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STRATEGIC ALLIANCES IN THE INTERNATIONALISATION OF PORTUGUESE SMEs: Jerónimo Martins Case Study

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Abstract

Given the reduction in domestic consumption in recent years, Portuguese enterprises have been forced to find new solutions to diversify their business. One of alternatives lies on marketing their goods and/ or services in external markets. Nevertheless, the internationalisation process depends on several factors. Most strategies imply a high investment or commitment and not all companies are able to assign resources to international expansion, whose business dimension is small and medium (SMEs).

In order to become more accessible this approach, these firms can take advantage from successful business partnerships previously set out with other national companies, in Portugal, aiming to grow in markets where they have already operated. The large enterprises (LEs) can provide this opportunity, being highly present in different countries.

With the goal of understanding the reasons of domestic companies’ choice for other companies to the supply of a product overseas, a case study was carried out. In this context, managers of SMEs, suppliers of Jerónimo Martins in Portugal and Poland, were interviewed.

The outcomes obtained suggest that Jerónimo Martins prefers a SME from home country, since it took place previous trades in country of origin and SME offers a competitive product, in terms of price and quality, and tailored to host market.

Generally, these partnerships evolve to highly successful strategic alliances, when they affect the competitiveness of the firms involved and require a long-term commitment of resources, i.e., when companies collaborate actively in several destinies.

Key words: *SME, LE, internationalisation, strategic alliances*

JEL classification: *D74, F23*

Sumário

Face à redução do consumo interno nos últimos anos, as empresas portuguesas veem-se obrigadas a encontrar novas soluções para diversificar o seu negócio. Uma das alternativas passa por comercializar os seus produtos em mercados externos. No entanto, o processo de internacionalização depende de diversos fatores. Muitas estratégias exigem um elevado investimento ou compromisso e nem todas as empresas têm a capacidade de aplicar recursos na expansão internacional, cuja a dimensão de negócio é pequena e média (PMEs).

Para tornar esta abordagem mais acessível, estas empresas podem aproveitar as parcerias de negócio de sucesso anteriormente estabelecidas com outras empresas nacionais, em Portugal, com o objetivo de crescer em mercados onde estes já operem. As empresas de grande dimensão (GEs) podem proporcionar esta oportunidade, estando fortemente presentes em diversos países.

A fim de se perceber as razões da escolha de empresas nacionais por outras empresas para o fornecimento de um produto no exterior, realizou-se um caso de estudo. Neste âmbito, entrevistaram-se gestores de PMEs fornecedoras da Jerónimo Martins em Portugal e na Polónia.

Os resultados obtidos sugerem que a Jerónimo Martins prefere uma PME do seu país, desde que já tenham ocorrido trocas comerciais anteriores no país de origem e a PME ofereça um produto competitivo, em termos de preço e qualidade, e adaptado ao mercado de chegada.

Normalmente, estas parcerias tornam-se alianças estratégicas de grande sucesso, quando afeta a competitividade das empresas envolvidas e existe uma afetação de recursos a longo prazo, ou seja, quando colaborarem ativamente em vários mercados.

Palavras-chave: *PME, GE, internacionalização, alianças estratégicas*

Classificação JEL: *D74, F23*

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EU - European Union

FDI - Foreign Direct Investment

IMF - International Monetary Fund

GDP - Gross Domestic Product

JM - Jerónimo Martins SGPS SA

JMP - Jerónimo Martins Polska SA

LE - Large Enterprise

SME - Small and Medium-sized Enterprise

1. Introduction

1.1 Contextualisation and problem definition

Portugal is living the worst economic performance since the First World War. The European economic, financial and social crisis has been worsened since the USA's real estate speculation and financial turbulence led to the bankruptcy of Lehman Brothers bank. Uncertainty of worldwide financial markets became a constant phenomenon since 2008.

However, Portugal is in recession since 2001. Portugal had grown slightly above 1% every year between 2001 and 2008, according to a Diário de Noticias' news. This growth is much lower than the growth of countries that cope with Portugal in EU, concretely Czech Republic (4%), Slovakia (6%) and Baltic countries (more than 8% per year). In other words, PIIGS (Portugal, Italy, Ireland, Greece and Spain) are not so competitive when compared with other European countries, such as Switzerland, Sweden, Germany and Great Britain. They have lived with the wealth level above than their resources allowed to have it, due to their GDP per capita/ global competitiveness index correlations being negative comparing to the wealth average level that each country should produce according to its competitiveness.

Largely, the crisis is just the result from the wealth readjustment of these countries that consumed more than they produced internally. Indeed, Portugal is losing its companies to more competitive countries. According to the Economist newspaper, Portuguese jobs are immigrating to other locations characterised by cheaper hand labour, investment and/or raw materials or easier access to markets or resources, mainly China, Malaysia, Taiwan, South Korea and Singapore but also to Germany and USA, that own lower wealth regarding to their competitiveness level.

Besides the lack of competitiveness, Portugal's constant budget deficits have annually caused the rise of Portuguese national public debt since 2000. Recently, the public debt, in Portugal, has dramatically been growing comparatively to Portuguese GDP. In 2009, it was 83.7% of Portuguese GDP and achieved 123.6%, in 2012 - the third highest rate in EU -, before the record of 94% and 108.3% during the highest recession period, according to Eurostat database. Due to Portugal's unbearable public debt, the financial troubles around the world just speeded up the inescapable fall of Portuguese economy resulting from its weak economic and financial situation. Thus, Portugal was forced to deal a bailout of 78 billion Euros with an organisation formed by EU Commission and IMF, called Troika, to rescue Portuguese economy from its financial distress, on 17th May 2011. Portugal has received this amount in exchange for accomplishing a set of counterparts that lie on a financial overhaul.

The Portuguese government hoped that this international rescue would help totally its economy and solve the problems before the assistance, however it is not happening as expected. The Portuguese economy keeps living a severe financial and economic crisis, especially due to strict austerity program imposed by Troika and applied by Portuguese government headed by the Prime Minister Pedro Passos Coelho.

Following this negative trend, it is also Portuguese GDP (total and per capita). In 2009, Portuguese GDP declined by 2%. In 2011, the loss of GDP came back to set up during long term, year in which recorded -1% than in 2010 (real prices). Successively, GDP per year should depreciate. It was -3.3%, in 2012, and the Portugal National Bank forecasts a reduction of at least 2.3% in this year. Overall, Portuguese companies have been selling and will sell increasingly lower quantity of goods and services internally, if there is not a rapidly economic growing in Portugal or a solution from exterior.

Sales recession impacts on the companies' production, as well as, on the human capital are needed to make it. As Portuguese companies are producing fewer and fewer, they are forced to reduce their production costs, mainly employees' salaries. Companies often resort to the cutting of current available jobs in order to face recession with right and necessary resources. Between 2009 and 2012, the unemployment rate in Portugal ranged from 8.9% in the first quarter of 2009, close to 9% of European average, to 16.9% in the last quarter of 2012, a feature visibly different from that registered for the rest of Europe (11.8% in Euro group) according to the Portugal National Bank. However, it also influences the consumption of other goods companies, causing the insolvency of some of them due to the lack of financial power, i.e., the reduction of Portuguese GDP results from and causes further losses of jobs and the end of hundreds or thousands companies in Portugal.

At last, the problematic question deriving from crisis to Portugal is neither how it pays the financial assistance agreed nor how it reduces its public debt in short run, but how to invert the trend of negative economic growing for Portugal and its consequent raise in the workforce.

The companies, the obligation to increase their sales-production ratio and their consequent impact to Portuguese economy should be the central theme to solving Portuguese recession. Nowadays, in order to improve their financial situation, Portuguese firms must enlarge their businesses and market. As Portuguese market is stagnant, it is necessary to diversify the business or expanse it to new destinies. Diversify internally is hard, since Portugal does not have so many opportunities. Instead, by investing in the internationalisation process, companies can take advantage from economies of scale.

Go abroad is the main defended solution that can help largely the survival of Portugal. The rebalance of the economy should expand abroad the Portuguese SMEs internal market. It is the conclusion taken by experts invited to the last conference of cycle organised by "Exame" and "Banco Popular" on 24th November 2012, under the subject "In the path of exports and internationalisation". In addition to specialists in this field, the small and medium businessman fell that unique way to save their companies is to turn their sales to other markets.

Under the international expansion strategies, it exists one or more major goals used to take decisions related to it. The reasons lead to enter into foreign markets are advantages that can get from the internationalisation. Some firms decided to internationalise due to the desired increase of sales, the diversification of the business with new products or improvement of the chain value through a partnership. Thus, cross their national borders can mean to access solely or jointly key advantageous goals.

Unlike the Portuguese roots Multinational groups that have already branches, subsidiaries or other type of business in foreign countries and consider investing in other markets, Portuguese SMEs[1] do not normally have capacity to either get their

[1] According to IAPMEI-EICPME's website (organisation constituted by Portuguese public and European institutions), small and medium-sized enterprises, better known as SMEs, are companies that have fewer than 250 employees and have either an annual turnover not exceeding 40 million euros or an annual balance-sheet total exceeding 27 million euros. On the other hand, large enterprises (LEs) match those that exceed only one of these criteria.

businesses bigger or to expand them without help, despite their large weight in Portuguese economy[2]. There are several cases in which the expansion was made alone and was not successful, causing serious problems to companies that are then forced to leave those markets sooner or later. For instance, Portuguese restaurant chain of gourmet hamburgers, called H3, had invested directly in a branch in Poland for 4 years, after the success recognised in Portugal, in spite of becoming terrible investment.

The restaurant did not absolutely know the Polish fast-food market so it should have joined a partner or requested market analysis about food market and Polish habits to any consulting. It was not the case and one of many mistakes was to keep the same name of hamburgers menus, concretely "Lusitano menu" - informal nickname given to Portuguese people -. It shows that as they got isolated approach they failed the entry into a new market. Due to this difficulty of singular international entry strategies for SMEs, it would be important to adopt the simplest and the most collaborative internationalisation approach.

Being so risky to invest directly in a new market without knowing it, the collaboration with a local partner can allow the company to enter more easily in it. In addition to easing the entrance, a well-made partnership diminishes the failure risk and the financing needs. It means everything for a small company, once it has not enough capital to guarantee viability to the lender. Through the collaboration, companies can get access to other sources of financing.

In other words, international collaborative relationship increases the sales and the profit, while it is an internationalisation way that requires lower equity invested by interested companies. Then, new investors of allying company fell more confident and invest more in this type of internationalisation than other ways.

The partnerships often occur due to the shortage of specific resources or the deficiencies of activities in value chain. Actually, some enterprises decide to cooperate with other, looking to own these resources or match weakened activities to other party's core businesses. As the collaborative activities or resources should not be essential to any company, LEs constitute the main interested to make contracts with other companies since they do not totally own all value chain, normally support activities.

[2] In 2012, the European Commission estimated that Portuguese PMEs represented 99,9% of all companies in Portugal.

SMEs are frequently target of big companies in strategic alliances, allowing adapting easily and quickly to LEs.

Indeed, SMEs often take advantage from previous business relationships with other companies, generally LEs, to go abroad. As global enterprises operate largely in several external markets, SMEs' core business only must match to LEs' needs outside, in order to spread their network beyond the boundaries of home country and strength their partnership. This is because SMEs have to enlarge their revenues and comply with LEs' requisites, while LEs already know and trust in SMEs' works.

In addition to providing more facilitated and balanced access to a new market for SMEs through LEs, the study of strategic alliances between LEs and SMEs also results from the need to fill the gap in Portuguese alliance dynamics literature, as it is demonstrated below in Literature Review. Analysing and concluding about strategic alliances on the internationalisation of Portuguese SMEs, it could form the basis and support to further academic research.

Thus, the dissertation analysis will centre on the Portuguese strategic alliances between LEs and SMEs. Nevertheless, this theme will be applied to a specific case study. After the review of the common destinies for Portuguese companies, I concluded that Poland has been the most successful market for foreign investment recently, mainly Portuguese. Many Portuguese companies are rooted in Poland where they get strong businesses.

Resulting from this analysis, Biedronka - Jerónimo Martins' Polish hard discount supermarket chain - , as Portuguese multinational, and Portuguese SMEs that are its partners are targets of this study.

1.2 Objectives

This assignment is based on the following objectives:

1. Understand the main reasons for enterprises to choose collaborative approach instead of other internationalisation strategy;

Normally, the motives for internationalisation may be one or more belonged always the same set of arguments. However, opt for a specific international expansion strategy means that companies want to accomplish some factual objective and not other objective that must be more easily attained through other entry strategy. This study illustrates the interest to identify these differences between, concretely, strategic alliance and other ways of international trade.

2. Identify and measure the impact of the strategic alliances in the exports or in the other type of entry into a new country according to throughout internationalisation process;

The main goal of this type of collaboration rests to comprehend the effect which will have in the exports of their products and services and/or in the internationalisation of SME's core business. In general, when a LE needs other Portuguese company, there occurs collaboration and so the other one can penetrate the country where bigger company is placed through the help provided by LE. The author will address the collaboration to measure the dimension of internationalisation resulting from this process, either by the exports or by the possibility to bring its business to other country (non original). The hypothetic improvements of services or products from the higher company can also origin the increase of its sales and obviously a consequent rise of exports or foreign sales. It is just an example of what can result in collaboration but the researcher will exploit other sources of help between two parties.

3. Analyse potential problems solved by the entrepreneurial partnership;

After that, it is also important to emphasise the failures on both companies in question that may be settled as quick as possible through the collaborative relationship. A small company can help to the resolution of a problem resulting from multinational corporation's activities and at the same time it can allow to small company fulfils with some problems, such as internal dependence of its sales and then movement toward a situation of non-dependence from the economic variables of Portugal and its possible instability. Before the internationalisation, it could cause higher economic difficulties for SME. So, one can observe that implicit problems exist for both parties under the need of a collaboration between two complementary companies.

4. Study others benefits that allying firms can get from their networks;

In addition to the exports or the opening of stores in external markets, there can be more benefits for both companies. From the analysis of the cases study, the researcher will withdraw all possible benefits of a collaboration to SME and LE. This can be related to the growth of two companies, the optimisation of their resources, the sharing and the use of resources that one of them does not own and other advantages.

5. Identify the main concerns from the collaborative approach, looking to propose recommendations that can lead to the improvement of general quality of alliances;

On the other hand, it may still take into account the key considerations of collaboration, which can affect SMEs performance in a new market over time. Before their entry, one of the possible concerns for SMEs resulting from the external network is, for instance, the adaptation of product/ service to the end destination. Therefore, SMEs must previously identify and then carry out these crucial factors to the success of external partnerships. Through the case study, it will be possible to explain better this thematic applied broadly (all markets) and also to a specific market where studied SMEs and LE work together.

6. Propose a practical framework to ease the sharing of needs searched by LEs and the activities available by SMEs, aiming the quick match between LEs and SMEs to a possible partnership.

Based on the conclusions taken from the case study, it would be important to create value to future empirical research. The outcome from the case study in Poland should be a practical methodology to be possibly implemented in market. The goal of this proposal would be to accelerate as soon as possible and improve the process of collaboration.

1.3. Dissertation Structure

This dissertation is divided in 6 chapters.

This first chapter consists of a broad introduction to thematic and to contextualisation of publication, looking to highlight the main motivations and goals of study.

In the chapter 2, it presents an existing literature review, like State of Art of internationalisation and, concretely, collaborations. Given the international dimension of this study, it intended to present the main research developed in this scope and the practices accomplished by many researchers. It defines the conceptualisation of internationalisation, collaboration and strategic alliance. Lastly, it also presents some facts based on statistical data.

In the chapter 3, it centres on the used methodology, which describes the steps fulfilled in the understanding of study scope, including the selection criteria of studied companies. Further, it describes used and simultaneously proposed evaluation model.

In the chapter 4, it examines the case study followed by methodology, namely Portuguese companies in Poland, and the summary of performed results. It is released the most relevant results to analysis and latter to discussion.

During the chapter 5, case study and its methodology are discussed. So, it makes the critical analysis over the performed results, aiming to identify the motives of such outcomes achievement.

In the last chapter, it suggests recommendations built based on performed results and analysed previously research. Then, it presents conclusions of the carried out study in order to move forward the research progress. In the latter, it performs the practical framework to help the collaborations between companies.

In appendixes, the support documents and the data resulting from the analysis can be found more detailed than those presented during case study.

2. Literature Review

2.1. Internationalisation Fundamentals

The Internationalisation definition has been studied by several authors. According to Dunning's theory, firm that had a high ownership or location advantage preferred more integrated entry modes such as sales subsidiaries. By study of Nakos and Brouthers, firms with differentiated products opted by equity entry modes, as well as firms that were entering to markets with high potential. The Uppsala internationalisation model suggests that the choice of entry mode depends on a firm's experience in international markets, i.e., the choice of entry model is seen as a learning process and increasing commitment to the market. Others defend that the choice of entry mode depends on firm's formal and informal network relationships that evolved over time.

International experience, indeed, is the outcome and the need arising from globalisation effect. Globalisation enables people and goods/ services to move from home country to foreign country and vice versa. Regarding entrepreneurial standpoint, companies can make transactions internally or externally in order to be more profitable. Based on free trade among countries, transport and communication optimisation, economies of scale resulting from technological progress, convergence of customer needs, and the absence or the reduction of trade barriers - the main factors of globalisation -, firms decide to internationalise. According to Lasserre (2003),

"*Globalisation is the phenomenon of the transition of industries whose competitive structure changes progressively from multinational to global. Industries such as telecommunications, processed food, personal care and retail are in the process of globalisation*."

The review of internationalisation research seeks to explain the configurations, which companies adopt to enter in the international markets, whereas it tries also to prescribe a normative approach to internationalisation decision-making. Internationalisation has been used to illustrate *"the outward and inward movement or increasing involvement in a firm's or larger grouping's international operations*" according to (Johanson, 1977) and (Welch, 1988) described in a study of Dr. Ian Fillis (Fillis I.) about "The Internationalisation Process of The Smaller Firms".

As one can see, the departure of companies for destination outside are mapped and defended by opposite entry strategies and then the patterns of internationalisation get common importance in the academic as policy making view. "*Inward-outward activities*" arise as essentials to explain international market flows (Wheeler, 2003). To understand more precisely inward-outward patterns, the own internationalisation process provides the interrelation and integration of decisions/processes that identify a firm's individual patterns of internationalisation (Jones, 1999).

Furthermore, because of the growing of global markets, complex market conditions and technology effects, more recent authors suggest that the SMEs' patterns of internationalisation are not similar to LEs characteristics addressed by earlier conceptualisations. The long-standing Uppsala School's stages model of internationalisation, for instance, did not represent SMEs and "*alternative modelling of microenterprise behaviour*" should be drawn to account for emerging modes of behaviour (Fillis I. , 2002). Older conceptualisation such as transaction cost analysis and the eclectic paradigm (Dunning, 2000) does not adequately describe smaller firms behaviour. Recent studies have focused on the network approach that more precisely explain SMEs framework (Johanson et al., 1988) (Ghauri, 2003) (Keeble, 2004).

Actually, international trade concept had originally centred on the activities of the multinational enterprise before changing its focus. Since there, its main attention has been over the behaviour of SMEs once they have been increasing their influence on international markets (Bilkey, 1978) (Coviello & Munro, 1995) (Stray et al., 2001) (Brush at al., 2002) (Chetty & Campbell-Hunt, 2003) (Fletcher, 2004), (Nummela at al., 2006) (Ruzzier at al., 2006). Agndal (2002) has too shown that there are sectoral differences in internationalisation behaviour.

2.1.1 Reasons of Internationalisation

As far as the internationalisation strategy is concerned, companies have became worldwide multinational forced by ambitions/motivations that lead themselves to enlarge their targeting abroad or invest in differentiated products in order to enter into new markets. "*The growth provided by international diversification*" is an important strategic option for both SMEs and LEs. SMEs have played "*the increasingly active role*" based on the broad internationalisation trend, since the world economy eases companies to get businesses in non-domestic countries. As well, it is possible because there is "*combination between worldwide increasingly integration of companies, continued declines in government-imposed barriers and continued advances in technology*". They are the major factors defended by Lu and Bemish (2001) during internationalisation decision-making.

Similarly, other researchers have defended those higher levels of international diversification trigger to advanced firm performance, which establishes firm-specific global advantages discussed by the internationalisation theory, such as Yakhlef and Maubourguet (2004). Different point of view suggests international expansion strategies resulting from several reasons. According to Root (1994) and Bradley (2005), internationalisation involvement sums up in the following reasons:

- Small and limited domestic markets or growing fast foreign markets;
- Shortening product and technology life cycles;
- Desire to follow domestic customers who are being internationally by service companies (advertising, computer services, engineering and insurance);
- Desire to follow competitors in order to match international market entry of a domestic rival -"*the 'bandwagon' effect"*- or to counter foreign firms penetrating domestic market in oligopolistic industries dominated by a few sellers;
- Excess capacity and resources or unique competence in the firm;
- Growth aspirations and international orientation of the firm;
- An opportunistic response to unsolicited order or request from abroad;
- Backward or forward integration to reduce costs and increase control.

There are many reasons why firms decide to internationalise as it was showed previously. But to the typical companies, the fundamental or strategic reason for entering into foreign markets emerges only some time after its first tentative ventures in that direction. Companies get committed to international markets only when they are no longer able to attain their strategic objectives by remaining at home (Root, 1994). After that, they will need to allocate resources and take necessary risks to a sustained participation in foreign markets.

2.1.2. The process of Internationalisation

The traditional stages model to internationalisation has been successfully regarded as an approach accepted and complemented for latter researchers of international vision. Being a well-defined international expansion strategy, firms use a stepwise process along an organisational continuum (Lloyd-Reason & Mughan, 2002). Some researchers have addressed different views of Uppsalla School. Tookey (1969) and Wind et al. (1973) were some of the earliest proponents of the stages approach, while Johanson and Wiedersheim-Paul (1975), Johanson and Vahlne (1977) and Bilkey and Tesar (1977) worked at studies that supported to the development of more recent internationalisation research according to the study of Fillis (Fillis I.).

From the Uppsalla School standpoint, companies have four stages to complete entry strategies into foreign countries (Johanson & Wiedersheim-Paul, 1975). Latter, it was also represented with five or six strategic steps (Bilkey & Tesar, 1977) (Reid, 1981). However, throughout study agrees with the main steps needed being followed, such as Yip (2000) states that "a*lthough the number of incremental steps may differ, there is general agreement that with each subsequent stage comes increasing involvement in international operations*".

Despite high relevance presented by mentioned findings, the traditional stages theory has been criticised regarding the theoretical validity of its concept. Empirical evidence from other studies has provided opposition to this point of view (Turnbull, 1987) (Andersen, 1993) (Andersen, 1997) (Bell et al., 2004) (Moen et al., 2004), for example, for being too deterministic and mechanistic in nature (Reid, 1983) . As the change of internationalisation methods have been defended (Hurmerinta-PeltomÄki, 2004), the authors of the Uppsala Model reformulated their concept to publish an update of initial paper (Johanson & Vahlne, 2009).

Besides the difficulties to get a common definition of internationalisation, there are other problems to classify the various stages of the process (Axinn & Matthyssens, 2002). Turnbull's research (1987) shows that "*the operating environment*", "*the industry structure*" and "*the marketing strategy of the company*" determine the internationalisation stages. Thus, the stages approach from Uppsala School view should only be used as a "*classification framework*" and not as means of learning how firms internationalise (Fillis I.).

Being the focus of small companies to apply internationalisation process, three theoretical approaches lead to contemporary research on the internationalisation of small firms. The first one is the stage approach, known also as the Uppsala School model, studied by Wind et. al (1973), Johanson and Wiedershem-Paul (1975), Johanson and Vahlne (1977), and Cavusgil (1980). In this case, the international trade should result from "*the acquisition of experiential knowledge*" in particular market-specific knowledge and an increased commitment to international activities.

On the other hand, the network approach (Johanson & Mattsson, 1988) (Johanson & Mattsson, 1992) (Johanson & Vahlne, 1977) constitutes the other view of SMEs internationalisation. It results from the theories of social exchange and resource dependency, and highlights firm behaviour in the context of a network of interorganisational and interpersonal relationships (Axelsson & Easton, 1992). The firm networks in a new foreign market are recognised as the outcome of its relationships experience in current markets (Johanson & Mattsson, 1988), reciprocity between inward and outward activities (Crick & Jones, 2000) and the importance of the networking role on inward international activities (Johanson & Mattsson, 1988) (Johanson & Vahlne, 1990). International involvement can decline whether the firm's propensities influence their exchange conditions and form new linkages (Elg & Johansson, 1996).

Based on learning and knowledge theory, SMEs can be created aiming to be global. Some researchers proposes that SMEs can take the form of international new venture (INV) while others call born global (BG). INVs are firms that internationalise from the inception of business operations (Autio et al., 2000) (Oviatt, 1994). In the latter, Knight (1996) examined BGs in the first theoretical study, while the traditional Internationalisation Theory was reviewed. Later on, together with Cavusgil (2004), presented a new one. Madsen and Servais (1997) also developed the definition of a BG.

According to Root (1994), the internationalisation process must be thought previously before the entry into new destinies. As a comprehensive plan, entry strategy for foreign market establishes the objectives, goals, resources and policies that will strengthen a company's international business operations until the achievement of international sustainable growth. Normally, most companies take from three to five years to apply throughout entry-strategy, once it is time needed to attain "*enduring market performance*".

Even if a company's entry strategy takes place a unique process, companies will actually follow a set of several individual product/market plans. Since each product and each market have distinctive characteristics, firms must "*plan the entry strategy for each product in each foreign market*". Therefore, the product/market entry strategies require:

1) The choice of a target product/market;
2) The objectives and goals in the target market;
3) The marketing plan to penetrate the target country;
4) The marketing plan to penetrate the target market;
5) The control system to monitor performance in the target market.

In order to complete the internationalisation plan, the decision about a foreign market entry mode, that will be explained detailed hereafter, is regarded extremely importance when it speaks the appropriateness of a specific entry mode. Gannon (1995) and Bradley (2005) defend that the international market entry mode may be determined by specifying the extent to which knowledge or know-how embedded in the asset being transferred is explained.

2.1.3. Entry strategies for International Markets

Before showing companies' entry strategies, let's understand and answer the reasons why companies want to enter into a new country as well as when it is appropriate time. Lasserre (2003) explains it appropriately. Firstly, entry strategic objectives are summarised four major types, not necessarily independent of each other, namely market development, resources access, learning and coordination objectives.

Beyond this point, the timing of entry is a key factor of internationalisation process. The same author defends that the timing of entry is contingent upon the window of opportunity as well as the type of risk the company is willing to take. In the entry context, one can distinguish in four phases:

1) The premature phase;
2) The window phase;
3) The competitive growth phase;
4) The mature phase.

From the point of view of a foreign investor, a right combination of the ownership dimension and the investment intensity dimension leads the choice of international expansion strategy. According to Lasserre (2003), it can take different ways of investment intensity.

In contrast, other researchers defend other factors. Bradley (2005) suggests the companies must take into account other four crucial entrepreneurial factors, in terms of the best entry mode choice for a such target market. The impacts of marketing strategy, organization-specific, target country and industry-specific variables in international expansion strategy are decisive in the choice of entry strategy. Due to difference among them, international expansion strategy must consider market complexity. Lastly, the decision of international markets entry should generally be established by several determinant factors. Since the overall attractiveness of market, political and operational risks involved, government requirements, time pressures and internal capabilities to the costs/benefits analysis became extremely influential, their variation and combination embraced different types of entry mode (Lasserre, 2003).

Regarding international strategies, it only misses the description of how companies enlarge to new markets. Root (1994) addresses that "*an international market entry mode is an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management, or other resources into a foreign countries*". From an economic perspective, a company can decide between two ways, exporting or transferring resources to other country. In terms of management, these forms become into several modes (Root, 1994). The classification of entry modes should be the following: Export, Contractual (the most known types are Licensing and Franchising) and Investment (New establishment, Acquisition and Joint venture).

2.1.3.1. Exports - entry mode

Exporting basis is the most elementary international strategy. As it differs from the other two primary entry modes in which a "*company's final or intermediate product is manufactured outside the target country and subsequently transferred to it*" (Root, 1994), physical products are those being exported. It requires minimum level of risk and commitment (Bradley, 2005). In order to be financially viable, Bradley (2005) considers exports become relevant when the following conditions arise:

- The firm is small and lacks the resources required for foreign joint ventures or foreign direct investment;

- Substantial commitment is inadvisable owning to political risk, uncertain or otherwise unattractive markets;
- There is no political or economic pressure to manufacture abroad.

2.1.3.2. Contractual - entry mode

In contrast, contractual entry modes - agreements - associate "*long-term non-equity transactions*" between a company and an entity in a foreign target country, once the former transfers specific and valuable resources or activities to the latter, according to Root (1994). The contractual arrangements are suitable when:

- The market is too small for the company to justify a full investment;
- The country is perceived as too risky;
- There is already a direct investment in a nearby country and an additional one would be redundant;
- The government does not allow any other form of presence;
- The company wants to test the market (Lasserre, 2003).

In sum, contracts are separate from exports and investments. Although they may also create export opportunities, there is no equity investment made by the international company. Concretely, when a company gives to a foreign entity for a defined period of time the right to exploit its intangible assets commercially (patens, know-how or trademarks) in exchange for a royalty or other forms of payment, it is called licensing. Besides licensing, companies can still be present in a particular country for contracting an agreement in the form of a franchise, an agency or a distribution contract. They provide useful vehicle for the internationalisation of SMEs that might not have capital or experience to invest directly abroad (Bradley, 2005).

Although franchising arrangement derives from licensing, it disagrees in accordance with motivation, services and duration, for being a particular form of licensing of intellectual property rights (Root, 1994) (Lasserre, 2003) (Adams & Mendelsohn, 1986). Licensing a way of organising and carrying on a business under this trade name, the franchisor receives fees, running royalties and other compensation from the franchisee (Lasserre, 2003).

2.1.3.3. Investments - entry mode

Overall, involving ownership by an international company or other production units in the target country can match an advantageous entry mode from Root (1994), Lasserre (2003) and Bradley (2005) perspectives. In the ownership and management control context, the investment entry mode may be classified as sole ventures with full ownership and the control by the parent company, or as joint ventures with ownership and control shared between the parent companies.

As far as the investment is concerned, Lasserre (2003) defines joint ventures as "*equity participations in separate legal entities in which two or more partners invest tangible and intangible capital"*. It can be led from a company's life or the foreign partner's acquisition of a partial/ total ownership interest in an existing local company. Access to resources and markets, namely human resources, capital and foreign market and distribution channels (Bradley, 2005) are key factors to attract more joint ventures.

A company may belong to a sole venture from scratch (new establishment) or for acquiring a local company (acquisition). Through a sole venture, a company can carry out its own strategy in the target country and take all profits, which eases parent company management, in order to obtain locational competitive advantage.

During the internationalisation process, a company will gradually change its entry mode decisions once started in international business defended by Bradley (2005). Increasingly, it will choose entry modes that provide greater control over foreign marketing operations, aiming to commit more resources and assume greater market and political risks. Growing confidence in its ability to compete worldwide generates progressive shifts in the company's trade-off between control and risk in favor of control.

2.2. Collaboration between Companies

Every year, companies may try to reinforce their businesses market shares in order to be more recognisable by their consumers/customers, as well as increase their sales and consequently their profits.

Nowadays, they are forced to follow this path since all business world has been affected, ones countries more than others, by financial international crisis. To show stronger positions on market, company can build strengths through four ways, taking into consideration the current market opportunities. These forces can emerge from internal activities, acquisitions, arm's-length transactions and still strategic alliances (Lewis, 1990). The best approach depends on the resources and the risks involved, as well as the need for control.

In fact, strong collaborations between companies, strategic alliances, are the central point of case study analysis for being the most chosen growing strategies from the majority of companies. Once interfirm cooperation makes it possible to work with other firms in any field, it provides unique opportunities to strengthen with an exceptionally wide set of partners - including customers, suppliers, competitors, distributors, universities, and firms in other industries. Collaborative companies share resources, businesses, services or products between them.

The origin of successful alliances is clearly defined by Lewis (1990). It normally results from the domestic level. Collaborations among internal partners into home country constitute learning experience in order that they can correct the aspects that were not right and develop the shared strategic activities. Regardless that, they can and may evolve to higher partners' sharing dimension and even cross country's borders to penetrate new markets. Indeed, domestic partnerships perhaps are the important path to internationalisation process.

Besides the critical resources sharing between firms involved, cooperation gets internal involvements and reformulates the general objectives and vision that parties showed before the shared process (Lewis, 1990). With these prospects available to every business, each behind, alliances allow to: reach a larger scale, take advantage of others' technology, think in terms of combinations of firms, move early to win the best deals, respond to falling market entry barriers, work with competitors in specific cases, focus on a few core strengths, focus on helps from win partners, and other new perspectives.

Lewis (1990) also defends that collaboration is used to build market share. It is not enough to grow a firm as an individual actor. All companies are part of a collection of firms that influence each other. Today, firms have to use alliances to reach out and shape the forces in their environments: reinforce key partners, work within strategic networks, and use links with others to inhibit major opponents.

In the defence of successful alliances, it would be important to assess them permanently, defended by Geringer (1991). Thus, Lewis (1990) proposes two ways to judge a network's value. One assesses its contribution to individual firm's strengths, while another way to evaluate a network lies on its own pillars. Ariño and Reuer (2006) also highlight the alliances management in attempting to understand firms' experiences into alliances. Interorganisational relationships are governed by managers for directing companies' behaviour, while performing the execution of desirable actions, their relationship and themselves. Authors concludes that

"*...governance is thus aimed at control and coordination, and it contemporaneously affects value creation and value appropriation*."

In addition to different forms and reasons, it is worth beginning to stress that the a firm's value ultimately derives from collaborative agreements as the consequence of its ability to manage a number of distinct, yet interrelated, stages (Ariño & Reuer, 2006), including scanning for partners, negotiating the alliance terms and design, implementing the agreement and specifying the ways in which it may change or eventually finish (Zajac & Olsen, 1993).

2.2.1. The evolution of collaborations

Last decades saw an exponential growth in the research of SMEs' alliances and their evolution. First of all, the reasons of SMEs building partnerships between them match to the access of same benefits that are attained through the typical and not specified companies' collaborations. In this case, it matters to observe the experience and the changes over all partnership time.

There are different adjustments inside partnerships. The most relevant one is contractual changes. According to Ariño and Reuer (2006), contractual changes in alliances may be regarded either as an "*outcome of a collaborative relationship*" or as a "*specific post-formation governance decision*". In the first scenario, SMEs expect more likely contractual renegotiations in long run because of the lack of extensive alliance experience. As another view, some considerations suggest that the lack of information available on SMEs can lead the shifts of collaboration. Undervaluing companies' abilities in alliances can force companies to make necessary adjustments in the agreement over time (Zacharakis, 1997), such as the lack of financial resources (Lerner

& Merges, 1998). Below this discussion, Ariño and Reuer (2006) also make some recommendations to alliance and respective partners:

"*First, alliance partners may wish to renegotiate to eliminate inefficiencies of a previously developed design that no longer suits the realities of the relationship. (...) Second, a firm will be willing to reformulate when its significant transaction-specific investment in an alliance provides a partner firm with the opportunity to appropriate this value.*"

2.2.2. The stages of Collaboration

Alliances should be governed based on the sharing of resources or activities found out during their structured or non-structured collaborations. As goals are accurate and their achievement can happen in different terms, the alliances management is directly connected with the paths followed since their inception.

Ariño and Reuer (2006) defined the concept of "*governance trajectories*", which means "*sequences of interrelated decisions that are made to influence the behaviour of participants in interorganizational relationships during successive stages of the cooperative life-cycle*". As consequence of initial decisions, collaborative stages influence largely how alliance is managed in medium and long term. There are three main phases that characterise and compose the alliance, a partner selection stage, a negotiation stage and a contracting stage. Concerning these phases, it involves decisions on:

1) Selection of a familiar or an unfamiliar partner;
2) Exhaustiveness of selection efforts;
3) Advance payments;
4) Exhaustiveness of negotiations;
5) Use of standard contracts;
6) Contract completeness.

Firstly, partner selection lies on scanning and identifying the potential exchange partners and then assessing their quality and intentions (Buskens et al., 2003) (Gulati, 1995). This should be the most important phase in the entire collaborative process, once it is a mean to solve potential governance problems and to guarantee complementarity of allying firms (Wathne & Heide, 2004).

After that, parties have to decide on the extent to which they want to negotiate. It refers the length and the intensity of formal bargaining processes (Ariño & Ring, 2004), which differs, conceptually, from search and selection efforts and from contractual issues. Regarding contracting stage, the first decision in this stage concerns whether standard contracts are being used and what extent complete contracting is sought. Companies still have to make part of decision process on the degree of contract completeness, e.g Anand and Khanna (2000).

Besides the analysis of collaboration stages, some authors suggest that firm's past and current governance decisions enable higher or lower interdependencies between firm's governance decisions (Argyres & Liebeskind, 1999) (Heide, 1994) (Leiblen, 2003), i.e., '*a succession of value allocation and creation problems and the events taking place within a given phase have strong impacts on the following periods*' (Avadikyan at al., 2001). The dependencies of firms associated to the partnership management lead the definition of *governance inseparability* (Ariño & Reuer, 2006). Since the partnerships have to be commonly managed by the allying firms, its understanding is straightforward.

2.3. Strategic Alliance Working

Various conceptualisations have examined alliances over various designations of market strategy in remaining literature review, such as Lewis (1990) and Ariño and Reuer (2006). Alliance is merely a partnership between companies or also called interfirm collaborations in order that their businesses grow internally and/or externally. Lu and Beamish (2001) share their vision of alliance and define it as

"*The sharing of capabilities between two or more firms with the view of enhancing their competitive advantage and/or creating new business without losing their respective strategic autonomy*."

In one of his papers, Jean-François Hennart (2006) proposes that firms should largely focus on alliance structure, including scope, configuration, contractual stipulations and choice of partners, instead of processes which evolve alliances, in order that both sides of alliance benefit with it. This study aimed to provide a rigorous explanation and potential of alliance performance.

Actually, an alliance tends to be strong, i.e., strategic, since the collaborative exchange of capabilities - such as R&D, manufacturing and marketing - and resources affects the long-term competitiveness of the involved firms and implies a relatively long-term commitment of resources by partners. Bradley (2005) explores clearly this notion. From committed partners perspective, a strategic alliance aims to access to an allying firm's assets not readily available in the market, to technology, products and markets, and lastly get synergies between them for combining technological and marketing advantages accruing to both. As it involves a multidisciplinary process, firms may form an alliance to compete in international markets based on the outcome of the following assets:

- Product-market knowledge;
- Access to market and distribution, product and process know-how;
- Production capacity;
- Unique management resources.

Regarding the form that can be taken, Bradley (2005) describes that diversified types of agreements, forming the basis of strategic alliances. A partnership that reflects greater commitment may be often found under franchising, licensing and joint ventures. However, it can occur in other ways, either simpler contracts to just distribute or sell partner' products, such as exports, or production/marketing agreements.

In addition to different forms that can take, strategic alliances can be distinguished depending upon the scope (global or local) and the object (market access or capabilities enhancing), according to Lu and Beamish (2001).

The differences between local and global partnerships are many and in most of their activity fields. Global alliances are much more complex in strategic and economic scope. Doz and Hamel (1998) also considered three broad types of strategic alliances. Coalitions, co-specialisations and learning alliances become a vehicle for capabilities and know-how transfer or the creation of a business/ product between partners.

Behind the strategic alliance, it should be addressed the path that is traced since the thought of a company to analyse a possible strategic alliance to the application of partnership in the market. A clear framework defended by Lasserre (2003) presents four main phases:

1) Understanding the strategic context and spelling out the strategic value of alliance;
2) Partner(s)' analysis: strategic fit, capabilities fit, cultural fit and organisational fit;
3) Negotiation and design of the alliance structure;
4) Implementation: integration, co-operation and evolution.

For reaching a successful strategic alliance in the long term, an appropriate partner should be chosen. Smith and Reney (1997) defend that the company should introduce four dimensions in this decision: the choice of local firms, the access to compatibility, the determination of an operational fit with the prospective partner, and specification and detail of the nature of the project in the alliance.

Instead, Lasserre (2003) proposes an assessing to a partner of strategic alliance through a framework based on analysis of strategic and resources fit of the involved firms. First, the potential partners examine their own resources according to a detailed resources analysis. Second, the potential partners then perform a detailed product-market analysis of their respective operations. A comparison of these two sets of audits illustrates the potential partners with a resources fit and a product-market fit.

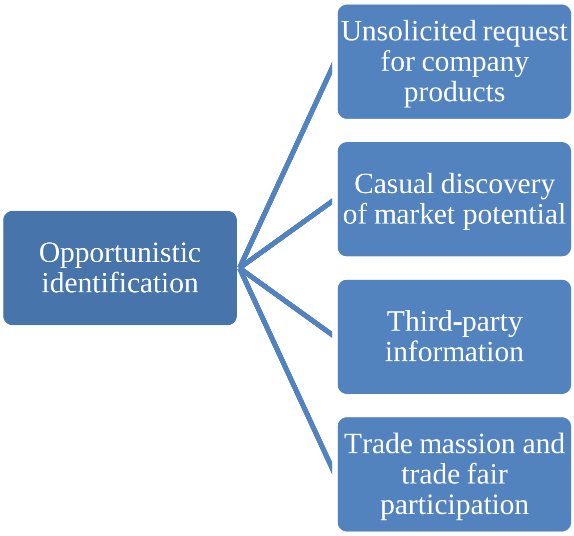


Figure 1 - Opportunistic identification of international markets

Evaluation of strategic alliances is another key factor to be successful in long term. The ability of different forms of strategic alliances to cope with environmental and entrepreneurial policy changes is a consideration taken into account in assessing the performance of a strategic alliance, what is underlined by Bradley (2005). These challenges determine the ultimate performance of the partnership and thus may strengthen or weaken the relationships with other firms in international markets.

After the evaluations of alliances and partners, strategic alliances are going to evolve to correct the measures negotiated in the initial partnership and move towards a situation where the partners work together, aiming to gain access to new market and new technologies (Bradley, 2005). At the same time, the partners share right resources, assets, capabilities and competencies. With experience and a better understanding of each other's capabilities and objectives, allying companies may form closer alliances.

Resulting this analysis, SMEs are interested in forming alliances. Theoretically, SMEs choose alliance because they may not have full own of resources and capabilities to successfully accept FDI. Their constraints arising from the vulnerability to environmental changes can damage on the internationalisation of SMEs and consequently inflate the liabilities of foreignness. Thus, entrepreneurial networks with other companies carry out one important way of overcoming resource and capability deficiencies and enhancing the likelihood of success for internationalising firms.

2.3.1 Advantages and disadvantages of Strategic Alliances

Through all type of possible alliances, companies, mainly SMEs, have taken the goal to improve their non-well made areas or acquire new resources or competences that did not control. Lu and Beamish (2001) examined the positive and negative impacts in their framework. The directs benefits may range from the minimisation of transaction costs, economies of scale and increased market power, to shared risks and better access to key resources. Regarding likely the main reason of resource sharing, collaboration partners can help SMEs overcoming shortages of capital, equipment and other tangible assets. Besides that, SMEs can acquire host country knowledge and develop internally new organisational capabilities through experience accumulation in new geographic regions. Lastly, an alliance can be a mean to SME expedite its learning process developed with the partnership and minimise previous mistakes.

On the other hand, alliances carry some significant damages to the allying firms. Alliances are not risk-free because of the exchange of unknown resources by partner before the effectiveness of alliance. Other problems are related to problems in successful implementation of alliance, as well as complexities arising from the cooperation and coordination of two or more partners, such as goal conflicts, lack of trust and understanding, cultural differences, and dispute over the division of control which may cause instability or even failure of partners relationship. Still, the formation of an alliance itself is no guarantee to an SME's successful entry into international markets. As it observed previously, researchers regard alliances as an advantageous strategy, however companies cannot be foolhardy and need to pay attention to the evolution of not expected aspects that arise from alliance.

2.3.2 Cooperating for Competitive Advantage

To companies invest in a contracted or non-contracted union with other one, there is at least a powerful objective to accomplish. It means that will be beneficial as side that is interested in the improvement of an activity, as for other side that shares its resources and uses synergies allowed by the union of resources, people and knowledge to develop its businesses. This main goal should be related to the competitive advantage that companies intend to acquire with a strategic alliance. Normally, the key reason to make a partnership comes from the possibility to exploit its potential benefits.

Indeed, alliances hold out numerous competitive advantages. According to Lewis (1990), a firm's competitive strength has several paths. Cooperating for adding product value is one of the most usual. Alliances can strengthen products or services in many ways. It matters to understand adequate combinations of resources to better serve customer's needs. Satisfying the customer more than competitors doing can be consequence of winning with superior timing to deliver the service/product; creating new or improved performances; joining development for lower costs and risks to share them with other party; or providing more value to customers through the support for companies' products during or after sales.

Regardless the growing satisfaction of customers, the alliances can lead as well companies gaining more shared advantages, particularly access to improved market and resources. Produce better advertising, open new marketing channels, get better channel control and by last ensure improved supply are concrete measures attained with a new market and new resources entry. Strengthening operations, other possible competitive advantage, is an outcome from the creation of new and improved processes, the more productively use of facilities and the cooperation to develop operating standards.

Furthermore, interested companies wish to overcome internal constraints through partnerships. Technological strength, strategic growth, organisational reinforcement and still financial strength also define the accomplishment of alliance.

For small firms, potential benefits can have higher impacts than for huge firms. Thus, advantages resulting from relationship with multinationals can be viewed as Critical Success Factor for SMEs, depending on their dimension and entry objectives. They are outcomes from the well established partnership, including the ability to tap into new markets, access to scale economies, obtain complementary resources in under-developed value chain activities, respond to environmental uncertainties, and receive endorsements from reputable incumbents, among others. These benefits are discussed by, for instance, Ariño and Reuer (2006), Deeds and Hill (1999), Eisenhardt and Schoonhoven (1996) and Gomes-Casseres (1997).

2.4. Portuguese Companies Internationalisation Research

The Portuguese International Trade has been subject to much analysis for several authors, after 1974 Portuguese revolution. The first finding with Portuguese roots found was written by Rodrigues et al. (1977). This search for the Portuguese exporting sector and the Portuguese production internationalisation boosted a set of researches to approach deeply Portuguese internationalisation and its impact in the economy. Other thesis and papers focus on closely the contribution of distinctive relevant economic sector as well as the analysis of companies' nowadays-preferred destinies to go abroad.

In general, Vitor Simões becomes the most important thinker over the international involvement of the Portuguese economy, publishing several publications alone or with other author over time (Simões, 1986) (Simões, 1996) (Simões, 1997) (Simões, 2012) (Simões et al., 2001) (Simões & Dominguinhos, 2001) (Simões & Crespo, 2002). His researches have been based on generic internationalisation, Portuguese born global and still the internationalisation pattern of Portuguese medium sized firms.

Another author that contributes to the development of Portuguese internationalisation research is Francisco Castro. In Castro (2000), the outward Portuguese FDI and the competiveness of the country in the international field are explored, being used as a basis for Castro & Buckley (2001) and Castro (2001). In order to investigate the evolution of Portugal's competiveness, Castro (2004) explores the investment development path and supports the idea that:

"...Portugal has joined other late industrialising countries as a 'stage 4' country, but that this position may not be consolidated."

J. P. Esperança has also added value with some findings on this research. One of them suggests Portuguese companies' internationalisation strategies, combining with theoretical approach (Esperança et al., 1996). In human resource management perspective, Esperança et al. (2006) presents an empirical analysis of Portuguese firms entering in Spanish market to elucidate the entry mode.

On the other hand, the object of Pereira's (2007) paper under study is the internationalisation of Portuguese SMEs, which addresses "*an overview of the history of Portuguese entrepreneurship over the last century*". It is analysed the importance of SMEs in actual competitive environment of international markets after the research of the internationalisation of Portuguese businesses, and the principal features of Portuguese entrepreneurship and SMEs on domestic and foreign markets.

There are other findings that have studied about Portuguese Internationalisation. An empirical research of the impacts of internationalisation on Portuguese firm's performance was developed by Araújo (2007). The researcher concludes that:

"Findings suggest that internationalization has led to improved financial results, higher productivity, increased know-how and teamwork ability, implementation of ISO standards, changes in the marketing program both by adaptation or standardization, higher capacity to adapt to new environments and less resilience to change. In the overall, internationalization has allowed the interviewed firms to currently achieve higher levels of performance."

In 2010, Macedo presented a master thesis confined to the process of internationalisation of Portuguese firms in the Portugal North Region, comparing the use of Uppsalla model with Born Globals and the Theory of Networks (Macedo, 2011).

According to the processes and destinies of the Portuguese firms' internationalisation, Simões (2010) intends to "*resume theories, analysis statistical* *trade and investment data and evaluate internationalization support measures, as well as, inquire enterprises about their concrete internationalization process"*. In the following year, Sotomaior's master thesis approaches the internationalisation strategies of Portuguese companies in human resource management standpoint. Based on case study of Jerónimo Martins Group, the firm's culture influences over the organisation choices and the human resource management style in the internationalisation process are the main goal of this research (Sottomayor, 2011).

Besides the general approach of internationalisation, Portuguese authors have launched publications about the internationalisation of some activity sectors. Firstly, the first relevant study in Portugal to be worth a potentially international industry was that about small retail (Dionisio, 1993). Then, the research has centred on the most add-value sectors in the Portuguese society often related to the industrialised sectors and the natural resources transformation, concretely ceramics industry (Feio, 1994) (Pereira et al., 2009) (Pereira et al., 2011), shoes sector (Teixeira, 2001) (Teixeira, 2003) (Cardoso 2004) (Abrantes, 2004) (Marcos, 2011), textiles industry (Melo & Duarte, 2001) (Ramos, 2004) (Coelho, 2002), wine (Maçães, 2001) (Pereira et al., 2009) (Azevedo, 2011) and transformation in moulding (Brás, 2011).

In terms of higher service component sectors, Delgado (2009) proposes an internationalisation model that allows to identify the main stages and the factors of influence that contribute to the SME's internationalisation according to the perspective of service element. Portuguese new technology has also been discussed by Fontes & Coombs (1995), (1997), (2001) and Laranja & Fontes (1998). More recently, there has arisen research on the internationalisation of sectors with strong weight in the Portuguese GDP. An internationalisation model developed to three companies from energy sector (Lucas, 2010), examples of the best practices in construction market to facilitate companies' successful adaptation to such psychically distant markets (Gama, 2011), as well as a case study that analyses the evolution of the economic diplomacy model defined by different governments and the internationalisation of Portuguese banking (Joaquim, 2011) are some of economic activity fields targeted by several master thesis.

Such as other service-based activities, management consulting is regarded as the possible activity being internationalised from Portugal. Evaluating the external management consulting markets' attractiveness to understand the potential internationalisation of Portuguese management consulting SME, Ishchenko (2011) finds out the biggest destination for the internationalisation of companies in this market. Brazil is chosen among 2 more choices, Angola and Mozambique.

Before Ishchenko addressing the most likely countries to Portuguese companies internationalise, many other authors discussed about the destinies of Portuguese firms internationalisation. For being expected increasingly a market growing and its cultural closeness with Portugal, Brazil is clearly considered the most attractive destination (Silva, 1998) (Silva, 1999) (Silva, 2003) (Silva, 2005) (Mateus, 2000) (Mendonça, 2001) (Mendonça et al., 2001) (Costa, 2001) (Costa, 2003) (Seabra, 2002) (Medeiros, 2003) (Silva et al., 2003) (Leal, 2005) (Guedes, 2008) (Cechella et al., 2009) (Carvalho, 2009) (Fonseca, 2012). Spain is the second destination more focused on studies (Santos & Aleluia, 1995) (Caetano, 1996) (Alves, 2001) (Reis, 2002) (Esperança et al., 2006) (Lima, 2010). Other foreign markets were analysed, as the set of countries, namely PALOP (Ferreira, 1994) (Moreira & Pereira, 2007), or a specific country, Mozambique (Matos, 2005) (Ishchenko, 2011), Angola (Gonçalves, 2009) (Ishchenko, 2011) and Cape Verde (Pina, 2010). In form of destinations summary, Simões (2010) presents the current destination countries and target-market to Portuguese exports and FDI.

Pedro Miranda is one of the most recent authors on Portuguese firms Internationalisation field. Focusing on Portuguese Born Globals to try to determine the contribution of founders' initial planning, dynamic capabilities and networks in Born Globals' evolution and early internationalisation patterns, Miranda (2012) draws an association of Portuguese companies in foreign markets to period of the biggest Portuguese explorers around the world according to its title, "A new breed of Portuguese Explorer". The author concludes that:

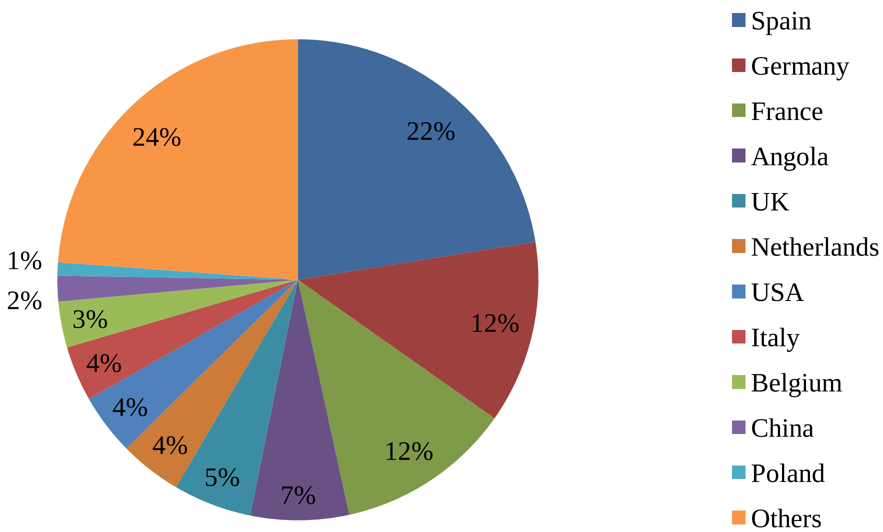
"The evidence clearly shows that the entrepreneur‘s networks and dynamic capabilities together with the companies‘ adaptability to market unpredictability are the necessary conditions for a Born Global to be successful at the global stage."

2.4.1 Statistic Data about Portuguese Internationalisation

Based on the statistic data provided by the Statistics Portugal and the Portugal National Bank and shown in the following tables, Portuguese companies have increasingly internationalised through exports and FDI, except the investment in the last year. There is no data found about the other way of internationalisation, for example, contractual. Regarding the destinies of Portuguese internationalisation, statistic data determines that the most significant slice of exports and FDI is channelled to the EU, being 71% and around 75%, respectively. It is important to highlight that Spain is the main destiny in the set of two internationalisation strategies for Portugal.

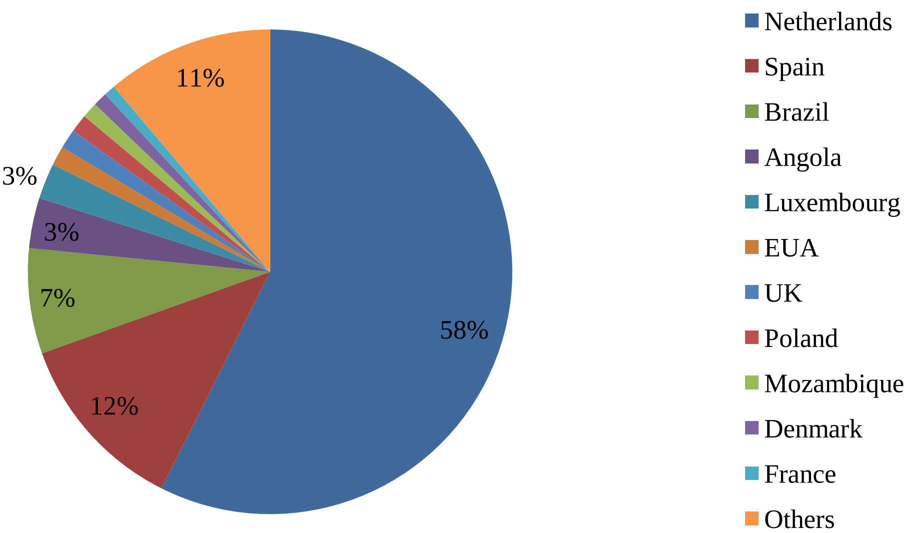
	Portuguese Exports	Portuguese Direct Investment Abroad
2001	27.858.858	13.384.156
2002	28.460.850	11.611.646
2003	29.260.273	10.093.213
2004	30.920.098	11.951.799
2005	30.920.098	9.780.692
2006	35.640.473	9.828.043
2007	38.294.062	14.835.430
2008	38.847.346	11.376.143
2009	31.696.763	7.770.221
2010	37.267.907	9.789.794
2011	42.870.151	19.559.679
2012	45.347.437	8.988.755

Figure 2 - The evolution of Portuguese Internationalisation



Source: INE - the Statistics Portugal

Figure 3 - Major Portuguese exports destinies (2012)



Source: Portugal National Bank

Figure 4 - Portuguese FDI by country (2012)

2.4.2 Portuguese Strategic Alliances Abroad

The interfirm cooperation is not a recent entrepreneurial instrument, however in the eighties it occurred a substantial increase of its practical implementation (Gugler, 1992) (Hagedoorn, 1995). The strategic alliances have been a good tool to companies, namely those that work in the transnational or even worldwide scale, once they are in competitive strongly sectors or belong sectors that use increasingly sophisticated technology (e.g., microelectronic and biotechnology). Nevertheless, it is not limited to these sectors because the strategic alliances are a business application whose use tends to enlarge broadly.

In Portugal, research on strategic alliances has not exhaustively been studied and arisen slightly later comparing with foreign writers. The technological cooperation reasons and success factors are the first study found about Portuguese partnerships (Carvalho, 1996). Later, there was another publication about technologic based alliances. The participation of Portuguese companies in alliances of R&D in CRAFT European program (1994-98), developed by Carvalho (2003), assumes that the partners' commitment, cultural influences and lack of internal resources represent the most negative points of cooperation. Despite SMEs satisfaction with alliances' benefits, the author thinks that the technical success of alliances is not a guarantee.

Based on the three domains of cooperation from different activities, Eiriz (2001) conducts an empirical paper of the typology proposal about strategic alliances. Interviewing 133 Portuguese industrial firms that participated in the European Union's Europartenariat programme, the article concludes that:

"(1) The studied firms have very positive indicators of co-operation; (2) the intensity of strategic alliances is associated with the firms' size; (3) the global intensity of strategic alliances varies according to each industry; (4) the importance of each type of strategic alliance varies according to each industry; (5) the importance of each type of strategic alliance varies according to the type of partner involved in the other side of the relationship."

The globalisation and strategic alliances between companies are the study object of Magriço's (2005) paper, which provides a recent review of Portuguese strategic alliances. According to the author's opinion, the alliances have been one of the advantaged pathways of companies' adaptation to globalisation and simultaneously one of its explanatory factors and the arising of global companies. In the model of internationalisation based on the creation of subsidiary, the alliances are regarded as alternatives of "*second best*". After the analysis of 114 alliances found between Portuguese and foreign firms, it concluded that around 8% concern to exports.

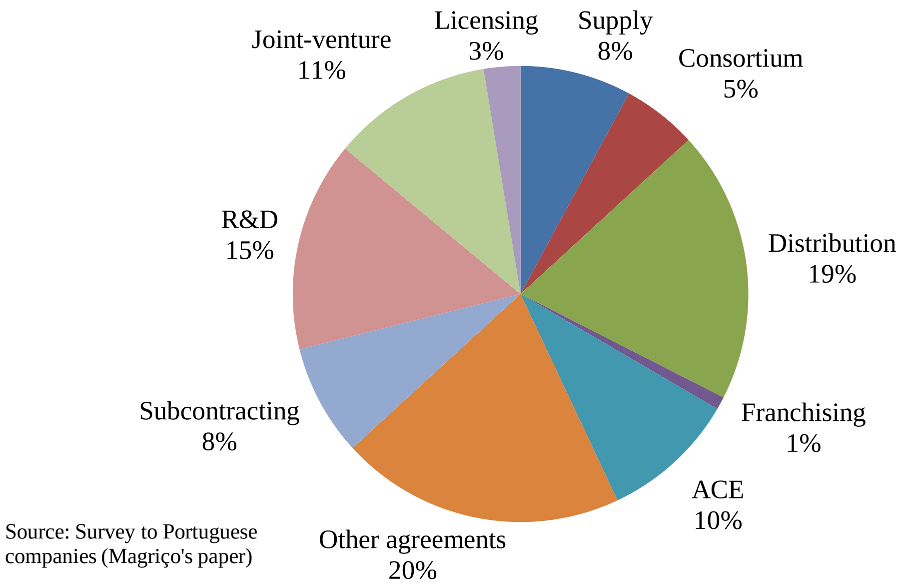
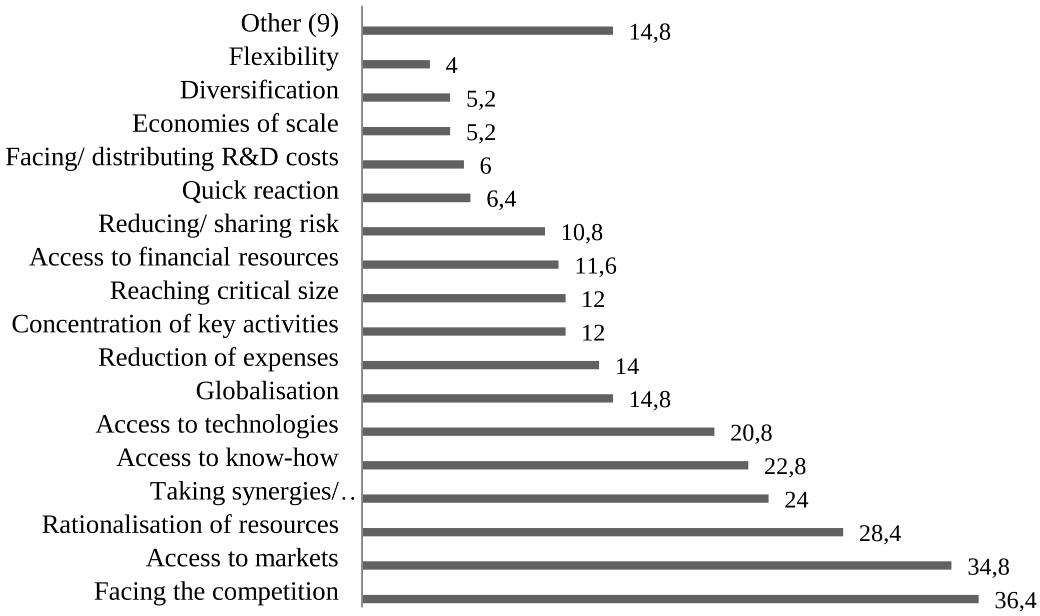
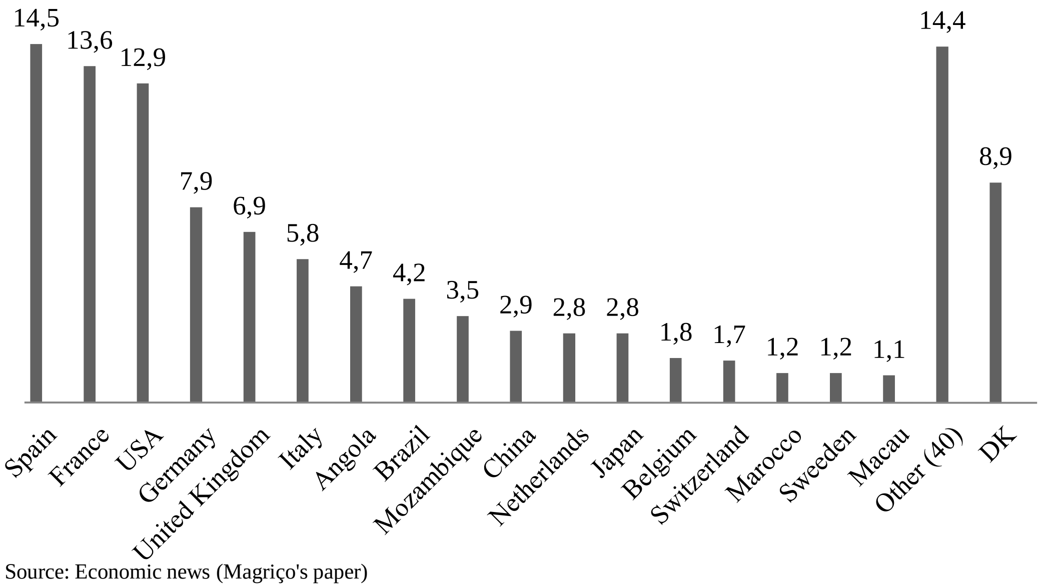


Figure 5 - The distribution of alliances between Portuguese and Foreign companies, by forms



Source: Survey to Portuguese companies (Magriço's paper)

Figure 6 - The objectives of alliances according to Portuguese managers' opinion (in %)



Source: Economic news (Magriço's paper)

Figure 7 - The distribution of alliances by countries of origin of Portuguese companies' partners (in %)

Based on the survey filled out by 400 Portuguese companies and the Portuguese economic news about alliances, one can assume 3 different conclusions. The majority of Portuguese companies considered the cooperation agreements are advantaged highly options for companies that make part of them. Even if they have answered distinctive goals, the most important one is a good strategic option to face or reduce the competition and/or to access new markets. The Portuguese economic news takes to target countries to Portuguese alliances. Although alliances' partners come from different nationalities, the main partners in Portuguese companies' view are mainly Spanish, French and American companies (Magriço, 2005).

Figueiredo (2008) studies the strategic alliances and their influence in renovation of companies' pivotal competences. Through the evaluation of two historical cases about the experience in alliances, it applies the strategic alliance framework based on the relevant literature to a real situation of a Portuguese aeronautical industrial company - OGMA Indústria Aeronáutica de Portugal SA. Unless it is complemented with clear internationalisation decision, the study suggests that a trust increase between partners is not enough to regenerate the organisations' core-competences.

The role of partnerships on companies' internationalisation according to the case of Enterprise Europe Network (EEN) is the outcome of the curricular internship of Matos's (2011) report. Besides reviewing globalisation, cooperation and international alliances, the reasons for their formation, benefits and risks, with focus also on international joint ventures and a particular case of alliances in Europe, it explains procedures adopted by this network in order to promote the SMEs internationalisation related to the EEN or other projects carried out by CEC/CCIC in the period of the internships. Such as latter on, Quispe (2012) examines the thematic of strategic alliance in the scope of CAVATRANS project according to EEN.

Lastly, Santos (2011) presents another study directed to the themes surrounding the concept of strategic alliance. The thesis theoretical research together with a practical approach over the adherence of Portuguese companies to this new inheritance global development lays out a realistic and complete picture of Portuguese firms' strategic alliance drivers as well as their current status. Through this study, it is possible to conclude that this form of business cooperation is used as well in export sector companies. Most of companies belonging this sector suggests that:

"The alliance led to the creation of value and increased sales, profit and return on investment. The implementation of the strategic alliance assist in achieving the objectives outlined what legitimate interest in new partnerships."

3. Research Methodology

In this chapter, it is presented the research methodology adopted, taking into consideration the work of literature review performed in previous chapter with regard to possible types of strategic alliances.

The first section defines the Study Process. In the following section, Case Study is examined, including its description, the own specifications and the reasons of the setting in such subjects of case study. Then, it addresses procedures and protocols to Preparation for data collection. Data Collection and Analysis of collected data are next steps. In the next and last section, the case is reported.

3.1. The Study Process

This study was divided into 5 phases. It was used the *Case Study Research Process* proposed by Runeson (2009).

1) Case Study Design
2) Preparation for data collection
3) Collecting data
4) Analysis of collected data
5) Reporting

In the first phase, the case study was defined based on the analysis of Portuguese multinational and its partnerships with other Portuguese SMEs both on Poland. According to this case study, procedures and protocols for data collection were built. In the third stage, the main data was collected through the interviews to the companies' managers, and related to the business relationship of analysed collaborations. Then, the analysis and the reporting of case study's results were undertaken. By last, its discussion, the recommendations, the proposed practical input and the conclusions were identified.

3.2. Case Study Design

This dissertation focused on the value adding of collaborations to the international expansion of companies. Normally, SMEs have difficulties internationalising lonely, leading to negotiate a specific business with other company in a certain country instead of selling directly to foreign customer.

Portugal is no exception. Portuguese companies were the subject of the same international involvement consequence. For this case study, measuring the importance of collaborations between Portuguese SMEs and Portuguese LEs took place in study. It aimed to prove that SMEs are able to more easily enlarge their businesses to a new country (i.e., internationalisation), through mainly exports or other path, depending from greater companies. In fact, Portuguese SMEs take advantage of the fact that big companies are already established in other nation.

Besides that, other conclusions were drawn from the Portuguese roots collaboration. Potential benefits, difficulties and requirements of these partnerships were also other points being analysed in order to understand the similarities of sample firms. This is precisely what has happened in the case.

3.2.1. The description of case study

Being the case study an "observational method" (Zelkowitz & Wallace, 1998), its analysis pointed to 5 practical tests. This study required examining a destiny chosen to apply an international entry strategy by companies. Recently, many Portuguese companies have successfully internationalised to Poland. Therefore, this case study occurred in Poland thanks being certainly an interesting market to analyse, as it will be explained in 3.2.3. section. To choose the most appropriated Portuguese network there, the author has been in Poland for 4 months.

Concerning this market, it was taken an example of Portugal/Poland entrepreneurial relationship to get some conclusions about strategic alliance between Portuguese firms. In other words, the focus was based on one case of Portuguese large sized company that have businesses in Poland, among a set of multinationals from different sectors. The decision was centred on the business success there. JM group seemed to be the best option, since it has been the most profitable and the greatest Polish retailer accomplished ever.

Actually, this multinational is well fixed in Poland and can help to achieve advantages by other companies, which want to penetrate new markets. Dependent enterprises have frequently more reduced dimension comparing with their partner. In addition, LEs also can get directly or indirectly benefits with these strategic networks.

From the side of Portuguese SMEs, it was defined a list of potential contacts to case study. It was chosen 5 firms belonged to different market segments in order to take a broader picture as much as possible. Thus, Science4You, Quinta do Vallado, ControlVet, Vale da Rosa e Vieira de Castro were the interviewed Portuguese SMEs.

3.2.2. The characteristics of case study

As it was stated, the dissertation was developed in form of a case study. Since a case study can contain elements of other research methods, a part of the case study is a survey (Robson, 2002).

This case study mainly collected data through a survey to several questioned companies. The survey was implemented in the form of interview to 5 managers of the Portuguese SMEs that are partners of JM in Poland.

Interviewing the targeted companies about their collaborations become the best option to contact them due to the case study characteristics. Case studies force frequently to make a direct approach with their subjects that took place in this situation. Indeed, the case study is exploratory and flexible and requires qualitative data. It aims primarily "finding out what is happening, seeking new insights and generating ideas and hypothesis for new research". Consequently, the data collected in an empirical study should be qualitative because the data being collected is more descriptive than quantitative.

Furthermore, it is defined this type of empirical study as interpretive. It intends to understand phenomena of Portuguese partnerships abroad through the participants interpretation of their context. At the end of case study, the answers were analysed and conclusions were taken.

Regarding the items to be covered in case study, each case study should have a defined plan (Robson, 2002). So, the case study should answer the following questions:

- Objectives: what to achieve?
- The case: what is studied?
- Theory: frame of reference?
- Research questions: what to know?
- Methods: how to collect data?
- Selection strategy: where to seek data?

3.2.3. The explanation for the choice of case study

The Polish economy has been expanding in huge scale in the last years due to several reasons. The main reasons lie on the economic and geographic situations, as well as obviously the enormous successful cases of Portuguese companies. Also, its powerful and very well established industry offers a security for all Polish production. Thereafter, it has been becoming a strongly growing economy of great potential in economic terms. Moreover, according to the World Bank, the Polish GDP growth rate was around 3.9% and 4.3%, respectively in 2010 and 2011. In EU in recession where most countries have been growing reductively or even losing GDP, this result represents the stability and the strength of Poland's economy.

Furthermore, it is located in an area of high export potential since Poland is neighbour of one of the highest economies around the World, Germany, which can boost its exports and its economic activities. In the future, Russia can also have any leverage in the Polish economic growing. Even though Russia does not belong to EU, it is recognised as one country with huge weight in global affairs due to its important sources of fuel oil and its territorial dimension. Thus, Poland is close to Russia regarding geographic and culture, which consequently can take advantage from that, since they have solved their historical problems resulting from the II World War.

On the other hand, there are several companies that internationalise to Poland that have shown high profits. Recently, it was observed an annual increase of this financial indicator. Some of the most known and important companies are Jerónimo Martins with Biedronka retail brand, Millenium bcp bank, Mota-Engil building company and EDP Renováveis belonged to Portuguese energy group.

3.3. Preparation for data collection

Collecting data is preceded by the definition of procedures and protocols for data collection (Runeson, 2009). The case study protocol is an important part of the design decisions on the case study and builds procedures to be followed by the case study.

In the beginning, the researcher defined a set of 10 key points related to the experience of SMEs in Poland and their strategic alliances with JM group, namely the main reason that led to export to Poland and most of them to enter through JM; the existence of previous collaboration with JM group in Portugal; type of contract in Poland; the existence of requirements/concerns taken into account; the importance of their Polish exports; positive and negative consequences from this Polish collaboration.

Later on, it was necessary to approach other points two more times, when it became 25 issues to be addressed. Firstly, new questions made it possible to understand the importance of this alliance to each company as well as missing information about its presence in Poland. Finally, the general company's performance made part of the case study in order that companies are broadly analysed in the description of study.

The protocol guided data collection and prevented the researcher from missing to collect data. Its process of formulation helped the researcher to decide what data sources to use and what questions to ask. The author could get feedback on the protocol which can lower the risk of missing relevant data sources, interview questions or roles to include in research and to assure the relationship between research and interview.

So that collected data was continuously updated, the protocol should be always updated whenever the plans for the case study are changed. For this to happen, it was important to permanently answer to questions shown in the figure 8.

Is a case study protocol for data collection and analysis derived (what, why, how, when)? Are procedures for its update defined?

Are multiple data sources and collection methods planned (triangulation)?

Are measurement instruments and procedures well defined (measurement definitions, interview questions)?

Are the planned methods and measurements sufficient to fulfill the objective of the study?

Is the study design approved by a review board, and has informed consent obtained from individuals and organisations?

Figure 8 - Preparation for data collection checklist items

3.4. Collecting Data

In this section, the data collection may be constituted by: the data being collected and the techniques used to collect data.

3.4.1. The collected data

Based on the specific case study concerning a Portuguese multinational company with foreign investments, concretely in Poland, that has assigned particular partnerships to other Portuguese SMEs in Poland, it had to get conclusions across the benefits for companies involved and other pivotal information. The required data was related to the following core themes:

- The SMEs' reasons of internationalisation to Poland;
- The SMEs' reasons behind choosing a Portuguese partner to internationalise to Poland;
- The existence of SMEs' previous collaboration with the same multinational;
- The importance of this collaboration and Poland for SMEs;
- The deals with Portuguese partner over the next years;
- The requirements/concerns needed before the entry into Poland;
- The benefits and pitfalls resulting from the internationalisation to Poland;
- The products/ services chosen to offer in Poland and their reasons;
- The entry and market strategy used in Poland;
- The main destinies of SMEs' exports;
- The SMEs' financial performance.

This outline of ideas defined the specific data that SMEs provided to the study. The data was collected under the questions in a questionnaire that will be explained below.

3.4.2. The data collection techniques

Primarily, it was important to analyse the Polish business environment in order that the researcher decided the Portuguese LE and the potential Portuguese allying SMEs as well as understood their collaborations significance in the local market. The researcher has lived in Poland for 4 months to engage directly to businesses combined with contact with experts that have great knowledge about the Polish market.

In this case, Tiago Costa, the Secretary-general of Polish-Portuguese Chamber of Commerce, provided data and helped the researcher to collect data about Portuguese roots multinationals in Poland and their Portuguese partners. Based on available data, JM group was the natural choice between some Portuguese multinational present in Poland. Indeed, Jerónimo Martins Polska (JMP) allies with a large number of Portuguese SMEs, which makes easier the analysis of this complex issue.

After that, Tiago Costa presented Nuno Begonha, the JMP's Purchasing Director, to the author, once he should be in contact with Portuguese SMEs as they are providers of JMP. The latter one gave a sharper picture of this current situation. He demonstrated that there are a lot of partnerships, however it is possible to improve JMP's Portuguese purchases balance if Portuguese companies would be more competitive. So, this theme became very interesting in terms of study since the scratch of discussion.

Since the beginning of the case study development, the problem has been analysed in theoretical terms. Accordingly, documents, statistical data and previous research about the business collaboration, presented in the literature review (chapter 2), were necessary to explain and design the practical cases.

As the key points of data written above cannot be observed at first sight, the case study may use the direct contact to companies in real time. It means that the data source matches mainly the first degree of data collection techniques through surveys (Lethbridge at al., 2005). Realise surveys to companies interested to participate in the case study aims questioning broadly about the importance of the established collaboration and taking conclusions about it. Thus, surveys to be made were five, one to each allying SME, depending on the number of practical cases analysed.

In this case study, the surveys took shape to interviews on many occasions. It is one of the most effective ways to collect directly data. Interviews have crucial role as sources of qualitative data because they require more descriptive information than quantitative. The analysis of collaboration between companies took into account the wide range of responses obtained by interviews, once each interviewed showed its arguments within the questions asked under this questionnaire. Therefore, it must, specifically in this study, carry out fully structured interviews with open questions, planned in advance and asked in the same order as in the plan, following the framework of Robson (2002).

The interview questions were based on the topic of interest in the case study. In other words, the interview questions were based on the formulated research questions. In this case, the main topic was the internationalisation resulting from the collaboration between LE and SME that was applied to researcher's home country examples. From the interest area, it discussed the guidelines that were close outline to the final questions of interview, which were showed in previous subsection.

Because of the difficulties of making an appointment and the ease to communicate with some of companies belonging to any strategic alliance with JM group in Poland, the interview was performed face-to-face, by phone or by email, as companies' managers preferred. It overcame the potential problem that could derive from one single way of interaction with companies and type of interview required could suit each company, concretely limited flexibility to answer only through one way from the point of view of interviewee. This method turned into more open contact and contributed with much more advantages than disadvantages to both parties interested in this study, the researcher and the researched companies.

Before scheduling the interview, it was taken a first contact through email. The study in question, its objective and the schedule of an interview were explained to them. This is a common procedure used in this case in order that companies understand the key issue identified and take into account the importance of their help to conclude the empirical study.

This approach has resulted in Science4you, Quinta do Vallado and ControlVet cases. All these companies answered to the initial email accepting the interview to one of their manager and the researcher sent the survey to answer, as their managers would want. Each one had subsequent contact in a different way. Science4you was the first one to reply survey questions. As the researcher expressed some doubts and had new issues to be questioned, interviewer and interviewee from Sciene4you made a live appointment. Quinta do Vallado requested to get in touch with its administrator via telephone, while ControlVet answered first time by email and second time in the same way when it was asked later to clarify new data about the collaboration with JM group.

Vale da Rosa and Vieira de Castro were approached in the different way. Just as it did at other previous cases, they were contacted firstly via email. In spite of the same contact, these SMEs have not led any signal of availability of aid to this dissertation.

Then, the researcher was forced to resort other forms of contact, effectively by telephone. Due to permanent calls, it was possible to receive a positive answer from both companies. From here, they replied via email, namely the survey questions. Whereas all information arising from Vale da Rosa was available, Vieira de Castro did not make available all needed information.

Besides these SMEs, other Portuguese companies had been approached during the process of data collection. Diatosta, Gelpeixe and one of Pêra Rocha producers were companies contacted that there was no any reply.

3.5. Collected data analysis

Being a flexible research, the case study frequently required the qualitative data so the qualitative data analysis methods were used. According to Runeson (2009), "the basic objective of the analysis is to derive conclusions from the data, keeping a clear chain of evidence". The data already gathered was analysed while keeping the data collection. It aimed trying to find out new insights about the Portuguese partnerships abroad that forced the collection techniques (interviews) to be updated for new one.

The validity of a study results from the reliability of data used in case study. The validity must make part of all previous phases of the case study. In the analysis of collaboration, the validity of results is supported for the scheme applied by Runeson (2009) due to being flexible design studies. This method addresses four major fields to prove validity of a study, which in summary implies that it should:

- Construct validity: "reflect to what extent the operational measures that are studied represent, what the researcher has in mind and what is investigated."
- Internal validity: "be of concern when casual relations are examined"
- External validity: "consider to what extent it is possible to generalise the findings, i.e., defining a theory."
- Reliability: "be concerned with to what extent data and the analysis are dependent on the specific researchers."

These all aspects of validity were used in this specific case study. While construct validity was applied in the formulation of the survey questions, the benefits to be analysed from collaborations were the outcome of cause-effect relations, taken into account by internal validity. Based on the case study, it was expected to take important and new conclusion to add to theoretical approach, as far as the external validity is concerned. Lastly, reliability was on all study, mainly the data collected and its analysis.

3.6. Reporting

The report is an important part of study because "an empirical study cannot be distinguished from its reporting". The report aims to communicate the findings of the study and to judge the quality of the study. For case studies, the same high-level structure may be used. However, if they are more flexible and mostly based on qualitative data, the low-level detail is more suitable and more depending on the individual case (Jedlitschka and Pfahl , 2008).

3.6.1. Characteristics

There is a series of features, which a case study report should have (Robson, 2002), that are summarised in the following aspects:

- Tell what the study was about;
- Communicate a clear sense of the studied case;
- Provide a "history of the inquiry" so the reader can see what was done, by whom and how;
- Provide basic data focused form, so the reader can make sure that the conclusions are reasonable;
- Articulate the researcher's conclusions and set them into a context they affect.

Actually, reporting the case study is quite straightforward, since it needs a descriptive sight. The description of case might be more sensitive, as it might take into account the identification of the case or its subjects. If there were changes substantially over the course of the study, this should be reported to help understanding the case.

Indeed, this case study was very descriptive and defined previously the main issue as the internal collaboration between companies from the same origin being the cause of their external collaboration. The subjects of this case study run Jerónimo

Martins, Science4you, Quinta do Vallado, ControlVet, Vale da Rosa and Vieira de Castro. Each individual case description was divided into two parts, the company overview and its presence in Poland. During this process, the path of case study towards internal strategic alliance fostering external relationship has always happened.

Besides the analysis of case study, the discussion about case study, the recommendations, the proposed practical input, the new defined research and the conclusions were described in the report.

3.6.2. Structure

Regarding reporting structure, Yin (2003) suggests several structure for reporting case studies in general:

- Linear-analytic: the standard research report structure (problem, related work, methods, analysis, conclusions);
- Comparative: the same case is repeated twice or more to compare alternative descriptions, explanations or points of view;
- Chronological: a structure most suitable for longitudinal studies;
- Theory-building: it presents the case according to some theory-building logic in order to constitute a chain of evidence for a theory;
- Suspense: it reverts the linear-analytic structure and reports conclusions and then backs them up with evidence;
- Unsequenced: with none of the above, e.g., when reporting general characteristics of a set of cases.

The reporting of this case study is centred mainly on linear-analytic. The researcher explained the subject, the objectives, the frame of reference, the research questions, the methods and the strategy used. At the end, it took conclusions about the analysed companies. As conclusions can be used by new theoretical approach, the theory-building is secondarily approached in the case study.

4. Jerónimo Martins case study

The company profile

Jerónimo Martins (JM), founded in 1792, is a Portugal-based international group operating in Food Distribution, Food Manufacturing and Service sectors, headed by its CEO Alexandre Soares dos Santos. JM has a balanced portfolio centred on the food distribution, where the force of market position in Portugal combines not only with high potential growth of Polish retail, but also with the stability and the capacity of cash flow resulting from the industrial assets of the partnership with Unilever and Gallo Worldwide.

Indeed, its core business is the food distribution. In Portugal, JM runs 2 business units: retail and wholesale chains. They work together to make JM leader of the distribution of the fast moving consumer goods through the insignias **Pingo Doce**, the biggest supermarket chain, and **Recheio**, the second player on Cash & Carry market segment. Feira Nova used to be other retail chain owned by JM, but it was merged with Pingo Doce in 2008. In Poland, since 1997**,** JM owns **Biedronka**, the market leader of retail supermarket business, with a market share of 14.7%, more than 2,100 stores and 36,970 employees. As for all other JM's retailers, Biedronka was able to be the biggest one for practicing competitive prices according to a hard-discount strategy. Recently, the group has invested in Colombia. In March 2013, JM opened its first **ara** brand stores and forecasts to open around 40 supermarkets by the end of the year.

Due to its retail leadership in the Portuguese and Polish markets[3], JM presents a solid and significant balance sheet. In 2012, its retail sector amounted total net sales of 10,586 million euros, of which around 65% were obtained in Poland and 35% in Portugal. During this period, it operated 2,538 stores around the world. Most of these stores are located in Poland, where the investment became huge and substantial due to Biedronka holding a substantial potential to improve its performance. In this way, JM reached a number of 2,125 stores by the end of 2012. Actually, these sales recorded an increase of 8.6% comparing to 2011. This growth reflects mainly the increased

[3] The available data refers to 31st December 2012. By this time, JM had not yet opened the supermarket chain in Colombia.

internationalisation of JM to Poland, as an alternative to the Portuguese stagnation in the retail market as well as its importance to JM group's strategy.

Figure 9 - The geographic distribution of JM's retail chains around the world

On the other hand, JM is also the largest industrial group of high consumption goods in Portugal through its holdings in Unilever Jerónimo Martins and Gallo Worldwide. Being Unilever's shareholder, JM allows to sustain the leadership in the areas of food (mainly in iced tea, ice-creams, margarines, stock cubes, mayonnaises, desserts), personal care (spreads and hygiene products) and home care (laundry and dishwasher detergents markets). This leadership is possible because of owing the Portuguese rights of some of the most recognised worldwide brands such as Lipton ice tea drinks, Ben&Jerry's delicious ice creams, Knorr stews, AXE spray-on and roll-on deodorant, Dove body care products, and Skip laundry powder and gel detergents. Gallo Worldwide produces and markets olive oil and cooking oils. Among several products, it owns the 5th largest international olive oil brand, Gallo.

Figure 10 - Some of the most known brands represented by JM in Portugal through Jerónimo Martins Unilever

Finally, the investments of this group still include the service activities of marketing and distribution (Jerónimo Martins Distribuição and Caterplus) and the specialised retail market (Hussel chocolate and candies retail chain, Jeronymo restaurant/cafés and Olá kiosks). It is important to point out that *Jerónimo Martins Distribuição de Produtos de Consumo* exclusively represents renowned national and international brands, including Kellogg's cornflake, Heinz ketchup, merci chocolate, sunquick concentrated juice and Evian water, which it distributes and sells to all retail and wholesale operators in Portugal. *Jerónimo Martins Restauração & Serviços* also owns other businesses, such as Ben&Jerry's stores, Chili's or Oliva restaurants.

In addition to the largest supermarket chain in Poland, the group holds the network of pharmacies branding Apteka Na Zdrowie and Hebe drugstores chain.

Figure 11 - The JM group's Business Portfolio

By 31st December 2012, JM group had a record of outstanding financial performance. JM's net sales rose from 9,839 million euros, in 2011, to 10,876 million euros, in 2012, representing like-for-like sales growth of 10.5%. The enlargement of its main functional areas (Polish distribution, Portugal distribution, industry, services and others[4]) explains the amazing outcome from its all businesses in Portugal and Poland,

[4] Functional areas are described in accordance to the level of significance for JM group, in terms of sales. It range from left with the most important to right with the least relevant activity.

even during a particularly difficult year resulting from global crisis, specifically in the EU. In 2013, this trend continues and 1st semester of 2013 recorded a general rise in sales of 12.6% to 5,643 million euros compared with the same semester of 2012.

EBITDA and Net Income are other important indicators that show "strong and robust performance"[5] of the group. JM's EBITDA widened from around 718 to 765 million euros in 2012. In the first six months of 2013, the result before taxes, interest, amortizations and depreciations grew 11.2% to 349.5 million euros. Regarding Net Profit, JM has presented positive steady growth over the last few years. From 2011 to 2012, its Net Profit climbed from 340 to 360 million euros. Earlier this year, it recorded +8.9% compared with 1st semester of 2012, when attained about 165.3 million euros.

Besides the financial data, other facts can demonstrate the strength of its businesses. JM reached record level of employees in 2012. They are over 69 thousand people working to JM group around the world. Every year, it has suffered a significant annual increase. Nowadays, this number should be higher than 70 thousands due to the open of new stores in Poland and Colombia, 22 and 8 stores respectively. In term of stores, JM already had 2,821 branches open by the end of 2012, while Biedronka, Pingo Doce and Recheio stores owned 2,283 stores in 2011. Consequently, its sales area extended to 1,882,889 m^2.

The Internationalisation process[6]

Three phases mark the internationalisation process of JM group. Initially, JM established partnerships with a multinational firm taking place over the entire world when representing many brands that can find out in supermarket around the world. Nevertheless, JM has invested in new markets, first Poland, then United Kingdom and Brazil, in order to diversify its business and reduce the macroeconomic risk. Later on, JM was forced to exit from United Kingdom and Brazil due to failure in forecasts and the devaluation of solid competitive pressure.

[5] It is the statement used by Alan Johnson, JM's Financial Director, when Lusa interviewed him. RTP1 published a news based on this interview on 24th April 2013.
[6] This sub-chapter is mainly based on "CASO Jerónimo Martins" of Mercator XXI book.

1. First phase

The expansion into foreign markets started formally in April 1995 with the entry to Poland. However, several decades has already seen the internationalisation phenomenon in the group through businesses with international partners. As far as JM group is concerned, the management philosophy of the forging of strategic alliances with players' holders of different market knowledge is an important pillar in its market strategy. The best example of these partnerships is the alliance with Dutch-English Unilever group.

At last, the relationship between JM and Unilever has already 50 years of existence and started with the objective to join the capacity of Portuguese partner to the interest and experience of Dutch partner. In other way, access to the food production market would have been denied.

Over the past years, joint ventures in companies as Fima/VG, Lever/Elida and Iglo/Olá, representing the most of worldly known brands in Portugal, were developed by this strategic alliance between JM and Unilever groups. Nowadays, all previous holdings take place a singular firm formed by the same shareholders named Unilever Jerónimo Martins. This new Portuguese enterprise is owned 55% by international Unilever and 45% by JM.

2. Second phase

The internationalisation of JM then passed by operations in Poland, and it expanded later to United Kingdom and Brazil.

2.1. Poland

JM's entry into Polish market happened in 1995 and occurred for two reasons: the first one was related to the need to expand to others markets to put into practice the decisions of strategic investment once the national market is limited; and the second one had to do with the opportunity which appeared and JM felt the need to take.

Together with English Booker, the first steps were given in Poznan through the acquisition of Eurocash, operating in cash&carry segment. As Recheio was in the same market segment, JM was responsible for Eurocash's know-how. The Booker partner did not part in the management of stores, taking place financially in this partnership.

However, a new business emerged whose central competence involved the geographic expansion: the Biedronka, a discount stores chain. Although the strategic movement apparently seems simple, the company was again obliged to resort to the partners. Hence, the expansion of this business was assigned to a Polish entrepreneur that selected the places, built stores and operated, after the approval of JM. The relationship with this one was crucial, since it was considered the quickest way to acquire the knowledge of market that JM did not own.

Indeed, the use of that opportunity seemed to be a "first mover advantage". It behaved as a barrier to entry of potential competitors in one of the largest East markets. There were other players interested due to the potential increase of purchasing power associated to economic growth projected to that market.

Surprisingly, the internationalisation process to Poland turned out to be faster and more complex than JM's managers would firstly think. Within 3 years time frame, it opened more than 300 stores. In 2013, Biedronka already has more than 2,000 locations.

In next year, three formats passed to co-exist in Polish market with the opening of the first hypermarket, under Jumbo insignia. In this case, it was Greenfield investment.

Nowadays, making the overview of all JM businesses, the Polish distribution has been the most profitable operation. In 2012, it showed an amazing result of 6,731 million euros in terms of revenues, matching to 65% of total.

In conclusion, it is relevant to highlight that the knowledge of Polish market has been progressive and slowly enabled in a process of the type "learning by doing". Acting through a format previously unknown like discount segment has made harder learning process and has excessively concentrated this process in management team chosen by JM. The limited experience of human resources management in terms of the discount retailing level and the lack of experience in international management resulted in the difficulties from the viewpoint of business management. Concretely, Biedronka chain had been the focus of numerous labours disputes and proceedings before the Courts. Other factors such as problems in management control and the absence of previous market research led to failures in the decision-making process. Despite these business troubles, Polish business is doing wonderfully well.

2.2. United Kingdom and Brazil

Between 1995 and 1998, other international investments had awakened the group interest: the acquisition of Lillywhites English sportive chain and Sé supermarkets in São Paulo (Brazil). As businesses portfolio has grown extraordinarily, the ongoing internationalisation process became highly complex.

When JM evaluated the buying, in 1997, of the supermarkets chain Sé, the opportunities of market in that country also revealed tempting. Besides the dimension, it stood out good perspectives of the expansion to other Marcosul markets and a very attractive economic recuperation plan. This purchase was again grounded in a partnership with GP bank, which sold to JM an interest acquired to Sé family.

3. Third phase

Since 1999, JM had been facing several problems. The gaps in forecasts of English business, as well as the underestimated competitive pressure and the resurgence of excessive risk in Brazilian market deteriorated the shortcomings of the group control system and consequently the management of the increasingly complex and ever-changing process, by pointing to pitfalls to implement the plans needed of contingency.

Besides having financial problems in Lylliwhites and Sé businesses, the reduction need of short-term debt leaded to the exit of Brazilian and English markets through the divesture, as well as the selling of cash & carry operations and hypermarkets in Poland. In other words, JM was applying a financial restructuring plan, when disposing internally and externally all assets outside the core activity area.

Resulting from its desinternationalisation, JM intended to grow through the refocus of its core business. Currently, when recognising that the opportunities of growth in domestic market are limited or shifting to other formats, group's strategic options underwent, at the national level, a process of repositioning of its retail chain strategy, and, at the Polish level, an acting on growth opportunities that the market still offers. The future is viewed with particular emphasis in the distribution, the strength of existing brands and the market leadership.

The internationalisation of JM group shows a positive balance taking into account the benefits that were withdrawn from the partnerships, the experience gained with successes and failures, as well as the opportunity generated by discount operation in the Polish market. The market know-how was possible only through this learning from experience acquired.

Its Strategic Alliances with Portuguese Companies in Poland

After economic and political restructuring in 1989 and the admission to the EU in 2004, the structure of Polish market has changed dramatically. Market shortages in the past have contributed to a strong preference for foreign goods. However, recent studies show that the enthusiasm of Polish consumers towards foreign brands is declining (Cumberland et al, 2010). Figure 11 presents Polish consumers' preferences for services of Polish and foreign companies taken by Dziennik Gazeta Prawna Nr 165.

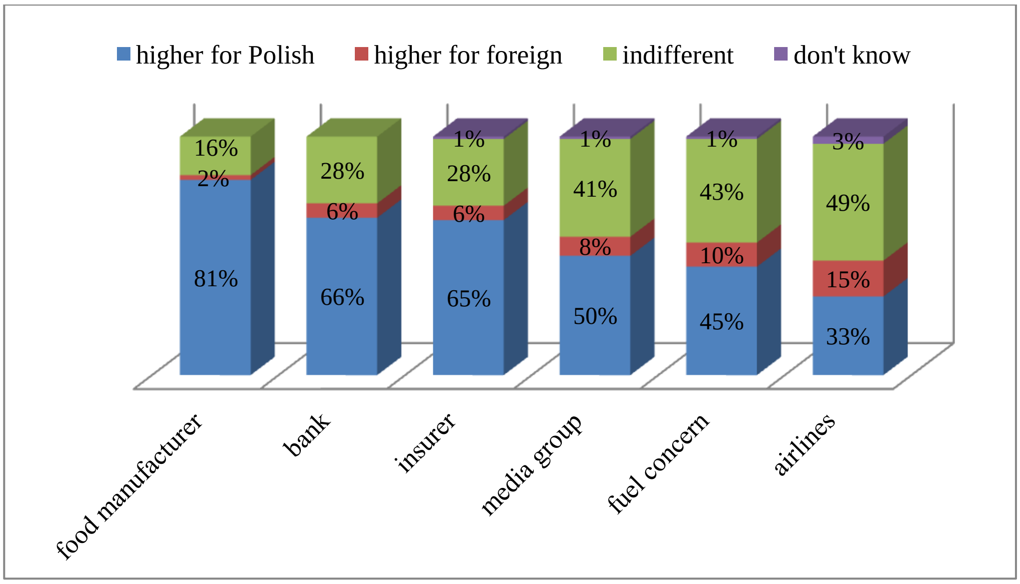


Figure 12 - The Preference to use Services of Polish and Foreign Companies

In other words, consumers in Poland are increasingly valuing the buying of their home country goods. Just as Portuguese consumers[7], most Polish consumers (81%) prefer their cuisine instead of food originating to countries inside and outside EU.

[7] According to a news of Dinheiro Vivo's web site, "The Portuguese population are consuming more and more "Made in Portugal" products and more than half Portuguese admits to increase the purchase of domestic products", based on a market research developed by IPAM.

Indeed, JM depends on this Polish domestic trend in order to Biedronka brand to remain competitive in Poland. As far as this opportunity is concerned, JM gives preference to local and national suppliers, within the scope of its Sustainable Buying Policy, ceteris paribus. Then, JM values the importance of "acting and buying locally"[8] stated by JM commercial director, Pedro Leandro. By "buying local", a distributor takes "fresher products and less transport cost". The policy of buying local is also due to JM group's expansion into Poland. Because of local, Leandro claimed that "we develop partnerships with local partners, we did not export a rigid model. By taking this line, 95% of products sold in this country [Poland] is produced locally".

JM was able to combine the best of two countries to make it up a suitable business to Polish market. Taking the best of each culture, Portuguese improvisation skill combined with Polish rigidity and discipline, resulted in Biedronka's success. This outcome was confined to Biedronka be hard discount retailer, an opportunity identified by Portuguese investors, JM group, when there was nothing of that strategy in Polish market. Besides Portuguese idea, Polish producers are the main partners of JM in Poland thanks to their products quality and low prices.

Despite large proportion of products traded in Biedronka supermarkets are of Polish origin, Portuguese goods can be also found there across Poland. In 2011, JM's Polish supermarkets "sold out more than 80 million euros in Portuguese products - rusks, cheeses, wine, olive oil, etc.", said Pedro Leandro. In comparison, more than 62 million euros match the JM's purchases to Portuguese suppliers during the reference year, which contributed to boost Portuguese exports to Polish market. Regarding these national products, it grew 14% compared to the previous year, 2010[9]. In some sectors, when Poland cannot produce some food (due, for instance, to its weather conditions) or is not competitive in terms of price and quality, Portugal stands out prominently for being very trustworthy and valuable products and services source, or even priority, as a matter of defending Portuguese domestic utilities[10] by the JMP, i.e., the Polish JM.

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[8] According to a news of Sol newspaper's web site, JM commercial director, Pedro Leandro, talked during IV congress of *Associação Portuguesa das Empresas de Distribuição* (APED).

[9] In 2012, there is no available data about the purchase of Portuguese products by Polish JM, Biedronka.

[10] JM is a Portuguese-equity economic group thus it may often prefer Portuguese products, once it helps its country and its producers. Furthermore, it could work previously with these companies that means there is confidence in their products.

In fact, the choice of Portuguese products is the motto that JM advocates, when JM commercial director admitted they are proud to be working with Portuguese producers that shares the same desire[11] of JM in the conference. It results from the priority of collaboration with Portuguese companies by JM group, instead of other European sources, since their products present the same or the best price-quality ratio compared with other European suppliers and easily adapt to Polish market.

The adoption of global outlook for JM group has been marked by the strategic alliances with other companies, LEs or SMEs, that help to bridge the gaps and the needs found in Polish food and non food market. Most of them have Portuguese origin. In this way, Portuguese firms have partially supplied JMP, while these firms have been able to further sell their production in a new destiny, through largely exporting products. In other words, the signing of sales agreement is very beneficial for both parties.

Through sales in Biedronka, its partners accomplished more optimistic levels of sales in Poland comparing to their performance in Portugal. Thus, these collaborations have frequently become essential to the majority of Portuguese SMEs, which supply JMP. Biedronka has been selling increasingly large amount of its products, leading consequently the annual growing of ordered Portuguese products quantity every year. In this sense, Polish sales have offset the fall or stagnation of internal consumption by Portuguese population. From the point of view of sales weight, Portuguese allies have taken on an increased importance on the products and services supply of JM group in the Eastern European market.

Before realising the consequences of networks between firms from the same origin, their causes must be taken into account in the analysis of case studies. From scratch of Portuguese SMEs' internationalisation to Poland, these same firms may operate in Portugal partnering too with the same Portuguese company, which gave them the chance to enlarge to Poland, specifically Portuguese LE called JM group. The collaboration is easier in cases of previous relationships because Portuguese SMEs are often reliable producers and offer quality products that posed few or no risks to the supply of JMP stores. Lewis (1990) defends this standpoint, once "*Successful strategic alliances normally result from domestic level*". The fact that there is a profitable

[11] JMP works with firms that intend to "win" in the Polish market, i.e., Portuguese suppliers have to propose the best product/ service adapted to Poles' patterns that ensures the most efficient price/quality performance ratio to JMP. If they offer it, JMP is pleased to make contracts with home companies.

collaboration between these companies is one of key point that support internationalisation context.

Regardless internationalising to other countries, Portuguese firms appreciate their presence on large scale in Polish market. In order to comprehend this fact, collect data directly from the undertakings concerned is worth noting, since they enable to analyse practical situations and, at the end, take more real and reasonable conclusions. As far as strategic alliances analysis should be the most practical approach, extracting as much as possible real-time data makes part of case studies about, concretely, companies involved in this type of business collaborations.

In addition to all publicly available information, the case study, that will be seen below, is the result of data coming from interviews made to 5 Portuguese SMEs' managers that work as suppliers of the Polish JM. The interview about alliances among Portuguese enterprises in order to facilitate SME's international expansion can be summarised by 15 topics of themes surrounding mainly previous and current collaboration between JM group and Portuguese SMEs, the conditions of Polish market, positive and negative consequences of exporting to Poland, as well as the way around problems and specific market characteristics. It was conducted by phone, e-mail and in person to be more flexible and achievable for interviewed companies. The up-to-date interview can be found in annex. In short, the companies illustrate the importance of this partnership to them and the worth that each one has placed upon this network is the basis for the analysis of case study.

4.1. Science4you

The historic accomplishment of newly created company - A swift international growth

Science4you is a successful Portuguese SME, resulting from the final project of management undergraduate, which currently works on two core businesses: toys and training. It develops, produces and markets more than 100 scientific toys, while it also organises and manages birthday parties, summer camps, training courses and scientific animation anywhere where customers want or in a room prepared to host these events into its office. Miguel Pina Martins was the person who puts forward this ambitious project and did not regret carrying out it.

Over 6 years, Science4you has grown internally but also externally. It is worth to observe its evolution based on some relevant facts disclosed in chorological order. This all began in January 2008 through a partnership of ongoing development of toys with the Faculty of Sciences of the University of Lisbon, although the sales of toys has just existed since October 2008, in the domestic market. One year on, it came into contact abroad, whose the first foreign market was Spain. Angola (in September) and Brazil (in November) were the following target markets of Science4you's toys, in the coming year. Since then, it has exported to other destinations to four corners of the world that range from Finland, France, Greece, Poland and United Kingdom to Cape Verde, São Tomé and Príncipe and also one of the most developed Asian country, Japan. Others are being negotiated with local allies, such as Germany, Italy and the Netherlands.

Science4you has totally conducted an international outlook, since its setting-up, thanks to its mission that reflects a desire of being a worldwide reference enterprise in scientific toys market. The first Portuguese speaking internationalisation phase is already outcome of project developed aiming to make strong efforts on exports of its top-selling toys[12], with special focus on increasing sales in Spanish market. This project was created in February 2010 and is better known as *'Science4you - Internationalização e I&D'*. According to its Business Operations manager, Inês Vieira, the new international strategy is regarded "necessary" for company, once it has allowed enrolling in the toys international fairs, where all buyers and all sellers of this segment can be found. The presence in these fairs was a means to an end. As it was possible to

[12] This consideration is based on products are the most preferred by Portuguese consumers according to the answer to a question of interview made to Science4you managers.

close several deals, Science4you anticipates for 2014 to take part in more than those attended up to date in 2013.

In addition to fairs, the qualification/recognition of toys is the second goal of international involvement. As Science4you wants to face an international market featured by lower margins and greater sales volume, it must prepare better its products to sell as much as possible. It has been a major concern, since it adapts them to each destination.

The success of partnership with Portuguese University led to the use of this type of certification collaboration in order to make the entry easy in other countries. In so doing, it was observed in United Kingdom and Spain through East London University and Autónoma University, respectively. Science4you is located in incubators there.

Its market strategy slightly follows the concern of its internationalisation project over the products quality even also taking into account price. Focused differentiation niche results from creating added value to its customer through the offerings of museum tickets, only in Portugal, the quality mark of university, the adaptation of toys to each country and still the handbook translated into native languages. As with Portugal, the product differentiation is overall strategy for every foreign markets, namely the exclusivity with a retail chain in each country.

In order to be making ever more glaring its outstanding position in national and international markets, as well as, its irreverent youth, Science4you has been winning awards in several categories. "*Prémio Empreendedor Finicia Jovem 2009 IAPMEI*", "*Prémio de Empreendedor do Ano 2010*" awarded by European Commission, first place of European Enterprise Awards in the category of Internationalisation at national level in 2011, "*Prémio Empreendedor nos Prémios Novos 2013, na Categoria de Empreendedor*" and Business Internationalisation Award in 2013 by the British Government constituted the most important awards in its short life.

Due to the clear enlarging of Science4you's international involvement, its financial situation has become more and more stable and reliable, causing a highly prosperous business. Every year, it has approximately doubled its revenues since its simples and homemade inception, in 2008. Between 2008 and 2011, its sales went up from 25 thousand to 600 thousand euros. In 2012, it already recorded 1.4 million euros, being only 250 thousand corresponds to EBITDA and 190 thousand euros to pre-tax result. Following this duplicating trend, Science4you managers realise to sell at least 2 million euros in toys this year.

A prosperous present and a promising future in Poland

Among 15 different foreign destinies of its exports, Poland has proven to be one of the most important destinations in Science4you international trade, even if this SME only went into in the beginning of 2013. Despite being its first and unique Polish deal for 1-month contract (matching In & Out campaign), 180 thousand euros of toys sold out to Polish JM represent 10% of its annual turnover[13]. This great and incredible number, by its weight in Science4you's sales, matches around 35 % of total exports, up to the interview time.

This has probably been possible due to the right choice of products to be exported to Poland. In all 2,125 Biedronka stores, JMP marketed 6 different types of Science4you's toys, concretely Ecology - Plants, Solar Kit, Geology - Volcano, Science - Sound, Ecological Clock and Chemistry 200, by 25 polish zloty (matching to around 6 euros). "They are the best-selling toys and consequently the most recommended" for Polish toys market, noted Inês Vieira in the interview.

Exporting to Poland is one-way means, once Science4you acts exclusively in the market and consequently chooses only partner and, if there is in the market, of Portuguese origin. Alexandre Soares dos Santos's group complied these requirements, in addition to owning distribution channels present in throughout Poland that enabled to have a global reach in that country. Portuguese option defended by Science4you took also into account the fact of there be a previous supply, in Portugal, to Pingo Doce supermarkets, easing the relationship abroad. In other words, choosing a partner that already knew and has worked for several years in Portugal favours a new contract and subsequently the first contact with a country other than home country.

At present, Science4you has agreement with only one retailer in Poland whenever it requests (so far, only one), therefore it depends on JMP's sales campaign. This situation is different from other countries, once there are contracts defined with each country retailer to permanent supply. However, this partnership has been a success,

[13] As 2013 year has not concluded, it uses the comparison window of the previous year.

as the vice- president of Science4you Portugal, João Simões, stated "better than expected" in the interview. It is predicted to evolve the deal in order to supply more frequently. From his point of view, "it would be possible to be used to being a strategic alliance, by selling through Joinco", a company of JM group intended to centralise different operations of international business.

Beyond this point, its forecasts of sales to Polish market can be only good. In spite of the absence of contracts signed by two parties, there is a great hope that this collaboration keeps strong and is able to grow up, i.e., Science4you would like to supply constantly all supermarkets belonged to Biedronka as soon as possible.

The entry for this market was not so simple as everyone might instinctively imagine. Polish legislation requires a lot of cares with the working of products for children. In the end, they were forced to adapt all products (the packaging, the handbook and some of the toys itself [14]) to end-users' native language and the preparedness of country for the sciences and consequently the scientific products. Besides the regular European directives accomplished previously, Polish laws oblige the didactics and educational material's producers to add a symbol followed by two words in the toys packaging. In fact, the last one was the most important concern that it had to face, in addition to normal requirements for all markets.

Already there, its mission has been much easier. Although Science4you had to shrink Portuguese cost[15] for being the supplier of Polish hard-discount supermarkets, the new international expansion configuration has specifically boosted its external sales and its total net profit as well as the notoriety in other European regions where it was not previously. The balance is very positive and Science4you intends continuing to focus on strengthening its market position in Poland.

[14] 3 or 4 toys had been modified because of the caption in the content itself.
[15] The price of the same toys fell from 10 euros, in Portugal, to approximately 6 euros, in Poland.

4.2. Quinta do Vallado

Historic Porto wine enjoyed worldwide

Porto wine is recognised worldwide. One of the biggest producers of this sweet wine takes the name of Quinta do Vallado. Farm built in 1716 is one of the oldest and the most famous farms in Douro Valley region. It has always belonged to Ferreira's family, founded by the family's matriarch, Mrs Antónia Adelaide Ferreira. Nowadays, the farm's management is headed by three of her great-great-great grandson, João Ribeiro, Francisco Ferreira and Francisco Olazabal. Due to its key location in Corgo small river, affluent of the Douro river, near from Peso da Régua, its wine remains acknowledged great class and Douro's special taste.

For around 200 years, Quinta do Vallado's main activity had been to produce Porto wines to then market to Casa Ferreira, belonging to the same family. In 1993, the new leadership decided to broaden its activity to production, bottling and commercialisation of the own branded wines. In parallel, there was a substantial restructuring of its vineyards, aiming to produce high quality wines varieties and use the systems of planting and driving. This modernisation led to improve vegetative development and finally get better wine as well.

Currently, allying 50 hectares of vineyards between the age of 11 and 80 years and 20 hectares older than 80 years to a new winery and cellar for oak barrels, concluded in 2009, Quinta do Vallado has been becoming a great place in Vale do Douro to be visited by tourist for associating the traditional culture and the most advantageous technology to a large quality architecture. Tourists can also rest in this farm, once another business of Quinta do Vallado is focused in marketing services of a hotel, locating inside the farm. It was built to satisfy lovers of wine as well as rural tourism, associated to 18th and 21st century styles in this case.

Company's success can be only summed up in a question of the quality of its Porto wines and its comfortable wine hotel. National and international awards have fortified its proven excellence. The best wine in the categories of Douro and Portugal in London International Wine Challenge between 2005 and 2007, "The Best Producer of 2012" by Wine - Essência do Vinho magazine, Wine spectator's Top 100 Wines of 2010, 2011 and 2012 and "Best of Wine Tourism 2013" has been producing positive financial results.

Actually, Quinta do Vallado has been selling, in recent years, its products (wine and olive oil) and its services (hotel), valued around 3 million and 4 million euros, being its sales presented even higher growth of 17% compared to 2010 and 35% to 2011 respectively. Quinta do Vallado Touriga Nacional mid-range wine and all other Quinta do Vallado branded wine are the main responsible of its revenues, while 5% represents the weight of its sales from hotel services and all offered complementary activities.

In opposition to the positive constant revenues, its profitability has been mitigated. According to João Ribeiro, the net income has been "approximately nil" over the last years, due to "huge investments that have been done to improve the productivity of vineyards and to build a new hotel". After the majority of works completed, he hopes that company's profit starts to take shape.

Although 60% of its total revenues are obtained exclusively from Portugal, the domestic sales are not the only income affected by the international recognition. Being internationally known made it possible to spread its tasty wines over the world. Quinta do Vallado wines arrive in more than 30 different countries, led by USA, Brazil, China and Poland, successively. However, there are other relevant markets where considerable exports growth has been observed, such as Denmark, Japan, Canada and Switzerland.

<u>Attractive Polish wine market with high potential growth</u>

Polish market is not a recent destination of Quinta do Vallado wines and can be further explored by this company and other Portuguese wine producers, since it has a population of 40 million people and the consumption of wine has been increasing in Poland for some years. According a Lidl supermarkets' market research, the sales augmentation has averaged 10% per year. It results from the decline in selling prices thanks to largely the expansion of available wines in big retail chain and, on the other hand, the attempt to make more attractive this non-favourite drink for most Polish consumers and finally low-medium purchasing power of this population. This study also shows that the wine is the most favourite drink to one fifth of the Poles as well as 63% of them, at least one time occasionally, bought a bottle of wine. Nevertheless, it is relatively low compared with other European countries. This market was worth 2 billion PLN[16] of annual sales and a Polish drinks on average 3 litres of wine in 2011.

In turn, in a study conducted by Biedronka, it was perceived that Polish consumers prefer red wine, corresponding to 83%. More than half of them like semi-arid wine (more men) and semi-sweet wine (more women).

Indeed, Portugal has taken advantage from the growing interest of Polish consumers for wide range of wine. In 2008, Portuguese wine in Poland amounted 3.74 million euros, corresponding to 1.77 million litres of wine, practically equal value of the following year. Portugal exported 2.42 and 4.96 million litres of wine in the periods of reporting years 2010 and 2011, respectively. Exports, in 2010, were worth 5.19 million, while Polish customers spent 9.38 million euros in the consumption of wines, in 2011.

Quinta do Vallado has boosted the domestic wines trade in Poland. In 2012, it was awarded a contract with JMP and was going to sell in more than 1800 stores owned by Portuguese distribution group within Polish drink market, where operates with Biedronka brand. The company has marketed Quadrifolia brand, a wine for the lower price segment, which sets out to respond current Polish consumption trends. At that time, its expectations pointed out to sales higher than 100 thousand bottles per year, given the size of retail chain of JM group. João Ribeiro believed that the Polish market has capacity to absorb the double of current capacity, however it was necessary to test consumers' willingness.

In spite of not being the most consumed alcohol beverage by Poles, the last year Quinta do Vallado's sales went as planned. The more than 75 thousands litres of sold red wine resulted in around 500 thousands euros, which amounts 15% of total company's annual sales and 50% of total company's exports in 2012. However, only JM group was responsible for 80% Polish exports coming from Quinta do Vallado farms. According Joao Ribeiro, there are no forecasts of Polish sales in 2013 at the time of the interview.

Indeed, Quinta do Vallado has not a unique partner in Poland and in other countries around the world. It penetrated to Polish market in 2005 through Mielzynski.

[16] Based on pt.exchange-rates.pt, Polish zloty (PLN) corresponds 0,23163 on 23:49 of 11/07/2013. So, 2 billion PLN would be worth around 463 million euros nowadays.

It was only in 2012 that Quinta do Vallado became one of the most important JMP's Portuguese suppliers through temporary in & out contracts in delivery of Qaudrifolia low-grade wine. The invitation from JM, as consequence of the previous profitable business relationship in Portugal, led to the enhancement of its market share in this market. This network has been around for 7 years and nowadays spread out internationally.

After invitation, a market research was not conducted to analyse concretely the consumer tastes of target market, once there was information about its increasing demand. Polish market should be safe due to "big and prosperous potential, 40 million people and right strong growth rates", explained by João Ribeiro. Based on opinion's one of Quinta do Vallado owners, it was necessary to take special attention to requirements and laws in Poland, once each market has different requirements. In this case, it stands out special stamps (in labelling) that are obligatory to place in wine bottles. Moreover, no particular differences were found between the Polish and the Portuguese market.

Quinta do Vallado's strategy in Poland is totally different, when compared with the operating level in other markets. In its most important market, Portugal, it has marketed wines for different segments, on the other hand a cheaper segment wine is only wine sold in Poland. This wine is also negotiated in Portugal through large supermarket chains. Regarding other countries, "strategy for the external market is based on wines quality and the prestige that Douro has more slowly been gaining", João Ribeiro pointed out in a interview to complete a specialist journal[17].

In summary, Poland has provided several strengths and no weaknesses. Among these benefits, sales growth in invoicing as well as increase of exports are those highlighted by Quinta do Vallado.

[17] "Quem é Quem nos Vinhos Portugueses" is a wine specialist journal made by Diário económico newspaper and delivered with its newspaper on 27th September 2012.

4.3. ControlVet

<u>The Portuguese leader of food safety services provider</u>

The leadership of provision of food safety services in Portugal has been handed over the reference brand of this market, called ControlVet. The ControlVet Segurança Alimentar is a company in the area of food safety that emerged from the needs for having a company with support services for agriculture in terms of food inspection and control. Having started its operation in March 1999, ControlVet renders services of technical assistance for primary production, consulting, training and as independent organisations of control certified by the Ministry of Agriculture.

Actually, ControlVet has diversified its services in many areas. Laboratory, research, training, certification, consulting, audit, logistics, techniques projects or rebuilding projects and environment (environmental laboratory control and environmental consulting) are all services marketed by ControlVet.

Since 2004, it was incepted other companies from the original ControlVet to satisfy new services and focus on other already existing ones. ControlVet CT - Consultoria Alimentar started to provide services within consulting and technical assistance, since ControlVet Segurança Alimentar's business centred on food certification activity. In 2006, ControlVet Mais Serviço to carry on the evaluation of service quality as well as customer services, and ControlVet SGPS, SA - Grupo ControlVet, company that manages ControlVet's holdings, were established. Currently, ControlVet group consists of three subsidiaries, ControlVet Segurança Alimentar, ControlVet Consultoria Alimentar and ControlVet Serviço Mais.

After access acquired to the market, ControlVet brand has achieved numerous accreditations to laboratory tests, such as by *Instituto Português de Qualidade* and *Instituto Português de Acreditação*, and as independent regulatory authority by INOFOR (the current *Instituto para A Qualidade na Formação*). In this moment, ControlVet microbiology and chemical laboratories together possess 37 approved test methods.

Its growth has been based on strong business robustness, the ability to nurture confidence relationships and the close proximity to all its customers. On the basis of the value of ControlVet, the know-how owned and the experience accumulated, ControlVet invested in territorial expansion on the Franchising system through ControlVet CT - Consultoria Alimentar. At the end of 2006, it opened the first franchised stores.

In addition to allowing business partnership with other entities, ControlVet has been concerned in being partner of the most important entities of Scientific System and National Technologic System, concretely universities, institutes and foundations. It means to collaborate in several research projects in order that ControlVet can be acknowledged in the research and the development of new products and services. These collaborations confirm the technique recognition given by 8 institutions and the entrepreneurial success recognised by 3 institutional prizes.

Its success has had an impact in terms of number of its customers. Laboratory control, the implementation of HACCP systems and Quality Management, audits and training are areas that have attracted more customers in Portugal. More than 2000 companies accross the country chose ControlVet's services, because of its customer service and its service excellence. Within this group, it is worth highlighting Auchan Group, JM Group, El Corte Inglês, Sonae (in food distribution segment), Mc Donald's Portugal, Eurest, Ibersol Group, Portugália (in restaurants segment), Accord Group, Visabeira Turismo, Hotel Ritz (in hotels segment), Sicasal, Gelpeixe, Unicer, Central de Cervejas (in food industry segment), Lusiaves, Kilom, Zezero (in primary production segment), the Nova University of Lisbon, the Veterinary Medicines Directorate and the Institute of Employment and Professional Training (in terms of official entities).

Even if it has a sizable portfolio of clients in its most important market, its financial performance has been affected by the serious economic situation being experienced by Portugal and the rest of Europe. In fact, ControlVet Segurança Alimentar, S.A.'s[18] turnover has been in decline 7.4% and 14.3% over the last two years. It ranged from around 3.5 million euros in 2010 to just over 2.8 million euros. The profit has behaved differently from gross sales. While there was an increase of 9.4% from 126 thousand euros (in 2010) to 139 thousand euros (in 2011), it fell to values in the order of 128 thousand euros with 8.6% plunge occurring between 2011 and 2012.

In order to offset the losses of its income, internationalisation was one of ControlVet's most relevant general objectives. Besides Portuguese market, they are already active on Spain, Mozambique, Morocco, Cape Verde and Poland. But yet with

[18] It has only data about this company and not about all companies of ControlVet group.

encroaching international expansion in recent years, ControlVet depends extremely from Portugal, once it is ControlVet's original market and those carries on the highest sales weight.

Poland - A considerable potential market under study

The last export destiny to be attained by ControlVet's international trade was the Eastern European country. Poland was an ambitious challenge posed by JM and at the same time a good chance to install in other "market with attractive dimension, similarities in culture and unexploited opportunities" according to Mariana Pessalva, ControlVet's export manager. Due to being a country that makes part of EU with very similar political trends, having huge population with unmet needs, owning a non-saturated market in services that it provides, practicing higher prices in these areas and making possible the collaboration with a large client, like Biendronka, it considers Poland as a market with major scope for increasing demand.

The decision making to expand to Poland was independent of any contract with a concrete company. Despite the invitation done by JMP that was consequence largely from its good relationship in Portugal, there is no agreement between ControlVet and JM group to work together in Poland. It implemented, without helping, the first microbiology and sensory analysis laboratory unit in Poznan, whose inauguration was in February 2013.

JM has been a ControlVet partner since 2005. In Portugal, it has developed laboratory control of the JM's own brand, the Recheio stores and *Jerónimo-Martins Restauração e Serviços* segment's shops (Jeronymo, Husel, Olá stores and its restaurants). Nonetheless, the partnership with JM in Poland will always depend from its good performance in supplying its services there. Instead, its major objective lies on non-exclusive deals with Biedronka, but with all Polish food market players.

At this moment, ControlVet has been demonstrating how much its services value for JMP. It has been collaborating gradually in laboratorial area in term of sensory and molecular biology, but doing business with it has been reduced in Poland. It seems only to be a question of time to reverse this situation and become one of the main JMP's suppliers in these type of services. So far all seems to go well without incidents and to be gradually improving, and the expectations for this year's season are quite high.

In addition to JMP, it sells its services to more clients in bakery and cereals industry in Poland. Nevertheless, it is under the process of having it recognised through business meetings, marketing activities and the presence in big Poland food fair, the Polagra Food. Since ControlVet has been assessing the market, its market strategy lays out forging a direct path to big clients and taking advantage from good terms that enjoy with enterprises in Portugal in order to make contracts in Poland. Thus, it aims to enhance business volume operating in all areas of the food sector, preferentially large-sized customers in Polish market.

As for the Portuguese distinctive largely food safety services marketed by ControlVet, its Polish subsidiary has focused on almost all same services. Its offer ranges from laboratory, consulting and audit services to technologic solutions and software in food safety segment. Laboratory services mean food quality laboratory control, control of animal health and environmental control of air, water and tributaries. In the second business fragment, ControlVet provides consulting and audit services through the sales of food safety systems, management systems and face-to-face training or b-learning. Lastly, it develops and markets food safety systems operation and management software, production management software, systems management software, laboratories operation and management software and ControlVet webservice, a reserved area where customer can check and retrieve all background information about services provided by ControlVet.

These services were chosen because they are demanded by Polish market and the firm has capacity to replicate, in an effort to meet the needs of this market. On the other hand, it is also regarded that prices are competitive regarding domestic prices.

In terms of the importance of its Polish business for global trade, it is still an incipient activity, which results in a very low company's sales weight. In Poland, one of companies' requirements runs all laboratory tests being accredited, whose process is lengthy and cumbersome. ControlVet is therefore under the accreditation process of laboratory tests in order to match Polish companies' needs. Its export manager expectations points to the enlargement of sales volume in large scale in 2014. For that purpose, it will be in Polagra fair, which will be held in Poznan in September 2013.

Before ControlVet enters in Polish market, it did not all go completely smooth. Several visits to this country were undertaken in the sense that was necessary to "understand and fell it" according to its manager interviewed. It all started with an attempt to purchase a Polish enterprise or to join into partnership with an existing player in the market. However, it has not materialised. Starting alone business activities from the inception was the option chosen after failed purchase negotiation. It set up a microbiology and sensory analysis and hired locals for the accomplishment of exported services. Further, market studies were carried out to complete SWOT analysis about this business, allowing considering right the decision taken.

Besides the entry strategy, ControlVet had to take great care with regards to offered laboratory services and transport of samples territorial. It was considered imperative to own a microbiology laboratory unit in order to guarantee accurate and timely samples processing. The samples to chemical analysis, on the other hand, would be processed in the ControlVet's central laboratory in Portugal, more concretely in Tondela. Various options of laboratory samples transport into Poland and from Poland to Portugal were studied, aiming to ensure the minimum possible time between the collection of samples and their laboratory analysis.

Once it was within Polish borders, numerous benefits were expected from its services sales in Poland, as foreseen by ControlVet before the entry. This is just about a country with a huge potential that has revealed a huge economic growth and a very appealing dimension. Its main focus is to increase sales and, by Poland location, also to expand to other countries of Central and Eastern Europe. Nevertheless, it has not been possible to ascertain any positive consequence due to its stay in the present-day territories of Poland being very recent.

Summing up, the internationalisation approach adopted by ControlVet has been to maintain its strategy, which involves "the establishment of microbiology laboratory units in the chosen country to make sure to get all knowledge, good practices, processes, procedures and other stuff to the concerned unit, and employ local people" to perform ContolVet's services offered in that country, based on Mariana Pessalva's opinion. It has been this international strategy that has acted as the perfect springboard for ControlVet and has been successful. Poland will certainly be no exception.

4.4. Vale da Rosa

One of Portugal's sweetest grapes

Many of grapes that we find in several supermarkets in Portugal belong the Portuguese Herdade Vale da Rosa. Since 1960, this farm produces high-quality table grapes to Portugal. In the same way, its strategic vision means to satisfy increasingly exigent requests of a market that is constantly changing and keen of new and different products, through a constant experimentation and development of new grape varieties.

The Herdade Vale da Rosa, named also as only Vale da Rosa, is renowned by its grapes in both Portugal and abroad. Since 1972, it has exported into several destinies, mainly by supplying the English market. Presently, it is the Portugal's largest grape producer, with a total production area of around 230 hectares of vineyards.

Located in an extraordinary region for fruit production like Baixo Alentejo, Vale da Rosa takes advantage from unique Mediterranean and Continental features of this region, which is particularly suited to growing grapes. Warm climate with temperatures higher than 35ºC, high quality soils and low humidity levels boast very sweet grapes, with a vigorous and ripened colour, resistant and excellent quality and making it quite difficult for diseases to appear. Besides very good agricultural location, its farm is near from the Southern motorway and the Spanish border, which makes it possible to supply grapes in excellent conditions to practically any part of Europe and the domestic market.

Vale da Rosa's production is unique and exceptional, once its farm generates seeded grapes but also seedless grapes, which not everybody can acquire the second one. This grapes supplier owns a farm with about 230 ha for growing table grapes, of which 100 ha are allocated to produce seedless grapes. Within two types of table grapes, it is producing 12 different grape varieties picked each one in different timelines. Regarding seedless grapes, there are species of Crimson, Autumn Royal, Sugraone, Sophia, Thompson and Midnight Beauty. In parallel, Cardinal, Paileri, Vicotria, Red Globe, Itália and Black Pearl grapes constitute the set of Vale da Rosa's seeded grapes. The production of many grapes species allows Vale da Rosa to adapt the current market needs. For that reason, it has been tested other varieties, planted in small plots, that will become options to consider for extending cultivation, as long as they are fully tested and its viability is guaranteed.

The company's production system performs special processing and has evolved over time according to new technologies and new needs of consumers. In the beginning of its activity, the Herdade Vale da Rosa used to produce grapes through the traditional production system with low espaliers. In keeping up with progress, it adopted the pergola system by using plastic covers and nets (an innovation in Portugal at that time) above high trellis vines. The latter method promotes a favourable microenvironment for the development of grapes. In these conditions, it is possible to anticipate the early grapes varieties production, while it protects the vineyards from unfavourable weather conditions, prolonging late species. It extends thus the production period from July to November and, as a consequence, it extends its marketing period. "We double the normal grapes production period because of greenhouses" as Ricardo Costa, Vale da Rosa's Marketing and Public Relations Director, stated in the face-to-face interview.

Due to this innovation, it was necessary to pose an intense collaboration from countries with great tradition in grape production under this system. Therefore, it has technicians from Italy, Israel, Spain and Chile that frequently follow up a resident technical team. Actually, Vale da Rosa employs currently about 200 permanents workers and more than 500 during the harvest stage.

Other causes of large quality of grapes production process run in the harvesting and packaging. The best bunches of grapes are hand harvested carefully at the ideal maturation phase. At the same time, it avoids as much as possible touching in the grape berries and removes the protective film, which ensures greater durability and protection against deterioration factors. The boxes with grapes, sun protected, are directly carried by vans to cooling chambers, located in the warehouse within the vineyard. There, the grapes inside boxes are subjected to a rigorous quality control process and a consecutive cold thermal shock in the shortest possible period, preserving good look of grapes.

After that, the grapes go through a strict selection, weighing and packaging process. Lastly, it uses specialised transport in order to reach their final destination.

Continuously, its concerns have focused in improving the excellence of its products. Vale da Rosa has been adopting the most demanding forms of production under the method of Integrated Production. Production, harvesting and packaging are controlled according to the requirements of the best agriculture, hygiene and food safety practices. Thus, it has been certified for GLOBALCAP, BRC, NSF-CMi and UKAS.

Its production amounted about 5 thousand tonnes of grapes in 2012. Most of it was destined for domestic consumption, precisely 71.28%. As far as the domestic market is concerned, Vale da Rosa supplies not just large supermarkets but also local markets all over the country. On the other hand, the foreign markets absorbed almost 30% of total sales in the last year. Europe is the most important destination region of its exports. In 2012, England (11.8%), Netherlands (9.15%), Belgium (4.44%), Germany (1.51%), Poland (0.76%), France (0.74%) and Spain (0.09%) bore all sales in Europe. Furthermore, Angola has been another essential Vale da Rosa's partner, exception in 2012, while China was tested with one container in 2012, through Hong Kong, representing 0.23% of total sales, and in 2013 higher quantity of sales are forecasted.

In the same way, it is positioning itself in the grapes market focused in the differentiation from its competition in high purchase power segment under the regime of non-exclusivity. This is because it only produces equally seeded and seedless great quality grapes, even making distinctive varieties in each type. As its employees take care of much more grapes than other producers, Vale da Rosa intends to "promote and maximise the organogenic properties of grape". Grapes sweet becomes more concentrated and its pulp holds more resistant.

As a consequence of excellence of grapes, higher production costs forces to practice "a price of differentiated grapes". Its international competitors offer grapes at lower prices, producing non-gourmet grapes. Despite being the same strategy in all markets based on quality, "it exists markets that are more likely to buy this products than other" according to Ricardo Costa.

Actually, Portugal reflects this original strategy. Vale da Rosa supplies all supermarkets, once they can sell all types of grapes. As grapes are seasonal fruits, there is demand for diversified grapes. When it is possible in other countries, it prefers to make non-exclusive contracts. Instead, on many occasions, one interested seller offers this product in each country, such as in Poland.

Indeed, customers have increasingly valued Vale da Rosa's grapes around the world. It is proven by the growth of its sales. Since 2010, it has recorded annually 6.5 million, 7 million and 7.3 million euros, successively, which has almost always carried out positive impacts in its financial autonomy. The net result increased from 42 to 117 thousands euros between 2010 and 2012. However, there was a relevant loss in the year of 2011, around negative 29 thousand euros. This financial declination was consequence of high investment made in 2012 towards increasing the exploration and production area. So, it reflected an increase of sales but a shrinkage of profits.

High potential of growing in Poland

Its presence in Polish market was provided by JM group two years ago. As some JM's managers, which have worked in Portugal, moved into Poland, it was more easily created "a comprehensive and knowledge bridge" between both parties. In 2011, it was the first year that Vale da Rosa exported to Poland. "It started very well with more than 360 tonnes". In 2012, it did not go so smoothly, since only a lorry of 34 tonnes of grapes was sold. For this year, it was expected "good prospects of businesses" with JM according to its manager.

In terms of financial operation, the descending Polish trade has had the same consequences. In 2011, it represented 9.8% of Vale da Rosa's annual production of grapes that matched around 680 thousand euros of revenues. Like the quantity of grapes sold to JMP, 2012' invoicing fell to 55 thousand euros. It meant only 0.76% of annual revenues in the last year were going to Poland. In other words, 2012 stood for a small weight compared to 2011.

Even though Polish business had everything to go well, it has not been as good as they had wished. The cause of this break stems from a delay in grapes harvesting and the earlier production of Italy compared with Vale da Rosa. Furthermore, Italian supplier is closer and offers cheaper products that make it more competitive than others, namely Vale da Rosa. Whereas it produces lower quality/price grapes, Vale da Rosa owns differentiated grapes. The market normally prefers low performance product instead of those that present higher quality. Nevertheless, not all markets are as such. Thus, Vale da Rosa expects that Poland will be transformed in one of these quality-interested destinations.

In 2013, Vale da Rosa can still export to Poland through JM but the current prices do not make it very attractive for Vale da Rosa. So, Italian company closed already the delivery of grapes to JMP. As market is always open, "it is still possible to do business with them" from Ricardo Costa's point of view.

Vale da Rosa was approached by JM group. It received an informal invitation from JM in the form of talk. As this multinational is beloved by Vale da Rosa, it accepted this invitation. According to Ricardo Costa, "it is a great honour and privilege it has been working with them". As there was a previous network in Portugal, establishing an agreement was not difficult. It has to make efforts and advocate for top performing in the cooperation with JM in Poland. If JM had not businesses in Poland, "we might not be able to export to Poland", he stressed.

These conversations to do business in Poland with JMP arose because Vale da Rosa has already been a major partner of JM group in Portugal for over 10 years. It has marketed its grapes to Pingo Doce and Recheio stores in huge scale. These brands bear the greatest responsibility to sell approximately 5.2 million euros throughout Portugal, matching 71% of last year' sales according to data sent by its manager.

Despite this, they have not already concluded an agreement for the supply of grapes in Poland. Vale da Rosa's goal runs to always promote its sales. Contacting potentially interested buyers when the production of grapes starts, Vale da Rosa is able to know each year's demand. This method is used in order to overcome the seasonal nature of the agriculture.

Intermittent situation in Poland may change in the coming years. In the interview to Oje newspaper in 2012, Vale da Rosa's owner, António Silvestre, demonstrated that clearly. "We believe that can grow, this is our expectation and we will do all we can to realise this intention", he emphasised, that his focus is made in the quality of his products and the internationalisation, being two pillars of Vale da Rosa's strategy. "The quality is an essential prerequisite to external market. We do not want only to produce table grapes, but we want to produce high-quality grapes", i.e., it boils down to a differentiation factor of his enterprise regarding its competitors. In his opinion, the quality of Vale da Rosa's products became an important issue that helped to enter into a new market and was highly recognised for these new partners.

As in Portugal, Vale da Rosa's policy in Poland is not so much the focus in the price but about product quality. In Poland, market demand exists for all type of products, since Polish consumers love outstanding goods. They stand out and differ from others. Further, they also pay great attention to price. Therefore, Vale da Rosa faces a more competitive marketplace in terms of quality than price.

Although, Vale da Rosa had to shrink lightly its prices, since it intended to match demand and supply in Poland. This decision results from the fact that "nobody can buy those that does not know previously". The cutback of price was regarded an investment. Vale da Rosa invested, in this way, to introduce its grapes to consumers. Hence, it lent its faces, contributing thereby to penetrate this market.

In addition to the price adjusted to country's needs, it was not necessary to adapt the product to accomplish Polish costumers' requirements and their country's legislation. Vale da Rosa had forecasted it before its involvement, thanks to mostly the regulation similarities in all EU countries. Compared with other products, it was not forced to change grapes package for being fruit that does not require instructions to be consumed.

In Poland, Vale da Rosa, in fact, has not got relevant constraints. The most difficult procedure can be summarised as follows: to find a good partner of transport. This one aims to pack very well grapes and then to guarantee their conservation in order to reach to Poland from Portugal in perfect conditions, respecting the European regulations. The privileged partner in helping grapes movement is a Portuguese company that has already worked in Poland. These two factors should have been taken into account in the final decision.

Up to now, benefits from Polish market have been worth than costs and drawbacks. According to Vale da Rosa's manager, it has entailed advantages in terms of revenues, internationalisation to a new area and the possibility of expanding out to other countries of Eastern Europe from there.

By way of conclusion, Poland may be an unique window of opportunity for many Portuguese products that are great quality. The Vale da Rosa's owner, António Silvestre, believes in his country and the potential of Portuguese products, concretely his grapes, so that he referred that "Portugal has excellent conditions to produce, which provides unique characteristics in its products that are highly desired abroad" in the same newspaper interview.

4.5. Vieira de Castro

A business with over 70 years of success in the Portuguese market

Who has never tasted the famous Flocos de Neve boiled sweets or the simplest biscuits branded Maria? There is probably no one in Portugal. They are produced by a Portuguese SME, situated in Vila Nova de Famalicão from the northern region of Portugal, called Vieira de Castro. In fact, it makes some of the most known sweets, biscuits and almonds eaten maybe by everyone aged between 8 and 80 in Portugal. Nowadays, Vieira de Castro is the largest Portuguese manufacturer in the biscuits industry.

Historically, Vieira de Castro has been devoting as a sustainable and competitive brand that invests in quality and innovation for more than 70 years. It all started when, in 1942, António Vieira de Castro purchased the Casa Cardoso, acknowledged for its traditional pastry. In the following year, the new company started its activity with the opening of a commercial establishment with confectionery and tea salon at the same time, named A. Vieira de Castro, when producing own traditional pastry, sweets and other confectionery products as well as making the catering and the service in weddings and christening celebrations. Taking the experience in producing sugar confectionery, products with strong traditions in weddings and christening, it decided to concentrate on manufacturing sugar almonds in 1946.

Later on, Vieira de Castro family invested in a new plan targeted towards the manufacture of cookies, in order to face the constantly increasing sale of pastry. Due to these changes in strategy, the company was forced to move for a new factory in Famalicão and adjust its name to the needs of market, becoming A. Vieira de Castro - Fábrica de Bolachas e Biscoitos in 1966 and Vieira de Castro & Filhos Lda (represents a limited company) in 1968. As long as Vieira was introduced as a company's trademark, it launched its Water and Salt cracker, standing out from those that could be found on the market. It quickly resulted in a nationwide success. The augmentation of sales, whose cause is from the production of new biscuits, has led the segment leadership, which it still maintains today. In 1979, Vieira de Castro founded the last market segment that operates nowadays, candies, through Flocos de Neve brand. Indeed, it stills runs a reference product today in the company and the Portuguese market.

In terms of strategy, this firm, over the years, has aimed to respond as much effectively as possible to market requirements and try to provide all those who consume its products with moments of real pleasure. Thus, efforts that have been applied to innovation and development of new products as well as improvement of quality of the existing ones become themselves pivotal in its market strategy. Its Vision, Mission and Values symbolise its commitment and of all employees to work that is made.

Since 1946, Vieira de Castro holds the in-house production of quality products. Almonds, cookies and candies constitute its portfolio. The first food to be manufactured by it was almonds. There are Premium, Sugar Almonds, Chocolate Almonds, Chocolate Dragees and Assortment categories. Among 20 species of almonds, it is worth stressing Cláudias and Napolitanas for demand of market. In terms of biscuits, it produces more than 15 varieties that contain Water Cracker, Digestive, Maria, Tostada, Wafers, Tartelete and Principe. The most recent products range from Milenium Cream/ Strawberry, and Tartelete Milk and Caramel/ Strawberry to Principe Chocolate flavour and Principe Premium Cheesecake. Lastly, Vieira de Castro only markets Fresh Mentolis and Flocos de Neve sweets.

Besides internal success, Vieira de Castro's products crossed the external boarders for the first time in 1992. In the first stage, it exported to France while it attended its first major international trade fair, ISM, in Germany. As it aimed at making contacts, which would enable to enlarge to other markets, Vieira de Castro rapidly started to penetrate new markets through this kind of customer targeting. In 2012, it made its appearance in much more food international trade fairs around the world, namely ISM, SISAB, Prodexpo, Alimentaria, SIAL, APAS, PLMA, Gran Feria, FACIM and SIAB. Hence, it is currently regarded as the biggest national exporter of biscuits, arising from a stretching of its presence on international trade supported by participating in several sector marketplaces. Actually, it sells to over 45 countries in four continents. Angola, Brazil, Canada, Cape Verde, China, Cyprus, Denmark, France, Ireland, Japan, Mozambique, Madagascar, Morocco, Russia, Spain, Singapore and USA are the core destinies of its brands. The exports already represent 50% of company's turnover. So that, Vieira de Castro is highly dependent on foreign commerce.

In the meantime, the institutional certification has helped to strengthen Vieira de Castro's company and its products. This has happened nationally but also internationally.

In terms of products, the sandwich biscuits "Príncipe Premium Cheesecake" and the coated almonds "Premium coated with chocolate and raspberry flakes" were awarded with prestigious awards "SIAL Innovations Award” in 2012 during international trade fair of SIAL Middle East as having been two of the most innovative products. These products were designed to satisfy the most demanding and sophisticated consumers. Further, quality control institutions have recognised and boosted Vieira de Castro's commitment to quality and food safety. It has been successfully certified according to ISO 9001, ISO 22000, BRC and most recently International Food Standard - IFS. Finally, Vieira de Castro was admitted as a member of the COTEC SME Innovation Network and has been awarded Excellence PME Status, for the third year running.

Its strategy, building upon an increasing internationalisation and a descending dependence on domestic businesses, has led to a steady rise in sales of its cookies, almonds and sweets. In fact, it has been able to invoice more than 25 million euros in recent years. Due to the additional earnings from exports each year, the company recorded a good performance, enlarging around 6% and 27% in 2011 and 2012, respectively. Over the 2010-2012 period, the total volume of business reached 26.1 million, 27.6 million and 35.3 million euros of business volume.

This also affected the financial situation of Vieira de Castro. It is possible to understand that EBITDA and net result should have remained positive and possibly has climbed if no huge investment was made recently[19].

Poland - The best entry into the high potential Eastern Europe

Vieira de Castro endeavours to, at least, sustain its position and even open up new markets every year, like all internationalised companies. Expecting to take the potential growth of Eastern European countries, it looks themselves as a wonderful window of opportunity from the point of view of doing new businesses. According to the news about the Vieira de Castro's growth in Diário Económico, "One of strategic regions where the company hopes to increase the sales is Eastern Europe".

In this area, it already carries on operations in Poland and Serbia. Spreading its products in these countries is a great goal of Vieira de Castro. "It is a geographical area

[19] Vieira de Castro did not make available information about its financial performance.

that we want to cover actively through the construction of a new plant or the partnership with a local company" as Ana Raquel Vieira de Castro, Vieira de Castro's administrator, admitted in the interview performed to this news. Besides new factory built recently in Famalicão, Vieira de Castro is studying to move to a new strategy creating a fixed productive and commercial structure there because of the exponential growth of exports in that European region. Instead, the same manager underlined that this project is still under consideration and it has not been predetermined which country will be where it could be taken.

Indeed, an important gamble of Vieira de Castro lies on Poland and spurring exports there. This decision to approach the Polish market was preceded by a local market research, which confirmed that the Poles regularly consume biscuits, almonds and sweets. "For this reason, any range of its food has been approved in Poland. It does exist a major willingness of consumers to buy certain products within each range of products", Raquel Castro stated, in the reply of survey made to case study.

Furthermore, Poland is one of the most populous countries in Europe, which is yet under explored in food retailing. It is a chance that can be harnessed by this SME. "The market dimension" and "its potential for development", supported by study and its conclusions, are summarised the reasons that led Vieira de Castro to export to Poland.

For the time, Vieira de Castro exports only biscuits to Poland, but soon Polish consumers could have almonds and sweets carrying Vieira de Castro brand in their homes. At present, it is presenting and negotiating, at the same time, the supply of almonds and sweets ranges to Poland, which can occur in the time ahead.

The entry into the Polish food market was possible through JM group. In 2012, Vieira de Castro proposed the supply of biscuits to Biedronka supermarkets. Raquel Vieira de Castro explained that the approach to JMP is a natural approach, once Vieira de Castro defends that it must always foster businesses with Portuguese companies in any part of the world. Regardless the national preference, it has to be competitive in order to be chosen by other deal side. In parity, the option must be Portugal from both sides. In her opinion, "it is a proud to be able to put into practice it so".

At that moment, JMP signs contracts with Vieira de Castro very sparingly, in accordance with in & out campaigns. Due to this type of network, Vieira de Castro is entrenching the acceptance of product in order that it enables to market regularly its products in Biedronka supermarkets in the foreseeable future. Even though it is not known the importance of Polish exports up to now, it has closed contract for this year. Indeed, its administrator highlights that this collaboration has potential, once it can provide the differentiation and add value to JMP.

This expansion to the Eastern Europe comes from the Portuguese success of strategic alliance between Vieira de Castro and JM group. Vieira de Castro has always cooperated with JM, as supplier and also partner in the development and promotion of innovation. There is a mutual need of both parties. Whereas Vieira de Castro is obliged to sell its sweets to retailers to be profitable, JM engages Vieira de Castro for offering competitive products regarding to quality-price ratio. As buyer and seller are competent, this alliance remains and will remain certainty.

The internationalisation plan of Vieira de Castro consists of precisely not having the only model to addressing markets. In other words, it broaches each market in the most appropriate way and not enforcing the only model. For that reason, Vieira de Castro already owns a commercial structure in Poland, responsible for distribution of exports there. However, the faster than expected exporting growth in this area may give rise to the building of a manufacturing facility in East Europe, as also mentioned previously. Its current strategy would be replaced by a stronger presence and bigger control of operations in Poland.

As far as business strategy is concerned, Vieira de Castro presents a global approach to Polish market and follows the previously defined priorities. It means that the Northern company supplies all players that desire to acquire its products. In fact, there are various local companies that demand and sell Vieira de Castro's products.

Curiously, Poland is the first foreign market where it decided to replicate the market strategy used in Portugal. The only difference is for the consumption point being far away from the origin point. "The product is 2,500 km away that forces a more complex logistic operation", Vieira de Castro's manager stressed. Therefore, building a new plant in the Eastern Europe becomes a comprehensible and reasonable thought by Vieira de Castro because of the importance of this destiny.

Before its entry and after its decision-making, there are requirements and concerns that exporters need to take into account in order to be successful. Vieira de Castro was no exception. The main concern depended on understanding the consumption patterns associated to different levels of purchasing power and analysing the organisation of distribution in Poland. The requirements have emerged when Vieira de Castro proposes businesses to potential partners, which results in new opportunities.

Beyond these questions, Vieira de Castro had only to adapt to the prerequisites requested by JMP. They are similar in any distribution channel, then are questions that make part of the company's operation [20] . Despite some exceptions, they are surmountable.

The processes resulting from its Polish operations, even though complexes, take place always a learning process. Nonetheless, it is pointed out a constraint. When a direct supply to final client in the long-distance market is referred, transport and logistics are always the most complex issues in exports. Either way, all levels solutions are found nowadays, which affords Vieira de Castro the opportunity to reach as efficient as a local producer or supplier. In conclusion, all consequences are addressed as optimistic by Vieira de Castro.

[20]The researcher asked to give examples of usual requirements answered in the survey, however Vieira de Castro did not make available information about them.

5. Discussion

Throughout the ages, companies have needed and joined each other around the world, in order to overcome either any shortage of resources and capabilities or improve a specific stage of value chain, considered worse than the remaining activities. Portuguese firms are no exception. In Portugal, almost 100% of companies are PMEs, which means that they own low available resources and show difficulties to be broadly competitive, if they face domestic market alone. Thus, the partnerships with other enterprises attach great importance in their life.

If SMEs start their businesses internally and depend on other companies to enter, SMEs international expansion takes place, even more, with the aid of companies that already operates in such destiny. In addition to dwindling investment, commitment and control, SMEs know nothing about markets where they will expand and do not have experience in business environments. From this point of view, the partners are often the most responsible for providing the chance of selling in home country but also in foreign countries.

This type of international alliance can take many forms. Bradley (2005) defends that internationalisation under collaboration can occur through investment paths, such as franchising, licensing and joint venture, or easier contracts, namely exports and production/ marketing agreements. In other words, SMEs can benefit from the relationship with other enterprises to internationalise.

Nevertheless, this opportunity is normally offered only by larger companies, known as LEs, because they are present in many countries and then have right capacity and experience to boost and spread SMEs overseas. In order that LEs accept the collaboration of SMEs, there must be the exchange of one or more advantages between both sides. It means that SMEs have to add value to LEs, according to their needs.

In fact, SMEs and LEs can take different benefits from the network among them. From the standpoint of SMEs, the rise of sales, easier internationalisation and the improvement of their financial performance are probably the most important strengths of the alliances with global companies. On the other hand, LEs are attempting to solve a problem or to bridge a gap on their organisation through these collaborative relationships. Normally, they give preference to a company it has worked with, when it is possible, thanks to full compliance with the current requirements of LEs by SMEs as well as the knowledge of LEs' businesses processes. Thus, it is important to exist trust to facilitate deals between different firms.

Beyond this point, the previous collaboration becomes a key factor in the choice of partner by LE. In this case, the relationship of companies from the same country evolves towards greater dependence, i.e., they are improving or strengthening the trade links among them internally and externally. This business relationship is no longer a simple collaboration but rather already involves a strategic alliance. This is because they share constantly resources, among each other, while both SME and LE are more and more competitive in markets where they work together.

As far as the research about the importance of strategic alliances in internationalisation of SMEs is concerned, some authors have studied internationally this subject, mainly Lu and Beamish (2001), and Jean-François Hennart (2006). In contrast, Portuguese researchers did not focus their research on strategic alliances between SMEs and LEs. Therefore, my case study arises in order to bridge this gap in Portuguese literature and provide inputs to future research.

This case study was carried out through surveys for analysed companies. The survey has been replied at least by 1 manager of 5 Portuguese SMEs, even though this small sample of answers had been previously forecasted, 3 replies at minimum, thanks to high level of difficulty foreseen in the first contact, namely the interview and the collection of data from them.

The end of this process took more than 6 months, after 3 failed attempts to other Portuguese SMEs that supply a Portuguese LE abroad and long waits to obtain throughout information that should be answered by SMEs' managers. 1 CEO, 1 Administrator, 1 Vice-president or 1 Business Operations manager (2 managers interviewed from the same company), 1 Public Relations director and 1 Export manager provided the reply to survey. This showed a high level of confidence that the answers to all questions were accurate and represented the general perception of enterprise and one specific market segment, due to answers coming from the companies' top managers .

The most important outcome observed in the survey is that 100% of interviewed companies already participated in previous and successful businesses with one Multinational company from the same origin in internal marketplace, before the expansion to foreign market where the big one is. In other words, all SMEs had collaborated with a LE in the home country and, later on, exported their goods/ services or internationalise in other way to a new country through the same LE. In this sense, the only internationalisation strategies used were exports and subsidiary.

As Lewis (1990) defended just it in his theory, "*Successful strategic alliances normally result from domestic level*". Most companies collaborate with other companies originating from the same country overseas, resulting from outstanding collaboration between them in the domestic level, concretely in Portugal. From this point of view, supplying internally and frequently a large company in home country almost always encourages SMEs to internationalise to other markets where LE operates.

On the other hand, this conclusion also fits completely in the network approach studied by Johanson and other researchers (Johanson & Mattsson, 1988) (Johanson & Mattsson, 1992) (Johanson & Vahlne, 1977). These collaborations depended on firms' existing formal and informal network relationships, which have evolved over time. The networks between Portuguese SMEs and LEs in new foreign market are considered the outcome of their relationships experience in domestic markets

Another interesting fact regarding the first contact between two parties matches the invitation proposed by Multinational to SMEs in order to supply their utilities in an external market, where LE runs operations. The majority of firms had received an informal proposal to expand their excellent business relationship abroad (80%), while 20% of them had suggested to the same LE that intended to market its products/ services in that foreign market. Indeed, both invited and inviter SMEs demonstrated similar reasons to spread their products/ services to other market, which proves that all companies pay great attention to this business opportunity and mainly to amazing relationship with large companies.

It was noticed that 60% companies only experienced the first look in that country through Multinational Corporation. This last helped as the promoter and supporter of their exports to a new country. Thus, LE's role in this potential strategic alliance has been much more significant than in other common partnerships. Although other companies had already marketed their products in certain market, their revenues climbed circumstantially due to the external deal with Multinational group.

The totality of the companies surveyed had made efforts to become competitive as much as possible in terms of quality and price in order that they have opportunities and consequently conclude deals with Multinational group in an external market over the time. To be possible this external alliance, all interviewees have to choose its best goods/ services and adjust their price according to the market, i.e., make good proposals to Multinational in that marketplace. It means that SMEs consistently have to prove their worth for LE.

As JMP's Purchase Director, Nuno Begonha, stressed in a meeting with the author in Poland, this need of market competitiveness led itself being increasingly demanding with all JMP's suppliers. This is simply a business. To be an attractive business, it should embrace only profitable relationships for any company.

It is also highlighting to note that 100% of companies considered that the penetration of large sized country takes normal procedures. It was necessary to comply with market requirements, EU requirements (when the country of destination belongs to EU) and LE requirements (as it happens with large retailers). Nevertheless, some SMEs already fulfilled with these requisites (40%) before enlarging to a new country, because they came from other EU country, obliging all countries to put into practice its common legislation. Thus, these SMEs were not forced to adjust their businesses to a new market.

In contrast, businesses offered by most domestic SMEs questioned (60%) had been tailored because of two relevant reasons. A third of businesses changes resulted from only local legal requirements and 67% from the arrangement of first motivation with specific market specifications and consumption patterns of that country.

As far as the process of tailoring a product/ service is concerned, all enterprises may analyse the market and the costumers' habits before its internationalisation decision-making, based on case study. In fact, the majority of SMEs engaged in expanding abroad (80%) had developed a market research and/or paid great attention to the market researches already existing in the market over their own products/ services segment. The remaining companies (20%) were sure that this market had everything to succeed and then there was no need to invest more in the preparation of expansion into such market.

It is important to point out that often occurs non-exclusive contract in the supply to LE in those country. 80% of the surveyed companies have collaborated periodically with Multinational group in cause, whereas other 20% only supplied that Multinational in the respective marketplace.

All companies interviewed for the case study believed in strategic alliance with Multinational company. Their businesses in foreign market have gone well or have good prospects of sales in short run. Most SMEs have had breathtaking financial impact in their balance sheets (60%) due to the trend of this alliance to spread beyond the national borders.

As these types of partnerships have had excellent outcome to both parties, 40% of companies were assessing to change its market strategy to one with more presence in country in question leading to stronger network between concerned Multinational and SMEs. One of such companies was considering supplying to a Multinational group's company responsible for exports and imports on the group. It would force their suppliers to market larger and steady quantities of products every year. At the same time, other company was thinking to open a fixed productive and commercial structure in Poland due to the weight of this market and local markets surrounding it in its annual accounts.

Indeed, contractual changes in alliances in medium and long-term become necessary in order that companies solve the mistakes of collaboration and take higher advantage from its positive impacts, as Ariño and Reuer (2006) suggest in their book about strategic alliances. It results from the previous success and/ or the desire of both parties in evolving their businesses through this relationship experience.

Even though the Uppsala internationalisation model (Wind et. al, 1973) (Johanson and Wiedershem-Paul, 1975) (Johanson and Vahlne, 1977) (Cavusgil, 1980) does not properly match to internationalisation of SMEs, Portuguese SMEs follow partially this theory. Actually, the choice of expansion strategy to a country results from a firm's experience in international markets. After the initial network in foreign country, Portuguese SMEs intend to strength their relationships with LE into this nation and other destinations because the internationalisation is a learning process and increasing commitment to the market over time.

Other remarkable survey result is that transport of products from the origin country to points of sale or vice-versa[21] has been the only and biggest constraint into that destiny for all interviewed SMEs, despite optimistic balance of this presence.

Furthermore, the survey demonstrated indirectly a controversial topic to future discussion. SMEs do not run into the difficulties when they are partnering with LEs, as noted earlier. The uncertain situation of smaller companies arises before and after the initial agreements between two parties. Previously, Multinational group poses numerous barriers and requirements needed to close a business deal with a SME internally and externally. On many occasions, the latter must bear the buyer's high demands, once they prefer to deal than losing potential revenues. In addition to these concerns, SMEs have to guarantee the same or better conditions, in terms of price, quality and quantity, to maintain or sign new contracts with the same Corporation, which corresponds the period after the first relationship.

As regards the country of destination, the opinion of all companies interviewed are very positive regarding Poland as the market destined to internationalisation. Poland carries out great potential for Portuguese SMEs. SMEs have been able to take advantage from some under exploited market segments, since Portugal and Poland belong to EU and then they are comparable in many features.

In terms of the Polish market segments, the 5 SMEs interviewed make part of 5 different market segment: 1) toys; 2) wines; 3) food safety services; 4) grapes; 5) sweets. In accordance with the characteristics of each market segment, all of them are competitive in certain country and mainly in EU, but it is worth stressing small differences from one to other. These features are taken based on the interview applied to one company of each segment.

First, toys companies should adapt all products to end-users' native language and the preparedness level of country in terms of the sciences, as well as introduce a symbol followed by two words in the toys packaging according to that country legislation.

[21] In the case, this situation takes place especially in the provision of food safety services. The contractor collects the laboratory samples in the end of food-supply chain, namely in supermarkets, and transports to its laboratory in order to analyse and take its conclusions over the quality of products.

In the wine segment, local people is enjoying more and more wine, however they are no available to spend a lot of money for a bottle of wine. As price is an important decision-maker at the time of purchase, producers had to produce low-grade wine at the cheapest price to Polish market, in spite of exporting normally the best and expensive wines to other worldwide destinies.

In order to increase market share in the food safety services segment, their providers have to certify their services and then put under the recognition process of their target market, participating in business meetings and food fairs. In this market, it is necessary to own locally microbiology laboratory to guarantee accurate and timely samples processing in high level of confidence.

Last but not least, it is examined also the food market. Grapes and other fruits and vegetables are highly dependent from the harvesting phase. When grapes harvesting is lagging in a country, producers in other countries reach more advantages than that country producers. Particularly, these companies face a more competitive marketplace in terms of quality than price, although the price is an important factor taken into consideration in consumers' decision. With regards to the sweets, their market segment requires products with high quality-price ratio, when it is discussed about an over-exploited market. In local country, many manufacturers produce this kind of food, such as biscuits, in large scale.

To sum up, Portuguese SMEs must take into account 12 pivotal factors that can ease the approach to a foreign market through the strategic alliances with Portuguese LEs:

1) Existence of a previous collaboration in domestic market;
2) Invitation to expand abroad made to SME by LE;
3) High competition in terms of price and quality;
4) Compliance with market and LE's requirements;
5) Analysis of market and consumers' patterns;
6) Existence of non-exclusive contracts in foreign market;
7) Appreciation and confidence in strategic alliances SMEs;
8) The change of market strategy in medium and long-term (only two companies);

9) The main advantages: Increase of sales, international expansion, higher profile in other regions and possibility of making deals with other companies in that country and surrounding countries;
10) The biggest constraint: Transportation to and/or from distant country;
11) Difficult periods before and after the initial agreements reached with LE;
12) The preference for domestic products/ services by domestic LEs in any country, if market is not competitive in this segment or does not offer similar utilities.

In conclusion, the strategic alliances between Portuguese SMEs and LEs are overly important, since they carry out competitive advantages for both suppliers and buyers. On the one hand, SMEs strengthen their businesses, become increasingly more competitive in all markets where they operate and lastly pursue LEs wherever they enter. On the other hand, LEs foster networks with smaller companies, enlarge the bargaining power and enhance confidence over their partners and consequently their operations. In common, SMEs and LEs mainly share resources and/or capabilities of both organisations, the increase of sales and the enhancement of financial stability. In addition to these benefits, strategic alliances enable to face hopefully in times of greater financial strains sustaining their core businesses and creating new opportunities that emerge from hard periods.

6. Conclusions and recommendations

This case study has proven the main goal of study object at stake. It aimed primarily to analyse the main reasons why SMEs opt to partnerships with domestic LEs, as opposed to other internationalisation strategies. All surveyed Portuguese SMEs justified their effective expansion[22] to Poland, through Jerónimo Martins group, on the basis of a great previous strategic alliance that has been built up with this home country LE. Indeed, bigger companies are the greatest responsible for the first deal in other external market. LEs make it easier the entry into a new country.

In this sense, LEs often invite allying SMEs with the view of supplying their products or services in a foreign marketplace, unknown by smaller companies up to date. When this is not the case, SMEs can propose the continuation of agreement to the Multinational Corporation beyond their country borders, since they have already supplied LE in their home country. Because of this bilateral experience, this internal collaboration transform in strategic alliances, for maintaining close business commitments wherever they own fixed commercial structure.

Beyond this matter, all allying enterprises involved in this process, mainly the suppliers (SMEs), always believe in networks in which are involved, since they carry out profitable and successful outcomes to smaller companies. Consequently, these companies normally realise to improve the existing businesses, when switching to the stronger one, for instance, a regular and steady supply in a certain country.

Second, a company normally favours other company from its home country in its final purchasing decision of product/ service rather than foreign firms. This conclusion is based on the preference of Portuguese Multinational company in any country for Portuguese products/ services when not such goods are available in the that market or lack of competitiveness compared with similar products/ services provided in other markets. It can be regarded as a question of patriotism and first choice being domestic companies.

[22] Only in one single case of the sample has already been selling in that destination before the first business with LE abroad. Instead, this time was considered the actual entry into a new market thanks to its previous irrelevant transactions.

Regardless the home country preferential standpoint, all Portuguese SMEs must propose an excellent output to be chosen by Portuguese LE for its providing. Even if they have worked together for a long time, SMEs need to offer a solution with great price/quality ratio in order to penetrate or remain into this market.

As far as the best proposal presented is concerned, it is necessary to adapt the business to customer and market in many times according to two views. First, SMEs should analyse the market and the costumers' patterns before its expansion to new destiny, aiming to understand the consumer tastes of the target market. On the other hand, the internationalisation to a new nation has to fulfil specific market requirements, European requirements - when it occurs inside EU - and lastly LE requirements. The final product/ service results from the match of these two key factors to the original one.

The next focus withdrawn from the case study lies on the type of contract dealt between supplier and seller/ distributor in a different market, as the outcome of internal collaboration. Despite the contribution of Multinational for SME's international expansion, SMEs have not often been dependent exclusively from LE. There has been no exclusivity in the supply of products/ services in that country, according to the majority of studied situations. This demonstrates that SMEs leave a comprehensive growth margin to enhance their market share in long term, i.e., they can improve their agreement with LE, while other players belonging to common or different market segment can order their products/ services in the same country.

In contrast, non-exclusive agreements do not force LE to constantly deal with SMEs. Any SME risks losing this client, since LE is able to find alternative supplier that delivers a similar utility in better business conditions. Concretely, SMEs in question have to provide constantly an improved and diversified business as much as possible in order to maintain this network every year in long term.

In terms of pros and cons of collaborative approach in the course of internationalisation, the assessment of throughout international involvement should be a very positive one for all sides, in both SMEs and LE. SMEs are able to negotiate higher quantities of their businesses. At the same time, LE matches its business needs to right SMEs and consequently get better its financial performance due to the improvement of their conditions, either through the availability of all products in LE's stores or the solving of a potential problem in its supply chain. However, SMEs benefit more highly with this partnership than LEs. From the point of view of SMEs, the increase of revenues, the international expansion, the higher profile in other regions, namely Central and Eastern Europe, and the great opportunity of making deals with companies in other countries are the main rewards provided from internationalisation.

Oppositely, SMEs should concern mainly with transportation of products from the point of production to the point of sale because it can become a pitfall for SMEs when it takes a complex process.

As for the internationalised market, Poland is viewed as a very interesting market for Portuguese SMEs, as many Polish market segments have capacity to be better explored as well as Portugal bears similarities with Poland, because of EU community. Therefore, Portuguese SMES have a good chance to initiate its process of internationalisation or enlarge to a new country, without requiring extensive changes and high investments.

Lastly, SMEs have to take precautions in the period preceding to the first contract's signature and subsequent to the term of this contract. The deal between Multinational and SME requires strong concerns that SME has to take into consideration before the beginning of supply. Later on, there may be difficulties to maintain the partnership because this is a case of no exclusivity between two parties. First, the first relationship has to be successful and profitable. Then, SMEs need to offer product/ service in the same or an improved level.

From this last and important point of view, finding the best partners to work together in any business as well as guaranteeing the same partner in long run are not always easy jobs. Based on the conclusion taken, it would be advantageous for both parties to create a way to facilitate, boost and accelerate the collaboration between SMEs and LEs. The main goal would lie on matching LEs' needs to businesses provided by SMEs in order to simplify the procedure to select LEs' suppliers.

In the recommended practical framework, the final outcome would lead to a online platform, which contains a list of SMEs and LEs that adhered to the website, with the objective of encouraging to do businesses between SMEs and LEs. In fact, LEs would propose a problem to be solved and/ or an identified gap to be satisfied by the best product/ service. At the same time, LEs would check the participating SMEs, the history of their previous works and projects as well as the comments and assessment of partners in these previous agreements. According to this joint information, the most appropriate to the specific task and the most reliable company to accomplish the unmet requirement is submitted in the negotiation process.

The negotiation process is the last step to achieve a final deal of the potential partnership in short run. This phase may take time, once the interested parties have to reach agreement on all needed business conditions.

Actually, this type of marketplace already exists in some nations, such as in France. The French enterprises can take advantage from the service of matching and improving their needs in http://www.pactepme.org/. However, Portugal does not own available this system.

Later on, the potential network provided by online platform can accomplish the maximum level of collaboration in medium and long run, once it could result in the loyalty of companies in internal market and beyond its home country frontiers. Consequently, strategic alliance can become a reality for the companies involved, because SMEs and LEs are permanently dependent from outstanding results of work undertaken by each other in order that they are successful in their own ways.

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Appendix A - Survey of case study

Survey about Portuguese strategic alliances

1. What are the products/services you export/internationalise to Poland?

1.1. What were the reasons that led you to choose these instead of others or all products?

2. What are your export destinations and how do they weight in your company?

3. What were the main reason(s) that led you to export/internationalise to Poland?

3.1. Did you choose to enter through Jerónimo Martins instead of other(s) players or other internationalisation strategy? Why?

3.2. What is the market strategy in Portugal and in Poland? Is it the same one? Is it different in Poland, being a different market?

4. Before the internationalisation to Poland, did you have any kind of collaboration with Jerónimo Martins group in Portugal?

5. Which type of contract do you have, at the moment, with Jerónimo Martins in Poland?

6. Before you decide to enlarge to the Polish market, what were requirements or concerns taken into account?

7. After entering into Poland, did you change or are you thinking about the change of the internationalisation strategy (for example, instead of exporting, move towards the opening of a Polish subsidiary)? If yes, why?

8. The Financial performance

8.1. What has your overall turnover been in the last years?

8.2. What has your net income (profit) been in recent years?

8.3. Regarding your global sales, what has the share of your exports to Poland been since the year of entry (annual value)?

8.4. Regarding your overall exports, what has been the share to Poland since the year of entry (annual value)?

8.5. Regarding your overall exports value to Poland, what has the share of Jerónimo Martins exports been since the year of entry (annual value)?

9. What were the benefits resulting from exports/internationalisation to Poland?

10. Were there any negative consequences resulting from the collaboration with Jerónimo Martins? What?

11. What are the expected contracts/ expected sales in 2013 in Jerónimo Martins in Poland?

11.1. What is forecasted contract with Jerónimo Martins in Poland, in the coming years?

12. How do you deal with the features of different foreign markets (regulations, laws, habits)? Was it difficult/ easy? What did they have to do?

12.1. How do you overcome the difficulties arising from these specifics?

12.2. Were there any more obstacles (Transportation, logistics, production, strategy changes, etc.)?

13. Did you have to adapt the offer to the Polish market?

13.1. Did you make any market research to see if it was viable to expand to Poland with this type of products/ services?

14. Do you find it easy to export? What is your opinion about the process of internationalisation of Portuguese companies (tax system, bureaucracy, etc.)?

Thank you so much for your collaboration!

Appendix B - Case study Surveys Summary

Science4you	
Market segment	Scientific toys
Export destinations	Angola, Brazil, Cape Verde, Finland, France, Greece, Japan, Poland, United Kingdom, São Tomé and Príncipe and Spain
Reasons to export to Poland	Collaboration with Portuguese companies that operate there and high expansion market
Products exported to Poland	Plantas, Kit Solar, Vulcão, Som, relógio Ecológico and Química 200
Main reasons to choose these products	The best selling toys in Portugal
The entry in Poland	Jerónimo Martins (JM) in 2013
The reason of partnership with JM in Poland	Owning distribution channels spread all regions of Poland
Market strategy in Portugal and Poland	Strategy combined price and differentiation (focused differentiation)
Previous collaboration with JM	Yes, supplying toys to Pingo Doce supermarkets.
Type of contract with JM in Poland	In & Out
Requirements and concerns	European and Polish legislation and the fit of products to country's native tongue and preparation level to sciences
Change of strategy in Poland after its entry	No
Weight of exports to JM in Poland	10% in all sales, 35% in all exports and 100% in Poland (2013)
Main benefits	Increase of sales and higher notoriety in other regions
Main problems	Supplying hard discount supermarkets
Sales forecast for next years	No
Market research	No, doing an analysis of the most important brands

Quinta do Vallado	
Market segment	Wines
Export destinations	Around 30 markets, whose the most important are USA, Brazil, China and Poland
Reasons to export to Poland	Big and prosperous growth, 40 million of population and strong growth rates
Products exported to Poland	Vallado wines (Quadrifolia)
Main reasons to choose these products	Wine for the lower price segment
The entry in Poland	Mielzynski in 2005
The reason of partnership with JM in Poland	Portuguese big company (since 2012)
Market strategy in Portugal and Poland	Portugal - broad differentiation provider; Poland - best cost provider.
Previous collaboration with JM	Yes, for 6/7 years
Type of contract with JM in Poland	In & Out
Requirements and concerns	Special stamps in wine bottles and a lower quality product for the cheaper price segment
Change of strategy in Poland after its entry	No
Weight of exports to JM in Poland	15% in all sales, 50% in all exports and 80% in Poland (2012)
Main benefits	Growth of invoicing and exports
Main problems	No
Sales forecast for 2013 and next years	No
Market research	No

ControlVet	
Market segment	Food safety services
Internationalisation destinations	Morocco, Mozambique, Poland and Spain
Reasons to internationalise to Poland	A challenge posed by JM and a good chance to install in other market with attractive dimension, cultural similarities and unexploited opportunities
Services internationalised to Poland	Laboratory, consulting and audit services, technologic solutions and software
Main reasons to choose these services	Services demanded by Polish market, good capacity's company to replicate and competitive prices
The entry in Poland	Subsidiary in 2013
The reason of partnership with JM in Poland	Independent decision, only an invitation
Market strategy in Portugal and Poland	Acting in all food and primary production areas and taking advantage from previous relationships (broad differentiation provider)
Previous collaboration with JM	Yes, since 2005
Type of contract with JM in Poland	No, only business meetings
Requirements and concerns	Need of owning a microbiology laboratory unit in order to guarantee accurate and timely samples processing, procession of samples in the ControlVet's central laboratory in Portugal and laboratory samples transport into Poland and from Poland to Portugal, and accreditation of all laboratory tests
Change of strategy in Poland after its entry	No
Weight of exports to JM in Poland	Reduced
Main benefits	Rise of sales and expansion to other countries of Central and Eastern Europe
Main problems	No
Sales forecast for 2013 and next years	No
Market research	Yes

Vale da Rosa	
Market segment	Fruit (grapes)
Export destinations	Angola, Belgium, France, Germany Luxembourg, Netherlands, Norway, Poland, Spain and United Kingdom
Reasons to export to Poland	Previous relationship with JM
Products exported to Poland	Seeded and seedless grapes
Main reasons to choose these products	Only one product produced
The entry in Poland	2011
The reason of partnership with JM in Poland	An informal invitation by JM
Market strategy in Portugal and Poland	Broad differentiation provider
Previous collaboration with JM	Yes
Type of contract with JM in Poland	In & Out
Requirements and concerns	Transport, packaging and conservation in order to reach to Poland from Portugal in perfect conditions (European regulations)
Change of strategy in Poland after its entry	No
Weight of exports to JM in Poland	In 2011, 9.8% of all sales and 100% in Poland . In 2012, 0.76% of all sales and 100% in Poland,
Main benefits	Rise of invoicing, internationalisation and possible entry into other countries of Central and Eastern Europe
Main problems	No
Sales forecast for 2013 and next years	No
Market research	No

Vieira de Castro	
Market segment	Biscuits, almonds and sweets
Export destinations	More than 45 destinies, standing out Angola, Brazil, Canada, Cape Green, China, Denmark, France, Italy, Ireland, Japan, Madagascar, Morocco, Mozambique, USA, Russia and Singapore
Reasons to export to Poland	Market dimension and potential growth
Products exported to Poland	Biscuits (soon almonds and sweets)
Main reasons to choose these products	Big consumption of biscuits, almonds and sweets by Polish consumers
The entry in Poland	2012
The reason of partnership with JM in Poland	Preference of collaboration for Portuguese companies
Market strategy in Portugal and Poland	Broad differentiation provider
Previous collaboration with JM	Yes, as supplier and partner in development and promotion of innovation
Type of contract with JM in Poland	In & Out
Requirements and concerns	Understanding of consumption patterns and distribution chain
Change of strategy in Poland after its entry	No, but studying to move on a new strategy
Weight of exports to JM in Poland	-
Main benefits	Increase of sale and expansion to other countries of Central and Eastern Europe
Main problems	Transports
Sales forecast for 2013 and next years	No
Market research	Yes