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FIELD LAB ON INTERNATIONALIZATION - THE CASE OF MISSANGAS & CO IN
FINLAND

MARIA EDUARDA COSTA GAMEIRO

A Project carried out in the Master's in Management program supervised by:

Emanuel Gomes

Gonçalo Cordeiro de Sousa

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Abstract

This document provides a detailed analysis of the internationalization process of Missangas&Co., a Portuguese bead-based jewelry SME, and aims to guide it towards sustainable growth in the global jewelry market.

It begins with an assessment of the company's current operations, financials, and organization, along with an international market selection analysis from where a shortlist of 5 countries was derived, with Ireland being identified as the ideal target for expansion. The report further outlines a comprehensive plan for entering this market, encompassing marketing strategies and financial projections. Additionally, it features a literature review on International Entry Mode Selection to support the proposed strategies.

Keywords: Finland, Market Entry Strategy, Internationalization, Portuguese SME, Strategic Analysis, International Market Selection, Industry Analysis, Jewelry, Missangas&Co.

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1. INTRODUCTION

International business, encompassing the cross-border transfer of resources, goods, services, and knowledge, is crucial for companies seeking global expansion and competitiveness (Hill, 2008). By engaging in international markets, businesses gain access to new resources, diversify risks, and embrace innovation, making international business strategy a key component for growth and resilience in a global economy (Hill, 2008). However, expanding into international markets can be expensive and time-consuming for small and medium businesses, taxing their limited resources (Coviello & Martin, 1999). Understanding the decision-making process for market selection, timing, and entry methods is essential (Coviello & Martin, 1999). This project seeks precisely to connect the theoretical knowledge of internationalization with its practical application for Missangas&Co, an SME established in 2003 by Bertha Unzueta Paz, inspired by a family's love for beads, crafting stunning accessories, and curating the materials that go into them.

For Missangas&Co.'s internationalization strategy, a detailed analysis was initially conducted to understand the company's strategic position, followed by an International Market Selection phase, where potential markets were evaluated, utilizing Excel for country rankings and SPSS for sophisticated cluster analyses. This dual approach refined the global market assessment, identifying the top five markets for deeper exploration. Subsequent steps involved comprehensive market and International Entry Strategy analysis, where the most suitable entry mode was selected, ensuring that the internationalization plan aligns with Missangas&Co.'s broader objectives.

Moreover, identifying where the brand can thrive and determining the optimal entry strategy that aligns with the brand's essence constitute integral components of the analysis. This includes creating a region-specific marketing plan and elaborating on the brand's financial forecasting, which covers operational and investment plans and economic viability through rigorous

sensitivity and scenario analyses. Acknowledging the unpredictable nature of markets, we've also tested our strategy against potential changes, ensuring adaptability.

In essence, this thesis aspires to offer Missangas&Co. a clear, theoretically grounded pathway to international expansion, crafted with simplicity and clarity, so that the beauty of bead artistry can shine globally.

2. LITERATURE REVIEWS

2.1 INTERNATIONAL ENTRY MODE SELECTION EXPORT VS. FDI MODES (MARIA EDUARDA GAMEIRO - 53454)

The International Entry Mode Selection is a strategic decision for firms seeking to expand globally, and the inherent decision-making process oscillates primarily between Non-Equity Modes (usually simplified as Exporting) and Equity Modes (usually simplified as foreign direct investment [FDI]) (K. Tse & Pan, 2000). Non-Equity modes include Direct and Indirect Exporting, while Equity Modes include Foreign Branch, Foreign Acquisition, Subsidiary and Joint Venture (Sternad, 2013). Secondly, M&A, Strategic Alliances, Licensing, Franchising or Contract Manufacturing are all part of Contractual Relationship Entry Modes, which will not be deeply analyzed in Literature Review (Sternad, 2013). The decision between Export or FDI entry modes is entrenched in layers of strategic, economic, cultural, and psychological considerations. The eclectic theory introduced by Hill, Hwang and Chan (1990) serves as a foundational blueprint for understanding this complexity. By delineating three core advantages - ownership, location, and internalization –, the authors provide firms with a lens to assess their international entry mode. Ownership advantages underscore a firm's inherent capabilities, competencies, and assets. It prompts firms to question: What unique strengths do we possess that give us a competitive edge abroad? Location advantages pivot the focus outward, compelling firms to evaluate the attractiveness and dynamics of potential foreign markets. Here, considerations like market size, growth potential, access to resources, infrastructure quality, and geopolitical stability come into play (W.L. Hill, Hwang, & Chan Kim, 1990).

Internalization advantages bring the discourse back in-house, asking firms whether to keep operations within their boundaries or to collaborate with external partners. This dimension resonates with the insights of (Anderson & Gatignon, 1986) who delve into the interplay of control, resource flexibility, and risk. The authors define control as the capability to influence system methods and decisions that have a significant impact on a foreign enterprise's destiny. Without control, it is more difficult for a company to coordinate efforts, implement and change strategies, and handle disputes that develop when two contract parties pursue their own interests (Anderson & Gatignon, 1986). The ability to change systems and methods quickly and at a low cost, particularly in lesser-known foreign markets where the entrant is likely to change them as it learns the new environment, is referred to as resource flexibility (Anderson & Gatignon, 1986). In what concerns to risk, it is synonymous to uncertainty, and each company has different risk-aversion levels. For firms that prioritize retaining a tight rein over their operations, especially to safeguard proprietary knowledge or ensure operational consistency, FDI offers an appealing route. On the other hand, firms that value flexibility, speed, or wish to mitigate risks might opt for exporting or engage in strategic alliances (Anderson & Gatignon, 1986). Adding a temporal dimension to this decision matrix is also fulcral. K. Tse and Pan (2000) posit that firms don't necessarily commit to a singular mode of entry for eternity. Instead, they embark on a phased internationalization journey. An initial foray might involve exporting, deemed safer and less resource intensive. As the firm gains more knowledge and experience in that international market, they will assume a greater level of resource commitment with higher levels of risk, control, and profit return. This dynamism underscores the fact that international entry mode selection is both an initial decision and an evolving strategy. (K. Tse & Pan, 2000). On a psychological lens, managers' past encounters with foreign markets, their risk tolerance, and their interpretations of opportunities and threats can profoundly shape a firm's international trajectory, injecting a layer of subjectivity into the decision-making process. In what concerns

risk aversion, managers from different countries present different uncertainty avoidance levels, meaning that in countries with higher levels of uncertainty avoidance, managers will be less willing and less curious to venture their companies in FDI modes, and the contrary applies as well (K. Tse & Pan, 2000).

In light of all these factors, however, the acceleration of change in the business environment, characterized by market volatility, swift advancements in technology, evolving consumer demands, and the shortening of product life cycles, has led to a marked rise in the prevalence of collaborative frameworks (Gomes, 2020). Therefore, M&A and collaborative alliances as entry modes are increasingly being adopted over internal growth strategies to leverage effective competition on a global stage, as they offer a more agile response to the rapid transformations in the business landscape (Gomes, 2020). Ultimately, selecting an entry mode is a dynamic and evolving strategic decision, requiring firms to assess their internal strengths and market opportunities and adapt to the broader global business dynamics. The choice between FDI and Exporting highlights the need for a tailored approach, considering the specific circumstances and strategic objectives of each firm.

3. RESEARCH METHODS

In pursuit of our project's objectives and to establish a solid and productive relationship with Missangas&Co., we employed a combination of primary and secondary research approaches to gain an in-depth understanding of the company's position and the dynamics of its market.

To gather primary data, we have conducted informative online meetings with Kessy Peche, the CEO of Missangas&Co. The initial meeting was held to familiarize with Ms. Peche and Missangas&Co.'s business model, functioning procedures, and the project's main objectives. During this session, Ms. Peche provided essential documents, including financial reports and the company's profile, which are indispensable resources for our preliminary analysis. Additionally, visiting the company's store in Lisbon gave us first-hand experience and a deeper understanding of the brand's unique retail concept, further enhancing our research.

The second meeting, conducted after initiating our company analysis, aimed to clarify processes and gain further insights into Missangas&Co.'s operations. This meeting allowed us to understand and document critical business processes to ensure the accuracy and depth of our analysis. Subsequent online meetings with Ms. Peche focused on clarifying the company's operations and discussing financial aspects, target market selection, and preferred entry modes. Throughout the project, continuous communication with Ms. Peche was maintained through WhatsApp and email; this allowed us to address urgent questions, seek clarifications, and ensure that our project was aligned with the company's strategic vision.

Furthermore, we have also utilized secondary data sources to gain a complete understanding of the market and industry, both on an international and domestic scale. This included the use of data analysis tools such as SPSS and Excel, which were instrumental in processing and analyzing data, particularly in the selection of potential markets for Missangas&Co. Furthermore, we gathered comprehensive market and industry information from databases such as The World Bank, Statista, and Orbis, spanning demographic trends, economic indicators, and broader international market data. In addition, our secondary research also included a wide range of online resources, such as academic journals and articles from sources like Harvard Business Review and Google Scholar.

The combination of insights gained from our direct interactions with Ms. Peche and data obtained from secondary sources allowed us to gain a comprehensive understanding of both Missangas&Co.'s internal dynamics and the external market environment. This holistic research approach has been critical in developing a nuanced, well-informed strategy for the company's internationalization.

4. STRATEGIC ANALYSIS OF THE COMPANY'S SITUATION:

4.1 FIRM OVERVIEW AND PROJECT BACKGROUND

4.1.1 PROFILE AND MANAGEMENT

Missangas&Co is a B2C company headquartered in Lisbon, Portugal, that sells bead jewelry and materials for jewelry creation. The company was founded by Bertha Unzueta Paz in 2003, who opened the first store in Cascais. It began as a family project dedicated to the commerce of handmade accessories and the materials



Figure 1 - Missangas&Co. Stores

needed to create them. Since its inception, the company has been set to be an alternative fashion brand with a unique and different concept from the traditional fast fashion jewelry market.

Currently, Missangas&Co. operates across three European nations, managing five stores: two in Lisbon, two in Berlin, and one in London. Family members manage these stores, including Bertha Paz in Portugal, Kessy Peche in Germany, and Zimi Unzueta in the United Kingdom. In terms of organizational structure (See Figure 2), despite

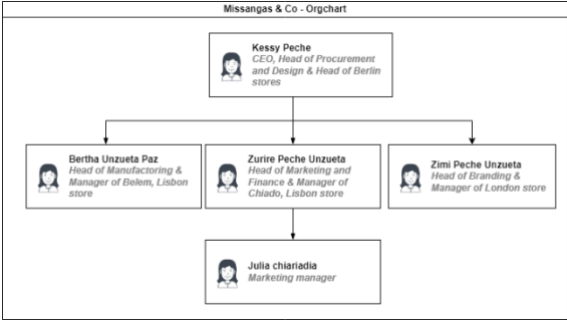


Figure 2 - Missangas&Co. Organizational Chart

Kessy Peche acting as the CEO, the business’s governance is shared among a family council, which includes Kessy Peche, Bertha Paz, Kimi Unzueta, and Zurire Unzueta, who collectively make strategic decisions and manage core departments. Each store is further staffed by a small team of 2-4 employees to facilitate daily operations.

4.1.2 BUSINESS PORTFOLIO

Missangas&Co. is mainly a product company with complementary services to increase the value of their offering. In terms of products, the company sells bead jewelry and materials for jewelry creation, like beads and tools, while providing complementary services to increase the product's value.

4.1.2.1 PRODUCT PORTFOLIO

Finalized bead jewelry accounts for 50% of Missangas&Co.’s sales revenue (Peche, 2023), making it the most critical business unit of the company’s portfolio. This category, composed

of earrings, necklaces, bracelets, brooches, rings, hair accessories, and keychains, offers a diverse range of finalized jewelry products, each with a unique design appeal and price range (See Appendix 1).

Following finalized jewelry, bead materials account for 30% of Missangas&Co.'s sales revenue (Peche, 2023), making it the second most important business unit of the business portfolio.

These products allow the customer to create their products at home, making it a fun activity that culminates in personalized jewelry tailored to each customer.

This business unit, composed of beads, tools, and unique DIY (Do It Yourself) kits (See Appendix 2), is complemented by some services provided by the company, like the store's ability to create customized jewelry according to the bead selection of the customer, or the several workshops on bead jewelry creation to empower each customer with the required skills.

4.1.2.2 SERVICES PORTFOLIO

Missangas&Co. also offers its customers a range of services, including customized jewelry creation and an atelier service, where customers are encouraged to let their creativity flow in jewelry creation. This personalized service, charged based on complexity and time spent, starts at €3.50. Additionally, the company offers a repair, reuse, and recycling service, allowing customers to bring new life to damaged pieces and be environmentally responsible by repurposing their old jewelry. This service is similarly charged based on difficulty and time spent, starting at €3.50. Lastly, Missangas&Co. offers a range of workshops for people keen on learning jewelry-making techniques. These sessions include beginner and advanced training, YouTube tutorials, DIY jewelry kits, and monthly workshops, typically priced at an average of €30.

All these services add depth to Missangas&Co.'s brand, complementing the product offering of their bead and jewelry products while also adding value to the overall brand image of creativity, quality, and personalization.

4.1.3 OPERATIONS, POSITIONING, AND STRATEGY

4.1.3.1 OPERATIONS

Missangas&Co. follows a meticulous manufacturing process approach, ensuring high-quality craftsmanship and alignment with market trends. Before sourcing materials for jewelry production, the company conducts extensive trend analysis for the upcoming year, covering aspects such as color schemes and materials. This proactive approach allows them to stay ahead of fashion trends and decrease the risk of dead inventory throughout the year.

The procurement of beads and materials is a critical step, with the company often sending representatives in person to ensure stringent quality control when dealing with substantial orders. This sourcing process typically takes three months for materials from Thailand, Philippines, India, and China, from order placement to arrival at the main headquarters in Portugal. Additionally, Missangas&Co. also complements their sourcing with materials in smaller quantities from various European countries, including Spain, Greece, and Italy. This strategic approach allows for faster arrival times at higher costs, enhancing their agility in responding to market demands at a cost. The company's ability to forecast and plan materials for the year is crucial to maintaining a consistent supply of products and profitability.

Once the materials are secured, Missangas&Co. begins manufacturing in Portugal. They initiate a feedback testing phase by crafting a small number of samples for each item, a phase that typically takes around one week to complete. These samples are then introduced into local stores to gauge customer preferences and align with audience needs. After refining the product based on customer feedback and sample testing, Missangas&Co. proceeds to manufacture 12-20 pieces of each product, which can take up to a month before being ready to be shipped. The entire process, from sourcing to shipping the final manufactured products to their stores across Europe, can take up to five months.

Each country of operation sources materials and finalized jewelry from the main company's headquarters in Portugal. Dispatch from Portugal to Berlin usually takes 4-5 days. On the other hand, delivery times to the UK can vary, ranging from one week to a month, depending on UK

customs clearance. This centralized distribution approach ensures efficient distribution and localized inventory management from the local stores, catering to the unique demands of each market. Additionally, Missangas&Co. strategically positions its stores in bustling areas to attract passersby and returning customers. This allows them to have a constant stream of customers exposed to their products in the final stage of the supply chain. In terms of their after-sale processes, Missangas&Co. then offers a 15-day quality guarantee, allowing customers to swap items for other pieces if needed. Additionally, they provide free repairs for up to three months, demonstrating their commitment to maintaining product quality and customer satisfaction.

4.1.3.2 POSITIONING

Missangas&Co. stands out in the jewelry and beads market, offering a refreshing contrast to fast fashion brands. Instead of solely focusing on profitability, Missangas&Co. is fueled by a genuine passion for jewelry. They balance affordability and quality, making their high-quality products accessible to a broad audience at reasonable prices—a departure from the extremes seen in fast fashion.

Furthermore, Missangas&Co. is committed to providing a space where customers can bring their jewelry ideas to life. Their dedication to quality is evident through their after-sale process, showcasing a customer-first approach. Although it might seem like they're stuck in the middle due to a medium quality and medium price situation, Missangas&Co. competes in a specific niche. Instead of facing off with mass fast fashion brands, their direct competitors are local artisans and small shops offering personalized services. This allows them to compete on price due to higher sales volume when compared to artisans while maintaining a personal touch and better quality than fast fashion competitors.

Another of their standout features is the ability to adapt quickly to trends, produce their jewelry collections, and remain resilient to inflation by maintaining moderate prices. This balance between inventory and pricing ensures steady sales growth year after year. While managing a

skilled workforce can be challenging, especially for its impact on customized product operations, Missangas&Co. turns this challenge into a competitive advantage.

An Ansoff Matrix (See Figure 3) can be used to understand the company's positioning according to its product offering and respective market. This strategic framework helps analyze a company's products and the market they serve. At its core, the matrix presents four quadrants, organized into a 2x2 grid, where the

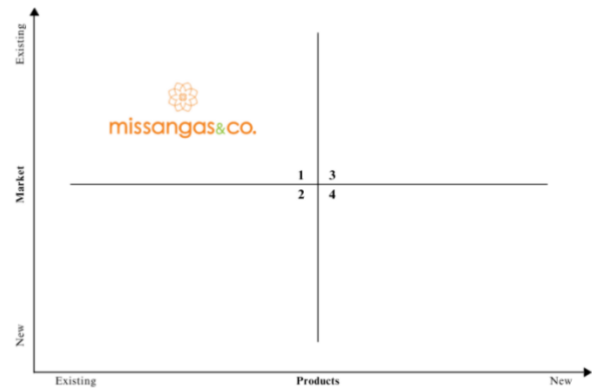


Figure 3 - Ansoff Matrix

axes represent existing and new products on the horizontal axis and existing and new markets on the vertical axis (Ansoff, 1957). These quadrants, from first to fourth in counterclockwise order, represent Market Penetration - This strategy focuses on selling existing products to existing markets; Market Development - In this approach, businesses aim to sell existing products to new markets; Diversification: The diversification strategy explores entering entirely new markets with new products, which can prove to be risky but offers the potential for significant growth; Product Development: Companies pursuing this strategy create new products or improve existing ones for their existing customer base. Missangas&Co.'s current position can be classified within the Market Penetration quadrant. This strategy aligns with the company's focus on enhancing customer relationships, increasing brand loyalty, and expanding its presence in current markets. Missangas&Co.'s commitment to good quality products at reasonable prices sets them apart in jewelry retail, making them a preferred choice for customers seeking an affordable yet unique shopping experience. While the company is firmly rooted in its current markets, there is an opportunity for Missangas&Co. to explore Market or Product Development. These growth strategies could entail expanding into new geographic regions or tapping into different customer segments by creating new product designs. For

instance, by leveraging their brand's focus on unique and personalized bead jewelry, the company could introduce specialized product materials or designs to cater to diverse tastes or preferences, thus reaching a wider audience without sacrificing their commitment to quality and originality. Additionally, exploring new geographical regions, especially those with a penchant for artisanal and handcrafted accessories, presents an avenue for organic growth, further supporting the relevance of this internationalization strategy.

4.1.3.3 STRATEGY

Missangas&Co. has adopted a focused generic strategy that aligns with their core objectives. Their primary focus is maintaining competitive prices while enhancing product quality by optimizing production costs. This dual approach emphasizes affordability without compromising the quality of their handmade accessories and jewelry materials. Furthermore, the company is dedicated to empowering its human resources (HR) team to operate independently and efficiently, ensuring smoother operations and customer service. In addition, Missangas&Co. remains committed to their creative essence. This creative drive fuels their efforts to increase revenues and consolidate their presence in a competitive landscape.

In the past, Missangas&Co. has experienced an organic geographic expansion, primarily driven by the family-oriented nature of the business. Initially established in Lisbon, the company expanded to Berlin and London. This expansion was not solely driven by profit motives but occurred naturally as family members moved to different cities. While this approach may have followed a different business expansion strategy, it allowed Missangas&Co. to grow its presence in key European cities. However, this expansion had its challenges. Setting up local companies, addressing language differences (such as German in Berlin), and navigating distinct cultural nuances and different legislations posed difficulties.

Looking ahead, Missangas&Co. is eyeing further expansion, aiming to tap into markets where cultural emphasis on appearance and aesthetics aligns with their product offerings. One of their critical success factors in the past has been their ability to position themselves in busy locations.

This strategy, which places them amid bustling urban areas, has been instrumental in attracting a diverse customer base. They plan to replicate this approach in their next expansion, ensuring they remain accessible to potential customers.

4.1.4 END-USER PRODUCT/SERVICE TO BE INTERNATIONALIZED

In the context of Missangas&Co.'s internationalization strategy, the central focus for expansion lies not in a specific product or service but rather in the internationalization of the concept embodied by Missangas&Co.'s stores.

Missangas&Co. stores are characterized by their commitment to offering a wide range of handmade jewelry and accessories, particularly emphasizing personalized and customizable pieces. Unlike traditional jewelry stores, the distinguishing feature of Missangas&Co. stores is their dedication to fostering creativity, originality, and self-expression among customers.

In this business unit, there is no separation between manufacturing finalized jewelry and crafting personalized jewelry tailored to each customer's preferences or between the bead materials they sell as a product and the raw materials for manufacturing the finalized jewelry. The competitive advantage and differentiation of Missangas&Co. stores lie precisely in the personalization aspect that allows customers to have a unique experience.

Therefore, the internationalization efforts are primarily geared towards replicating this innovative store concept in new geographic markets. By taking the unique Missangas&Co. store concept to international locations, the company aims to introduce a fresh and creative approach to jewelry retailing, empowering customers worldwide to express their individuality through customized accessories. This approach aligns with the company's vision of spreading its passion for jewelry and personalized self-expression beyond its current operational regions while simultaneously promoting the core values of originality and creativity that define Missangas&Co.

4.1.5 FINANCIAL OVERVIEW

The financial overview provides an in-depth assessment of Missangas&Co.'s financial performance for the years 2022 and 2021 based on the financial statements provided by the company, hence covering key financial ratios and a detailed diagnosis of the company's financial health. All calculations are detailed in Appendix 3.

Based on Figure 4, Missangas&Co. experienced a decrease in both the gross profit margin and net profit margin in 2022. The decline in the gross profit margin was impacted by increasing costs of producing goods relative to sales, potentially due to rising material or labor costs, indicating

		2022	2021
Liquidity Ratios	Current Ratio	1.77	2.65
	Quick Ratio (acid test)	0.65	0.96
Profitability Ratios	Gross Profit Margin	69.27%	78.08%
	Net Profit Margin	3.85%	16.71%
	Return on Equity (ROE)	59.03%	261.91%
Debt Management	Debt-to-Equity	4.68	9.41
Asset Efficiency	Asset Turnover Ratio	2.70	1.35
	Inventory Turnover Ratio	1.65	0.61

Figure 4 - Financial Ratios

that the recent inflationary trends have impacted Missangas&Co.'s profitability. The net profit margin has seen a significant decrease due to the gross margin decrease and the big increase in salaries, potentially resulting from new hires to support the sales growth seen in 2022.

While the current ratio remains above one, indicating some liquidity, the decline in the quick ratio suggests liquidity challenges. This is primarily due to a significant increase in current liabilities, specifically in "Other payables", showing that despite increasing current assets like inventory and cash equivalents, the company's liquidity is now conditioned by new debt payables.

Missangas&Co. has shown a substantial improvement in its asset turnover ratio. This indicates that the company utilizes its assets, specifically inventory, more efficiently to generate sales. The increase in asset turnover is a positive sign, reflecting operational efficiency and effective use of resources. The reduction in the debt-to-equity ratio in 2022 compared with 2021 is also a positive development. Despite increasing its total liabilities, the company almost tripled its shareholders' equity, reflecting increased solvency for potential expansion opportunities.

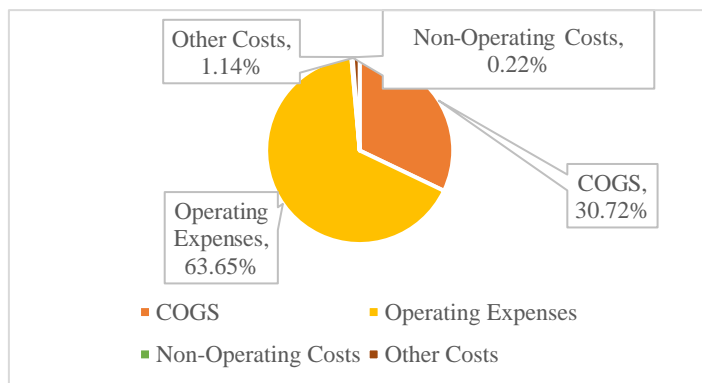


Figure 5 - Division of costs

From a financial perspective, Missangas&Co. emerges as a model of stability and prudent management as it ventures into the internationalization process. Several key financial indicators underscore

the company's readiness for this significant step: firstly, the company's liquidity and solvency positions stand on solid ground. This is evidenced by a current ratio exceeding 1, indicating that the company possesses sufficient short-term assets to meet its immediate obligations. Furthermore, the decreasing debt-to-equity ratio signifies a reduced financial risk and increased solvency. By increasing its shareholders' equity, Missangas&Co. demonstrates a commitment to maintaining a stable financial foundation despite total liabilities. Another noteworthy aspect is the company's enhanced asset efficiency. The improved asset turnover ratio reflects Missangas&Co.'s ability to utilize its resources effectively to generate sales. This efficiency bodes well for the company's expansion plans, as it signifies optimized operational processes and a capacity to handle increased demand.

In summary, Missangas&Co.'s financial stability and strategic management practices lay a strong foundation for internationalization. The company's prudence in liquidity, solvency, asset efficiency, and debt management positions it well for global expansion.

4.2 MARKET/INDUSTRY ANALYSIS

4.2.1 PESTEL

To gain comprehension of the industry context within which Missangas&Co. operates, an analysis has been conducted using the PESTLE framework. This approach examines the Political, Economic, Sociocultural, Technological, Environmental, and Legal factors that exert

influence on the business. The scope of this analysis covers the wider jewelry industry, with a focus on the company's domestic market, Portugal.

Political: Portugal is the seventh-most peaceful nation in the world, according to the Global Peace Index (Institute for Economics & Peace, 2023), and it received a score of 39/40 on the political rights index (Freedom House, 2023), indicating that the nation has been able to maintain a degree of political stability that has helped to foster a safe environment for conducting business. In addition, Portugal is a member of the European Union (EU), which permits free trade of products between member states and provides businesses with a larger market and regulatory framework. As a result, Missangas&Co. may profit from easier trading and expansion with other EU members.

Economic: Portugal's economic growth in 2022 ranks third in Europe as illustrated by the World Bank's ranking, inferior only to Ireland and Malta (The World Bank, 2023). Also, the Portuguese economy has been largely helped by the recovery of global supply chains and the significant increase in tourism, while domestic demand remains weak due to declining purchasing power and high-interest rates for investors (The World Bank, 2023). Focusing on the jewelry industry, the segment in Portugal generated revenues of €313.80m in 2023, within which 71% is made up of sales of non-luxury goods in the category (Statista, 2023). In addition, the high inflation rates of 2022 have already fallen sharply, from 10.2% in 2022-Q4 to 8.4% in 2023-Q1. Forecasts for the current year are estimated to reach 5.1%, further declining to 2.4% in 2024. Finally, the unemployment rate dropped from 6.6% in 2021 to 6.0% in 2022, in line with the European average of 6.1% in 2022 (The World Bank, 2023); (European Commission, 2022).

Sociocultural: Portugal's population growth continued the positive trend that started in 2015, reaching 0.5% last year (The World Bank, 2023). Most of the population is in the 15-64 age group, while the over-65s make up 22.56%, and only 13.34% belong to the 0-14 age group

(Statista, 2023). Moreover, Portugal proves to be a relatively safe nation, as the OECD Better Life Index of Safety shows, being 9th out of 41 countries and based on factors like feeling safe walking alone at night, gender inequality, and homicide rate (OECD, 2020); additionally, according to the Global Organized Crime Index, the country has a criminality score of 4.55, which ranks it 117th out of a total of 193 nations, 24th in Europe, and 5th among countries of the Southern European region (Global Organized Crime Index , 2023). Additionally, the warm and sunny climate during most of the year in Portugal certainly plays in favor of jewelry companies such as Missangas&Co., as it allows necklaces and bracelets to be shown off and does not require excessive coverings except in the coldest winter months (Peche, 2023). In addition, the resurgence of activities held in person in the post-pandemic period has certainly contributed to the recovery of the sector, as accessories have regained their usefulness for buyers.

Technological: Portugal's information and communication technology industry is very dynamic and supported by research and development carried out in collaboration with Portuguese universities; this accounts for around 10% of the country's total GDP. Lisbon, in particular, has recently become a hub for innovation and technology, making it a suitable location for start-ups and digital nomads and for hosting events of international importance, most notably the Web Summit (European Commission, 2022). Artificial Intelligence – or AI – algorithms are also increasingly being used in the jewelry industry, and Portugal seems to be fertile ground for future developments in this regard: the AI Portugal 2030 document lays the foundations for the use of AI in the public and private sectors. Areas such as natural language processing and real-time decision-making are at the core of this project, thus foreseeing major changes for companies in the next seven years (International Trade Administration, 2023).

Environmental: According to the OECD Environmental Performance Review 2023, the state has made significant progress in sustainability. Greenhouse gas emissions have decreased by

one-third from 2005 to 2020, and estimates show a reduction of 55% by 2030 and 90% by 2050. Furthermore, 38% of the funds from the Recovery and Resilience Plan (RRP) are employed as a budget in the area of climate change, mainly for the improvement of energy efficiency and new sustainable mobility initiatives. Nevertheless, there is still a lot of work to be done for environmental infrastructures, which requires a new strategy to recover costs more efficiently. In addition, the state should commit to the green tax reform, since it is currently still lacking in the implementation of alternatives to fossil fuel consumption, as revealed by new measures that support the latter (OECD, 2023). Considering the aspects that impact the jewelry industry, the Portuguese state promotes policies for sustainable materials and waste management, environmental quality, and the use of renewable energy and increased energy efficiency (ePortugal, 2023). In addition, 42 % of Portuguese companies have introduced more environmentally friendly policies for employee car allocation in the past year (The Portugal News, 2023).

Legal: Portuguese law follows the directives imposed by the European Union, but like all member states, has specificities in areas such as discrimination, antitrust, employment, consumer protection, copyright and patent, health, and safety. The introduction of Act 93/2017 against racial discrimination is relatively recent. It aims to determine legal procedures in this regard and to make the process faster and more efficient, through greater cooperation between the High Commission for Migration and the Authority for Labor Conditions (European Commission, 2017). When it comes to competition regulation, in addition to EU legislation, the Portuguese Competition Act is in force, whereas the Industrial Property Code is applied for the proper administration of intellectual property. Portuguese law stipulates that holders of private property rights must also observe the general rules of competition law: the main articles in force are Article 9, on anti-competitive agreements and concerted practices, Article 11 on abuse of a dominant position, and Articles 36 and seq. on merger control (Faria, Lopes Martins,

& Lima de Matos, 2023). On the other hand, the working conditions in Portugal that are applied following the conclusion of a labor contract deal with, among other things, equal treatment and non-discrimination, safety, and health at work, child labor protection, and minimum remuneration (L&E Global, 2022). For instance, the conditions stipulated by law indicate a minimum wage in 2023 of 760€, a maximum of 40 hours per week, and a minimum of 22 days as annual leave (International Comparative Legal Guides, 2023).

Overall, the PESTEL analysis presents a stable political scenario and a relatively positive sociocultural context, while the Portuguese economy is in a post-COVID-19 recovery phase. From a legal perspective, the European Union regulations apply, with some specificities mainly regarding competition, private property, and working conditions. Although there's still considerable progress to be made in the environmental field, the circumstances in which Missangas&Co. operate are quite favorable, as there are opportunities for innovation in the jewelry industry, in a country that is at the forefront of technology.

4.2.2 5 FORCES ANALYSIS

The Five Forces is a strategic framework used to evaluate the competitive intensity and attractiveness of Missangas&Co.'s market by analyzing five key factors: the threat of new entrants, the bargaining power of suppliers, the bargaining power of customers, the threat of substitutes, and competitive rivalry (Porter M. E., 2008).

Threat of New entrants: low to moderate (2/5) - The potential for new competitors to enter the market is determined by the level of entry barriers and the anticipated response from established rivals. The entry barriers represent the advantages incumbents possess compared to potential newcomers (Porter M. E., 2008). In the market, companies like Missangas&Co., due to their significant size and strong supplier connections, face fewer challenges compared to potential new entrants. Established businesses benefit from supply-side economies of scale, which poses a significant challenge for potential competitors seeking to enter the market. As a

result of the advantages derived from economies of scale on the demand side, established companies can provide a broader range of products, thereby appealing to a more extensive clientele. Newcomers would require a certain amount of time to attain a popularity comparable to existing companies. Moreover, the industry requires a high initial capital investment. It is capital-intensive, and the advantages of incumbency, such as established brand reputation, acquired expertise, innovative capabilities, and pre-existing partnerships with distributors and suppliers, confer a competitive edge to established players that new market entrants would require considerable time to develop. Restrictive governmental policies, including regulatory mandates and licensing procedures, serve as substantial barriers to entry, as incumbents' knowledge of regulations confers a competitive edge.

Bargaining power of suppliers: moderate (3/5) - The bargaining power of suppliers in the jewelry and bead business is moderate due to the specific market dynamics. Suppliers within this industry play a crucial role in providing essential resources that are vital for sustaining the firm's operations. A wide range of providers offer these materials, mitigating reliance on a single source. Established businesses within the industry frequently maintain enduring partnerships with suppliers, facilitating favorable negotiations and ensuring a sustained level of quality. In addition, setting industry standards regarding materials and quality provides fair competition, preventing suppliers from imposing unreasonable conditions on customers. Economic factors, such as fluctuations in demand, can affect pricing but typically do not result in excessive supplier influence.

Nevertheless, the international sourcing practices adopted by the industry can expose organizations to various supply chain risks, including currency volatility and geopolitical instability, which can quickly affect supplier negotiations. Missangas&Co., for example, has suppliers from several countries, including Thailand and China. The reputation of suppliers also

holds significance in the decision-making process, but the presence of competition within the industry enables the opportunity to consider and evaluate other alternatives.

Bargaining power of customers: moderate to high (4/5) - Customer bargaining power is significant in the industry, often ranging from mild to high. Since customers profit from a wide range of options, from high-end jewelry to more affordable alternatives, this gives them significant power over market interactions. Price sensitivity is a common characteristic, prompting customers to compare prices and seek discounts actively. The competitive landscape, both online and offline, further empowers customers to seek favorable terms, and their capacity to make informed decisions is improved by easy access to product information online. Additionally, the ability for customers to customize their purchases strengthens their role as active players in the market dynamics. While brand loyalty endures, it varies on several circumstances, such as product price and availability. In general, the competitive nature of the jewelry and bead industry, combined with the tendency of consumers for value consciousness, consolidates their considerable bargaining power, producing a market where value optimization plays a crucial role.

Threat of substitutes: High (5/5) - The analysis of alternative products is a crucial factor in the industry. The availability of mass-produced jewelry and a diverse range of alternative fashion accessories offers consumers quick and affordable choices. These alternative options have the potential to redirect clients away from the personalized and handcrafted solutions available at businesses such as Missangas&Co. Furthermore, the growing popularity of e-commerce platforms enhances the potential for substitution. These online sources provide a wide range of beads and materials, potentially diminishing the necessity of visiting actual stores.

Competitive rivalry: moderate to high (4/5) - The industry is characterized by an essential influence of specific factors on its competitive competition. The projected compound annual

growth rate, or CAGR, of 3.68% for 2023-2026 (Statista, 2023) indicates a favorable progression, although indicating a relatively low pace of market expansion. The slowdown in growth frequently amplifies competition as businesses strive to secure a more significant share of a limited market. It is worth noting that the industry under consideration does not exhibit high exit barriers. Consequently, enterprises operating in the industry possess the capacity to readily adjust to evolving conditions or withdraw from the market without encountering substantial obstacles. This suggests a degree of agility in responding to competitive pressures or shifting market conditions. Price competition is a significant factor attributable to the relatively low switching costs. This phenomenon incentivizes market players to use price-cutting strategies to appeal to potential customers and get a larger portion of the market. The existence of price-driven competition could impact both profit margins and consumer preferences. Furthermore, the number of competitors in the market contributes to a crowded and highly fragmented landscape, where firms are compelled to employ strategies such as product differentiation, branding, and new offers to distinguish themselves and get consumers' attention.

To conclude, this 5 Porter Forces analysis highlights the importance for Missangas&Co. to prioritize differentiation and customer-focused approaches in response to intense competition and customer bargaining power. The high threat of substitutes emphasizes the importance of innovation. As the company considers

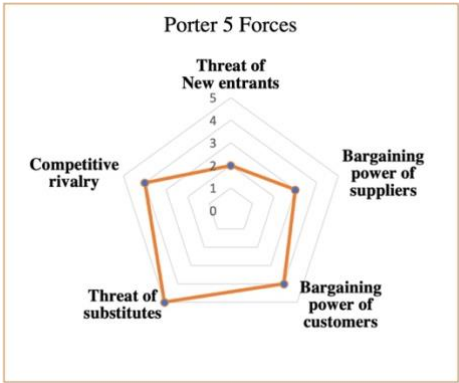


Figure 6 - Porter's 5 Forces

international expansion, it is imperative to tailor these insights to unique market dynamics.

4.2.3 CONSUMER TRENDS AND FORECASTS

This chapter delves into consumer trends and forecasts, providing a comprehensive analysis of the dynamic factors influencing contemporary consumer behavior in the jewelry industry.

Trends are influenced by changing lifestyles, a growing emphasis on sustainability, and the ongoing impact of digitalization. One noticeable trend is the increasing demand for sustainable and ethically sourced jewelry. Consumers are becoming more aware of the environmental and social consequences of their purchases (Nielsen, 2022), with 73% of consumers worldwide willing to pay more for sustainable brands. Furthermore, the ethical jewelry market has been witnessing impressive growth, with projections indicating an annual increase of 15%, expected to reach \$12.1 billion by 2025 (Frost & Sullivan, 2022). Consumers are also showing a strong preference for unique and personalized jewelry pieces that not only reflect their individual style but also hold sentimental value. Customization options have become pivotal in their purchasing decisions. The personalized jewelry market has exhibited robust growth, with a projected compound annual growth rate (CAGR) of 5.5% from 2021 to 2028. Additionally, over 40% of consumers express a keen interest in the customized jewelry (Grand View Research, 2023).

The jewelry market has undergone a significant digital transformation, with online sales experiencing substantial growth. Consumers increasingly favor the convenience of online shopping, even for high-value items (Bain & Company, 2023). E-commerce accounted for 18% of global jewelry sales in 2021, and this value is expected to rise to 23% by 2025. Notably, online jewelry sales in the U.S. surged by an impressive 45% in 2020 (Statista, 2023).

Lab-grown diamonds and alternative materials, such as moissanite, are gaining traction due to their ethical and cost-effective attributes. Consumers are exploring these options beyond traditional choices. The global lab-grown diamond market is estimated to maintain a robust CAGR of 7.8% from 2021 to 2028 (Fortune Business Insights, 2023). Sales of moissanite are also expected to exceed \$70 million by 2025 (Market Study Report, 2023).

Social media platforms, especially Instagram and Pinterest, yield significant influence over consumer preferences and jewelry sales. Visual content and endorsements from influencers play a pivotal role. A survey revealed that 72% of Instagram users make purchase decisions

based on content they encounter on the platform (Facebook Business, 2023). Pinterest has seen a remarkable 200% increase in searches for "unique jewelry" over the past year, underscoring its influence (Pinterest Business, 2023).

AI proves instrumental in the jewelry retail sector by analyzing customer preferences and trends, enabling personalized recommendations and targeted marketing strategies. Virtual assistants powered by AI enhance customer interactions, offering tailored guidance in product selection. Predictive analytics optimize inventory levels, ensuring popular items are consistently available, reducing excess stock. Additionally, AI strengthens security measures, detecting and preventing fraud in transactions. In essence, AI's specific applications in the jewelry retail industry streamline operations, enhance customer satisfaction, and drive overall business success (Curell, 2023).

Looking forward, an anticipated 88% of market sales by 2023 are prognosticated to emanate from non-luxury segments, indicative of a prevalent inclination towards affordable and accessible jewelry products. The favorable trajectory delineated by the CAGR portends auspicious growth prospects in the foreseeable future. Moreover, the global jewelry market is currently witnessing a resurgence, characterized by an escalated demand for vintage and antique pieces. This phenomenon is notably discernible in countries of historical and cultural renown, such as Italy and France, thereby imparting a distinctive nuance to the thriving and remunerative milieu of the global jewelry sector (Statista , 2022).

To conclude, the evolving landscape of the jewelry market underscores the significance of adapting to changing consumer preferences and leveraging emerging trends for sustainable growth and success.

4.2.4 KEY INDUSTRY SUCCESS FACTORS

In the jewelry and DIY retail market, some critical success factors play an essential role in Missangas&Co.'s ongoing operation. These elements are crucial for both the brand and the

industry. For instance, adapting to constantly evolving consumer preferences and trends is one of the fundamental industry success factors. Businesses must be able to adjust their product offering to stay up to date to ensure the company's continuous relevance and demand. Deep market knowledge must be maintained to tailor offerings to specific preferences and trends and secure market positions.

Furthermore, supply chain management is essential for efficient access to supplies and products, and effective inventory management is crucial to keep the company cost-effective and responsive to client needs. Exceptional craftsmanship and meticulous attention to quality are also non-negotiable. This dedication is demonstrated by rigorous attention to detail, high-quality materials, and tight quality control procedures. Price accessibility is also a critical factor in this market. Successful businesses maintain a delicate balance between providing high-quality products while remaining reasonably priced. This strategy expands the market reach and appeals to many customers, reinforcing the industry's commitment to delivering value.

In this diversified sector, marketing and branding are just as crucial. Businesses must communicate their distinctive story and value proposition to connect with customers. The market presence and recognition of a brand name are essential. Customers are likelier to trust and appeal to businesses with strong brand names.

Finally, the foundation of long-term success is developing and maintaining strong customer relationships. Exceptional customer service, personalized experiences, and post-purchase support strengthen brand loyalty.

4.2.5 COUNTRY-SPECIFIC ADVANTAGES (PORTER'S DIAMOND)

Porter's Diamond model evaluates a country's competitive advantage by examining four key factors. First, factor conditions analyze the country's position in factors of production (skilled labor, infrastructure, etc.) necessary to compete in the industry. Secondly, demand conditions include characteristics of the consumer base, such as its size, preferences, and purchasing

power. Third, firm strategy, structure, and rivalry include the organizational structures of businesses within an industry and the level of competitiveness. Finally, an industry's ability to compete is aided by complementary sectors, referred to as related and supporting industries (Porter M. E., 1990). This framework is essential for analyzing why Missangas&Co. thrives in Portugal, as it helps identify the country's strengths and advantages that support its success.

Factor Conditions: Portugal is one of the EU's strongest performers in entrepreneurship. Its entrepreneurial ecosystem is supported by various public measures (European Commission, 2022), providing a few advantages to companies such as Missangas&Co. The country possesses a highly skilled workforce that's both talented and diverse, and the country is home to several top-rated universities, attracting qualified professionals from all over the world. For instance, the country's rich history includes a strong tradition of expert craftsmanship, particularly in jewelry production. This tradition is supported by institutions like the ESAD post-graduate jewelry design course (ESAD, 2023), which adds skilled artisans and designers to the workforce. This advantage helps the company make high-quality, distinctive, and technically proficient jewelry, a "created factor condition" (Porter M. E., 2008). In addition, several programs highlight Portugal's commitment to improving the factor conditions essential for the industry, such as the Saber Fazer Association, an initiative to recognize and defend traditional arts and crafts and develop artisanal production in a sustainable way (TPN/Lusa, 2021).

Furthermore, Portugal's GDP was 251.95 billion in 2022 (The World Bank, 2022), and it was projected to grow by 2.2% in 2023 (Trading Economics, 2023), indicating a positive economic outlook for the country and potential for growth in the jewelry production industry. Also, Portugal holds a competitive position globally, ranking 25th among the best countries overall (U.S. News and World Report, 2022), supporting its position as a favorable business environment. Additionally, Portugal is the 15th country in the world with better infrastructure,

which is crucial for facilitating operations, distribution, and international expansion (aicep Portugal Global, 2023).

Demand Conditions: The country has been experiencing an upward trend in demand for jewelry, which aligns with the global trends toward individuality in fashion and accessories. The jewelry market is projected to have a revenue of €313.80 million in 2023, compared to €266 million in 2022 (Statista, 2023). This indicates that the domestic market offers a substantial customer base. Moreover, as a famous tourist location, Portugal attracts a broad international customer base, which helps increase brand exposure. In addition, the demographics of Portugal, where 52.8% of the population is female (The World Bank, 2022), influence Missangas&Co.'s demand since it represents a substantial target market.

Firm Strategy, Structure, and Rivalry: In the Portuguese jewelry market, firm strategy plays a vital role in shaping the industry landscape. Companies operating within the industry focus on authenticity, innovation, and cultural value. Furthermore, the jewelry market in Portugal shows a varied firm structure with a wide range of small-scale enterprises, including artisan jewelers, designers, and boutique jewelry makers. This scattered structure is a distinguishing characteristic, as it facilitates creativity and the development of specialized skills. Although no particular dominant market player possesses a significant market share, the presence of collaborative and flexible firm structures facilitates the prosperity of various enterprises.

Rivalry in the industry depends on innovative design, product quality, and cultural authenticity. Establishing a solid brand identity and cultivating a dedicated consumer base serve as effective strategies for protecting against competitive threats. The lack of a dominant company promotes a competitive environment and stimulates constant improvements in design and craftsmanship.

Related and Supporting Industries: The fashion industry is vital for the Portuguese jewelry market. It is not uncommon for fashion designers and jewelry artisans to engage in collaborations, creating distinctive collections that enhance clothing and accessories. Fashion

trends highly influence consumers' tastes in jewelry, establishing a strong correlation between these two industries. The periodicity of fashion seasons influences the creation of related jewelry designs, assuring their continued relevance throughout the year. The mutually beneficial relationship between the two industries contributes to the vitality and competitiveness of each. Furthermore, metal and gemstone suppliers and artisans are also essential for the jewelry industry, making substantial contributions to its overall quality and artistic innovation. These suppliers offer a means of obtaining premium resources, such as precious metals and gemstones, as well as ensuring quality assurance through certificates and rigorous standards.

Based on the analysis of each factor, it can be concluded that Portugal's jewelry market thrives due to a combination of well-developed factor conditions, and supportive demand conditions marked by increasing consumer interest in unique jewelry. A diverse and decentralized firm structure fosters innovation and competitiveness in the industry. Furthermore, collaborating with related industries strengthens Portugal's position in the global jewelry market. These interconnected factors emphasize Portugal's competitive advantage in this sector.

4.3 FIRM-SPECIFIC ADVANTAGES

In the Firm Specific Advantages section, the Value Chain and VRIO frameworks were leveraged to identify Missangas&Co.'s unique strengths in the international market. The Value Chain analysis explores how the company's operations contribute to its overall value, while the VRIO analysis focuses on the uniqueness, rarity, and inimitability of its resources and capabilities (Barney, 1991). This combined approach provides crucial insights for shaping Missangas&Co.'s strategy for successful international expansion.

4.3.1 RESOURCES AND COMPETENCIES

Michael E. Porter's Value Chain framework (See Appendix 4) is a strategic tool for businesses to analyze and achieve value creation and competitive advantage. It divides organizational

activities into Primary and Support categories. Primary Activities include Inbound Logistics, Operations, Outbound Logistics (delivering products to customers), Marketing and Sales, and Service (post-sale support like maintenance and customer assistance) (Porter M. E., 1985). These activities are crucial for production efficiency, market responsiveness, customer satisfaction, and loyalty. Support Activities enhance the effectiveness of Primary Activities and include Procurement, Technology Development, Human Resource Management, and Firm Infrastructure. These support functions are essential for cost savings, innovation, workforce efficiency, and a solid operational foundation. Together, these activities synergistically contribute to value creation for both the company and its customers (Porter M. E., 1985).

Missangas&Co. stands firmly on its family-business agility and financial stability, which serve as pivotal resources for its international market growth ambitions. Furthermore, the company's significant capabilities are deeply rooted in the expertise of its artisans. These skilled craftsmen are the cornerstone of its human resource strength, producing distinctive and superior quality products. In the technological arena, Missangas&Co. is still a bit behind in amplifying customer insights, and it should capitalize on this arena by increasing the use of sophisticated online platforms and data analytics to understand and predict market trends better.

Moreover, the company boasts an efficient procurement system and well-organized logistics, ensuring a consistent influx of materials and timely distribution of its products. In line with this, its marketing acumen shines through a compelling brand image and the way Missangas&Co. makes use of social media to enhance the consumer's brand awareness. Lastly, the company's commitment to exemplary after-sale services, which include repair and repurposing options, underscores its dedication to customer satisfaction, thereby reinforcing its brand loyalty and service superiority (See Appendix 4).

In short, Missangas&Co has a solid value chain with strengths in both primary and support activities. The company can enhance its competitive position by focusing on its USP, investing

in technology, and aligning with the overall trends in the market. These strategies will contribute to building a stronger, more resilient, and more competitive brand in the international jewelry market.

4.3.2 FIRM SUSTAINABLE COMPETITIVE ADVANTAGE (VRIO)

Following our Value Chain Analysis of Missangas&Co., it's crucial to further dissect the company's competitive strengths and vulnerabilities. While the Value Chain Analysis helped us understand how value is created and delivered within the company, the VRIO Analysis will enable us to evaluate the sustainability and competitiveness of these values in the market.

The VRIO framework is essential as it drills down into the core resources and capabilities of Missangas&Co., assessing whether they are Valuable (if it capitalizes on opportunities and/or mitigates threats within a company's environment (Barney, 1991)), Rare (if other present or future competitors don't possess them (Barney, 1991)), Inimitable (if it's challenging for

another company to obtain it or to find an alternative for it (Morris)) and are Organized to exploit the resources (Morris) and effectively to secure a competitive advantage.

This analysis identifies the unique resources that set the company apart from its competitors and scrutinizes their potential for long-term strategic advantage.

Missangas&Co. enjoys a distinct competitive position due to its diverse product offering, including finished, DIY, and customized products. This diversity is highly valuable, as it appeals to a wide spectrum of customers

Resource/Capability	Valuable?	Rare?	Inimitable?	Organized to Capture Value?	Competitive Implication
Diverse Product Offering (Finished, DIY, Customized Products)	Yes	Yes	Yes	Yes	Sustained Competitive Advantage
Brand Image & Reputation	Yes	Yes	Yes	Yes	Sustained Competitive Advantage
Creative and Artisanal Expertise	Yes	Yes	Yes	Yes	Sustained Competitive Advantage
Customer-Centric Approach (Personalization, Quality Assurance)	Yes	Yes	No	Yes	Temporary Competitive Advantage
Adaptability to Market Trends	Yes	Yes	No	Yes	Temporary Competitive Advantage
Skilled Workforce	Yes	Yes	No	Yes	Temporary Competitive Advantage
Strong Supplier Relationships	Yes	No	No	Yes	Competitive Parity

Figure 7 - VRIO Analysis

with varied preferences, and it means the company can easily adjust and repurpose products to fit local preferences, which is a cost-effective way to please different markets. The combination of finished, DIY, and customized products is relatively rare in the market, as most competitors tend to specialize in one category to streamline operations. Missangas&Co.'s approach is not easily imitable due to the intricate balance required between supply chain efficiency, understanding of customer personas, and agility in production processes, all of which have been fine-tuned over time. The company is well-organized to extract maximum value from this strategy since it is the core of its business model, thereby ensuring a sustained competitive advantage in the market.

The brand image and reputation of Missangas&Co. are also valuable assets. These are built on the company's unique values of creativity, individuality, and personalization, which resonate well with customers seeking unique products. Building a brand image and reputation similar to Missangas&Co. is a time-intensive process that requires consistent delivery of quality products and exemplary customer service, making it a difficult asset for competitors to replicate. Moreover, the company is organized and strategic in maintaining and promoting its brand image, utilizing marketing and customer engagement initiatives effectively.

Moreover, Missangas&Co. possesses creative and artisanal expertise, a crucial element in the jewelry business where customers often seek unique and well-crafted products. The specific style and level of creativity embedded in the company's products are rare and hard to replicate authentically, providing a sustained competitive advantage. The company not only invests in nurturing its creative talent but also actively promotes a culture that values craftsmanship and artistic expression.

The company's customer-centric approach is valuable in building customer loyalty and securing repeat business. While many companies aspire to be customer-centric, effectively implementing this approach in a way that is integrated seamlessly with other aspects of business

operations, like Missangas&Co. does, is not common. This approach, though valuable, could potentially be adopted by competitors, albeit with difficulty and over time. Missangas&Co. is adaptable to market trends, a valuable trait that allows the company to align its products with current consumer demands effectively. Although not all competitors can adapt as swiftly due to various operational constraints, adaptability, as a capability, is not exclusive or inimitable, providing only a temporary competitive advantage. Nevertheless, Missangas&Co.'s organizational structure and strategy are geared towards quick and effective adaptation to market trends, ensuring it stays relevant in a dynamic market. The company's skilled workforce is undeniably valuable, contributing directly to the quality and uniqueness of its products. While skilled artisans are not overly abundant, they are available in the market. The skills possessed by Missangas&Co.'s workforce are not inimitable since competitors can also hire and train skilled workers. However, the company does invest in the continuous training and development of its employees, which aids in retaining valuable skills within the organization.

Strong supplier relationships are another valuable asset for Missangas&Co., ensuring a steady and reliable supply of necessary materials for production. While these relationships are essential, other companies can also establish and maintain strong supplier relations, making this a source of competitive parity rather than a competitive advantage.

Lastly, the company's global expansion initiatives in Berlin and London are valuable as they open up new markets and revenue streams, diversifying the company's income. However, many companies are also looking at or have already expanded globally. While there are barriers to global expansion, these are not unsurpassable for competitors, and hence this initiative is neither rare nor inimitable. The company, however, has a well-structured plan for its global expansion initiatives, which is organized to comply with local regulations and market entry strategies.

In conclusion, Missangas&Co. possesses valuable and unique resources, with a distinct blend of competitive advantages and areas of improvement. The company should emphasize nurturing and innovating its product offerings to better align with evolving consumer preferences and market trends. Enhancing the customer-centric approach through personalized initiatives and data-driven strategies will fortify customer loyalty and experience. Continuous investment in the workforce's skill development is vital to ensure retention and adaptability to industry dynamics. The company should also consider supplier diversification to mitigate risks and access new materials, thereby enriching its product diversity. For its global expansion initiatives, a meticulous, market-specific strategy is crucial for navigating regulatory landscapes and understanding varied customer preferences in different regions.

4.4 DIAGNOSIS FOR INTERNATIONALIZATION

4.4.1 SWOT MATRIX

A SWOT analysis was conducted, to evaluate Missangas&Co.'s internal strengths and weaknesses, along with external opportunities and threats. This analysis aims to provide insights into how the company can leverage its strengths, mitigate its challenges, and exploit emerging opportunities within the jewelry sector (Corporate Finance Institute, 2023).

Strengths: Missangas&Co. sets itself apart from its competitors in the market by its diverse range of products. The brand's expertise in crafting one-of-a-kind and artisanal jewelry strongly appeals to buyers who desire unique items. In addition, the company has a skilled workforce, ensuring high-quality and creative designs. Missangas&Co. has a strong commitment to ensuring customer satisfaction, exemplified through a comprehensive customer service policy for replacements or refunds in case of defects or damages, ultimately enhancing the brand's image, and cultivating trust and loyalty among its clients.

Weaknesses: Missangas&Co.'s reliance on skilled artisans can result in production restrictions and possible variations in product availability, which could be harmful during periods of high

demand. Furthermore, the limited focus on online sales in today's digital age can be a potential vulnerability, as it impacts the company's capacity to effectively reach out to a wider customer base. This is especially true among younger demographics who demonstrate a preference for the convenience and accessibility of shopping on the Internet.

In addition, the jewelry market frequently faces fluctuations in demand over the course of the year, where specific seasons, such as holidays, contribute to fluctuations in sales. This affects Missangas&Co., which can encounter difficulties sustaining stable income flows during periods of low demand, affecting both cash flow and inventory management. Effective inventory management is essential to address the fluctuations in seasonal demand since the emergence of mass-produced and online alternatives presents a competitive challenge.

Opportunities: Missangas&Co. has the potential to engage in collaborative partnerships with sustainable fashion brands or artisans, thus replying to the growing customer demand for environmentally conscious products. In addition, more than 60% of brands are planning to increase their investment in social media influencers as they consider it a good option to get to their customer in a more authentic way (SAPO, 2023). Missangas&Co. has the potential to utilize social media influencers as a strategic approach to endorse its products, capitalizing on its extensive audience reach and capacity to establish genuine connections with certain target demographics. Furthermore, the pursuit of worldwide expansion gives a substantial opportunity for Missangas&Co. With the establishment of two stores in foreign nations, the brand could further exploit its worldwide allure. Finally, the increasing consumer interest in personalized jewelry within Portugal and the country's reputation as a popular tourist location provide the brand with a strong domestic demand.

Threats: Missangas&Co. faces key threats, such as intense market competition that pressures prices and profit margins. In addition, resource availability and costs can be influenced by several global supply chain concerns, including currency changes and geopolitical instability.

Also, external factors like economic downturns and unforeseen events, such as pandemics like COVID-19, can disrupt consumer spending and supply chains, affecting business operations. To conclude, Missangas&Co.'s strengths position them well for success. By leveraging these strengths, the company can navigate through its weaknesses, particularly in managing demand fluctuations and production constraints. There are promising opportunities in sustainable partnerships, influencer marketing, and worldwide expansion, which present a potential for growth and broader market reach. By leveraging these opportunities, Missangas&Co. can maintain a competitive advantage in the market and effectively respond to supply chain challenges. Nevertheless, it is imperative for Missangas&Co. to maintain a state of constant awareness of external factors that pose potential risks, including (but not limited to) market rivalry, disruptions in the supply chain, and economic concerns, as these have the potential to significantly influence its operational activities.

4.4.2 FSA-CSA MATRIX AND PORTER'S GENERIC

4.4.2.1 FSA-CSA MATRIX

The FSA-CSA matrix is a framework whose purpose is to combine firm specific advantages and country specific advantages as to understand the company's current strategic situation and whether there are necessary adjustments to perform. The tool displays home country factors influencing the achievement of international competitive success and supporting the fastest accumulation of skills and assets, along with unique capabilities of the firm applied to either a product or a process (Porter M. E., 1990).

Accordingly, the matrix consists of four quadrants arranged in a counterclockwise direction. The first quadrant describes a situation in which either the firm bases its competitive advantage on the country's resources, or in the case of a mature, globally oriented company selling a commodity product, such that the winning strategy consists of cost leadership and having to improve the firm-specific advantage aspect. In the second quadrant are placed firms that are inefficient and very weak in both dimensions, whose only options would be to exit the market

or restructure the business. The third quadrant represents the ideal situation and gathers organizations applying generic strategies, for which both cost-leadership and differentiation can be applied. Finally, in the last quadrant, there is room for those organizations with a high level of differentiation that hold internal advantages, especially in the fields of marketing and customization, for which country-specific advantages are not decisive and which benefit most from applying differentiation (Gomes, 2022).

Missangas&Co. stands out in the jewelry market due to unique, high-quality designs and a strong focus on customization. Moreover, Missangas&Co. benefits from the favorable business environment of Portugal’s jewelry sector, known for its craftsmanship tradition; the collaboration with reliable suppliers further enhance the firm’s considerable competitive advantage. Despite the absence of any internal or external difficulties, as stated above, it must be stressed that the company's main competitive advantage is based on product customization, making FSAs preponderant over CSAs.

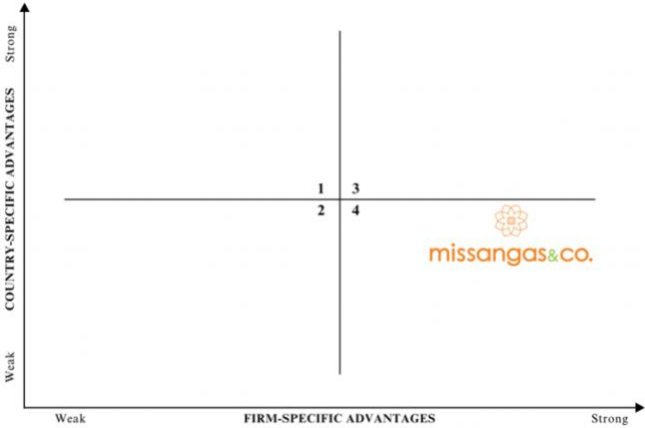


Figure 8 - Missangas&Co.’s position in the FSA-CSA matrix

Hence, Missangas&Co. is positioned in the fourth quadrant of the matrix, making a **differentiation strategy** more appropriate and favorable.

4.4.2.2 PORTER’S GENERIC STRATEGY

A firm's position in its industry is determined by evaluating whether its profitability and performance are above or below average. To excel in the industry in the long term, it is necessary to possess the so-called sustainable competitive advantage, which can be of four types. In cost leadership, the company strives to be the industry's low-cost producer, which it achieves through economies of scale, proprietary technology, and preferential access to raw materials; conversely, pursuing a differentiation strategy requires focusing on characteristics

that many buyers value to differentiate from the competition and offer unique products for a premium price. Whereas the two previous strategies refer to a company operating in a broad market, the focus strategy instead seeks to serve a segment having particular needs that differ from the industry as a whole; in one case, the strategy will thus be based on cost advantage, in the other on differentiation in the target segment (Porter M. E., 1985).

Looking at the company’s strategy, Missangas&Co. targets women between 25 and 45 years old – and although the jewelry

	Low cost	Product uniqueness
Broad target	Cost leadership strategy	Differentiation strategy
Narrow target	Focus strategy: cost	Focus strategy: differentiation

Figure 9 - Porter's Generic Strategy

market is a very large and diverse one, the company’s focus is more on the do-it-yourself and customized side of the jewelry market, rather than on the finished product. Even though some women in the targeted range also bring their families to the store, we conclude that Missangas&Co. focuses on a narrow market. Regarding the balance between affordability and product uniqueness, Missangas&Co. leans towards the latter. The products are renowned for their good quality at reasonable prices, although they are not positioned as the cheapest option in the market. In essence, Missangas&Co. follows a focus differentiation strategy, serving a well-defined niche market with a unique product offering that sets it apart from competitors. The commitment to quality, creativity, and authenticity resonates with the target audience, making it a standout choice in the jewelry landscape.

4.4.3 MOTIVES FOR INTERNATIONALIZATION

Missangas&Co. has already started an international expansion process in 2019 and continued after the pandemic, opening two new stores in Berlin during the last year. As Kessy Peche affirms, it is essential to continue along this line to be able to create more jewelry around the world, to generate new jobs, and to help enlarge this community; growing would mean not only increasing one's profits but also distinguishing the brand from the local artisans and bringing such business to a global scale (Peche, 2023).

In general terms, based on the reasons why a firm decides to undertake an internationalization process, it might choose either a reactive or a proactive strategy, which respectively indicates a response to external threats and pressures aimed at protecting the firm and a stimulus to change the company's strategy as to utilize internal resources and strengths to pursue opportunities in foreign markets. Indeed, Missangas&Co. would undertake a proactive approach, considering that the focus would concern international growth and market opportunities (Nooshabadi, 2017). Meanwhile, another form of classification identifies further categories of motives for internationalization: the so-called push factors would include domestic market trends that are averse to the company, leading it to explore opportunities abroad, whereas the pull factors would consider attractive features in other countries, where international expansion could be pursued. Therefore, motives belonging to the pull factors category would be attributable to the company in analysis since there hasn't been any particular difficulty in the jewelry industry at a domestic level.

Moreover, the process of expansion into a new international dimension can be attributable to various drivers: market-seeking, efficiency-seeking, or resource/asset-seeking motives. For instance, the company could make such a decision for market-seeking reasons, with the intention of reaching new opportunities in new countries, following its existing customers abroad, and operating with foreign rivals in their domestic country (Dunning, 1993). By contrast, Missangas&Co. motivations could be efficiency-seeking, therefore aiming to reduce production costs, produce in a territory closer to the customer base, take advantage of local government incentives, and circumvent trade barriers. Yet other aspects would concern the so-called resource or asset-seeking causes, which would mean that the firm would have simplified access to raw materials, knowledge, technologies, organizational skills, and assets required to have a competitive advantage in the market.

According to this classification, Missangas&Co.'s motives for internationalization belong to the market-seeking category, specifically concerning market expansion and the opportunity to create additional jewelry collections, to extend its community, and to offer repair services to tourist buyers in their home countries (Peche, 2023).

4.4.4 GLOBAL READINESS TEST

The last step for the diagnosis for internationalization involved completing the global readiness test, a tool to understand whether the analyzed company is ready to proceed with expansion beyond its national borders, and in case of an affirmative answer, which is the most appropriate entry strategy.

Missangas&Co. has already opened recently in two European cities outside its domestic market, suggesting that the timing for the company would be appropriate; nevertheless, we filled out the test (See Appendix 5), and based on the answers obtained during a meeting with Kessy Peche (CEO, Head of Retail and Head of Berlin stores), the total test scored 79%. This result indicates that the ideal entry strategy for the firm is establishing a foreign market presence in a sales branch, a sales or marketing subsidiary, or a company-owned retail store. Indeed, the presence abroad would only concern the sales and marketing component, as according to the test, Missangas&Co. does not currently have the requirements to move its manufacturing or open a joint venture elsewhere.

Moreover, the test result highlights that the company should proceed with the foreign market presence mode as an ideal choice among the possible entry strategies, as it falls in the range of 70% to 90%; however, it is relevant to point out that this score implies that the company meets all the requirements even for the entry strategies that required a lower rating. Therefore, other ways of entering a new market, such as e-commerce, indirect exporting, contractual arrangements, or direct exporting, are also possibilities for Missangas&Co..

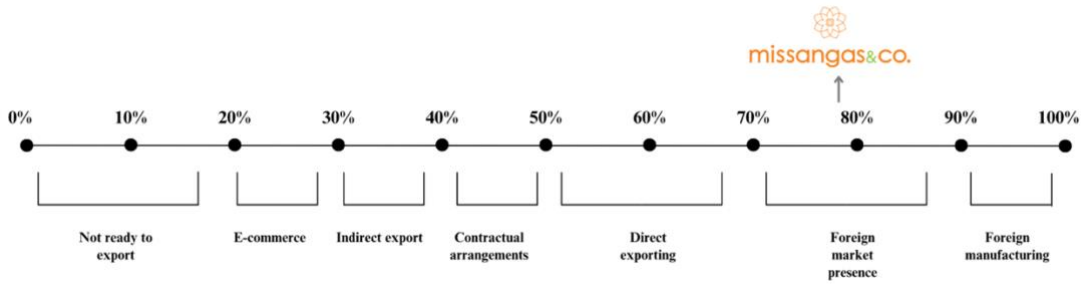


Figure 10 - Global readiness test and Missangas&Co.'s positioning

5. INTERNATIONAL MARKET SELECTION - PHASE 1:

5.1 COUNTRY SELECTION CRITERIA

5.1.1 COUNTRY SELECTION

Prior to analyzing the nations by clustering, some evaluations were conducted in order to choose the optimal set of nations. The initial list included 234 states and comprised the combination of all countries listed from all sources from which data were collected (See Appendix 6). Although Missangas&Co. already owns retail stores in the United Kingdom and Germany, it was decided to include these countries to avoid an unbiased result, as further expansion into these territories is not excluded. To proceed with the analysis, 45 variables were identified and grouped into 12 categories (See Appendix 7); among these, 19 variables are related to export-market and FDI. Hence, they will be considered mainly for the combination of cluster and ranking analyses.

Subsequently, the countries to be analyzed by the chosen variables were drastically reduced according to specific criteria (See Figure 11). In the first stage, countries where data on five or more variables were missing, as well as those whose land area threshold of 1,000 square kilometers classified them as the smallest countries or islands (i.e. Vatican City or Norfolk

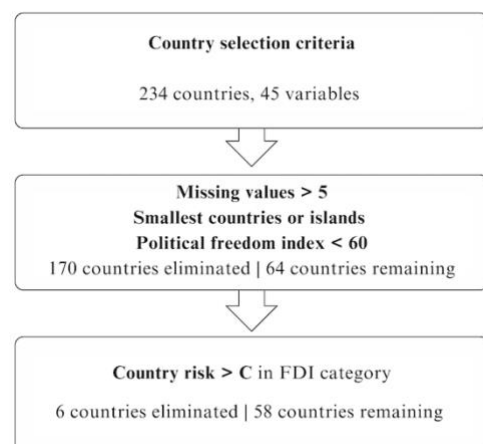


Figure 11 - Criteria for Country Selection

Islands), were eliminated (The World Bank, n.d.); in the same step, states with a political freedom index of less than 60 were also not considered, since the company would exclusively

consider expanding into territories displaying high levels of individual freedom which enable the sale of its products. This resulted in eliminating 170 countries from the initial 234 (See Appendix 8). At a later stage, six other countries that exhibited a country risk greater than C were removed (See Appendix 9): although the variable is part of the FDI-related category, it was deemed convenient to proceed with the removal mentioned above, because there is no scale incorporating the conversion of the D value, as the current one considers the 1-21 numerical conversion (suggested by Standard & Poor's, Moody's Investors Service, and Fitch Ratings). As a result, **58 countries** were considered for analysis in the following steps.

Finally, the last step involved the **assignment of weights** associated with the relevance of variables, which was necessary to proceed with the ranking of the countries and to enable the identification of the seven most significant variables for the company under consideration (following the proportional approach whereby a 1:8 ratio between variables and countries was to be used). Accordingly, higher percentages were allocated for variables related to indices that may impact Missangas&Co.'s business or target.

5.1.2 DATA IMPUTATION

To input the missing values in the dataset, Multiple Data Imputation on IBM SPSS Statistics was carried out, both for Export and FDI, according to Professor Emanuel's indications (Go, 2020). Given the random nature of missing data in our dataset, an iterative approach called Markov Chain Monte Carlo (MCMC) was selected for imputation. This process involved multiple iterations, with imputed values generated for the missing data during each iteration. At the end of the maximum

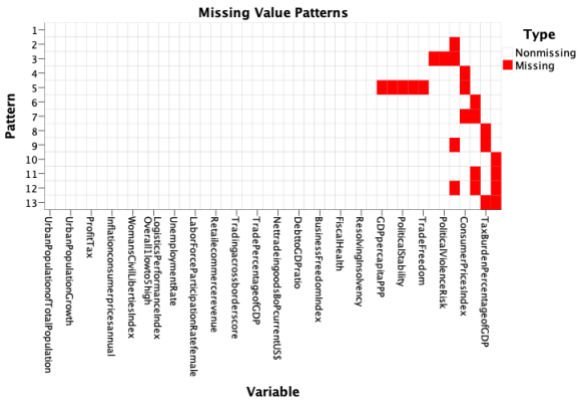


Figure 12 - Missing Data Pattern

Carlo (MCMC) was selected for imputation. This process involved multiple iterations, with imputed values generated for the missing data during each iteration. At the end of the maximum

iteration, these imputed values were saved and considered as the final values to replace the initially missing data points in our dataset.

5.2 COUNTRY RANKING

A country ranking analysis was conducted to analyze countries individually regarding their export and foreign direct investment characteristics. The goal of this approach is to rank countries based on meaningful indicators that provide information about the aggregated market potential based on macro-economic data (Cavusgil, Kiyak, & Yeniyurt, 2004)

However, it's important to note a limitation of this approach—it primarily focuses on analyzing the export environment of different markets and does not consider the Foreign Direct Investment (FDI) (Papadopoulos N. &, 2010). To address this limitation, we conducted two separate rankings: one using variables associated with Exports and the other with variables related to Foreign Direct Investment (See Appendix 10 and 11, respectively). This approach allowed us to identify the best countries for each entry mode.

Firstly, to compute both ranking calculations, variables were assigned weights of importance to identify the most promising markets. The most important indicators selected for both Export and FDI Country Ranking were *Population Ages 25-45, female*, *Woman's Civil Liberties Index*, and *Jewelry Market Revenue*, which weighed 6%, respectively. All these variables provide insightful information regarding Missangas&Co.'s target audience in the analyzed countries, therefore being the most important data representation for the company's internationalization goal. Additionally, the indicators of *Urban Population (% of Total Population)*, *GDP per capita*, *PPP*, *Political Freedom Index*, *Labor Force Participation Rate*, *female*, *Ease of Doing Business*, and *Cultural Distance to Portugal (Home Country)* were weighed at 5%, also representing essential variables regarding the overall analyzed country social, cultural, and economic state. All additional variable weights and reasoning can be further explored in

Appendix 10 and 11, respectively. All the variables used needed to be standardized using Z-scores to avoid scale effects and artificial weighting (See formula in Appendix 12).

With the assigned weights and a Z-score standardized dataset, we calculated both Export and FDI rankings by ranking the sum of the multiplication of each variable's value and weight for each country. When considering only the Export Country Rankings, the top five countries analyzed were Luxembourg,

Ireland, the United States, Switzerland, and Denmark (See Appendix 13). In contrast, when focusing on the FDI Country Rankings, the top five countries analyzed were the United States,



Denmark, Ireland, New Zealand, and Sweden (See Appendix 14).

Despite the United States, Denmark, and Ireland being present in the top countries of both rankings, to get a more comprehensive conclusion of both country rankings, a scatter plot was built (See Figure 13), giving a visual representation of which countries are the best, considering the two combined market entry modes.

When analyzing Figures 13 and 14, the top five countries considering both Export and FDI

Country	Export Score	FDI Score	Average Score
United States	66,23	75,08	70,65
Luxembourg	71,36	68,23	69,79
Ireland	67,24	70,38	68,81
Denmark	65,28	70,42	67,85
Switzerland	65,59	69,11	67,35

Country Rankings are the United States, Luxembourg, Ireland, Denmark, and Switzerland.

In conclusion, these countries present a favorable economic, political, and cultural environment, which can support Missangas&Co.'s growth and profitability in the respective markets.

5.3 COUNTRY CLUSTERING

In the process of market selection for the internalization project of Missangas&Co., a cluster analysis was conducted using the **IBM Software SPSS**. This statistical approach aims to group countries based on shared characteristics and variables, thereby reducing complexity and revealing relationships between them. The proposed technique provides a more comprehensive perspective than assessing individual countries separately (Cavusgil, Kiyak, & Yeniyurt, 2004). The dataset used for this analysis included 58 countries, resulting from the country selection process. This number of countries required an accurate and proportional approach to variable selection; therefore, a 1:8 ratio was used. This ratio suggests that variables be chosen to reflect the number of countries, ensuring the analysis remains robust and practical. Therefore, seven variables had to be selected from our pool of 35.

Firstly, a set of 9 variables was evaluated based on their respective weighted importance. All variables weighing 6% and 5% were considered and can be found in Appendix 10. The objective of this evaluation was to ensure that the selected variables not only align with Missangas&Co.'s strategic goals but also consider critical factors that could impact the economic and business landscape of countries.

Subsequently, a **Pearson Correlation Coefficient test** was run to further narrow the variable selection, look for redundancies, and improve the analysis's clarity. This test will help evaluate the degree of correlation between variables and can take values between (+1, -1). A correlation coefficient of +1 indicates a perfect correlated relationship. In contrast, -1 means an ideal negative correlated relationship and a correlation of 0 suggests no linear relationship between variables (Statistics How To, 2023).

In the correlation table (See Appendix 15), two variables caught the attention due to their strong correlations with other metrics, suggesting probable redundancy. For instance, the “Woman's Civil Liberties Index” surfaced as a variable with substantial correlations. It displayed a strong positive correlation with the "Political Freedom Index" ($r = 0.707$), “GDP per capita, PPP” ($r =$

0.573), and “Labor Force Participation Rate, female” ($r = 0.547$). This implies that as women’s liberties improve, there’s a tendency for the political freedom index, the GDP per capita, and female labor force participation to increase, implying a shared construct between these variables. While these relationships are theoretically meaningful, it became evident that keeping the variable “Woman’s Civil Liberties Index” might overly emphasize one dimension in the clustering process due to shared variance. Furthermore, the “Political Freedom Index” also displayed notable correlations with “Labor Force Participation Rate, female” ($r = 0.500$), “Ease of Doing Business” ($r = 0.566$), and “GDP per capita, PPP” ($r = 0.667$). These correlations suggest that as political freedom increases, so does the ease of doing business, labor force participation by females, and the overall economic prosperity of a country.

As a result of the correlation test, both the “Political Freedom Index” and the “Woman's Civil Liberties Index” were not included in the final selection of variables to avoid redundancy, and, therefore, the seven variables chosen for the clustering analysis were the following: **Urban Population (% of Total Population); Population Ages 25-45, female; Labor Force Participation Rate, female; Jewelry Market Revenue; Ease of Doing Business; GDP per Capita, PPP; Cultural Distance.**

We used the **Hierarchical Cluster Analysis** technique to proceed with the cluster analysis. This approach was chosen above other approaches, such as K-means and the Two-Step Cluster Analysis, for different reasons. The decision to use hierarchical clustering was determined by its capacity to offer a deeper analysis of relationships between countries, its ability to adapt to anomalies, and its adaptability to different cluster configurations (Ellis, 2022). On the other hand, K-means clustering has limitations when clusters change in size and density and is sensitive to the choice of 'k' and data order, which might result in contradictory findings (Google for Developers, 2022). Following that, within the hierarchical approach, Ward's method was adopted for its efficiency in minimizing within-cluster variance and producing compact clusters

(Hierarchical Clustering, 2020). Finally, Z-score standardization ensured that variables were uniform, an essential step in the cluster analysis to ensure that variable inputs are comparable regardless of their original scales.

After thoroughly executing these steps, SPSS generated a dendrogram (See Appendix 16).

This analysis used a distance level of 5 to differentiate clusters. This level was selected to ensure that the clusters coherently categorized countries. The choice of this cut-off level is pivotal in balancing the comprehensiveness of the clusters, which accurately represent similarities among countries, against the risks of creating overly broad or excessively specific clusters. Such extremes could cover up significant differences or lead to over-segmentation. This approach not only maximizes cluster internal cohesion, resulting in a more robust and meaningful categorization, but it also improves the precision and accuracy of our analysis. It accomplishes this by reducing susceptibility to noise and potential outliers, ensuring that the similarities between each cluster are pronounced and meaningful. As a result, our final cluster count was 5

(See Figure 15).

Cluster 1 comprises countries with diverse rankings in both FDI and Export, but many are highly ranked in at least one of the categories. This indicates they are likely to be well-

Cluster	Country	Ranking FDI	Ranking Export	Cluster	Country	Ranking FDI	Ranking Export
1	Latvia	22	30	3	Iceland	12	7
	Lithuania	23	28		Luxembourg	7	1
	Estonia	18	23		Chile	29	20
	Austria	16	21		Costa Rica	32	29
	Ireland	3	2		Malta	24	16
	Hungary	34	40		Uruguay	37	33
	Switzerland	6	4		Colombia	47	50
	Germany	8	14		Mexico	41	48
	Italy	28	31		Dominican Republic	46	42
	Japan	20	27		Ecuador	53	52
	Canada	11	19	Brazil	52	51	
	Norway	15	6	Paraguay	57	55	
	Belgium	14	13	Peru	48	43	
	Netherlands	10	12	Guyana	55	56	
	Finland	13	8	Senegal	58	58	
	France	17	11	Mauritius	39	41	
	Israel	27	26	North Macedonia	49	47	
	Denmark	2	5	Botswana	38	37	
	Sweden	5	15	South Africa	44	49	
United Kingdom	9	22	Cyprus	26	25		
New Zealand	4	10	Jamaica	33	45		
United States	1	3	Ghana	56	57		
2	Bulgaria	40	38	Namibia	54	53	
	Greece	43	34	Albania	45	46	
	Czech Republic	21	24	Panama	36	36	
	Spain	19	9	Poland	31	35	
	Croatia	35	32	Romania	42	39	
	Slovenia	25	18	5	India	51	54
	Serbia	50	44				
Portugal	30	17					

Figure 15 - Division of Clusters with Rankings

integrated into the global economy, with robust international trade or investment positions. Cluster 2 includes countries with mixed rankings in FDI and Export, suggesting a transition phase or economies with certain vital sectors that attract investment or drive exports. Cluster 3 has countries with a wide range of FDI rankings but generally better Export rankings, except for Luxembourg and Iceland, which have high rankings. This could represent smaller economies with good conditions and

economies that are more focused on international trade than attracting foreign investment. Cluster 4 consists of countries with generally lower rankings in both FDI and Exports, indicating developing economies with emerging markets that are yet to be fully integrated into the global trade and investment scene. Finally, cluster 5 has India as its sole member, with low rankings, especially in exports. This suggests a large, growing economy with more untapped potential in its export sector than FDI.

5.4 SELECTION OF HIGHEST POTENTIAL MARKETS

Based on the analysis of both the Clustering and Ranking results, the highest potential were markets identified for Missangas&Co..

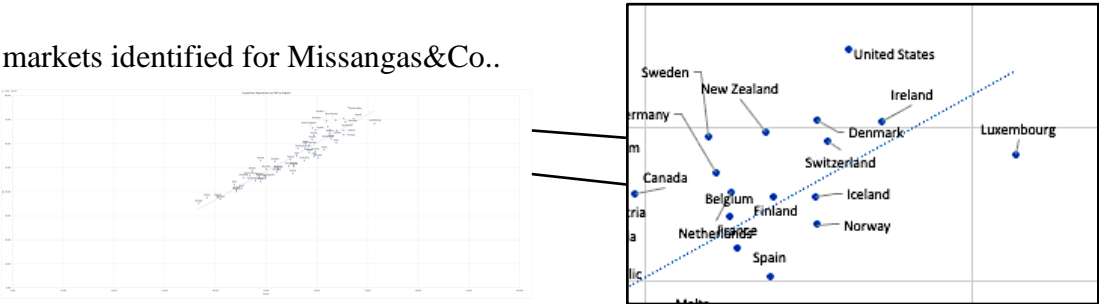


Figure 16 - Highest ranked countries according to Linear Regression analysis between FDI and Export Rankings

Country	Total Score Export	Ranking Export	Country	Total Score FDI	Ranking FDI
Luxembourg	71,36131761	1	United States	75,07757908	1
Ireland	67,24027441	2	Denmark	70,4205937	2
United States	66,2302354	3	Ireland	70,37684276	3
Switzerland	65,59432487	4	New Zealand	69,70067425	4
Denmark	65,2811036	5	Sweden	69,42268434	5
Norway	65,24411352	6	Switzerland	69,10743664	6
Iceland	65,20626844	7	Luxembourg	68,22627372	7
Finland	63,91619514	8	Germany	67,00153894	8
Spain	63,81745882	9	United Kingdom	66,48679015	9
New Zealand	63,70809015	10	Netherlands	65,74326305	10
France	62,82578105	11	Canada	65,63475976	11
Netherlands	62,62707887	12	Iceland	65,51475277	12
Belgium	62,57548417	13	Finland	65,43986397	13

Figure 17 - Top results for Export and FDI

Following discussions with the CEO of Missangas&Co., the decision was made only to consider countries within the European Union for the internationalization process. The similarity in fiscal regulations primarily drives this choice. In addition, the focus will be only on the first cluster, which includes the top five European nations in terms of export and FDI rankings according to Linear Regression analysis.

Following the indications of Missangas&Co., The United States and New Zealand, despite their high Foreign Direct Investment rankings, are not part of the European Union and do not meet

Missangas&Co.'s criteria for internationalization. In addition, Luxembourg is excluded due to its cluster alignment with lower-ranking countries in Export and FDI, making expansion after Luxembourg challenging. Considering these exclusions, the following five countries in the ranking were Ireland, Denmark, Sweden, Finland, and the Netherlands. While differing in cultural similarity to Portugal, these countries exhibit favorable characteristics such as high urbanization rates, GDP per capita PPP, Political Freedom Index scores, and a significant percentage of internet users. These factors suggest their suitability as potential target markets. For instance, Ireland, in particular, stands out with exceptional GDP per Capita Growth and post-pandemic recovery, making it a net contributor to the European Union. It also ranks high in foreign investment attractiveness and competitiveness (Portas P. , 2023). Missangas&Co. has already received orders from Ireland, demonstrating the company's potential.

Denmark, Sweden, and Finland are all Northern European countries with similar characteristics, such as technological innovation leadership, high education levels, and a high standard of living (NordicHQ, 2023). In addition, expanding into the Netherlands offers advantages. The country has excellent infrastructure and a taxation system that promotes innovation and business activity. From a financial, economic, and social perspective, the country is particularly stable, and its geographical location in Europe allows access to 95% of the most valuable consumer markets in a limited time (PwC, 2023).

In conclusion, Ireland, Denmark, Sweden, Finland, and the Netherlands are the five countries that will be further investigated in the following chapter, and the country in which Missangas&Co. will undertake its expansion will be chosen out of them.

6. INTERNATIONAL MARKET SELECTION

6.1 IN-DEPTH MARKET ANALYSIS OF EACH MARKET

6.1.1 IN-DEPTH MARKET ANALYSIS OF FINLAND (M^a EDUARDA GAMEIRO – 53454)

6.1.1.1 COUNTRY OVERVIEW

With a population of 5.5 million (Statista, 2023), two official languages – Finnish and Swedish (Institute for the Languages of Finland, 2023)-, Finland has a gross domestic product (GDP) of \$297.5 billion and a 5-year compound annual growth rate of 1.3%, leading to a GDP per capita of \$53,757 (The Heritage Foundation, 2023). In 2022, FDI in Finland measured by net inflows (% of GDP) was 3,3% (The World Bank, n.d.), with public debt standing at 66.2% of GDP, which is manageable compared to other EU nations (The Heritage Foundation, 2023) such as Portugal or Greece. This economic strength is supported by a strong rule of law, with Finland scoring highly on property rights, judicial effectiveness, and government integrity (The Heritage Foundation, 2023). Finland’s recent economic history is marked by its EU membership since 1995 and the adoption of the euro in 1999. The export-led economy focuses on industries like wood, metals, telecommunications, and electronics (The Heritage Foundation, 2023). However, the non-NATO membership has an impact on companies in Finland, with 68% of foreign-owned companies rated Finland’s pending NATO membership as important (Business Finland, 2023). One of the major economic challenges in Finland has been talent shortage, with 312 out of 400 companies reporting shortage of skilled workers, especially in the construction and services industries (Business Finland, 2023), and together with high labor costs, high energy prices and high taxation, those are some of the many reasons why Sweden, Estonia and Germany are its main competitors when it comes to FDI (Business Finland, 2023). In addition to that, following the European trend, the Consumer Price Index CPI in Finland increased to 121.62 points in October from 121.28 points in September of 2023 (Trading Economics, 2023). Despite these setbacks, Finland is ranked 20 among 190 economies in the Ease of Doing Business (Trading Economics, 2019).

6.1.1.2 CONTACTS

Government Agencies: In Finland, the Ministry of Economic Affairs and Employment is key for businesses involved in trade and industry. It shapes policies that affect the economy, work, and regional growth, making it a vital point of contact for companies looking to expand

(Ministry of Economic Affairs and Employment, 2023). Business Finland is another crucial organization, offering support for innovation by providing tools and funding that are essential for companies aiming to grow in Finland (Business Finland, 2023) .

Institutions: AICEP Helsinki aids Portuguese companies in global expansion and attracting investment to Portugal. Their roles encompass market research, identifying business opportunities, promoting Portuguese entities internationally, and securing local partnerships. They assist in executing international business plans, advising Portuguese firms on overseas investments, liaising with local authorities, and connecting local importers with Portuguese products and services (aicep Portugal Global, n.d.). The Finland Chamber of Commerce and the Central Chamber of Commerce of Finland are also hubs for businesses, providing training, advice, and a network of local chambers and partners to help companies thrive within and outside of Finland (Keskus Kappamakari, n.d.) . Invest in Finland Promotion Agency also provides free of charge services to help companies set up businesses in Finland through data collection, matchmaking, and opportunity analysis (Privacy Shield Framework). Moreover, the Federation of Finnish Enterprises advocates for small and medium-sized businesses, including those in the jewelry sector, which could be a guarantee for Missangas&Co. in the defense of its interests when competing against major companies in the sector (Suomen Yrittäjät, n.d.). Lastly, Design from Finland is a mark that signifies Finnish creativity, including in jewelry and accessories, and it's a sign of quality design and opens up networking opportunities for businesses under its banner (Design from Finland, 2023).

Financial Institutions: Finland's banking sector is well-equipped to support businesses in their internationalization efforts, with a mix of local banks such as OP Financial Group, which is deeply rooted in the Finnish market, and global players like Nordea and Danske Bank that bring international expertise. Additionally, international banks with a presence in Finland, such as Citibank and Deutsche Bank, offer the advantage of a global network coupled with an

understanding of the local financial environment.

Others: protecting the uniqueness of products is where the Finnish Patent and Registration Office (PRH) comes in, handling the legal side of business registrations, trademarks, and patents, which is especially important for businesses in creative industries like jewelry (Finnish Patent and Registration Office, n.d.). Websites like CompanySpace.com emerge as a valuable resource for businesses seeking commercial spaces for rent in Finland, offering a streamlined platform to locate potential storefronts that align with various business needs, including location preferences, space requirements, and budget considerations. For logistics, Missangas&Co. could enhance its supply chain by partnering with global firms like DSV, Kuehne + Nagel, DB Schenker, DHL, UPS, and FedEx. Utilizing their expansive networks and expertise, Missangas&Co. can ensure efficient delivery, inventory management, and customer service, potentially reducing freight costs as order volumes grow. Marketing Agencies such as Robler or B-Concept Group play a vital role in a company's international expansion by offering expert knowledge and strategies tailored to local markets, ensuring the brand resonates effectively with diverse cultural and consumer landscapes.

6.1.1.3 COMPETITION

Korutarvike.com is a Finnish online retailer specializing in jewelry-making supplies. Their product range includes a variety of beads, findings, and tools at a very affordable and competitive price which might appeal to both hobbyists and professional jewelry makers. For example, a package of 95 acrylic beads costs 1,80€ without shipping) (Korutarvike.com, n.d.). However, operating only through with a well-developed e-commerce platform, and contrary to the current organization of Missangas&Co., Korutarvike.com has the advantage of a potentially wider reach across Finland, offering convenience to customers who prefer shopping online.

Nikkotakko Jewelry is an online store that offers finished premium, medium-end, hand-crafted bead jewelry products, setting itself apart from other competitors by their strong brand with a distinctive style and story (Nikkotakko, n.d.). Contrary to Missangas&Co., both

Korutarvike.com and Nikkotakko Jewelry do not simultaneously provide customers with the option to purchase individual beads and tools or to have their products customized at a wide price range. This limitation presents a strategic advantage for Missangas&Co., which can appeal to a broader spectrum of customer segments, as it is uniquely positioned to serve not only those in search of premium, high-end finished or bespoke jewelry pieces but also cater to individuals looking for more affordable, personalized creations. Figulus Crafts is a family-owned business that caters to a wide range of crafting enthusiasts in Helsinki. Their product line is extensive, but when it comes to bead-based items, they offer a limited selection, focusing on silicone beads. Beyond beads, their inventory includes a variety of handcrafted products such as scarves, toys, puzzles, and items for knitting and macramé, all at average prices within their single physical store (Figulus Handcrafts). For Missangas&Co., standing out from Figulus Crafts means leveraging their specialty in bead-based jewelry. It's essential for Missangas&Co. to concentrate on marketing their unique bead jewelry and materials. Omakoru stands as the primary direct competitor to Missangas&Co., given its similar operational model and product/price range. Like Missangas&Co., Omakoru offers an extensive selection of beads, tools, and both finished and customizable jewelry products that cater to a variety of price points, making them accessible to a broad customer base (Omakoru, n.d.). However, Omakoru differentiates itself with a significant investment in e-commerce, which contrasts with Missangas&Co.'s more traditional retail approach. This strategic focus on online sales allows Omakoru to reach a wider audience and provides a convenient shopping experience for customers, positioning it strongly in the market. For Missangas&Co., the strategic imperative is clear: to strengthen its e-commerce presence. This move is crucial not only to match Korutarvike.com, Nikkotakko Jewelry and Omakoru's ability to cater to a larger geography of customers, but also to assert its unique value proposition in the

bead jewelry market, thereby attracting a broader customer base and securing a larger market share.

A Comparative Table (See Figure 24) and a Strategic Map (See Figure 25) were elaborated in order to better capture Missangas&Co.’s competitive landscape

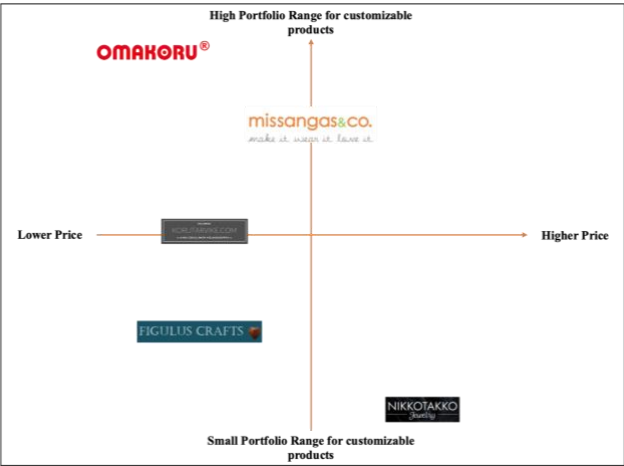


Figure 18 - Competitors Comparative Table - Finland

in Finland. Missangas&Co. offers 10 product categories and 872 SKUs, which is substantial but less diverse compared to Omakoru, the leader in SKU variety. This indicates an opportunity for Missangas&Co. to expand its product range to capture more market segments. The proposed pricing strategy, ranging from €2.20 to €189.90, targets the mid to high-end market, focusing on customizable jewelry but not reaching the highest price points like Nikkotakko. As Missangas&Co. prepares to enter the market, its positioning appears similar to established players like Omakoru, emphasizing the need for differentiation through unique and customizable products. The planned dual-channel distribution approach, combining online and physical stores, aligns with strategies used by top-performing companies, suggesting a solid foundation for market entry.

Company	Revenue	# Product Categories	# SKUs	Pricing	Market Positioning	Distribution Channels
Korutarvike.com	121,000 USD	6	100	1€ - 9,90€	Jewelry-Making Supplies	Online
Nikkotakko	106,660 USD	4	196	25€ - 258€	Finished, premium, hand-crafted jewelry	Online
Figulus Crafts	223,986 USD	53	300	1,25€ - 75€	General handcrafted and artsy products	Physical Store and Online
Omakoru	168,523 USD	30	13011	0,30€ - 49€	Customizable Jewelry Products	Physical Store and Online
Missangas&Co	217,000 USD	10	872	2,20€ - 189,90€	Customizable Jewelry Products	Physical Store and Online

Figure 19 - Strategic Map - Finland

6.1.1.4 OVERALL MARKET

SALES POTENTIAL AND COMPANY SALES POTENTIAL

Assuming that the whole Finish market is being analyzed (instead of a specific city), based on the overall revenue of the jewelry in Finland, the Total Addressable Market (TAM), and the overall Market Sales Potential, in the Finnish market is US\$190.30M in 2023 (Statista, 2023). The female population aged 25-45 is 24,57% (Worldbank, 2022) of the total population in Finland (Eurostat, 2023) – 1,367,067 inhabitants-, which reveals a total revenue of

US\$46,756,710 in the jewelry market generated by this segment and is the Serviceable Available Market (SAM) in Finland. Considering that there are 334 enterprises manufacturing jewelry, bijouterie, and related articles in Finland, and because there is little information available on each one's market share, the SAM has been divided equally by all these 334 enterprises (Statista, 2023) in order to calculate the Serviceable Obtainable Market (SOM), which sums up to US\$139,990.15. Since the CAGR is 1,1%, in 2025 the Company Sales Potential for Missangas&Co. in the Jewelry Market for women aged 25-45 in Finland will be of approximately US\$141,530.04, or €131,379.51. The Market Share for Missangas&Co., based on the SOM and SAM would then be 0,30% of the overall jewelry market in Finland in 2025.

6.1.1.5 MARKET ENTRY CONDITIONS

Regulatory Landscape: Finnish economy is open and transparent, thriving on open-market policies that bolster dynamic trade and investment. It's ranked as the 11th freest economy in the 2023 Index, a trade freedom score of 78.6 and an investment freedom score of 85.0, The trade-weighted average tariff rate (common among EU members) is 3.2 percent, indicating few barriers to trade and investment activities, and placing Finland as the 8th out of 44 countries in the Europe region and signaling a favorable environment for business operations (The Heritage Foundation, 2023).

The top individual and corporate tax rates are 31.3% and 20%, respectively, with a tax burden equal to 41.9% of GDP (The Heritage Foundation, 2023). In 2021, the total cost of an employer's social premiums and insurance was 17.9% of gross wages (EuroDev, 2023), comparing to 26.5% in Portugal (Boundless, 2023). The VAT (Value-added Tax) in Finland is 24% (Enache, 2023), well above the European average (21,43%). The Regulatory efficiency is a positive factor to take into account, with high scores in business and monetary freedom despite labor market regulations that include high non-salary employment costs (The Heritage

Foundation, 2023). Moreover, it takes 13 days to start a business in Finland (Statista, 2022), which should be considered by any company wanting to do business in the country.

Infrastructure: Missangas&Co. will find Finland's transport infrastructure robust and consistently high-quality from 2013 to 2016. Despite a small decrease in air, rail, and port facility quality, they remain above average. The significant increase in air transport capacity is beneficial for distribution logistics, and the stable shipment ease and affordability offer a reliable environment for logistical planning and cost forecasting (Knoema, 2017). Finland boasts several major distribution centers, with the largest commercial airport being Helsinki Airport in Vantaa. The major commercial seaports include Hamina-Kotka, Helsinki, and Naantali. Most cargo within Finland is transported by truck, with major distribution hubs located in Helsinki, Tampere, and Joensuu. (Wikipedia, 2023).

Local Business Culture: in Finland, assigning someone a fixed term contract, or numerous fixed term contracts in a row, must always be justified. Also, every sixth (16%) employee works part-time, and this ratio has gradually but consistently increased over the decade. (Business Culture). Therefore, Missangas&Co. can expect to hire an employee on set term conditions and, if needed, it can easily hire part-time employees, that might serve more seasonal needs. In Finnish business, key elements include direct communication, punctuality, and formality initially. Decision-making is analytical, with a strong emphasis on work-life balance, equality, and sustainability. Personal relationships are vital for success, and though English is common, Finnish language skills are valued (European Business).

6.1.1.6 CONCLUSION

In summary, despite Finland's stable economy and strong infrastructure, it poses significant challenges for Missangas&Co.'s internationalization. High labor costs, taxation, and a talent shortage, particularly in specialized sectors, create operational hurdles. The saturated jewelry market, with 334 enterprises and strong local competition are strong entry barriers. The small market size of 5.5 million people restricts potential expansion, especially in the niche jewelry

segment. Additionally, the expected market share for Missangas&Co. is projected to be only 0.30%. These factors, along with high VAT and the need to navigate complex local business norms, make Finland a less favorable option for Missangas&Co., compared to markets with lower costs, larger consumer bases, and less competition.

6.2 SELECTION OF TARGET MARKET

To determine the most suitable target market for the expansion of Missangas&Co., a selection process was conducted on the

Selection of Target Market						
Category	Country	Contacts	Competitive Landscape	Market Sales Potential	Entry Conditions	Score
Weight		10%	30%	35%	25%	100%
Countries	Denmark	5	2,5	3,5	4,5	3,60
	Finland	5	3	2	3,5	2,98
	Ireland	5	4,5	3,5	5	4,33
	Netherlands	5	3	3,5	4	3,63
	Sweden	3	4	3,5	4	3,73

Figure 20 - Selection of Target Market

previously mentioned five highest potential markets. The analysis centered around four key factors: contacts, competitive landscape, market sales potential, and market entry conditions. The method of assessment was also influenced by CEO Kessy, who allocated specific weights to each criterion to align with the strategic priorities of Missangas&Co. These weights were as follows: 10% for contacts, 30% for competitive landscape, 35% for market sales potential and 25% for market entry conditions. These weights highlight the company's strategic focus on entering markets that show attractive sales potential and favorable conditions for market entry while prioritizing effective competition management. Additionally, an in-depth look at each country was conducted to assess the presence of these factors. Afterward, a rating of 1 to 5 was assigned to each criterion, where 1 indicated less favorable conditions, and 5 indicated highly favorable conditions. This assessment process, alongside the consideration of weighted significance, provided a comprehensive and evidence-based evaluation of the attractiveness of each market.

After computing the weighted scores, **Ireland** emerged as the market with the highest score (See Figure 32) and, therefore, the most favorable aggregate conditions for Missangas&Co.'s expansion.

7. INTERNATIONAL ENTRY STRATEGY

7.1 SELECTION CRITERIA

To facilitate the entry of Missangas&Co. into the Irish market, it is imperative to determine the most suitable entry mode. An analysis was made based on four distinct dimensions: internal, external, transaction-specific, and desired mode characteristics.

Firstly, regarding **internal factors**, Missangas&Co. has developed its expertise in the bead jewelry market over twenty years. Such experience and successful expansions into Germany and the UK highlight their ability to operate successfully in new markets. The brand's entry mode may be influenced by the core principles of craftsmanship and quality, given its status as a family business. While not as complex as certain advanced technological products, the nature of their handcrafted bead jewelry and DIY beads requires a significant degree of craftsmanship and attention to detail. This may also influence the entry mode selection, as the ones that offer a greater degree of control over the quality of the product are more suitable. These values can influence an inclination towards entry strategies that provide greater control.

Regarding **external factors**, it can be observed that Portugal and Ireland share some cultural similarities in terms of individualism and long-term orientation (Hofstede Insights, 2023). This can enhance comprehension and collaboration between Missangas&Co prospective Irish partners or customers. In addition, both countries are members of the European Union, facilitating trade and reducing trade barriers. At a social level, Portugal is a popular holiday destination for Irish people, while a portion of the Portuguese population also perceives Ireland as a secondary place of residence (Department of Foreign Affairs Ireland, 2023); this shared affinity has the potential to positively influence the reception of Portuguese products in the market. These factors can encourage entry modes that require a greater understanding of the local market and regulatory environment.

Furthermore, **transaction-specific factors** for Missangas&Co. revolve around protecting their unique jewelry designs and maintaining high-quality craftsmanship. An entry mode that enables direct oversight for protecting intellectual property and transferring specialized knowledge is

essential while also providing scalability and adaptability in the new market. These factors will significantly impact the decision to enter the market through a high-control entry mode.

Lastly, the **mode of entry desired** by Missangas&Co. requires a harmonious blend of balanced commitment and manageable risk, while ensuring substantial control and high flexibility. It should reflect their family-owned ethos, which favors maintaining close control over new stores to preserve family values and quality standards. Financial stability allows them to consider more capital-intensive modes that align with their control preference. On the other hand, their openness to take out loans suggests that they value financial prudence and the ability to scale up operations as needed without overextending resources.

To conclude, while Missangas&Co. has the financial stability and operational experience to support more controlled and capital-intensive entry modes, the company's characteristics and external market conditions indicate the potential benefits of a flexible and locally adaptive approach. As a result, Missangas&Co. appears to be more aligned with entry modes that offer a high degree of control while allowing for the flexibility to respond to the distinctions of the Irish market, ensuring the brand's core values and quality are maintained.

7.2 ANALYSIS OF ALTERNATIVE ENTRY MODES

The previous section dealt with the basic criteria for choosing the most suitable entry strategy for Missangas&Co. The present section will analyze all the possible entry strategies, weighing their advantages and disadvantages, focusing on export and Foreign Direct Investment (FDI) methods. The analysis in the current section will follow the order of potential entry strategies in ascending order of risk, control, and speed of implementation (LibreTexts, n.d.).

The first category concerns exporting, which consists of the action of selling one's goods and services from the country in which the company operates to foreign countries; this option tends to be chosen as the first step towards expansion since it requires a lower level of risk and resource commitment, due to the absence of financial commitment for the establishment of

operations in a new country and allows for greater flexibility in the organization of the company's resources (Kamali, 2019). This, in turn, is subdivided into direct exporting (without the use of agents or distributors) and indirect exporting (with the use of agents or distributors). This low-risk strategy allows for a quick market exit, with expenses focused on logistics and distribution. (Gardete, 2023).

The following categories concern Foreign Direct Investment, which entails acquiring stakes in foreign firms to diversify. Subsidiaries, controlling interests, mergers, and joint ventures are all examples of this (Hayes, 2023). For instance, licensing and franchising arrangements are FDI subsets: both are ideal for companies wishing to enter a foreign market rapidly since, in terms of resources, they solely require granting permission for intellectual property and business models. Licensing entails a foreign company using a firm's intellectual property in exchange for royalties. This modality allows the licensee to commercialize its products in a foreign market with a limited investment, reducing costs and limiting risks; however, it involves some difficulties in remote management and frequently results in a limited return. On the other hand, franchising allows foreign use of the franchisor's brand name and business model to the franchisee, who is responsible for managing the operations. In franchising, the company has less responsibility and control over operations than in licensing, which is associated with greater risk (Mariadoss, n.d.).

Another mode that can be described as intermediate regarding investment and risk concerns partnerships and strategic alliances. These consist of the alliance of a company with a local partner through a contract, whose characteristics and distribution of resources allocated may vary, ranging from informal cooperation agreements to joint ventures. It enables sharing risk and assets with the partner, jointly developing products using technologies, while the company can learn about the new market in-depth and take advantage of the local company's knowledge and access to distribution channels of the local economy. On the other hand, this type of sharing

implies low control over operations, relatively high costs, and possible difficulties in the cultural integration of the two companies (Mariadoss, n.d.).

Moving towards a more committed approach, company acquisition provides quick market access and an already well-established *modus operandi*. The acquisition process also depends on the legal framework of the target country and its economic situation, based on currencies and legal systems. The main disadvantage lies in the high financial investment, and also, in this case, cultural and operational integration between the buyer and the acquired is complex (Mariadoss, n.d.).

Finally, the type of expansion requiring the highest costs and risks would be the launch of a new subsidiary, which is another type of Foreign Direct Investment. This category includes two types: the subsidiary is the company in which the holding company owns more than 50% of its voting stock, remaining a separate entity in legal terms; whereas the wholly owned subsidiary is 100% owned by the holding company, which implies that the parent company owns all its common stock, although it remains an independent legal entity (Majaski, 2023). This expansive approach involves a transfer of capital, technology, and personnel: this results in the company having the highest level of control over the newly created entity, but also in extremely high resource commitment, considering costs for operational control and for the establishment of business operations (Mariadoss, n.d.).

7.3 ENTRY MODE SELECTION

Following an analysis of the selection criteria and different entry modes, the strategic decision of selecting a subsidiary as the entry mode for Missangas&Co.'s expansion into the Irish market is a well-aligned choice that effectively reflects their business ethos and goals. The company seeks a balanced commitment to resources and investment yet is keen on a level of control that allows for employee training while intending to delegate operational responsibilities to national and individual subsidiary managers. Also, it is essential to maintain a corporate structure

consistent with the pre-existing subsidiaries and to consider the current financial situation of Missangas&Co. as revealed by the analysis of the financial statements: although the choice of a partially owned subsidiary would seem appropriate since it would allow for a lower level of risk, such a decision would not be viable, especially in the short term, and therefore the choice of a wholly owned subsidiary is more suitable. Establishing a subsidiary allows Missangas&Co. to maintain these characteristics and this level of control is essential for a brand in which product quality and reputation are inextricably linked, and a subsidiary ensures that these values are consistently represented in the new market.

Moreover, as a family-owned business known for its handcrafted bead jewelry, maintaining the high quality and unique identity of its products is essential. Moreover, having a subsidiary in Ireland allows Missangas&Co. to actively engage with the local market. This proximity to the market benefits the fashion and accessories industry, especially one focused on unique and artisan products like Missangas&Co. It enables a quick response to consumer trends and preferences, which is critical for remaining competitive and relevant in this volatile market. From a financial point of view, Missangas&Co.'s capacity to open stores without securing loans is a significant advantage. This financial strength positions them well for a subsidiary investment, highlighting their ability to undertake market expansions. While this readiness does not imply a commitment to open stores debt-free, it does highlight the company's strong financial health, which is essential for a successful market entry.

8. MARKETING PLAN

The marketing plan aims to provide Missangas&Co. with guidelines for a clear marketing strategy through the identification of long-term and short-term objectives and the factors to be addressed to achieve such goals. In this regard, market segmentation and identification of buyer personas will be carried out to understand consumer dynamics to define the target audience and the company's competitive positioning accordingly. In addition, the marketing mix analysis will

enable the synergy of operational components and provide a comprehensive view of the expansion plan.

8.1 MARKETING OBJECTIVES (SHORT AND LONG-TERM)

To outline a company's marketing strategy, it is imperative to follow the concept of the hierarchy of objectives, which is based on the interdependence of the company's goals to which specific objectives must be aligned, moving from an abstract formulation to practical identification in the short and long term (Gardete, 2023).

The analysis recognizes two levels of objectives: at a macro level, the corporate objectives, defined as quantifiable goals relating to the company's operational areas, such as sales, finance, marketing, innovation, operations management, and human resources; at a micro level, the objectives pertaining to specific departments, which are subsequently translated into individual objectives for individual employees. The main macro-objective should focus on growth since the company intends to increase its sales and, consequently, revenues, pursuing top-line growth; although of lesser relevance for Missangas&Co. that as a firm undergoing international expansion, it would prioritize recovering investments, a bottom-line growth objective should be pursued too, as to obtain a more efficient allocation of resources in order to achieve a long-term improvement in net profit margin. Indeed, cost reduction will become a priority as time goes by, especially when the company will have gained further knowledge of the market, which will lead to a better approach to operations management. The steps outlined in the next section will contribute greatly to the achievement of the goals set and the monitoring of the contribution of each effort towards them.

Considering the marketing department's goals, it is imperative for the company to raise brand awareness through targeted advertising campaigns while developing distinctive branding. The effectiveness of these initiatives can be evaluated through KPIs such as respectively increasing social media mentions and website traffic from the Irish market and monitoring perception

through surveys. Customer activation and engagement through exclusive promotions and loyalty programs also play a crucial role; the assessment of the impact will be visible through the measurement of engagement rate, which will consider the entirety of followers' and users' interactions. In addition, incentives such as special offers for store launches will contribute to a greater conversion rate of website visitors, influencing the number of sales. Finally, enhancing customer satisfaction through a dedicated customer service department to gather feedback is an indispensable component of measuring user and customer satisfaction by recording and ranking reported reviews and issues according to the Net Promoter Score scheme (Qualtrics, 2023).

8.2 SEGMENTATION

A nuanced approach to market segmentation is essential in developing a marketing strategy for Missangas&Co. as they consider expanding into Ireland. Missangas&Co.'s primary focus is on women aged 25-45, but diverse needs and preferences emerge within this demographic, necessitating distinct marketing strategies. The decision on segmenting the market was to distinguish the main customers of Missangas&Co products, where it is possible to categorize by buying habits, value demand, distinctive physic, and demographic attributes (Keller, 2015). The first segment identified, **Young Fashion Enthusiasts**, consists of women between 25 and 30 years old who are trend-conscious and fashion-forward. With an average income of €20,000 to €40,000, their personal spending is frequently directed toward fashion and lifestyle products, typically influenced by social media trends and celebrity fashion. This demographic is attracted to unique, trendy, and eye-catching jewelry that reflects their style. Their active online presence also makes them easily accessible for targeted digital marketing campaigns, such as influencer collaborations.

The second segment, **Value-Conscious Professionals**, consists of women aged 25 to 45 who are sensitive about the price-quality ratio in their jewelry purchases. They want functional and fashionable jewelry that can transition from work to more formal settings. With incomes

ranging from €30,000 to €60,000, they prioritize products with long-lasting quality at a price that reflects true value, which aligns with their smart shopping habits.

Special Occasions Seekers are typically women between 30 and 45 years old who frequently attend or are involved in planning social events such as weddings. This group values elegant and unique designs and is willing to invest in high-quality, custom pieces. With an income that can vary from €35,000 to €70,000, this segment looks for exclusive, artisanal designs, making them ideal customers for high-end collections, for example.

The **Creative Enthusiasts**, between 25 to 45 years old, though a more niche market, consists of DIY lovers and hobbyists interested in creating their own jewelry. With incomes varying from €25,000 to €60,000, they invest in quality materials and seek inspiration for their projects, making workshops, DIY kits, and premium crafting materials appealing.

Lastly, the **DIY Crafting Moms** segment includes mothers aged 35 to 45 who are interested in arts, crafts, and DIY projects. This group seeks simple-to-use crafting materials and kits for personal or family-oriented crafting activities. Their earnings typically range between €30,000 and €55,000.

Figure 33 features personas representing each group, providing detailed information about each segment, including demographics, interests, and preferences.

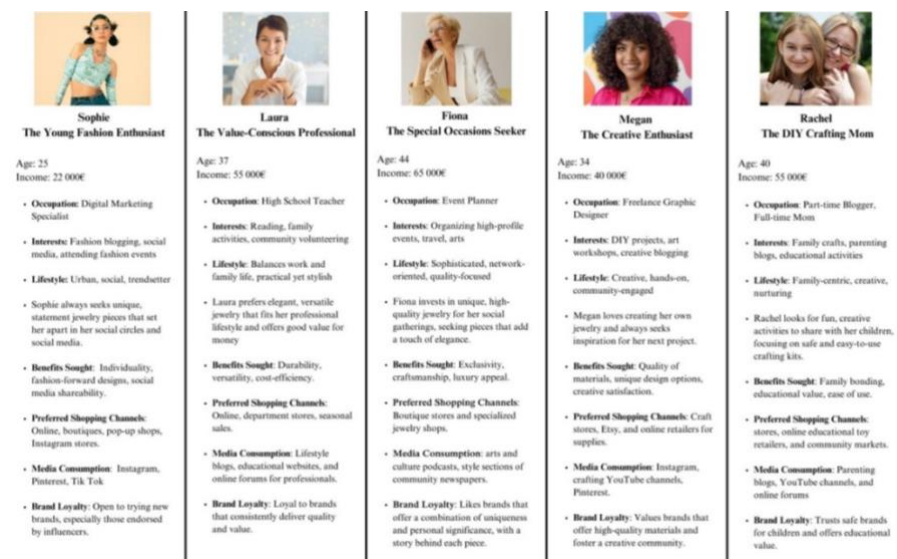


Figure 21 - Personas

8.3 TARGETING

Targeting in marketing involves the strategic selection and segmentation of a specific group of potential customers based on various criteria such as demographics, purchasing power, consumer behavior, and interests. The aim is to customize marketing efforts to resonate with this chosen audience, optimizing the effectiveness of campaigns by delivering personalized messaging and offers that are highly relevant to their characteristics and preferences.

After the Segmentation process, where several market segments are defined, the next step is evaluating the potential and attractiveness of each market segment through three criteria: Population, Average Order Value (AOV), and Annual Purchase Frequency (APF). Due to the lack of information, estimations for AOV and APF were done based on the segment interests and average annual income, respectively. The market potential was estimated for each segment by multiplying each corresponding population, AOV and APF. (See Figure 34)

Under this analysis, the “Creative Enthusiasts”

	Young Fashion Enthusiasts	Value-Conscious Professionals	Special Occasions Seekers	Creative Enthusiasts	DIY Crafting Moms
Age	25-30	25-45	30-45	25-45	35-45
Population	50815	203262	152446	203262	101631
Average Annual Income	\$ 30 000.00	\$ 45 000.00	\$ 52 500.00	\$ 42 500.00	\$ 40 000.00
Average Order Value	\$ 17.10	\$ 25.65	\$ 35.00	\$ 24.23	\$ 13.00
Annual Purchase Frequency	10	6	2	8	12
Market Potential	\$ 8 689 433.57	\$ 31 281 960.86	\$ 10 671 234.21	\$ 39 400 229.32	\$ 15 854 405.11

Figure 22 - Targeting Calculations

is considered to be the segment that should be targeted, mainly because of its significant market potential when compared to other segments. This segment’s demand for both personalized and finalized bead products, as well as their creative approach towards jewelry in general may influence other individuals to use Missangas&Co.’s products by reflecting the vision and values of the company. Additionally, this is one of the biggest segments in terms of population, which further supports its importance due to its sheer size.

8.4 POSITIONING

Positioning is the process of creating a distinct image for a product or brand in the consumer’s mind to differentiate it from competitors (Chernev, 2019). It ensures that Missangas&Co. stands out as a distinct brand in the minds of the target customers. It is the STP model's strategic final step, shaping the brand's market entry and emphasizing its uniqueness (Ries & Trout, 2021).

For the "Creative Enthusiasts" segment, which was the established target, the focus is on showcasing the high-quality materials that cater to their need for creative and expressive products, an essential part of Missangas&Co.'s early internationalization efforts.

8.4.1 VALUE PROPOSITION & POSITIONING STATEMENT

A value proposition is a concise statement that communicates the unique benefits and value a product or service provides to its customers, addressing their needs or solving their problems. Meanwhile, a position statement is a brief declaration that outlines how a brand or product wants to be perceived in the market, emphasizing its unique qualities, and distinguishing it from competitors (Chernev, 2019). Missangas&Co. demonstrates its dedication to customer satisfaction through its value proposition, which is apparent when customers purchase their products. To gain a competitive advantage, Missangas&Co. need to present a unique value proposition (UVP), which is structured around two key concepts: Point of Parity (PoP) and Point of Difference (PoD) (Osterwalder, Yves, Bernarda, & Smith, 2014). In Missangas&Co's industry, meeting the fundamental requirements includes delivering good quality materials for beads and jewelry, as well as a fashionable and reasonable product variety. However, these aspects alone are not enough to set Missangas&Co. apart from competitors. Their focus should be on their Point of Difference, which includes exclusive qualities specific to Missangas&Co. These include unrestricted creative freedom in fashion and design, the ability to personalize without limits, and catering to individual preferences. Consequently, the essence of Missangas&Co.'s **value proposition** is captured in the phrase, "Where quality meets limitless creativity".

In addition, in order to achieve successful market entry, Missangas&Co. should implement a well-defined internal statement to provide guidance for tactical decisions, as well as a **positioning statement**. This can be defined as, "For those seeking uniquely personalized jewelry and vibrant fashion expressions, Missangas&Co. offers an unrivaled fusion of quality

materials and boundless creative freedom. Our commitment to empowering individual style through personalized, playful designs sets us apart, ensuring every piece tells a story as distinctive as its wearer”.

8.4.2 PERCEPTUAL MAP

In the context of Missangas&Co.’s market positioning, the perceptual map (See Figure 35) provides a visual representation of the brand's standing relative to its competitors based on two

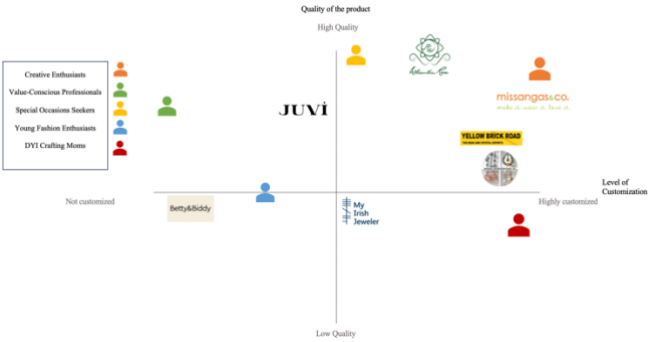


Figure 23 - Perceptual Map of Segments and Competitors

critical dimensions: the level of product customization and quality. The map illustrates Missangas&Co.’s strategic placement in the market, where they offer a balance between these two attributes, distinguishing themselves from other brands. On the map, customer segments are also placed according to their preferences for customization and their expectations for quality. Missangas&Co.’s position reflects their commitment to providing quality products that maintain a degree of personalization, aligning with the desires of segments such as Creative Enthusiasts and Special Occasion Seekers who value unique and quality products.

Overall, this map serves as an analytic reference point for understanding how Missangas&Co. is perceived in the marketplace and assists in strategizing potential growth avenues.

8.5 MARKETING MIX

The marketing mix concept refers to the set of actions that constitute a company's marketing plan for the promotion of a product or service: this concept is based on the interdependence of tactics to increase sales (The Economic Times, 2023). Commonly, we refer to the process by the acronym 4Ps, as it covers aspects such as product, price, promotion, and place (Kenton, 2023). However, with the increase in digitization and the development of technology, also due

to globalization and the interconnection of markets, services have taken on a more prominent role, which has caused the introduction of three further characteristics of the marketing mix, referred to as People, Processes and Physical evidence. In the case of Missangas&Co., the marketing mix will primarily define the aspects related to the 4Ps, while for the three further Ps a general overview will be considered (Gardete, 2023).

Product: The first element consists of the product, intended as what responds to or anticipates a desire or need in consumers. The whole product concept identifies three different levels of a product in marketing, namely core customer benefit, actual product, and augmented product.

The core customer benefit is defined as the value that the product acquires from the consumers' point of view, in the sense of the activities that it allows them to do, the role that is attributed to it, and, consequently, the reasons that drive the purchase. On the other hand, the second level identifies how the benefit of owning the product is expressed in practice, consisting of a set of characteristics that make it desirable: the importance of the brand name and its reputation, the level of quality, the design, the packaging, and the characteristics compose the actual product. The third and final level consists of the characteristics that constitute a plus, capable of differentiating the company's offer from the competition and stimulating a preference and therefore a purchase. The augmented product considers aspects such as the delivery and credit system, training that enhances the skills of people working on the product or service, after-sale services, warranty, and technical support (Schmidt, 2010).

Considering Missangas&Co.'s products, the main customer benefit is the ability to express one's style through the wearing of unique and personalized jewelry that can reflect one's personality and individuality. At the actual product level, Missangas&Co. has been operating in the sector for more than 20 years, and the loyalty and word-of-mouth of its enduring customers are indicative of its reputation; the brand offers quality products that can last over time, which come in many shapes and colors, allowing for different customization options. In addition, the

packaging of the products performs a dual function, as the pouch can be reused to store the jewelry, while the outer box allows the content to be protected. In terms of augmented product, the company ensures safe delivery by allowing order tracking and the choice of different payment methods; as the CEO Kessy Peche repeatedly emphasized (2023), special attention is given to the training of in-store employees who are proficient in creating jewelry on the spot and help provide a positive customer experience. There is also a policy of repair or replacement within one year from the date of purchase, and the website provides methods for contacting the company if assistance is needed (See Appendix 17) (Missangas&Co., 2023).

Price: To determine the pricing strategy for Missangas&Co., it is imperative to first determine whether it is cost-based or value-based; given the relevance of customer willingness to pay over cost considerations, value-based pricing will be used. In addition, factors influencing prices, i.e., competitors' pricing strategies and elasticity, ease of comparison via source engines, and the preferences or willingness to pay off the potential customer base, must be included in the analysis. In the case of Missangas&Co., price penetration, which is the launch of products at a reduced price, will be applied at the beginning. By attracting customers away from competitors, this is intended to raise awareness of the product and attract customers initially to secure the company's position in the market and immediately gain a considerable market share; it also has a deterrent function against other companies willing to enter the market (Gardete, 2023).

Promotion: The promotion category includes all activities that make a product known to the public, including advertising and word-of-mouth, but also consumer loyalty programs, direct marketing, competitions, and prizes (The Economic Times, 2023). Missangas&Co. is already present on the main social channels and the content is in English, which makes it accessible to foreign audiences; however, the firm will need to invest more in advertising on the main search engines, websites, and social media, including through partnerships with influencers, to fulfil specific objectives. Through the creation of more interactive content and contests, the company

can extend its visibility to a wider audience and achieve greater social media reach. Simultaneously, the brand image must be consistent and unambiguous across the entire set of communication channels involved in the campaigns, and partnerships with companies or personalities that share the same positive values will also further enhance branding. Moreover, additional efforts will be required to achieve greater customer activation, particularly the use of e-mail marketing, with promotions and exclusive offers being sent based on customers' search preferences, incentivizing them to purchase. Considering the pricing strategy to be applied in the first period, the company could provide limited-time coupons in the week following the opening and offer discounts to customers who either make their first purchase or refer the opening to friends and family in the first month: this would motivate and push potential customers towards purchase, thus boosting the customer acquisition rate. Further discounts can be applied for holidays and on occasions that primarily concern women, such as Mother's Day and Women's Day. Furthermore, the use of loyalty programs giving access to discounts and the launch of social media competitions and limited editions may be introduced in the future to better engage both offline and online audiences (Gardete, 2023).

Place: Within the marketing mix, location primarily signifies the point of sale, which must be defined to attract the consumer, facilitate access, and purchase (The Economic Times, 2023). The company already has a successful location strategy, since it has strategically opened its stores in the city centers of the capital cities both in Portugal and in the two foreign markets in which it operates, ensuring easy access for local customers and being easily reachable by international tourists. However, some strategic aspects of the points of sale can be improved: the staff will be multilingual, and digital displays and interactive catalogs will be introduced to ensure a pleasant in-store experience for all and more efficient customer management for employees. In addition, it is of crucial importance to optimize the online store, which already exists but needs a more attractive, intuitive layout and multiple versions according to access

location. Participation in local events and fairs may also help to publicize the brand and establish a stronger bond with the local community, while also providing insights for a future marketing approach more in line with the local culture.

Although the analysis focuses primarily on product characteristics, in the context of brand and store internationalization it is essential to briefly consider elements related to **people, processes, and physical evidence**. Indeed, it is necessary to focus on staff development, investing in training programs in the field of sales, to ensure that the team has a thorough understanding of the brand values and great specialization in customization techniques; in addition, it is essential that the management becomes extremely knowledgeable on cultural dynamics of the target nation and that engages in clear and open communication, being inclusive and implementing effective performance monitoring systems. Moreover, it is imperative to adopt technologies aimed at operational efficiency and excellence, such as 3D printing and Augmented Reality to design and create custom jewelry (Pahuja, 2023), resulting in a positive customer experience. The visual appearance and layout of physical stores should also be carefully addressed, accommodating the aesthetic tastes of the public in the new market, for the purpose of creating a positive brand perception.

9. FINANCIAL FORECAST

9.1 ASSUMPTIONS

As the goal of the internationalization expansion will be establishing a subsidiary company in Ireland, the following financial forecast will only cover financial estimates, projections, and analysis for the future Irish-incorporated company.

The new company's operation is assumed to be conducted in a 20m² store, similar in size to other current stores, in the heart of Dublin due to the high population density compared to other cities in Ireland (Central Statistics Office, 2016). It is assumed that the new store will require three full-time employees, who will be compensated at an actual employee hourly cost of €14.4365 by the company. This wage is slightly above the current minimum wage of €12.30

per hour (Citizens Information, 2023), as employees undergo company-provided training to acquire the required skills to handle beads and jewelry. Employment retainment is essential to ensure the training investment is net positive. Additionally, it was assumed that the new subsidiary operations would start in January 2025, accounting for the first revenues in FY 2025, while the necessary investments, company incorporation, legal processes, and inventory purchases would be made throughout the last quarter of FY 2024. No loans will be needed to finance the expansion, as existing company funds will be allocated towards it.

9.2 MARKET SIZE AND MARKET SHARE ESTIMATION

The Missangas&Co.'s Serviceable Addressable Market (SAM) was established based on Dublin's Jewelry Market Revenue. For this calculation, the Total Population of Ireland, the Population density of Dublin, and the Jewelry Market Revenue per capita were fundamental, projecting the SAM to be \$61,477,267.38. Additionally, to ascertain the Serviceable Obtainable Market (SOM), our calculations factored in the Female Jewelry Market Revenue in Dublin for the age bracket of 25-45 years old (CSO, 2023) and the estimated number of jewelry stores in Dublin, assuming Dublin's population density as a proxy for Dublin's retail density (See in Appendix 18). The outcome of this projection was an estimated SOM of approximately \$116,005.79. With this estimation, Missangas&Co. can expect a market share of 0.19% of the SAM.

9.3 OPERATIONAL PLAN

In the operational plan section, the financial and logistical aspects of Missangas&Co.'s internationalization strategy will be explored, encompassing revenue estimation, cost analysis, and a detailed Profit and Loss (P&L) statement. This comprehensive overview not only provides a clear picture of expected financial outcomes but also includes an operational risk analysis, ensuring a well-rounded and realistic approach to the company's global expansion efforts.

9.3.1 REVENUE ESTIMATION

To estimate the 2025 revenue for Missangas&Co.'s Dublin store, valuable insights were leveraged from previous realistic financial forecasts conducted by a third-party company hired by Missangas&Co. as part of their earlier internationalization strategy to Berlin, as well as the London store's past revenues, considering the market similarities between London and Dublin and the presence of Irish customers in London. Both benchmarks are relevant to mitigate data representation limitations, like London's revenue being the first post-COVID revenue and Berlin's demographic differences with Dublin.

The initial 2025 revenue estimate combined Berlin's 2024 projection with London's 2022 revenue. To refine this, we calculated the "Total Purchase Power of the Target Audience per km²" for Berlin, London, and Dublin, incorporating factors like the female population, target audience size, per capita purchase power, and area size. We then used an average ratio (1.652) of the "Total Purchase Power of the Target Audience per km²" between Berlin/Dublin and London/Dublin, multiplied it by the average revenue of both Berlin and London stores, and added a 1.5% price increase forecast for 2025 (See Appendix 19). This method projected Dublin's 2025 revenue at €162,457. Future estimates assume a 12.5% annual growth plus a 1.5% yearly price increase, resulting in revenues of €185,506 (2026), €211,824 (2027), €241,877 (2028), and €276,193 (2029), aligning with the company's growth targets (Peche, 2023).

9.3.2 COST ESTIMATION

In the first year, the company cost for a foreigner launching a business in Ireland is €2,935. Following that, annual charges are €1,995, which are accounted for as consultancy costs in our P&L. On average, Ireland business incorporation costs €15,930, which includes expenses for corporation registration, a business secretary, a business bank account, acquiring a company seal, and VAT registrations (On Demand International, 2023). Expenses for registering a

business name, registering with the tax authorities, VAT registration, renting registered office space, hiring a company secretary, opening a business bank account in Ireland, depositing the minimum share capital, and obtaining business licenses and permits are all part of the company registration process (On Demand International, 2023). These costs will be amortized for 15 years (On Demand International, 2023).

In order to adapt the store to its standards, Missangas&Co. can expect to spend €10,727 in CAPEX (furniture, equipment, and refurbishment), based on the projections made for the Berlin stores and the 2.3% difference in living costs between Dublin and Berlin. Regarding the calculation of COGS, these have been calculated based on the Total Sales per year and assuming that freight costs remain the same as in Berlin (€28.00 per 25kg box, VAT included) (Peche, 3rd meeting with the CEO, 2023). Since the average markup per product for Missangas&Co. is 800%, the COGS equals to Total Sales divided by 8, starting at €20,307 in 2025 and increasing 12.5% yearly parallel to sales growth. Given that a 42m² retail space in central Dublin is priced at €50,000 annually, and considering a yearly rent increase of 6.1% (Residential Tenancies Board, 2022), the monthly operating expense for a 20m² store rent is expected to range from €2,105.16 per month in 2024 to €2,830.50 per month in 2029 (See Appendix 20).

For modern businesses, technology is a cornerstone; thus, a dedicated computer system, inclusive of the sales interfaces or server licensing, would amount to €1,188 per year (Flipdish, 2023). In addition, some maintenance costs were considered. Considering cleaning, upkeep, and maintenance at a rate of €20 per hour, with four hours of weekly cleaning, the yearly cost is approximately €3,840 (Helpling, 2023). Security alarms for the store are estimated at €20 per week, totaling €960 per year (Alarms Angel, 2023). For utilities, which encompass phone (€60 per month) (Vodafone, 2023), internet (€50 per month) (Vodafone, 2023), electricity (Clarke, 2023), gas (Clarke, 2023), and water (Citizens information, 2021), the predicted annual cost is roughly €3,744. These expenses may fluctuate based on consumption and equipment efficiency

and are expected to rise by an average of 16% annually (Sustainable Energy Authority of Ireland, 2022). In 2024, only the last quarter will record half of the usual utility expenses since these will only be used during the refurbishment and construction work, as the store will not yet be in normal activity. Therefore, the yearly utilities expenses can range from €5,064.00 in 2025 (the first full year of utilities) to €9,169.00 in 2029.

Operational expenses like office supplies can accumulate, potentially reaching €30 monthly (€360 per year). Moreover, a comprehensive insurance policy could set the company back €250 each month (€3,000 per year) to ensure peace of mind. For travel, allowances, and accommodation, especially given Dublin’s steep prices, a budget of about €300 per month (€3,600 per year) is reasonable.

Salaries are a significant outlay. With Missangas&Co. offering €13.00 gross per hour to secure skilled staff, the annual cost for three employees would start at €83,154.24 (€14.4365/hour) inclusive of social security and taxes (Boundless, 2023) in 2025, with a 4,30% yearly salary increase (Trading Economics, 2023) YoY.

Marketing expenses, €200 per month in the first year, will have a 2.125% increase yearly, which will support the growth of 12.5% of sales YoY. Hence, the costs start at €600 in the last quarter of 2024 to promote the opening of the new store and reach €2610 in 2029.

Moreover, Missangas&Co. will proceed to internationalize with their own funds, without the need to make a loan, which will positively impact its costs, as no debt will be issued, nor interests paid.

9.3.3 P&L STATEMENT

P&L Statement 2024-2029						
Year	2024	2025	2026	2027	2028	2029
Sales / Revenue (€)	-	162 457	185 506	211 824	241 877	276 193
Cost of Goods Sold (Variable costs) (€)	(15 000)	(20 307)	(23 188)	(26 478)	(30 235)	(34 524)
Gross profit / income (€)	(15 000)	142 150	162 317	185 346	211 642	241 669
Salaries and Wages (€)	-	(83 154)	(86 730)	(90 459)	(94 349)	(98 406)
Rent (€)	(6 315)	(26 803)	(28 438)	(30 173)	(32 013)	(33 966)
Utility Expenses (€)	(633)	(5 064)	(5 874)	(6 814)	(7 904)	(9 169)
Consultancy (€)	(2 935)	(1 995)	(1 995)	(1 995)	(1 995)	(1 995)
Marketing Expenses (€)	(600)	(2 400)	(2 451)	(2 503)	(2 556)	(2 611)
Security (€)	-	(960)	(960)	(960)	(960)	(960)
Computer System (€)	-	(1 188)	(1 188)	(1 188)	(1 188)	(1 188)
Insurance (€)	(750)	(3 000)	(3 000)	(3 000)	(3 000)	(3 000)
Cleaning and Maintenance (€)	(320)	(3 840)	(3 840)	(3 840)	(3 840)	(3 840)
Travel, Allowances, and Accommodation (€)	(900)	(3 600)	(3 600)	(3 600)	(3 600)	(3 600)
Office supplies (€)	-	(360)	(360)	(360)	(360)	(360)
EBITDA (€)	(27 453)	9 786	23 881	40 454	59 876	82 574
Depreciation (€)	(1 341)	(1 341)	(1 341)	(1 341)	(1 341)	(1 341)
Amortization (€)	(1 258)	(1 258)	(1 258)	(1 258)	(1 258)	(1 258)
Profit before taxation (EBT) (€)	(30 052)	7 187	21 283	37 856	57 278	79 976
Taxation (€)	-	(898)	(2 660)	(4 732)	(7 160)	(9 997)
Profit of the year / Net income (€)	(30 052)	6 289	18 622	33 124	50 118	69 979

Figure 24 - P&L Statement 2024-2029

Considering the opening in 2025, the P&L was designed assuming that in the last quarter of 2024, Missangas&Co.’s focus will be on

handling legal, administrative, rebuilding, and refurbishment tasks. Notably, this phase does not need the recruitment of employees, security services, or procurement of a computer system. It's estimated that gas, water, and electricity costs in 2024 will be only half of the usual outlay. This reduction is attributed to the store not being operational, limiting utility use to only construction activities. However, the lack of revenue during this time will inevitably result in a projected negative Net Income of €30,052.

Further enhancing Missangas&Co.'s financial outlook is the strategic decision to fund the expansion plan with existing capital. This move circumvents the accumulation of debt interest, thus safeguarding the company's Net Income. Additionally, Dublin's favorable corporate tax environment further bolsters the financial strategy. With a tax expense set at 12.5% of Earnings Before Tax (EBT), the company benefits from a reduced tax burden on its P&L.

Looking ahead to the period from 2025 to 2029, Missangas&Co. is prepared for robust growth. The company forecasts a Compound Annual Growth Rate (CAGR) of 11,20% in total revenue. This optimistic projection, coupled with maintaining stable operating expenses (even with expected variations in salaries, utilities, and marketing costs), positions the company to realize an impressive 1112,76% increase in Net Income. This growth trajectory sees the Net Income rising from €6,289.00 in 2025 to €69,979.00 by 2029, marking a significant milestone in the company's financial journey.

9.3.4 OPERATIONAL RISK ANALYSIS

As Missangas&Co. tries to establish a presence in Dublin, it navigates a financial landscape marked by various risks, though somewhat alleviated by Ireland and Portugal's shared membership in the European Union. This affiliation ensures regulatory congruence and simplifies cross-border operations, while the common currency, the Euro, removes the complications of currency exchange between the headquarters and the Dublin branch. These

EU ties aid in a smoother expansion, providing a solid foundation for the company's international growth.

The company's sales forecasts, predicting a 12.5% annual increase, demonstrate a confident outlook on market penetration. However, should actual sales not meet these projections, the company's profitability could be at risk. Missangas&Co. must remain agile, ready to adjust its cost strategies in response to sales performances. Additionally, with an expected 6.10% annual increase in rental expenses and a 16% rise in utility costs based on the energy cost growth over the year, the company faces the challenge of escalating operational costs. If not managed carefully, these rising costs could significantly impact the company's financial health, especially if market conditions change unexpectedly.

Staffing strategies also present a challenge. While the plan to raise salaries by 4.3% annually aligns with current market trends, there is a risk of these increases being insufficient in a competitive market. As sales grow, the need for more staff could further impact the company's profitability. Marketing expenses, set to increase by 2.125% annually, may not always correlate directly with sales growth, indicating a risk of overinvestment. Moreover, the current global supply chain constraints pose a risk to freight costs, a significant component of the COGS, which could affect the company's Gross Profit. Besides that, human errors in operations or management could lead to financial losses or reputational harm. To mitigate this, the company should implement comprehensive training programs and establish operational checks and balances. Additionally, attracting and retaining skilled staff in a competitive market requires offering competitive wages, opportunities for career development, and a positive work culture. Customer education also plays a critical role in market penetration, as a lack of customer awareness or understanding of the product could hinder sales. To address this, investing in customer education through targeted marketing, workshops, and excellent customer service is crucial. By acknowledging and preparing for potential challenges, Missangas&Co. can navigate

more confidently in the new market, laying the groundwork for successful international growth (See Appendix 21).

9.4 INVESTMENT PLAN

This section presents the strategic investment plan for Missangas&Co.'s international expansion, outlining the key financial commitments and resource allocations required to successfully penetrate the Dublin market.

9.4.1 CAPITAL EXPENDITURE

For the company's strategic initiative to establish an international presence, the capital expenditure plan was outlined considering the 2.3% cost-of-living ratio between Dublin and Germany in 2023, and continuous annual growth of 2.3% based on that same indicator. The CAPEX financial plan for setting up the Dublin store is as follows: €5,232.65 has been allocated for furniture, reflecting the company's commitment to providing a space that is both inviting and in line with the brand's reputation for quality. Refurbishment and decoration costs are estimated at €4,186.12, ensuring that the store will offer an environment that customers find appealing and that resonates with the brand's image. To complete the setup, €1,308.16 will be invested in computer equipment to ensure smooth operations. A total of €10,726.93 can be expected for CAPEX in 2024.

9.4.2 INVESTMENT IN NET WORKING CAPITAL

In the context of Missangas&Co.'s operational dynamics, the investment in net working capital primarily revolves around inventory. Unlike many businesses, Missangas&Co. operates with

	2024	2025	2026	2027	2028	2029
Inventory (€)	15 000	35 307	38 188	41 478	45 235	49 524
Net Working Capital (€)	(15 000)	(20 307)	(2 881)	(3 290)	(3 757)	(4 290)

minimal accounts receivables and payables, **Figure 25 - Net Working Capital**

given the nature of its product sourcing from the Portuguese main company and client direct sales timeframe.

9.4.3 SALVAGE VALUE

Consistent with the company's accounting practices, the CAPEX investment of €10,726.93 made in 2024 will be depreciated at an annual book rate of 12.5% on a straight-line basis (PwC, 2023), which means €1,341 per year in depreciation for 8 years. Since Missangas&Co. will not acquire an infrastructure of its own, and will choose to rent a store instead, depreciation will not include this expense. Missangas&Co. doesn't have too many depreciating assets, its depreciation costs are not excessive, impacting the final profit positively.

9.5 FINANCING PLAN

Missangas&Co. is positioned to self-finance its expansion into Dublin through the establishment of a new store, utilizing its own equity, thereby negating the need for a structured financing plan.

9.6 FINANCIAL VIABILITY

9.6.1 PROFITABILITY RATIOS

The EBITDA Margin for the year 2025 is anticipated to be 6.02%, gradually improving to 29.90% by 2029. This metric signifies the project's efficiency in generating operating profits relative to its earnings before interest, taxes, depreciation, and amortization (Investopedia, 2023). Similarly, the Net Income Margin is projected to rise from 3.87% in 2025 to 25.34% in 2029. This metric provides a clear indication of the project's profitability by revealing the proportion of revenue that translates into net income after all expenses are deducted (Investopedia, 2023). The positive trend in Net Income Margin suggests an improved ability to convert revenue into net profit, reflecting the project's financial health and potential for sustained profitability.

The Return on Assets (ROA) provides valuable insights into the project's efficiency in utilizing its assets for generating profits (Investopedia, 2023).

	Profitability Ratios				
	2025	2026	2027	2028	2029
EBITDA Margin (%)	6,02%	12,87%	19,10%	24,75%	29,90%
Net Income Margin (%)	3,87%	10,04%	15,64%	20,72%	25,34%
Return on Assets (%)	14,07%	40,28%	68,75%	99,05%	130,69%

In 2025, the ROA is **Figure 26 - Profitability Ratios**

expected to be 14.07%, demonstrating a significant increase to 130.69% by 2029. These calculations consider current assets, which in Missangas&Co.'s case is solely inventory, as well as non-current assets such as equipment and furniture, factoring in their respective book values each year. As Missangas&Co. can be considered an asset-light business, due to their lack of real estate assets, machinery, etc., the upward trend in these ratios reflects an enhanced financial performance and efficient utilization of resources over the project's forecasted period.

9.6.2 NPV

The financial viability of Missangas&Co.'s expansion was measured by a crucial metric known as Net Present Value (NPV). NPV

WACC Calculation	
10 year irish government bond (%)	3,12%
Unlevered Beta Jewelry Retail	1,17
Ireland equity risk premium (%)	5,91%
Cost of Equity (%)	10,04%
WACC (%)	10,04%

Figure 27 - WACC Calculation

meticulously considers both cash inflows and outflows throughout the project's lifespan, discounting them appropriately to reflect their present value (Investopedia, 2023). A positive NPV indicates that the project's returns surpass the cost of capital, signaling its financial feasibility.

In order to calculate the NPV, the Weighted Average Cost of Capital needed to be computed. Given Missangas&Co.'s debt-free structure, the WACC was solely derived from the cost of equity, which was computed using the unlevered Beta for the jewelry industry (Damodaran, Damodaran Online, 2023), while also using the 10-year Irish government bond yield (Bloomberg, 2023) as a risk-free rate proxy, and Ireland equity risk premium as the market risk premium proxy (Damodaran, 2023). With this data, WACC was computed at 10.04%.

To finally estimate NPV, the project's Free Cash Flows (FCF) were discounted using the WACC computed above. The NPV was subsequently determined to be €51,812, indicating that the project's returns outweigh its capital costs, as it indicates a positive number.

NPV Calculation						
Year	2024	2025	2026	2027	2028	2029
Sales / Revenue (€)	-	162 457	185 506	211 824	241 877	276 193
Gross profit / income (€)	(15 000)	142 150	162 317	185 346	211 642	241 669
EBITDA (€)	(27 453)	9 786	23 881	40 454	59 876	82 574
Profit before taxation (EBT) (€)	(30 052)	7 187	21 283	37 856	57 278	79 976
Profit of the year / Net income (€)	(30 052)	6 289	18 622	33 124	50 118	69 979
Operating Cash Flow (OCF) (€)	(28 711)	7 630	19 963	34 464	51 459	71 320
Investing Cash Flow						
CAPEX	(10 727)	-	-	-	-	-
Initial Expenses	(18 865)	-	-	-	-	-
Change in Working Capital	(15 000)	(20 307)	(2 881)	(3 290)	(3 757)	(4 290)
Investing Cash Flow (ICF)	(29 592)	(20 307)	(2 881)	(3 290)	(3 757)	(4 290)
Free Cash Flow (FCF)						
Free Cash Flow (FCF)	(58 303)	(12 677)	17 082	31 175	47 702	67 030
Discount Rate	10,04%	10,04%	10,04%	10,04%	10,04%	10,04%
Discounted Cashflows	(58 303)	(12 677)	15 524	25 747	35 803	45 720
NPV	51 812					

Figure 28 - NPV Calculation

9.6.3 IRR

The Internal Rate of Return (IRR) indicates the rate at which the project's cash flows are discounted to match its initial investment, offering a clear measure of its financial attractiveness (Investopedia, 2023). For the project, this metric was computed to be 16.16%. based on Free Cash Flows. Notably, the IRR of 16.16% exceeds the company's WACC, which stands at 10.04%. This comparison is crucial in evaluating the project's financial viability, as an IRR higher than the WACC suggests that the project is expected to generate returns above the cost of capital. In practical terms, this means the investment holds the potential to create value for the company, making it a financially good expansion. The positive difference between IRR and WACC further supports the notion that the expansion initiative is well-aligned with the company's strategic and financial objectives, offering a favorable outlook for sustained profitability and growth.

9.6.4 PAYBACK PERIOD

The Payback Period is a critical metric providing insights into the time required for the project to recoup its initial investment (Investopedia, 2023). In the context of Missangas&Co.'s expansion initiative from the last 3 months of 2024 to 2029, the Payback Period is estimated to be 2.52 years. This duration signifies that it will take approximately 2 years, 6 months, and 7

days for the accumulated cash inflow, indicating that the firm will fully recover the initial investment by the beginning of 2027.

This relatively short Payback Period reflects the efficiency and profitability of the expansion initiative. Thereby enhancing the overall financial resilience and attractiveness of the project, contributing to its feasibility and potential for sustained value creation.

9.7 SENSITIVITY AND SCENARIO ANALYSIS

9.7.1 SENSITIVITY ANALYSIS

In preparation for international expansion, a sensitivity analysis is essential to navigate the uncertainties of the global market. This analysis focuses on key variables - rent growth, revenue growth, markup rates, employee count, and salary growth - each chosen for its significant impact on the company's financial outlook. By examining these factors, Missangas&Co. can better understand how fluctuations in these areas could affect the Net Present Value (NPV) of their investment in Dublin, and make more informed, data-driven decisions.

Missangas&Co.’s financial well-being in Dublin is shown to be highly sensitive to rent escalations, with a stark

		Estimated Revenue 2025 and Rent on NPV (€)				
		Estimated Revenue 2025 (Variation %)				
		-10,0%	-5,0%	0,0%	5,0%	10,0%
Rent (Growth %)	2,0%	-3506,04	30024,73	63555,51	97086,29	130617,07
	4,0%	-9085,46	24445,32	57976,10	91506,88	125037,65
	6,1%	-15249,14	18281,63	51812,41	85343,19	118873,97
	8%	-21106,90	12423,88	45954,66	79485,44	113016,21
	10%	-27573,69	5957,08	39487,86	73018,64	106549,41

Figure 29 - Estimated Revenue 2025 and Rent on NPV (€)

contrast between a manageable 2% rent increase and a 10% hike and its impact on NPV. In any case, the Estimated Revenue can’t fall more than 5% behind expectations, as even with a small 2% increase in rent, NPV will continue to be negative and Missangas&Co.’s investment in Dublin will no longer be profitable.

The interplay between markup and sales growth on NPV demonstrates that while both factors are individually

		Annual Sales Growth and Markup on NPV (€)				
		Annual Sales Growth (%)				
		9,5%	11,0%	12,5%	14,0%	16,5%
Markup (%)	600,0%	-14498,57	2454,91	19878,34	37781,37	68712,08
	700,0%	2767,28	20205,14	38126,38	56540,93	88355,37
	800,0%	15716,66	33517,81	51812,41	70610,60	103087,84
	900%	25788,41	43872,11	62457,10	81553,68	114546,43
	1000%	33845,80	52155,55	70972,86	90308,14	123713,30

Figure 30 - Annual Sales Growth and Markup on NPV (€)

important, their combined effect is synergistic. Even modest markups can result in a healthy NPV if sales growth is robust, and conversely, a high markup can offset slower sales growth to a certain extent. However, the greatest financial benefit is observed when both high markup and strong sales growth occur simultaneously. If Missangas&Co. feels the need to decrease its markup to adjust itself to dire market conditions, the annual sales growth can't fall behind 11% for a 600% markup, otherwise the NPV becomes negative (€-14,498.57 at a 9,5% annual sales growth).

The sensitivity analysis of the interplay

between the number of employees and estimated revenue variations reveals

		Estimated Revenue 2025 and Number of Employees on NPV (€)				
		Estimated Revenue 2025 (Variation %)				
		-10,0%	-5,0%	0,0%	5,0%	10,0%
Number of Employees	1	203276,04	236806,82	270337,60	303868,37	337399,15
	2	94013,45	127544,23	161075,00	194605,78	228136,56
	3	-15249,14	18281,63	51812,41	85343,19	118873,97
	4	-124511,73	-90980,96	-57450,18	-23919,40	9611,38
	5	-233774,33	-200243,55	-166712,77	-133181,99	-99651,22

Figure 31 - Estimated Revenue 2025 and Number of Employees on NPV (€)

a delicate balance in optimizing Net Present Value (NPV) for the year 2025. Increasing the number of employees highly impacts the NPV, even when followed by a very positive variation in the estimated revenue, and in 2025, the number of employees cannot be higher than 3, except if the estimated revenue varies 10%. However, even if the latter occurs, the ideal number of employees is three, for both financial and operational efficiency, providing that the estimated revenue for 2025 doesn't decrease 10% from the initially forecasted revenue.

The sensitivity analysis resulting from the combination of Salaries and Wages Growth and Estimated

		Estimated Revenue 2025 and Salaries and Wages on NPV (€)				
		Estimated Revenue 2025 (Variation %)				
		-10,0%	-5,0%	0,0%	5,0%	10,0%
Salaries and Wages (Growth %)	2,3%	-3570,41	29960,36	63491,14	97021,92	130552,70
	3,3%	-9355,07	24175,71	57706,48	91237,26	124768,04
	4,3%	-15249,14	18281,63	51812,41	85343,19	118873,97
	5,3%	-21254,19	12276,58	45807,36	79338,14	112868,92
	6,3%	-27371,80	6158,98	39689,76	73220,53	106751,31

Figure 32 - Estimated Revenue 2025 and Salaries and Wages on NPV (€)

Revenues and its impact on NPV reveals that when salaries and wages see slower growth, which could imply reductions or slower increases relative to the market, the NPV is positively impacted. This effect is more pronounced at higher levels of revenue increase, suggesting that the company's NPV is particularly sensitive to wage management. Despite the salaries and

wages growth in the interval ranging from 2,3% to 6,3%, the Estimated Revenue should not decrease below 5%, as the NPV will be highly damaged, with negative values.

9.7.2 SCENARIO ANALYSIS

In assessing the future trajectory of Missangas&Co.'s venture in Dublin, three distinct scenarios emerge, each encapsulating a range of possibilities based on the interplay of various factors, helping Missangas&Co. to deal with the uncertainty associated with entering a new market (Alvarenga, 2022).

The Baseline Scenario is a scenario where external and internal conditions align with existing forecasts, ensuring the Net Present Value (NPV) remains true to the initial projections.

Contrastingly, the Pessimistic Scenario considers potential adverse factors that could diminish the NPV, such as an economic downturn characterized by rising inflation, climbing interest rates, or a depreciating euro could escalate costs and weaken consumer expenditure, thereby reducing sales and profit margins. This scenario is also characterized by political instability with governmental shifts and regulatory changes, supply chain obstacles (whether due to logistical complications, soaring raw material costs, or supplier issues), and intense market competition, which might pose challenges to business operations. Additionally, unforeseen global or regional crises, such as pandemics or conflicts, could disrupt economic and social structures. In the Optimistic Scenario, factors surpass expectations, yielding a higher-than-anticipated NPV. This scenario is underpinned by robust economic performance in Ireland, inciting increased consumer spending. The market reception of Missangas&Co.'s products might exceed forecasts, possibly due to impactful marketing or a strong alignment with market needs. Operational excellence could translate into cost savings and enhanced margins, while favorable regulatory changes might reduce operational costs. Innovation and adaptation to the local market, manifesting in resonant products or services, could further bolster this positive outcome.

In order to put the internationalization plan to test, a probability was assigned to each scenario (See Figure 45). In 2025, GDP growth is expected to pick up to 2.9pc in 2025 as price pressures ease and inflation is foreseen to fall

	Pessimistic	Baseline	Optimistic
Markup	700%	800%	900%
Sales Growth Rate	10%	12,5%	14%
Variation 2025 revenue	-10%	0%	10%
Number of employees	3	3	3
Rent growth rate	8,1%	6,1%	4,1%
Salary growth	4,3%	4,3%	4,3%
Utilities Cost growth	30,0%	16,0%	10,0%
NPV	-67 479,08 €	51 812,41 €	160 016,46 €
Probability	10%	50%	40%
Weighted NPV	83 164,88 €		

Figure 33 - Scenario Analysis (Collins, 2023) (Strupczewski, 2023)

to 2.6pc in 2025 (Collins, 2023), so a 40% probability (high) was assigned to the optimistic scenario. Therefore, a 10% probability (very low) was given to the pessimistic scenario, accounting for unlikely events that might occur and alter the forecasts for the Irish economy in 2025. A 50% probability was attributed to the baseline in order to keep a conservative approach to the scenario analysis and because it is the most likely to happen given the available information and data. A Weighted NPV of €83,164.88 was computed based on the scenario analysis in Figure 45, confirming the financial viability of Dublin’s internationalization plan when considering all the possible scenarios and their probabilities.

10. OVERALL CONCLUSIONS AND RECOMMENDATIONS

Having a genuine passion for handcrafted jewelry as a push factor for expanding abroad, Missangas&Co. has already begun the process of acquiring the know-how to expand to other countries by internationalizing to Berlin and London. Backed by financial stability, growing consumer interest in customized accessories, and sitting on their sustained competitive advantages of having a strong brand that offers diverse products with the possibility of customization either by customers or in-house artisans, thereby catering to different tastes and preferences, Missangas&Co. is right to continue growing internationally, as confirmed by its 79% score in the Global Readiness test.

Upon integrating both ranking and clustering analyses, centered on pivotal variables crucial to the company's success, five nations emerged as prime markets for Missangas&Co.'s international expansion: Ireland, Denmark, Sweden, Finland, and the Netherlands. An in-depth

evaluation of each market revealed **Ireland as the most suitable initial target for expansion**, outperforming its counterparts across different key metrics, with **Dublin being the preferred location**. If Missangas&Co. wants to internationalize beyond Ireland, it is recommended to follow the sequence of markets as listed. The remaining countries, having demonstrated robust performance in the ranking analysis and belonging to the same cluster, present a cohesive and efficient pathway for streamlined internationalization.

Given the company's inclination towards Foreign Direct Investment (FDI) entry modes that ensure both high control and flexibility, the decision was made to enter the Irish market via a wholly owned subsidiary.

In order to pursue its ultimate marketing objective – to increase sales and revenue - **Missangas&Co. should target the “Creative Enthusiasts” segment** and position itself in the market, through its UVP, as the company of choice for those seeking a jewelry store **“Where quality meets limitless creativity”**.

The internationalization plan to Dublin is financially viable, with a positive NPV of €51,812 and a payback period of 2.52 years. If the company starts establishing in Dublin in the last quarter of 2024, its investment will be recouped at the beginning of 2027. Provided that Missangas&Co. keeps an eye on critical variables such as rent costs, estimated revenues, salaries and wages growth, number of employees, and markup, and considering the possible scenarios, the project is set to be viable even if unexpected events occur.

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12. APPENDICES

APPENDIX 1 – FINALIZED BEAD JEWELRY PORTFOLIO

Finalized bead jewelry			
Type of Product	Unique SKUs	Price Range (in €)	Average Price (in €)
Earrings	227	2,5 – 49,90	20,15
Necklaces	204	5 – 189,90	41,05
Bracelets	188	5 - 49,90	18,43
Brooches	50	14,90 - 29,90	22,98
Rings	49	5 - 32,90	17,57
Hair Accessories	6	5	-
Keychains	1	29,9	-

APPENDIX 2 – BEAD JEWELRY MATERIALS

Bead jewelry materials			
Type of Product	Unique SKUs	Price Range (in €)	Average Price (in €)
Beads	116	5 – 18,50	6,78
Tools	17	2,20 – 16,50	7,25
DIY Kits	14	7,50 – 99,50	22,29

APPENDIX 3 – FINANCIAL OVERVIEW

Liquidity Ratios:

1. Current Ratio:

$$2022: (\text{Current Assets} / \text{Current Liabilities}) = (68,387.28 / 38,721.98) = 1.77$$

$$2021: (\text{Current Assets} / \text{Current Liabilities}) = (55,951.62 / 21,153.58) = 2.65$$

2. Quick Ratio (Acid-Test Ratio):

$$2022: ([\text{Cash and Cash Equivalents} + \text{Accounts Receivables}] / \text{Current Liabilities}) = ([25,280.77+0] / 38,721.98) = 0.65$$

$$2021: ([\text{Cash and Cash Equivalents} + \text{Accounts Receivables}] / \text{Current Liabilities}) = ([20,403.30+0] / 21,153.58) = 0.95$$

Profitability Ratios:

3. Gross Profit Margin:

$$2022: [(\text{Sales} - \text{Cost of Goods Sold}) / \text{Sales}] = [(203,245.20 - 62,446.53) / 203,245.20] = 69.27\%$$

$$2021: [(\text{Sales} - \text{Cost of Goods Sold}) / \text{Sales}] = [(84,851.16 - 18,597.09) / 84,851.16] = 78.08\%$$

4. Net Profit Margin:

$$2022: (\text{Net Income} / \text{Sales}) = (7,828.40 / 203,245.20) = 3.85\%$$

$$2021: (\text{Net Income} / \text{Sales}) = (14,177.82 / 84,851.16) = 16.71\%$$

5. Return on Equity (ROE):

$$2022: (\text{Net Income} / \text{Shareholders' Equity}) = (7,828.40 / 13,262.45) = 59.03\%$$

$$2021: (\text{Net Income} / \text{Shareholders' Equity}) = (14,177.82 / 5,434.05) = 261.91\%$$

Debt Management:

6. Debt-to-Equity Ratio:

$$2022: (\text{Total Liabilities} / \text{Shareholders' Equity}) = (62,055.28 / 13,262.45) = 4.68$$

$$2021: (\text{Total Liabilities} / \text{Shareholders' Equity}) = (51,153.58 / 5,434.05) = 9.41$$

Asset Efficiency:

7. Asset Turnover Ratio:

$$2022: (\text{Sales} / \text{Total Assets}) = (203,245.20 / 75,317.73) = 2.70$$

$$2021: (\text{Sales} / \text{Total Assets}) = (84,851.16 / 63,066.42) = 1.35$$

8. Inventory Turnover Ratio:

$$2022: (\text{Cost of Goods Sold} / \text{Average Inventory}) = (62,446.53 / 37,758.83) = 1.65$$

$$2021: (\text{Cost of Goods Sold} / \text{Average Inventory}) = (18,597.09 / 30,709.11) = 0.61$$

APPENDIX 4 – VALUE CHAIN FRAMEWORK



APPENDIX 5 – GLOBAL READINESS TEST SCORE

Answers based on a scale from 0 to 5 (0 unlikely – 5 most likely)

Questions	Score
1. Is the foreign market similar to the domestic market?	3
2. Is the End User of the product in the foreign market the same as in the domestic market?	5
3. Is the product successful in the domestic market?	4
4. Is the product unique?	5
5. Does the product perform the same function in the foreign market as it does in the domestic market?	5
5. Are the product use conditions the same in the foreign market as they are in the domestic market?	5
7. Do the product need modifications to meet the needs of the customers in the foreign market?	2
8. What is the stage of the product's life cycle in the home market?	2 (Maturity)

9. Does the product require after-sales service?	5
10. Is the company in a position to provide after-sales service to its customers in the foreign market?	5
11. Would export orders hurt domestic sales?	0
12. Does the company have the financial resources necessary for export?	5
13. Does the company have in-house personnel with export related knowledge/experience?	5
14. Is international/global participation part of the Mission Statement of your company?	5
15. Is international expansion a part of the strategic business plan of the company?	5
16. Would the company be willing to investigate export market opportunities?	5
17. Would the company be willing to attend and/or participate in Trade Shows abroad?	5
18. Is the company willing to translate company literature into one or more foreign languages?	5
19. Are the company's top competitors involved internationally?	3
20. Is the industry highly regulated?	0
21. Is the company certified- ISO 9000 or other certification?	0
Total score	79

APPENDIX 6 – COUNTRY SELECTION

Total initial countries of country selection criteria

Abkhazia	China	Guadeloupe	Lithuania	Oman	Spain
Afghanistan	Colombia	Guatemala	Luxembourg	Pakistan	Sri Lanka
Albania	Comoros	Guernsey (Channel Islands)	Macao	Pakistani Kashmir	State of Palestine
Algeria	Congo	Guinea	Macau	Panama	Sudan
American Virgin Islands	Cook Islands	Guinea-Bissau	Madagascar	Papua New Guinea	Suriname
Andorra	Costa Rica	Guyana	Malawi	Paraguay	Sweden
Angola	Côte d'Ivoire	Haiti	Malaysia	Peru	Switzerland
Anguilla	Croatia	Holy See	Maldives	Philippines	Syria
Antigua and Barbuda	Cuba	Honduras	Mali	Pitcairn Islands	Taiwan
Argentina	Cyprus	Hong Kong	Malta	Poland	Tajikistan
Armenia	Czech Republic	Hungary	Martinique	Portugal	Tanzania
Austria	Denmark	Iceland	Mauritania	Qatar	Thailand
Azerbaijan	Djibouti	India	Mauritius	Reunion	The Bahamas
Bahrain	Dominica	Indian Kashmir	Mayotte	Réunion	The Gambia
Bangladesh	Dominican Republic	Indonesia	Mexico	Romania	Tibet
Barbados	DR Congo	Iran	Micronesia	Russia	Timor-Leste
Belarus	Ecuador	Iran, Islamic Rep.	Moldova	Rwanda	Togo
Belgium	Egypt	Iraq	Monaco	Saint Helena	Tokelau Islands
Belize	El Salvador	Ireland	Mongolia	Saint Kitts and Nevis	Transnistria
Benin	Equatorial Guinea	Isle of Man	Montenegro	Saint Lucia	Trinidad and Tobago
Bhutan	Eritrea	Israel	Montserrat	Saint Martin (French part)	Tunisia
Bolivia	Estonia	Italy	Morocco	Saint Pierre and Miquelon	Turkey
Bonaire, Sint Eustatius and Saba	Eswatini	Jamaica	Mozambique	Saint Vincent and the Grenadines	Turkmenistan
Bosnia and Herzegovina	Ethiopia	Japan	Myanmar	San Marino	Uganda
Botswana	Faeroe Islands	Jersey (Channel Islands)	Nagorno-Karabakh	Sao Tome & Principe	Ukraine
Brazil	Falkland Islands	Jordan	Namibia	Saudi Arabia	United Arab Emirates
British Indian Ocean Territory	Faroe Islands	Kazakhstan	Nepal	Senegal	United Kingdom
Brunei	Finland	Kenya	Netherlands	Serbia	United States
Bulgaria	France	Korea (North)	New Zealand	Seychelles	United States Virgin Islands
Burkina Faso	French Guiana	Korea (South)	Nicaragua	Sierra Leone	Uruguay
Burundi	Gabon	Kuwait	Niger	Singapore	Uzbekistan
Cabo Verde	Gambia	Kyrgyzstan	Nigeria	Slovakia	Vatican City
Cambodia	Georgia	Laos	Niue	Slovenia	Venezuela
Cameroon	Germany	Latvia	Norfolk Islands	Somalia	Vietnam
Canada	Ghana	Lebanon	North Korea	Somaliland	Wallis and Futuna Islands
Central African Republic	Gibraltar	Lesotho	North Macedonia	South Africa	Western Sahara
Chad	Greece	Liberia	North Mariana Islands	South Korea	Yemen
Channel Islands	Greenland	Libya	Northern Cyprus	South Ossetia	Zambia
Chile	Grenada	Liechtenstein	Norway	South Sudan	Zimbabwe

APPENDIX 7 – COUNTRY SELECTION CRITERIA: VARIABLES’ WEIGHTS, DESCRIPTION, AND CONSIDERATIONS.

Market Size (16%)	Urban Population (% of Total Population)	Measures the proportion of a country's population residing in urban areas, serving as an indicator of urbanization. The urban population is a sizable target market for Missangas&Co because the company largely focuses on operating and having locations in metropolitan areas.
	Population Ages 25-45, female (% of Total Female Population)	Indicates the percentage of woman aged 25 to 45 in the total female population, aligning with Missangas&Co.'s target demographic. This metric is very important for Missangas&Co. as it reflects the proportion of its potential customer base.
	GDP per capita, PPP	Measures a country's GDP per capita at purchasing power parity, serving as an indicator of the average income and purchasing power of the population. This variable is relevant for Missangas&Co as it reflects the economic potential of the target market, influencing pricing strategies and market positioning.
Market Growth Rates (6%)	Urban Population Growth	Indicates the rate at which a country's urban population is growing, demonstrating urbanization tendencies. Understanding it is essential for Missangas&Co because the company operates in urban areas, making it essential to evaluate the expansion potential and market size in these regions.
	GDP per Capita Growth (Annual %)	Measures the annual change in a country's GDP per capita, reflecting economic development. This variable is highly relevant for Missangas&Co because it provides insights into the purchasing power of potential customers.
Trade Policies and Regulations (7%)	Profit Tax (% of commercial profits)	Indicates the portion of commercial profits that a business must pay in taxes. For Missangas&Co, this variable is important because it directly affects the company's financial performance and profitability.
	Regulatory Quality	Evaluates the reliability and efficacy of governmental regulations and their enforcement in a specific country. This factor is important to Missangas&Co because it affects the ease of doing business, compliance costs and overall regulatory stability.
	Tariff Rate	Reflects the level of trade barriers and import duties imposed by a country. For Missangas&Co, this variable is important because it directly affects the cost of importing raw materials and goods.
	Inflation, consumer prices (annual %)	Represents the rate at which consumer prices are rising in a country. This variable matters to Missangas & Co. since it affects the cost of living and customer purchasing power.
Country risk (12%)	Property Rights	Refer to the legal framework and protections surrounding an individual's or business's rights to own, use, and dispose of property. For Missangas&Co, strong property rights are crucial as they ensure the protection of intellectual property, trademarks, and other assets.
	Woman's Civil Liberties Index	Measures the degree of civil liberties and gender equality within a country. For Missangas&Co, a higher Women's Civil Liberties Index in a target market indicates a more favorable environment for women consumers, aligning with the company's target demographic.
	Political Stability	Assesses the level of political stability within a country. For Missangas&Co, choosing markets with high political stability is crucial to ensure consistent business operations and minimize potential disruptions.
Country Infrastructure and Logistics (4%)	Cost of Starting Business, per capita	Measures the financial challenges that an individual experience when opening a business. For Missangas&Co, understanding this cost will help assessing the accessibility of entrepreneurship and business growth opportunities in a given market.
	Individuals Using the Internet (% of population)	Indicates the proportion of a country's population who has used the internet in the past 3 months, either via computer, mobile phone, personal digital assistant and other means. For Missangas&Co., this variable is fundamental to assess the potential impact of e-commerce and marketing strategy.
Standard of Living (3%)	Logistics Performance Index: Overall	Reflects the perception of logistics processes considering the efficiency, the quality of trade and infrastructures, the ability of tracking and of respecting the scheduled time of delivery. For Missangas&Co., countries that display a high index would minimize efficiencies in the supply chain and be a good target for exporting.
	Cost of Living Index	Indicates the relative prices of consumer goods, being the aggregate of groceries, restaurants, transportation and utilities expenses. For Missangas&Co., the index is fundamental to understand the amount that residents spend in a given country and consequently their wages.
Economic Indicators (10%)	Unemployment Rate (% of Total Labor Force)	Refers to the percentage of labor force without work, although available for employment. This share would be an indicator for Missangas&Co. to the percentage of population that would acquire non-essential goods.
	Political Freedom Index	Represents the rate of people's access to political rights and civil liberties, considering data from the annual Freedom in the World report. Missangas&Co. has to consider individual freedoms of countries because of the firm's focus on uniqueness and creativity and the intrinsic nature of accessories.
Cultural Distance (5%)	Labor Force, female (% of total labor force)	Shows the proportion of women (15+) being active participants in the labor force, which is important for Missangas&Co. since its main target is women aged 25-45.
	Cultural Distance to Portugal(Home Country)	Compares countries based on the six Hofstede's dimensions, namely power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence. The resulting scale reflects the cultural values and identifies the countries that are culturally similar to Missangas&Co.'s domestic country (Portugal).
Consumer Behavior and Purchasing Power (11%)	Jewelry Market Revenue	Refers to the total amount generated by the jewelry market segment per country, which includes rings, necklaces, earrings, bracelets, brooches and other small decorative items worn for personal ornamentation. It's crucial for Missangas&Co. to identify markets potential.
	Consumer Prices Index	Represents the average change over time in the price of goods and services acquired by consumers. For Missangas&Co., it's relevant as it gives insight on the economical state of countries.
	Retail e-commerce sales compound annual growth rate (CAGR) from 2023 to 2027	Refers to the proportion of sales of consumer goods occurred over an electronic network. It gives crucial insight on the current use of e-commerce in a given country and provides further informations on where Missangas&Co. could conduct sales over the internet more easily and with an already established and efficient network.
Market Receptivity (8%)	Number of International Tourist Arrivals	Measures the inbound tourism (of non-resident visitors) considering the arrivals occurred between 1995 and 2021. Since Missangas&Co. also targets tourists and it locates its retail stores in touristic areas, the levels of tourism in a country are of foremost importance.
	Ease of Doing Business	Represents the level of regulatory performance in the long term through the comparison of each country's score with the best one. It would be extremely useful for Missangas&Co. as it highlights the countries in which the process of establishing new stores would be smoother and faster.
Export-market related (20%)	Trading across border score	Assesses the efficiency and ease of cross-border trade in a country. This is relevant to identify markets with smoother import and export processes, which can affect supply chain management and overall business costs.
	Cost to import: Documentary compliance	Measures the expenses and time involved in completing import documentation.
	Trade (Percentage of GDP)	Is a key indicator of how open and connected a country's economy is with the rest of the world. For Missangas&Co, this metric helps evaluate the economic reliance on international trade, which can affect export and import strategies and overall market stability.
	Balance of trade (Percentage GDP)	This indicator shows a country's exports minus imports as a percentage of its GDP. For Missangas&Co, it shows whether the target market has a trade surplus or deficit, which affects disposable income and purchasing power.
	Net trade in goods (BoP, current US\$)	Measures the value of a country's export minus its imports in US Dollars. It is relevant for Missangas&Co to assess the market's size and potential based on its goods trade.
	Container port traffic	Indicates the volume of goods being shipped through a country's ports. It's crucial for Missangas&Co's supply chain and distribution, ensuring efficient import and export of products.
	Transport services (Percentage of commercial service imports)	Shows the importance of transport services in a country's economy. For Missangas&Co, it can signal the quality and efficiency of logistics and transportation services.
	Trade Freedom	Measures the absence of trade barriers and the ease of engaging in international trade. Missangas&Co benefits from favorable trade freedom, as it facilitates their international expansion.
FDI Related (20%)	Business Environment Risk	Measures the level of risk associated with default of debtors, assessed on a case-to-case basis. For Missangas&Co, identifying the presence of a sharp currency depreciation, high real interest rates and economic recessions is essential to understand the business environment.
	Debt to GDP ratio	Measures a country's government debt against its gross domestic product. It helps Missangas&Co. understanding the stability and health of the economies of the countries examined.
	Getting credit score	Considers the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. For Missangas&Co. it's important as it would highlight difficulties of countries in lending capital to establish stores, cover expenses, hire additional staff and conserving cash to cover costs.
	Business Freedom Index	Indicates the efficiency of government regulation in business, considering the difficulty of starting, operating and closing a business. Missangas&Co. should consider this factor when deciding to enter a new market with a foreign direct investment strategy.
	Financial Freedom	Analyzes the efficiency of the banking system along with the level of government control and of involvement in the financial sector. For Missangas&Co., it's fundamental to assess which countries have a minimum degree of government interference, as they would be ideal markets to enter.
	Fiscal Health	Measures the average deficits as a percentage of GDP for the most recent three years combined with debt as a percentage of GDP. It's fundamental to identify where there's poor government budget management and consequent macroeconomic instability and economic uncertainty, which would enable Missangas&Co. consider countries where there's high productivity growth.
	Labor Freedom	Indicates the presence of a well-functioning legal and regulatory framework in the matter of labor market. Missangas&Co. would ultimately select a country where regulations on minimum wages, laws inhibiting layoffs, severance requirements and restraints on hiring and hours worked are applied.
	Tax Burden Percentage of GDP	Refers to compulsory transfers to the central government for public purposes. For Missangas&Co, it can signal the level of government control of a given country's economic resources, for which the lowest level of tax burden would be desirable.
	Resolving Insolvency	Considers time, cost and outcome of insolvency proceedings regarding domestic legal entities, which is used to calculate the recovery rate. It is relevant for Missangas&Co. to evaluate where creditors are most likely to recover money through a legal process timely, thus having a high solvency ratio would signal higher stability.
	Country risk	Reflects the economic, social, political and economic conditions. Through the measurement of the risk of non-payment by companies in a given country, Missangas&Co. can evaluate the stability and assess the presence of eventual critical situations.
Political Violence Risk	Analyzes the levelsof internal violence and external conflicts with other countries, along with potential tensions. This index is indicative for Missangas&Co. of countries that are living in conditions of war, with frequent terrorism attacks or political violence damage, which would be excluded from potential target markets.	

APPENDIX 8 – COUNTRIES ELIMINATED AFTER 1ST PHASE.

Countries eliminated after 1st phase

Abkhazia	Channel Islands	Guinea	Malawi	Qatar	Thailand
Afghanistan	China	Guinea-Bissau	Malaysia	Reunion	The Bahamas
Algeria	Comoros	Haiti	Maldives	Réunion	The Gambia
American Virgin Islands	Congo	Holy See	Mali	Russia	Tibet
Andorra	Cook Islands	Honduras	Martinique	Rwanda	Timor-Leste
Angola	Côte d'Ivoire	Hong Kong	Mauritania	Saint Helena	Togo
Anguilla	Cuba	Indian Kashmir	Mayotte	Saint Kitts and Nevis	Tokelau Islands
Antigua and Barbuda	Djibouti	Indonesia	Micronesia	Saint Lucia	Transnistria
Armenia	Dominica	Iran	Monaco	Saint Martin (French part)	Trinidad and Tobago
Azerbaijan	DR Congo	Iran, Islamic Rep.	Montserrat	Saint Pierre and Miquelon	Tunisia
Bahrain	Egypt	Iraq	Morocco	Saint Vincent and the Grenadines	Turkey
Bangladesh	El Salvador	Isle of Man	Mozambique	San Marino	Turkmenistan
Barbados	Equatorial Guinea	Jersey (Channel Islands)	Myanmar	Sao Tome & Principe	Uganda
Belarus	Eritrea	Jordan	Nagorno-Karabakh	Saudi Arabia	Ukraine
Belize	Eswatini	Kazakhstan	Nepal	Seychelles	United Arab Emirates
Benin	Ethiopia	Kenya	Nicaragua	Sierra Leone	United States Virgin Islands
Bhutan	Faeroe Islands	Korea (North)	Niger	Singapore	Uzbekistan
Bolivia	Falkland Islands	Korea (South)	Nigeria	Slovakia	Vatican City
Bonaire, Sint Eustatius and Saba	Faroe Islands	Kuwait	Niue	Somalia	Venezuela
Bosnia and Herzegovina	French Guiana	Kyrgyzstan	Norfolk Islands	Somaliland	Vietnam
British Indian Ocean Territory	Gabon	Laos	North Korea	South Korea	Wallis and Futuna Islands
Brunei	Gambia	Lebanon	North Mariana Islands	South Ossetia	Western Sahara
Burkina Faso	Georgia	Lesotho	Northern Cyprus	South Sudan	Yemen
Burundi	Gibraltar	Liberia	Oman	Sri Lanka	Zambia
Cabo Verde	Greenland	Libya	Pakistan	State of Palestine	Zimbabwe
Cambodia	Grenada	Liechtenstein	Pakistani Kashmir	Syria	
Cameroon	Guadeloupe	Macao	Papua New Guinea	Taiwan	
Central African Republic	Guatemala	Macau	Philippines	Tajikistan	
Chad	Guernsey (Channel Islands)	Madagascar	Pitcairn Islands	Tanzania	

APPENDIX 9 – COUNTRIES ELIMINATED AFTER 2ND PHASE.

Countries eliminated after 2nd phase

Argentina	Moldova	Mongolia	Montenegro	Sudan	Suriname
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APPENDIX 10 – EXPORT COUNTRY RANKING VARIABLES

Category	Variable	Weight	Description
Market Size (16%)	Urban Population (% of Total Population)	5%	Measures the proportion of a country's population residing in urban areas, serving as an indicator of urbanization. The urban population is a sizable target market for Missangas&Co because the company largely focuses on operating and having locations in metropolitan areas.
	Population Ages 25-45, female (% of Total Female Population)	6%	Indicates the percentage of woman aged 25 to 45 in the total female population, aligning with Missangas&Co's target demographic. This metric is very important for Missangas&Co. as it reflects the proportion of its potential customer base.
	GDP per capita, PPP	5%	Measures a country's GDP per capita at purchasing power parity, serving as an indicator of the average income and purchasing power of the population. This variable is relevant for Missangas&Co as it reflects the economic potential of the target market, influencing pricing strategies and market positioning.
Market Growth Rates (6%)	Urban Population Growth	4%	Indicates the rate at which a country's urban population is growing, demonstrating urbanization tendencies. Understanding it is essential for Missangas&Co because the company operates in urban areas, making it essential to evaluate the expansion potential and market size in these regions.
	GDP per Capita Growth (Annual %)	2%	Measures the annual change in a country's GDP per capita, reflecting economic development. This variable is highly relevant for Missangas&Co because it provides insights into the purchasing power of potential customers.
Trade Policies and Regulations (7%)	Profit Tax (% of commercial profits)	1%	Indicates the portion of commercial profits that a business must pay in taxes. For Missangas&Co, this variable is important because it directly affects the company's financial performance and profitability.
	Regulatory Quality	1%	Evaluates the reliability and efficacy of governmental regulations and their enforcement in a specific country. This factor is important to Missangas&Co because it affects the ease of doing business, compliance costs and overall regulatory stability.
	Tariff Rate	1%	Reflects the level of trade barriers and import duties imposed by a country. For Missangas&Co, this variable is important because it directly affects the cost of importing raw materials and goods.
	Inflation, consumer prices (annual %)	3%	Represents the rate at which consumer prices are rising in a country. This variable matters to Missangas & Co. since it affects the cost of living and customer purchasing power.
Country risk (12%)	Property Rights	1%	Refer to the legal framework and protections surrounding an individual's or business's rights to own, use, and dispose of property. For Missangas&Co, strong property rights are crucial as they ensure the protection of intellectual property, trademarks, and other assets.
	Woman's Civil Liberties Index	6%	Measures the degree of civil liberties and gender equality within a country. For Missangas&Co, a higher Women's Civil Liberties Index in a target market indicates a more favorable environment for women consumers, aligning with the company's target demographic.
	Political Stability	1%	Assesses the level of political stability within a country. For Missangas&Co, choosing markets with high political stability is crucial to ensure consistent business operations and minimize potential disruptions.
Country Infrastructure and Logistics (4%)	Cost of Starting Business, per capita	3%	Measures the financial challenges that an individual experience when opening a business. For Missangas&Co, understanding this cost will help assessing the accessibility of entrepreneurship and business growth opportunities in a given market.
	Individuals Using the Internet (% of population)	2%	Indicates the proportion of a country's population who has used the internet in the past 3 months, either via computer, mobile phone, personal digital assistant and other means. For Missangas&Co., this variable is fundamental to assess the potential impact of e-commerce and marketing strategy.
Standard of Living (3%)	Logistics Performance Index: Overall	2%	Reflects the perception of logistics processes considering the efficiency, the quality of trade and infrastructures, the ability of tracking and of respecting the scheduled time of delivery. For Missangas&Co., countries that display a high index would minimize efficiencies in the supply chain and be a good target for exporting.
	Cost of Living Index	1%	Indicates the relative prices of consumer goods, being the aggregate of groceries, restaurants, transportation and utilities expenses. For Missangas&Co., the index is fundamental to understand the amount that residents spend in a given country and consequently their wages.
Economic Indicators (10%)	Unemployment Rate (% of Total Labor Force)	2%	Refers to the percentage of labor force without work, although available for employment. This share would be an indicator for Missangas&Co. to the percentage of population that would acquire non-essential goods.
	Political Freedom Index	5%	Represents the rate of people's access to political rights and civil liberties, considering data from the annual Freedom in the World report. Missangas&Co. has to consider individual freedoms of countries because of the firm's focus on uniqueness and creativity and the intrinsic nature of accessories.
Cultural Distance (5%)	Labor Force, female (% of total labor force)	5%	Shows the proportion of women (15+) being active participants in the labor force, which is important for Missangas&Co. since its main target is women aged 25-45.
	Cultural Distance to Portugal(Home Country)	5%	Compares countries based on the six Hofstede's dimensions, namely power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence. The resulting scale reflects the cultural values and identifies the countries that are culturally similar to Missangas&Co.'s domestic country (Portugal).
Consumer Behavior and Purchasing Power (11%)	Jewelry Market Revenue	6%	Refers to the total amount generated by the jewelry market segment per country, which includes rings, necklaces, earrings, bracelets, brooches and other small decorative items worn for personal ornamentation. It's crucial for Missangas&Co. to identify markets potential.
	Consumer Prices Index	2%	Represents the average change over time in the price of goods and services acquired by consumers. For Missangas&Co., it's relevant as it gives insight on the economical state of countries.
	Retail e-commerce sales compound annual growth rate (CAGR) from 2023 to 2027	3%	Refers to the proportion of sales of consumer goods occurred over an electronic network. It gives crucial insight on the current use of e-commerce in a given country and provides further informations on where Missangas&Co. could conduct sales over the internet more easily and with an already established and efficient network.
Market Receptivity (8%)	Number of International Tourist Arrivals	3%	Measures the inbound tourism (of non-resident visitors) considering the arrivals occurred between 1995 and 2021. Since Missangas&Co. also targets tourists and it locates its retail stores in touristic areas, the levels of tourism in a country are of foremost importance.
	Ease of Doing Business	5%	Represents the level of regulatory performance in the long term through the comparison of each country's score with the best one. It would be extremely useful for Missangas&Co. as it highlights the countries in which the process of establishing new stores would be smoother and faster.
Export-market related (20%)	Trading across border score	1%	Assesses the efficiency and ease of cross-border trade in a country. This is relevant to identify markets with smoother import and export processes, which can affect supply chain management and overall business costs.
	Cost to import: Documentary compliance	2%	Measures the expenses and time involved in completing import documentation.
	Trade (Percentage of GDP)	1%	Is a key indicator of how open and connected a country's economy is with the rest of the world. For Missangas&Co, this metric helps evaluate the economic reliance on international trade, which can affect export and import strategies and overall market stability.
	Balance of trade (Percentage GDP)	3%	This indicator shows a country's exports minus imports as a percentage of its GDP. For Missangas&Co, it shows whether the target market has a trade surplus or deficit, which affects disposable income and purchasing power.
	Net trade in goods (BoP, current US\$)	3%	Measures the value of a country's export minus its imports in US Dollars. It is relevant for Missangas&Co to assess the market's size and potential based on its goods trade.
	Container port traffic	1%	Indicates the volume of goods being shipped through a country's ports. It's crucial for Missangas&Co's supply chain and distribution, ensuring efficient import and export of products.
	Transport services (Percentage of commercial service imports)	1%	Shows the importance of transport services in a country's economy. For Missangas&Co, it can signal the quality and efficiency of logistics and transportation services.
	Trade Freedom	3%	Measures the absence of trade barriers and the ease of engaging in international trade. Missangas&Co benefits from favorable trade freedom, as it facilitates their international expansion.
Business Environment Risk	5%	Measures the level of risk associated with default of debtors, assessed on a case-to-case basis. For Missangas&Co, identifying the presence of a sharp currency depreciation, high real interest rates and economic recessions is essential to understand the business environment.	

APPENDIX 11 – FDI COUNTRY RANKING VARIABLES

Category	Variable	Weight	Description
Market Size (16%)	Urban Population (% of Total Population)	5%	Measures the proportion of a country's population residing in urban areas, serving as an indicator of urbanization. The urban population is a sizable target market for Missangas&Co because the company largely focuses on operating and having locations in metropolitan areas.
	Population Ages 25-45, female (% of Total Female Population)	6%	Indicates the percentage of woman aged 25 to 45 in the total female population, aligning with Missangas&Co.'s target demographic. This metric is very important for Missangas&Co. as it reflects the proportion of its potential customer base.
	GDP per capita, PPP	5%	Measures a country's GDP per capita at purchasing power parity, serving as an indicator of the average income and purchasing power of the population. This variable is relevant for Missangas&Co as it reflects the economic potential of the target market, influencing pricing strategies and market positioning.
Market Growth Rates (6%)	Urban Population Growth	4%	Indicates the rate at which a country's urban population is growing, demonstrating urbanization tendencies. Understanding it is essential for Missangas&Co because the company operates in urban areas, making it essential to evaluate the expansion potential and market size in these regions.
	GDP per Capita Growth (Annual %)	2%	Measures the annual change in a country's GDP per capita, reflecting economic development. This variable is highly relevant for Missangas&Co because it provides insights into the purchasing power of potential customers.
Trade Policies and Regulations (7%)	Profit Tax (% of commercial profits)	1%	Indicates the portion of commercial profits that a business must pay in taxes. For Missangas&Co, this variable is important because it directly affects the company's financial performance and profitability.
	Regulatory Quality	1%	Evaluates the reliability and efficacy of governmental regulations and their enforcement in a specific country. This factor is important to Missangas&Co because it affects the ease of doing business, compliance costs and overall regulatory stability.
	Tariff Rate	1%	Reflects the level of trade barriers and import duties imposed by a country. For Missangas&Co, this variable is important because it directly affects the cost of importing raw materials and goods.
	Inflation, consumer prices (annual %)	3%	Represents the rate at which consumer prices are rising in a country. This variable matters to Missangas & Co. since it affects the cost of living and customer purchasing power.
Country risk (12%)	Property Rights	1%	Refer to the legal framework and protections surrounding an individual's or business's rights to own, use, and dispose of property. For Missangas&Co, strong property rights are crucial as they ensure the protection of intellectual property, trademarks, and other assets.
	Woman's Civil Liberties Index	6%	Measures the degree of civil liberties and gender equality within a country. For Missangas&Co, a higher Women's Civil Liberties Index in a target market indicates a more favorable environment for women consumers, aligning with the company's target demographic.
	Political Stability	1%	Assesses the level of political stability within a country. For Missangas&Co, choosing markets with high political stability is crucial to ensure consistent business operations and minimize potential disruptions.
Country Infrastructure and Logistics (4%)	Cost of Starting Business, per capita	3%	Measures the financial challenges that an individual experience when opening a business. For Missangas&Co, understanding this cost will help assessing the accessibility of entrepreneurship and business growth opportunities in a given market.
	Individuals Using the Internet (% of population)	2%	Indicates the proportion of a country's population who has used the internet in the past 3 months, either via computer, mobile phone, personal digital assistant and other means. For Missangas&Co., this variable is fundamental to assess the potential impact of e-commerce and marketing strategy.
Standard of Living (3%)	Logistics Performance Index: Overall	2%	Reflects the perception of logistics processes considering the efficiency, the quality of trade and infrastructures, the ability of tracking and of respecting the scheduled time of delivery. For Missangas&Co., countries that display a high index would minimize efficiencies in the supply chain and be a good target for exporting.
	Cost of Living Index	1%	Indicates the relative prices of consumer goods, being the aggregate of groceries, restaurants, transportation and utilities expenses. For Missangas&Co., the index is fundamental to understand the amount that residents spend in a given country and consequently their wages.
Economic Indicators (10%)	Unemployment Rate (% of Total Labor Force)	2%	Refers to the percentage of labor force without work, although available for employment. This share would be an indicator for Missangas&Co. to the percentage of population that would acquire non-essential goods.
	Political Freedom Index	5%	Represents the rate of people's access to political rights and civil liberties, considering data from the annual Freedom in the World report. Missangas&Co. has to consider individual freedoms of countries because of the firm's focus on uniqueness and creativity and the intrinsic nature of accessories.
Cultural Distance (5%)	Labor Force, female (% of total labor force)	5%	Shows the proportion of women (15+) being active participants in the labor force, which is important for Missangas&Co. since its main target is women aged 25-45.
	Cultural Distance to Portuga(Home Country)	5%	Compares countries based on the six Hofstede's dimensions, namely power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence. The resulting scale reflects the cultural values and identifies the countries that are culturally similar to Missangas&Co.'s domestic country (Portugal).
Consumer Behavior and Purchasing Power (11%)	Jewelry Market Revenue	6%	Refers to the total amount generated by the jewelry market segment per country, which includes rings, necklaces, earrings, bracelets, brooches and other small decorative items worn for personal ornamentation. It's crucial for Missangas&Co. to identify markets potential.
	Consumer Prices Index	2%	Represents the average change over time in the price of goods and services acquired by consumers. For Missangas&Co., it's relevant as it gives insight on the economical state of countries.
	Retail e-commerce sales compound annual growth rate (CAGR) from 2023 to 2027	3%	Refers to the proportion of sales of consumer goods occurred over an electronic network. It gives crucial insight on the current use of e-commerce in a given country and provides further informations on where Missangas&Co. could conduct sales over the internet more easily and with an already established and efficient network.
Market Receptivity (8%)	Number of International Tourist Arrivals	3%	Measures the inbound tourism (of non-resident visitors) considering the arrivals occurred between 1995 and 2021. Since Missangas&Co. also targets tourists and it locates its retail stores in touristic areas, the levels of tourism in a country are of foremost importance.
	Ease of Doing Business	5%	Represents the level of regulatory performance in the long term through the comparison of each country's score with the best one. It would be extremely useful for Missangas&Co. as it highlights the countries in which the process of establishing new stores would be smoother and faster.
FDI Related (20%)	Debt to GDP ratio	3%	Measures a country's government debt against its gross domestic product. It helps Missangas&Co. understanding the stability and health of the economies of the countries examined.
	Getting credit score	2%	Considers the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. For Missangas&Co. it's important as it would highlight difficulties of countries in lending capital to establish stores, cover expenses, hire additional staff and conserving cash to cover costs.
	Business Freedom Index	3%	Indicates the efficiency of government regulation in business, considering the difficulty of starting, operating and closing a business. Missangas&Co. should consider this factor when deciding to enter a new market with a foreign direct investment strategy.
	Financial Freedom	1%	Analyzes the efficiency of the banking system along with the level of government control and of involvement in the financial sector. For Missangas&Co., it's fundamental to assess which countries have a minimum degree of government interference, as they would be ideal markets to enter.
	Fiscal Health	1%	Measures the average deficits as a percentage of GDP for the most recent three years combined with debt as a percentage of GDP. It's fundamental to identify where there's poor government budget management and consequent macroeconomic instability and economic uncertainty, which would enable Missangas&Co. consider countries where there's high productivity growth.
	Labor Freedom	1%	Indicates the presence of a well-functioning legal and regulatory framework in the matter of labor market. Missangas&Co. would ultimately select a country where regulations on minimum wages, laws inhibiting layoffs, severance requirements and restraints on hiring and hours worked are applied.
	Tax Burden Percentage of GDP	2%	Refers to compulsory transfers to the central government for public purposes. For Missangas&Co., it can signal the level of government control of a given country's economic resources, for which the lowest level of tax burden would be desirable.
	Resolving Insolvency	2%	Considers time, cost and outcome of insolvency proceedings regarding domestic legal entities, which is used to calculate the recovery rate. It is relevant for Missangas&Co. to evaluate where creditors are most likely to recover money through a legal process timely, thus having a high solvency ratio would signal higher stability.
	Country risk	4%	Reflects the economic, social, political and economic conditions. Through the measurement of the risk of non-payment by companies in a given country, Missangas&Co. can evaluate the stability and assess the presence of eventual critical situations.
Political Violence Risk	1%	Analyzes the levels of internal violence and external conflicts with other countries, along with potential tensions. This index is indicative for Missangas&Co. of countries that are living in conditions of war, with frequent terrorism attacks or political violence damage, which would be excluded from potential target markets.	

APPENDIX 12– DATA STANDARDIZATION FORMULA

$$X'_{ij} = \left[\frac{X_{ij} - \min_i}{R_i} * (99) \right] + 1,$$

Where:

X'_{ij} is the scaled final value of country j on dimension for i ;

X_{ij} is the average score of country j on dimension i ;

\min_i is the minimum value for dimension i

R_i is the range of dimension i .

APPENDIX 13 – EXPORT COUNTRY RANKING

Country	Total Score Export	Export Country Ranking
Luxembourg	71,361	1
Ireland	67,240	2
United States	66,230	3
Switzerland	65,594	4
Denmark	65,281	5
Norway	65,244	6
Iceland	65,206	7
Finland	63,916	8
Spain	63,817	9
New Zealand	63,708	10
France	62,826	11
Netherlands	62,627	12
Belgium	62,575	13
Germany	62,165	14
Sweden	61,943	15
Malta	61,457	16

Portugal	60,219	17
Slovenia	59,702	18
Canada	59,682	19
Chile	59,446	20
Austria	59,385	21
United Kingdom	59,170	22
Estonia	59,074	23
Czech Republic	58,528	24
Cyprus	58,497	25
Israel	58,462	26
Japan	57,788	27
Lithuania	57,660	28
Costa Rica	57,529	29
Latvia	56,272	30
Italy	56,018	31
Croatia	55,515	32
Uruguay	55,436	33
Greece	55,260	34
Poland	54,808	35
Panama	54,475	36
Botswana	52,406	37
Bulgaria	52,299	38
Romania	52,088	39
Hungary	51,726	40

Mauritius	50,024	41
Dominican Republic	49,850	42
Peru	49,761	43
Serbia	48,912	44
Jamaica	48,893	45
Albania	48,623	46
North Macedonia	47,898	47
Mexico	47,251	48
South Africa	46,793	49
Colombia	45,551	50
Brazil	45,160	51
Ecuador	44,156	52
Namibia	44,150	53
India	43,692	54
Paraguay	40,975	55
Guyana	40,472	56
Ghana	38,337	57
Senegal	36,668	58

APPENDIX 14 – FDI COUNTRY RANKING

Country	Total Score FDI	FDI Country Ranking
United States	75,078	1
Denmark	70,421	2
Ireland	70,377	3

New Zealand	69,701	4
Sweden	69,423	5
Switzerland	69,107	6
Luxembourg	68,226	7
Germany	67,002	8
United Kingdom	66,487	9
Netherlands	65,743	10
Canada	65,635	11
Iceland	65,515	12
Finland	65,440	13
Belgium	64,209	14
Norway	63,718	15
Austria	63,363	16
France	62,138	17
Estonia	61,715	18
Spain	60,346	19
Japan	59,783	20
Czech Republic	59,350	21
Latvia	58,056	22
Lithuania	57,939	23
Malta	57,385	24
Slovenia	56,658	25
Cyprus	56,358	26
Israel	56,349	27

Italy	54,936	28
Chile	54,683	29
Portugal	54,063	30
Poland	53,398	31
Costa Rica	52,959	32
Jamaica	52,940	33
Hungary	52,572	34
Croatia	50,844	35
Panama	50,672	36
Uruguay	50,556	37
Botswana	49,411	38
Mauritius	49,367	39
Bulgaria	49,074	40
Mexico	48,706	41
Romania	48,168	42
Greece	47,662	43
South Africa	46,692	44
Albania	46,320	45
Dominican Republic	45,965	46
Colombia	45,862	47
Peru	45,527	48
North Macedonia	44,537	49
Serbia	44,274	50

India	42,983	51
Brazil	41,330	52
Ecuador	40,714	53
Namibia	40,138	54
Guyana	37,670	55
Ghana	37,507	56
Paraguay	36,932	57
Senegal	35,127	58

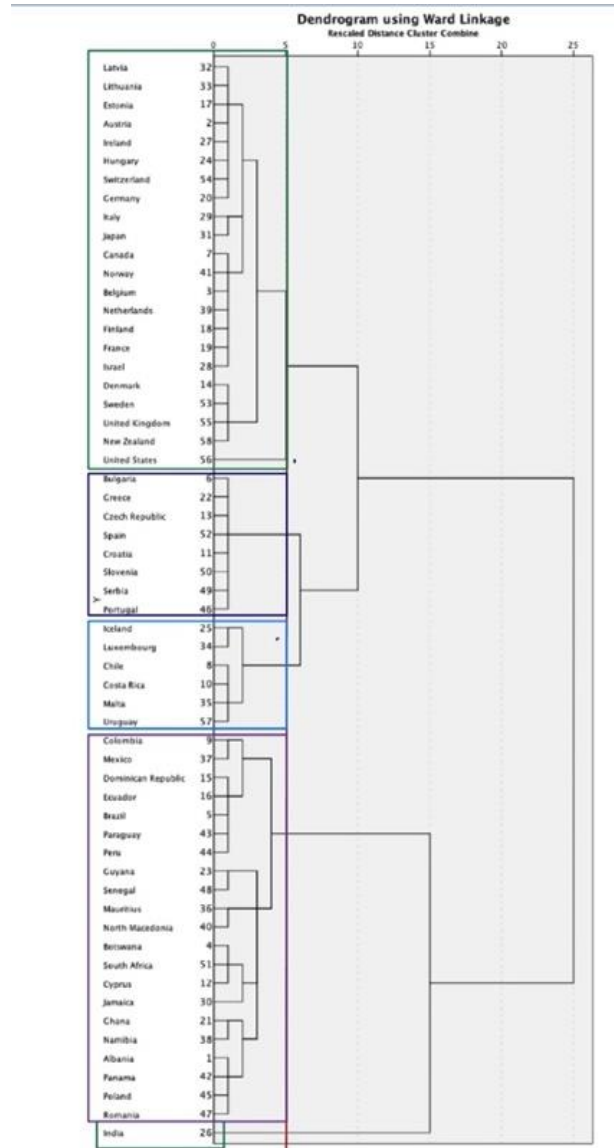
APPENDIX 15– PEARSON CORRELATION COEFFICIENT TEST

		Correlations									
		Urban Population (% of Total Population)	Population Ages 25–45, female	Woman's Civil Liberties Index	Labor Force Participation Rate, female	Jewelry Market Revenue	Ease of Doing Business	Cultural Distance	GDP per capita, PPP	Political Freedom Index	
Urban Population (% of Total Population)	Pearson Correlation	1	-.104	.384**	.381**	-.166	.256	-.166	.393**	.441**	
	Sig. (2-tailed)		.438	.003	.003	.212	.052	.212	.002	<.001	
	N	58	58	58	58	58	58	58	58	58	58
Population Ages 25–45, female	Pearson Correlation	-.104	1	-.568**	-.414**	.058	-.456**	.081	-.270*	-.390**	
	Sig. (2-tailed)	.438		<.001	.001	.666	<.001	.546	.041	.002	
	N	58	58	58	58	58	58	58	58	58	58
Woman's Civil Liberties Index	Pearson Correlation	.384**	-.568**	1	.547**	-.158	.525**	-.338**	.573**	.707**	
	Sig. (2-tailed)	.003	<.001		<.001	.236	<.001	.009	<.001	<.001	
	N	58	58	58	58	58	58	58	58	58	58
Labor Force Participation Rate, female	Pearson Correlation	.381**	-.414**	.547**	1	-.519**	.347**	-.183	.376**	.500**	
	Sig. (2-tailed)	.003	.001	<.001		<.001	.008	.168	.004	<.001	
	N	58	58	58	58	58	58	58	58	58	58
Jewelry Market Revenue	Pearson Correlation	-.166	.058	-.158	-.519**	1	.109	-.164	-.028	-.154	
	Sig. (2-tailed)	.212	.666	.236	<.001		.417	.219	.834	.250	
	N	58	58	58	58	58	58	58	58	58	58
Ease of Doing Business	Pearson Correlation	.256	-.456**	.525**	.347**	.109	1	-.479**	.517**	.566**	
	Sig. (2-tailed)	.052	<.001	<.001	.008	.417		<.001	<.001	<.001	
	N	58	58	58	58	58	58	58	58	58	58
Cultural Distance	Pearson Correlation	-.166	.081	-.338**	-.183	-.164	-.479**	1	-.430**	-.325*	
	Sig. (2-tailed)	.212	.546	.009	.168	.219	<.001		<.001	.013	
	N	58	58	58	58	58	58	58	58	58	58
GDP per capita, PPP	Pearson Correlation	.393**	-.270*	.573**	.376**	-.028	.517**	-.430**	1	.667**	
	Sig. (2-tailed)	.002	.041	<.001	.004	.834	<.001	<.001		<.001	
	N	58	58	58	58	58	58	58	58	58	58
Political Freedom Index	Pearson Correlation	.441**	-.390**	.707**	.500**	-.154	.566**	-.325*	.667**	1	
	Sig. (2-tailed)	<.001	.002	<.001	<.001	.250	<.001	.013	<.001		
	N	58	58	58	58	58	58	58	58	58	58

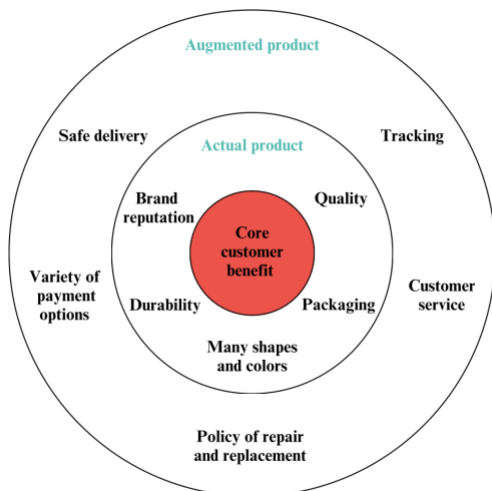
** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

APPENDIX 16 – DENDROGRAM



APPENDIX 17 – MARKETING MIX – PRODUCT



APPENDIX 18 – MARKET SIZE AND MARKET SHARE

	Total Population in Ireland	5086988
	Population density of Dublin (% of total population of Ireland)	40.50%
	Jewelry Market Revenue per capita	\$ 29.84
SAM (\$)	Jewelry Market Revenue in Dublin (€)	\$ 61,477,267.38
	<i>Total Female Population in Dublin</i>	744548
	<i>Percentage of total female population in 25-45 age bracket (%)</i>	27.3%
	<i>Jewelry Market Revenue per capita</i>	\$ 29.84
	Female (25-45 age bracket) Jewelry Market Revenue in Dublin	\$ 6,060,722.65
	<i>Number jewelry stores in ireland</i>	129
	<i>Population density of Dublin (% of total population of Ireland)</i>	40.50%
	Estimated number of jewelry stores in Dublin	52.245
Estimated SOM (\$)		\$ 116,005.79
	Market Share (%)	0.189%

APPENDIX 19 – REVENUE ESTIMATION

	Ratio of Total Purchase of Target Audience per km²			Revenue (€)	
Berlin/Dublin	2,9276396	Average Revenue Berlin/Dublin	264350,52	Berlin	260000
London/Dublin	0,375582666	Price increase 2025	1,5%	London	268701,04
Average	1,65161133	Estimated Dublin Revenue	162456,99	Average Revenue	264350,52

	Total Female Population	Total female population (25-45 years old) (%)	Total Target Audience Population	Purchase Power per capita (€)	Area (km ²)	Total Purchase Power of target audience per km ²
Berlin	1910000	24,12	460612	262719	891,8	135693639,4
London	4490000	25,83	1159973	26081	1737,9	17407941,48
Dublin	744548	27,28	203107	26882	117,8	46349161,09

APPENDIX 20 – COST ESTIMATION

Operating Cost	Variation	2024	2025	2026	2027	2028	2029
Rent/month	6,10%	€2 105,16	€2 233,58	€2 369,82	€2 514,38	€2 667,76	€2 830,50
Rent/year	6,10%	€6 315,49	€26 802,92	€28 437,90	€30 172,61	€32 013,14	€33 965,94

Operating Cost	Variation	2024	2025	2026	2027	2028	2029
Utilities	16,00%	€ 633,00	€5 064,00	€5 874,00	€6 814,00	€7 904,00	€9 169,00

Operating Cost	Variation	2025	2026	2027	2028	2029
Salaries/year	4,30%	€83 154,24	€86 729,87	€90 459,26	€94 349,00	€98 406,01

Operating Cost	Variation	2024	2025	2026	2027	2028	2029
Marketing Expenses	1,25%	€600,00	€2 400,00	€2 451,00	€2 503,08	€2 556,27	€2 610,60

APPENDIX 21 – OPERATIONAL RISK ANALYSIS

Risks	Explanation of Risks	Mitigation Plan
Sales Growth Misalignment	The 12.5% annual increase in sales projections might not align with actual market conditions, impacting profitability.	Regularly review and adjust sales forecasts. Implement agile marketing and sales strategies to respond to market changes.
Rising Rental Expenses	Forecasted 6.10% annual increase in rental expenses could outstrip revenue gains if unchecked.	Negotiate long-term rental agreements with fixed increases. Explore alternative locations or premises if costs become unsustainable.
Escalating Utility Costs	Projected 16% annual increase in utility costs poses a risk of unexpected budget overruns.	Invest in energy-efficient technologies and practices. Monitor and manage utility usage closely.
Salary and Staffing Challenges	A 4.3% annual salary increase may not match market wage growth, affecting staff retention and recruitment.	Conduct regular market salary reviews. Offer competitive wages and benefits. Plan for scalable staffing solutions as sales grow.
Marketing Expense Management	The 2.125% annual increase in marketing expenses might not correlate with sales growth, leading to overinvestment.	Continuously evaluate the ROI of marketing campaigns. Adjust marketing budgets based on performance data.
Supply Chain and Freight Costs	Global supply chain constraints could increase freight costs,	Diversify suppliers. Monitor freight costs regularly and adjust pricing strategies as needed.

	impacting COGS and Gross Profit.	
Human Errors	Mistakes in operations or management could lead to financial losses or reputational damage.	Implement robust training programs. Establish checks and balances in operational processes.
Human Resources Risks	Difficulty in attracting and retaining skilled staff due to competitive markets.	Offer competitive compensation, career development opportunities, and a positive work culture.
Uneducated Customers	Lack of customer awareness or understanding of the product can hinder market penetration.	Invest in customer education through marketing, workshops, and excellent customer service.
Unexpected Legal Constraints	Unforeseen legal challenges in a new market could disrupt operations.	Engage local legal experts to navigate regulations. Stay informed about legal changes. Implement compliance checks in business operations.