubt) versus promoting it by highlighting that members of the owning family themselves will be presenting the wines. That alone ensures the venue will be full and generates a lot more interest. Not because others can't do the job, but simply because the founding family—who are charismatic and well-known—is a key to success at these events.

Other than that, we don't have many major limitations beyond what we've already discussed. Like all companies, we're subject to economic conditions. Post-Covid, we've had ups and downs, like everyone else. Last year, for example, was extremely tough. This year, things are going much better, and it seems like a return to normality. This is something all producers experience. Usually, companies go through highs and lows, but we've managed to navigate the difficulties—sometimes better, sometimes worse—and we remain a healthy and successful company.

43 **Interviewer:** How have these resource limitations directly influenced the types of market entry modes you've been able to adopt—for example, direct exports, joint ventures, or even acquisitions? Have you considered these more alternative entry modes? Could you give some examples of decisions made because of those constraints?

44 **Respondent:** The changes we made in entering some markets, or in reshaping markets where we were already present—but maybe not in the way we wanted—weren't really driven by limitations around joint ventures. No, we don't do joint ventures.

What we've done, and what we've done in some markets, is basically two things: First, in some countries, we created a brand ambassador programme—a dedicated person, usually an employee of our importer, who spends 50% or even 100% of their time exclusively promoting and selling our brand. Of course, we contribute partially to that person's salary.

More recently, we've been setting up our own companies in other countries—specifically in the UK and Germany.

For example, in England we became partners in our new distributor. We worked with an importer for many years but decided to end that relationship and create a company with people we trust, who are respected and know the market well. This automatically ensures a strong focus on our wines, even though that company also imports other mainly foreign

products to complete their portfolio. Our brand is the cornerstone of their portfolio. In Germany, we wanted to take control of the product distribution because, until then, the distribution was very focused on our cheapest, highest-volume wine. We wanted to expand the offering and give more importance to the rest of the range, which is where we really add value and stand out. So, we created a company from scratch there, also with partners, but this time we are majority shareholders. That way, we have full control over everything that happens in the company—from the distribution approach to the market strategy.

45 **Interviewer:** Have you ever considered a higher-commitment entry mode, like acquiring a vineyard abroad? What motivates or prevents that decision?

46 **Respondent:** We've actually done that. In Germany, we produce Riesling in the Mosel region. We have a company there that's been established for a few years, dedicated solely to producing and selling Riesling wines. That company doesn't trade Portuguese wines from our brand—it's a complementary range, produced abroad. More recently, we set up a company in Spain after acquiring a small vineyard in the Sierra de Gredos, which will start producing one or two wines. These wines will then be integrated into our Portuguese portfolio and sold to our clients from there. Those are the only examples I can think of.

47 **Interviewer:** Has your company ever decided to enter a country specifically to gain new knowledge about the foreign market or through a local partner? What kind of knowledge were you looking for, and how did you acquire it?

48 **Respondent:** No, I don't think so. Our market entries are mostly organic. Things happen and develop quite naturally and organically. We don't really take that kind of approach. It's a bit too theoretical and philosophical for how we operate, where 90% of companies enter simply because they're lucky enough to find the right person. Sometimes it doesn't work out—we might find a distributor who seems suitable but then realise they're not what we were looking for, and so we have to look elsewhere. But no, we don't do that kind of formal analysis. We're a small and somewhat unique company that, above all, doesn't approach markets in a very structured way—partly because we're small—and we grow organically.

In the last four or five years, we've opened many markets—many of them quite small. The most recent example was just a month ago, when we started working with the British Virgin Islands—a tiny market. Also the Turks and Caicos Islands and similar cases. We go to all these markets and want to be present in as many countries as possible, even if they're small and will never bring us much volume—markets that might buy just a pallet of wine a year. For us, that's great; we're happy to be there. Of course, we have important markets where we dedicate more attention and time, but we accept all opportunities that arise—not specifically to learn about the market.

At the end of the day, whatever the theorists say, the company's goal is to sell bottles of wine and make a profit.

49 **Interviewer:** So, you're saying you're more interested in those small markets for profit, rather than necessarily to promote the brand?

50 **Respondent:** Those are two different things. We go to all of them because we genuinely want to sell. But, logically, many of those small markets take a lot of work for the profit they generate. Even so, we're building the brand. We want to be able to say we're present in this market and that one, because that means more people will become familiar with the

brand. It's a bit of both—we want to sell, obviously, like any business, and make money, but at the same time, we also want to keep growing our brand and making it stronger. That's been the key to our success over the last 40 years, at least.

51 **Interviewer:** Does lack of knowledge ever prevent you from entering a market? Are there institutions that help you gain that knowledge?

52 **Respondent:** No, and no. First of all, I don't think lack of knowledge should be a barrier. The unknown aspects of a specific market are filled in by actually entering it and starting the process. We acquire the necessary knowledge as we go along and come to better understand the context together with local partners—that's why that close relationship I mentioned earlier is so important. It's with those partners that we figure out how the market works, what kinds of clients and consumers we can expect, and then adjust our approach accordingly.

As for institutions, we don't usually rely on institutional support, nor do we often participate in missions organised by AICEP or the government. Speaking personally, not on behalf of the company, I find these kinds of initiatives have limited usefulness. A mission by a Secretary of State to a certain country, accompanied by producers from wine, wood, footwear, ceramics, or other sectors, doesn't have the focus we need and doesn't open relevant doors. I've taken part in several of these initiatives in the past but never gained much from them. So we prefer to act independently.

53 **Interviewer:** That's very interesting to hear, because it contrasts with what I've heard from other interviewees.

54 **Respondent:** Yes, it really depends—on the company, on the strength of the brand, and on the approach taken. If I were a small, little-known producer who just started out, trying to grow my brand and with low sales volume, I would definitely take advantage of any support available—whether from the government, AICEP, or Wines of Portugal. Luckily, we're at a stage now where, given where we are, we don't see much benefit in those initiatives.

55 **Interviewer:** If you could give advice to another small or medium-sized wine company from the Douro that's just starting internationalisation, what strategic recommendations would you share?

56 **Respondent:** Look closely at the markets. Try to understand not only the trends in a specific market but also the global trends. That's what our company did about thirty years ago, and that was a key factor in our growth and success. Trying to anticipate what's coming next—what the next trend will be—is crucial. There are always signs. For example, when we started noticing that markets were becoming saturated with very intense wines—15% alcohol, heavy on fruit, oak, extraction, and tannins—those signs were already there. Today, what we see is that in most markets—some faster, some slower but all gradually changing—consumers are looking for something different. They no longer want wines that overwhelm them after half a glass. They want the pleasure of drinking a good wine that pairs well with food but is lighter, fresher, with less alcohol, more acidity, and greater elegance. So my first recommendation is to be attentive to the markets. Then, choose your battles wisely—you can't try everything at once. Evaluate whether the investment makes sense.

I often see companies making investments in fairs that I can't justify or understand. A small producer who's just starting out and isn't known outside Portugal—or even a producer

who's been active for a while and known in Portugal but wants to expand abroad without any contacts—will spend a fortune participating in an international fair like VinExpo or ProWein: renting a stand, travel, hotels, meals, everything—and then spend the entire fair standing up and waiting for someone to try their wines because they have no network. It doesn't make sense. To me, that's wasting money unnecessarily. It's better to build networks—invest that money in directly approaching clients, doing some market research, and figuring out who to contact instead of going to fairs without clear direction. For us, fairs like VinExpo or ProWein are moments of consolidation—meetings with many clients we sometimes can't visit during the year because we're only three people covering eighty countries. We don't get to all clients. We've never been to Turks and Caicos or the British Virgin Islands and probably never will, because those markets are too small to justify the effort and investment. The travel and accommodation would likely cost more than what they buy in two years, so it's not worth it. We use these fairs to reconnect, consolidate, and introduce new products to people who already know us. Most of our importers come to these fairs, visit us, and schedule meetings. And of course, occasionally a potential new client comes by because they've heard of the brand, know our work, and see our stand and say, "I want to talk to these people because I'm really interested." It doesn't happen often, but when it does, it's mainly thanks to the brand's strength and recognition. Otherwise, why would they come to us instead of someone else? People don't just stumble upon us—that's all I'm saying. That's what these big fairs are for us, not necessarily to find new clients, though if we get one or two new clients that's great. Mostly, it's about working with our existing customers.

57 **Interviewer:** What types of resources or support do you think would be most useful to help Douro wine SMEs internationalise more effectively?

58 **Respondent:** I'm going to venture into slightly tricky territory. There have been European programmes, such as PORTUGAL 2020 and now COMPETE 2030, integrated into the post-Covid resilience and recovery plans, which were designed to support internationalisation. We always take part in these programmes – it's a way to recover part of the enormous investment we make every year in promoting our wines and internationalising Portuguese products. We're lucky... no, we do our job well to be able to access these supports. But for many companies, they're basically inaccessible, because they require an absurd amount of bureaucracy and rules – many of which make no sense and reflect a deep lack of understanding about internationalisation and specific areas like wine sales. These programmes are designed to cover as much of Portuguese production as possible, so they're not tailored to the wine sector. The requirements are completely misaligned, the processes are extremely slow, and if you make one tiny mistake, it's all over and you don't get any funding – months and months of work are wasted. The money exists, but every year we hear about PRR funds that aren't used, with large amounts left unallocated. This is mainly due to the way the programmes themselves are organised – not nationally, but implemented at the national level – and there's a real need to simplify the processes. The structure is so complicated and difficult that many companies – and I know several cases – just give up and say, "Forget it, it's not worth it." I should add that we rely heavily on the work of a consultancy specialised in this kind of programme, which helps us navigate everything. If we had to apply on our own, we would have tremendous difficulty and would need two people dedicated solely to that – and we can't afford that, because we're small. So: simplification! The support exists, but it's complicated.

- 59 **Interviewer:** Is there anything else you'd like to add about your company's internationalisation that hasn't been mentioned?
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- 60 **Respondent:** No. But if you have more questions, feel free to ask.

10.3.4. *Winery 4*

- 1 **Interviewer:** How many employees work in your company?
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- 2 **Respondent:** I can't give you an exact number, but it's somewhere between 100 and 200.
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- 3 **Interviewer:** How many bottles do you produce yearly?
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- 4 **Respondent:** Around 10 million bottles.
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- 5 **Interviewer:** How many of these bottles are sold abroad?
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- 6 **Respondent:** Around 50%.
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- 7 **Interviewer:** Have the international sales changed significantly over time?
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- 8 **Respondent:** Yes — no surprise, right? For instance, recent tariffs and political changes, or general uncertainty, have really put business on hold. You've studied PEST and macro factors — those are what we're dealing with right now.
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- 9 **Interviewer:** What type of company is it? For example, family-owned, cooperative, part of a group...?
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- 10 **Respondent:** Family-owned.
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- 11 **Interviewer:** Is your company part of any cluster?
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- 12 **Respondent:** I believe so — at least in the past, but I'm not sure if it still exists today.
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- 13 **Interviewer:** In what year was the company founded?
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- 14 **Respondent:** 1834
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- 15 **Interviewer:** What are the main international markets?
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- 16 **Respondent:** Brazil — as you can guess [laughs] — the USA, and European countries like the Nordics.
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- 17 **Interviewer:** How long has your company been involved in international markets?
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- 18 **Respondent:** Since the beginning.
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- 19 **Interviewer:** Do you know which were the first markets the company entered?
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- 20 **Respondent:** It could have been Europe, but I'm not really sure.
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- 21 **Interviewer:** What is your role within the company?
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- 22 **Respondent:** I'm responsible for exports to Asia and Eastern Europe.
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- 23 **Interviewer:** Could you describe what initially motivated your company to look beyond the domestic market and to pursue internationalisation?
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- 24 **Respondent:** The size of the domestic market isn't very large population-wise, as you understand, although wine consumption is quite high. As you know, Portugal has the highest wine consumption per capita — about 62 litres per year. But still, any company producing more than a million bottles always looks for other markets to distribute to. That's the main reason: if you want to expand, you have to look beyond your domestic market. Portugal, as an Old World country, has been quite popular since the very beginning, especially for Port wine. So, once you are stable enough to fill the domestic market, exporting to the UK and France becomes the next step for almost any Portuguese winery.
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- 25 **Interviewer:** How have institutional pressures or incentives, both in Portugal and in your export markets, influenced your wineries international orientation? For example, regulatory pressures, such as laws and mandates, but also social values, professional standards, patterns established in the sector or internal practices.
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- 26 **Respondent:** I don't see any challenges from my side. I believe laws and mandates are quite necessary. Some people might say they cause delays and make exporting take more time, but I think these kinds of regulations are needed because they help organise things as a whole. You might not know this, but for every wine we export, we need to report and obtain data and documents from each association in the region. They've been very helpful because they also want to grow their products internationally. So, I actually see more support from these associations to the wineries, because it's a win-win — the region wants to grow its name and product. For instance, Vinho Verde is very active in the Russian market. Tejo is also actively pushing in Poland. These are very promising and growing markets. I don't see institutional or regulatory challenges stopping or delaying us because they're quite adaptive and supportive. In wine export, everyone shares the same goal: to push Portuguese wine exports to 1 billion euros. We're almost there, with 900 million, and we want to reach 1 billion in the near future.
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- 27 **Interviewer:** And about the export markets? You said you're responsible for Asia, for example. Are there a lot of bureaucracies or regulations you need to comply with every time you enter a new market?
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- 28 **Respondent:** Asia is a whole different world, which many Portuguese find challenging and confusing. You're talking to an Asian, but I still face a lot of regulatory challenges when dealing with Asian countries. One big factor is cultural differences, which are more related to consumers. The other side is the country regulations. For example, in the wine sector, to start business, we need to send a sample — but that's not allowed in Indonesia. So people have to find creative ways to do business there. The law says you can't send wine samples. In Malaysia, you can only send four bottles; if you send more,
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they're returned or disposed of. All these countries have very specific regulations, which aren't unreasonable, but you have to know them. If you don't, it can cost money — sometimes a lot of money. China is even more difficult — if you don't speak Mandarin, you're almost lost. The most accessible markets are Japan and Korea — you don't need to speak the local language because many people there are professional and experienced, and they can help you, provided you find the right partner. As you can see, the Asian markets vary a lot — each has its own characteristics and challenges.

29 **Interviewer:** Regarding the language used in bureaucracy, is it generally in English or the language of the export markets?

30 **Respondent:** Doing business is always in English, but for bureaucracy you need to use Google Translate or sometimes hire a translator. Your local partner can also help with that. Sometimes you depend on them to translate the paperwork into the local language to comply with regulations.

31 **Interviewer:** You also mentioned creative ways to enter in Indonesia. Can you give an example?

32 **Respondent:** Yes. One of the locals I've dealt with said they have connections that allow them to go all the way inside the airport to retrieve the sample. You're not allowed to bring in samples, but because of these connections—which are probably not common in Europe—it's done “under the table.” So, you just have to find creative ways, maybe buy a gift or know the right people, and then someone can go deep inside the airport to get the sample out. There's no need for customs clearance or to declare the sample to customs.

33 **Interviewer:** Is this barrier related to the culture and religion of Indonesia?

34 **Respondent:** That's right. Because it's a Muslim country, taxes are very high and regulations are complex, since Muslims generally don't drink alcohol. Wine consumption is mostly catered to tourists or minorities. Each country is so different that you need to understand multiple factors — regulations, religion, culture, or even protection of the domestic market for certain reasons. For example, Singapore isn't a Muslim country, but it also has quite high taxes for various reasons. It's quite complex. When you're in the industry, you gradually get to understand these factors. For your thesis, this information should be quite insightful.

35 **Interviewer:** What do you consider the most unique internal resources and capabilities—both tangible and intangible—that drive your company's international orientation?

36 **Respondent:** As for the intangible resource, our company created Portugal's first red wine brand to be bottled. Before that, people didn't drink wine from bottles. Our founder learned this method in France and bought a bottling machine that could fill four bottles at a time. By inventing the brand and serving wine in bottles rather than large unbranded casks, the company was able to export to many markets. This brand has existed since 1850 and has a history spanning over 100 years, which helped us establish a

presence internationally. That's our key intangible asset.

As for the tangible resource, it is the combination of manufacturing capability and vineyard management. You need both to succeed. Although you can outsource—buying wine or juice, or contracting a factory to bottle it for you—having both operations in-house provides more flexibility and allows you to respond better to market demands. That's a significant advantage.

37 **Interviewer:** Being the first company to do this, do you also have a strong reputation and international recognition?

38 **Respondent:** That's right. In Brazil, our wine brand is very strong, and our company is large. This is also true in other countries like the United States and the Nordic region. Our company regularly receives awards—from Paris, the United States, and elsewhere. All this recognition helps our international presence.

39 **Interviewer:** How have these unique resources directly contributed to your company's success or differentiation in international markets? Could you provide concrete examples?

40 **Respondent:** Yes. I believe it's mainly the story. Being the oldest or the first gives people confidence, and that confidence is passed on to the buyers. Buyers in each country need to believe in the product, purchase it, and then distribute or sell it to their consumers. So, confidence is a key factor. Of course, nowadays there are many other influences, like wine critics and awards from James Suckling and Wine Enthusiast. All of these are important.

41 **Interviewer:** You mentioned your company used to belong, or still belongs, to a cluster. Does this cluster have specific resources that support internationalisation?

42 **Respondent:** That cluster existed before my time, so I'm not sure and don't have many details about it.

43 **Interviewer:** When considering internationalisation, what specific factors mainly guide your company's decisions regarding entry modes into foreign markets? What entry modes do you usually adopt?

44 **Respondent:** We focus on partnerships. Finding the right local partner helps us overcome language barriers, as you mentioned earlier, and better understand local culture and regulations. Wine is quite a different business. Unless you buy a winery in the local market—which is a different entry mode—exporting wine means purely selling the product. It doesn't involve local production, factories, or other methods; it's purely exporting.

45 **Interviewer:** Do you also participate in international fairs, for example?

46 **Respondent:** Yes, it's a must. The two biggest wine fairs are ProWein in Düsseldorf and Wine Paris in Paris. These fairs are opportunities for everyone to showcase their wines—the latest collections or vintages. You can source wines from all over the world

and meet clients from ten different countries in one place, so attending is a no-brainer. You bring all your wines, meet your clients, and serve them those they like or want to try. These international fairs are an essential part of the business.

47 **Interviewer:** Do these potential customers approach you first, or do you usually initiate contact with them?

48 **Respondent:** Both. It's about 50/50; it depends. Since our company has existed for such a long time, we already have a regular clientele. Of course, some clients drop off, so we look for new ones to replace them or to grow the business. So, existing clients come to us for sure. As for new clients, some reach out because they have specific needs—they might be looking to expand Portuguese wine or particular products, like the alcohol-free one. If you search Google for "alcohol-free wine from Portugal," our company pops up because not many companies have the machines or technology to produce it. So, for this niche product, clients come to us. For some markets, I look out for new clients or importers for different products. It's quite a mix.

49 **Interviewer:** How do you try to reach these customers? Do you send them emails, or do you try to meet them at international fairs? How exactly do you get in contact with them?

50 **Respondent:** Every method you can think of [laughs]—LinkedIn, international fairs, email, and if you have their number, also text messages. Referrals, LinkedIn or Facebook groups—sometimes you can find someone interesting there. I did the same topic as you for my thesis, and went through the same process. Sometimes, you really have to be creative. These groups are a good source to achieve your goals.

51 **Interviewer:** And how do you convince them to buy your brand? What are the strong points you mention?

52 **Respondent:** I don't think you can really convince people. Everyone knows what they're looking for. You just have to make them trust you—show them you're capable, that you can deliver, and that your product meets their expectations. At the end of the day, it's more about how you can help them make money. It's about the value you create for others. You can't just think, "Oh, you must buy from me"—everyone wants to sell their products or services. But why choose you? Ultimately, you need to earn people's trust, make them feel comfortable, and demonstrate the value you can provide. Put yourself in their shoes. It's a case-by-case basis. For example, if they supply a restaurant, you make sure the products you offer are suitable and convenient for that setting. You're helping them do their job better and easier. That's it. When you do this consistently, you build positive word of mouth, and they come to you.

53 **Interviewer:** When you're looking for customers, is there anything specific you look for? Any particular capabilities? How do you assess if they suit your company? For example, do you consider if you share the same values?

54 **Respondent:** We mainly look for importers and distributors. Preferably, we work with family-owned businesses, as we are one ourselves, but it's not a strict requirement. It depends on whether the company has the capability and how well established they are in the local market. We need to look for a sizeable company, but it also depends on the market. For example, if you're talking about a small country with 3 or 4 million people, like Finland, the market is small. But in a larger country, you need to find a market leader—a medium to large-sized player. They must be reliable, have the necessary capabilities, understand the local consumer, and know how to navigate challenges. Most of the time, it will be someone passionate, knowledgeable, and able to make things happen.

55 **Interviewer:** What are the most significant resource constraints that you face in internationalisation?

56 **Respondent:** I think everyone shares the same resource constraint, which is budget—in terms of money. That's very normal, as everyone has limited budgets, whether big or small. You have a certain pool of funds and have to maximise them. I don't see any other significant constraints. For every task, every deal, and every country, there are challenges. It's always the same—you have to do this, you have to do that. Some countries have more challenges than others. For example, in Europe there are fewer, since it's a single market. But outside Europe, there's an extra layer of complexity because of local languages or differing standards—you have to follow the local standards to sell there. Yes, it's an extra layer of complexity, but it doesn't stop us from doing business abroad.

For many businesses, especially smaller ones, the main constraint is the budget. For example, participating in international fairs costs a lot—each trip can easily reach five figures because the booths are very expensive. You need to make significantly more sales to cover those costs. So, for many companies, the main constraint is financial—the budget and money.

57 **Interviewer:** What about knowledge, for example? Is that a problem?

58 **Respondent:** I don't think it's really a problem. It's just a matter of time and willingness to learn. Nowadays, you can use ChatGPT or Google and get partial information—sometimes about half of what you need, sometimes more, sometimes less. For the second step, you can go to a group and type a specific question. Then, many people with similar backgrounds and experience can share a thing or two. That second step already helps a lot. The third step is to look for a local partner and listen to them. The key is not to listen to just one, but to several. Then, you can easily understand and compare. With these three steps, you've probably covered 80%. After that, it depends on how much passion you have and how much you're willing to give.

Then, you go to the local market and observe for yourself—take pictures, analyse, visit supermarkets, wine shops, all these places. Look at how other people do things, talk to local consumers, and sometimes just stand and watch how they buy wine. Do they use

their phones to decide? Is there something eye-catching—sometimes it's the colour. Use observation. With all these methods, and of course many others, knowledge is not that difficult. It's about how committed you are and the time you invest—you're always learning.

59 **Interviewer:** Are there any government programs or associations that help you address these resource constraints?

60 **Respondent:** Yes, there are plenty. Every country has some kind of association to help you navigate this process, and they share a lot of knowledge. In Portugal, we have ViniPortugal, an association focused on exporting wine abroad, and we also have PortugalFoods, which works to promote Portuguese food and beverage products internationally. These associations organise events and workshops or webinars with representatives from key markets to share local insights. They also invite sommeliers and importers to discuss the challenges wineries face as exporters.

61 **Interviewer:** And what about financial resources? Is there any government support available?

62 **Respondent:** Yes, there are several government schemes to help Portuguese food and beverage companies export, including wine.

63 **Interviewer:** And are these programs and schemes easy to access to? Or do you have a lot of problems?

64 **Respondent:** Yes and no. They are easy to access but difficult to navigate. It depends on the case. There is a program whose regulations keep changing, and navigating it requires significant time and effort, but it's not impossible.

65 **Interviewer:** How do you manage to navigate these programs? Does it become easier over time, or do you receive any help?

66 **Respondent:** Yes. Sometimes you can hire a consultant—people dedicated to handling these tasks. Of course, we also learn over time, learning by doing. Eventually, you start to recognise patterns — every year it's a similar process. Then, you become more efficient. Before doing it, you already know the pattern and what they will ask for, so you can plan ahead.

67 **Interviewer:** How have these constraints influenced the types of entry modes your company has been able to adopt? For example, exports, joint ventures, or acquisitions. Can you provide any examples of decisions you made due to these limitations?

68 **Respondent:** In the wine export business, certain markets have clear limitations. For instance, in Saudi Arabia, it's impossible to grow wine locally, so investing in a winery or joint ventures there is almost impossible. You have to export your product directly. Even in countries that can grow wine, the knowledge, soil, and local conditions may not be suitable. Therefore, exportation is the dominant entry mode in the wine industry compared to others. Throughout your interviews, you'll likely hear that exportation is top

priority, while joint ventures or foreign direct investment make up a very small percentage.

For example, Sogrape has acquired vineyards in Spain, New Zealand, and Chile, and two other countries. This is a different entry mode, but for most companies, it's purely exportation. You sell to a local importer who then distributes the product. It's not even joint ventures.

69 **Interviewer:** Some people I interviewed mentioned that they acquired companies or formed partnerships with distributors in other countries so those distributors could focus more on their brands instead of spreading their attention across multiple brands. Has your company ever done something like this?

70 **Respondent:** No. Some companies invest in or acquire local distribution in key markets. Possibly, our company did this in the past, but from my side, I'm not sure.

71 **Interviewer:** Have you ever considered doing this? Has there ever been any discussion about it?

72 **Respondent:** Yes, actually. Nowadays, there's a lot of talk about Direct to Consumer (D2C) — it's very trendy now. So, we have been evaluating plans for the future on how to produce the products and get them to consumers in the shortest, easiest, and fastest way. One of the options is to have regional warehouses, which would require a joint venture with a local partner. This is something we are currently evaluating.

73 **Interviewer:** Has your company ever chosen an entry mode specifically to acquire new knowledge in a foreign market or through a local partner? What type of knowledge were you looking for, and how did you acquire it?

74 **Respondent:** We just discussed that.

75 **Interviewer:** If you could give advice to another Douro SME winery just starting its internationalisation process, what recommendations would you share?

76 **Respondent:** I think understanding the motive for internationalisation is crucial. You need to be clear about your purpose. It's not just about selling wine, because internationalisation outside of Europe it's a lengthy and complex journey compared to selling in Portugal or even within Europe. It depends on which country you want to enter. Expanding within Portugal is easiest, and then the European Union is still quite manageable since it's a single market. You just have to match the right products to the right markets and the right clients.

As we discussed before, knowledge is very important. You need to understand how your business partner operates—what part of the market they are in. There are some terms to know, like On Trade/Off Trade and HoReCa. You need to understand all of this. For example, do they sell to supermarkets, or directly to consumers in bars, clubs, wine cafés, wine shops, or restaurants? The pricing and types of wine differ depending on the

channel. It's very important for those wanting to go abroad to understand their client's business, so it's fair to ask these questions since you are supplying products for them to sell. In your first negotiation round, you need to make them feel comfortable, happy, and confident about your products—that they will sell. Of course, they will have specific requirements because they know their consumers better. For example, a more advanced wine-drinking society prefers dry wine, while others may prefer semi-sweet or semi-dry. It really depends on the clientele's taste and ever-changing demand. For instance, right now, there's a new trend towards no or low alcohol wines—NoLo. You need to understand these trends.

If an importer buys from you and sells well, they will buy more. If not, it's just a one-time business. The effort and time to find even one buyer are significant, so once you get one, you need to ensure the relationship lasts. That's the key to doing business abroad. Otherwise, constantly searching for new buyers will drain your resources and is not feasible because it requires a lot of time, knowledge, and effort. Plus, the market is small and people talk. If you're not doing it properly, eventually, you'll be out of the market.

To sum up, you need to know your motivations for going abroad. The entry mode is not the main priority, as it's quite straightforward in this business. A new company will most likely start with export—you send the wine abroad and let others do their job. As a winery, your specialty is making good wine. Of course, the label and getting awards are important, and that is where you should focus. Make a good wine, get good ratings—for example, in *The Wine Enthusiast* or *Wine Spectator* or other magazines and awards. Once you have a good product, then you look for a good partner to export.

77 **Interviewer:** You mentioned making sure relationships last. Is trust very important, and do you often keep close relationships, or are they more formal?

78 **Respondent:** Yes, trust is very important. As long as you're dealing with people, it's one of the most essential things. The nature of the relationship really depends on the person. With some, we develop very close ties—we talk about holidays, children, pets—if the person is open, why not? But it also depends on the country. Some cultures are more distant and cold—for example, in Eastern Europe, it's not as warm as in Southern countries like Italy or France. Northern Europe is also different. It's really important to understand who you're dealing with and their cultural background. A relationship with a Portuguese or French partner will be different. Of course, there are always exceptions. I think this is a soft skill everyone needs to develop. It's essential to maintain professional relationships, but if the person is open, also a minimum level of personal rapport. You mentioned long-term—well, you never know where you'll end up. You might work at a company we can do business with later. Or I could be somewhere you're involved with in the future. In this industry, people know each other. And it's not just about your clients—it's also your peers, your network in the sector, everyone. If you want to succeed, people have to know you, and they have to trust you. Especially your client—because they'll also speak with other distributors, wineries, and contacts about you. Keeping a

good relationship helps make sure people want to buy from you rather than someone else. Because at the end of the day, the products are more or less similar. At a wine fair, you'll see tens of thousands of brands. Just in Portugal, there are hundreds. So imagine on a global scale. Why should someone buy from you?

79 **Interviewer:** What types of resources or support do you consider most helpful to assist Douro wine SMEs in internationalising more effectively?

80 **Respondent:** By far, the Douro region is doing one of the best jobs in Portugal. Port was the first to get PDO status, and in any country you go, you'll find Port. It's one of the most successful Portuguese products, and with a long history. Port is very often in a different category. When you talk about Douro wine and Port, you usually separate them — because with Port, people come to you. But with lesser-known Douro wine, you either go together with Port, or you have to stand alone.

About resources and support, first you have the associations that support SMEs in the Douro region, and then, at a higher level, you have the company itself and even European funding or support — in terms of budget, money, and also knowledge. At the end of the day, as long as you make good wine, the product will sell by itself. Of course, you need money to participate in fairs, to do promotions... Building a brand costs money, because people have to know you, try you, remember you — and you need budget to actually do it.

81 **Interviewer:** Is there anything you'd like to add about your company's internationalisation?

82 **Respondent:** In summary, I think doing business in the international market is exciting, but it can be complex. Anyone in the business understands this. You're dealing with people from different backgrounds and cultures, who speak different languages, have different holidays and time zones — so don't be surprised if you get texts at 4AM or 10PM. It's normal. And then there's jet lag, travelling around, meeting people from other places, adapting to local culture, and so on. I think, both in business and personally, it's very important to be flexible and adaptable. It's very hard to stick to the mindset of: "Oh, the way I sell wine in Douro or Portugal — I'll do the same thing abroad." I don't think that works, because at the end of the day, it's about who is paying. You really have to understand and respect the local people and markets. If it's France or Italy, you really have to understand how the market works. And one interesting fact is that for Spain, Italy, and France — when they import Portuguese wine, usually it's the lowest quality. And vice-versa. In Portugal, we also have their wine, but it's not the top quality. You can go and check in a supermarket. Of course, in specialised wine shops, you can find the top-notch ones. So, you need to understand all these factors — and go back to what I mentioned earlier: Why do you want to do this? That's my personal motto. Because when you face challenges, you really need to use that faith — Why are you in this business? Why are you doing this? — to help you get through it. The challenges come in waves, and sometimes they can be overwhelming, so you really need a strong reason for why

you want to do this. That vision in your mind — your willpower — can help you navigate them.

To sum up: you have to be flexible. Know your “why” (Simon Sinek), and the rest is easy. The entry mode and all these things make sense — everything will be quite simple, not a challenge at all. The knowledge, the financial and other challenges — they can be solved. You just have to work on it. If you don’t have enough money, but your product is good, you can always find support — either from funding, or loans. There’s always a way.

83 **Interviewer:** Are you available to be contacted if any questions arise?

84 **Respondent:** Yes

10.3.5. *Winery 5*

1 **Interviewer:** How many employees work at your company?

2 **Respondent:** At the moment, we have around 100 people, and this will increase to 130 with the opening of the new restaurant in the upper part of the winery. It’s worth noting that we belong to a group with other businesses, which has a total of 940 employees.

3 **Interviewer:** What is the company’s annual turnover?

4 **Respondent:** It’s around 6 million euros.

5 **Interviewer:** How many bottles of wine do you produce annually?

6 **Respondent:** Between 70 and 80 thousand bottles.

7 **Interviewer:** How many of those bottles are sold abroad each year?

8 **Respondent:** Around 10 thousand bottles.

9 **Interviewer:** Have these international sales changed significantly over time?

10 **Respondent:** The estate was acquired in 2015 and started with a business very focused on the domestic market, aimed at consolidating the brand and positioning it as best as possible. The international focus was never fully implemented. Only recently have we opened the Mexican and Chinese markets, and they still don’t have a strong presence. I wouldn’t say it’s fully implemented yet; it’s still being studied. Naturally, it improved this year, but there haven’t been any significant advances so far.

11 **Interviewer:** And what type of company is it? Family-owned, cooperative, part of a group...

12 **Respondent:** It’s a family-owned company, but with only one owner.

13	Interviewer: Is the company part of any cluster?
14	Respondent: Not at the moment.
15	Interviewer: In what year was the company founded?
16	Respondent: The estate's name dates back to 1616, so it has a strong historical background. The estate has grown over time, but it was only acquired in 2015. As for the wines, the production history goes back to 2013.
17	Interviewer: What are the main international markets?
18	Respondent: At the moment, the main international markets are Mexico, China, Switzerland, Belgium, France, and a little bit of Brazil, although that market is not yet firmly established.
19	Interviewer: How long has the company been involved in international markets?
20	Respondent: Since the beginning. Since 2015.
21	Interviewer: What were the first markets you entered?
22	Respondent: China, because of our other business. Most of our suppliers are from China, and at that time there was already a commercial relationship, so the Chinese suppliers wanted to buy wine, and that became our first market. We have two brands; with one of them, we work through exclusive distribution with another group. As soon as that group started operating, they simultaneously opened markets in Switzerland, France, Belgium, Spain, and beyond.
23	Interviewer: What is your role within the company?
24	Respondent: At the moment, I have two roles in parallel. I am responsible for the entire commercial area; the commercial management is under my supervision right now. It's a team we are still developing, hiring people and assessing progress. I also serve as Wine Business Developer. Basically, I manage the business together with the other departments of the project, but we work as a team, without a very marked hierarchy. I oversee viticulture management in collaboration with the winemaker. We handle everything related to the winery, from viticulture, to winemaking, to communication and product relations, and finally to sales. Additionally, I am responsible for all training for hotel staff and sommeliers; everyone goes through me to learn about the estate's wines, the essence of the project, and everything involved.
25	Interviewer: Can you describe what initially motivated your company to look beyond the domestic market and pursue internationalization?
26	Respondent: Primarily, it's about positioning. We don't focus on volume sales, especially since we produce very little compared to other brands in the sector or similar positions. That's why we looked at the international market from the start as a matter of positioning. In other words, I don't want to go to the international market to sell 30,000

or 50,000 bottles. I want to go to the international market and position ourselves in fine dining and top wine shops. Once again, we work with a super-premium product and always approach it from that perspective.

27 **Interviewer:** How have international pressures or barriers, both in Portugal and in your export markets, influenced your company's international orientation? We're talking about laws, regulations, bureaucracy, etc.

28 **Respondent:** Primarily, it's the issue of the American market. We've never entered the U.S. market because it has a very complex structure, which requires thorough study and understanding. Each state has strict bureaucracy regarding alcohol. So, we never entered there mainly because of that. We would need someone fully focused just on the bureaucratic side and the legal aspects. Therefore, it's still on hold. That's a good example.

Meanwhile, in the Mexican market, which we've just entered, bureaucracy is also an issue. There's always the risk related to alcohol. Even though Mexico is an open market, they are very careful with alcohol due to the country's criminal context, and they require specific labels on the back of the bottles so customs clearance is possible. It's not one of the most complex processes — it's fairly common — but it's still a barrier we have to overcome. It's not simple.

Then, there are extremely interesting markets, such as Denmark and Sweden, which are complete opposites. Denmark is a free, completely open market, although with somewhat ambiguous legislation. This means you have to understand well how it works, because there are no specific laws and everything isn't clearly structured. By contrast, the Swedish market is very interesting but has the so-called Systembolaget, a closed and highly complex system. There's an organization that opens three standards per year, and we have to apply, going through a bureaucratic process that involves multiple tastings and evaluations by a jury. But it has one advantage: once we manage to enter, alcohol can only be sold through Systembolaget stores, so once inside, the market covers the entire country. For producers whose production is around 200,000 to 300,000 bottles, it's an extremely attractive market. These are some examples of barriers that exist and that we have to adapt to.

29 **Interviewer:** What do you consider to be the most unique internal resources, both tangible and intangible, that drive your company's international orientation?

30 **Respondent:** For international positioning, the most important resources at the moment are people. That is, our brand ambassadors, the people who present the brand internationally and have enough wine knowledge to position it as a super premium brand. Then, naturally, all aspects of communication are extremely important. We work with two communication agencies in parallel: one more focused on the hospitality side and another on the wine side itself. This is crucial, because working with them gives us an international perspective and allows for different planning. For me, these are the most

important resources: people and, in terms of the area itself, communication and marketing. Obviously, the commercial side is inherent to both, so I'm not excluding it, because it's part of both areas. But I recognise this as the most relevant. And, of course, the quality of the wines is also fundamental; without good wine, there is nothing to be done.

31 **Interviewer:** How have these unique resources directly contributed to your success or differentiation in international markets? Could you give concrete examples?

32 **Respondent:** They have contributed in several ways. For example, the Chinese market places great value on references to the Chinese New Year, meaning the respect for religion and spirituality inherent in Chinese culture. We placed special seals on some bottles sent exclusively there, something we did not do for other markets. It was similar to what Château Lafite Rothschild did, if I am not mistaken, in 2018, when they included a Chinese symbol on the bottle. This had a direct impact on sales. The Chinese see such actions as a sign of respect and as consolidating a partnership, rather than just a one-off deal — something more consistent and long-term. This led us to sell more bottles than expected. Such actions are important; once again, they show how crucial marketing and communication are.

33 **Interviewer:** When considering internationalisation, which specific factors mainly guide your company's decisions regarding entry modes into foreign markets? Which modes of entry do you usually adopt?

34 **Respondent:** Normally, the first step is for the owner to travel to the country. We find a local distributor; usually, that is how the first approach is made. We look for a distributor who matches our positioning and the image we want to convey in that country. Once identified, we move forward: we place all the product with that distributor, who then does their job of distributing the wines in the reference points we consider appropriate.

When we are already more established in the country and the situation is more comfortable, since we do not sign exclusivity contracts with anyone, we may also work with some specific clients in that country. And this is always done with planning. It is not a matter of arriving in a country and starting to look for contacts; usually, we already have a solid contact and previously scheduled meetings. In other words, there is already someone in that country interested in acquiring and marketing the wines, because otherwise it would make no sense.

We cannot simply arrive in a country like China and suddenly start selling wine, trying to enter restaurants and present the product — no one would open the door or respect us, since it is such a large market. That is why it is essential to always have a point of contact already established. By the time we arrive, emails have already been exchanged, most likely pre-negotiation meetings have taken place, and we are only there to finalise.

35 **Interviewer:** What are the most significant resource limitations you face in internationalisation?

36 **Respondent:** Mainly human resources. That is a major topic. It is not easy for us to have people travelling abroad. At the moment, only the owner and I do it, but it is certainly not simple. In terms of human resources, it is complicated. Even when offering more attractive salaries, people are not so willing to be away from home for several months. Let's be realistic: entering a country and negotiating is not just a matter of going there for 15 days, attending a few dinners and presentations, and then expecting the product to be sold. It requires consolidation, which means spending significant time in the country and developing the market. There is a Portuguese company that did this very well in the Asian market — Symington — absolutely remarkable. In my view, probably the best Portuguese company working the international market.

So, it is very much about human resources. In our case, this is not an issue, but I know that, for companies in general, the financial side is also important. A project of this scale involves significant costs, and not all firms have that capacity. I would say that in Portugal, only around 10% to 15% have the financial means to move forward in this way. Therefore, the two main limitations are human and financial resources.

37 **Interviewer:** In what ways have these limitations directly influenced the types of entry modes you have been able to adopt? Can you give examples of decisions made because of these constraints?

38 **Respondent:** Yes. For example, at this stage it makes no sense to enter the Asian market with a high-end positioning. The focus is mainly on HoReCa until we have sufficient commercial human resources to fully support that process. In other words, entering a country like China and positioning ourselves in fine dining is not possible without the right human resources. Then, in the case of the United States, careful financial planning and a defined budget are required to sustain the effort. As I mentioned, it is an extremely bureaucratic and complex market, which demands fully dedicated human resources and, of course, financial resources. Therefore, it requires a considerable budget, which at this moment does not make sense for us to allocate.

39 **Interviewer:** Have you considered higher-commitment entry modes, such as partial acquisitions or establishing a subsidiary abroad? What motivated or prevented such a decision? You mentioned the brand ambassador...

40 **Respondent:** No. At the moment, in terms of acquisitions, joint ventures, or other formats, nothing is planned. We are developing strongly in Portugal. For example, we have a partnership with a hotel company here, but we do not yet have plans to expand in that way abroad. Regarding the brand ambassador, that decision was precisely motivated by the need to be present in more premium international markets. It was extremely important, because if we do not have someone to represent us and truly understand the project as we do, it is pointless; people will not have that perception either.

41 **Interviewer:** You also mentioned institutional barriers earlier. How do you manage to navigate those barriers? Do you have support from your business partners? How does that work?

42 **Respondent:** No. For now, we still overcome them based on our own knowledge. We do have some friends, let's call them that, people who actually work in the industry, and we also have our consultant, who helps us considerably with these matters. He has a lot of international experience and is someone who opens doors. We had already entered a very prestigious restaurant in the United Kingdom, and now we are entering in Manchester. Obviously, there are the difficulties brought by Brexit, but he gives us that legal support which allows us to overcome those barriers quickly. So, in the case of the UK market, we do have that support. In other markets, however, we are still working on it, trying to find partners who can help us overcome such barriers, but at the moment we don't have any.

43 **Interviewer:** You mentioned help from friends. Do you usually maintain a strictly professional relationship with your business partners, or do you try to develop a deeper relationship?

44 **Respondent:** I follow one principle: one thing is establishing normal business relationships, another is creating partnerships. When we establish a partnership, we like the person to be intrinsically connected to us and to the project. That's why we like to welcome them here, have them stay at the hotel, and experience the brand in full. We want them to visit the different estates we own and all our vineyards, exploring everything at the highest level and engaging in our day-to-day life. Why? Because those people will become our ambassadors in their areas of business and in the way they conduct those businesses. Therefore, partnerships are more personal relationships.

45 **Interviewer:** If you could give advice to another Douro SME winery starting its internationalisation process, what recommendations would you share?

46 **Respondent:** The first recommendation is to have human resources fully dedicated to handling the bureaucratic process of international markets; this is extremely important. If we do not have this knowledge well structured, we may create highly uncomfortable situations, such as products being blocked in different locations, unable to overcome the obstacles. Clients become dissatisfied, may lose confidence in us, and this creates future complications for new market entries.

In this context, it is very important that people are not only dealing with bureaucracy but also have basic notions of logistics. This is crucial. One of the biggest mistakes I see is that people do not know what an Incoterm, FOB, or FCA is. These are fundamental concepts, because when entering a market one must know how to place the wine on a ship, in a container, whether it is refrigerated, whether it is 20 or 40 feet, how to palletise and load the product.

From a financial perspective, planning — the pipeline, let's call it that — must be very well designed in order not to waste money and, above all, not to exhaust resources that will be needed for future approaches.

Very importantly, if we are going abroad, we should not be afraid to showcase our best wine — "oh, I'm not going to offer this wine to taste, I'll just give the other one." I've seen this many times: producers bring a bottle of their best wine and then bring many of the others. It does not work to only bring average bottles; the market is absolutely saturated with exceptional-quality wines. For example, next year I will start the Master of Wine and I can say that I taste around 4,000 wines per year, many of them superior to ours. We have great wines in Portugal, in the Douro, and in our estate, but abroad there are absolutely extraordinary wines. Therefore, if we want to compete, we must present the very best we produce, not what is merely average.

47 **Interviewer:** What types of resources or support do you think would be most useful to help Douro SME wineries internationalise more effectively?

48 **Respondent:** At the moment, we are facing a global consumption crisis, with significant impacts. I study in Bordeaux and go there every two months; Bordeaux is experiencing a consumption decline of around 20%. It is alarming, in a region with high per capita consumption and a strong wine culture. Even in France more broadly, people have a wine culture far above average, much higher than in Portugal — it is not even comparable. And indeed, there is a decline in consumption. Faced with this, I think we have two options: either we continue to provide incentives to "burn" wine, as has been done with distillations, or we look at the international market strategically. For me, it makes sense to have financial support from the State. Not so much from the European Union, which usually supports internal investments for tourism development and projects, but we need financial support for market offensives. These SMEs do not have the financial capacity to keep 2, 3, 4, or 5 people permanently abroad working at the highest level. As long as there are clear goals for the recovery of those funds and a well-defined strategic plan, with a business plan prepared by someone in the field, the State could support part of those resources in partnership with the company, allowing us to position ourselves better abroad. We do not have the best wine in the world, but we certainly do not have the worst either, not by any means. There are wines sold at €500 a bottle that are not even worth it, and we have wines at €50 that could, abroad, achieve that type of positioning. At the end of the day, everything depends on money and on the financial capacity of the companies.

49 **Interviewer:** Regarding financial capacity and state support, are there programmes that help? Are they accessible to the average company?

50 **Respondent:** I have to admit that I'm not very familiar with this topic; I want to be as honest as possible. Here, thankfully, we are a company with that financial capacity, so we have never had to rely on this kind of support. However, one thing I do know is that for well-established wine projects, like ours, banks are willing to help, often offering

attractive interest rates. That said, there must be a structured and well-prepared financial plan. One of the biggest mistakes is sometimes thinking that just because we are an SME, we are automatically a “super company” capable of tackling the market. Often, that is not the case. We have to have the humility to recognise and say, “we are not there yet.” Regarding banks, yes — from my own experience, they do assist companies that need it. As for the State itself, I don’t know — there is more support at the agricultural level, specific to production, but not focused on internationalisation.

51 **Interviewer:** Regarding market knowledge, is this also something that is lacking?

52 **Respondent:** Absolutely. In fact, my biggest critique of Portuguese producers is the lack of planning, and this planning involves precisely market knowledge. Most people have no understanding of the differences, for example, between entering the United States and knowing what an AVA in Napa is versus an AVA in Sonoma, along with the respective regulations and differences between them. Without this knowledge, they will make serious mistakes, often irreparable ones. This is truly a major issue.

People should educate themselves thoroughly before moving forward, because markets are complicated — and they really are, not just a minor detail. Take Sweden as an example: many producers want to enter the Swedish market, but they have no idea what Systembolaget is. It’s a world of its own, with specific dates, deadlines, and rules. This is a good example, because I consider it one of the most difficult markets to enter.

53 **Interviewer:** In terms of associations, do they help with this? And do they do it well?

54 **Respondent:** Yes. There are some institutions, such as ViniPortugal, that can provide certain inputs. Now, do I think they provide all the inputs needed for truly effective planning? Not really. But that’s also due to the human resources available within the associations themselves, as this requires investment. For people to acquire that knowledge, it is necessary to invest in them — through training, studies, and so on — so they can genuinely learn, because no one is born knowing this. And in Portugal, until quite recently, we didn’t have a wine culture nor a market culture associated with the sector. This is still a very recent reality.

55 **Interviewer:** Would you like to add anything else?

56 **Respondent:** I think things are evolving, but outside the large groups and the most well-known brands, no one is really doing an outstanding job in internationalisation yet. I believe that sometimes we should sit down with some international partners, talk more, understand better, and listen carefully, so that we can then strategically put Portugal on the map.