



**UNIVERSITÀ POLITECNICA DELLE MARCHE  
FACOLTÀ DI ECONOMIA “GIORGIO FUÀ”**

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*Corso di Laurea Magistrale o Specialistica in International Economics and Commerce*

**BUSINESS DEVELOPMENT AND EXPLORATION OF  
ITALIAN MARKET FOR ALLMRI GmbH**

**SVILUPPO COMMERCIALE ED ESPLORAZIONE DEL  
MERCATO ITALIANO PER ALLMRI GmbH**

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Anno Accademico 2018 – 2019

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## **ACKNOWLEDGMENT**

I want to express my thanks and gratitude to my tutors Mr.Ralf Dillerurp from University Houschule Heilbronn (HNN) Germany and Mr.Alberto Cusi from University Politecnica delle Marche (UNIVPM) Italy whose provide me support, valuable comments and suggestions on my research.

I would like to thanks and gratitude to Mr. Markus Plieninger and all his staff at allMri GmbH. They altogether support me and collaboration for the fourth months of my Master thesis experienced in Germany.

Finally, my sincere gratitude to all the attendees who found and dedicating time on this interview, without their help, it would not be possible to realize this thesis.

## **ABSTRACT**

L'internazionalizzazione è considerata un requisito essenziale per la crescita a lungo termine dell'azienda e per incrementare la propria produttività; anche se ci sono considerevoli costi e rischi in questo processo. Sin dai primi anni, l'internazionalizzazione delle piccole-medie imprese (PMI) è stata considerata come una risorsa importante per l'import e l'export dei paesi.

Di tanto in tanto, l'internazionalizzazione delle PMI subisce dei cambiamenti che richiedono aggiornamenti a livello economico e tecnologico. L'obiettivo di questo studio è di capire qual è la modalità migliore di esportazione con l'avvento dell'e-commerce con le nuove sfide e nuove opportunità per le grandi e piccole imprese.

La ricerca mira a comprendere le migliori soluzioni d'internazionalizzazione, come nel caso aziendale AllMri che vuole ampliare il suo mercato in Europa. AllMri è un rivenditore tedesco che usa maggiormente l'e-commerce per vendere i prodotti per la risonanza magnetica. Il mercato di riferimento degli accessori per la RM è percepito come mercato di nicchia dove in Germania, AllMri ricopre il 10 %.

In sintesi, lo scopo di questo lavoro è stato quello di valutare le varie possibilità che una PMI tedesca ha di riuscita nel mercato europeo ed italiano.

## **ABSTRACT**

Internationalization is considered an essential condition for firms to grow in the long term in order to increase their productivity, though there are considerable risks and costs of this process.

Since the beginning, internationalization of small and medium-sized enterprises (SMEs) it's been considered as an important resource for countries' import and export. From time to time, SMEs' internationalization experienced several adjustments in order to keep up with the economic change and the advent of new technology.

This study is made in order to understand better nowadays which manner is more appropriate with the E-commerce advent. E-commerce brings a new challenge and, of course, opportunities for large and small firms.

The research aims to understand a better solution that, in my case, German company allMri, has to take in order to enlarge its market in Eu. AllMri is a retailer's company which mostly used its own e-commerce to sell magnetic resonance imaging (MRI) accessories.

The market of Mri accessories is perceived to be a niche market where in Germany, allMri holds 10%.

In other words, I have to evaluate the chance that a German company has to get into the Eu market and succeed in it.

## **INTRODUCTION AND THE ROLE OF INTERNET**

Before starts to research, there is a fundamental condition that otherwise would not be possible for a firm to start its exports. Several studies examining the performance and behavior over the exporting firms usually have. Primarily characteristic identified is management attitudes (for example, experience in foreign markets, cultural orientation, risk-taking propensity). Other characteristics concern the firm size and international experience. Further, product, industry, and export market variables are reasons to export initiation and performance (Preet S. Aulakh, 2000). Nowadays, in a globalized economy, firms are repeatedly working and competing on an international level. The internet has enabled the internationalization process thanks to more comfortable use and cost-efficiency. The development of global communication across the boundary makes companies change their manner of conducting business (Chang, 2003). According to Chang (2003), E-commerce has become a new product of the internet, which consequently involve a source of income for firms due to the launch of more possibilities such as the establishment of new distribution channels, the attractiveness of new customers and achievement a new market.

The internet drastically affected the expanding opportunities to B2B and B2C companies. It enables B2C consumers to conduct transactions directly with a foreign retailer without traveling abroad doing it. In the same way, web pages or

other social networks facilitate the sellers to place their store on a screen where anybody can reach.

Therefore, this work aims to understand how a German company allMri GmbH could reach other Eu countries, selling their products via e-commerce. The purpose of this thesis lies in several factors that make this work real. The first purpose lies in entrepreneurial orientation over internationalization and his efforts and commitment to finding out another way to do business. The second purpose lies in the real opportunity that Mri market offer around Eu and more. The third purpose lies in the fast growth of technology, which helps to reduce the distance between countries and enable anyone to open up a business at the international level.

The principal motivation of this study is to investigate which market in Europe would be more suitable to sell out MRI's accessories. AllMri is a well-known company in Germany, holding 10% of the niche market of MRI departments. Since the MRI market is growing around the world and, allMri has the commitment to go international, I have to understand if there is room for maneuver.

Doing market research and according to several theories, it is possible to prepare more promptly the chairman of allMri company on his future decision.

Internationalization is a process that imply risk and uncertainty which impact upon firm strategy. There are different strategies on how to enter the market and which market. The aim is to analyze them and get more information as I can in market knowledge as it is considered as a critical element of success. Also, other factors

must be taken into account which creates room to discuss on this thesis. External or internal factor is one example which could affect the strategy and methods from a particular country.

Finally, there is not a general approach to follow instead different information that enables allMri to choose the right path in order to make a significant investment with the result.



# **CHAPTER I - THE DIFFERENCE BETWEEN INTERNATIONALIZATION AND GLOBALIZATION**

## **I.1 - INTERNATIONALIZATION**

Internationalization can be mitigated into the term which means geographical expansion of economic activities over a national country's border. This term started to be used in the 1920's, when it overcome the phenomenon imperialism. It was the previously interaction between market economies. Post-second-world-war boost the economic internationalization process when in the early 1970s, a new phenomenon as globalization emerged (Gjellerup, 2000).

Consequently, from globalization, internationalization is the task or the next step that companies make to become international. Certainty, internationalization is related to individual, firm and corporation which want to move their business.

SMEs, small and medium-sized enterprises, have been increasingly affected by cross-border activities such as import, export and international collaborations.

Based on literature, compared to a MNEs, small firms are more flexible, creative, and have rapid reactive response in order to implement a new idea and customer need (Knight & Cavusgil, 2004; Crick, 2009).

Internationalization is a phenomenon which includes a mix of perspective namely marketing, strategic management, organization theory, international management,

and so on. The important impact over international decision-making and management, international activities influenced negative and positive both large and small businesses.

Today's marketplace, SMEs are dealing with international problems as those are large company. More affected are companies operating in high-technology and manufacturing sectors. Anyway, they have to take into account the risk and the opportunities presented by Europe and global competition.

It is highlighted by Matlay et al. (2006), there are three forces which drive business to go international. They pointed out that first of all, the growth of low-cost technology. Thanks to better information-process, great awareness and communication technique helping to create international economic opportunities.

For example, as asserted Choi and Hoon Yi (2009), the spread of Internet had the contribution to boost the knowledge across countries. Consequently, it is hypnotized that the growing use of internet into a country have a positive impact on economic growth.

Secondly, financial deregulation and eradication of trade barriers had a great impact behind internationalization's business. Regulations such as free-trade agreements had opened more solution over innovative firms.

Thirdly, fall of socialism in Russia and Central/Eastern Eu, along with geographical enlargement of market in Asia, liberalization and economic redesign of those countries facilitate the motivation on get international (Matlay et al., 2006).

However, in the beginning, internationalization had a great impact over the multinational firm instead SMEs. Usually, SMEs limited their activities to the region within the country, or more pleasurable stayed within their national boundaries (Pleitner, 1997).

On the other hand, lately, SMEs sectors were not seen anymore has passive victims, thought more active player (Gjellerup, 2000).

Furthermore, OECD (2006) asserted that the strength of the new and small firm sector is, as a major determinant, the measure of local competition power, which at the same time, it has a high influence on national economic performance.

Internationalisation can be done under different forms such as alliance across national borders, technical agreements, outsourcing and commercial penetration.

It has explained, by Markusen and James R (2002), firms are more likely to set up foreign production facilities when several factors occur as trade barriers exist, cost of the transportation is high, the fixed costs of entry are lower and the economies of scale can be realised at the plant level. For example, in the form of FDI, firms have two chance to produce products abroad, one is called horizontal FDI where firms produce the same products as at home. On the other hand, the other option is a vertical FDI, an internationalisation form that arises when the firm locates each stage of production in the country where it can reduce overall production costs. In this way, the product produced by the company abroad are different from which it has produced at home.

Other researches highlighted the evolutionary inclination from the small firms to become increasingly committed to and implicated in international activities (Johanson, J. and Wiedersheim-Paul, 1975; Luostarinen, 1979). On the other hand, Calof, J. and Beamish (1995), declared as a certain point can also become inverted and firms can de-internationalization.

Johanson, J. and Mattsson (1993) described internationalization in a way where firms set up relationships in order to achieve the goal of the firm. From other author, internationalization is seen as a way to extent into other countries through penetration, integration and extension in order to develop networks of business bond (Johanson, J. and Vahlne, 1990).

According to Lehtinen, U. and Penttinen (1999) internationalization is described into two concepts, first international orientation and second into international commitment. More precisely, international orientation describes an attitude towards internationalization. Moreover, Reid, S.D. Reid (1981) make a clear distinction between foreign market and domestic market which affect several dimensions such as economic, political, cultural and market- strategic.

International orientation can be considered as the requirements of the operation modes chosen and the size of international business. on the other side, international commitment can be separated into domestic firm which means no involvement, and full commitment which means a firm with a direct foreign investment (Matlay et al., 2006).

A company interest rises in international business when it trades its products to foreign markets, buys them abroad or initiate to collaborate in different area with a foreign firm. So, this is involved international operations such as “inwards” and “outwards” (Korhonen, 1999). In terms of advantages, company can gain more in onward operations instead with the inward operation.

Moreover, outward internationalization benefits demonstrate better utilization of capacity, skill development and improve business performance (Morgan, R. and Katsikeas, 1997). Another factor such as country level outward internationalization level up labour market employment, foreign exchange accumulation, industrial welfare and societal prosperity. In other words, a key factor in the country future growth and profitability. Definitely, onward internationalization is said to be more complex operations than inward internationalization.

However, Ahokangas (1988) defined SME internationalization as a way to resource within the natural context. In fact, firms can be seen as a mobilize resource of fund that contribute international firms’ activity within natural context.

### I.1.1 - Internationalization theory

Internationalization is a method which companies used to enlarge activities over and above the home market and establish new links with foreign companies and market.

Backtrack through history; it has been hypothesized different theories that approach the internationalization process. Primordial researchers, for example, Adam Smith, David Ricardo, and onward offers an initial view of the international business world. Adam Smith described nations as the maximum advantage of absolute advantage for which being to behave as trade's nations (Mitgwe, 2006). Instead, David Ricardo pointed out that Smith was wrong, and he proposed the theory of competitive advantages (Mitgwe, 2006). They explain and understand what moves the process of internationalization. In the end, not every theory are pertinent on all over the case of internationalization, even though other researchers who came out with other new theories.

Nowadays, there are a high number of firms which are internationalizing and also in an uncommon fast pace. It is possible to find practical guidance to companies 'internationalization theories which at the moment is more critical than before. Indeed, they are using different ways with a combination of entry and exit strategies. In Europe, deregulation of trade border has induced the expansion into neighbourhood countries. Emerging economies are turned on with an

unprecedented pace and companies are placing in international business (Axinn and Matthyssens, 2002).

Hence, it has been seen how performance will differ between business through the various method and level of internationalization.

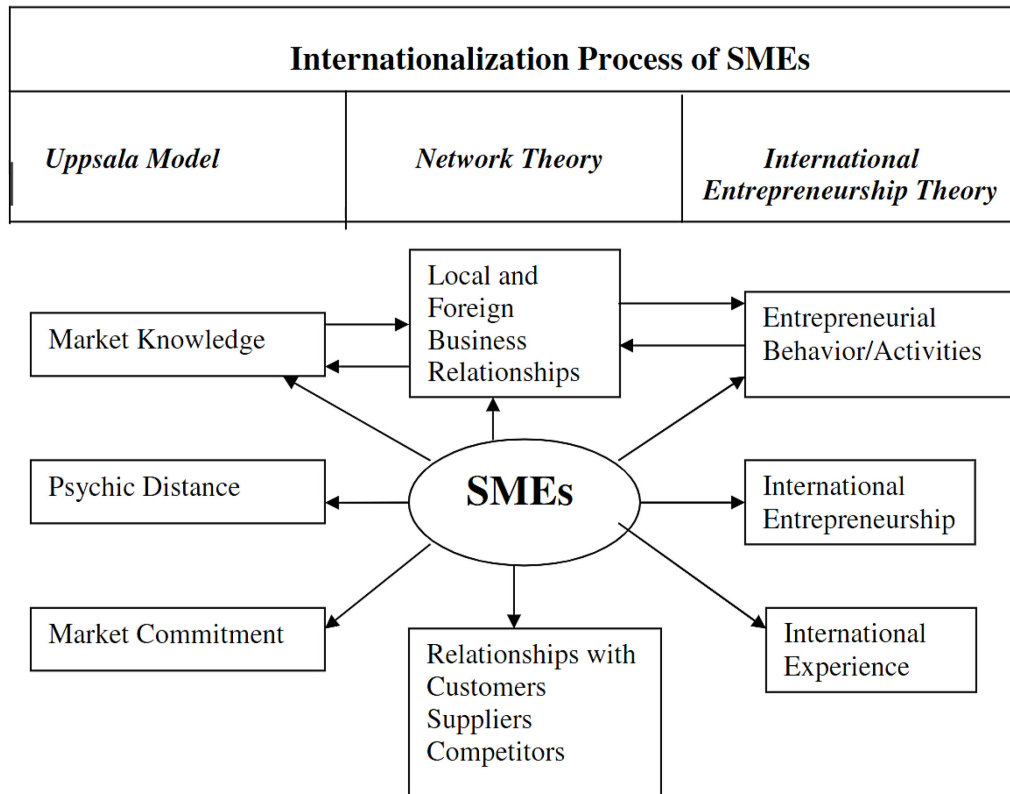
Consequently, the degree of internationalization will depend on a company's resource, which degree of commitment want incurring and control that it strives to have (Osorio and Palacios, 2016).

Masum and Fernandez (2008) analyzed the international process of SMEs in Figure 1, where it is shown U-model, network theory and international Entrepreneurship. Taking into account U-model, market knowledge would enhance if firms would make activities into that market and dedicate more resources.

Instead, observing network theory, market knowledge comes from the foreign business relationship, in short, networking. On the other hand, entrepreneurship theory intends to refer this credit to entrepreneurial behaviour or more appropriately to its capacity to seeking an opportunity.

Eventually, SMEs can decide to use a combination of different tools in all these three theories in order to get the best result on their internationalization process (Masum and Fernandez, 2008).

**Figure 1: Conceptual Framework by Masum and Fernandez 2008**



*Source: Masum & Fernandez, 2008 - Internationalization Process of SMEs: Strategies and Methods.*

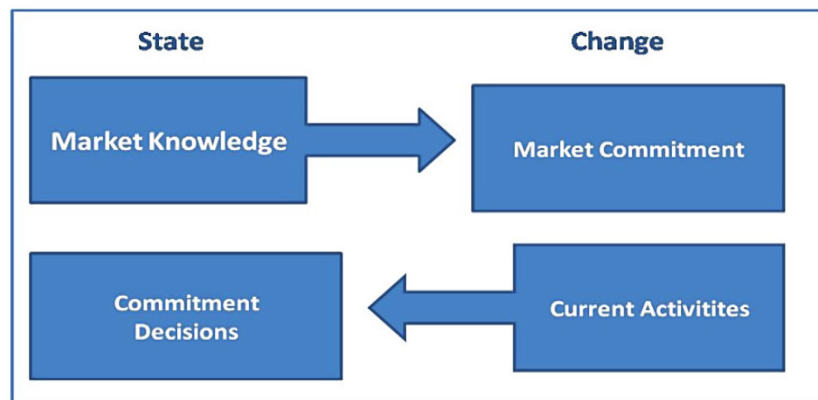
### I.1.2 - The Uppsala Internationalization

One of the first researchers who spoke on U-model were Johanson, J. and Wiedersheim-Paul (1975). Their study concerned on four Swedish firms when they went international, they step forward a series of incremental steps, called such as “establishment chain”. Two years late, Johansson, J., & Vahlne, J-E., (1977)



upgraded the model, focusing into four aspects which firms must face up and they are market knowledge and commitment, and commitment decisions and current activities which seems to be a cycle (Figure 2).

**Figure 2: Uppsala Model, state and change aspects (Johanson & Vahlne 1977)**



*Source: Masum & Fernandez, 2008 - Internationalization Process of SMEs: Strategies and Methods.*

Uppsala Model's assumption concern on that both market knowledge and market commitment would involve current decisions and commitment decisions and successively, modify market commitment and market knowledge.

Market knowledge and commitment decision would impact risk and the firm's opportunities which reflect the state aspects (Johansson, J., & Vahlne, J-E., 1977).

Market knowledge concern the decision making of the managerial team. However,

there are two different way of knowing, which is objective knowledge, transferable from one market to another and experiential knowledge, which is obtained on the field by learning by doing.

Instead, market commitment represents the resources such as the degree of involvement that will undertake.

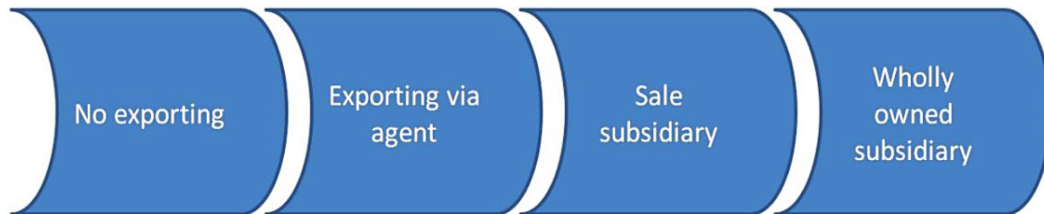
On the other side, change aspects belong to the state aspects. Only when the firm apprehends the market, can decide in which way a firm will commit to the market. Then, plan and execute on-going activities needed to conclude the cycle by committing to the market.

Johansson, J., & Vahlne, J-E., (1977) asserted that the number of knowledge of foreign markets and operations are impacting in the number of resources' commitments in a foreign market and the other way around.

Johanson, J. and Wiedersheim-Paul (1975) described physic distance as a disturb of the flow of information between firms and the market. Especially such as differences in language, culture, political system etcetera. It is suggested that companies begin internationalization process starts with the market with the less psychic distance.

The firm's process follows a stage model that astart with "no exporting" activity and following step two with "exporting via an agent". The third step will proceed on "sales subsidiaries". The last stage is "wholly-owned subsidiaries".

**Figure 3: Uppsala model process, adaptation from the theory**

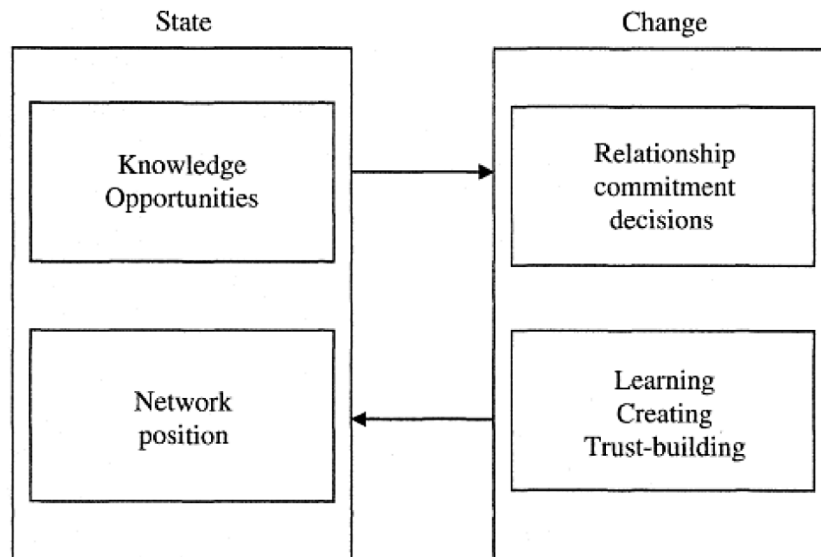


*Source: Masum & Fernandez, 2008 - Internationalization Process of SMEs: Strategies and Methods.*

However, later on, several researchers pointed out that the Uppsala Model could be revisited. Olsson and Melander Jönköping (2014) for example, explained that applicability of Uppsala Model to fashion retailer's internationalization already existed. Instead, it was interesting to see that e-tailers can export rather easily affording more easily distant country since the beginning of the Uppsala process. More simply, Luo, Y., Zhao, J., & Du (2005) argued that the internationalization of e-commerce companies have less physical and cultural constraints.

Several years later, Johanson, J., & Vahlne (2009) reviewed existing business relationship has a significant influence on the geographical market where firms decide to enter.

**Figure 4: The business network internationalization process model**



*Source: Anders Melander 2014 - E-commerce Internationalization Driving Forces Behind Internationalization and Country Selection for Scandinavian Fashion E-tailers*

Johanson, J., & Vahlne (2009) described this new model with some implication for a firm that will approach to internationalization. Indeed, from country depends on the local and foreign essential partners, which have a partner's level of internationalization or follow a partner abroad with a valuable network. The essential core still the same as the 1977 model, but the state and change factors have been modified.

In fact, into the state, "Market Knowledge", change into "Knowledge

opportunities”, intended as need, capabilities and networks of related firms which are considered as the most critical components of the knowledge state that guide internationalization process.

Instead, the section with “Market commitment” would change in “Network position”. In this manner, there is an international implementation within a network. On the change side, “Commitment” decision turns up as “Relationship commitment decisions”. More precisely, “Commitment” is referred to the effort in relation with the network, which a stronger commitment involves significant investments by the firm. For example, firms expand more actively in countries where they want to increase relation within a network.

On the other hands, “current activities” change into “Learning, Creating, Trust building”. In this way, learning, creating and trust-building help to create partnership and network position.

### I.1.3 - Network Theory

Firm’s internationalization is seen as a natural development which is born from a network relationship between foreign individuals and firms (Johanson, J., & Mattsson, 1988). Doing networking is a way to grab source and market information, which usually required a long period when it is unknown the destination market. It is said that various networks exist, such as informal and formal networks. The first

is considered between personal relationship, friends and family. The latter is considered with business which can be partnership, distributors, and so on (Coviello, N. E., & Munro, 1995;1997).

Mitgwe (2006) described networks as a bridge mechanism that allow for rapid internationalization. According to Johanson, J., & Mattsson (1988), all firms can be seen as incorporate to one another in networks through the medium such as suppliers, subcontractors, customers and other market actors.

The importance of network approach is to have both parties capable of using information that firm acquires and consequently established relationship with customers, suppliers, industry, distributors, regulatory and public agencies in other markets (Masum and Fernandez, 2008).

Moreover, leading forces are at the basis on entering a foreign market such as the relationship with customers, suppliers and competitors in a domestic market. More clearly, in many cases, the success of entering a foreign market depends principally from the network that firm has in the home market than in a country with the specific features (Johanson, J., & Mattsson, 1988).

It has seen by foreign firms in one abroad market how small and medium enterprises are highly tied in the existing network (Coviello, N. E., & Munro, 1995). More in deep, Zain M., & Nq (2006) argued that distributors (formal networks), direct the decision of the medium enterprises. Instead, friends, family and customers (informal networks) have an impact on the decision of small enterprises.

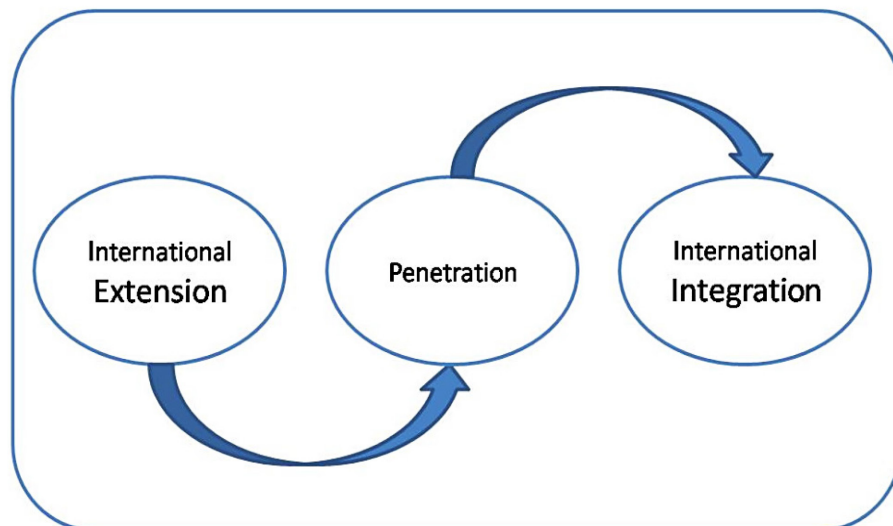
On the established relationship ties between companies have three dimensions: a) timing, b) referrals and c) both companies involved in the relationship are aware of information's' companies (Burt, 1997). Usually, no ties are static. Ties could be strong or weak; the strength of ties is made out by different factors such as emotional intensity, intimacy, a combination of time and complementary services (Granovetter, 1973). Firms learn information in the market from the links made in the network itself. It is said that ties on the firm's network are hard to imitate. Thus, it is not available for everyone the information.

In addition, ties are wear when the network between them is low, and when more appropriately, the relationship is distant. On the contrary, a close interaction means ties are intense, more involved with each other and quickly adapting. Only companies have the power to make ties stronger or weaker.

First thing first, Madsen, T.K., & Servais (1997), before internationalizing, suggested that the firm, has to understand which market wants to operate, environmental condition and firm's relationship.

Firm's internationalization may be helped with the increment of the network between companies and strengthened of their relationship (Johanson, J., & Mattsson, 1988). Consequently, trust and commitment promote and gains penetration. Only after having some penetration, using networks and engage with other firms in other countries, firms gain international integration.

**Figure 5: Network approach to internationalization, based on Johanson and Mattsson (1988)**



*Source: Anders Melander 2014 - E-commerce Internationalization Driving Forces Behind Internationalization and Country Selection for Scandinavian Fashion E-tailers*

Above, in Figure 5, it has shown relationship formed gaining access to the market and its resources. Firms in the network control their resources as other actors involved. According to Johanson, J., & Mattsson (p.212, 1988), they determine four categories of firms: early starter, single international, late starter and international, among others.

The early starter is a new firm in the foreign market which has few relationships.



They still operating in their home base country because they have a little knowledge about the foreign market. Thus, to acquire knowledge, these firms use an agent to enter the foreign market. The agent knowledge could be transferable to the firms.

Otherwise, in the single international category, firms are highly internationalized in a market environment with a domestic focus. They can stimulate the internationalization of the market. So, to succeed, these firms have obtained experience and consequently, knowledge in a foreign market.

The opposite is considered the late starters, which are in the market already internationalized. For them, it is heavy to get a place in the existing network. They have indirect relationships with the network and can use them to internationalize. However, in contrast, they have a disadvantage over the competitors which have more knowledge. Lastly, international among other concerned firms which are highly internationalized. Positive characteristic such as well-connected to international networks with the chance to provide opportunity. They owned knowledge and experience make it easier for these firms to place sales subsidiaries. They also have a coordinate activity in different markets.

#### I.1.4 - Born Global and INVs

Born global embrace an international approach for their business since the beginning (Madsen, T.K., & Servais, 1997). Instead, Knight & Cavusgil, (2004)

described the born-global firm as a firm that has to internationalize within three years at maximum and produce on average 25 % of the total sales from foreign countries. This phenomenon has changed the traditional view of internationalization where it was dominated by MNEs as large and skilful firms (Eurofound, Mandl, I., Celikel-Esser, F., & Širok, 2012; OECD, 2013).

Moreover, Madsen, T.K., & Servais (1997) pointed out that driving forces behind internationalization to other countries are long-lasting relationship or commitment of incremental learning. McDougall (1994) explained that born global does not follow the same pattern as firms exporting to the other countries directly or just after their birth.

Furthermore, Knight & Cavusgil (2004) describing BGs as a start-up, which moments later be founding, invest a massive portion of their revenue in international markets.

Nowadays, International expansion is seen as a fast stages process due to the high technology, seeking spillover effects and a means to capitalize on a low-cost expansion (Jolly, 1992). Moreover, he argued that e-commerce firms are based on technology and the internet. Thanks to the introduction of new concepts such as internet, communications and globalization facilitated to fostering foreign expansion and decreasing cost of internationalization (Knight & Cavusgil, 2004; Eurofound, Mandl, I., Celikel-Esser, F., & Širok 2012 )

Not all researchers accept the economy of scale and international product life cycle

theory as reason to internationalize (McDougall, 1994). In fact, for born global firms, he suggested that many reasons to internationalize are to capitalize on the synergy effects and merging resources from more national markets. However, Bell (1995) found out that firms born global have the propensity to follow great contacts in certain countries. Madsen, T.K., & Servais, (1997) mentioned that usually, entry mode decision depends on the knowledge and background of the entrepreneur, who has to decide if choose the traditional export way or born global firm.

In the firms 'network, resource commitment, have the power to transform weaker ties work into strong ties (Sharma, D., & Blomstermo, 2003). They also referred to the globals internationalization process as" learning through the network". With the Uppsala Model revisited, there is an implicit state that makes the importance of creating knowledge through network activities when internationalizing (Sharma, D., & Blomstermo, 2003).

On the other hand, Oviatt, B. M., & McDougall (1994) explained that born global have advantages all over the cost of transportation and communication. Moreover, there are three factors which influence born global firms such as new market conditions, technological improvements and more elaborate capabilities of people (Madsen, T.K., & Servais, 1997).

INVs, or more commonly well-known, such as International new ventures are similar to Born global (BGs). (Oviatt, B. M., & McDougall, 1994; McDougall, P.P., & Oviatt, 2000). It is essential to understand the features of INV and the BGs.

Cavusgil, S.T. and Knight (2015) noted that stable firms that were concentrating on their domestic market shifted rapidly and dedicated all their efforts international with the process of globalization.

International new ventures try to obtain a significant competitive advantage from the use of resources and sale of outputs in multiple countries. Oviatt, B. M., & McDougall (1994) described it as a business organization from inception. Instead, Johanson, J. and Vahlne (1990) considered INVs as a product of an international network where their network help to enhance and spread the product to different markets.

Moreover, International new ventures necessitate two essential features. First, all they need highly valuable resources on the human resource sector, in order to serve globalize niche markets with products and services. Second of all, enhance international experience entrepreneurs with willing growth goals and strongly coordinated organizational processes(McDougall, P.P., & Oviatt, 1997,p89).

Since the beginning, INVs are resources commitment in multiple nations; they do not have to expand progressively as a traditional firm which goes through the Uppsala stages in order to achieve internationalization. On one side, the U-model is more cautious as internationalize slowly from the domestic market. Instead, on the other side, INVs achieve internationalization rapidly and tend to take a high risk during their expansion. McDougall, P.P., & Oviatt (1997) described INVs as more flexible in operating procedures more prompt to react at the external factor change.

They described INVs, and foreign market commitments are unlikely to be influenced by organizational routines and internal politics.

### I.1.5 - International Entrepreneurship Theory

Morrow, (1988) claimed that thanks to the diminishing of cultural barriers, the progress in technology and raise cultural awareness helped to open foreign markets to any firms such as new ventures, small firms and establish one.

At the moment, SMEs are growing in the international field very quickly. Owing to technological progress and fastly communication between countries.

McDougall, P.P., & Oviatt (2000, p 903) defined international entrepreneurship as a “combination of risk-seeking, dynamic and innovative behaviour to cross national borders to create value in organizations”.

Commonly, international entrepreneurship focuses on the behaviour of cross-border entrepreneurial on how an actor discovers, perform, analyze and capitalize in order to create wealth.

After that, McDougall, P.P., & Oviatt (2005) investigated the concept of entrepreneurship, defining it as a pioneer of the opportunities across national borders to create future good and services.

Thus, it has said that need all the ingredients such as finding innovative opportunities, obtaining a competitive advantage and take into action developing

experience and knowledge to perform well firm internationalization. Mitgwe (2006, p16) argued that behind international entrepreneurship theory, there is individual and firm entrepreneurial behaviour at the basis of foreign market entry.

Taking into account the international entrepreneurship theory, the entrepreneur is the key to success. However, only if the entrepreneur possesses skills and enough information to develop a plan and discover opportunities. After that, the capacity to establish and create a relationship with firms, suppliers, customers, government and media. Considering as a risk seeker, the entrepreneur has the chance to experience an innovative new way, which can allow achieving competitive advantages. Consequently, opportunities enhance the commitment of an entrepreneur who can translate it into entrepreneurial activities and services (Masum and Fernandez, 2008).

## **I.2 - GLOBALIZATION**

Globalization usually refers to a stage in which the firm's operations are managed on a global scale, not in just a few selected countries (Matlay et al., 2006).

Several researchers wrote about globalization such as Antonio and Bonanno, (2006), who described globalization as a previous project of US called neoliberal globalization after the second world war. The US has the first role in developing and disseminating a worldwide free market, privatization, securitization, free trade,

minimal taxation and more generally, reduce the state's role over social regulation. Antonio and Bonanno (2006) have explained that neoliberal's action required export-led growth in poorer nations and austerity programs to deal with debt crises. Consequently, it facilitates more rapid movement of capital, people across borders, commodities, foreign- direct investment which have the effect of global system of production and partitioning of labor. From this need, a new institution such as the World Bank, World Trade Organization (WTO) and International Monetary Fund (IMF) were set up. Harrison, B., & Bluestone (1988) asserted in that period companies started to move and externalize to regions or nations with lower-wage, benefit and regulatory costs. However, it was not yet a political discussion over the parliament. Besides, due to the increased of capital mobility, global competition, free trade and deregulation started, they pave the way for a more relevant political discussion and consequently for a new policy system.

On the other hand, Europe faces globalization around the 1980s, where liberalized their economies and open its borders to foreign food, services and influences. Many Europeans see that new trend was more sceptical and thought Europe as a cause of globalization. That phenomenon, after ten years, was more accepted across the continent as Eu single market, regulated by institution, gave an essential advantage in social and economic development. Moreover, the EU was seen from outside as Europeans aggregate individual member's state power, which allows to Eu better leverage in dealing with the USA and other world's state.

Eu has been able to harmonize those elements which create national synergies. Using International Standards Organization (ISO), it gave a structural advantage on setting product standards within the E.U. Mattli and Büthe (2003) examined the fact that 80% of the world trade is affected by standards and technical regulation, which can be considered as a barrier to trade. Though, Europe can set their standard more often than the US or China, which means leverage over the Market product. More product incorporates technology based on Europe-originate standards, more benefits for Eu company (Heisenberg, 2006).

However, a different situation was going around the world. Twenty years ago, most of the countries such as Eastern Europe, Soviet Union, India, Southeast Asia, Africa, China, the Middle East, and most of Latin America, was not considered into the international economy or identified as reluctant to open borders to trade, capital, and information flows. Nowadays, large parts of those countries such as China, Latin America, Eastern Europe and Russia are more open to trade product and foreign investment to improve the interest of their countries (Gordon, 2006).



## **CHAPTER II - BARRIERS TO SME INTERNATIONALIZATION**

Small and Medium-Sized enterprise has several barriers to become international into foreign market entry.

It has a common barrier to growth which might incorporate lack of experience, limited access to finance, a deficit of skill, incapacity to use advanced technology, competition, absence of knowledge and improper record keeping. As a consequence of these barriers, a significant number of SMEs survive regardless of the size of the economy or stop to grow (Hulbert, Gilmore and Carson, 2013).

However, it takes meticulous attention to foreign market entry because it is inclined to several barriers (OECD, 2006; Pangarkar, 2008; Sokfa, W. and Zimmermann, 2008). It is highlighted from several studies that the SMEs in UK, USA and Australia are inclined, for the 80-90% of them, to abandon internationalization within ten years. It is due to the external barriers to growth and the lack of positive entrepreneurship traits. Several factors influence those choices, including limited knowledge, lack of commitment, deficiency of willingness and absence of flexibility (Khalique, 2011).

In order to avoid failure, SMEs can follow a different strategy. Navarro (2012) expressed several initiatives, both domestic and international level such as product

improvement, customer loyalty, a different initiative to get new clients. However, Sokfa (2008) explained careful attention over foreign market entry as has been considered inclined to the pitfall. Instead, Musteen et al. (pp.197,2010) emphasized the inadequacy of SMEs, on the overseas market, to deal with additional risk such as international standards, legal procedure both home and abroad and tackle with international competition. These risks sometimes are due to the lack of resources which make SMEs' foreign market entry more challenging. Regarding economic characteristic, developed countries are different from the developing countries. For example, in developing countries, it is said to be less stable, frequently remarkable by substantial turmoil. Even though, often, turmoil provides opportunities for entrepreneurial activities (Iakovleva, 2007). Moreover, in a developed country, usually, economies are considered all innovation-driven. On the other hand, in developing countries, economies are considered to be efficiency-driven. The main difference between these two categories lies in efficiency-driven economies institution support industrialization in order to achieve a high degree of productivity and economies of scale. Instead, in innovation-driven economies, innovative entrepreneurs play an essential role since they can have a significant impact on the creation of wealth and economic growth (Nabi, 2011).

Moreover, even generalization of entry barriers among the developing countries may sometimes be tricky as Leonidou (2004) has pointed out that two businesses operating in two different developing countries might cope with different types of

barriers in order to enter into foreign markets.

Macro environmental barriers such as unfavourable exchange rates, absence of stimulating national export policy and international agreements are considered the primary cause that affects company export. Divided into two categories, they are well-known as direct and indirect barriers (Tesfom and Lutz, 2006).

Firstly, a company can incur on direct export barriers such as tariff and non-tariff regulation. Moreover, Figueiredo, K.F. and Almeida (1988) pointed out export regulation from the domestic government such as inadequate diplomatic support and protectionist barriers. Other authors, for instance, Brooks M.R. and Frances (1991), claimed barriers such as the cost of transportation and transport service and infrastructure. Consequently, precise assistance programmed helped out by the government and lack of encouragement, were observed by Ortiz (1984) as an issue over export. Export promotion policies, which include delivery and collecting information over export opportunities, has included on the deficiency over the government (Naidu, G.M., Cavusgil, S.T., Murthy, B.K. and Sarkar, 1997). Governments, in order to promote exports, has a role in building up the needed infrastructure. Even if export products are lovely, crafted and precious, they will not gain the export market since the transportation, and the delivery will not reach the safe and reliable level (Choi, 1992) (Lall, 1991). On the other hand, indirect export barriers depend on international trade agreements and macroeconomic policy. For example, in the Colombian clothing industry, Morawitz (1981) and Pack

(1983) asserted that several factors as company level issue, foreign exchange rate policy and macroeconomic level are considered to be the primary determinant. On the other hand, exchange rate policy influence program and the availability of foreign currency (Luis, 1982). So, more examples are discussed by Nabil, MK and Veganzones-Varoudakis (2004) in developing countries where a foreign currency has an impact over manufactured exports in the Middle Eastern and North African countries. Similarly, in Colombia, Juarez (1993) highlighted the fact that evaluation of real exchange rate makes a loss of competitive power. At the same time, trade agreements may open markets to companies. The treaty of Rome helped to the European market to gain more market into Eu Community and contrary effect for the North American companies which suffer a gradual loss of export. (Brooks, M.R. and Frances, 1991).

Also, it is said that SMEs are more sensitive to the impact of internationalization barriers compared to large firms. Usually, they have the resources to mitigate the risk associated with internationalization using different operations and strategies. They have upper hand since they can create economies of scale in a specific country, indeed workforce and wealth and at the meantime lobbying for favourable regulations (Fliess, 2006). To conclude, in order to understand how these two barriers can affect company, it is possible to state that internal barriers concern the part of barriers which company can work on and handle in order to achieve its aims. On the other side, external barriers are not possible to change because they are not

under control of company and it can only adapt to those rules which often are affected by countries strategies.

## **II.1 – INTERNAL EXPORT BARRIERS**

In recent year, internal export barriers have been discussing because firms 'export performance is usually associated with insufficient organizational resources for export marketing. Various discussion is made above all the problems concerning around meeting importer quality standards, image for the export market and the suitable design (Rabino, 1980; Czinkota, M.R. and Rocks, 1983; Kaynak, E. and Kothatri, 1984). Moreover, the inability to funding exports, insufficient information over the overseas markets (understand and comprehend the overseas distributors and communication with overseas customers) problems related to the firm's lack of skilled employee to administrate export activities and inadequacy organization of export departments (Tesfom and Lutz, 2006).

On the other side, it is tied up the product problem listed down on the quality and technical regulations. Those several aspects of the product's design are considered as one of the first's factors. They are consequently style, quality, packaging and labelling requirements and product adaptation or conversion (Ah Keng, K. and Soo Jiuan, 1989).

### II.1.1 - Company barriers

Taking into account Porter (1985), the capabilities and constraints of a firm are profoundly leverage by marketing strategy and its ability to be executed. Also, competitive advantage has been constituting from critical assets and skill of a firm. It has been listing a company barrier under the following sections: Human resource, financial resource, marketing knowledge and information (Katsikeas, C.S. and Morgan, 1994). The capability for a company to cover such assets and skills determine considerable opportunities in the export market, fostering proper marketing strategy and execute it wisely.

### II.1.2 - Marketing knowledge and information

One of the newest bonds between firms and exporting countries is marketing knowledge and information, which is fundamental to decide if a company's destiny is to success or not.

Limitate awareness to identify foreign opportunities and pledged markets it is considered as one of the significant barriers in exporting of SMEs in developing countries.

Export problems focus on the knowledge's lack of foreign markets, competition and business practices without neglecting the absence of management to generate

foreign (Ling-Yee, 2004).

Furthermore, several publications show that experienced and inexperienced SME exporters in developing countries believe that poor knowledge of potential markets hinders their export activities (Brooks & Frances, 1991).

Moreover, as asserted by Tesfom and Lutz (2006), marketing knowledge deeply hinges on information, especially on marketing information that the company could capture. Also, they noted that companies which use accurate, appropriate and timely information are in a better position to react to export opportunity.

Information about exporting and more specific market information was mentioned as the most severe problem of manufacturing firms in developing countries (Weaver & Pak, 1990)

In developing countries, it is a severe problem over small and medium-sized firms which have not accessed the internal resources to acquire crucial information. On the other hands, large firms have not this issue as they collect information from their individual departments for export.

Tesfom and Lutz (2006) highlighted the fact that the average SME in developing countries cannot get even summary and consequently use expertly, the massive quantity of general information and statistical data. Plenty of them has not the ability to sort out those massive details and draw the parts related to their activities.

Furthermore, the product's price is an impede marketing barriers as researchers have determined it. For granted, successful exporters depend on concurrent

international prices as a benchmark. It does not look for premiums for exchange and extraordinary risk (Christensen, C.H., Da Rocha, A. and Gartner, 1987).

This example shows that pricing a product is difficult for a manufacturer in a developing country that has insufficient information about the export market. Deficient advertising and promotion programs are also mentioned as other factors that constrain export activities (Burgess & Oldenboom, 1997).

### II.1.3 - Financial Barriers

One of the main aspects of financial barriers concerns the financial position. A key to ensure price advantage in the target market is due to the healthy financial status of the company.

In developing countries, several SMEs bump into issues due to the deficiency of working capital. It is regarded adds not only costs but also compromise the whole production operation.

There is some evidence from different studies that highlight the obstacle for companies from procured the necessary funds to initiate or finance export sales (Kaleka & Katsikeas, 1995). Frances (1987), for instance, reported in his study, 75 Venezuelan exporting manufacturers, which identified inadequate financial facilities as the significant export barrier as well as transaction costs and credit unworthiness are considered as a significant element that eases the access to credit.



According to Collier and Gunning (1999) in Kenya, more than half of the trade credits were extended, and delaying payments were the most common form of dealing with unexpected liquidity shocks. However, Bodur (1986), mentioned the high costs involved in export credit as a problem for Turkish manufacturing firms.

#### II.1.4 - Human resource barriers

It is said that generally untrained employee and inexperienced human resource on the international field could be a lack of success over the export market.

Several studies highlighted the fact that managers over the export market are a successful key to achieving success over the international field.

Companies doing International activities require human resource management usage, especially for their professional and managerial employees, which they are most probably better on their export attempts (Gomez-Mejia, 1988).

To sum up, characteristic features and attitudes from the head of the company, such as managers, must be highly qualified in order to achieve success in the international market.

Another factor, highlighted from Aggarwal (1986) is highly correlated the low-level quality of the manufactured product, in a place such as Venezuela, Argentina and Chile, probably it is caused due to the low quality of the human resource.

So, taking into account Christensen, C.H. and Da Rocha (1994), human resource

strategies is well-founded as essential features to be successful in export performance for SMEs in developing countries.

Commitment, on export performance, it is considered as one of the most significant determinants (Navarro et al., 2010). It is observed several articles where a lack of management commitment to grow export-marketing activities is indicated as a negative managerial attitude toward exporting (Aggarwal, 1986; Christensen, C.H. and Da Rocha, 1994; Kaleka, A. and Katsikeas, 1995).

In conclusion, management attitudes, qualified human resources and commitment towards exports are fundamental pillars that boost export performance (Naidu, G.M., Cavusgil, S.T., Murthy, B.K. and Sarkar, 1997).

### II.1.5 - Product barriers

Product characteristics is recognized as one of the major consequences that involve over the competitive advantages and it has an impact to distinguish offensive or defensive export strategy (Tesfom and Lutz, 2006).

One of the product barriers, recognized as export marketing strategy, lies on the quality and technical adaptability which influence the firms over these choices.

Moreover, It is been observed how quality could be a condition for entering and remain into foreign marketing (Christensen, C.H. and Da Rocha, 1994).

Taking into account, the same product sold in a developed country might not be

sold in a developing country and vice versa (Lall, 1991). It is due to the fact there are different quality standards in developing countries. It isn't concerning only the appropriate design and image for export markets. It is interested also over the packaging design and quality standards. To summarize, discrepancy over the quality represented as inappropriate knowledge, product characteristics, production technologies and market requirements, can be defined as a limit to become a successful export company.

#### II.1.6 - Technical/adaptation barriers

In Europe, the past technical barriers were much higher than now. Initially, to harmonize technical specification, the previous approach prevents to be regulated of detailed directives singularly, product by product or component by component. In this manner, the old approach was considered slow and bulky (Vancauteran, 2002). Lately, it was recognized inefficiency approach when new national regulation was multiply faster rate than production's directives EU (Pelkmans, 1987). This approach was mostly applied to chemicals, motor vehicles, food and pharmaceuticals stuff.

On the other hand, the "new approach" was recognized as the need to reduce the intrusion of public authorities before a product is being set on the market.

Nowadays, "new approach", knowing as Single market in EU, is adopting by the

council and based on vote to decide technical harmonization directives. Fundamental difference between the “new” and “old approach” is only indicates in “essential requirements”. On the other hand, it leaves abundant freedom to the producer to declare how to satisfy those requirements.

This “new approach”, using the set-up standardization bodies, provides more adaptability, CEN, CENELEC (European Standardization Committee for Electrical Products) and the national standard bodies. Thanks to standardization work, is more comfortable to update and involves greater participation from industry (Vancauteran, 2002). However, it was pointed out by Lall (1991) and Katsikeas, C.S. and Morgan (1994), that buying habits, customers and product standards may be improper for foreign sales. It is considered inexperienced from the company when exporting the standardized products over the target market and counts on the brand name, design and promotional skills (Wortzel, L.H. and Wortzel, 1981).

More reliable and fruitful would be an adaptation of the product over the target market as Christensen, C.H., Da Rocha, A. and Gartner, (1987) evidenced how Brazilian firms could have sold more if the products were adjusted to the target market. In developed countries and the Eu single Market, this evidence is less verifiable. However, it is encountered that the most related problems over technical adaptability were attributed to lack of resources, poor quality techniques, poor quality and raw material, packaging and labelling requirements, product design and specification (Tsfom and Lutz, 2006).

## **II.2 - EXTERNAL EXPORT BARRIERS**

Recognized in the external environment, several researchers have observed another important origin which affects the number of exporting problems. They are identified over vastly concerns such as specific customer preferences, tariff barriers, fierce competition, exchange rate fluctuation, regulatory import control.

### **II.2.1 - Industry barriers**

Industry structure is vital to determine a firm's strategy in the domestic market (Kerin, R.A., Mahajan, V. and Vadarajan, 1990). Therefore, Porter (1985), pointed out this effect as a consequence of the nature of industries. The frequency of the exporting activities and difference of the export marketing strategies vary across countries. Should be taken into account market system, firm size and the presence of foreign competitors. Another critical determinant of the marketing strategy is pointed out by Jain (1989) who underlined that technology intensiveness and severity of price competition.

## II.2.2 - Industry structure

It has been detected over the last decade that organization size is a crucial factor in enhancing the export's performance. Bodur, M. and Cavusgil (1985) asserted that companies' size had been related to companies export interest and activities.

In order to have a more significant impact on export activity, it is crucial to take into account the size of the firm. It is considered that more significant is the size of the firms; higher would be the impact. Reid (1987) mentioned that larger firms possess more "slack" in managerial and financial resources as well as production capacity, thus enabling them to direct more significant efforts to export than smaller firms. According to Naidu et al. (1997), concerning Indian enterprises, MNC's are considered to be better equipped for the export market than SME's.

Figueiredo, K.F., Almeida (1988) and Cardoso (1980) stated that firm size and high industry concentration had been considered as essential export barriers to small firms. Rauch (1991) emphasized that SME's or small firms are the first that suffer the consequence of regulators and tax collectors. In line with Rauch's argument, Little (1987) stated that Indian small manufacturing firms have more than one issue to cope with. For example, a complicated path on licensing policy but also have to cope with higher labour costs and substantially higher excise duties.

Several researchers such as Christensen, C.H., Da Rocha, A. and Gartner (1987) found out that in the export market of developed countries, the technological impact

is a crucial factor as it is considered a competitive advantage over local manufactured. On the other hand, in developing countries, where the level of technology is low, other sources as low-cost material, could make more difference (Tesfom and Lutz, 2006).

Studying the Brazilian footwear industry, Neto (1982) observed that footwear's manufacturing might show a better result in terms of export performance if there had been specific changes. These specific changes lie on the promptness to change the production techniques, the ability to develop new products and more committed to investing in production capacity. Dicle and Dicle (1992) stated that one of the export barriers to Turkish manufacturing depends on the lack of new technology. Instead, other studies pointed out that, in the case of South African, e-commerce was not a strategic priority for textile manufacturers.

However, in developing countries, an essential factor for exporting SME's is the reserve of raw materials. For example, Collier and Gunning (1999) stated that firms also face insecurity in their supplies from other domestic firms. In Zimbabwe, firms carry large stocks of supplies, on average, three months, resulting in high transaction costs and uncertainty to conclude long term contracts with foreign buyers.

### II.2.3 - Competition barriers

Competition barriers should not exist if there are no asymmetries information among competitors in the market. Moreover, it is considered as fundamental the relevant information as a method to counterattack many problems on exporting (Katsikeas, C.S. and Morgan, 1994).

To understand competition barriers, export market research is a backbone to create a successful elaboration over the export market path, which lead the company to have some certainties for decision-makers. Additionally, to analyse and identify the distributors on the export zone can be considered as a critical issue, where overseas exportation would find more challenging to find data (Moini, 1997). On the other way around, the main issue is not only to receive information but also to transmit them, such as marketing communications for overseas customers (Moini, 1997). Unfortunately, information on export opportunities is hard to find and expensive. Burgess, S.M. and Oldenboom (1997) considered a more significant barrier for most exporters the inability to face competitors' prices. Export barriers such as aggressive competitors, lack of competitive prices and price competition were considered troublesome (Burgess, S.M. and Oldenboom, 1997).



#### II.2.4 - Customer barriers

Share of export is affected by the adaptation of the product to satisfy foreign customer satisfaction. Customer's perception of product characteristic it is considered as barriers (Ahmed, Zafar u., Craig C. Julian, 2008).

It is considered as barriers when there are specific quality problems as exporters from developing countries which they are seen in the way of poor reputation.

#### II.2.5 - Procedural barriers

In order to start the exporting path, knowledge about export procedures is required. Probably, the vast obstacle regarding export is found on paperwork required to fulfil international and domestic regulations. Not only governments impose those procedural rules but separate organization such as insurance companies, bank and shipping organization use to have their own fulfil regulation.

Haidari (1999) highlighted that lack of information over export procedure is considered as an export barrier.

A company that plans to expand its export activity must acquire the knowledge and skill to cope with administrative procedures. It is considered more difficult for an inexperienced manager to cope with foreign documentation and paperwork. (Dymsza, 1983; Bodur, 1986). Consequently, the inability to procedure the

paperwork, documents incomplete, payment delay and cash flow problems rely on as an incapacity to accurately complete all documents.

There is evidence when the administration of the state is involved; bureaucracy becomes an effect which is difficult to manage if there is no experience (Brooks, M.R. and Frances, 1991).

## **CHAPTER III – E-COMMERCE AND INTERNATIONALIZATION**

E-commerce nowadays is become famous with the incredible increment of users and benefit. It is easy and affordable, and any business activity can create it using websites on the Internet. Somehow E-commerce helped up trading opportunities to those companies that would become international and conquer many traditional internationalization barriers. In light of the fact, in the last decade, new types of firms started to arise such as born global (Knight, 2015), international new ventures (Oviatt, B. M., & McDougall, 2004), and micro-multinationals (Dimitratos, P., Johnson, J., Slow, J., & Young, 2003).

Moreover, World Trade Organization (2016) claimed that the increment of e-commerce pledge to broaden export opportunities for SMEs and strengthen their global presence that, in the past, was only restrained for large multinational firms. The same opinion has Oviatt, B.M. and McDougall (1999) which asserted that the Internet might significantly increase the level of internationalization of even the smallest businesses of the 21st century.

Despite several researchers have considered over the prior and the procedure of internationalization, on the other side, it has been analyzed Internet's impact and the growth of e-commerce on SMEs' internationalization (Etemad, H., Wilkinson,

I., & Dana, 2010; Hagsten, E., & Kotnik, 2017).

Undoubtedly, information and communication technology (ICT) enhances some general performance of firms. Thanks to ICT, were opened up new channels for marketing and sales in order to reduce distance and entry-related cost, which before was an essential element for small firms with limited resources (Katsikeas and Morgan, 1994; Lohrke, F. T., Franklin, G. M., & Frownfelter-Lohrke, 2006; Martens, 2013).

However, it cannot be considered as the only one factors which influence export and internationalization. Hagsten, E., & Kotnik (2017) pointed out that other capabilities are fundamental for contributing to export performance. So, first things first, online presence (having website, Facebook, Twitter) in order to share and communicate with customers. Second, online transaction (e-sales) in which way can facilitate the economic exchange between buyer and seller. Third, infrastructure resource such as the broadband Internet, human capital and employee's ICT's skills. Indeed, human capital and skills are typically interpreted as internal factors and ICT applications as external.

In the recent studies, Grimes, A., Ren, C., & Stevens, (2012), analyzed how significant is the favourable relationship between the use of advanced ICT application (e-commerce) and the broadband which enhance SMEs' Growth.

Martens (2013) revealed e-bay sales data, analyzed in five countries, demonstrate how platform e-commerce liberalize export market to SME's at lower costs.

Morgan-Thomas, A., & Jones (2009), stated that the export intensity of SMEs varies across the countries. For instance, the proportion of internationalization company sometimes is lower in a big country than in a small one. Moreover, they showed this difference in EU, over the tenth of total production by SMEs in the UK was shipped abroad. Meanwhile, Slovenian and Swedish were exported twice or even triple times more of the total production of SMEs. In the same paper, they reveal websites' page affects export performance for half of the countries considered. Furthermore, online transactions have a higher importance.

However, E-commerce has reformed somehow, thanks to technological and market forces, firms which reinventing their supply chain. On the way back, firms improve coordination and collaboration among supply chain, in order to make an efficient firm transaction (Terzi, 2011).

### **III.1 - E-COMMERCE INTERNATIONAL MARKET GROWTH**

E-commerce and the Internet are changing companies 'way to operate on the market. More precisely, back-end operation which companies start from the product design and development to distribution, marketing and after-sales. The Internet has the role in supporting process in various steps as fostering new supply networks, services and business models. Eventually, the result is a better asset utilization

which means efficiency improvements, faster time to market, decreasing in total order fulfilment times and improve customer service (ECLAC, 2002).

On the other side, furthermore, numbers can indicate the importance of e-commerce growth. According to Economist (2000), global e-commerce was worth over \$150 billion in 1999. It is highlighted that 80% of those deal was between B2B. Qualitative research has shown that Internet reinforced the potential of firms for international market growth mainly in three ways (Mathews, Healy and Fellow, 2006).

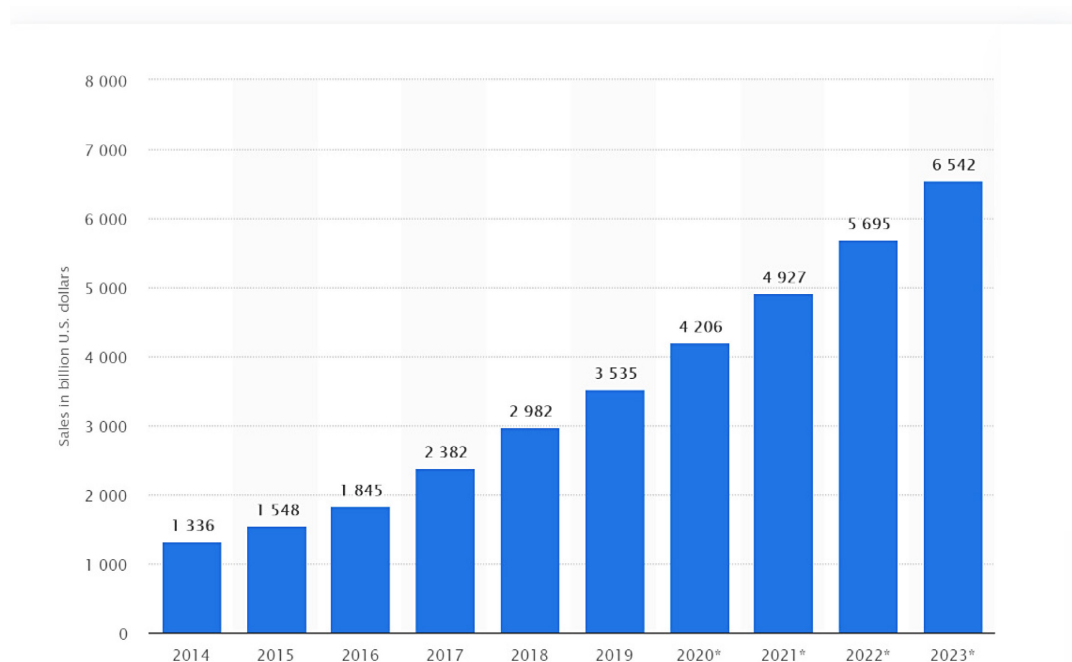
First of all, the Internet opens the opportunity to the same international customer, to deal with small and medium enterprise, where before the chance was just with the large. Second of all, the Internet had offered firms to attract customers through international communication and disseminating information. Last but not least, Internet has allowed firms to connect with foreign customers routinely.

According to (Mathews, Healy and Fellow, 2006), some firms use the Internet as a sole mechanism for international expansion, and other firms utilize the Internet as a complement to the internationalization process.

Market expansion and Internet are related to two important themes that focus on contemporary literature (e.g., Petersen et al. 2002). Therefore, they are useful tools in market development and market penetration of a firm's product. It is said to be a strategy to grow (Ansoff, 1965), and has also been used in international market contexts by researchers (Gronhaug & Kvitastein, 1992). Following Ansoff's studies

(1965), firms can improve internationally through market penetration. It is a technique which helps firms, in the beginning, to exploit an established market with the new products. Besides, another technique used when already the market is known to market development, which refers to an upgrade of the products or changes them.

**Figure 6 : Retail e-commerce sales worldwide from 2014 to 2023 (in billion U.S. dollars)**



*Source: Statista 2019, Worldwide eMarketer from 2014 to 2019*

It is possible to observe through Figure 6, how e-commerce worldwide increments from 2014 to 2019 — moreover, the projection from 2019 to 2023, which confirm a further increment in the next years. In 2019, retail e-commerce sales worldwide

amounted to 3.53 trillion US dollars, and e-retail revenues are projected to grow to 6.54 trillion US dollars in 2023. The top 3 online stores' revenue amounted to almost 100 billion US dollars in 2017.

In order to understand better this number, there is a further data which explain how this increment is happening. People considered the internet a useful medium to buy out items without the necessity to move or spend time. For this reason, a significant result gains online store's which the first three e-commerce reach, in 2017, around 100 billion us dollars turnover. This number explains clearly how much big they are and how much they are reputed as the core of the present market. In fact, nowadays, online shopping is one of the most used tools worldwide. However, the usage varies by country and region. For example, in 2016, 19% of all retail sales in China occurred via the internet.

On the other hand, in Japan, the share was only 6.7 per cent. There is also a difference from which medium customers are buying online. For example, the computer is still the most popular device used for online shopping orders, even though mobile devices, which concern smartphones, are brushing up.



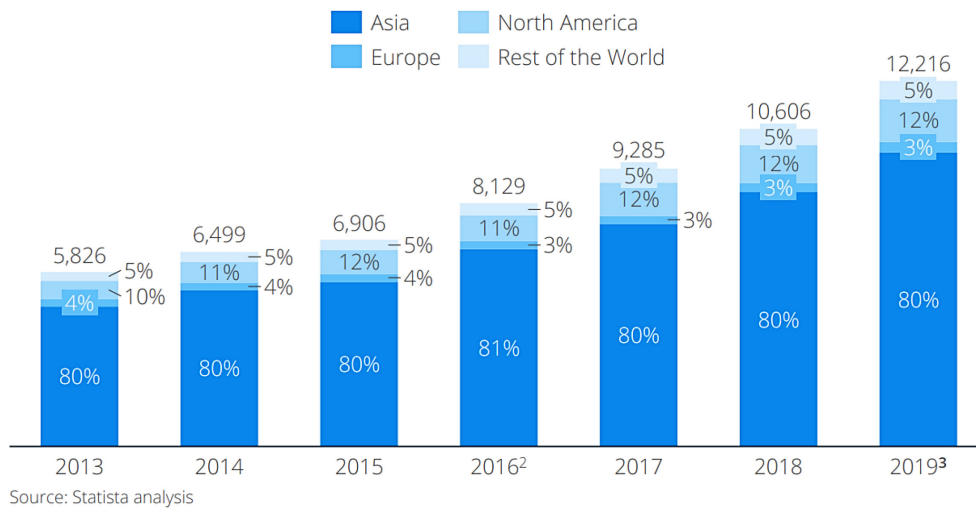
## **III.2 - E-COMMERCE B2B MARKET**

Nowadays, people know better the use of the internet for a different way of utilization. They use the internet to do different leisure activity such as watch a movie, read a book or listen to music. Moreover, most of them use the internet to trade product, most known as an e-commerce site, where most of them use to buy new things to adorn house or personal device. Although the internet initiated its carrier for commercial in 1991, the first book was sold by Amazon in 1995, where the beginning of e-commerce can be recalled. E-commerce evolved and transformed slowly over time.

However, taking into account the most famous e-commerce for European, Amazon which experienced an increase in sales from \$8.5 billion in 2005 to US\$239 billion in 2018, is reflective of the industry as a whole Figure 7.

According to Figure 7, Global B2B e-commerce market has the value of over US\$10,606bn in 2018. Asia is the most contribute continent to B2B growth, with 80% of the market. On the other side of the planet, North America share is around 12% and Europe 3%. Instead, the largest global market is situated in China, Japan, South Korea and the U.S. concerning B2B eCommerce adoption. Moreover, there is a consideration which refers to a B2B market which is in the stage of maturity. It is expected in the next decade an increasing level of technological adoption and relative investment by B2B e-Commerce companies to carry out the extent.

**Figure 7: Statista B2B e-commerce in billion US\$**



*Source: Statista analysis 2019*

People or ordinary citizens less know e-commerce B2B market since it refers to the exchange of goods and services between companies through an electronic platform. Their portals offer a deeper range of products in a particular category along with specialized value-added services. Companies operating in the B2B e-commerce space follows either the direct model or the marketplace model to conduct their business. The difference is that the direct model implicates to the company to hold its own platform in order to sell directly to the customers. Instead, a marketplace, on the other hand, is a platform where many companies sell their products alongside their competitors (Statista, 2019).

So far, B2C companies prevail over B2B concerning venture capital funding, consumer interest, technology adaptation and global visibility. It was caused by the sluggish pace by B2B companies to digitalize, convert technology environments, organization structures and anxiety about information security.

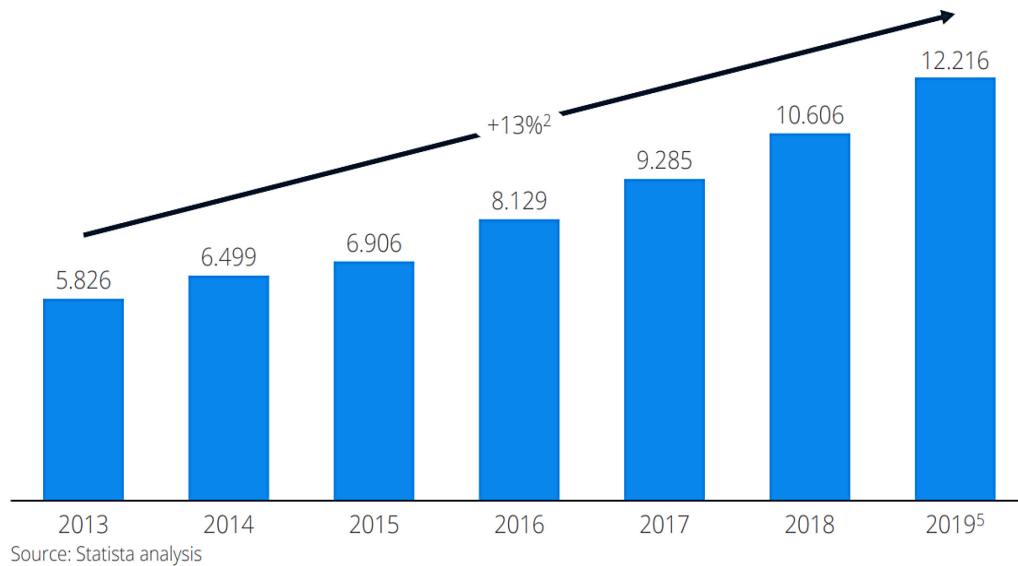
However, the scenario has changed rapidly during the last years with Global B2B e-commerce revenues surpass the B2C industry. According to Accenture's report (2018), 50% of B2B companies have been implementing a digital strategy in the last three years. B2B Companies which operating with e-commerce could sell their product in two different ways, follow the direct model or with the Marketplace platform. The substantial difference is that with a direct model, each company have to set up their platform and selling directly to the buyers.

On the other hand, the marketplace is crowded by other companies where can face competitors holding the same product. Over the last years, the marketplace has a robust growth instead of the direct model. Statista (2019) argued that the main reason why the marketplace has a significant impact is because of its low cost than operating with independent e-commerce site. Most of SMEs, which for the first time start to face a broader market, they have to afford the enormous cost of marketing and lack of technical expertise. Instead, B2B platform helped to reduce the weakness of SMEs in order to complete the same level field with the more prominent companies.

### **III.3 - DIFFERENCE BETWEEN B2C AND B2B E-COMMERCE**

The evolution of e-commerce began in 1995 when Amazon and eBay launched for first-time e-commerce operations. Since that time, the e-commerce changes a lot, were in the early stage was using more as a medium of communications and trade between citizens and business. However, in the last decade, things change, and now e-commerce is more used by business to business. In fact, (Statista, 2019) underlined that the people had embraced B2C e-commerce for a long time. Meanwhile, the recent evolution and growth of B2B e-commerce make more concern of buyers, sellers and investors around the world. That is because the B2B platform started to obscure B2C in terms of Gross merchandise value (GMV) and revenues. Following Figure 8, global B2B e-commerce market is going to value US\$12.2 trillion in 2019, as compared to US\$2.0 trillion for the B2C market.

**Figure 8 : Global B2B eCommerce GMV in billion US\$**



*Source: Statista analysis 2019*

Moreover, it has had been analyzed by researchers the difference between B2C and B2B, taking into account different parameters.

From Marketing B2C has a simpler marketing and sales cycle. On the way around, B2B has sophisticated marketing where has to provide more information to the customers/business. Instead, the price for B2C is usually fixed and does not change except when it is in discount. However, B2B never buy the items at the fixed price since business to business always make out negotiation in order to in stock and reduce the cost for items. That is why the volume of B2C order are considering small ore low, instead of the high volume of orders and extensive product range.

According to the shipping side, B2C is easy if it is compared to the massive volume of order that can make a B2B where, it is needed, flexible shipping and logistics solution.

About the payment, B2C use the pre-payment through the bank account. B2B uses more often credit line.

Considering the parameter “decision-makers”, in B2C it has involved only a single person, although in B2B it is considered as a collective decision. On the same path, the decision is making for B2C impulsive, instead of B2B with rational choice.

Finally, the regulation’s parameter differs from B2B and B2C, where in the first tax and regulation has a high impact on the sales, in the latter, there are little regulation and tax (Statista, 2019).

## CHAPTER IV – FOREIGN MARKET ENTRY MODES

Hill (2007) explained that there are three critical factors to take into account to move internationally. The first concern is about which market is more appealing to the firm, equalizing costs, risks, and benefits. The second concern regards when it is better to conquer the host market, described as first movers or later entrants. Early movers have the advantages to promote on the market without competitors, but it would be costly. On the other hand, later entrants prevent some risks and economize their process, but the first movers already took competence in the host market. The third concern will regard the dimension of the firm, which could be large or small. In large size would mean rapid entry and huge capital investment — less exposé to the market, which also means more time to learn from it.

Companies can choose different manner to enter into the host market. In particular, the two entry modes concern equity mode with (FDI) Foreign direct investment and non-equity mode, which means without a direct investment (Rodriguez, 2005). Direct foreign investments stand for the investment made in assets in other countries. For example, it was considered as an investor who holds control over assets when investing more than 10 %. Moreover, when companies decide to invest in the host country, they have two possible operations. First, invest entirely on their subsidiary or, in the other case, to invest in joint ventures with one or more partners. On the other side, non-equity modes, where the company decides to enter the

market without an FDI, there are options as exporting or licensing, which require intermediaries in the business operation or transaction (Rodriguez, 2005).

However, Hill (2007, p 486-497) outlined six methods that a firm can use to get internationally. Naturally, most depend on the firm's characteristics, and there is no only a way to obtain it. They are both pros and cons that allMri must evaluate to make the best choice for the company.

#### **IV.1 - EXPORTING**

Exporting can be considered one the most used strategy to entering the international market for pricey SMEs since it is not required a particular experience on the market, a more in-depth customer knowledge, and a massive investment of resources (Dalli, 1995).

Hill (2007, p.487) recognized exporting as an advantage when a firm can avoid the cost of manufacturing in the host country but also as disadvantages if the price of production in the exporting place is lower.

Indeed, a firm that produces in the home country and exporting to the host country can achieve a scale economy. Although at the same time, the company would gather experience and knowledge from the market. On the other side, disadvantages are considered as well, such as the cost of transportation, different law, and additional tariffs, which can turn to export costly.



## **IV.2 - TURNKEY PROJECTS**

Turnkey projects are a manner of entry market concern in more industries as chemicals, pharmaceutical, construction, metal, and petrochemical refining. More specifically, this project concern two firms that are responsible for raising a factory or equipment. For example, in the case of FDI is limited only to those companies in the host country, but those firms have not know-how, turnkey projects help the foreign firm to do business with them. In exchange of contractor, international firm in the host country, support the home company to go forward with the production, with technological know-how and training of the operative personnel to have a plant in full operation. In short, a turnkey project is more merely a manner to export expertise to other countries. The advantages of it regard the significant economic assets that know-how offers. Unfortunately, the contract would not last forever, and when it ends, the contractor won't have an interest in the foreign country anymore. It could be considered as a disadvantage if the country turns out to be the principal trade for the production of the method that has been exported (Hill, 2007). A creation of competitors it might happen if it is considered that technological know-how is a precious asset as well as competitive advantages.

### **IV.3 - LICENSING**

Licensing concerns more often the industry, which holds their patents, inventions, formula, or copyright. Furthermore, a licensing contract is an agreement with the licensor permit for a period, the right over intangible property to another company. In exchange, the licensor receives remuneration from the license. The advantage of the licensor is that they not cope with the cost and risk of the entry market concern. It is said as a bright solution for firms that do not have the capital to production abroad. It is also considered the right solution when there is a high barrier to regulation that not provide other companies to enter into the host market.

On the other hand, disadvantages taking into account are about scarce control over production, strategy, and marketing using for promoting the sale and development of the product. Moreover, other limits would concern the firm's ability to organize strategic moves throughout countries using profits earned in another one (Hill, 2007). One more time, technological know-how in a certain way sold to another firm would mean generating competition with other firms by providing competitive advantages.

## **IV.4 - FRANCHISING**

In contrast to licensing which imply a short-term contract, franchising entails more long-term obligation. In other words, franchising is the right that a firm obtains to do a particular business activity. Moreover, franchising is a specific form of license where there are strict rules about business activities and how to execute them — for instance, strict rule as the type of service and setting of the physical space, etc.

Business activities could be interpreted as selling the good or the service. One of this business is well-known as McDonald's. When It sells the franchising, they will collect royalty payments, which depends on the revenues.

The advantages for the firm that sell franchises bypass the risk of opening in a host country and the costs. Besides, a franchise can build the presence quickly all over the world with relatively low cost and risk in a short period ( Hill, 2007, p.492)

Indeed, other disadvantages must be considered, such as quality control. In the case of Best Western Hotels, the franchiser must have the same attention when customers go to their hotels in a different part of the world.

## **IV.5 - JOINT VENTURE**

The joint venture is one of the businesses that is seen as sustainable and where the companies match their competences. A joint venture can be considered as an agreement from more than two companies working together in a new firm. In that case, they both accept to distribute revenues and share the cost. The venture can be structured in two manners, considered as a project in case of short-term collaboration or a long-term relationship, for instance, Sony Ericsson. Sony provides its technological know-how, such as innovative design to Ericsson, which provides the manufacturing of cell phones with a camera. Traditionally, the joint venture is involved in 50%, but it could be made in different combinations, which depends on the deal of the parties. The agreement is specified in contracts, which also declare the role of the participants in the venture. The benefit from the local partners is the competitive advantages, sound knowledge, culture, language, political, and business system. Instead, the costs and the risk are mutual. Probably, in some countries, this is the only way a company has to enter that market. Sometimes, the firm can get over to some risk by lending the total control of its technology to the other part implicated. However, the strategy of both companies might differ from fulfilling their goals. In this case, both companies not have total control over the subsidiaries in the local or international field, which can lead a market conflict to gain over that (Hill, 2007).

## **IV.6 - WHOLLY OWNED SUBSIDIARIES**

The wholly-owned subsidiary would mean that a firm will own 100% of the store. Moreover, there are two different manners which are used to internationalize. The first manner of regard to set up a new activity in the host country. The second one is acquiring an established firm in the host nation and use it to promote its accessories (Hill, 2007). Since it diminishes the risk of lose control, this entry mode is considered as strict control operations in different countries. For instance, Electrolux sells out its own sales subsidiaries and manufacturers around the world. To maintain a high degree of control, Electrolux has established a global production over this method so-called wholly-owned subsidiary. The benefit is that the company gains 100% of the profits. However, it is also an expensive method of conquered abroad.

## **CHAPTER V - CASE STUDY: ALLMRI GMBH**

### **V.1 - COMPANY'S HISTORY**

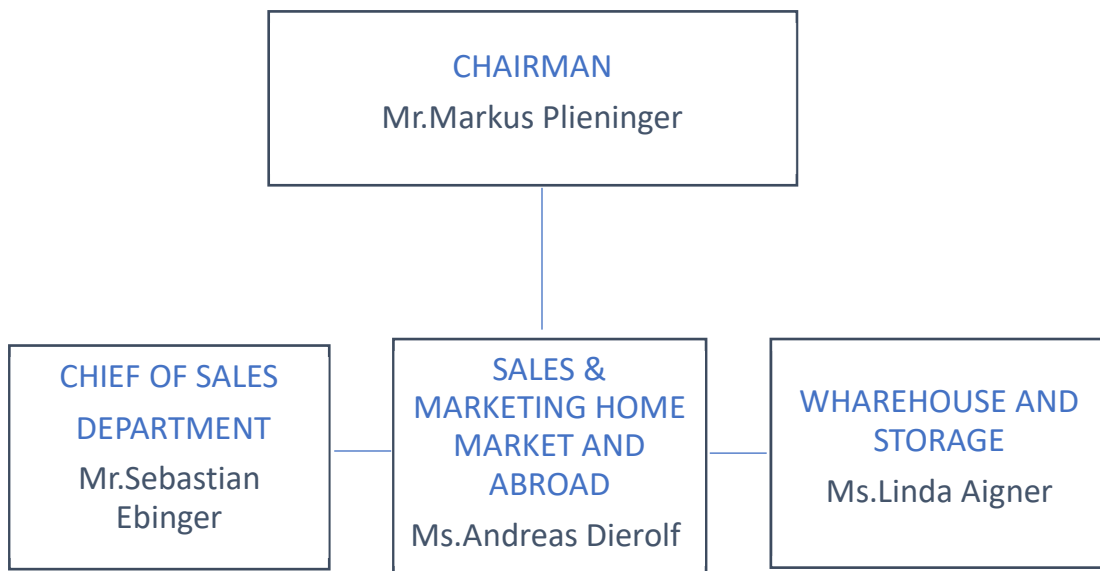
AllMRI is a SMEs Germany company situated in a small village so-called Nordheim in Germany. It was in 2009 when, the chairman (Figure 9) Markus Plieninger, has the perception, thanks to his previous work, that diagnostic imaging was not so well covered with the accessories in Germany. Moreover, he made out several market research where he discovered that Europe, but more precisely Germany, necessitate a distributor of the products and device. Indeed, behind the foundation of the company, there is a vast research on how to start and market's possibilities over accessories.

However, diagnostic imaging is divided into several categories such as ultrasound, radiography, tomography, magnetic resonance imaging and so on. Thus, AllMRI, as the name suggest, cover only one part of the all diagnostic imaging market which is magnetic resonance imaging (MRI).

So, Markus Plieninger started to collect a product range for MRI and find out customers. According to the last inventory, the company holds around 207 items stored in the warehouse with the optional choice to select another 1000 items available on demand. AllMRI started to collect the order from Baden-Württemberg

regions until reaching the Germany northernmost region as Brandenburg. So, more practically, it covers from north to south from east to west, most of the Hospitals, Ambulatory surgical centres and Diagnostic Centres (private clinics) in Germany.

**Figure 9 : Company's organizational chart**



*Source: AllMri report 2019*

AllMri's vision is to be well known at the home market and increment its reputation in Europe as the biggest and well-known retailers of non-magnetic accessories.

Likewise, the company's mission has the intent to satisfy and support with high standard accessories all the medical employees that managing our non-magnetic accessories.

According to the Chairman, Markus Plieninger, current company's strategy relies on performing a business operation in the domestic market.

The primary source of income depending on the shipments and selling accessories in Germany. Nowadays, there are shipments abroad such as Norway, the UK, France but cover 10% of the total sales. Company provide a wide range of products and solution for patients who has a specific hospital examination such as neuroimaging, cardiovascular, musculoskeletal, liver, gastrointestinal and angiography.

However, consider that the domestic market is already well covered by few competitors and the leading company's activities are performed in the domestic market, the company's management is considering to expanding its business operations abroad.

According to M. Plieninger, main objectives of the company's future internationalization process is:

- Broaden business operations and establish presence and strong position in foreign market
- To achieve growth
- Set up new contact and business relations with foreign customers



Main reasons for internationalization according to the company's chairman are:

- Growth possibilities in foreign markets
- Small domestic market
- To apply its experience and knowledge in foreign market

Afterwards, in line with the company's chairman, it is possible to deduce that the company's motivation for internationalization are tremendous and increase competitive pressure on its home market. In its internationalization procedure, allMri wants to invest a specific financial resource in order to enhance expertise and knowledge.

Thus, the chairman has explained his interest in conducting preliminary research of selected foreign countries and set up the preliminary contacts with potential local customers in target countries. The company is disposed to consider the possibility to enter on one of the selected markets in Eu, even though limited financial resources.

## **V.2 - COMPANY'S INTERNAL STRENGTHS AND WEAKNESS**

According to Markus Plieninger, I have analyzed the company's strength and weakness regarding its internationalization procedure;

Internal company's strength in Mri field accessories and services are:

- Company's knowledge, experience and expertise in the Mri devices
- Technological advantage as a result of constant improving, embracing and implementation every year a new range of accessories and high-end technology
- Well-developed Mri management shipments and installation
- Company's well educated and skilled labour-force
- Company with international recognition (ISO certificate)
- High standard of materials
- Commitment of the top management for the internationalization procedure and willing to take risk

Internal Weakness which company's market entry would face in selected foreign countries are:

- Lack of international experience
- Lack of necessary financial resources for company's internationalization process

- Lack of specific market knowledge regarding foreign hospital and private clinical environments.
- Undeveloped relations and business connections with potential local partner, customers, organization and so on
- Lack of knowledge about laws, regulation and administrative procedures.

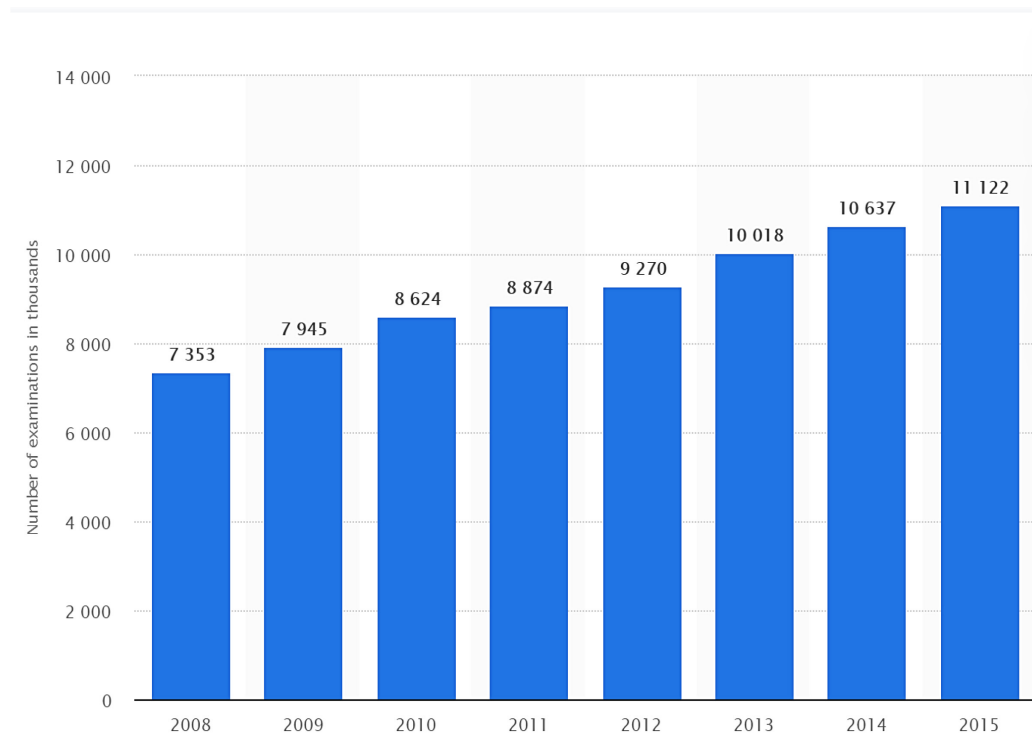
### **V.3 - GERMANY'S MARKET ANALYSIS**

Germany's market is and has been the home base of AllMri company. Since 2009, when the company started its business, there were only 2 or 3 retails of this kind.

Based on Figure 10 below, it is possible to highlight that scan examinations from 2008 to 2015 have an increment from 7353 million examinations to 11 122 million.

Considering this data from Eurostat, it is helpful to understand in Germany's nation how vast is the market, and this data is correlated the scan examination with the non-magnetic medical accessory's requirement.

**Figure 10 : Magnetic Resonance Imaging (MRI) scan examinations in Germany 2008-2015**



*Source: Eurostat, 2008 to 2015*

It is said and demonstrates that Germany is an essential market for MRI scanners, which is also considered as well-crowded by competitors.

There are several companies in which allMri shares the market's accessories in Germany, as it's seen in the figure below.

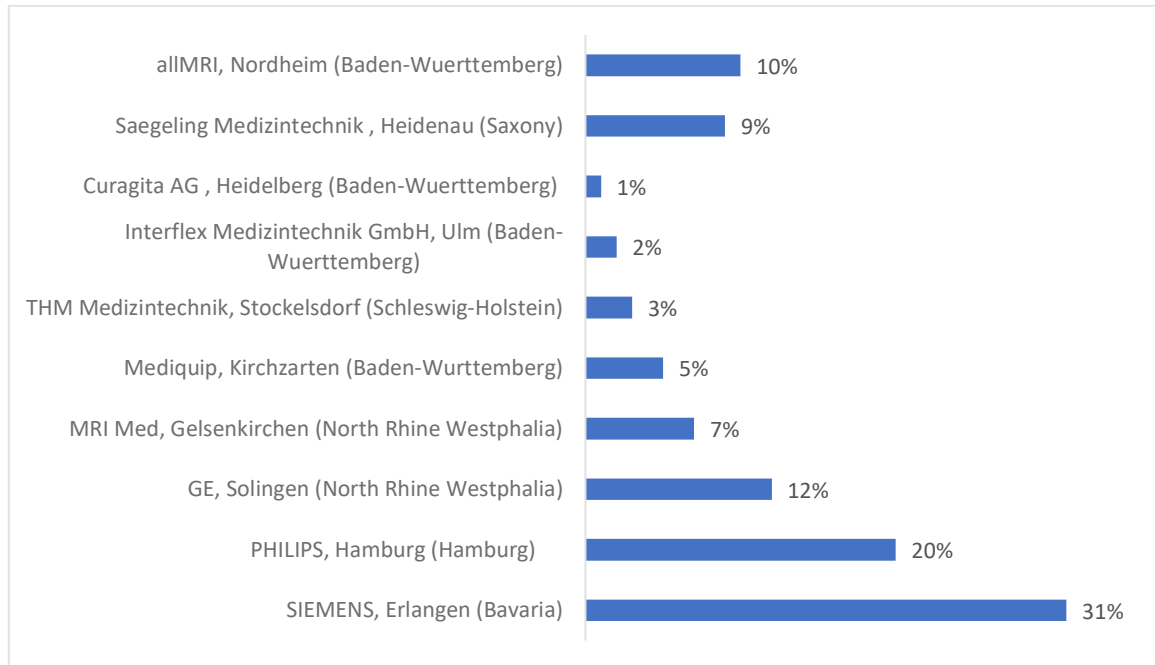
Figure 11, the information gathered with the analysis of market share made in 2019.

So, a well-known brand such as Philips, Siemens, Ge takes 63% of the market,

which means more than half of the total market. Furthermore, they sell scanner and other medical devices, and they include a supply of non-magnetic accessories that sometimes buy from other suppliers as well. Moreover, Siemens, Philips, and Ge have two channels where they sell it, one is a physical store, and another is an e-commerce platform.

On the other hand, at the 4th place of the ranking, there is allMri with 10 % of the market share using only an e-commerce platform. Scroll down the ranking there is with 9% of market share Saegeling Medizintechnik in Heidenau(Saxony) using internet site and field sales force. In the 6th place, there is an MRI Med in Gelsenkirchen (North Rhine Westphalia) with 7 % of the market share, which uses an e-commerce platform. At the bottom of the list, there are with 5% Mediquip (Kirchzarten, Baden-Wuerttemberg) using the internet site. THM Medizintechnik in Stockelsdorf (Schleswig-Holsteinjust) holds 3% of the market. 2% Interflex Medizintechnik GmbH in Ulm (Baden-Wuerttemberg) and at the end with 1% Curagita AG in Heidelberg (Baden-Wuerttemberg) using internet site and field sales force.

**Figure 11 : Market share accessories of Mri Market in Germany**



*Source: AllMri market share 2019*

On the other hand, narrowing down on the AllMri's information, it's interesting to highlight in which region in the home market it's sold more than in the other.

According to Google Analytics, in 2019, there is a list of regions that are covered more or less by AllMri's accessories. In Figure 12, it's listed down in order from the highest to the lowest percentage such as North Rhine-Westphalia 22,26%, Baden-Wuerttemberg 15,47%, Bavaria 14,88%, Berlin 9,76, Hesse 7,96%, Lower Saxony 6,7%, Hamburg 4,41%, Saxony 4,16%, Rhineland-Platinat 3,23%, Schleswig-Holstein 2,68%, Brandenburg 1,87%, Saxony-Anhalt 1,61%, Saarland

1,32%, Thuringia 1,32%, Mecklenburg-Vorpommern 1,10%, Bremen 0,76%. Analyzing the trend of sales from AllMri, this data helps to forecast in which regions they need to get more information about competitors and market tendencies. It would be necessary for further market research to monitor the home market. In this manner, AllMri can avoid losing market share in Germany.

**Figure 12 : AllMri Sales by regions**



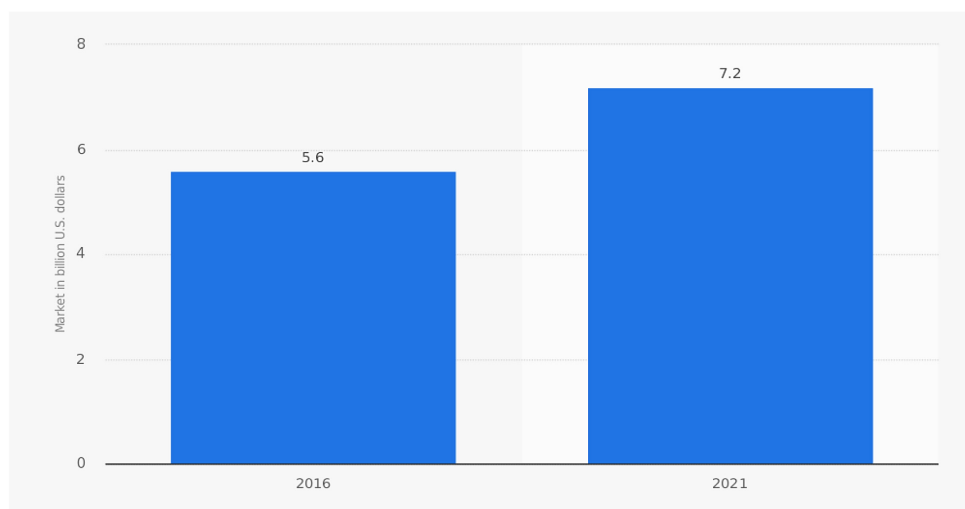
*Source: Google analytics 2019, AllMri own information*

## V.4 - MARKET RESEARCH ABROAD

Sadly, it is not possible to find out the exact information on what concerns MRI accessories and instrument usage and consumption annually. However, thanks to several logical deductions, it is possible to achieve almost a good result with a limited instrument used. In this chapter, it is highlighting several tables and graphs from different sources to face and analyze the current situation correctly around the world. Moreover, it would explain in both sides of contexts, which include macroeconomic market research and microeconomic market research.

First, look to a macro context. It is possible to highlight based on analytics research that from 2016 and 2021, the increment of the MRI would rise from 5.6 billion U.S. dollars to 7.2 in a system's market worldwide (Figure 13).

**Figure 13 : Estimated magnetic resonance imaging (MRI) systems market worldwide in 2016 and 2021**

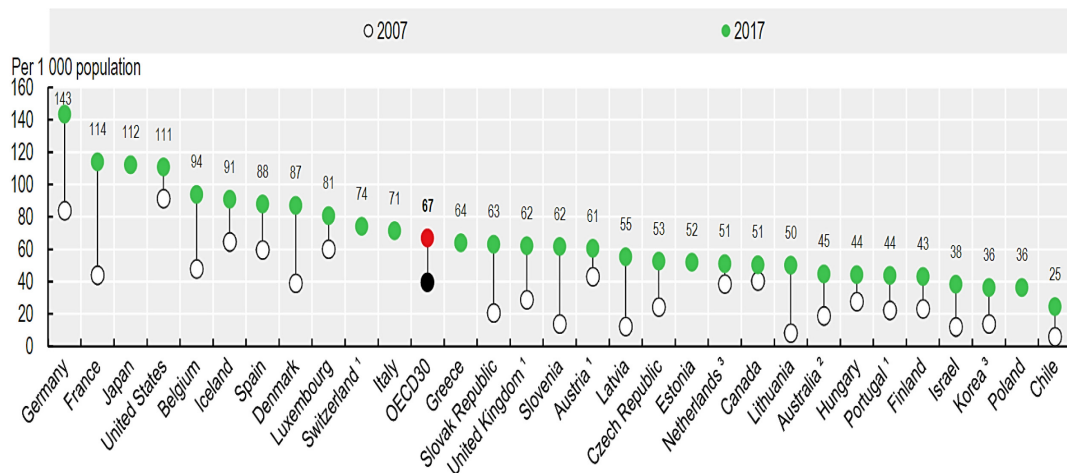


*Source: Markets and Markets*



Thus, it is a consistent increase demand for MRI, and consequently, it's possible to hypnotize that an induced demand for accessories and devices is taken for granted. Keeping up with the research, Figure 14 shows a considerable increment in OECD countries, of MRI exams from 2007 and 2017. Considering country by country, Germany, the U.S., Japan, and France have a considerable number of patients, which take around 100 exams every 1000 population. If it is considered only France, in Figure 14, it has increment from 2007 two times the number of MRI exams in 2017.

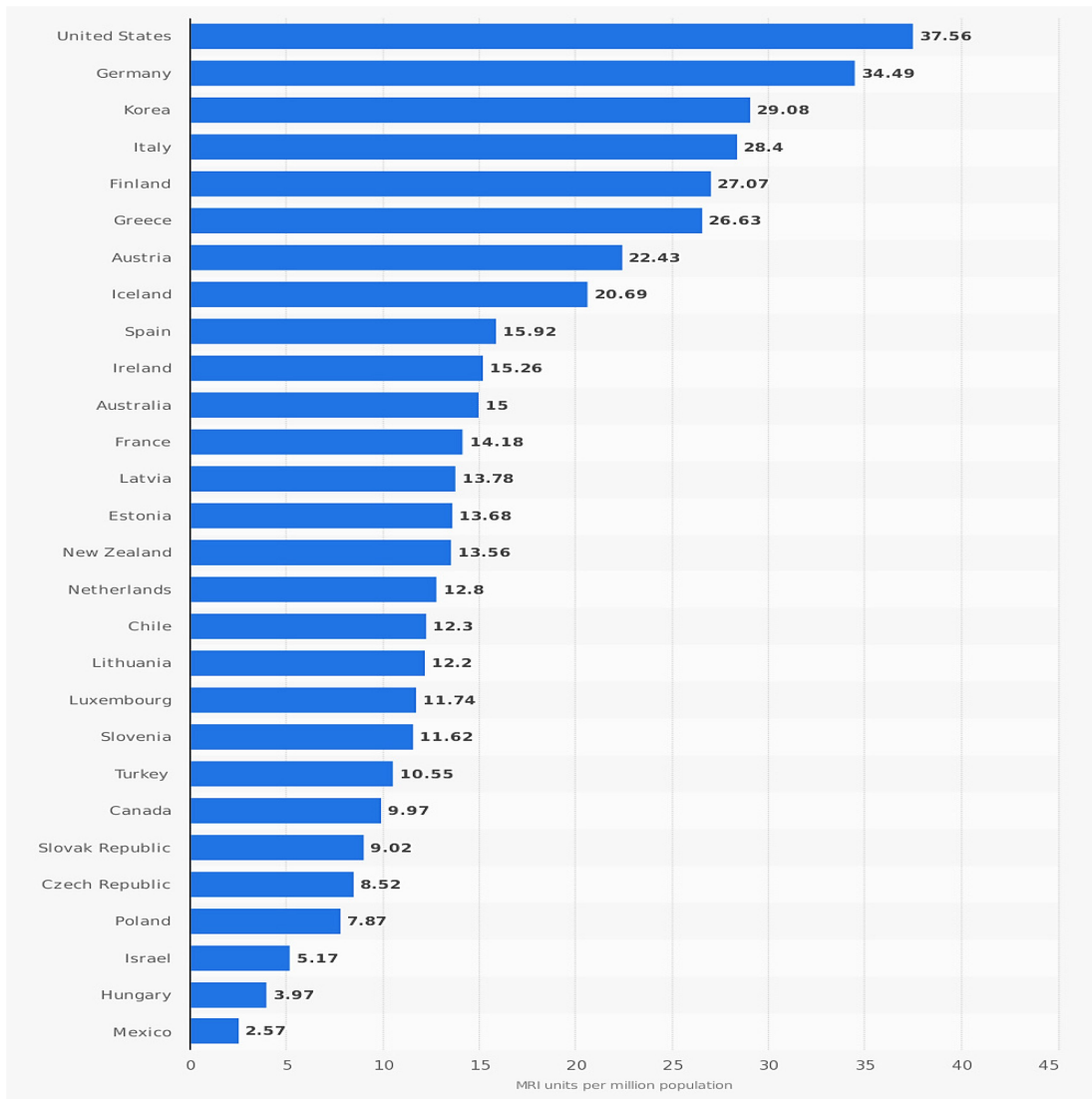
**Figure 14 : OECD Health Statistics 2019, MRI exams, 2007 and 2017**



Source: OECD Health Statistics 2019

However, it is not the company's purpose to face the global situation, but it's helpful to understand better the surrounding market. The main focus of the company's business is to expand in European countries since there are several favourable conditions that a company may achieve by ingress in a few foreign markets.

**Figure 15 : Number of Magnetic resonance imaging (MRI) units in selected countries**



*Source: OECD, Statista 2019*

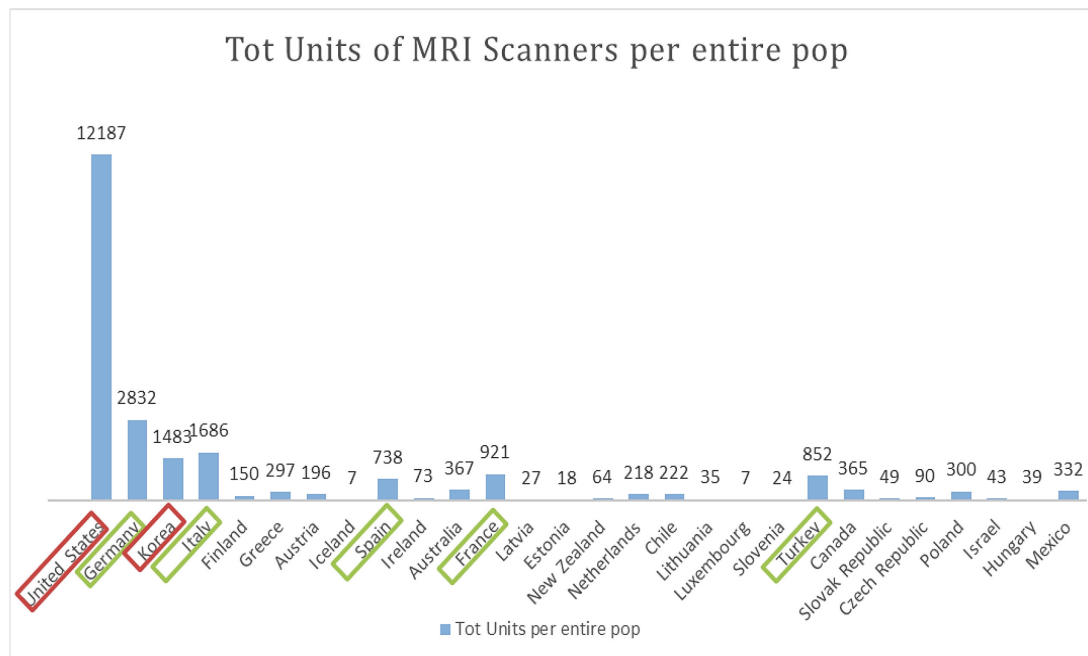
Companies decided not to go worldwide, it selected just the European countries.

Since Germany is its home market, it will not be analyzed in this graph.

Instead, based on this statistic, a vast number of the MRI units per million

inhabitants, there are selected European countries such as Italy, Finland, Greece, Austria, Iceland, Spain, Ireland as they seem to be a good market possibility. However, this statistic is useful but not helpful since considering magnetic resonance imaging units per millions of habitants. Thus, several devices for one million population. It would be not correct to consider units per million population since the USA has more than 300 million citizens and Ireland less than 5 million. So, I took the numbers, and I recalculated to consider, on the one hand, the number of MRI' units per 1 million persons, and I multiplied them for the number of the total inhabitants of each country (Figure 16).

**Figure 16 : Total Units of MRI scanners unit per Entire Population**

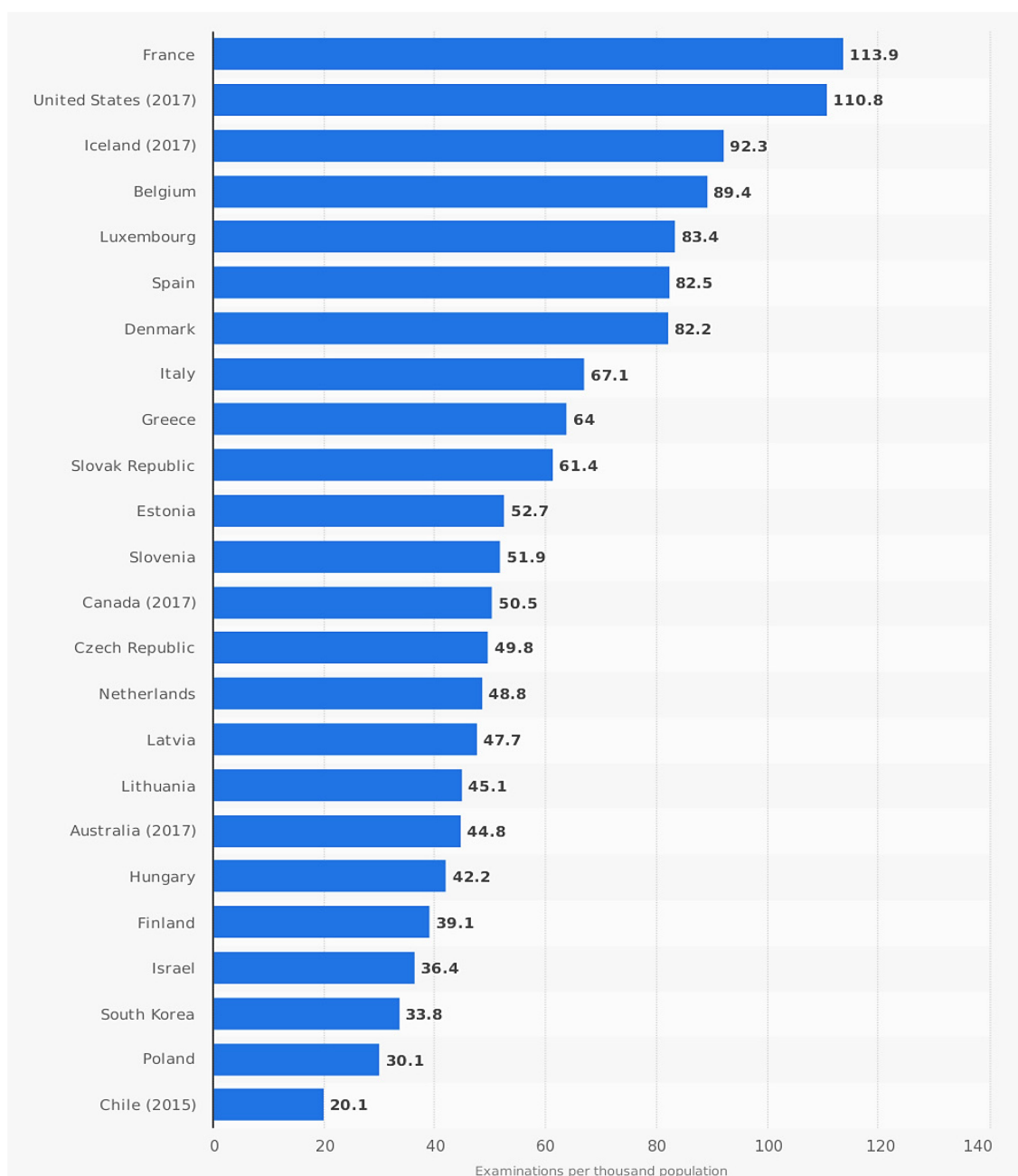


Heretofore, the USA market still a massive opportunity for the company, but AllMri expressed interest in Eu countries; it's not considered the USA market now. From the number, it's possible to say, apart from Germany (home market), Italy, France, Spain, and Turkey are attractive.

However, in previous graphs, it has been analyzed from the side that a concerned number of machines per citizen, where a high number of devices might reflect a vast demand of patients and an inevitable necessity of accessories.

Indeed, changing the point of view, it is pointed out (Figure 17) on 2016 research made out by OECD, France in Europe is one of the first countries with 113.9 people who use MRI scanning on every 1000 people. Then, it is followed by Iceland with 92.3 people, Belgium 89.4, Luxemburg 83.4, Spain 82.5, Denmark 82.2, 67.1 Italy.

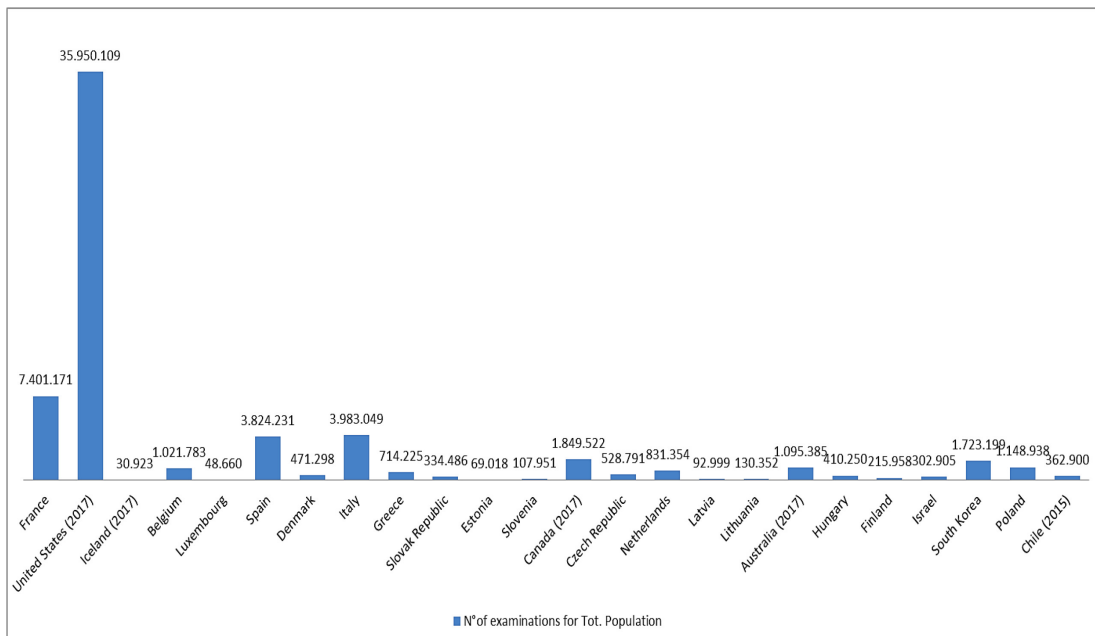
**Figure 17 : Number of examinations with magnetic resonance imaging (MRI) in selected countries in 2016 (per 1000 population)**



*Source: OECD, Statista 2018*

Furthermore, it's possible to highlight that it is not correct to take into account this statistic as it is shown because it lacks the size of the countries which help to define in a better way, which is the real number. More precisely, it is necessary to recalculate it to extent rightly big states and the smallest.

**Figure 18 : Number of examinations over the total number of Population**

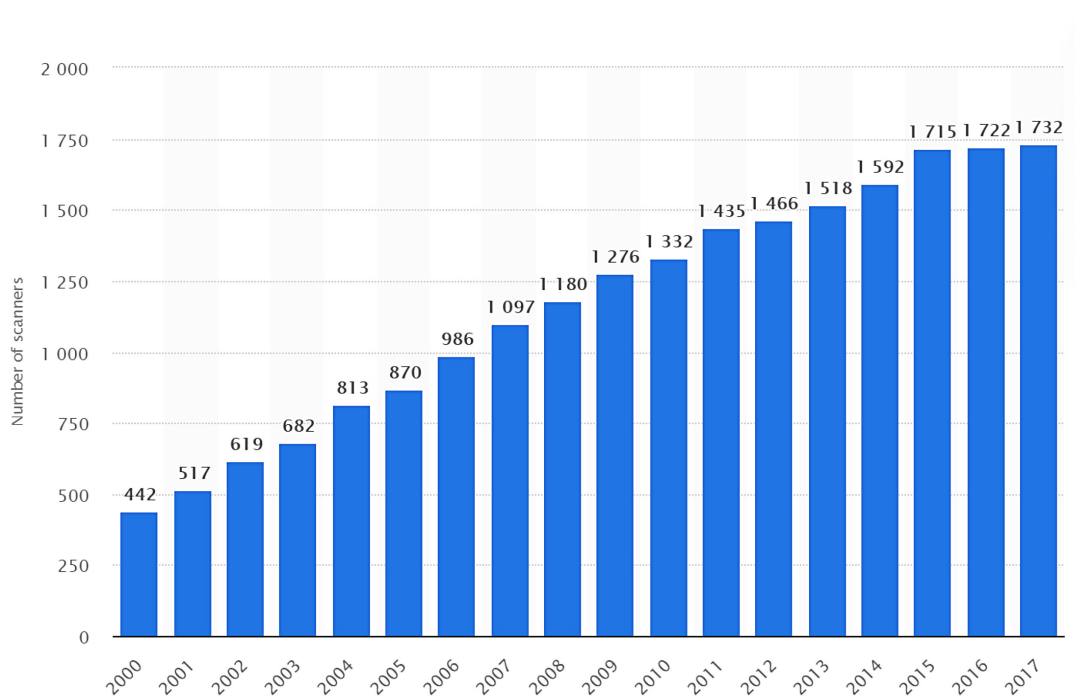


In Figure 18, it is possible to observe why it could be a good reason to choose some European countries than others. This graph helps to select a considerable market where it might be possible to penetrate. France, with around 7 million examinations, is the biggest Eu country. At a similar point is Italy and Spain, where they arrived at about 4 thousand examinations per entire population. On the other way around,

it is possible to say that Iceland, Denmark, Luxemburg are still to a small market to raise the company interest.

After having submitted this information to AllMri's chairman, the decision will lie to three major interesting countries in Eu and probably affordable as Italy, Spain, and France. Indeed, the first selected countries were Italy, and it seems to be a great market and in raising numbers.

**Figure 19 : Number of magnetic resonance imaging (MRI) scanners in Italy from 2000 to 2017**



Source: OECD Healthcare Resources 2017

On this graph (Figure 19), it is shown that from 2000 to 2010, the increment of the MRI units increases two times from 442 to 1276 units. Afterward, from 2011 to 2017 slightly increase until it reaches 1732 units. Eventually, in this decade, it is evident how much units of Mri increase due to a massive demand for patients. Analyzing the Table 1 : Use of imaging equipment, it is possible to support the idea that a vast number of populations use MRI in Italy, around 4 million people every year.

In table 1, It is possible to observe the highest number of examinations taken for each country selected is represented by France 7.6 million for a portion of 67 million inhabitants. In middle Italy, with 4.3 million patients who receive an MRI scanner in a population of 60 million. Last, Spain, with several patients, estimated around 4.1 million and respectively a population of 47 million. So, in percentage, in France, it is 11.34%, in Italy 7.1% and Spain 8.7 % of people.

However, it is interesting to highlight per the number of scans per machine, where in Table 1, France is the country with a smaller number of the device but more patients who take the exams, around 8 thousand patients per machine. In the second position is Spain with the 5 thousand patients each machine and finally Italy, with only 2,5 thousand patients per machine.

It is possible to say that in France and Spain the device is more overcrowded instead of Italy where the device is most widespread and divided among every patient.



**Table 1 : Use of imaging equipment**

	Computed tomography (CT) scanners	Magnetic resonance imaging (MRI) units	PET scanners	Computed tomography (CT) scanners	Magnetic resonance imaging (MRI) units	PET scanners	Computed tomography (CT) scanners	Magnetic resonance imaging (MRI) units	PET scanners
	(number of scans)			(number of scans per 100 000 inhabitants)			(number of scans per machine)		
Belgium	2 281 227	1 068 596	107 836	20 054	9 394	948	:	:	:
Bulgaria	465 227	71 603	14 287	6 575	1 012	202	1 839	1 023	2 041
Czechia	1 097 052	558 236	49 163	10 355	5 269	464	6 569	5 582	2 892
Denmark	996 384	501 314	51 415	17 283	8 696	892	4 351	:	1 224
Germany (*)	12 225 017	11 812 067	140 800	14 845	14 344	170	4 221	4 159	408
Estonia	222 195	68 349	1 236	16 866	5 188	94	9 258	3 797	412
Ireland	:	:	:	:	:	:	:	:	:
Greece (†)	1 620 000	690 000	11 500	15 033	6 403	107	4 186	2 379	885
Spain	5 355 681	4 102 449	173 375	11 495	8 805	372	6 184	5 398	2 167
France	12 686 590	7 629 774	499 729	18 973	11 411	747	10 927	8 031	3 400
Croatia	383 058	193 979	9 326	9 275	4 697	226	5 176	4 217	1 865
Italy	5 441 378	4 320 134	317 640	8 989	7 136	525	2 590	2 494	1 572
Cyprus	121 510	5 673	0	14 137	660	0	4 190	315	-
Latvia	333 946	107 502	:	17 194	5 535	:	4 394	3 982	:
Lithuania	287 806	141 669	1 453	10 176	5 009	51	4 361	4 048	727
Luxembourg	113 120	43 293	2 643	18 969	7 260	443	11 312	6 185	2 643
Hungary	1 199 014	433 309	20 491	12 250	4 427	209	13 322	9 420	2 277
Malta	40 722	24 985	1 780	8 701	5 339	380	4 525	4 997	890
Netherlands	1 609 525	875 445	101 499	9 395	5 110	592	6 968	3 926	1 390
Austria (‡)	1 316 454	534 248	40 085	14 964	6 073	456	8 548	5 452	2 004
Poland	3 683 844	1 376 815	58 616	9 701	3 626	154	5 747	4 574	2 442
Portugal (‡)	1 946 114	451 142	15 366	18 894	4 380	149	7 943	5 308	1 921
Romania (*)	539 358	213 408	6 203	2 738	1 083	32	2 166	1 840	775
Slovenia	146 478	127 641	25	7 089	6 177	1	4 725	5 318	8
Slovakia	837 104	342 443	10 435	15 390	6 296	192	8 905	6 585	1 304
Finland	244 092	237 273	3 071	4 431	4 308	56	1 808	1 592	192
Sweden	:	:	:	:	:	:	:	:	:
United Kingdom (‡)	6 097 719	4 104 277	:	9 231	6 213	:	:	:	:
Iceland	73 399	31 231	:	21 374	9 095	:	4 893	4 462	:
Liechtenstein	1 458	3 496	0	3 841	9 209	0	1 458	3 496	-
Switzerland (‡)(*)	928 960	626 538	45 165	10 991	7 413	534	4 403	3 180	1 613
North Macedonia	63 476	21 868	363	3 060	1 054	18	:	:	-
Serbia	342 529	94 331	2 967	4 879	1 344	42	4 629	3 930	1 484
Turkey	16 596 013	:	255 197	20 664	:	318	13 993	:	2 109

Source: Eurostat 2016, Number of scans per PET scanner

So, taking into account this fact, it is possible to suppose that in Italy the market is more divided into several hospitals and private clinics and might more easily to

enter, starting to collaborate with a few customers. However, more probably in France, more machines are holding by a few hospitals and clinics, which might ask a considerable discount in a selling' stock way and could be hard to enter into the market.

## **CHAPTER VI - MARKET RESEARCH**

In this chapter, it is explained to the reader the method of data collection. It is analyzing the pattern used to cover all the aspects used for the research, starting from the questionnaire to the discussion. In the meantime, the company's choice, along with the research progress with the explanation of each method decision.

In this case, this study has been used semi-structured interviews in order to understand all the context surrounding better. On the other hand, in support of them, I did a structured interview. I then found out other sources such as newspaper articles, collection of documents and data related to the company, the information deriving from the web site, presentations, and business reports; all of this in order to obtain the most significant number of data useful in defining this phenomenon.

### **VI.1 - RESEARCH PURPOSE**

In order to achieve the aim of my thesis, research purpose is a critical factor which deals with several reasons of how to the procedure in the presence of issue with the selection theory, methodology and data.

More promptly would be to use an explanatory purpose since the topic turns to questions of new circumstances. However, I prefer to convey on define research purpose in order to be more consistent. Internationalization is a popular topic in

general, and the research problems have been defined. Thus, the intention is to try to combine descriptive and explorative in order to describe and explore reality. The first research purpose is intended to have a descriptive explanation of the internationalization process, how old is, and how it changes all over the years. The second research purpose is to investigate how many chances Germany's company has to enter into another market using e-commerce. Moreover, the aim to evaluate the products which will be helpful to understand customer behavior and what would be them react to buy on e-commerce.

## **VI.2 - RESEARCH APPROACH**

The purpose of this thesis is to obtain a better understanding of the market abroad, and its possibility to be penetrated. I had applied a qualitative research approach initially to grab more information and understand the situation affecting the process of buying and customer involvement. On the other hand, I applied the quantitative approach to measure some critical factors, such as the impact of e-commerce perception and a chance to get into the market. So, I have used a multi methodology research approach.

### **VI.3 - RESEARCH STRATEGY**

The research strategy that I had to use had before in-depth research of a more established theory on internationalization and e-commerce in order to explore if there are any previous studies on this topic. It is possible to highlight that I have found nothing about retailer's e-commerce over Mri products and accessories. The only few things that I found out are about the number of machines and the number of examinations taken every year.

However, I design my survey data collection in order to understand several things from my customers, first of all, which accessories are recognizing as useful in Italy and the most used. Secondly, how much is their budget every year. Third, if there are used to buy a product already online.

From the point of the result, data and theory help me to make out the foundation of the analysis. So, my research has used the inductive approach since I began with a theoretical explanation and then following up to the relevant theory to explain the disparity of data collection.

## **VI.4 - DATA COLLECTION METHOD**

In my research, I could not use the multiple case study choice, which could be more helpful in order to make a comparison between the case and highlight similarities and differences. However, I had my data collection through surveys, which was more appropriate since there was none history information, literature, and business case about the MRI accessories market.

It is vital to pick out the data collection method since not every case is similar, in order to conclude the research successfully. In line with Sekaran (1992), there are possibilities to access two different data, which are so-called primary and secondary. I choose primary data to have my data collection because it is considered more appropriate for a specific business case or purpose. Since primary data is hard to collect, the number of the survey sometimes still not significant as could be secondary data. So, I have also collected secondary data that is more consistent and helpful to support some of my questionings, but keeping in mind that is an external source, so I treated them with caution.

Moreover, I have been used for the findings, both interviews, such as semi-structured interviews and structured interviews. Notably, at the beginning of my research, I had Italian telephone calls with different clinics and hospitals where I understand the right way to make out properly questionnaire with appropriate

questions. So, I could define that initially, research was done with semi-structured interviews with a clear answer. However, secondarily, I used a questionnaire with structured interviews in order to have more quantitative data to analyzed.

Thus, I deliver the questionnaire to 657 Italians' institutions, both hospitals than private clinics. Only 28 of them answer me back. Sometimes I had a reply from the purchasing department, sometimes from the director of the clinics or the doctor. The data collection detected help me to analyze more deeply a sector that was since now unexplored.

## **VI.5 - SAMPLE SELECTION**

In my case, I had no dataset where it was possible to find out Italian hospitals and clinics. So, first thing first, I had the dataset research through the web site of the clinics and hospitals that hold inside the MRI department. I filtered the most populous city in Italy, Rome, with 2.856.133, until the last one with around 100 thousand citizens.

So, I have been selected cities based on the citizen's information find out on the web site (Città Italiane con più di 60.000 abitanti - Elenco per popolazione, 2019). Considering the list, I choose in chronological order from the largest to the smallest, without distinguishing from North or south, West or East.

My selection's criteria were that hospitals/ clinics should at least have the Mri

departments. After that, the next criteria are to set apart which of them have a CT scanner, X-ray, and MRI scanners.

So, I opened up Google's web page. I filtered my search with the keyword such "Risonanza magnetica", "Ospedale risonanza magnetica", "clinica risonanza magnetica" plus the name of the cities. By doing so, I collected all the possible Hospital/clinic information such as location, web site, and contacts.

After that, I translated them into excel dataset with all details. Moreover, the dataset doesn't contain all the cities since my research time was based on four months of research. Indeed, it's possible to conduct further research to expand the dataset in order to have more hospitals, clinics, and cities, but taking into account the remained cities, it would be under the 100 thousand citizens.

Finally, after four months of the research of my dataset, I figured out 657 MRI place, which was possible to contact in order to sell products and make out survey research.

Therefore, taking into account the dataset, I have been contacted all of the Hospitals/clinics to fill out a questionnaire. Out of 657 MRI contacts, I had only 100 responses. Taking into account that 22 was not reliable since it was made wrongly, I ended up having only 88 questionnaires, which was possible to utilize.



## **VI.6 - INTERVIEW QUESTIONNAIRE DESIGN**

To provide a useful tool as questionnaire interviews, I needed to use a different strategy such as open-ended questions, closed-ended questions, and Likert scales. On the questionnaire, I have been used all those three tools to divided questions into a different pattern. I can note that most of the time, the respondent has some difficulty to face the open-ended questions. Instead, the other two methods are more appreciative and willing to be answered.

It is possible to visualize in Appendix A, the questionnaire where I provide both qualitative and quantitative questions.

Developing the interview question, I have using the questions that will provide data to the central theme. Moreover, to investigate any correlation with e-commerce in the past or at the present moment.

## **CHAPTER VII - DATA DESCRIPTION, ANALYSIS AND RESULT**

The case study is a research strategy connected to a precisely story, an experiment or a simulation not necessarily attributable to a specific empirical evidence or methodology for collecting data. The case study is based on a thorough analysis of a single example or event without having to make use of large samples and rigid protocols. It is providing important forecasting elements leading to the understanding of why a certain scenario is configured exactly in that way. It's properly called it a research- inquiry that may include quantitative data, qualitative evidence and theoretical elements. Collecting data to a case study help to understand better the phenomenon. The case study has a different shape and it depends how them are described and in which situation. For example, it is possible to analyse in such as different way as illustrative case study using one or two different situation, explorative case study with a depth investigation, program effects case study which clarify the impact of certain variables of program or actions and finally with represent reality in the form of narration with narrative case study. In this case, we are going to analyse the phenomenon in the form of a explorative case study in which we will discuss in- depth each peculiarity.

Moreover, on this chapter we are going to discover and understand the empirical data that it is been collected and analyse the fact trough the theories and the conceptual framework that already presented.

## **VII.1 - GENERAL INFORMATION**

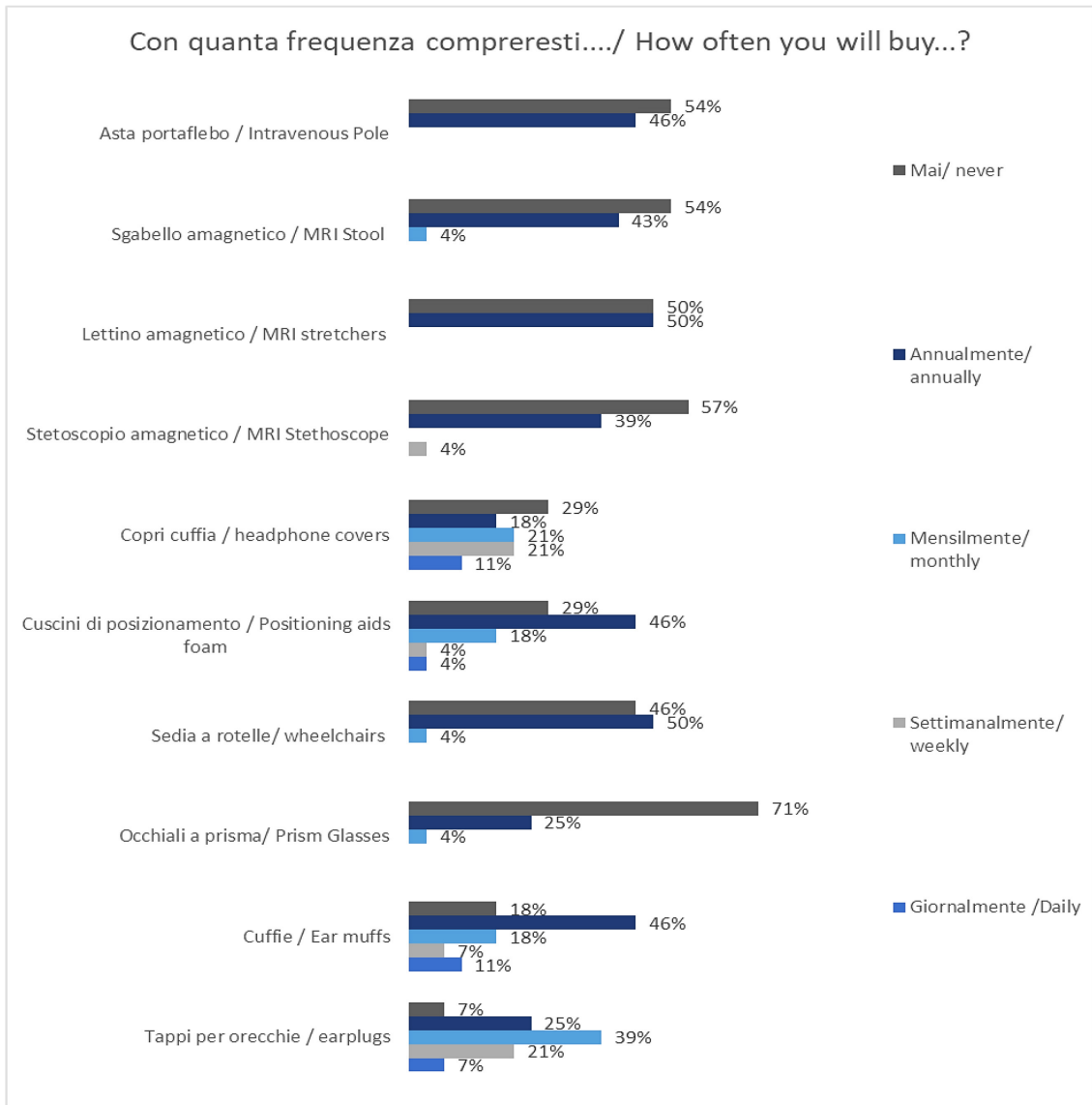
Among the 657 MRI Italian departments, it has been asking to reply to a questionnaire to all of them. However, only 28 of them reply correctly to the questionnaire. The sample of the MRI departments was including only Italian departments, more exactly among Private hospitals and diagnostic centers. The questions were answered either by the General manager or by a technical radiologist (TSMR).

So, no difference even in the section of who is or not in charge of the purchasing. The sample was taken randomly within the dataset without making a distinction between North/ South or East/West Italy. In the same way, randomly, it has been chosen the size of the department, number of employees, and number of patients weekly.

## **VII.2 - MARKETING INFORMATION**

In order to understand better Italians ‘customers, the interviews questions were design to cover both questions of the thesis and marketing research.

**Figure 20 : Con quanta frequenza compreresti.../How often you will buy?**



*Source: Thesis's Interview conducted in 2019*

The sample taking into account is 28 respondents who reply about their experience for each product, and it is translated here in percentage.

So, in the figure above, it is listed that several accessories which are needed in the

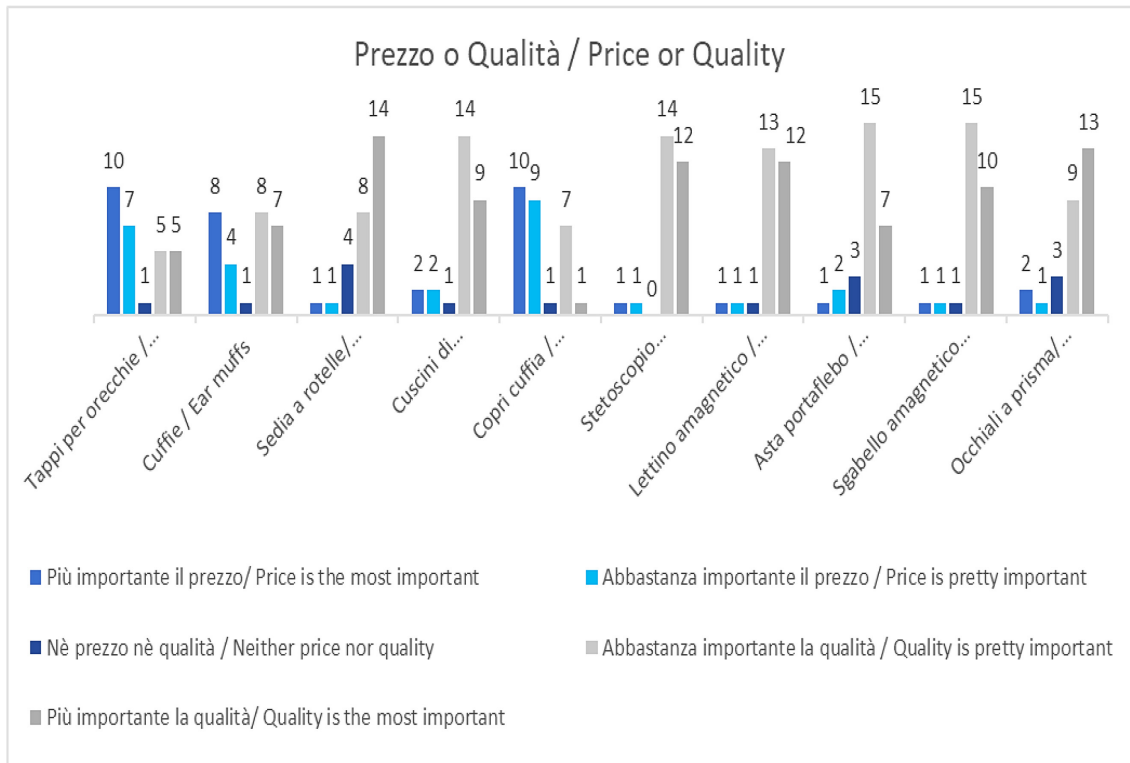
Mri Departments. So, the necessity of these products of each Hospitals/clinics is taken for granted. In the same way, go hand to hand with the necessity of accessories, which are efficiency on every scan taken.

Moreover, in Figure 20 : Con quanta frequenza compreresti.../How often you will buy?, it is possible to divide two categories of accessories in which one category holds disposable accessories, and on the other hand, there are reusable accessories. Considering Market research, notable is as “intravenous pole”, “Mri stool”, “Mri stretchers”, “Mri stethoscope”, “wheelchairs” and “prism glasses” usually are being bought just once in a Mri department and most probably would not be replaced soon. In marketing terms, one of those products once has been sold, hardly would buy again over a period that is nearly one year.

On the other side, Mri departments would have ongoing contact with the suppliers due to the necessity of disposable accessories. For example, accessories such as “ earmuffs”, “earplugs”, “headphones cover,” and “positioning aids foam” are buying more often with a weekly/monthly basis.

Moreover, it is possible to match the same feeling above in Figure 21 : Prezzo o qualità/ Price or Quality, based on the feeling that repliers had based on the price and quality.

**Figure 21 : Prezzo o qualità/ Price or Quality**



*Source: Thesis's Interview conducted in 2019*

With 28 responses by the attendees, it is possible to highlight what is more felt qualitative high and which accessories are more price sensitive.

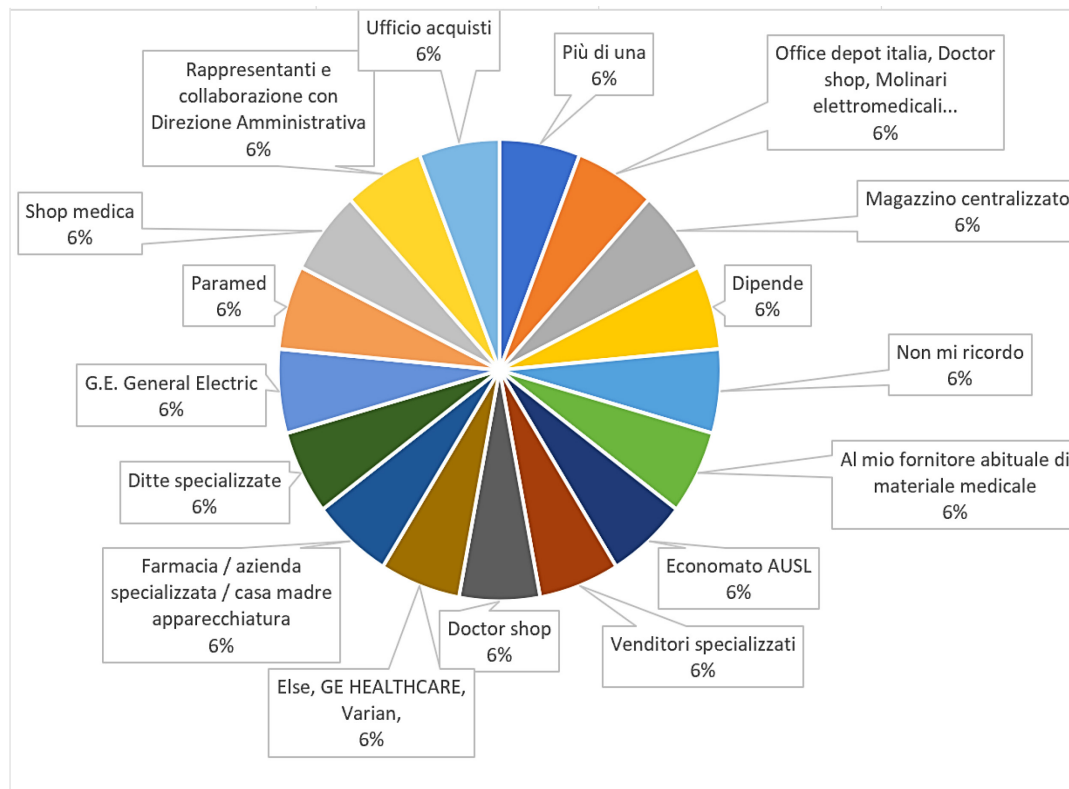
Cutting into two different categories, durable accessories such “Stetoscopio amagnetico (Mri stethoscope)”, “Sedia a rotelle ( wheelchairs)”, “lettino amagnetico (Mri stretchers)”, “Asta portaflebo (intravenous pole)”, “sgabello amagnetico ( Mri Stool)”, “occhiali a prisma (prism glasses)” are considered as accessories with the high quality standards. Mri departments would hardly replace

those accessories. However, it is possible to shed light on “cuscini di posizionamento” (positioning aids foam). Even if it is considered durable accessories, indeed high-quality materials, on the figure before, it is indicating from several respondents as products with a need to be replaced weekly/monthly basis. Another overwhelming response in Quality concerns “cuffie” and “tappi per orecchie” which since they are catalogued as disposable accessories, there are ambiguous answered where the price is more critical for the 50% of 28 respondents but the remaining of them think that high quality is needed. So, probably, it seems that the scanner machine is considered from patients noisy, several departments prefer to spend more to have high- end “earmuffs/ earplugs”. On the other hand, the price sensible is higher, especially in the public hospital where usually tends to save money upon disposable equipment.

Moreover, in Figure 22: A quali aziende si rivolge per l'acquisto degli accessori di risonanza magnetica? / To which retailers you used to buy MRIs'accessories?, the sample replied to another interesting question about market research. I have been asking to which retailers hospitals/clinics used to buy accessories. Unfortunately, out of the 28 attendees, just 19 replied with the name of the retailers. What is interesting to point out is that all of them replied to different retailers' names. For example, some retailers such as “General Electric”, “Paramed” and “Doctor-shop” were already well-known name. Nevertheless, unusual new names came up such as “Shop Medica”, “Molinari elettromedicali”, “Office Depot Italia”. Other replies

with general meaning such as “ditte specializzate”, “ufficio acquisti”, “venditori specializzati”, “Rappresentanti e collaborazione con Direzione amministrativa” turned up to be useless. Considering figure 5, it is significant the number of e-commerce retailers which is represented by “Doctor-shop”, “Office Depot Italia”, “Shop-medica”, “Paramed” and “Molinari elettromedicali”. So, theoretically, potential competitors in Italy have been listed here, and further research has been required.

**Figure 22 : A quali aziende si rivolge per l'acquisto degli accessori di risonanza magnetica? / To which retailers you used to buy MRIs'accessories?**



Source: Thesis's Interview conducted in 2019



### **VII.3 - ITALIAN MARKET INFORMATION AND COMPETITORS**

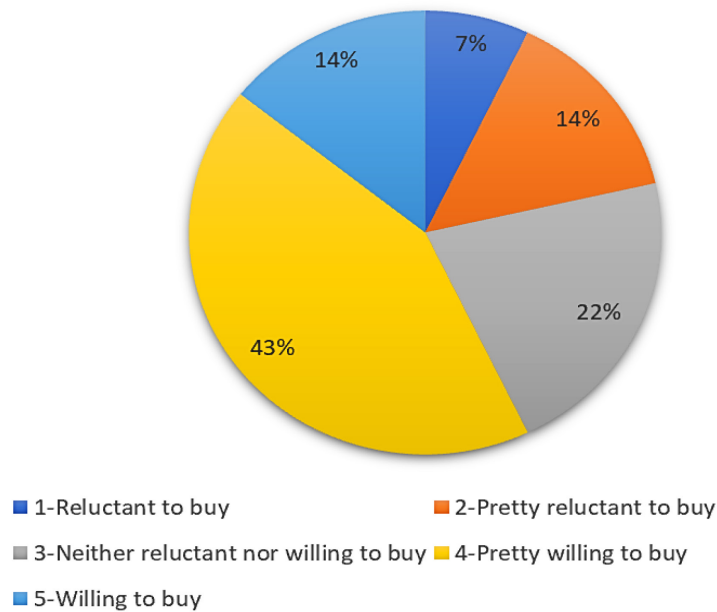
Consequently, in order to find out new information about the Italian market, I have been asking the sample how much they willing to buy non-magnetic accessories online.

In Figure 23, 28 participants, two of them replied that they are reluctant to buy online. Four are pretty reluctant to buy accessories online, and six are neither reluctant nor willing. So, more probably, twelve out of twenty-eight are not able to use or pleasure to use e-commerce to buy accessories out. Probably, in the future, they would change their mind or not. It is not possible to understand in deep what those potential customers think about e-commerce and its prospective.

However, less than 45% of attendees would be considered as, in reality, not interested or potential customers.

On the other hand, sixteen out of twenty-eight replied positively. Twelve of them said that is pretty willing to buy accessories online. Plus, four of them are willing to buy. 57% of attendees would be considered as interested in buying online or already prompt to do it.

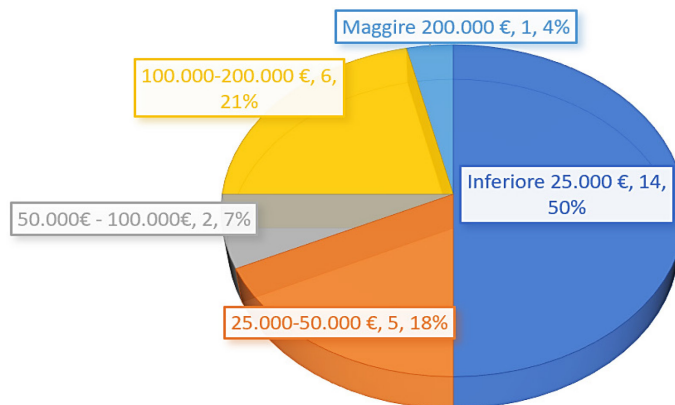
**Figure 23 : Sareste disposto a comprare questi tipi di prodotti online?/Are you willing to buy this type of products online?**



*Source: Thesis's Interview conducted in 2019*

Despite their intention to buy or not, it has been asking the sample how much they would spend annually to replace accessories and non-magnetic instruments. Unfortunately, they do not answer with the exact number that annually they invest for the business but with the pre-set reply.

**Figure 24 : Quanto ammonta il Budget annual per gli accessori della RM?/How much you would spend annually for the equipment?**



*Source: Thesis's Interview conducted in 2019*

In Figure 24 : Quanto ammonta il Budget annual per gli accessori della RM?/How much you would spend annually for the equipment?, fourteen (50%) clinical said that their expenditure would spend less than 25.000 €. Five out of twenty-eight (18%) usually spend between 25.000 € and 50.000 €. Two (7%) of them would spend between 50.000€ and 100.000€. Six (21%) companies would spend between 100.000 € and 200.000€. Only one (4%) company would spend more than 200.000€. This data would be useful in order to understand better and differentiate which among private clinics, hospitals, and the Mri department have more purchasing power and if it depends on where they are situated and their reputation.

Moreover, much would depend on the next marketing strategy in order to distinguish which type and size of Mri departments would fit for the business volume of AllMri. Therefore, looking into the budget of the Mri department, other vital data come up to help with the marketing decision.

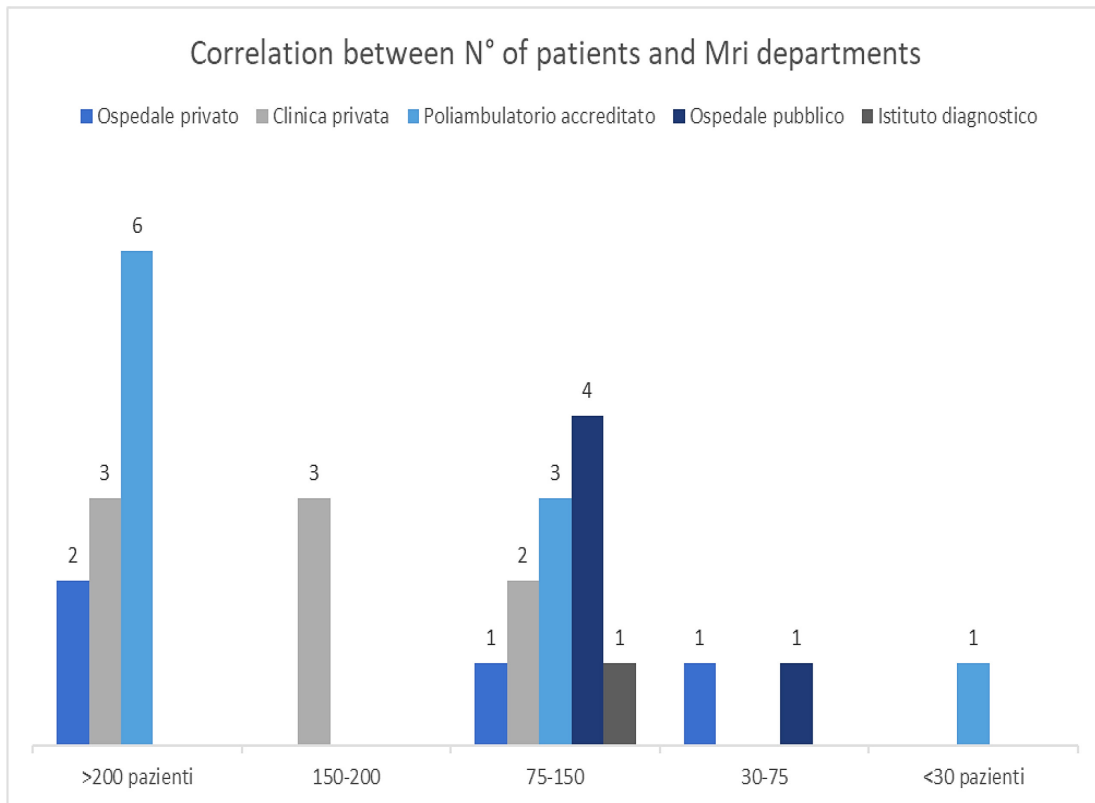
For example, I have been asking the attendees which institution they reply from and how many patients they use to have per week.

Having a look at Figure 25, at first glance, in the first section, six of “Poliambulatorio accreditato” replied to have more than 200 patients per week. On the other hand, three of “clinica privata” admitted having more than 200 patients per week and just two of “ospedale privato”.

In the second section, there are only three “clinica private” who tell to have between 150 and 200 patients per week. However, different in section 3, where there is one of “Ospedale privato” that said to have around 75 to 150 per week. The same number of patients are also confirmed from two of “clinica private”, three of “Poliambulatorio accreditato”, four of “ospedale pubblico” and one of “istituto diagnostico”. In section 4, where the patients per week are supposed to be between 30 and 75, there is one of “Ospedale privato” and one of “Ospedale pubblico” that said to cover those patients per week.

Less than 30 patients per week, there is only one of “Poliambulatorio accreditato”.

**Figure 25 : Correlazione tra N° di pazienti ed i dipartimenti di RM /  
Correlation between N°of patients and Mri department**



*Source: Thesis's Interview conducted in 2019*

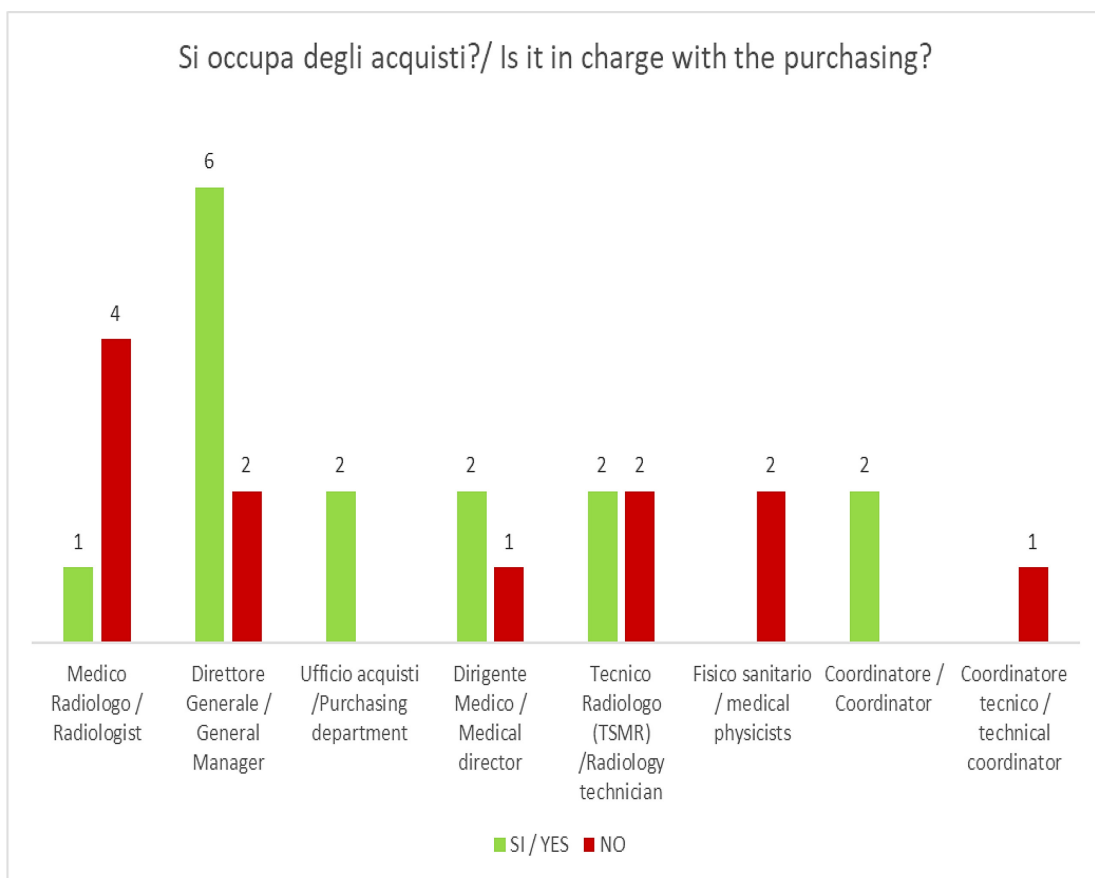
Correlation between N°of patients and Mri departments is useful to understand with the degree of probability in the future sales, which kind of institution receives more patients weekly, and which of them need a stock sale and which few accessories per week. However, the sample that I take into account is small, so a future interview needed to collect a more significant sample.

In addition, to have a full picture of the Mri department, I have been asking to the

attendees which role they play into the Mri departments and how they would affect the sales.

In order to better understand this correlation, I used Figure 27 to help it out.

**Figure 26 : Si occupa degli acquisti / Is he/she in charge with the purchasing?**



*Source: Thesis's Interview conducted in 2019*

According to Figure 26, there is a high probability that “Fisico sanitario/Medical

physicist”, “Coordinatore tecnico/technical coordinator” and “Medico radiologo/Radiologist” would be not in charge with the purchasing of non-magnetic material. On the other hand, a high probability of choosing accessories and buying them is in the hand of “Direttore Generale/General Manager”, “ Ufficio acquisti/Purchasing department”, “Dirigente medico/Medical director” and “Coordinatore/ Coordinator”. In this manner, it would be more comfortable in case of the sales by an agent or by phone to aim the right person in charge of the Mri department.

Likewise, I have the chance to measure, at the different job employment that I have been interviewed, how much they would affect the non-magnetic purchasing. In the figure below, I have been listed down all the results conducted on the 28 attendees. To combine Figure 26 with Figure 27, it is helpful to fully understand if they are in charge of the purchasing and if they are somehow responsible for buying or not at a particular non-magnetic accessory.

So, there is a high correlation for “Medico radiologo/Radiologist” in both Figure 26 and Figure 27. On them, it does not affect the choice of the accessories and neither in charge of the purchasing. On the contrary, “Direttore Generale/ General Manager” would probably in charge of the purchasing and would affect the choice of them.

In the same place, “Ufficio acquisti/Purchasing department” and “Dirigente medico/Medical director” are positive in both figures, which means that they are in

charge of purchasing and the choice of them.

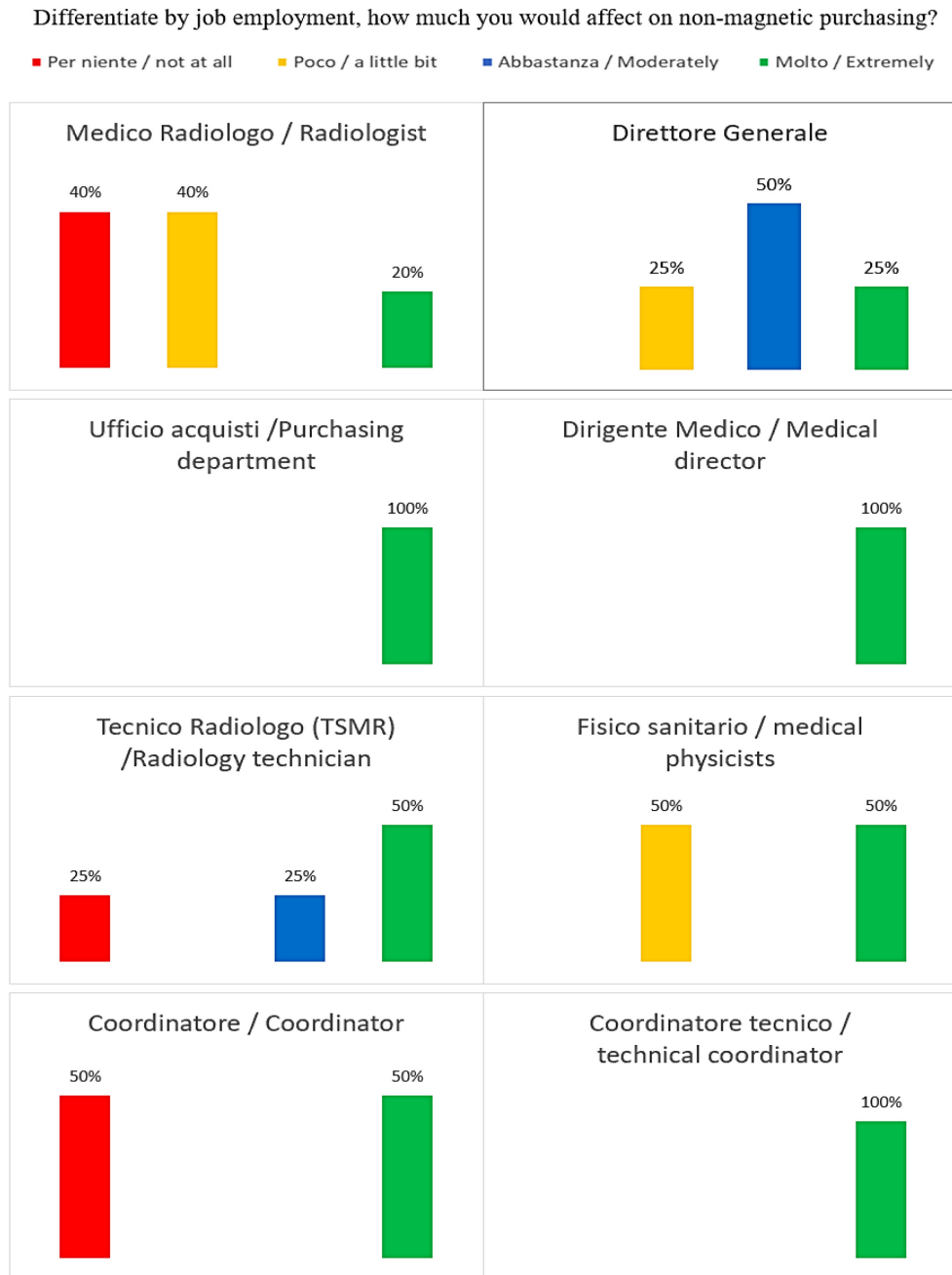
The different situation appears for “Tecnico radiologo/Radiology technician” where in Figure 26, seems to be in charge of the purchasing in some private clinical and not in other. Probably “Tecnico radiologo/Radiology technician” in a private hospital and clinic, where the number of patients per week is around 30-75, they used to hold different positions, which could be the purchasing sector too. On the other side, in Figure 27, they seem to make good and bad weather since 75% of them are moderately and enormously affect the accessories purchasing.

Ambiguous also is the figure of “Fisico sanitario/Medical physicist,” where Figure 26 is not in charge of purchasing, but in Figure 27 somehow could affect the buying of those products.

“Coordinatore/ Coordinator” is said to be in charge of the purchasing in figure 9, and only 50% of them confirmed that also they could affect the choice of accessories. The same path follows “Coordinatore tecnico/technical coordinator” who seems not be in charge of purchasing in the hospital, but it could somehow affect the selection of non- magnetic accessories.



**Figure 27 : Differentiate by job employment, how much would affect on non-magnetic purchasing?**



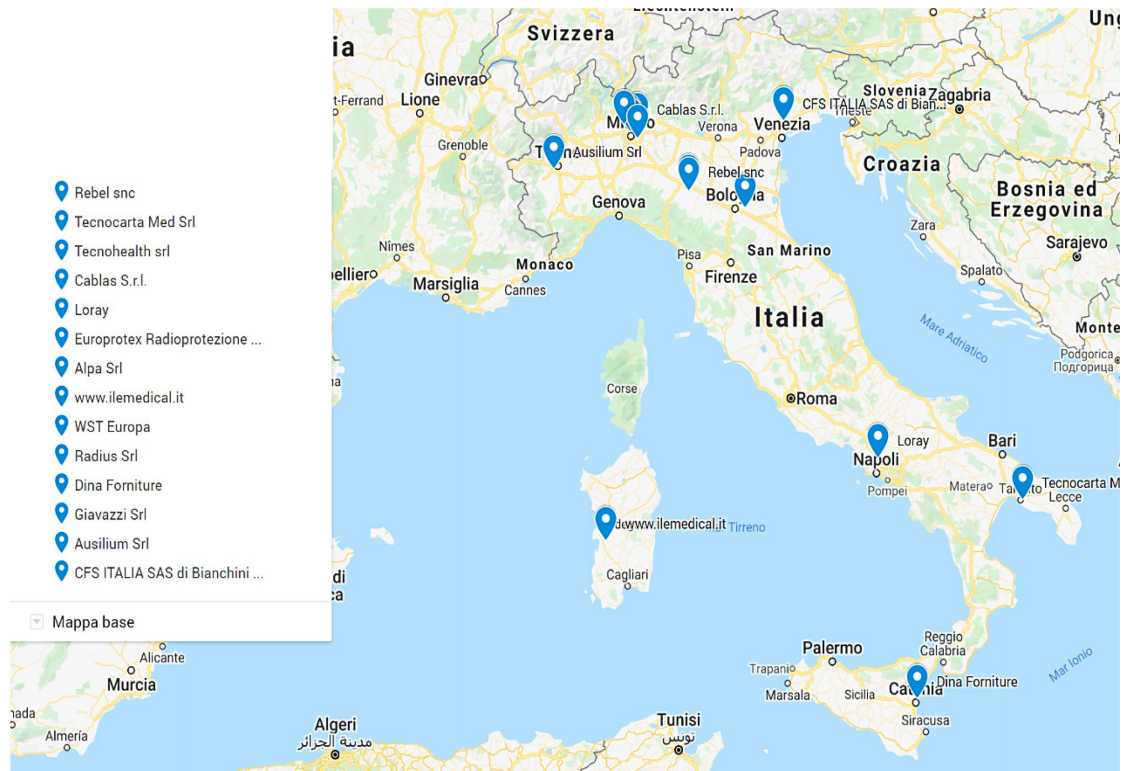
Source: Thesis's Interview conducted in 2019

Furthermore, I have been researching possible competitors that could interfere with Italian's market expansion.

I gather as much information as I could using google. I made out this list of possible competitors, which should be updated every three months.

Fourteen companies in all Italy sell both online with e-commerce and with the sales agents. There are several further companies that I cannot reach the sample research on the internet, but I have to do in-depth research in every hospital to get more information. However, in order to get into a new market, it would be enough for this primary research.

**Figure 28: Possibili concorrenti dell'e-commerce in Italia / Italian's e-commerce competitors**



*Source: Google research web site 2019*

Figure 28, it is highlighted their position on the map. Ten out of fourteen companies lie in the north of Italy. So, there is much chance to get more customers in the north, where customers are more willing to buy and prone to use e-commerce. There are a list and contacts of these competitors in the “Appendix B”.

## **CHAPTER VIII - CONCLUSION AND FURTHER RESEARCH**

### **VIII.1 - THE USEFUL ASPECT OF THEORY**

In general, theories help to observe and explain relationships between one or more concepts. In this case, they help to AllMri undertake the process while going abroad. Thanks to these theories and models, it would be more straightforward plan internationalization process of SMEs even though not all business is similar to the purpose, skill, environmental, and size. Naturally, there is not a standard theory to use but sometimes needs a combination of them, which makes a process smoother. Looking back to the theories, internationalization began a long time ago and still nowadays one of the central subjects of the present economy. Naturally, the manner of getting into the international market has been changed too.

However, not many companies can become international using the Uppsala model, which is considered the first model overall. On the other side, there is “network theory,” which approaches request a long time to get familiar with the new market. It would work better if the company already has a connection there, with suppliers and customers, because it would speed up the mechanism of rapid internationalization. However, it is not fit well for AllMri since it started to get information about “Italian Market” just from January to July. So, “network theory” would become a future solution to get more market share but not at the beginning

of this project where AllMri is.

Born global and INV's rely on the company's ability to have already become international since its inception. It is not the case of AllMri, which roots its market in Germany and only now decided to get international. The same path will be at the moment with International entrepreneurship theory, which relies on first in the entrepreneurial behavior but then also to the market knowledge and the foreign business relationship, which is not vast and robust.

To conclude, after I have been analysing the most relevant internationalization theory, in the case of AllMri, it is advisable to gain more relationships with suppliers, subcontractors, customers, and other market actors. In order to start "Network theory", a network approach can be useful to enter an Italy foreign market.

## **VIII.2 - CONCLUSION ON THE MARKETING SIDE**

After I have been analyzing the Mri market in general and the solution of the internationalization process, different reflections come up with this thesis.

First thing first, it is possible to conclude that the MRI market would increase, estimation made by Statista 2018, where worldwide market rises from 5.6 billion \$ to 7.2 \$ billion. Second of all, taking into account the Mri units' scanner per

population and number of examinations per 1000 population at page 65, Italy represents the best country to enter.

Third, Italian's scanner units increase in 17 years, from 400 units to 1732. It is seen as a sensational increment that is second only to Germany.

Moreover, despite all those positive data, which is very well reported on my thesis, there are different criteria to explain why to choose Italy.

One criterion which fulfills AllMri's needs is at the level of law and regulation where Italy is regulated by the same international EU laws and privacy in force in Germany. Indeed, as well as the same currency.

The second criterion is the similar market information. Thanks to the questionnaire, it is possible to highlights several factors that could enhance the chance to enter the Italian market.

The third criterion concerns marketing information, where there is a high correlation between the perception of Germany's customers and Italian customers about the price and quality. For example, Italian and Germany's customers would not spend so much to buy "earplugs," but there are willing to pay more in case of non-magnetic "wheelchairs" or "intravenous Pole".

Furthermore, it is essential to highlight that 57 % of the hospital and private clinic interviewed are willing to buy this kind of product online.

### **VIII.3 - ENTRY STRATEGY AS THE FIRST STEP OF INTERNATIONALIZATION**

It is said by Chandra, Y., Styles, C., and Wilkinson (2009) that the beginning of the internationalization process initiates when you begin to recognize the international opportunity.

Based on the fact that all this process starts from AllMri's Chairman, who has the intuition to recognize the international opportunity.

However, according to the foreign market entry modes section, it is essential to make a good strategy in order not to lose investment and time.

AllMri had already taken the primary step through internationalization when, at the end of February, I started the research of the potential customers in Italy. I have contacted 657 Mri departments for the first time by commercial mails and emails.

AllMri's approach concern to have, for the first time, a look to AllMri's e-commerce site. Then, only secondly it would become a call to the customers in order to have a further conversation. At the third stage, at the end of my stay, AllMri had 20 orders from Italy, which were delivered and received successfully.

After that, based on the thesis research and the data gathered, it would be possible to suggest action furthermore in order to continue along internationalization's path.

The first thing first to do is a translation of the e-commerce platform from German

to Italian and at least one member of the department who speaks Italian with already experience in the medical field. In this manner, it would gain more market information, find out other possible customers, and understand better marketing needs.

Moreover, it would not be considered internationalization at all if there is not proper FDI in the market's host. So, I suggest the next required step would be export, licensing, or other kinds of the contractual relationship with retailers.

Export can be done through various retailers such as agents, distributors, merchant houses, trading companies, or intermediaries.

However, agents or intermediaries would be powerful since we are talking about a niche market where usually is covered by agents of the field sales force.

To be innovative and induce customers use e-commerce require time and patience. For this reason, I believe that Italian agents would fit perfectly at the beginning of this path of internationalization. Foreign direct investment (FDI) would be the next further step, which requires more investment commitment.

Sales subsidiaries, as well as production subsidiaries or warehouses in Italy, would be necessary in case of massive success on the selling online.



## **VIII.4 - FURTHER RESEARCH**

It is complex to cover all the options and difficulty of using e-commerce as a method of internationalization.

This study can help a company or other students for further research on Mri's accessories field. This company's master thesis, in collaboration with Hochschule Heilbronn, is the first thesis made for allMri GmbH. It would be interesting to investigate in other potential markets such as France and Spain, where it seems to have an excellent opportunity to enter as well.

In this study, I have interviewed a considerable number of Italians' samples, but unfortunately, only a few attendees reply partially to the market's questions.

Furthermore, due to the lack of time and resources, I would suggest a future more consistent interview. Next time, it must be conducted face to face or skype with potential customers in-depth interviews in order to acquire more sound data.

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# APPENDIX A: INTERVIEW QUESTIONS FOR POTENTIAL CUSTOMERS

## Analisi di Mercato sui prodotti per la Risonanza Magnetica (MRI): i gusti dei consumatori

Salve a tutti! Sto terminando il mio percorso universitario, sono iscritto al corso di Laurea Magistrale in International Economics and Commerce (IEB), presso l'Università Politecnica delle Marche di Ancona. Sto realizzando un'analisi di mercato relativa al settore che riguarda la risonanza magnetica.

Questo questionario ha lo scopo di valutare la risposta dei consumatori privati nei confronti dei prodotti della risonanza magnetica, con particolare enfasi sul loro acquisto online.

Si precisa che i dati ricevuti saranno trattati in forma anonima, solo ed esclusivamente ai fini del progetto universitario a cui sto lavorando.

Tempo di compilazione: 4-5 minuti

Grazie per la collaborazione!

\*Campo obbligatorio

1. Inserisci il codice di ricerca

\_\_\_\_\_

## Analisi di Mercato sui prodotti per la Risonanza Magnetica (MRI): i gusti dei consumatori

2. Inserisci il codice di ricerca

\_\_\_\_\_

## Quesiti prodotti

3. Con quanta frequenza comprate questi tipi di prodotti nel settore della risonanza magnetica?

*Contrassegna solo un ovale per riga.*

	Giornalmente	Settimanalmente	Mensilmente	Annualmente	Mai
Tappi per orecchie	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cuffie	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Occhiali a prisma amagnetici	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sedia a rotelle amagnetica	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cuscini di posizionamento in schiuma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Copri cuffia usa e getta	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stetoscopio amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lettino amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sgabelllo amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asta portaflebo amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**4. Ci sono altri prodotti che comprate con frequenza ma non abbiamo menzionato?**

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**5. Per questi tipi di prodotti, cosa è più importante, prezzo o qualità?**

*Contrassegna solo un ovale per riga.*

	Più importante il prezzo	Abbastanza importante il prezzo	Nè prezzo nè qualità	Abbastanza importante la qualità	Più importante la qualità
Tappi per orecchie	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cuffie	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sedia a rotelle amagnetica	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cuscini di posizionamento in schiuma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Copri cuffia usa e getta	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stetoscopio amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lettino amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asta portaflebo amagnetica	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sgabello amagnetico	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Occhiali a prisma	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**6. Sareste disposto a comprare questi tipi di prodotti online?**

*Contrassegna solo un ovale.*

	1	2	3	4	5	
Mai	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Sempre

**7. A quali aziende si rivolge abitualmente per l'acquisto degli accessori/materiali di consumo per il reparto di risonanza magnetica?**

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**Quesiti Aziendali**

**8. Come definirebbe la struttura per cui lavora? \****Contrassegna solo un ovale.*

- Clinica privata  
 Ospedale privato  
 Ospedale pubblico  
 Studio medico  
 Altro: \_\_\_\_\_

**9. Quanti pazienti visitate a settimana mediamente?***Contrassegna solo un ovale.*

- <30 pazienti  
 30-75  
 75-150  
 150-200  
 >200 pazienti  
 Altro: \_\_\_\_\_

**10. Quanto ammonta il budget annuale per gli accessori della RM***Contrassegna solo un ovale.*

- < 25.000 €  
 25.000-50.000 €  
 50.000€ - 100.000€  
 100.000-200.000 €  
 200.000-500.000 €  
 >500.000 €  
 Altro: \_\_\_\_\_

**Quesito personale****11. Qual é il suo ruolo nell'azienda?***Contrassegna solo un ovale.*

- Direttore Generale  
 Tecnico Radiologo (TSMR)  
 Medico Radiologo  
 Radioterapista  
 Medico Nucleare  
 Fisico sanitario  
 Direttore Sanitario  
 Dirigente Medico  
 Altro: \_\_\_\_\_

12. **Nel suo ruolo, quanto influisce sugli acquisti?**

*Contrassegna solo un ovale.*

- Per niente
- Poco
- Abbastanza
- Molto

13. **È lei che si occupa degli acquisti? \***

*Contrassegna solo un ovale.*

- Sì
- No

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## **APPENDIX B: LIST OF E-COMMERCE'S ITALIAN COMPETITORS**

### ITALIAN COMPETITORS

**Tecnocarta Med Srl**, Via Genova, 40 - 74121 Taranto TA - Partita  
IVA:00799450739([https://www.tecnocartamed.it/index.php?pagina=67  
0286560&idc=2136556697](https://www.tecnocartamed.it/index.php?pagina=670286560&idc=2136556697))

- **Radiologia (Radiology)**

**Rebel snc**, Via R. Koch, 31/A - 43123 Loc.Pilastrello di Marano -  
Parma (PR) tel. +39 0521 346603 - fax 0521 641804  
([info@rebelmed.com](mailto:info@rebelmed.com) - [www.rebelmed.com](http://www.rebelmed.com))

- **Risonanza magnetica**
- **Accessori per Risonanza Magnetica**
- **Elettrodi per monitoraggio**

**TecnoHealth S.r.l**, Via Robert Koch, 61/A - 43123 Pilastrello Parma

tel.: +39 345 9457384 - fax: +39 0521 642193

[\(http://www.tecnohealth.it/\)](http://www.tecnohealth.it/)

- **Risonanza magnetica**

**CABLAS S.R.L**, Via G. Brodolini 4, 20863 Concorezzo (MB), Tel:+39

(0) 39 6049521-Fax:+39 (0) 39 2124938

<http://www.cablas.com/en/homepage-2>

- **Risonanza magnetica**
- **Accessori per Risonanza Magnetica**

**Loray** Via G. Galilei, 5 81050 Portico di Caserta CE,

TEL: 0823.1608129 / 329.6680340 – MAIL: INFO@LORAY.IT

<http://www.loray.it/>

- **Accessori per Risonanza Magnetica**
- **Accessori per Radiologia**

**Europrotex Radioprotezione s.r.l.** Via Leonardo da Vinci, 54, 20030

Senago MI, Italien T +39 02 6607161 F +39 02 6121241

[commerciale@europrotexradioprotezione.it](mailto:commerciale@europrotexradioprotezione.it)

- Accessori per Risonanza Magnetica
- Accessori per Radiologia
- Medicina nucleare

**Alpa S.r.l.**, via Alessandro Zanoli, 23 (404,59 km)

20161 Milano, +39 02 6622 0632

[www.alpa.it](http://www.alpa.it)

- Accessori per Risonanza Magnetica

**IleMedical** Via Grazia Deledda, 34 09090 Palmas Arborea (OR), +39

0783 255 229 [info@ilemedical.it](mailto:info@ilemedical.it) [www.ilemedical.it/](http://www.ilemedical.it/)

- Accessori per Risonanza Magnetica ed amagnetici



**WST Europa Srl Pronti sicurezza** Via Archimede, 224 21042  
Caronno Pertusella (VA) Italia Contattaci subito: 800 144 694 –  
[clienti@prodottisicurezza.it](mailto:clienti@prodottisicurezza.it) (<https://www.prodottisicurezza.it/>)

- Estintori amagnetici
- Cuffie Antirumore

**RADIUS S.R.L.** Via Luigi Menarini, 32 40054 Budrio (BO) – Italy Tel.  
+39 051 801160, Fax +39 051 800711 (<http://www.radiustech.it/9>)

- Immobilizzazione pazienti

**DinaForniture** Via Soldato Mannino, 56 95037 San Giovanni La Punta  
(CT) +39 095 580415, [info@dinaforniture.it](mailto:info@dinaforniture.it),  
<https://www.dinaforniture.it/arredamento-e-attrezzature-ospedaliero-ambulatorio-sanitario-c-24.html>

- Arredamento studio medico amagnetico

**Giavazzi Srl**, viale della Liberazione, 71, 20068 Peschiera Borromeo  
(MI) Italy Tel. +39 0255305417 r.a, Fax +39 0255305138

<http://www.sollevapersona.it/Risonanza-Magnetica.html>

<http://www.sollevapersona.it/Risonanza-Magnetica.html>

- **Prodotti amagnetici come sedie e sgabelli**

**Ausilium S.r.l**, Via Monginevro 2/A - 10092 Beinasco (TO) Italy,  
Tel. 011 196 20 906 - Fax +39 011 19837880 -Mail [info@ausilium.it](mailto:info@ausilium.it)

<https://www.ausilium.it/>

- **Non-magnetic products as wheelchairs and stretcher**

<https://www.ausilium.it/carrozzina-amagnetica-realizzata-completamente-in-plastica.htm>

**CFS ITALIA S.A.S.di Bianchini Luca**, Via Aquileia 8/A

31048 Olmi di S. Biagio di Callalta (TV)Telefono: +39 0422 398553 /

397333 Fax: +39 0422 699731. <http://www.cfsitalia.com/>

- Non-magnetic products as wheelchairs and stretcher

[http://www.cfsitalia.com/?dt\\_catalog=121-2](http://www.cfsitalia.com/?dt_catalog=121-2)