



A CASE STUDY OF FRENCH WINE AND SPIRITS
COMPANIES:
INTERNATIONALISATION AND MARKETING STRATEGY



RESEARCH DISSERTATION PRESENTED IN PARTIAL FULFILMENT OF THE
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MSC IN INTERNATIONAL BUSINESS MANAGEMENT



GRIFFITH COLLEGE DUBLIN



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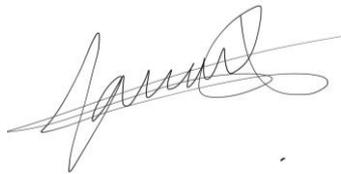
Candidate Declaration

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I certify that the dissertation entitled: A Case study of French wine and spirits companies: internationalisation and marketing strategy

submitted for the degree of: **MSc in International Business Management** is the result of my own work and that where reference is made to the work of others, due acknowledgment is given.

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Dedication

To Nina, Marie-Laurence, Didier, and Lola.

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I would like to especially thank my supervisor, Kevin O'Hara, for being meticulous, for always pushing me to go further, for his help, his advice, his reactivity, his time, which allowed me to reach the end of this research.

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Abstract

This dissertation focuses on the French wines and spirits companies regarding the process of internationalisation, and more in details the possible impact of the degree of internationalisation on the export strategy marketing. The literature review demonstrated the different drivers of internationalisation, proposed a definition of the degree of internationalisation and several authors demonstrated the implication between the organisational characteristics of a company and the level of internationalisation. Similarly, the link between the degree of internationalisation and marketing strategy in the context of wine and spirits exporting companies does not seem to have been studied by the literature, so a study of wine marketing strategies have been made to understand the specificities of this sector but also to understand how each company adapts its marketing mix according to its internationalisation. A mixed method approach of an inductive approach using the data collection method of semi-structured interviews with four export managers from French wine and spirits companies has been conducted in order to examine the particular case of this industry. Before the data collection takes place, the researcher provides information on the selected companies in order to classify them according to their level of internationalisation. This data collection was carried out upstream of the primary data collection, and provide information concerning the degree of internationalisation of French wines and spirits companies. Finally, primary data collection focuses on the different components of the export marketing mix of the firms studied, with a view to finding out whether there is standardisation or adaptation of marketing strategies according to the firm's export market(s). The data collection goes further by examining individually the different elements of the marketing mix, which are: the product, the price, the distribution network, and the promotion of the product on the external market(s) on the various companies.

To conclude, this thesis shows that the degree of internationalisation in the special case of the French wine and spirits companies has an impact on the export marketing strategy of the firm. It also shows that it has an impact on the organisational characteristics of the company. This research does not attempt to draw a general theory as it takes place into a special industry, the one of the French wine and spirits, but recommendations are given for further academic research.

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1 Introduction

1.1 French Wine and Spirits Industry

The purpose of this section is to provide context for the thesis. Because this industry is growing and changing constantly, this thesis focusses on the recent events and data concerning the wine and spirits industry of 2019. It is true that this paper is based on a study of the French spirits and wine exporting industry, therefore it is necessary to understand how this industry operates. Firstly, the wine and spirits industry is, first and foremost, a global industry, which is why it is interesting to have a global approach to the current situation, both in terms of demand and supply and the main involved countries. Secondly, since the thesis is about French companies, an analysis of the French wine and spirits industry is conducted concerning the situation of France, not only the producers but also the positioning of France at the international level and the possible challenges that could impact the French wine and spirits sector. Finally, the wine and spirits industry is constantly changing both technologically and socially, which represents new opportunities for the sector.

1.1.1 *Overview*

In the context of increasing globalisation, the wine and spirits industry is becoming a global industry with its own actors, trends, and specificity.

As this is a global industry, the demand for the wines and spirits tends to be homogenous. On average, every adult in the world consumed 6.5 litres of pure alcohol in 2017, compared to 5.9 litres in 1990. This is expected to rise to 7.6 litres by 2030, according to estimates based on data from 189 countries (Le temps. 2020). While alcohol consumption is decreasing or stagnating in rich countries, it tends to increase in countries with rising living standards such as China or India. Today, Europe has the highest per capita consumption in the world (9.8 litres per capita), but it is falling, mainly due to a sharp drop in former Soviet republics and some eastern countries. In contrast, some middle-income countries such as China, India, and Vietnam, whose have now higher consumption levels than some European countries, with 7.4l, 5.9l and 8.9l, respectively. As a whole, South-East Asia has doubled its consumption between 1990 and 2017 (Le temps. 2020).

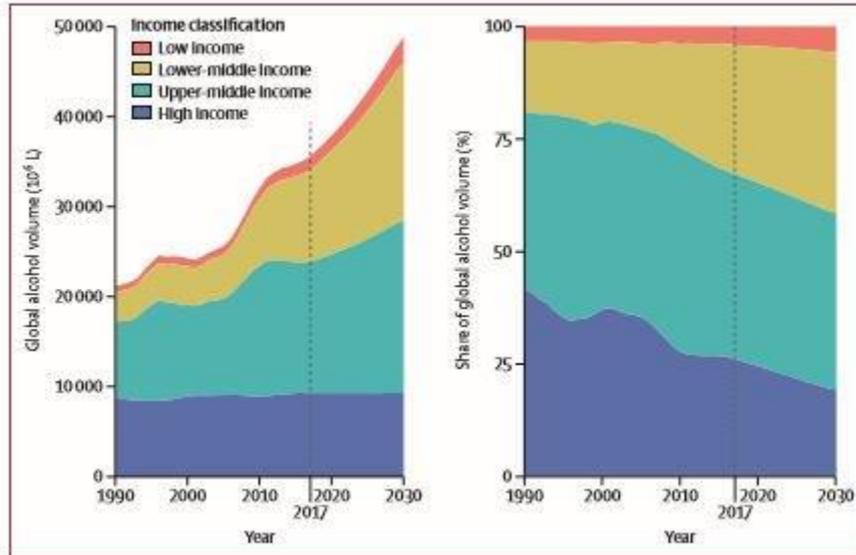


Figure 1 - Absolute and relative share of global volume of pure alcohol consumed over time and by income classification (The lancet, 2019)

But this 'homogenous' consumption hides taste preferences in particular between the consumption of wine and spirits. Where 52% of the world's adult population consumes alcohol, wine represents only 8% of this consumption (consumption in litres of pure alcohol per capita). In Europe, wine consumption is 26% compared to 12% in America and 0.4% in Asia. In 2019, world wine consumption will remain stable at 33 billion bottles. 10 countries consume 70% of the volumes produced worldwide. France is in second place, behind the United States with 3.5 billion bottles (eq. 75 cl) consumed but ahead of Italy (2.6 billion bottles). 40% of the wine consumed is imported (Cniv, 2019).

Miohl	2015	2016	2017	2018 Prov.	2019 Prév.	2019/2018 % var.	2019 % monde
USA	30,9	31,3	31,5	32,4	33,0	1,8%	13%
France	27,3	27,1	27,0	26,7	26,5	-0,6%	11%
Italy	21,4	22,4	22,6	22,4	22,6	0,9%	9%
Germany	20,5	20,2	19,7	20,0	20,4	2,0%	8%
China	18,1	19,2	19,3	18,4	17,8	-3,3%	7%
U.K	12,8	12,9	13,1	12,9	13,0	1,0%	5%
Spain	9,8	9,9	10,5	10,9	11,1	2,3%	5%
Russia	9,7	10,1	10,4	9,9	10,0	0,9%	4%
Argentina	10,3	9,4	8,9	8,4	8,5	1,3%	3%
Australia	5,5	5,4	5,9	6,0	5,9	-1,0%	2%

Table 1 - Wine consumption per country (top 10) (Oiv. 2020)

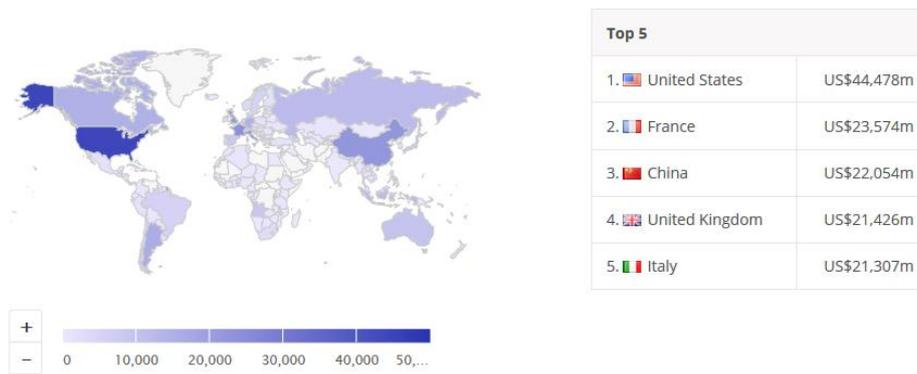


Figure 2 - Revenue generated in the wine market (Forecast adjusted for expected impact of COVID-19) (Statista, 2020)

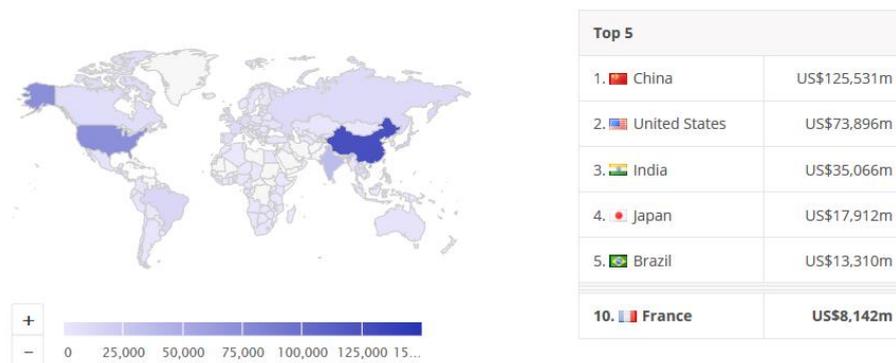


Figure 3 - Revenue generated in the spirits market (Forecast adjusted for expected impact of COVID-19) (Statista, 2020)

When considering production, in the European Union, the volume, representing 60% of world production, is about 15% lower than in the previous year because of weather conditions that led to a significant decrease in the production of Italy, France and Spain (respectively -15%, -15%, -24%). This is mainly due to unfavourable weather conditions, in particular a very cold and rainy spring followed by an extremely hot and dry summer (Infodujour,2019). In 2019, France produced 4.2 billion litres of wine, i.e. 17% of world production. It is the 2nd largest wine producer in the world behind Italy in terms of volume (Cniv, 2019). Outside the EU, wine production in 2019 is high in countries such as Russia (+7%), or Georgia (+1%). The United States accounts for around 12% of production in the northern hemisphere. In the southern hemisphere, the wine production represents about 20% of global production, and as the other region, South America's wine production is lower than the previous year, in Argentina (-10%), and in Chile (-7%). In South Africa, where the drought has had a significant impact on harvests, the wine production decreased about -9%. In Oceania, Australia and New Zealand recorded a slight drop in the volume of wine production (-1%) (Infodujour,2019).

Miohl	2015	2016	2017	2018 Prov.	2019 Prév.	2019/2018 % var.	2019 % monde
Italy	50,0	50,9	42,5	54,8	47,5	-13%	18,3%
France	47,0	45,4	36,4	49,2	42,1	-15%	16,2%
Spain	37,7	39,7	32,5	44,9	33,5	-25%	12,9%
USA	21,7	23,7	23,3	24,8	24,3	-2%	9,4%
Argentina	13,4	9,4	11,8	14,5	13,0	-10%	5,0%
Australia	11,9	13,1	13,7	12,7	12,0	-6%	4,6%
Chile	12,9	10,1	9,5	12,9	11,9	-7%	4,6%
South Africa	11,2	10,5	10,8	9,4	9,7	3%	3,7%
Germany	8,8	9,0	7,5	10,3	9,0	-12%	3,5%
China	13,3	13,2	11,6	9,3	8,3	-10%	3,2%

Table 2- Wine Production per country (top 10) (Oiv. 2020)

Even if it appears that the production dropped for the year 2019, the international trade of wine in 2019 increased by +0.9% in value to reach the amount of €31.8 billion. Italy is the leading wine exporting country by volume, but France is still the world's largest exporter by value. Italy, France, and Spain alone account for 54% of the total volume of the international wine commerce and 60% of the total value of world wine exports. Bottled wines represent 53% of world trade, sparkling wines represent only 9% of the volume of world exports but in value they represent 21%. (Oiv. 2020)

	Volume (Miohl)		Valeur (Mio EUR)	
	2018	2019	2018	2019
Italy	19,6	21,6	6,2	6,4
Spain	20,0	21,3	2,9	2,7
France	14,2	14,2	9,3	9,8
Chile	8,4	8,7	1,7	1,7
Australy	8,5	7,4	1,8	1,8
Germany	3,7	3,8	1,0	1,0
USA	3,5	3,6	1,2	1,2
South Africa	4,2	3,2	0,7	0,6
Portugal	3,0	3,0	0,8	0,8
Argentina	2,8	2,7	0,7	0,7
New Zealand	2,6	2,7	1,0	1,1

Table 3 - Leading wine exporters (Oiv. 2020)

If there are exporters, there must be importers too. In the wine sector, Germany, the United Kingdom, and the United States imported 38% of the total volume or 39% (€11.9 billion) of the value of total imports. It is also important to note a very strong increase in wine imports to Portugal, Russia, and Japan, with an increase in the value of their imports of 9%, 16% and 13% respectively (Oiv. 2020).

	Volume (Miohl)		Valeur (Mio EUR)	
	2018	2019	2018	2019
Germany	14,7	14,6	2,7	2,6
U.K	13,2	13,5	3,5	3,8
USA	11,5	12,3	5,2	5,5
France	7,0	7,2	0,9	0,9
China	6,9	6,1	2,4	2,2
Russia	4,1	4,5	0,9	1,0
Netherlands	4,2	4,2	1,2	1,2
Canada	4,2	4,2	1,7	1,7
Belgium	3,0	3,1	1,0	1,0
Portugal	2,0	2,9	0,1	0,2
Japan	2,6	2,8	1,4	1,6

Table 4 - Leading wine importers (Oiv. 2020)

Finally, the wine and spirits industry is a global industry, with new trends like the emergence of new poles of production and/or consumption. It is also true that France, because of its history, has always had a special place in this industry, and it is interesting to understand and analyse France's current place in this market.

1.1.2 *The French position*

France is always the country people think when they talk about wine and because this thesis is about the French industry, it is relevant to analyse specifically the position of France within the wine and spirits industry, the producers and the exports performance of French wine and spirits.

1.1.2.1 *Overall*

The spirits industry represents €9 billion in turnover in France, half of from exports. (Vinexpo, 2019). French production is mainly based on the production of Cognac, produced exclusively in the Cognac region. The second largest spirits in production is the Armagnac (Franceagrimer, 2020). One out of two French people declare they consume alcoholic cocktails and three out of four consumers claim they make their home a place of choice for these drinks. According to the recent IWRS study, rum and gin could see annual growth rates of 5.7% and 5.3% respectively by 2022 (Vinexpo, 2019). Rums and gins progressed in volume but it is also true that whiskies and aniseed together account for 69% of French spirits consumption (Franceagrimer, 2020). The French spirits industry is experiencing a trend towards 'premiumization', premium spirits ranges are tending to expand with annual growth rate estimated at 1.7% by 2022, and super-premium ranges are expecting an annual growth rate of 5% within 5 years (Vinexpo, 2019).

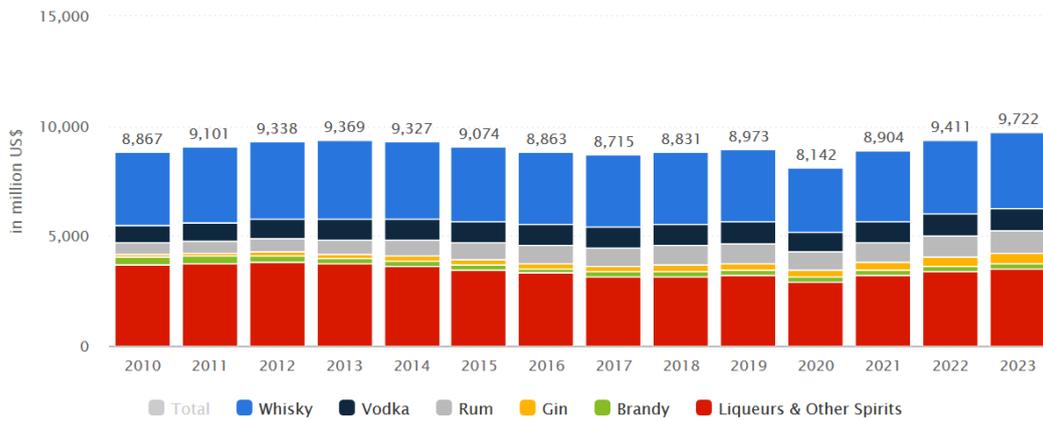


Figure 4 - Revenue French Spirits Industry (Forecast adjusted for expected impact of COVID-19) (Statista, 2020)

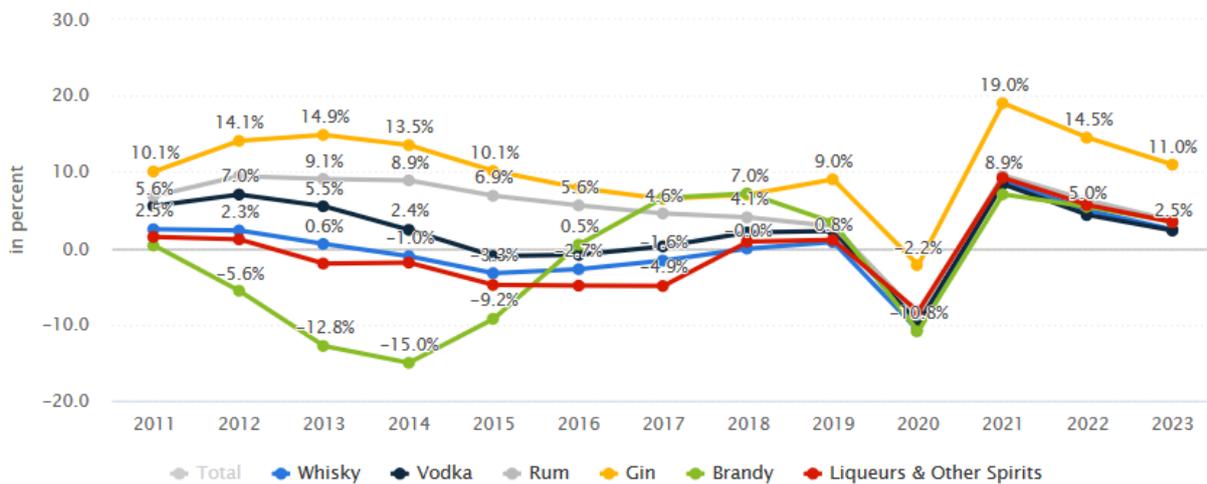


Figure 5 - Revenue growth French Spirits Industry (Forecast adjusted for expected impact of COVID-19) (Statista, 2020)

With regards to the wine production, France is the second producer in the world after Italy, it is the third country in term of exportation in volume but the first one in value (Franceagrimer, 2020). Furthermore, France is the 2nd largest wine consuming country in the world behind the United States and ahead of Italy. More than 3.5 billion bottles were consumed there in 2019. This French consumption, which has been falling for 30 years, has dropped from 100 litres per inhabitant per year in 1975 to 40 litres today. 60 % of the wines and brandies produced in France are consumed there. Out of 10 bottles consumed in France, 5 bottles are bought in supermarkets, 3 in restaurants, 1 will be sold at the winery and 1 by a wine merchant or online. The e-commerce circuit is booming: its global turnover has been estimated at €500 million in 2019 (Cniv, 2019). In France, the local demand has been less and less dynamic over the last 3 years, it is therefore natural that export markets are the most important. But exporting is not without risk because it is difficult to penetrate a new market: lack of visibility on the financial health of potential partners,

information that is difficult to obtain, lack of knowledge of local specificities, the country's payment habits.. (Euler Hermes, 2019).

1.1.2.2 Producers

Concerning the industry competitive structure in the French wine industry, there are two main leaders and then a few groups. For the year 2017-2018, the leader is Pierre Castel with €6 billion of turnover and the group Grands Chais de France is in second position with a turnover for 2018 of €1,124 billion. The second part is about the different groups that finish the ranking, with in third place, Thiénot, €200 to €300 million in turnover, then Advini with a turnover of €257,1 million and 46% in exportations, and to finish, Invivo Wine with €237,3 million (Le monde, 2019).

For the spirits industry, Pernod -Ricard SA, Marie Brizard Wine & Spirits SA and Diageo are the leading players in the French spirits sector.

It is also important to keep in mind that the performance of each firm in this sector is quite difficult to compare and analyse. They don't have the same ratio about exports versus local market, the production and the distribution are mainly different and if a company produces a lot it doesn't necessarily mean the company is going to make a lot of money because the volume of production doesn't equal the revenue. Finally, it is complicated to find numbers about a company that is not listed on the stock exchange (Le Monde, 2019).

1.1.2.3 French wine and spirits in exports

"French production is distinguished by its finesse and diversity" Francois Collache, commercial director at Sopexa. According to a survey by the Sopexa agency, Wine Trade Monitor 2019, carried out among 984 wine players around the world, French wine is the one with the best image (20minutes, 2020). In a context of increasing globalisation, the number of wines crossing borders has doubled in 15 years, making France the leading exporter of wine and wine spirits in value. Exports of wine and wine brandy represent 2 billion bottles exported to more than 200 countries (Cniv, 2019). The wines and spirits sector represent the France's second biggest exports with a rose of 5.9% in 2019, for an amount of €14 billion. Overall, French spirits increase in export sales to €4.7 billion (+8.8%), and French wines reached €9.3 billion (+4.4%) (Cnbc,2020).

The United States is the main market for French wines and spirits with 16% of all the exports (€3.7 billion). The Trump administration imposed 25% duties on French wine in response to aircraft subsidies, and on French tax on digital services, the GAFA tax. This led to a 17.5%

decrease of French wines and spirits turnover (-€40 million) (Reuters, 2020). This, according to forecasts, will benefit Italian wines and local production (20minutes, 2020). Britain come second with 4.4% (€1.4 billion), which can be somewhat explained by the uncertain condition of the Brexit that lead to a stock of French wines and spirits as anticipated shipments (Reuters, 2020). Moreover, With Brexit, the risk of seeing high customs duties appear is pushing professionals in the sector to look towards cheaper wines. Chile (+53% forecast sales), Australia (+45%) and Argentina (+40%) should do well (20minutes, 2020). Sales on the European Union markets amounted €4.7 billion (+3.8%) (Cnbc,2020). The amount of sales in China, Hong Kong and Singapore area decrease (-3.1%), this can be explain by the political tension in Hong Kong and the zero-tariff rates applicable to Australian and Chilean products that create a strong competitive advantage against French wines. French spirits remain in positive trend (+3%) (Reuters, 2020). Thanks to the European Union – Japan Trade Agreement of February 2019, exportation in Japan increase by +10% (Cnbc,2020).

	Volume*		Value	
	2019 (in cases)	2019/2018 (in %)	2019 (in k€)	2019/2018 (in %)
TOTAL WINES	138 987 745	0,7	9 292 374	4,4
<i>of which</i> Champagne	12 656 377	0,9	3 100 705	7,5
PDO still wines	55 439 436	-0,8	4 586 229	3,1
PGI still wines	40 122 331	0,3	876 895	2,5
French varietal wines without GI	10 045 634	0,9	207 827	2,2
Other French wines without GI	11 169 158	5,3	152 938	-1,5
TOTAL VERMOUTHS & WINE-BASED BEVERAGES	2 627 371	12,6	65 967	20,8
TOTAL SPIRITS	53 059 148	-0,1	4 662 640	8,8
<i>of which</i> Cognac	17 803 184	6,6	3 480 980	11,4
Armagnac	126 208	0,5	18 005	7,9
Other wine spirits	9 611 335	-0,2	204 613	0,2
Vodka	11 874 366	-3,0	361 072	4,2
Liqueurs	3 979 272	-0,1	287 345	-0,5
Calvados	256 486	-2,0	15 214	-4,2
TOTAL WINES & SPIRITS	194 674 265	0,7	14 020 983	5,9

* Wines : 12-bottle cases or 9 l – Spirits: 12-bottle cases or 8,4 l at 40 % vol.

Table 5 - French wines and spirits exports in 2019 (Fevs. 2020)

Rank	Country	2019 (K€)	% Total World	Evolution (%)
1	USA	3730928	26,60%	15,90%
2	U.K	1388694	9,90%	4,40%
3	China	953158	6,80%	-4,70%
4	Singapore	923597	6,60%	2,50%
5	Germany	902002	6,40%	2,60%
6	Belgium	613178	4,40%	1,90%
7	Japan	600355	4,30%	9,30%
8	Hong Kong	503831	3,60%	-9,40%
9	Canada	463798	3,30%	3,00%
10	Switzerland	416631	3,00%	6,50%
11	Netherlands	354879	2,50%	-3,70%
12	Italy	294826	2,10%	9,50%
13	Sweden	196364	1,40%	3,00%
14	Spain	191657	1,40%	10,50%
15	Australy	187621	1,30%	5,70%
16	U.A.E	150829	1,10%	1,70%
17	Denmark	136091	1,00%	7,80%
18	Taiwan	129987	0,90%	10,50%
19	South Korea	105208	0,80%	14,40%
20	Latvia	101839	0,70%	18,30%
	Total World	14020983	100,00%	5,90%

Table 6 - The main importing countries of French' wine and spirits

To conclude, France's position regarding the wine and spirits sector is very competitive; France is a leading country in term of value concerning the wine and the spirits market, and most of all, the culture and the image of France is linked to this industry . Even the barriers for entry are really high because it is an oligopoly structure, but it is also true that the French sector of wine and spirits is facing increasing threats.

1.1.3 Threat

In the context of globalization that lead to an increase in exchange along all the country in the world, to reduce barriers and customs duties, the wine and spirits industry is witnessing the emergence of new poles, some helping by the state or by diplomatic agreement that conduct to a new competition for the French wine and spirits industry.

In Australia, the state has decided to help the wine and spirits industry concerning its production and, thus Australia has strongly developed its exports. Australian winegrowers are adapting their production to demand and making major marketing efforts. According to the Sopexa survey, Australia ranks first among innovative nations (taste, packaging...) in terms of wines. Second is Italy and Chile closes the top 3. France is not in the top 5 (20minutes, 2020). Furthermore, New Zealand has ambitions to become the world's leading exporter of white wine and is particularly targeting China. In Germany, producers have launched a "Generation Riesling" programme to win back the local market by targeting young people. Japan is applying the same strategy and developing its local production (20minutes, 2020).

Because more countries are producing and exporting wine and spirits, the competition is growing between them, and the internationalization of each company has a fundamental role on its level of competitiveness. This is what the Director General of the IOVW (International Organisation of Vine and Wine) emphasises, pointing out in particular that defects in winemaking no longer exist today, and therefore a company can be more competitive, for example by reducing production costs, but also by looking for added value, improving quality, diversification and identification of the offer (Jeune agriculteurs, 2018).

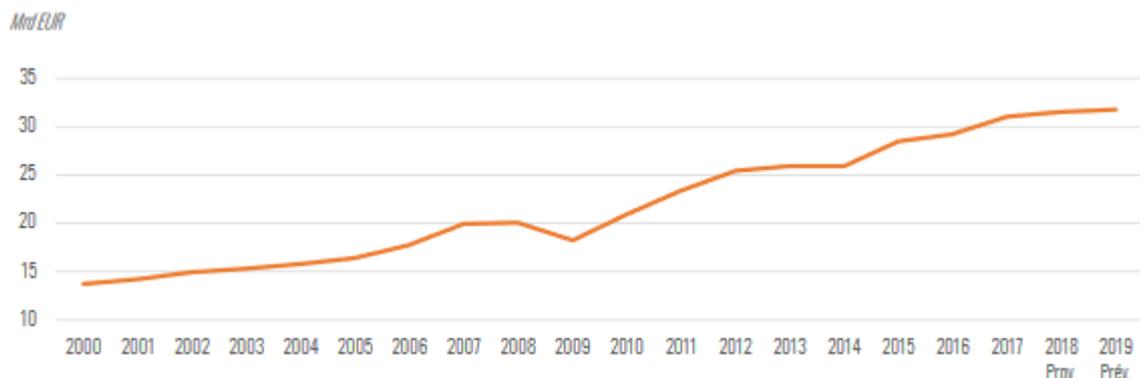


Figure 7 - World wine trade evolution by value (Oiv. 2020)

If globalization permits the development of the French wine and spirits industry across borders, it also permits the emergence of new actors in this sector. This competition is something that French companies need to analyse and to keep in mind when they make the decision to trade internationally. As each new pole arises, new challenges also appear because of technological advancement and social mores that can lead to opportunities for companies.

1.1.4 **Challenges**

With the development of new technologies concerning distribution and production as well as increasing social concern about environmental issues, the wine and spirits industry faces new challenges.

On a technologic level, the appearance of drone technology that makes farms and vineyards more efficient, and also new technologies that provide solution to a better profitability and time savings, are changing the traditional view of the supply chain in the wine and spirits sector (Katie jones, 2019). More and more brands are also experiencing the use of eco- friendly bottles and the use of QR codes to deliver a deeper experience to the consumer (Katie jones, 2019).

A new trend also emerges from the new generation, concerning the consumption of non-alcoholic spirit, like 'Seedlip', which has been a growing success since its launch in 2016. Non-alcoholic options are particularly popular among young consumers, with 46% of people under 35 years of age willing to order a mocktail, compared to only 16% of people over 35 years of age. Brands, blenders, and bartenders have always insisted that taste is essential, and low-alcohol options allow consumers to enjoy flavours while managing their alcohol intake. In 2019, WORLD CLASS experts expect to see this momentum grow as the global trend towards wellness continues to gain momentum (World class. 2018). Moreover, while older generation prefer wine, the new generation, the one aged between 18 and 27, prefer spirits. Only 27% of this age group prefers wine to spirits (Katie jones, 2019). This can be an opportunity for spirits companies by adapting their marketing to this particular age group and is a threat for wines companies to take into account. Furthermore, the beverage industry is experiencing an anti-waste movement and consumers are increasingly concerned about social responsibility. 73% of Generation Y express a willingness to spend more on sustainable branded products (Forbes. 2017). This can also explain the increasing interest for canned wine, a new market that already represents \$70 million industry in United States and it is going to up 10% of total sales in 2025 (Katie jones, 2019). Indeed, the boom in the development of CBD products could also impact the spirits and wine industry, for example, with the apparition of the first 'weed' wine and the emergence of CBD- infused beverage (Katie jones, 2019).

Furthermore, the Director General of the IOVW reminds us that the internationalisation of wines is constantly growing due to the emergence of new consumption centres such as China and East Africa. In 2018, two bottles out of five were sold internationally. In the same way, the approach to wine is becoming more and more cultural, hence the importance and emergence of wine tourism (Jeune agriculteurs, 2018).

Finally, the industry of wine and spirits is an industry in constant change, firstly with the emergence of new poles that tend to redefine the map of producers but also of consumers of wine and spirits, and secondly with the rise of new ways of thinking that want to be more eco-friendly and a new generation that pays attention to its rapport with alcohol. Finally, France, within this sector, remains a main element that succeeds in maintaining its competitiveness and its rank as a wine and spirits country in the world.

1.1 Research Purpose

According to Business France's report on the spirits industry 2019 worldwide, France is the second largest exporter of spirits in the world. France is behind the United Kingdom (driven by whiskies), with a total turnover of 4.3 billion euros, up +1.8% compared to 2018 (Business France, 2019). It would therefore be interesting to understand this trend and France's position, in particular by analysing how French wine and spirits companies are adapting to the internationalisation of the world and how is this reflected in their foreign marketing?

The researchable topic aim at highlighting the internationalisation process in the special case of the French wine and spirits industry and the impact on their marketing strategy. In order to understand the relationship between those two variables, a case study of French wine and spirits companies is going to be led to have the theoretical aspects and the application in practice. The designed title is "An exploratory study of French wine and spirits companies: internationalisation and marketing strategy".

The focus of the research will be to propose analyse the impact of the degree of internationalisation on the marketing strategy. All of this apply in practical with the study of French wine and spirits companies.

Research Questions:

- 1- Which are the most prominent drivers of internationalisation amongst French wine and spirits companies?
- 2- Has the degree of Internationalisation had a significant impact on the marketing strategy of French wine and spirit companies?
- 3- What is the relationship between organizational characteristics of companies and their degree of internationalisation?

The collection of data will be conducted by interviewing industry professionals working on French wine and spirits companies, concerning the process of internationalisation in their company, the barriers they have had to face and the organisational adaptation of the company to internationalise perfectly. All of this to understand the process and to finally establish a scale of

internationalisation, made of different levels, and its impact on the marketing strategy. The level of internationalisation can be understood by taking into account the various aspects of the company devoted to its development and thus, identify the internal factors in a company that leads to its level of internationalisation.

In addition, in order to clarify the domain of application of this thesis, a study of the wine and spirits industry in France will be conducted through secondary data collection and an introduction to wine and spirits marketing will also be conducted to understand the challenges and opportunities facing spirits companies' marketing.

1.2 Significance of the Study

Firstly, this research can be benefit for the professionals of the French wine and spirits industry because it aim at showing the different drivers of internationalisation for a French wine and spirits company and at demonstrating the impact of internationalisation on the marketing strategy of French wine and spirits companies.

Then, numerous studies have been made about the process of internationalisation and its impact on companies, but no research study have been made about its effect on the export marketing strategy of a firm.

Furthermore, the French wine and spirits industry is an important sector for France, as seen in section 1.1 1.1 French Wine and Spirits Industry, and so it is strategic to understand deeply the impact or correlation between two variables and more within this industry.

1.3 Research Objective

1.1.5 Background & Issues

As an essential element of the twenty-first century, globalisation can be defined as “the growing interdependence of the world’s economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information.” (Kolb, 2020). There no longer seems to be any borders in the expansion of international commerce with the emergence of trade between all parts of the world. Globalisation is a macroeconomic phenomenon. Its microeconomics aspect in one hand it is the internationalisation and in an economic point of view, internationalisation of company. In this context, the internationalisation of a company is defined as the different strategies developed by the company to establish itself in economic markets beyond its home market, i.e., the choices about

which countries to compete in and the required adaptations made to the organisation's home country strategy to create value across borders.

It is in this context of opportunities, thanks to the globalisation, companies need to implement their strategy for a profitable internationalisation. Each strategy of internationalisation lead, as a result, to a level of internationalisation in the company, that can be different depending on the company organisation. To go further, it is also interesting to examine the impact of internationalisation on the marketing strategy of the company.

The author has conducted a research on the French spirits industry because it is an area that the author has always valued and in which the author has a strong and growing interest. Also, for the researcher, the French savoir-faire regarding wine and spirits is a definition of France in the international scene. Furthermore, this dissertation with an international aspect, related to marketing, is a continuity in the author academic learning and in its professional project. In France, the author has worked in the past as an executive manager in a subsidiary selling exclusively wines and spirits, moreover, the author founded the wine and spirits association of its school in Paris and the international aspect comes from a 6-month internship in Chile and the choice to do a year in a double degree here in Griffith, Ireland.

1.1.6 *The objectives of the research study*

The objectives of this research are:

- ➔ To analyse and assess the key variables that determine the level of internationalisation and its impact on the export marketing strategy of a company
- ➔ To analyse, compare and critically evaluate the process of internationalisation (challenges, barriers...) in the French wine and spirits industry.
- ➔ To compare and contrast the export marketing strategy in French wine and spirits industry.

The business discipline and academic area are international business, international strategy, and marketing.

1.4 **Structure of the Study**

This dissertation is divided into five chapters. The first chapter, named 'Introduction' looked at presentation of the French wine and spirits industry, the research purpose, the significance of the

study and the research objective. The second chapter, named 'Literature Review' explains the concept of internationalisation, the international marketing, the export marketing mix, and the conceptual framework of the research study. The third chapter, 'Methodology and research design', consists of the explanation of the methodology and strategy used in collection of qualitative primary data in which interviews were made. The fourth chapter, 'Presentation and Discussion of the Findings' is the analyse of the presented findings of the response to the interviews and a final discussion about it. Lastly, the limitations faced by the researcher, the contributions and implications of this dissertation are highlighted in the fifth and last chapter, where the final conclusion and recommendation are draw.

2 Literature Review

2.1 Overview

In order to understand in detail, the different notions and/or concepts of this dissertation, a review of the literature is provided in this section. Before going into detail about the specificities of French companies exporting wines and spirits, it is important to have a global vision of the concepts concerning first the internationalisation of companies, then their export behaviour, and finally the export marketing strategy.

2.2 Internationalisation

2.2.1 *Introduction to Internationalisation*

Globalization is a macroeconomic phenomenon that can be understood with the increase of international exchange of goods and services. While everyone tends to agree on this global aspect, at the microeconomic level the reality is quite different. Indeed, the proportion of companies directly involved in an international partnership is highly in the minority, rarely exceeding 20%. The same is also true when it comes to exporters on world markets, who in the end are only active in countries bordering their country of origin. This tends to show us that globalisation, which is intended to be a mark of competitiveness between nations, is ultimately only a mark of competitiveness between companies' exchanges (L'internationalisation des entreprises: une analyse microéconomique de la mondialisation, 2010).

The term internationalisation can be defined as "The process of adapting firms' operations (strategy, structure, resource, etc.) to international environments" (Calof and Beamish, 1995). Internationalisation is the process for a company to increase its international activity. For Johanson and Wiedersheim-Paul (1975), to be an international company can be described as having an attitude towards the foreign market or by being present abroad.

The nature of internationalisation depends on the industry firstly, whether demand within the industry is homogeneous and will therefore tend to be global or whether it requires local adaptation (see section 2.2.4 International strategies). The definitions for the term 'internationalisation' are all related but in the emanation of this new term, many authors have promulgated different theories about the process of internationalisation of a business, which will be further elaborated upon in sub-section 2.2.2 Classical theories of internationalisation. It is

therefore interesting to understand the different relative points of view on the theory of internationalisation and on how to calculate the 'degree' of internationalisation of a company.

2.2.2 Classical theories of Internationalisation:

The purpose of this sub-section is to present the different studies carried out by various authors on internationalisation. Only the most used and developed theories are presented below.

2.2.2.1 – Uppsala Model – Johanson & Vahlne (1977)

Developed in the 70s by scholars Johanson and Vahlne, the ‘Uppsala model’ describes internationalisation as a gradual trial and error process (both in term of choosing markets and entry modes). The model focuses on the gradual acquisition, integration and use of knowledge about foreign markets and operations, and on the incrementally increasing commitments to foreign markets (Johanson and Vahlne, 1979). In fact, the Uppsala Model is based on four major concepts: market knowledge, market commitment, commitment decision and current activities. The choice of countries in which the firm wants to expand through the concept of psychic distance becomes a major factor in the process as well as the physical variable one. The greater it is, the higher is the misunderstanding of the country and so the harder it is to develop a relationship between both parts.

The choice of entry modes through the concept of establishment chain. It permits to the firm to grade the understanding of the target country according to the commitment in term of resources, from the basic step of “Occasional export” to the highest commitment in term of resources: the “Multinational corporation”.

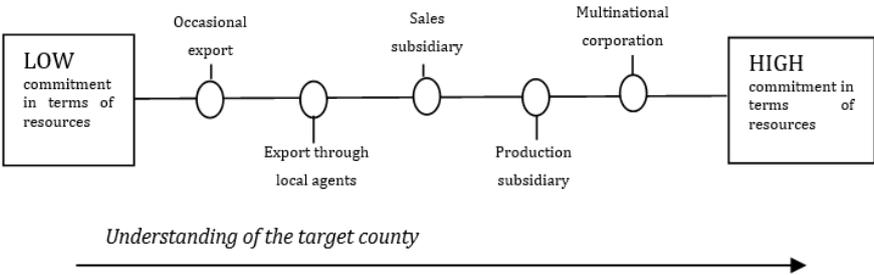


Figure 8 - Establishment Chain Uppsala Model (Author's own elaboration)

Another proposition for the establishment chain of the Uppsala model can be the one below, a bit less precise but, we can understand the different steps that can explain a degree of internationalisation:

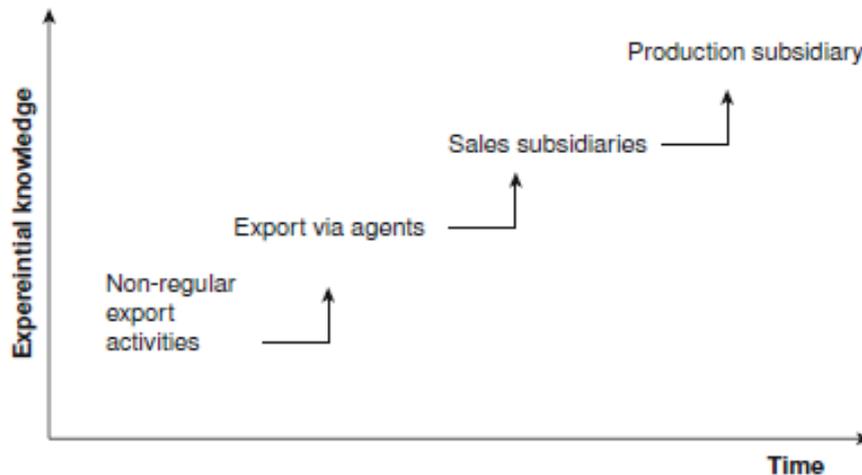


Figure 9 - The establishment chain of the Uppsala model (Zucchella and Magnani, 2016)

As can be seen, the Uppsala model suggests four stages in the internationalisation model of the company:

- Stage 1: No regular export activities
- Stage 2: Export via independent representatives
- Stage 3: Establishment of a foreign sales subsidiary
- Stage 4: Foreign production/manufacturing units

There are some limitations and criticisms of the Uppsala model such as this model does not take into consideration hybrid entry modes in which firms cooperate and/or vertically cooperate (Axinn and Matthyssens, 2002). Moreover, the Uppsala Model does not take into account external factors and, also the different type of entry strategies such as licensing, franchising, joint ventures (Andersen, 1993). Or both types of market entry are commonly used in the internationalisation process. This is the main missing part of the model. The Uppsala model show that internationalisation is a long, costly, and risky process.

2.2.2.2 *Born Global Firms - Knight and Cavusgil (1996)*

The theory of 'Born Global Firms' elaborated by Knight and Cavusgil in 1996 is a direct contradiction of the Uppsala model. This model take into account the fact that some factors as the lack of domestic country-specific procedures, the use of technology, and the international experience, can explained that some firm are global from the outset (Cavusgil and Knight, 1996). This can be permitted thanks to globalisation trend with lower trade barriers or also thanks to the evolving technology and increased access to information for example. Saarenketo (2004) asserts one plausible explanation to this theory through the combination of knowledge by imitation and experimental learning. The advantage of being 'Born Global', according to Cavusgil and Knight, is

that the company can enter the international market early and can adapt all the company strategies to facilitate this culture.

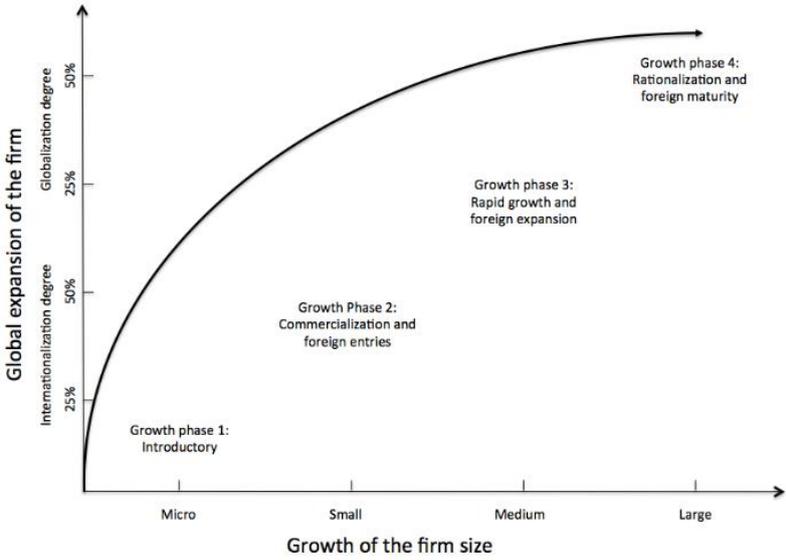


Figure 10 - Growth phases of Born Global (Palam Junco, 2012)

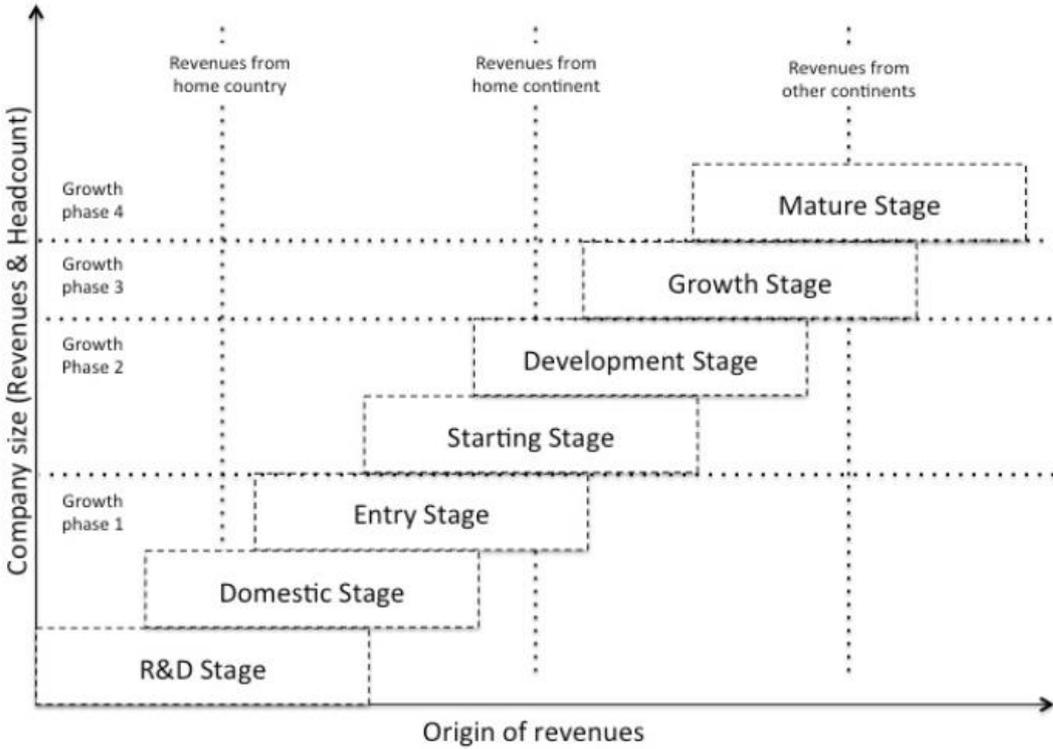


Figure 11 - Stages of Development of Born Global (Palam Junco, 2012)

Born Global Stage	Characteristics
1. Research & Development	No sales, global vision
2. Domestic Stage	Domestic revenues, global vision
3. Entry Stage	<25% of international revenues, global vision
4. Starting Stage	>25% of international revenues and <25% of revenues from other continents, global vision
5. Development Stage	>50% of international revenues, global vision
6. Growth Stage	>25% of revenues from other continents, global vision
7. Mature Stage	>50% of revenues from other continents

Table 7 - Born Global Stages

As can be seen from the above table, the Born Global model suggests seven stages in the internationalisation model of the company. A criticism of this model is that it concerns few companies in the world, the one that are global by nature or concentrated in a niche field. Furthermore, this model does not take into consideration the psychic distance and this factor is avoid by the companies using online network rather than a real presence that involve direct foreign investment and commitment (Knight & Cavusgil, 1996, p. 21-22).

2.2.2.3 - The innovation model - Cavusgil (1980)

In this model, internationalization, as in the Uppsala model, is seen as a learning process mixed with the elaboration and adoption of innovation (Zucchella and Magnani, 2016). From this model, different stages can be drawn according to the ratio of export sales to total sales, that for the model, is the best representation of the involvement of a company in the process of internationalisation:

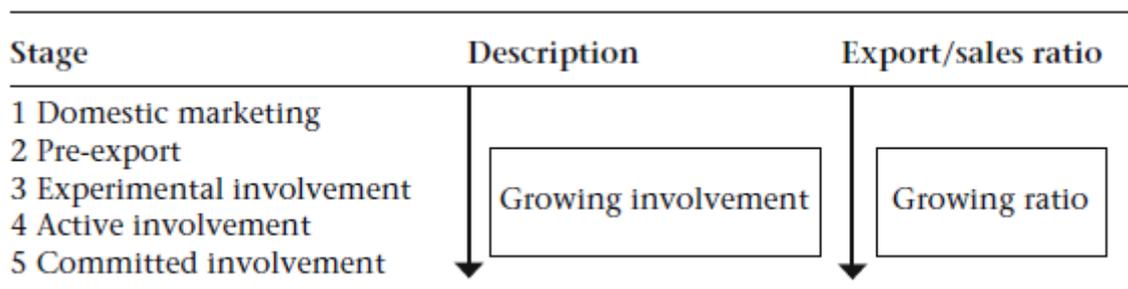


Figure 12 - Stages Innovation Model (Zucchella and Magnani, 2016)

As can be seen above, the Innovation Model suggests five stages in the internationalisation model of the company. A criticism of the innovation model can be the fact that the innovation model treats internationalisation as a single activity rather than as a part of a firm's overall portfolio of activities. This is in contradiction with the logic of a portfolio that keeps in mind the fact that

investment and disinvestments, in any country, have interdependencies (Axinn and Matthyssens, 2002).

2.2.2.4 - The network model - Johanson and Mattsson (1988)

In this approach, the main change is that Johanson and Mattsson focus on the relation, the 'network' among independent firms, whereas the other models focus on internationalisation as an interaction between the firm and the market in which it enters (Zucchella and Magnani, 2016). According to their model, there is 4 steps in the internationalisation of the company:

1. The early starter (low degree of internationalisation)
2. The late starter
3. The lonely international
4. The international among others (high degree of internationalisation)

The main criticisms made of the Network model is its lack of consideration regarding external factors such as relationships with competitors (Chetty and Wilson, 2003).

2.2.3 Drivers of Internationalisation

In 1992, George Yip draw a model in order to analyse the degree of globalisation within an industry. Yip identifies 4 main drivers that permits an industry to change from a domestic market to a global market. Those 4 drivers tend to create the potential for an industry to became more global, they are (Yip, 1992):

- Market Globalisation Drivers
- Cost Globalisation Drivers
- Government Globalisation Drivers
- Competitive Globalisation Drivers

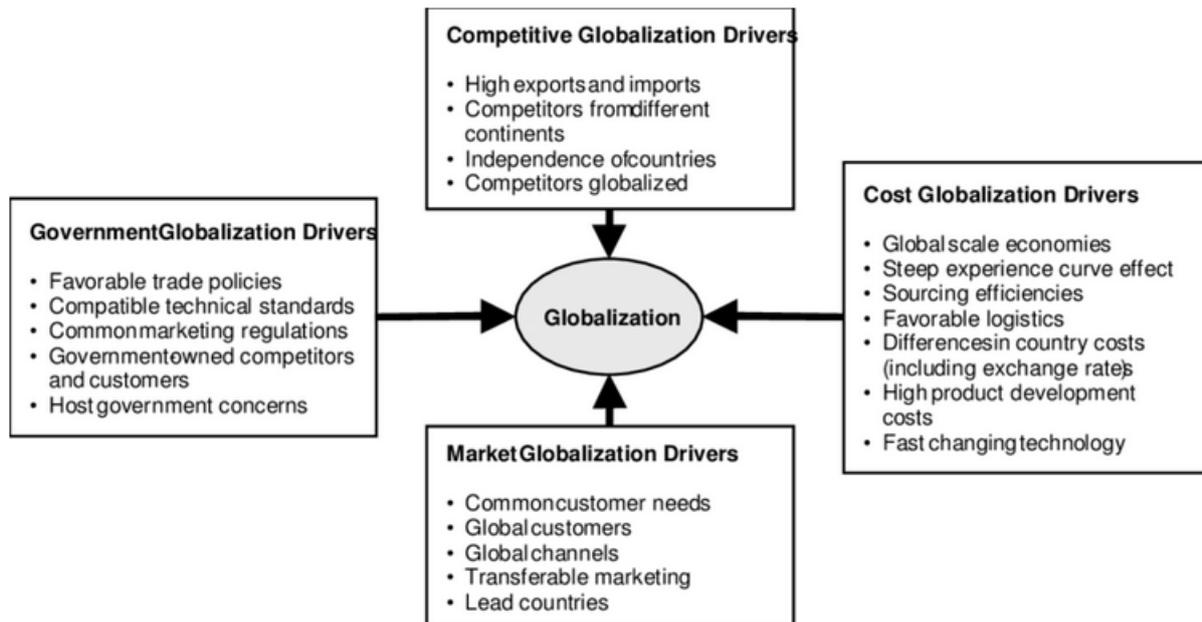


Figure 13 - Globalisation drivers according to YIP (1992) (Yip, 1992)

Market globalisation drivers are about customer needs, Yip (1992) explains that because of the globalisation this includes increase of trade, a similar demand for products and services is rising all over the world. This is the reason why the problem of standardisation or adaptation for a company as an “global customer” appears. This driver influences the marketing and the brand image of the company. Cost globalisation drivers are about the elaboration of a global strategy for product development, manufacturing, and sourcing. The achievement of this driver explains the difficulty (or otherwise) concerning the barriers to entry for new entrants but it also has an impact regarding the rivalry among companies. Competitive globalisation drivers take into account all the industry sales that are made by export, the diversity of competitors, their different operations in different parts of the world... This driver explains the acceleration or the slowdown of globalisation within the industry. Government globalisation drivers determines the global competitive environment in an industry. During the past, companies negotiated with government for policies and regulations whereas nowadays, the balance of power between government and companies has changed and this plays an important role in global competitiveness.

The model described by Yip (1992) is a parallel to Porter’s drivers of competitive advantage, but this model tends to show the drivers for the ongoing globalisation process. Between those drivers, factors influence and create a link between them such as “Social and demographic factor” that influence market drivers to government drivers, “Political and Legal Factor” that influence government drivers to competitive drivers, “Economic and financial factor” that influence competitive drivers to cost drivers, and finally, “Technological factors” that influence cost drivers to market drivers (Yip, 1992). The advantages of this model are that it identifies the drivers that

are global and those that are local, it analyses both industry and market, and it assists in identifying critical factors for industry and market (Yip, 1992).

Gupta, Govindarajan and Wang (2008) determine five opportunities that drive companies to become more global: growth, efficiency, knowledge, customer needs and preferences, and competition. In the context of globalisation, more and more countries are developing and so is the number of potential customers. The company growth appears to be linked with the population growth, which is why a company can create growth by going internationally into developed countries. A global presence for a company leads to more efficiency because its competitive advantage will evolve into an economy of scale, *i.e.* efficiency related to the scale of production, and an economy of scope, *i.e.* efficiency marketing and distribution. Concerning the third advantage, knowledge, a company that develops its foreign operations will create local knowledge that can be used as a strategic benefit. *E.g.* a global company can use its new knowledge to improve its innovation, to lower the cost of innovation, or to create synergies. Because the company is global, its suppliers tend to be global too in order to provide the same service and/or product worldwide because the customer became globalized also. The company adapts to the 'global customer' that also represents an opportunity. Then, a company that goes global earlier than its competitors may have a first-mover advantage in foreign countries, greater opportunities to put in place economies of scope and scale, and so to create barriers to entry for new competitors (Gupta, Govindarajan and Wang, 2008).

2.2.4 *International strategies*

Adler and Ghadar (1989) identifies the different stages in the process of internationalisation in the operations of a company: domestic, international, multinational, and global. It is a gradient that shows the growth and importance of the company's international operations. The first stage, domestic, is the lowest one in this evolutionary process, it means that the company has very few, if any, international operations. The second stage is the international one, means that the company starts its operations worldwide and so its expansion of existing products or services into new market. After this international stage comes the multinational one, characterized by the development of numerous operations in many countries. It is also a change in the company's strategy that now considers itself on an international scale (development of a standardisation in products, overseas production, global integration...). The last stage is the global one, reached when the company has succeeded in integrating its overseas locations into a network to deliver low cost, highly customized products to worldwide markets (Adler & Ghadar, 1989).

Bartlett and Ghoshal (1995) propose a different approach concerning the internationalisation process of a company. For them, the strategic option for a company in order to develop internationally is to manage the balance between local responsiveness and global integration.

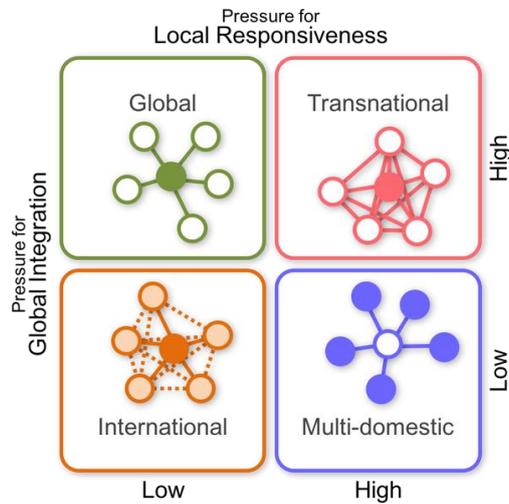


Figure 14 - Strategic Options for Multi-National Corporations (Bartlett and Ghoshal, 1995)

A company that is global tends to reduce costs as much as possible by putting in place economies of scale that lead to a more standardised product offering. On the contrary, a company that is local is going to adapt its products or services to local needs. So, a company can choose one or the other strategy, but there are companies that try to implement both: local responsiveness, and global integration. The mix of both strategies creates four main strategies: Multidomestic, Global, Transnational, and International strategies.

Companies with a multidomestic strategy have low integration and high responsiveness. Strategy is entirely adapted locally; products and services are not exported but produced locally. Subsidiaries worldwide are operating on their own, by offering different products in different markets. On the other hand, companies with a global strategy have high integration and low responsiveness. This strategy promotes cost efficiency over local responsiveness. It consists of developing the same strategy all over the world, products or services are the same in each and every geographical market. The different subsidiaries are often very dependent on the headquarters. The transnational companies have a high integration with a high responsiveness. This strategy aims to maximise local responsiveness but also to gain benefits from global integration. It is based on the diffusion and sharing of knowledge within the entire organisation. Their subsidiaries are inter-dependant, their interactions are not necessarily managed from headquarters. Some strategic features are the same all over the world, such as the components of production, while others are different *e.g.* marketing. The last strategy is the international one. An international company has low integration and low responsiveness. All the key activities are

located in a single geographic area, most of the sales are done in the home country. This strategy appears as an exporting strategy, that can be a first step to internationalisation (Bartlett & Ghoshal, 1989). There are different types of export strategies. First of all, a company may engage in direct export, *i.e.* the company will sell its products or services abroad either via the Internet or via a sales force located in the importing country. The company can also export indirectly, *i.e.* the company continues to produce in its country of origin but exports part of its production abroad to an intermediary. Finally, the enterprise that intends to internationalise can also engage in associated exporting, a concept of association between two enterprises having the same country of origin and wishing to export to the same country (TYPES OF EXPORTS, 2020).

2.2.5 *Entry strategies to Internationalisation*

There are different approaches for a company to penetrate a foreign market. Initially, a company may have no international strategies, but instead uses the approach of direct exporting as the easiest way to sell products or services in foreign countries (Cavusgil, 1984). Leonidou (2002) states that direct exporting requires less resources, involves low investment and financial risks. Direct exporting is when a company decides to go into a foreign market by using only its own resources. The company is going to hire agents and distributors that are the face of the company in this specific market. It permits the firm to secure a more permanent long-term place in international markets because the firm is directly involved in the process of exporting (Doole & Lowe, 2008).

If the company has few resources the simplest and lowest cost method of market entry is to have its products or services sold overseas by others, it is then performing indirect exporting (Doole & Lowe, 2008). Indirect exporting is a less risky and costly strategy of entry because it allows firm to avoid the direct trade costs of entering international markets and thus, the use of export intermediaries often helps to save costs. This method is mainly used by companies lacking in international experience (Doole & Lowe, 2008).

Another strategy is 'licensing'. This is where a firm transfers the rights to the use of a product or service to another firm. It is quite interesting for a firm to combine its technologies with the knowledge of a local firm (Buckley and Ghauri, 1993).

A firm can also penetrate a market via the creation of a joint ventures, *i.e.* two companies decide to work together, and, in this vision, they create a third independent company to achieve this. Joint ventures are the most appropriate method of exploiting a business opportunity (Doole & Lowe, 2012).

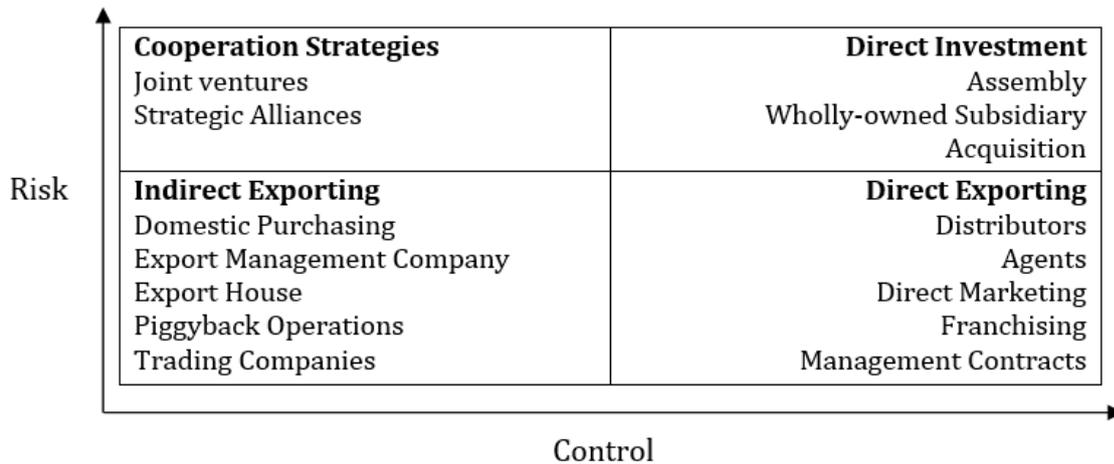


Figure 15 - Entry Strategies to Internationalisation (Author's own elaboration)

There is no link in the literature between strategy of entry and the degree of internationalisation of a company, but if we take the five variables used for the calculation of a degree of internationalisation made by Czinkota and Johnston (1981), each variable has an impact on the strategy of entry. Koch (2001) mentions that the increase in international involvement for a firm leads to a re-definition of the global strategy to match the firm's resources and capabilities between standardisation and diversification modes of operation, but Kim and Hwang (1992) suggest that in this global competition, entry modes where the firm has more control are to be preferred. Moreover, the size of the firm and its resources play a role, as for Koch (2001) smaller firms often have insufficient resources and so they choose inappropriate entry modes. Furthermore, the experience that the firm has in international operations has an impact on the entry mode decision (Hollensen, 2001) and the experience that the firm has in any particular entry mode will influence the entry mode choices and the decision process (Koch, 2001) too. In the same way, Hollensen (2001) argues that the geographical and cultural distance between home country and foreign country will favour certain entry modes, the greater the difference the more a firm will choose entry modes with lower resource commitment.

2.2.6 **Barriers to Internationalisation**

Barriers of internationalisation can appear at every stages of the process and even the small to medium sized firms can be affected because they can be global too (Coviello & McAuley, 1999). The barriers to internationalisation appear in five areas: financial, managerial, market-based, industry specific and firm specific. The financial barriers can, for example, be the limited access to capital and credit (Coviello & McAuley, 1999). The managerial barriers come from the difficulties of a limited management knowledge such as limited time management (Coviello & McAuley, 1999). The

market-based barriers can be government regulation, including tariff and non-tariff barriers (Coviello & McAuley, 1999). It is all the information concerning the foreign market chosen by the company. The industry specific barriers are the ones due to the business environment in which the firm operates, the different types of industry. The last one, the firm-specific barriers, are related to capital, training, and research and development accessibility of the firm.

Leonidou (2004) states that the barriers are internal (ones relating to the firm resources and capabilities) and external (ones relating to the country in which the firm operates). Leonidou (2004) determines three internal barriers; informational barriers (all about the lack of information), functional barriers (refer to dysfunction of the firm), and marketing barriers (firm’s 4P and logistics). The external barriers are part, for Leonidou (2004), of procedural, governmental, task and environmental barriers. The procedural barriers are about the operational aspect of the firm with foreign customers, the governmental ones are about the protectionist aspect or not of the foreign country, in other words, everything related to the states. The task barriers refer to the firm’s competitors, and the environmental barriers include economic, political, legal, and socio-cultural aspect of the foreign market.

2.2.7 Degree of internationalisation

The degree of internationalisation of a company reveals the company’s progress in its internationalisation process. Generally stated, the more a company invests resources in developing its activities in foreign markets, the more advanced is its degree of internationalisation (Adler and Ghadar, 1989). Different scales in the degree of internationalisation are used in the literature, for example, The ‘Uppsala model’ provide 4 steps (No exporting, exporting via agent, sales subsidiaries, production subsidiary) and 5 in its new upgrade, whereas the ‘Born Global’ provide 7 steps to calculate the degree of internationalisation of companies.

<u>Theories</u>	<u>Internationalisation process</u>
Uppsala Model – Johanson and Vahlne (1977)	<ul style="list-style-type: none"> - Stage 1: No regular export activities - Stage 2: Export via independent representatives - Stage 3: Establishment of a foreign sales subsidiary - Stage 4: Foreign production/manufacturing units
Born Global Firms - Knight and Cavusgil	<ul style="list-style-type: none"> - Stage 1: Research & Development - Stage 2: Domestic Stage

(1996)	<ul style="list-style-type: none"> - Stage 3: Entry Stage - Stage 4: Starting Stage - Stage 5: Development Stage - Stage 6: Growth Stage - Stage 7: Mature Stage
The innovation model – Cavusgil (1980)	<ul style="list-style-type: none"> - Stage 1: Domestic marketing - Stage 2: Pre-export - Stage 3: Experimental involvement - Stage 4: Active involvement - Stage 5: Committed involvement
The network model - Johanson and Mattsson (1988)	<ul style="list-style-type: none"> - Stage 1: The early starter - Stage 2: The late starter - Stage 3: The lonely international - Stage 4: The international among others

Table 8 - Degree of internationalisation according to literature (Author's illustration)

All of this suggests that the degree of internationalisation is a process that takes time and furthermore, that there is no universal measure to calculate the degree of internationalisation of a company. Although some authors have given definitions of the degree of internationalisation and even if they use the same number of degrees, this does not mean that they are defined in the same way. No classification offers companies clear and precise properties or characteristics for a given degree of internationalisation (Turnbull, 1987).

In addition, certain variables have been identified to enable companies to be segmented according to their degree of internationalisation. Ansoff (1957), was the first to define the degree of internationalisation of a company by those word “the performance of a company in foreign markets”. Moreover, Ang (2007), add the geographical scope as an indicator in the degree of internationalisation of a company. It means that the calculation of the degree of internationalisation of a company should be made according to the number of countries in which the company operates or the number of subsidiaries that the company has. Furthermore, the degree of internationalisation can also be calculated according to the amount of sales and operations of a company outside of its home country (Elango & Sethi, 2007). According to this definition, the higher the amount of sales and operations in abroad countries is, the higher is the degree of internationalisation of a company. It can be seen as a productivity criterion.

In addition, literature also proved the correlation between the organisation' organizational characteristics and the degree of internationalization, like the influence of structural criteria in the degree of internationalisation of a company which will be further elaborated upon section 2.2.8 Internationalisation and Company Structure. Modification in the organisation' organisational

characteristics can be explained by the internationalisation of the company business and inversely (Garri & Konstantopoulos, 2013).

Moreover, Czinkota and Johnston (1981) introduce five variables to calculate the degree of internationalisation of a company ; the volume and monetary value of their exports, the number of export destinations, the number of years of export experience, and the number of employees dedicated to exports.

Once a company's degree of internationalisation has been determined, it is then possible to examine the link between it and its marketing strategy.

2.2.8 *Internationalisation and Company Structure*

In the definition made by Calof and Beamish (1995), an internationalised firm is a firm that adapts a part of its operations to international environments. It seems that the process of becoming international for a company affects its operations and thus its strategy. Yet, strategy modification is recognised as an important factor in organisational change (Choi, 1995). Moreover, in the process of internationalisation of a company, the company, over time, is going to adapt to international environments as its experience in foreign markets increases (Burke, 2002). Furthermore, Erdener and Wellington (1993) argue that successful international companies have a certain structural and organisational characteristic missing from low performing companies in foreign markets. The most common adaptation is the creation of an international department.

As seen in section 2.2.2 Classical theories of Internationalisation, there are several stages in the internationalisation process, each stage brings knowledge and experience to the company, so it increases its international understanding and in a certain way its adaptation to this new model. The more a company is advanced in these stages, the more the company shows high level of organisational change (Johanson & Vahlne, 1977). Garri and Konstantopoulos (2013) have conducted research on Greek manufacturing firms about the internationalisation process and organisational characteristic and the results show, firstly, that the international process affects the organisational structure of the company, and secondly, that the creation of new departments (such as an international department, an international management department mainly) is link with the company's years of internationalisation. They conclude that the success of internationalisation activities for a company depends on the organisational structure put in place to support the international activities. Choi (1995) goes further and determines that, due to internationalisation activities, the supporting organisational structure and the strategy of the company appear.

In more detail, the size of a company, in terms of the number of its employees and its turnover, is considered a key variable in understanding its progress in the internationalisation process. (Cavusgil, 1984). Moreover, Cavusgil (1984) has proven that there is a link between the number of years a company has been exporting and its degree of internationalisation and he also describes the fact that the more a company is international the more the marketing research including market analysis are important.

2.3 International Marketing

Czinkota and Ronkainen (2006) define international marketing as “the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organisations”. International marketing is different from domestic marketing because it takes place in foreign countries. Because of this, the international marketer deals with a new set of macroenvironmental factors such as culture, laws, and societies. The basic principles of marketing are still present, but they need to be adapted to the new environment. Because of globalisation, the increase of global business activities creates more and more opportunities and challenges abroad. International activities deal with those news opportunities and as a tool, international marketing manages to achieve those objectives.

In order to fit this new environment, marketers need to match strategy planning with the different markets and products or services. A strategic planning process is composed of 4 steps: Assessment and adjustment of Core Strategy, Formulation of Global Marketing Strategy, Development of Global Marketing Program and Implementation. The first step concerning the core strategy aims to analyse the market and perform an internal analysis of the firm. The second one, is about the choice of competitive strategy and the choice of target countries and segments (Czinkota and Ronkainen, 2006).

In this respect, Wind (1986) argues that there are three main marketing strategies for a firm at an international level. The first one is standardisation; this strategy consists of not changing the company's marketing mix. This strategy is also called global marketing, there is no differentiation between the home market and the foreign market. The second marketing strategy is adaptation (or differentiation). This strategy proposes some adaptation to foreign market, this strategy developed to the extreme gives rise to total differentiation, *i.e.* the company adapts to each market. But the total differentiation is not profitable for a company because it breaks every synergy (Wind, 1986). The last strategy is called a ‘mixed strategy’, it is a mix between

standardisation and adaptation, there are more than 256 different mixes depending on the degree of standardisation or adaptation used (Wind, 1986).

One of the main issues for companies regarding their international marketing has emerged with the rise of globalisation as to whether their international marketing should be global or local, standardised in their marketing or the adaptation of their marketing to the various markets (Morgan, Katsikeas and Vorhies, 2011). Nowadays, another approach can also be made by company in the context of ‘glocalization’, it can lead to rethinking their marketing approach for a ‘glocal’ approach. The demand for glocal product or service increases and more and more companies start to act in this way, to be global company but to act in a local way, it means, to adapt their product or service to the psychology, sociology, technology and marketing in ways that allows them to best respond to the local demand. In this context, glocal marketing will use their knowledge to provide useful advertising, communication campaign at the right moment and in the right place (Foglio & Stanevicius, 2007).

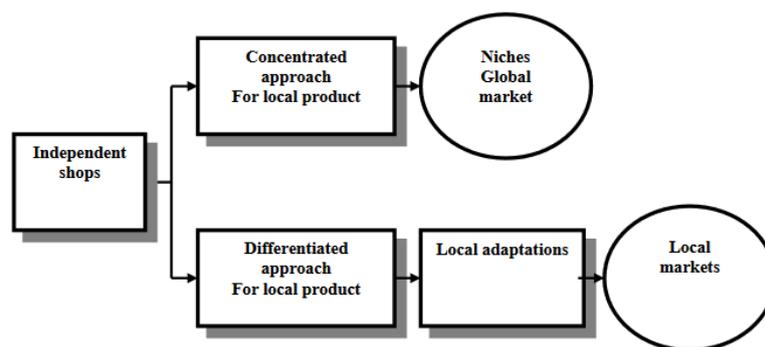


Figure 16 - Possible glocal marketing approaches (Foglio & Stanevicius, 2007)

In addition to Wind (1986), Chakravarthy and Perlmutter (1985) states that the company has to follow different orientations in its international marketing process. The authors address the four different orientations that a company can take during its international marketing process: Ethnocentric, Regiocentric, Polycentric, and Geocentric (ERPG framework). The Ethnocentric orientation is when the firm considers the home country and its culture as superior to the other ones. There is a standardisation of the 4P, the control is highly centralised at the headquarters and the implementation is largely the same as in the home country. The Regiocentric orientation is when a firm aims to integrate and coordinate within regions but not across them. It is a cultural, political, and/or economic similarity among regions in which the firm operates in order to satisfy a similar need. The Polycentric orientation is the principal that each country is unique and should be targeted in a different way. The control is highly decentralised. On the contrary, the Geocentric

orientation occur when the firm coordinates global strategy, global product concepts but with local adaptations if needed.

2.4 Export Marketing Mix

The core of a firm's international operations is a product or service, and the success of the company depends on how good its product or service is and how well the firm differentiates its product from the competitors' ones (Czinkota and Ronkainen, 2006). When a firm decides to trade internationally, to have global operations, the firm should adapt its marketing mix. The marketing mix refers to the strategy taken by a company to promote its brand and increase its profitability. It helps the company to understand the offer of its product or service. The decision concerning the marketing mix varies between standardisation and adaptation. The fact of adapting the product to others countries will increase the net profit from sales in the local market but because the product is customised, it can be used only in a certain types of countries and so the cost rises because of the need to adapt production. Conversely, the strategy of standardisation will provoke the loss of local market that leads to a lack of customers (Keegan, 2013). The marketing mix is associated with the four dimensions of supply: characteristics of the product, elaboration of the price strategy, promotion of the product or service and distribution operation. These four elements are well known as the 4Ps of the marketing function (McCarthy, 1964):

1. Price: refer to the Pricing model - List Price, Discounts, Bundling, Credit Terms.
External factors due to the international environment affect the pricing strategy of the firm such as market-related factors ; the demand, the target audience, government regulations, exchange rate stability and also industry-related factors ; competition intensity and nature of competition (Myers, Cavusgil, & Diamantopoulos, 2002). Authors in literature are divided between standardisation of the price among all the countries or regions and adaptations. There is no universal agreement on the strategy conducted for a firm and there is no relation between international pricing strategy of a firm and its degree of internationalisation.
2. Product: the development of the product or service - Functionality, Brand, Packaging, Services. The degree of adaptation of the different aspect of the product is influenced by the characteristics of the firm, its product or services and the foreign country (Cavusgil and al, 1993). The international experience of the company, the technological orientation of the industry, the competitiveness of the export market, the cultural specificity of the product and the uniqueness of the product are important factors that justifies the adaptation of the

product (Cavusgil and al, 1993). Rao and Naidu (1992) determine that the more a firm has a high degree of internationalisation, the more the firm adapts its products or services to the foreign market. On top of that, Cavusgil (1993) states that there is a link between international experience of a firm and its degree of adaptation of its products.

3. Promotion: the promotion of the product or service - Advertising, Sales forces, Publicity, Sales promotion. The promotion is particularly important in an international scale because of the geographic and psychological distances. The promotion strategy depends on the level of adjustment, i.e. it depends on the degree of cultural familiarity between the host country and the foreign market (Czinkota and Ronkainen, 2006). According to Cavusgil and al (1993) there is a no link between the promotion strategy of a firm and its degree of internationalisation but there is a link between its international experience and the adaptation of its promotional activities.
4. Place: where you can buy the product or service? - Channel, Inventory, Logistics, Distribution. A marketer must know the difference in the 'distribution culture', namely the existing channels structures and philosophies for distributions of goods. Foreign legislation also affects the distribution culture of the foreign country. There is no research made on a possible link between distribution strategy and the degree of internationalisation of a company.

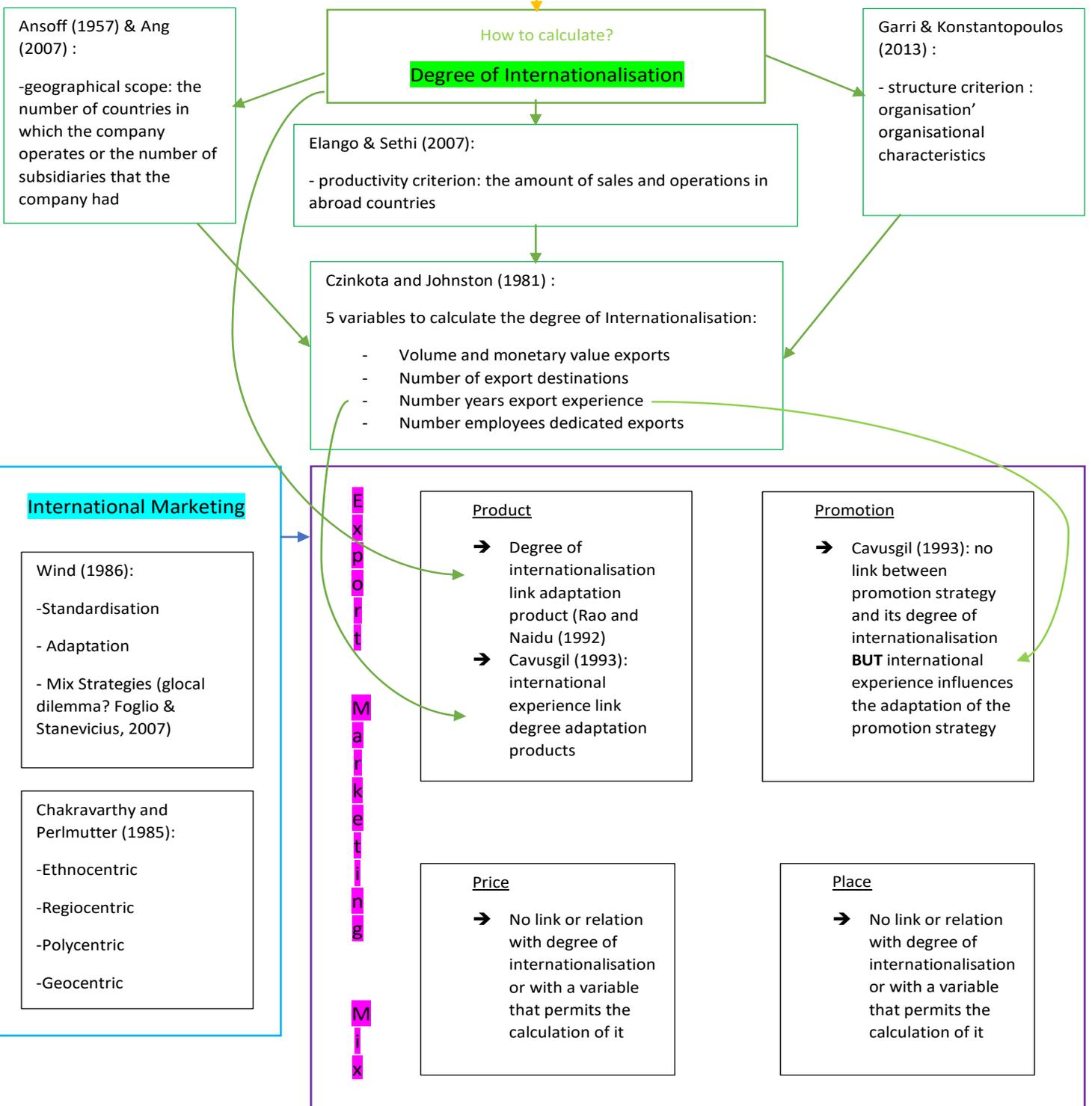
All those components are used to reach the target market aim by the company strategy. This marketing mix framework was implemented by Booms and Bitner to reach 7Ps. This "Extended Marketing Mix" published in 1981 included 3 new elements to the marketing mix of McCarthy (Bitner & Booms, 1981):

5. People: the people of our company, recruitment, skills, culture, remuneration.
6. Processes: the delivery of the service, what the consumer is paying for? IT-support, Research and development, Customer focus
7. Physical Evidence: sales/staff contact, packaging, Intangible elements.

4Ps was launched when most of sales was about products and the 7Ps adjust the model to services and products. The question of adding on an 8th P for the marketing mix, P for Productivity and Quality, answering the question of "Does the offer is a good deal for the customer ?" is maybe the next upgrade in the development of the marketing mix (Academy, 2020).

2.5 Conceptual Framework

Internationalisation		
What ?	Why ?	How ?
<u>Classical Theories of Internationalisation (2.2.2):</u> - Uppsala Model – Johanson & Vahlne (1977) - Born Global Firms - Knight and Cavusgil (1996) - The innovation model – Cavusgil (1980) - The network model - Johanson and Mattsson (1988)	<u>Drivers of Internationalisation (2.2.3):</u> Yip (1992) - Market Globalisation Drivers - Cost Globalisation Drivers - Government Globalisation Drivers - Competitive Globalisation Drivers Gupta, Govindarajan and Wang (2008) - Growth - Efficiency - Knowledge - Customer needs and preferences - Competition	<u>International Strategies (2.2.4) :</u> Adler and Ghadar (1989) : - Domestic - International - Multinational - Global Bartlett and Ghoshal (1995) : - Multidomestic - Global - Transnational - International



2.6 Conclusion

As the literature demonstrated, the internationalisation of a company is process that deals with various criterion, that affect the company in its organisational characteristics for example. There are different barriers, strategies to entry, and also drivers to internationalisation. Thus, after having introduce the notion of internationalisation and two of its components, international marketing, and degree of internationalisation, one aim of this research is to find a link between those two components.

The internationalisation process of a company can be calculated thought the name of 'degree of internationalisation'. Several definitions were given to explain what variables are part of the 'degree of internationalisation' but the definition made by Czinkota and Johnston (1981) is the one that best encompasses the concept. In this definition there are 5 variables; the volume and the monetary value of the export's activities, the number of export destinations, the number of years of export experience and the number of employees dedicated to export activities.

The international marketing is composed mainly by the export marketing mix, composed itself of four variables: Product, Promotion, Price, and Place.

The literature has states a link between the Product and the 'degree of internationalisation' of a firm, and the first signs of a link has been demonstrated between the Promotion and the 'degree of internationalisation' of a firm.

3 Methodology and Research Design

3.1 Overview

Saunders *et al.* (2007) developed a framework call “The research Onion” in order to describe the different stages in the research process. This chapter aims to highlight the philosophical influences on the approach to the research made. It describes the methodological approach as well as the research design of the study. It starts with the research philosophy, following by the research approach, research strategy and research choice. It also provides a detailed explanation regarding data collection, issues, and limitations of this research.

3.2 Research Philosophy and Approach

3.2.1 *Research Philosophy*

The research philosophy (Epistemology or Ontology) refers to the set of beliefs on the nature of the investigation of reality (Bryman, 2012). Ontology describes the nature of reality; it makes the distinction between reality and how a person can perceive reality. It aims to answers the questions based on “what is”. Epistemology is the approach mainly used in scientific research; it aims to find information that you can prove without a doubt. According to Bryman (2012), positivism, realism and interpretivism are some approaches to epistemology. Positivism is an approach of society that relies on scientific evidence, it helps the researcher to find an explanation by using the knowledge of the world. This approach aims to measure, evaluate, and identify any phenomena and to provide a rational answer to them (Collis and Hussey, 2003). Realism is the same approach as positivism with the difference that realism does not support the scientific method. Interpretivism is an approach based on the interpretation of how people see their and others’ actions; it is an interpretation of the social world. Saunders (2009) states that interpretivism take into account social sciences as an understanding rather than an explanation.

This dissertation research philosophy is interpretivism. The aim of this research is to state that there is a link between two variables that are part of the process of internationalisation of a firm: the degree of internationalisation and its marketing strategy. It is a qualitative research that wants to discover and interpret a possible interaction between the two variables.

3.2.2 *Research Approach*

The research approach can be deductive or inductive. The deductive approach is a deduction of a hypothesis upon a pre-existing theory. The hypothesis is subjected to empirical testing (Saunders, 2009). The deductive approach is characterised as the development from a general theory to a particular case. The inductive approach is the contrary of deductive approach, the researcher needs to go from observation and description to define a theory, it is a move from the specific to the general (Bryman and Bell, 2011). This method is normally used in qualitative research, when there is an absence of theory (Bryman and Bell, 2011). Moreover, Flick (2011) argues that this approach is generally used with the elaboration of interviews in order to understand a specific phenomenon and to be examined for patterns between respondents.

The inductive approach is utilized after the collection of qualitative data. The aim of the research is, on the basis of findings relating to 4 different French wine and spirits companies, trying to demonstrate that there is an impact of the degree of internationalisation on the marketing strategy of the companies are universal within this industry. The findings will help to understand the phenomenon and thus will lead to the development of a theory.

3.3 **Research Strategy**

According to Saunders et al (2007), the research strategy is how the researcher intends to carry out the work, in other words, what approach the researcher will use:

- Experiment
- Survey
- Case study
- Grounded theory
- Ethnography
- Action research

Experimental research requires the creation of a research process that examines the results of an experiment against the expected results (Saunders et al, 2007). A survey strategy is often linked to a deductive approach. It is used in quantitative research projects and involves sampling a representative proportion of the population (Bryman and Bell, 2011). This approach is used to observe variables among different data. Case study research is the assessment of a single unit in order to establish its key features and draw generalisations (Bryman, 2012). It is useful when the researcher wants to establish that culture and context are important between cases (Silvermann, 2013). Grounded theory sets out to discover or construct theory from data. Its use is common in the social sciences (Bryman, 2012). Ethnography involves an observation of people, about their

cultural interaction and their meaning (Bryman, 2012). Action research is the process of examining practice to establish the best approach, it is a practical approach to a specific research problem within a community of practice according to Bryman (2012).

The research strategy use for this dissertation is a case study. A case study enables the researcher to understand deeply situations analogous to the research problem, to gain a better understanding of the context and the issues in the background (Zikmund, 2003). In the process of internationalisation, culture plays an important role, moreover it is one of the variables used to define the 'degree of internationalisation' of a company. The research is centred on internationalisation and aims to establish the different features that can appear, such as the link with marketing for example in the particular aspect of the French wines and spirits industry.

3.4 Research Choice

The choices outlined in the research onion are the mono method, the mixed method, and the multi-method (Saunders et al, 2007). As the names of these approaches suggest, the mono method is when the researcher is using quantitative or qualitative methodology, the mixed method permits the combination of both quantitative and qualitative methodology, and lastly, the multi-method is similar to the mixed method but the multi method creates a single dataset (Flick, 2011).

The qualitative research method according to Bryman (2004) is "a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data that predominantly emphasizes an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories". Whereas the quantitative research emphasizes quantification in the collection and analysis of data (Bryman, 2004).

The research in this thesis uses qualitative data mainly but quantitative data are also used for example to calculate the level of internationalisation, such as the variables 'number of export destinations' or 'volume and monetary value exports' and also, maybe the relation between internationalisation and strategy marketing involves figures such as investment in marketing research for the new market or otherwise. It is therefore a so-called multi-method data collection that the author has decided to use.

3.5 Time Horizon

The 'Time Horizon' is the time framework that describes the time required for the accomplishment of the project (Saunders et al, 2007). There are two options for researchers:

- Cross-sectional: it is the one already established whereby the data must be collected (Flick, 2011); It is used for the investigation of a phenomenon at a specific time.
- Longitudinal: it is the collection of data over an extended period when a factor of the research is changing over time.

Saunders et al (2007) states that the time horizon is not dependent on a specific research approach or methodology. Because the researcher wants to analyse the behaviour of companies, it concerns a longer period of time and so a longitudinal design is used. The internationalisation of a company is a process, which means that it is not static, this phenomenon is going to affect the company and it is going to be affected by external factors also.

3.6 Collection Primary Data

This part of the research onion is dependent on the methodological approach used (Bryman, 2012). This section explains how the data are collected and analysed, the source of data, the research design, the sample (size, ethics, limitations), the research reliability and validity.

3.6.1 Sources

This research will seek to gather data from professionals in the sector of the French wine and spirits industry. The author of this research paper has chosen multiple case studies to compare the different approach of companies regarding the internationalisation process and therefore, their marketing strategies. This comparison aims to see how the relationship between internationalisation and marketing strategy is constructed according to different companies' sizes. Blumberg et al. (2008) explain that multiple case studies reach a more robust result even not being as in depth as a single case study.

In the process of research, Creswell (2003, p.185) defines that qualitative research involves four types of collection of data: observation, interviews, documents, and audio-visual materials. For this qualitative research, interviews, and documents are the techniques used. Because the research leads us to the analysis of a case study, the culture of the country in question must be taken into account. Therefore, the choice to conduct interviews is the most appropriate choice for data collection, as it will help to clarify the different interpretations possible regarding the questions asked and it is a method of qualitative data collection. Interviews are useful when the research encounters difficulty gathering data through observation or recorded historical

information (Seale, 1999). There are different types of interviews; structured, semi-structured and unstructured. The structured interviews are those conducted when the interviewer asks a particular set of predetermined questions. All of the candidates are asked the same questions in the same order, and most of the time the information is already known (Ghauri and Grønhaug, 2002). The semi-structured interviews are a mix between major questions but with the freedom to alter the questions and to go deeper in order to find specific information. The unstructured interviews are those that give the full freedom of discussion between the researcher and the respondent, about their reactions, opinions, and behaviour. This type of interview permits the researcher to ask subsequent questions in order to get more information, thus enriching the data collected (Ghauri and Grønhaug, 2002).

The interviews conducted are semi-structured interviews with export managers in small and large French wine and spirits companies. The researcher conducted four single interviews, the respondents were chosen on the basis of their position on the company, *i.e.* export manager. An e-mail was sent to the desired persons in order to solicit their participation. According to Ghauri and Grønhaug (2002), the interviews can be done face-to-face, on the phone (or computer) or through electronic media. However, because of the very particular current situation, the COVID-19 epidemic, the setting up and holding of interviews is impossible due to the need to respect social distances, thus the interviews were conducted on the phone and at the most suitable time and place for participants. The interviews were conducted between the 24th July and the 20th August 2020, some were recorded via cell-phone when the participants give their verbal permission, otherwise the researcher only took notes. The interviews were conducted in French, in order to avoid all the misunderstanding of using a language that is not the mother tongue of the respondents.

For the quantitative part of the research, the researcher used various documents in order to find the numbers related to the different variables that can define the degree of internationalisation. Most of the documents were on the internet, as part of the financial report of the company or in economic articles on the company concerned.

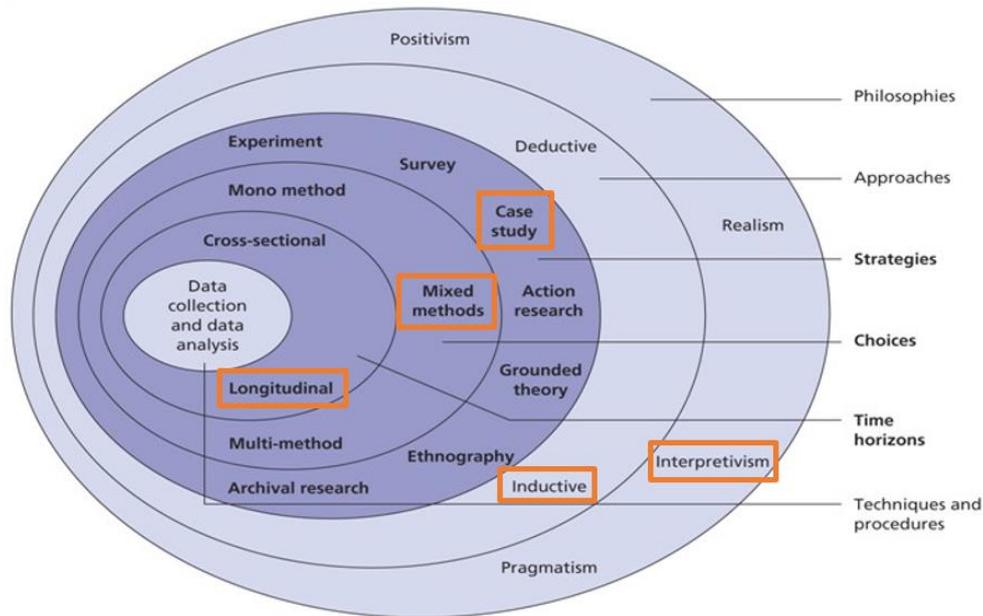


Figure 17 - Research Onion (Saunders et al., 2007)

3.6.2 Access and Ethical Issues

Research ethics concerning the design of the research methodology need to be understandable and morally defensible to all those involved (Saunders, 2009). Moreover, upon the recommendation of Saunders (2009), participants are required to give their permission on the use about the information provided to the researcher. Participants have the right to decline to participate and to withdraw from the research once it has started. All the participants can decline answering any question. For the participants being recorded, they have been informed of the opportunity to delete their responses. The purpose of the research will also be explained as well as the guaranteed of confidentiality and anonymity. The potential issues concerning ethics will be the maintenance of the data. That is why the researcher will keep the information in their database for no longer than one month.

3.7 Approach to Data Analysis

Ghauri and Grønhaug (2002) argues that data analysis is the process that bring order, structure and meaning to the collected data. As the researcher chose an inductive method based on qualitative approach, all the interviews were transcribed, typed up in Microsoft Word documents and translated into the English language. Collis *et al.* (2003) demonstrates the necessity to summarize, categorize, and restructure as a narrative the various information collected during the

qualitative research, in order to increase the meaningfulness of the analysis. The quantitative approach analysed data using Microsoft Excel.

3.8 Conclusion

This section aims to outline the research design and the collection of the various data. It covered the research approach and philosophy for the dissertation. The method described above tends to be the most adequate in relation to the chosen subject that provides the framework for the study, namely the French wine and spirits industry.

4 Presentation and Discussion of the Findings

4.1 Overview

This section presents the research findings, *i.e.* the use of a mixed method approach of an inductive approach using the data collection method of semi structured interviews with exports manager from French wine and spirits companies combined with the use of document analysis available in the public domain. The aims of this section are to be analysed and presented the data collection and to discuss the outcome.

This chapter is divided into three parts; 'Findings', where the data are analysed, 'Discussion', where the results are compared, and lastly, 'Conclusion', to summarises the understanding of the subject researched.

4.2 Findings

The findings from the interviews conducted are presented in line with the specific research objectives of this dissertation. There were 4 interviews, each lasting 15-45 minutes, conducted over a one-month period with export managers from French wine and spirits companies. The format of the semi-structured interview is included in Appendix A. The researcher also chose to have additional quantitative data from the companies interviewed as the number of countries in which the company is active, the number of people working in their export departments, the number of years of export experience of the firm and the volume and value of exports operations. 'Company 1' refers to Respondent 1, 'Company 2' refers to Respondent 2, 'Company 3' refers to Respondent 3 and 'Company 4' refers to Respondent 4.

4.2.1 *Profile of the respondents*

All the participants want to remain anonymous; the details of the participants are shown below:

Code Name	Role Description	Company
Respondent 1	Export Manager	Company 1
Respondent 2	Export Manager	Company 2
Respondent 3	Export Manager	Company 3
Respondent 4	Export Manager	Company 4

Table 9 - Profile of the respondents

4.2.2 *Process of internationalisation in the French wine and spirits industry*

The first objective of the research study was: ‘To analyse, compare and critically evaluate the process of internationalisation (challenges, barriers...) in the French wine and spirits industry’. To achieve this objective, the researcher asked various questions that were intended to understand the process of internationalisation of French wine and spirits companies.

The process of internationalisation is constituted of different elements such as barriers to internationalisation. The aim of this question is to analyse the different issues that a French wine and spirits company can face when the company makes the decision to trade internationally and more deeply, the barrier that they faced the most during their internationalisation process in various countries. It is true that Respondent 2 because of the important presence in many countries does not remember the barriers that the company may have encountered.

The first question was:

Question 1: ‘What are the barriers of entry for a French wine and spirits company when the company decide to trade internationally?’

Respondent 1: The most common barrier to export is the fact of having to change the mode of importation, which is specific to each region of the world,

Respondent 3: The main barrier remains legislation such as the kosher certificate in Israel.

Respondent 4: International politics as in Russia with an American embargo

During the internationalisation process and, as seen in the literature review, section 2.2.5 Entry strategies to Internationalisation, there are different types of entry strategy. The entry strategy is

the first step into the internationalisation process. The second question analysed the different type of entry strategies used by those companies.

Question 2: 'What are your various foreign entry strategies? (joint ventures, acquisitions etc.)'

Respondent 1: *As far as we are concerned, this is usually done through acquisitions, sometimes joint ventures, and we use the distribution network of the purchased brand.*

Respondent 2: *Buying brands internationally but we keep the head office of each brand in the country of origin. Like Chivas Seats in England, Jameson in Ireland, Havana Club in Cuba, Absolut in Sweden*

Respondent 3: *Acquisition of existing companies*

Respondent 4: *Import agents are used*

A company may have decided to trade internationally because of some specific drivers such as growth, or market opportunities as seen in the literature review, section 2.2.3 Drivers of Internationalisation. Therefore, it is interesting to know the drivers that pushed those different companies to expand in a foreign market.

Question 3: 'What drivers influence (name of the company) in its the decision to trade internationally?'

Respondent 1: *First of all, it is to diversify the business, France is saturated, and we are looking for new markets. The market is chosen for its demand and export potential. It is also necessary to diversify the risks: 50% French sales 50% international sales. It is therefore the commercial development opportunities that lead us to go into the export field.*

Respondent 2: *It will depend on the brand of the wine, on the product, we need to look at the commercial opportunity and consumer demand. It is a strategy of growth in value, of profit, of making the business profitable. Today we prefer to develop the business in countries where we are already present instead of setting up in new countries.*

Respondent 3: *It is a question of survival because the fact of internationalisation increases the size of the business and as we are French it is an asset; it is an economically stable country and there's know-how. The spirits market is an easily accessible market, a market that moves with a consumer who wants something new. We must always innovate.*

Respondent 4: *The international demand, the French market is decreasing, and the international market is only increasing, so it is an obligation for Champagne to be international.*

4.2.3 Export marketing strategy in French wine and spirits industry

The second objective of the research study was: 'To compare and contrast the export marketing strategy in French wine and spirits industry'. To achieve this objective, the researcher asked

various questions concerning the wider export marketing strategy and then more in detail about the 4P in order to analyse the export marketing strategy of French wine and spirits companies. Question 4 aims at analysis the level of marketing approach to a foreign country.

Question 4: 'Do you perform an analysis of the foreign market in order to adapt your marketing strategy? If yes, what are the different step in the process?'

Respondent 1: Each market is studied differently (USA 1st world wine consumer, China 1st to buy Bordeaux, UK also an important market), there is a database for marketing development and targets but, eventually, each country requires a different approach.

Respondent 2: We have a global approach for our brands but the marketing, commercial and operational aspects are handled at a local level, in all countries. It is a 'glocal' strategy.

As seen in the Literature review, one effect of internationalisation on the organisation characteristic is the creation of a department dedicated to export.

Question 5:' Is there a special department for the export marketing?'

Respondent 1: We have Export Managers by region (Northern Europe, North America, Asia). The director of each region must develop the existing business and develop new partnerships. We do not have a structure as such, but we want to create an export department.

Respondent 2: Yes, this is mandatory for the size of our company, and we even have an import department that also does marketing in all the countries where we operate.

Respondent 3: Yes, we have a marketing department dedicated to export, which is mainly digital. We also choose our local importer on the fact that it does local promotional marketing.

Respondent 4: Not yet, but we would like to develop one in the future.

The questions 6 to 9 are related to the components of the marketing mix, namely the 4P: Product, Price, Promotion and Place (i.e. Distribution).

Question 6:' Is there a difference between the product that the company sell in its home country versus the one sold in foreign country?'

Respondent 1: The product is standardised at national level and distributed through local networks. There may be some etiquette changes to adapt to the language of the country, but that is all.

Respondent 2: For wine we have an international graphic charter for marketing, and a global product charter then we adapt to local needs.

Respondent 3: There is no product adaptation, just the volume of the bottle can change, the liquid remains the same because the product is an 'Appellation Contrôlée' and therefore cannot be changed. It is true that once we had a request for whisky with an alcohol degree of 43 instead of 40

and we made it. Afterwards we have to put the "Contre étiquette" because the law obliges it (Hebrew label in Israel).

Respondent 4: *There is an adaptation product according to country, sweeter if consumers prefer to sweeten, drier if the consumer prefers.*

Question 7: *How does the company adapt its pricing strategy to the foreign country?*

Respondent 1: *With export marketing we have a different price depending on the country, given the different taxes in each market, such as in Mexico, where we are taxed at 200%.*

Respondent 2: *We adapt the price of our products according to the country, but above all we adapt the type of product we are going to offer.*

Respondent 3: *Our price range allows us to adapt to each country. After If there are already competitors who choose the same importer as us, we will have a more aggressive price strategy to position ourselves.*

Respondent 4: *We standardise the price, we have a product range and price range for customer loyalty through price.*

Question 8: *How does the export distribution of the company works?*

Respondent 1 : *We choose a national importer, but sometimes we also need to have a regional partnership because each country has its own specificities when exporting, in the USA you are obliged to go through an importer (the 3 thirds rule), in the UK it is direct sales, in the Scandinavian countries it's a monopoly, the buyer in the country has to refer you.*

Respondent 2: *When you have a subsidiary, in general you make direct sales, then it depends on the country, you follow the roadmap, you adapt to the country.*

Respondent 3: *We adapt to the local distributor. Ideally it is our importer who distributes our products throughout the classic distribution network (supermarket, wine shop) as in Dubai with MMI, and African. Eastern, there is also the Duty-free network which is important and now the digital online distribution where the importer sets up his own online shop. There are also resale platforms in countries where alcohol is not widely authorised, such as Saudi Arabia, Iran, Iraq, Pakistan, where we use traders, or Algeria where there are 450 shops. We adapt because each market is different, our aim is to find the importer who does not work with a competitor to complete their product range*

Respondent 4: *Distribution via local importer*

Question 9: *What is the export promotion strategy? (adaptation or standardisation)?*

Respondent 1: *The promotion of the product is different depending on the market, for example in the UK we do tastings in restaurants, in Belgium we sponsor events, in Japan we invite guests to visit the vineyard. There is even an adaptation within the same country as in the USA with the West and East coasts.*

Respondent 2: *Adaptation*

Respondent 3: *We tried to standardise the promotion, but it did not work so we delegated the promotion to the local importer over the years. We have a global marketing of the brand internationally on YouTube, Insta etc. and in the Duty free (global marketing of the traveller) but for some countries we adapt the visual, the language, the communication channels, we prefer a local approach. In fact, there is a need to make the local, the global and the regional*

Respondent 4: *We do not promote internationally, our importer does.*

4.2.4 **Analysis of the degree of internationalisation of the interviews companies**

The third and last objective of the research study was: ‘To analyse and assess the key variables that determine the level of internationalisation of a company and its impact on the export marketing strategy’. Thanks to the literature, and according to Czinkota and Sethi (2007) the variables that permits the calculation of the degree of internationalisation of a firm are:

- Volume and monetary value of exports operations
- Number of export destinations of the firm
- Number of years of exports experience
- Number of employees dedicated to exports

After completing a quantitative approach on public documents, the graph below presents the different findings:

	Company 1	Company 2	Company 3	Company 4
Volume and monetary value of exports operations	39.182.133€ (2018)	8.717.390.000€ (2018)	267.687.900€ (2019)	1.567.589€ (2017)
Number of export destinations of the firm	120	160	140	37
Number of years of exports experience	22 years (Since 1998)	40 years (Since 1980)	51 years (Since 1969)	9 years (Since 2011)
Number of employees dedicated to exports	40	320	163	2

Table 10 - Variables degree of internationalisation

The volume of export operations cannot be found on either the documents or on other platforms.

4.3 Discussion

4.3.1 ***Discussion on the process of internationalisation in the French wine and spirits industry***

The first research objective of this study aimed at analysing, comparing, and critically evaluating the process of internationalisation (challenges, barriers...) in the French wine and

spirits industry. In order to evaluate the process of internationalisation through a company, the researcher analysed the barriers to entry, the entry strategies and the drivers that influence a company in its process to internationalisation.

The barriers that French wine and spirits companies encountered during the process of penetration of a new market are legislative, political and adaptative, *i.e.* the company needed to adapt the mode of importation according to each country. The legislative and political barriers tend to confirm the theory of Leonidou (2004) that express the existence of internal and external barriers, whereas the need for adaptation of importation strategy tends to confirm the theory of Coviello and McAuley (1999).

Regarding foreign entry strategies, the companies interviewed have different approaches. The first company uses acquisition and joint ventures to penetrate new markets. The second and third companies use acquisition as an entry strategy whereas the fourth company uses import agents. Thus, the first company uses a mix of cooperation strategies and direct investment. The second and third companies use direct investment and the fourth company uses direct exporting.

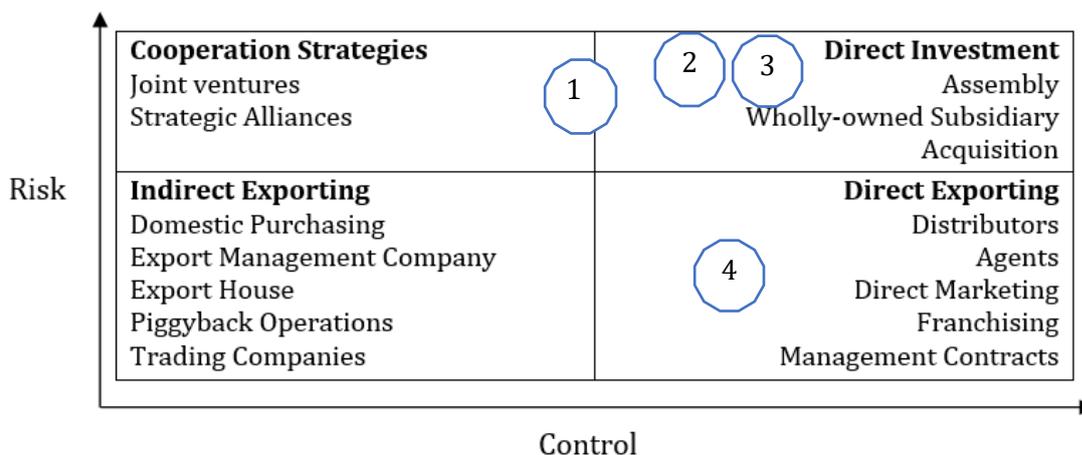


Figure 18 - Entry Strategies to Internationalisation (Author's own elaboration)

The fourth company does not have the same strategy as the others, this can be explained by the lack of international operations experience according to Hollensen (2001).

According to the literature review, concerning the drivers of internationalisation (see section 2.2.3), Yip (1992) defined 4 drivers: market globalisation drivers, cost globalisation drivers, government globalisation drivers and competitive globalisation drivers. Similarly, Gupta, Govindarajan and Wang (2008) describe that the drivers of internationalisation for a company are growth, efficiency, knowledge, customer needs and preferences and/or competition. The result of the interviews suggests that for a French wine and spirits company the drivers to internationalisation are the willingness to diversify their operations, to diversify the risks and to

take advantage of a commercial development for the first company. For the second company, the commercial opportunity linked to a growth in value and of profit are the main drivers that explains the internationalisation of this company. For the third and fourth companies, it is not even a question of drivers but an obligation, a necessity to be on an international level.

4.3.2 *Discussion on the export marketing strategy in French wine and spirits industry*

The second objective of the research study was: 'To compare and contrast the export marketing strategy in the French wine and spirits industry'. In order to answer to this objective, the researcher looked more deeply at the 4P of each company.

Concerning a global marketing strategy, Company 1 respond that all the markets are different, so it is a need for adaptation. Company 2 has a 'glocal' approach over the world. Relating to the existence of an export marketing department in the company, Company 2 and 3 have one whereas Companies 1 and 4 plan to have one in their future vision. Thanks to this, the researcher can categorise the companies, Companies 2 and 3 seems to have gone through a certain degree of internationalisation that Company 1 has not experienced and even less so company 4, which has no person in charge of export marketing.

About the 4P, regarding the Product, Companies 1 and 3 sell a standardised product whereas Companies 2 and 4 adapt their product. These results contradict what the literature review suggests because the degree of internationalisation is linked with the adaptation of the product and the international experience leads to the adaptation of the product. In this case Company 1 and 3 have a degree of internationalisation superior to Company 4 and yet it is Company 4 that adapts its product. In order to explain this, it is necessary to take into account the specificity of this industry, especially for spirits, which means that an 'Appellation d'Origine Controlée (AOC)' cannot be changed, unlike in the case of Champagne, where the percentage of grapevines of one variety can be decreased or increased in proportion to another.

For the pricing strategy, Companies 1,2 and 3 adapt their prices whereas Company 4 standardises its prices. It suggests that the degree of internationalisation plays a role in the pricing strategy of a company, the more the degree of internationalisation is high and the more the company adapts its prices to the foreign market.

Regarding the distribution process, all the companies adapt themselves to the country in which they establish themselves. It suggests that the degree of internationalisation does not have an impact on the distribution strategy as it is something that the company does not control but deals with.

Concerning the promotion strategy, Company 1,2,3 adapt their promotion strategy to each country and control it whereas Company 4 lets its importer manage this without any intervention. This can reveal a potential impact of the degree of internationalisation on the promotion strategy.

4.3.3 *Discussion on the degree of internationalisation of companies interviewed*

According to the collected data, the researcher can divide the companies into 4 different groups of degree of internationalisation. Company 2 has the highest degree of internationalisation followed by Company 3. Then Company 1 seems to be at another degree of internationalisation due to its volume of exports operations and due to its number of employees dedicated to exports. Company 4 closes the step with a degree of internationalisation inferior to the other three companies.

4.4 Conclusion

As the results shows, the degree of internationalisation of each company affect the company decision on the international level, *i.e.* in its export marketing strategy.

A summary of the answers is done below;

- Company 1: cooperation strategies and direct investment, no export marketing department, standard product, adapt prices, adapt distribution, adapt promotion.
- Company 2: direct investment, 'glocal' approach, export marketing department, adapt product, adapt prices, adapt distribution, adapt promotion.
- Company 3: direct investment, export marketing department, standard product, adapt prices, adapt distribution, adapt promotion.
- Company 4: direct exporting, no export marketing department, adapt product, standardisation of the price, adapt distribution, no control over export promotion.

Thanks to these answers, a link can be deduced between the degree of internationalisation and the export marketing strategy of different companies. First of all, the quantitative data allowed the researcher to classify the companies by degree of internationalisation. In addition, the qualitative data allowed the researcher to analyse the approach taken by the different companies on their export marketing strategy. From all of this, it can be seen that Company 2 has the most advanced 'glocal' approach, deploys a direct investment strategy, has a department dedicated to export marketing and adapts its product, its price, its distribution and its promotion in the countries where the company operates. Company 2 has the highest degree of internationalisation. Company

3 also has an export marketing department and deploys a direct investment strategy. The company adapts its prices, its distribution, and its promotion but has a standard product which is explained by the AOC. Company 3 has the second highest degree of internationalisation. Company 1 differs from Company 3 and Company 2 by its degree of internationalisation and by the fact that Company 1 does not have an export department in its structure. It can be concluded that the degree of internationalisation of a company has an impact on whether or not a company has an export department. Company 4 deploys a direct exporting strategy, has no export marketing department, and concerning the 4Ps, the company adapts its product and distribution but there is a standardisation of the price, and no control over the export promotion. Company 4 has the lowest degree of internationalisation. The conclusion is therefore that the degree of internationalisation of a company impacts first of all its export entry strategy, but also its export' marketing mix.

The degree of internationalisation has an impact on the Price strategy and on the Promotion strategy according to the results. In the special case of the French wine and spirits industry, and even in a general way, concerning the wine and spirits industry, the distribution strategy, represented by Place in the 4P, does not depend on the degree of internationalisation of the company because in most countries, the company does not choose but deals with the specificities of the foreign country concerning the distribution process.

To sum up, by cross-referencing the data obtained in the literature review with the data collected in chapter 4, the degree of internationalisation has an impact that conduct to an adaptation of the export marketing strategy of a company.

5 Concluding Thoughts on the Contribution of this Research, its Limitations and Suggestions for Further Research

5.1 Implications of Findings for the Research Questions

The mixed approach used to collect both quantitative and qualitative data answered the research questions and research objectives clearly.

The first research question was : ‘Which are the most prominent drivers of internationalisation amongst French wine and spirits companies?’ and thanks to the interviews, the researcher can answer that the main drivers are the willingness to diversify the operations, the diversification of the risks, to take advantage of a commercial development and the commercial opportunity such as a growth in value and in profit. It is also important to understand that for some companies it is an obligation, a necessity to be on an international level for the opening up to new markets and therefore to new demand.

Moreover, the second research question was: ‘Has the degree of Internationalisation had a significant impact on the marketing strategy of French wine and spirits company?’ To this question, the research shows, as seen in section ‘4.4 Conclusion’, that there is an impact of the degree of internationalisation on the marketing strategy of a French wine and spirits company. The more a company has a high degree of internationalisation, the more its export marketing mix tend to follow an approach called ‘Adaptative’.

Furthermore, the last and third research question was: ‘What is the relationship between organizational characteristics of companies and their degree of internationalisation?’. The literature review has demonstrated, in section ‘2.2.8 Internationalisation and Company Structure’, that the organisational characteristic of a company is affecting by the process of internationalisation. The interviews confirm the literature review and suggest that the degree of internationalisation has an impact on the organisational characteristic of a company, *i.e.* the more a company has a high degree of internationalisation, the more its organisational structure is changed.

5.2 Contributions and Limitations of the Research

This research provides a first insight into the impact of the degree of internationalisation on firm, and more particularly on the export marketing strategy of companies. In addition to reviewing the different points of view and theories of the several authors on key notions such as the concept of internationalisation or international marketing, the researcher adds to the theory the practice in the special context of French wine and spirits companies.

It is important to recognise the limitations that faced the researcher. The time and this particular period of COVID-19 were the most relevant issue. The researcher was intended to interview a much larger number of companies, but because of the COVID-19, a lot of French wine and spirits companies, after having suffered a slowdown in their activities, began their operations more strongly during the data collection period. As a result, a significant number of companies have postponed their interviews to September, and the deadline for the submission of this report is the end of August. So, the size of the sample does not represent perfectly and completely the French wine and spirits industry. For this reason, the results cannot be generalise.

5.3 Recommendations for Future Research

This research has shown an impact of the degree of internationalisation on company and more specifically on the export marketing strategy of companies. This impact has been demonstrated on the special case of French wine and spirits companies. Further research should be conducted in an international level in order to theorise in a general way the conclusions of this thesis. Likewise, it would be more interesting and complete to take a larger sample in order to better represent the difference between companies.

5.4 Final Conclusion and Reflections

In conclusion, this research stated a link between the degree of internationalisation and the export marketing strategy of the French wine and spirits companies. Moreover, this study permits to better understand the process of internationalisation of French wine and spirits companies, the challenges, barriers that those companies faced and why being international for those companies is now obligatory.

The researcher asks a last question about the future for the French wine and spirits to the respondents:

Question 10: 'According to you what are the next challenges that may face the French wine and spirits company internationally?'

Respondent 1: 'Consumers want local wine, it is more difficult to export, there is also a will to pollute less, to pay attention to our carbon footprint, to make wine cleanly. There is also a Willingness of transparency, traceability on the part of the consumers and more and more competition via alcohol-free wine, beer, cocktails, etc. People drink less but better.'

Respondent 2: 'Consumers pay more attention to their health, and to the environment. More and more, wine without alcohol, with less sugar, there is a reduced consumption, and sustainable development is a challenge but for us an opportunity.'

Respondent 3: 'There is a trend without alcohol, or low-fat alcohol, people want to drink less but better, there is also a strong evolution of single malt, the consumer wants to know more about the product, it is necessary to emit less co2'

Respondent 4: 'With the Transatlantic Treaty and international standards, the ISOs will have to be respected.'

It therefore seems that French wine and spirits will have to tend to be greener and less alcoholic in order to seduce the clientele as much as ever. This is a future that will have to be taken into account in the elaboration of future research.

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Appendices

Appendix A –

Question internationalisation

What are the barriers of entry for a French wine and spirits company when the company decide to trade internationally?

What are your various foreign entry strategies? (joint ventures, acquisitions etc.)

What drivers influence (name of the company) in its decision to trade internationally?

Question strategy marketing company

Do you perform an analysis of the foreign market in order to adapt your marketing strategy? If yes, what are the different step in the process?

Is there a special department for the export marketing?

Is there a difference between the product that the company sell in its home country versus the one sold in foreign country?

How does the company adapt its pricing strategy to the foreign country?

How does the export distribution of the company works?

What is the export promotion strategy? (adaptation or standardisation) explain the process

Question challenges

According to you what are the next challenges that may face the French wine and spirits company internationally?