

EX PORTUGAL AD MUNDUM: UNVEILING INTERNATIONALISATION
STRATEGIES AND PROPOSING A NEW MARKET ENTRY IN THE SMALL AND
MEDIUM ENTERPRISE LANDSCAPE

THE CASE OF GREECE

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1. Abstract

This study assesses Company Alpha's global readiness, targeting market selection and internationalisation planning. Employing statistical methods, including principal component analysis and cluster analyses, the process evaluated 154 countries using 34 variables, resulting in 11 clusters. Initially considering France, Italy, Chile, Greece and Mexico, detailed analyses on the mentioned countries ultimately favoured Chile. Supported by positive financial metrics, Chile forms the centrepiece of Company Alpha's internationalisation strategy, incorporating a foreign-owned subsidiary and a marketing plan for the 2025's B2C Chilean cycling tourism expansion. Recommendations envision Chile as the Latin American headquarters by 2029, emphasizing sustainable growth and prudent financial choices. In the individual section the literature review on the international market selection (IMS) and the in-depth market analysis on the case of Greece are also presented.

Keywords: Internationalisation plan, Small and Medium Enterprises, Cycling tourism, Adventure tourism, International market selection, IMS, Country selection criteria, Country ranking, Country clustering, Entry strategy, Entry mode selection, Chile, Greece.

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a. Group part

2. Introduction

In the landscape of International Market Selection (IMS), acknowledging and addressing the specific challenges faced by Small and Medium Enterprises (SMEs) is pivotal for forecasting successful international expansion. This research focuses on Company Alpha, a premium cycling holiday service provider currently operating in Portugal and Spain. The public name of the company remains confidential, identified as "Company Alpha," to uphold confidentiality standards agreed for the research.

Operating within the adventure tourism sector, Company Alpha caters to the dynamic realm of internationalisation. Recognized for its ecological, cultural, and economic contributions, it encompasses a rapidly growing global sector. Although the UNWTO lacks a specific definition, the Adventure Travel Trade Association (ATTA) characterizes adventure tourism as “trips involving at least two of three elements: physical activity, natural environment, and cultural immersion” (World Tourism Organisation 2014).

Notably, Company Alpha operates in the cycling industry, a subset of adventure tourism. In an era marked by globalization and expanding international markets, SMEs like Company Alpha, strive for sustainable growth and competitiveness. This study delves into the competitive global and local landscape, examining firm-specific strategies employed by Company Alpha in its operations. As consumers increasingly seek unique and immersive experiences, Company Alpha has emerged as a notable player, capitalizing on the growing demand for specialized cycling holidays in the Iberian Peninsula. The internationalisation journey holds profound implications for SMEs, presenting opportunities to tap into new customer bases, diversify revenue streams, and enhance competitive standing.

Understanding the strategies employed by SMEs, specifically Company Alpha, in selecting international markets is not only crucial for the companies themselves but also for

policymakers, academics, and industry practitioners. Insights derived from this study can contribute to the development of best practices, providing a roadmap for SMEs seeking to expand internationally within the adventure tourism context, particularly in the specialized and dynamic realm of cycling holidays.

3. Research methods

The research adopts a comprehensive worldwide perspective to collect data on representative key variables in the company's international market selection. This design includes an analysis of organisational aspects through frameworks such as SWOT, PESTEL, Porter's 5 Forces, Porter's Diamond, and the FSA-CSA matrix. Motives for internationalisation and global readiness' GGMSO4 test were considered to determine the readiness of the business to internationalise. These approaches explore internal and external factors, focusing on a Portuguese SME in the adventure Bike Tourism sector.

The process begins with the collection of primary data through meetings, supplemented by confidential documents, with the company CEO to understand the business situation, characteristics, and future objectives. The collection of secondary data is performed using Bureau van Dijk's Orbis and databases like the World Bank Data, Statista, the Economic Forum, Atlas Big, OECD statistics and more. Worldwide data are harmonized, with some variables being inverted, in Excel using standardisation and logarithmic transformations to allow comparisons.

Country clustering is conducted through SPSS. Statistical methods and data analytics, including Principal Component Analysis (PCA), country ranking, and country clustering divided into hierarchical and K-means clustering, has been employed.

In-depth market analyses are provided for the top 5 markets identified through cross-analysis between ranking and clustering. Variables that were not evident in the ranking have

been included within their contextual framework. The findings are subsequently cross-referenced between the markets of the analysed countries and the strategic objectives of the company.

4. Strategic analysis of the company's situation

This section undertakes a comprehensive strategic analysis of Company Alpha's situation. It delves into the firm overview, profile and management, operations, positioning, strategy, product, or service to be internationalised, and financial overview.

4.1. Firm overview and project background

Company Alpha, a Portuguese SME based in Lisbon, offers premium cycling tours and has expanded its focus to outdoor and e-bike enthusiasts. Founded by a former marketing consultant, the company's success is attributed to key partnerships, a flat management structure, stakeholders' commitment, and customer satisfaction. To address internationalisation challenges, Company Alpha has adhered in Nova SBE's "SME Competitiveness and Internationalisation Field Lab" project. The project involves identifying target markets, selecting entry modes, and creating a marketing plan, all supported by a financial forecast. This strategic approach aims to expand beyond national borders and tap into new cycling tourism markets.

4.1.1. Profile and management

The mission is to offer customers "the best of life on a bike" (Company Alpha 2023). Clients can embark on adventurous bike rides, explore unfamiliar locations, encounter new experiences, appreciate their surroundings.

The company traces back to the CEO of Company Alpha, an ex-owner of a small marketing consultancy firm in Portugal. His journey started when he secured a client, a bicycle store chain with seven stores spread throughout the country. Eager to improve his consultancy

skills, he started analysing the client's needs, transforming him into an amateur cyclist with a passion for exploring new places in his own country on two wheels. He immersed himself in cycling through Alentejo and Douro Valley, exploring the countryside of Portugal, and sharing routes and experiences with his peers. While still working on marketing, he established connections within the cycling industry, cycling manufacturers, retail spaces, and the aggregation of cycling in adventure travel tourism. In 2014, with the booming of tourism in Portugal, he started working in bike tour services. The initial reliance on local suppliers persisted, forming enduring partnerships. As the firm was being incorporated, a colleague and friend joined the project, becoming responsible for the operational side of the business. With headquarters located in Lisbon, Portugal, Company Alpha adopts a horizontal management structure, composed of two sales agents/travel planners guiding some tours, two operational managers handling logistics, guiding, and operations, and one reservation/financial manager responsible for booking accommodation and experiences, as well as assisting with invoicing. The General Manager (GM) mostly focuses on marketing, purchases, finance, and product development, occasionally supporting the sales team (Company Alpha 2023). The founder's passion for cycling and adept adaptation to the market's evolution helped in the company's growth. Central to their success partnerships and a horizontally structured management team are crucial.

4.1.2. Business portfolio

In today's rapidly evolving tourism landscape, cycling holidays are emerging as a captivating niche, merging athleticism with travel. By the combination of historically significant destinations, local authenticity, and tailored cycling challenges, the offering includes a blend of recreation, culture, and adventure (*Appendix I*).

As previously mentioned, Company Alpha specializes in premium cycling holidays, primarily in Portugal, though it also recently extended its footprint to Spain. The company has

strategically positioned its offerings to appeal to a broad spectrum of cycling enthusiasts, from those seeking recreational escapades to seasoned riders chasing challenges (Company Alpha 2023). The company chooses destinations that are historically significant, culturally relevant, and adorned by captivating landscapes. Company Alpha offers its service in regions where cycling emerges as the most enriching way to explore, tailoring bike selections based on specific terrains. Moreover, every tour recommendation comes from the owner's most beloved routes. Beyond cycling, Company Alpha ensures a deep dive into authenticity, from handpicked hotels with local charm to the finest local cuisine. At its core, the firm's tour operators are revered curators, representing each region with passion and expertise (*Figure 1*).

 Country • Spain • Portugal	 Region • Azores • Catalonia • Douro • Andalusia • Lisbon • Santiago • Porto • Mallorca	 Price Range 200€ - 5600€ Average Price 2838€	 Duration • 1 - 11 Days
 Tour Type • Self-Guided • Guided • Premium	 Rider Type • Beginner • Intermediate • Experienced	 Bike Type • Road • E-Bike • Mountain • Touring	

Figure 1. Company Alpha's tour selection criteria

Company Alpha's offerings are categorized into three distinct tour packages, each including access to a dedicated app (*Appendix 2*). The *self-guided tour* is a 7-day experience tailored for those preferring autonomy. Staying in 4-star hotels, participants receive bikes, location transfers, luggage services, and access to the app. This digital tool provides preloaded navigation tracks and facilitates online interactions with guides (Company Alpha 2023).

The *guided tour* builds upon the self-guided experience. Participants enjoy the company of a personal guide who enriches the journey by making dining reservations and organising local experiences. An added advantage is the SAG Wagon that supports the group, ensuring they remain nourished and hydrated. This tour is flexible, allowing for alterations in ride

durations as per participant's comfort (Company Alpha 2023). The most sophisticated offering is the *premium tour*. This package provides riders with the choice to reside in 5-star (or higher) hotels, enhancing the experience with two guides, and all-inclusive excursions, such as visits to local wineries and museums. All tour packages come with an app for navigation, tracking, and highlighting points of interest. Furthermore, participants' safety is underscored with the provision of personal accident insurance. For those seeking more personalized experiences, Company Alpha provides options for planned group tours, private tours, and customized rides. These are perfect for groups or individuals desiring experiences on open dates or with additional add-ons.

To ensure every rider finds a package tailored to their skills and needs, Company Alpha identifies three rider profiles: beginner, intermediate and expert. Beginners frequently cycle for fitness or leisure, covering moderate distances at their own pace, with the option to upgrade their ride with an e-bike. Intermediate riders are regular cyclists who can maintain a strong pace for 2-3 hours and are open to pushing their boundaries. Lastly, expert riders are seasoned individuals who average about 100 kilometres weekly, consistently seeking out intensive trails (Company Alpha 2023).

The port-ride experience is further enhanced through collaborations with top-tier hotels and spas. In terms of equipment, Company Alpha partners with renowned brands such as Scott and Garmin. Scott supplies a premium range of innovative bikes spanning from road to mountain varieties, ensuring riders have the best tools for their journey. On the technology front, Garmin provides advanced accessories, including the Garmin Edge 820 GPS, which ensures that riders can navigate their routes with ease and precision.

The firm offers a flexible and competitive pricing, depending on factors such as location and potential high-season demand. The pricing fluctuates based on the type of tour, averaging at € 2838 per tour (see Table 1). The minimum price stands at €200, referring to the

one-day tours, while the maximum price is €5600, which resonates with the premium tour type and a duration of 11 days. Customers can customize their experience by opting for supplementary options like upgrades and additional guides (Company Alpha 2023).

	Tour Type			
	Self-Guided	Guided	Premium	Total
Avg. Price	€ 1.891	€ 2.146	€ 4.476	€ 2.838
Min. Price	€ 1.590	€ 200	€ 3.500	€ 200
Max. Price	€ 2.640	€ 3.490	€ 5.600	€ 5.600

Table 1. Pricing structure of Company Alpha

In essence, Company Alpha stands as a testament to the evolution of modern tourism, where the journey and the experience take centre stage. Through flexibility in pricing and supplementary options, a broader target is catered, from the casual rider to the seasoned expert.

4.1.3. Operations, positioning, and strategy

In the following section, the core aspects of Company Alpha's operations, positioning, and strategic framework are discussed. Its operational strategies to cater to a discerning demographic, distinctive market positioning, and the complexities generic and growth strategies are discussed.

Operations

Efficient operations play a vital role in securing Company Alpha's success. As mentioned earlier, Company Alpha cater to cyclists of all skill levels and preferences through its three tour packages (self-guided, guided, premium), each with distinct inclusions detailed in *Appendix 2*. Company Alpha's tours, typically spanning 6-7 days with 1-day options, primarily operate from May to October. Bookings can be done through dedicated websites and once the tour starts, a transfer from the airport to the starting point of the tour is ensured. There, participants are provided with the bike and the equipment. The assigned guide introduces himself, the mobile app, the equipment, and the tour itself. From that moment, the cycling tour begins. Participants will be supported by the guide and a SAG Wagon van for any technical

malfunction, food and water supply and prompt aid will be given if health problems subsist. Tours and visits to culturally and historically significant sites will be managed by Company Alpha that ensures a burden-free cycling holiday for its customer. Booked accommodations and restaurants will provide participants with an enriching experience of the territory to dive into the Portuguese or Spanish culture. To optimize operations and financial resilience, the firm employs a variable cost structure by renting out bikes when they are not in use for tours. As part of its continuous efforts to enhance operational efficiency, Company Alpha is also exploring omitting its 1-day options considering their resource-intensive nature (Company Alpha 2023).

The company targets individuals aged 55 and above in high-income countries mainly from America and Canada. This demographic is known for their high standards in travel experiences and limited vacation days. Their higher disposable income allows them to invest in premium travel experiences. Accordingly, Company Alpha's marketing efforts are tailored to resonate with this specific target audience (Company Alpha 2023). Several dedicated websites were established to capture the attention of this target audience, employing performance marketing to align the company's message effectively with their preferences. For confidentiality reasons, the specific specialized websites cannot be disclosed.

Positioning

Company Alpha stands out in the competitive landscape of cycling tour companies. Company Alpha's approach is distinguished by a combination of factors discussed below that sets them apart from competition. As previously explained in section 4.1.2, the firm puts forth the concept "Premium Cycling Holidays", centring around curating experiences that leave a lasting impact on guests. This is achieved through a selection of historically and culturally rich regions and picturesque landscapes. Company Alpha ensures the immersion in the local culture

and cuisine, providing a comprehensive travel experience that extends beyond cycling. The firm's commitment to personalization also sets them apart from many competitors. Recognizing varying preferences and abilities, they offer a range of options for different riders. This flexible approach effectively caters to its niche audience, ensuring each guest's unique needs and preferences are met.

Another aspect that distinguishes Company Alpha from its competitors is the comprehensive support offered to their guests. Their team of experienced local riders ensures that travellers have access to top-notch services throughout their journey. From mechanical assistance during tours to the seamless transfer of luggage and bikes between hotels, Company Alpha prioritizes the comfort and convenience of their clients. This level of support extends to various aspects of the trip, including restaurant reservations and booking local experiences, enhancing the overall travel experience. A last aspect setting them apart is their competitive pricing. When comparing the price for a 6-day Alentejo tour, Company Alpha sets the price at 3940€ (approximately \$4153), compared to \$8950 for InGamba, \$5995 for Butterfield & Robinson, and \$4695 for Duvine. This highlights that Company Alpha provides the most competitive pricing for the Alentejo tour in contrast to its competitors, thereby offering a remarkable balance of value and quality.

Company	6-day Alentejo Trip Price
Company Alpha	\$4153
inGamba	\$8950
Butterfield & Robinson	\$5995
Duvine	\$4695

Table 2. Pricing Comparison

Given Company Alpha's competitive pricing and high-quality experiences, they occupy a distinctive place in the market. The Positioning Map displayed in *Figure 2* visually represents Company Alpha's strategic position in the competitive landscape. As displayed, their

competitive pricing, high-quality offerings, and commitment to personalized and immersive experiences position them as a strong contender in the market.

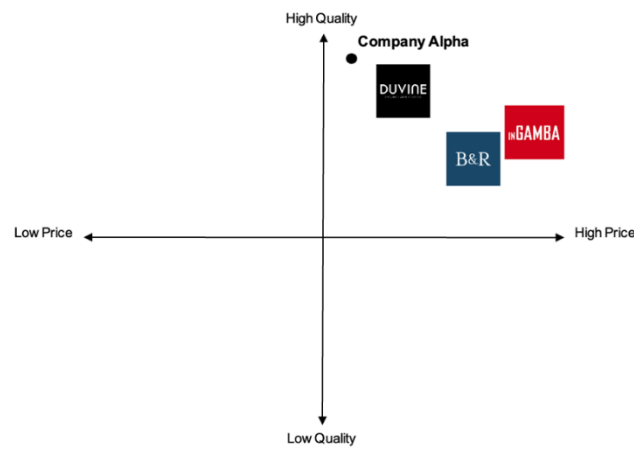


Figure 2. Positioning map

Strategy (Generic and Growth)

Regarding its generic strategy, Company Alpha exemplifies a Hybrid (Low Price, Differentiation) strategy within the Bowman's Strategy Clock, as displayed in *Appendix 4* (Sridharan 2023). This is because the firm is a specialist in delivering meticulously customized multi-day outdoor experiences while maintaining competitive pricing. Company Alpha differentiates itself through its one-of-a-kind travel adventures tailored to the specific desires of its niche target clientele. In line with this strategy, Company Alpha positions itself in the Differentiation Focus (Differentiation, Narrow) category within Porter's Generic Strategies (Porter 1985), as elaborated and displayed in Table 9 of 4.4.2 FSA-CSA Matrix and Porter's Generic sections.

Regarding its growth strategy, Company Alpha positions itself in the market through a careful assessment using the McKinsey GE Matrix, as shown in *Appendix 5* (McKinsey & Company 2008). According to this matrix, evaluating both the strength of a particular business and the attractiveness of the industry, the enterprise is positioned with high industry attractiveness and medium business strength. The former is attributed to the alluring nature of the cycling tourism sector in recent years, while the latter is explained mainly by offerings'

similarities which are shared with its competitors (*Appendix 3*), its distinctive features and competitive pricing (Mundet et al. 2022). Consequently, the company finds itself within the 'Invest/Grow' quadrant. Companies that are part of this quadrant are ripe for expansion and warrant allocation of resources and capital. In line with the McKinsey GE Matrix, Company Alpha strategically embraces the Market Development strategy within the Ansoff Matrix, as displayed in *Appendix 6* (Ansoff 1957). This strategic approach involves expanding the company's existing offerings into new geographical markets or regions. The company seeks to replicate its successful Portuguese model in other countries, acknowledging local variations and the need to hire external guides when conducting tours abroad. This comprehensive strategy enables Company Alpha to tap into new markets and capitalize on the growing interest in cycling adventures of its niche customer target.

In conclusion, Company Alpha's success can be attributed to its operational excellence, unique market positioning, and strategic acumen. Through their finely tuned operational processes, they have tailored their services to meet the standards of their target demographic. By positioning themselves as a provider of "Premium Cycling Holidays," they have set themselves apart in the competitive landscape with their strategic choices accommodating for continued growth and success.

4.1.4. End-user service to be internationalised

The section refers to the service that Company Alpha plans to internationalise, based on their insights and direction for the expansion. The service to be internationalised consists of its current cycling tours categorized into three distinct offerings: self-guided, guided, and premium tours, with durations ranging from 1 to 11 days and prices ranging from € 200 to € 5,600 per person (*Appendix 1*). As previously mentioned, self-guided tours allow customers to explore independently with the assistance of a GPS application with tour coordinates, shared accommodations, breakfast, and transportation to and from the starting point. Guided tours

provide additional convenience with a support van and an expert guide who assists the group, arranging accommodations, dining, and local experiences. Premium guided tours elevate the experience by offering 5-star accommodation. Furthermore, Company Alpha caters its tours to various rider preferences and skill levels, offering different bike types such as e-bikes, mountain bikes, touring bikes, and road bikes, along with options for beginners, intermediate, and experienced riders.

4.1.5. Financial overview

Next, the financial overview and analysis of ratios of Company Alpha is provided, highlighting the company's past and current condition. Additionally, a sectorial analysis has been conducted, determining Company Alpha's performance among its peers.

The balance sheet and income statement of Company Alpha have been built through the reclassification of financial and economic voices provided by the company (Company Alpha 2023). In *Table 3*, the balance sheet highlights the assets and liabilities that the company incurred in 2021 and 2022. From 2021, the total assets and liabilities increased by 52.34%. Decomposing these numbers, the major impact is attributed to the increase in current assets by 54.66% against the non-current assets' increase of 40.67%.

BALANCE SHEET OF COMPANY ALPHA					
Assets			Liabilities		
	2022	2021		2022	2021
Ativos fixos tangíveis	53,535 €	32,255 €	Capital realizado	5,000 €	5,000 €
Propriedades de investimento	-	-	Ações (quotas) próprias	-	-
Goodwill	-	-	Outros instrumentos de capital próprio	-	-
Ativos intangíveis	12,744 €	14,868 €	Prêmios de emissão	-	-
Ativos biológicos	-	-	Reservas legais	1,000 €	1,000 €
Participações financeiras - método da equivalência patrimonial	-	-	Outras reservas	4,929 €	-
Participações financeiras - outros métodos	-	-	Resultados transitados	15,919 €	1,649 €
Acionistas / sócios	-	-	Ajustamentos em ativos financeiros	-	-
Outros ativos financeiros	-	-	Excedentes de revalorização	-	-
Ativos por impostos diferidos	-	-	Outras variações no capital próprio	-	-
Investimentos financeiros	730 €	511 €	Resultado líquido do período	34,541 €	19,199 €
			Dividendos antecipados	-	-
Total of non-current assets	67,009 €	47,634 €	Total Equity	61,389 €	26,848 €
			Provisões	-	-
Inventários	-	7,037 €	Financiamentos obtidos	88,351 €	129,904 €
Ativos biológicos	-	-	Responsabilidades por benefícios pós-empreg	-	-
Clientes	220,378 €	-	Passivos por impostos diferidos	-	-
Adiantamentos a fornecedores	-	-	Outras contas a pagar	-	-
Estado e outros entes públicos	4,826 €	-	Total non-current liabilities	88,351 €	129,904 €
Acionistas / sócios	-	-	Fornecedores	3,913 €	3,815 €
Outras contas a receber	-	-	Adiantamentos de clientes	-	-
Diferimentos	10,071 €	3 954,50	Estado e outros entes públicos	16,734 €	5,025 €
Ativos financeiros detidos para negociação	-	-	Acionistas / sócios	19,915 €	11,793 €
Outros ativos financeiros	-	-	Financiamentos obtidos	30,902 €	19,923 €
Ativos não correntes detidos para venda	-	-	Outras contas a pagar	215,012 €	89,042 €
Outros ativos correntes	22,384 €	35 961,62	Diferimentos	-	-
Caixa e depósitos bancários	111,549 €	191,763 €	Passivos financeiros detidos para negociação	-	-
			Outros passivos financeiros	-	-
Total of current assets	369,207 €	238,717 €	Passivos não correntes detidos para venda	-	-
			Outros passivos correntes	-	-
			Total current liabilities	286,476 €	129,598 €
			Total Liabilities	374,827 €	259,503 €
Total Assets	436,216 €	286,351 €	Total Liabilities and Equity	436,216 €	286,351 €

Table 3. Balance sheet of Company Alpha for the periods 2021-2022

In terms of liabilities, the increase was mainly driven by the current liabilities increase of 120.05%, and by the increase in total equity by 128.65%.

Regarding the income statement of the company, showed in *Table 4*, from one period to the other the sales almost doubled passing from €311,882 to €589,228. The EBITDA highlights that, despite the increase in sales, expenses have doubled together with sales. Depreciation impacted 2022 less than 2021 and, therefore the EBIT of 2022 appears higher. The economic result of the period 2021, €19,199, exhibited an increase in 2022 by almost 80% leading to the 2022's economic result of €34,541.

INCOME STATEMENT OF COMPANY ALPHA		
	2022	2021
Vendas e serviços prestados	589,228 €	311,882 €
Subsídios à exploração	3,879 €	16,030 €
Ganhos / perdas imputados de subsidiárias, assoc. e emp. conj.	-	-
Variação nos inventários da produção	-	-
Trabalhos para a própria entidade	-	-
Custo das mercadorias vendidas e das matérias consumidas	7,037 €	-
Fornecimentos e serviços externos	440,607 €	238,685 €
Gastos com o pessoal	74,784 €	52,813 €
Imparidade de inventários (perdas / reversões)	-	-
Imparidade de dívidas a receber (perdas / reversões)	-	-
Provisões (aumentos / reduções)	-	-
Imparidade investimentos n/ deprec./amortizáveis (perdas / reversões)	-	-
Outras imparidades (perdas / reversões)	-	-
Aumentos / reduções de justo valor	-	-
Outros rendimentos e ganhos	5,672 €	17,448 €
Outros gastos e perdas	11,372 €	7,649 €
EBITDA	64,980 €	46,214 €
Gastos / reversões de depreciação e de amortização	25,878 €	24,503 €
Imparidade invest. deprec./amortizáveis (perdas / reversões)	-	-
EBIT	39,102 €	21,711 €
Juros e rendimentos similares obtidos	130 €	-
Juros e gastos similares suportados	438 €	1,077 €
EBI	38,794 €	20,634 €
Imposto sobre o rendimento do período	4,254 €	1,435 €
Economic result	34,541 €	19,199 €

Table 4. Income statement of Company Alpha for the periods 2021-2022

Ratios

Concerning the computation of indices, in *Table 5* some ratios have been determined for the years 2021 and 2022. The financial situation of Company Alpha appears not entirely satisfying but displays signs of overall improvement. When looking at the equity ratio, it appears that the company is undercapitalized and finances itself mainly with borrowed capital, indeed. Company Alpha's focal point, financially speaking, would be to reach a satisfying degree of financial autonomy to reduce its reliance on external funding (Company Alpha 2023).

Nonetheless, the company is currently unable to autonomously finance all its investments as the financial autonomy is 14.07% in 2022. To raise their financial autonomy, Company Alpha has retained the earnings of 2021 (amounting to €15,918) in the company and destined about 25% of their economic result to their reserves. Moreover, the decrease in the ratio of medium and long-term debts is a further hint towards reaching the above-mentioned objective. The profitability situation appears quite stable. The ROE has decreased by more than 15% (from 71.51% to 56.27%) despite the increase in net income. This could be explained by the increase in reserves and retained earnings. The ROI shows improvements passing from 7,58% to 8,96%, most probably determined by the increase in sales. Regarding the ROS, the company experienced a decrease from 14.82% to 11.03%.

Despite sales increasing, several expenses also increased (the most significant ones being “Fornecimentos e serviços externos” increasing by 85% and “Gastos com o pessoal” rising by 42%). Lastly, the ROA increased from 6.70% to 7.92% signifying that the company improved in the utilization of its existing assets. The increase in current assets, attributed to

RATIOS			
		2022	2021
Structure	Elasticity Ratio	84,64%	83,37%
	Rigidity Ratio	15,36%	16,63%
	Ratio of short-term debts	65,67%	45,26%
	Ratio of medium and long-term debts	20,25%	45,37%
	Financial autonomy Ratio	14,07%	9,38%
	Equity Ratio	0,16	0,10
Liquidity	Current ratio	1,29	1,84
	Quick ratio	0,90	0,36
	Cash Ratio	0,39	1,48
Solidity	Self-coverage of fixed asset	0,92	0,56
	Global coverage index	2,23	3,29
Solvency	Debt to equity ratio	1,76	5,28
	Liabilities to asset ratio	0,86	0,91
Efficiency	Asset turnover	1,35	1,09
	Rotation of inventory	-	44,32
	Average collection period (days)	1,66	0,00
	Average payment period (days)	3,20	4,18
Profitability	ROE	56,27%	71,51%
	ROI	8,96%	7,58%
	ROD	0,12%	0,41%
	Leverage	7,11	10,67
	ROS	11,03%	14,82%
	ROA	7,92%	6,70%

Table 5. Financial and economic ratios for the periods 2021-2022

credits extended to clients who booked tours in 2022 to be executed in 2023, resulted in an increase in Company Alpha's overall assets.

Moving to the sectorial analysis, displayed in *Table 6*, it can be inferred that Company Alpha belongs to the category of “micro-firms”, as revenues are lower than the €2 million threshold. Considering the competitiveness of this category with 1288 sampled firms, Company Alpha is performing well with regards to the considered indicators.

Sectorial Analysis (2022) CAE 79110 - Activities of travel agencies						
Dimension (sales & services)	Total	vs.2021	Large (>50M€)	Mid (>10M€ ≤50M€)	Small (>2M€ ≤10M€)	Micro (≤2M€)
N.º of analysed companies	1 432	-5.60%	1	29	114	1 288
Revenues from sales	1,183,847 €	2 €	415,807,472 €	18,582,743 €	4,220,740 €	347,538 €
Economic results	39,653 €	4 €	7,728,495 €	524,842 €	213,078 €	12,708 €
Number of employees	4 €	0 €	885 €	42 €	12 €	3 €
Failure score	58/100	0 €	23/100	76/100	75/100	58/100

Table 6. Sectorial analysis of "CAE 79110-Activities of travel agencies" for 2022

Revenues from sales of Company Alpha, amounting €589,228 in 2022 (*Table 5*), exceeds the revenues from micro-firm-sales' sector average by almost 70%. The same can be argued in terms of the economic result. Indeed, the 2022's economic result of Company Alpha outperforms the average of micro firms by approximately 170% (€ 34,540 against € 12,707). By comparing the company's performance data with the sector's ones, it can be derived that Company Alpha enjoys a quite favourable position in the market.

As displayed in *Table 7*, the sales between 2020 and 2022, mainly generated by the international market (83%-97%), showcase a growth trend that is expected to be maintained. Specifically, non-EU countries are the most profitable markets in terms of sales, representing 90,82% of the total sales just in the last year.

Geographical distribution of sales and services of Company Alpha							
	Market	National Market		International Market			
	Total	Subtotal	%	Subtotal	%	EU market	Non-EU market
2022	589,228.36 €	20,401.55 €	3.46%	568,826.81 €	96.54%	5.72%	90.82%
2021	311,882.49 €	33,873.94 €	10.86%	278,008.55 €	89.14%	13.13%	76.01%
2020	91,351.06 €	14,738.75 €	16.13%	76,612.31 €	83.87%	17.58%	66.29%

Table 7. Geographical distribution of sales and services of Company Alpha from 2020 to 2022

To conclude, Company Alpha is presented as an overall financially stable and profitable company. It has every means to be financially and economically successful and appears ready to uptake future projects aimed at expanding internationally.

4.2. Market/Industry analysis

The market/industry analysis offers a general overview of external factors that might influence the company's operations abroad. It provides an assessment of potential target markets and a competitive landscape description. First, a PESTEL analysis is presented, followed by Porter's 5 forces, and existing consumer trends and forecasts. Secondly, key industry success factors are assessed, concluding with country specific advantages.

PESTEL analysis

A PESTEL (Political, Economic, Social, Technological, Environmental, Legal) analysis has been conducted to identify the key elements of the macro-environment. The framework was applied to both the Portuguese market and internationally.

Political Environment

The Covid-19 pandemic, political instability, turmoil and social unrest (e.g., Gilet Jaunes in France and protests against the war in Ukraine) exemplify the current global political deterioration (Vision of Humanity 2021). Other key indicators of militarization, such as global military expenditure, have similarly deteriorated worldwide. Nonetheless, Vision of Humanity (2022) ranks Portugal as the 7th safest countries in the world, thereby maintaining its peaceful stances. The scholarly work reveals that the expenses for militarization, measured as a percentage of GDP, are among the lowest worldwide, with a score of 1.483 out of 5, ranking as the 7th least militarized country. Despite the degree of global peacefulness decreasing by 5% since 2008, Europe keeps its primacy as the most peaceful continent (Vision of Humanity 2023). The Portuguese economic cooperation is facilitated through Free Trade Agreements

(FTAs), 35 Bilateral Trade Agreements (BITs,) 59 Treaties with Investment Provisions (TIPs) and 28 Investment Related Instruments (IRIs) (Investment Policy Hub 2022). The EU is keen to support SMEs through the “SME strategy” (European Commission 2023). To assess the attractiveness of an economy, the Global Attractiveness Index (GAI) is considered where Portugal ranks 42nd out of 148 (European House-Ambrosetti 2023). Moreover, Portuguese tourism is promoted through 17 tourism teams working in 25 outbound markets (Turismo de Portugal 2023).

Economic Environment

Portugal performs quite well in economic indicators, with a GDP of US\$ 353,7 billion in 2021, a GDP growth of 6.7% from 2021 to 2022 and an inflation rate of 7.8% in 2022 mainly explained by geopolitical reasons. The Portuguese trade in commercial services displays that travel produced 37% of total exports in 2021, amounting to US\$ 11,770 million (WTO 2021). Inflation rates seem to be returning under control as Consumer Price Index (CPI) aggregate decreased from 8.7% in 2022 to 7% in 2023 (IMF 2023). With an EU average inflation at 6.3%, the ongoing year can be assessed favourably (year-to-year inflation as of April 2023). In contrast, some non-European economies are struggling, with an average CPI inflation of 8.6% (IMF 2023). Potential changes of disposable income should be kept under control (World Bank 2022). Taxation is another key factor to be mentioned. The average of the EU corporate taxation is 21.3%, with Portuguese corporate taxation being 21% and the European highest being Malta (35%) and Germany (30%) (Trading Economics 2023).

Social Environment

Regarding the macro-social environment, there are several positive aspects regarding the Portuguese market. Major importance is devoted to the tailored and all-rounded customer service that distinct many other European businesses too. On top of these aspects, the social world evolution, shaping behaviours and preferences, obliges business to constantly stay

informed (Rapada et al. 2021; Xie and Madni 2023). Social networks diffusion (Instagram, Facebook, TikTok, YouTube), slow tourism (Manthiou et al. 2022; Szromek et al. 2019), change in values towards sustainability may affect the business' operations. In the Portuguese context, some indicators like demographics, the Portuguese Human Development Index (HDI) of 0.866 in 2021 (UNDP 2021), the Gini index of 34.7 (Portdata 2022) and the Social Progress Index (SPI), where Portugal places 21st out of 163 countries (Deloitte 2020), are relevant.

Environmental Aspects

Regarding environmental aspects, the escalation of planetary conditions and climate change effects should be considered. Indicators to monitor the disaster risk, assessed at 5.08/100 for Portugal (HDX 2022), CO₂ emissions at 4.0 tons in 2021 (Our World in Data 2022), and other indicators comprised in the Environmental Performance Index, are vital. Moreover, Portugal has an optimal climate for tourism with average mainland temperature of 15.85° Celsius and cumulative 861.19 mm annually (World Bank 2020). Special attention to the country's morphology and to land use has helped in mitigating the events of floods through natural water retention and infiltration (Cunha et al. 2017).

Technological Environment

Regarding the technological advancements in the bike industry, the advent of electric bikes has created the opportunity to explore a different market for touring. Some indicators of an efficient infrastructure are found in the fixed broadband subscriptions (per 100 people), patents applications, R&D expenditure, air transport and rail lines. Regarding fixed broadband subscriptions, Europe (average of 30.76) showcase high values (Index Mundi 2019). Portuguese internet coverage reaches 95.2% of total fixed broadband, whereas the EU 27 share reaches the 97.4% (Point Topic 2022). Additionally, Portugal filed 2,035 patents and 146,295 trademark applications in 2022 placing, respectively, 34th and 28th globally (WIPO 2022). Portugal places 32nd with a score of 42.1 in the Global Innovation Index (GII) (WIPO 2022).

Optimal proxies to define the preparedness of transportation are air transportation and rail transportation. Portugal's rail-transported freight amounted to 2.669 million tons (Statista 2021) while air transport was 22.5% of volume of freight transported in 2021 (Instituto Nacional de Estatística 2022).

Legal Environment

In terms of the legal side, the EU's regulations are becoming increasingly strict. One of these is the General Data Protection Regulation (GDPR) with the objective to ensure transparency and correct handling of personal data (European Commission 2022). In 2021, Portugal's control of corruption and regulatory quality scores stood at 1.11 and 0.76, respectively (World Bank 2022). Additionally, the country secured the 26th position out of 130 in the rule of law assessment (Justiça.gov.pt 2021). Finally, compliance with taxation regulations and administrative norms and, the laws deriving from the establishment of an economic activity is due.

In conclusion, it can be inferred that Company Alpha business is bound to be affected by global and local circumstances. Extreme cautiousness and dynamic strategic foresights are necessary in dealing with evolutive trends. Strategically speaking, the company's establishment abroad may be deeply affected by the country's attractiveness to do business, its safety, the economic situation experienced, infrastructural quality and finally, regulations concerning health standards and doing business abroad.

4.2.1. Porter's five Forces

Porter's five forces is essential in assessing the competitive dynamics within the industry in which the company operates. Specifically, factors such as industry rivalry, threat of substitutes, threat of new entrants, bargaining power of buyers and bargaining power of suppliers may determine the profitability of the company and its future in the industry. These five factors influence several aspects, including pricing, costs and required investments. Accordingly, the

Porter's 5 forces framework showcases the main external forces that may influence Company Alpha's operations within the industry (*Figure 3*).

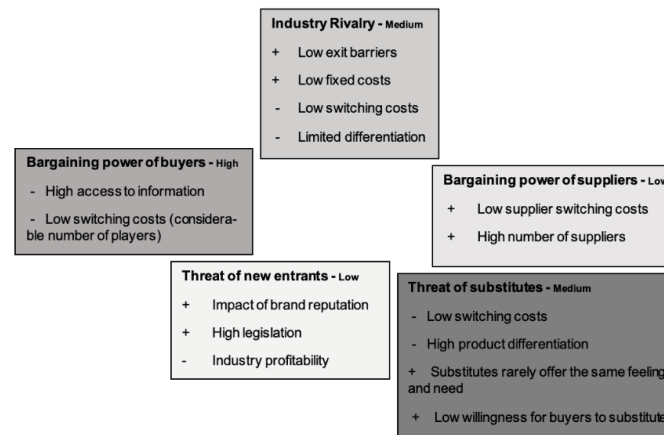


Figure 3. Porter's 5 forces

Industry Rivalry

Within the cycling tourism industry, several players including Duvine, Butterfield & Robinson, and inGamba, operate in similar geographic regions and offer comparable services to Company Alpha. Despite the small number of players in the Portuguese cycling tourism market, there is a strong incentive to provide uniform pricing offers and similar tour alternatives. The market's limited size, with low switching costs, and lack of differentiation due to similar offerings, contribute to this trend. While competition is characterized by a small number of players, it results in reduced fixed costs, and potential exit barriers for Company Alpha appear low. The company's limited inventory for bicycles, provides them with an option to exit the market if necessary. Despite these factors, the Portuguese market remains highly attractive, given its physical presence in the country and the significant 131.4% growth rate in the tourism industry in 2021 (Instituto Nacional de Estatística 2023). However, the firm aims to internationalise, expanding its reach to more customers, profits, sales, and strategic partnerships. Given the mentioned aspects, the industry rivalry level can be considered as a medium.

Threat of substitutes

Recreational visits incorporating leisure cycling as a crucial component offer a unique and challenging-to-replace experience. Possible substitutes include alternative types of adventure tourism, such as climbing, kayaking, rafting, diving, skiing, surfing, skydiving, horse riding and more. Despite the numerous substitutes, characterized by low switching costs and high product differentiation, tourists' willingness to choose alternative modes of exploring a new destination, beside riding a bike, is low. Moreover, Company Alpha provides premium services, with higher quality and higher price than substitute activities. The threat of substitutes is contingent upon the customer's willingness to opt for services catered around cycling adventures in new locations. Based on these factors, the threat of substitutes is medium (Buckley 2007).

Bargaining power of buyers

In Company Alpha's niche market context, clients have a strong influence over the company's profitability and potential expansion. Accordingly, the concentration of buyers is high with a limited number holding a substantial share, thereby giving the power to customers. To overcome this problem, it is important to diversify the risk and increase the number of clients. In a B2C tourism segment, the purchasing power of buyers is high due to the access to information about alternative options, allowing them to compare prices and quality easily. With low switching costs and competitive offerings aligning closely on pricing, each customer holds considerable value for the company. Particularly, the adventure tourism luxury segment's brand consciousness makes them willing to pay a premium price to enjoy a great experience and service quality. Therefore, bargaining power of buyers is high.

Threat of new entrants

In the adventure tourism industry, where suppliers can be easily changed, brand loyalty plays a crucial role in a firm's decision to enter a specific market. In cases where brand loyalty is low, entry becomes easier, enabling to gain a significant market share quickly. Company

Alpha, placing a considerable importance on brand loyalty, creates barriers for potential new entrants. Due to the tourism industry's importance in the global economy, representing 10.4% of the world's GDP and 7% of the world's total exports, new entrants may still emerge (McKenney 2018). While distribution channels can be quite easy to access and manage, the tourism sector is subject to regulations, including land use planning, health and food safety, labour, and consumers laws. Addressing regulatory aspects can also be time-consuming. Thus, the overall threat of new entrants is considered low (European Commission 2023).

Bargaining power of suppliers

Suppliers in the cycling tourism industry mainly include restaurants, hotels, and experiences near the tour's location, as well as bike stores and gadget stores related to biking and adventure tourism. Several firms can provide the necessary services for Company Alpha, with only a few possessing significant bargaining power. The homogeneity in suppliers' offerings, standardisation, and pricing structures, along with low switching costs, increases rivalry among them. Due to the high number of suppliers, their bargaining power is decreased. This could, in turn, enable Company Alpha to benefit from a privileged position, in terms of price and quality. The low switching costs and the presence of many suppliers with similar offerings, makes the buyer more powerful, resulting in a low bargaining power of suppliers.

In summary, while industry rivalry is moderate due to limited number of players and similar options, threat of substitutes seems to be challenging with various alternatives of outdoor activities. With premium services and brand loyalty, Company Alpha has a strategic advantage against potential entrants. To mitigate concentration risks and diminish the influence of buyers, diversifying the customer base becomes crucial. Furthermore, suppliers have a relatively limited influence, allowing Company Alpha to leverage its position for competitive pricing and superior quality.

4.2.2. Consumer trends and forecasts

Cycling tourism, a blend of sport and exploration, is gaining popularity as a subset of adventure tourism. This approach offers a unique perspective on diverse landscapes and cultural tapestries, fostering a deeper connection with the environment and heritage. The sector's future potential is explored to understand its nuances and trends.

Understanding the landscape

Cycling tourism encompasses recreational trips away from one's residence, with leisure cycling acting as a primary activity of the journey. Bicycle vacations empower travellers with a sense of freedom and adaptability, allowing them to set their own pace and choose their route. Riding bikes can be an athletic, serene, and communal endeavour. As a subset of adventure tourism, this form of tourism is gaining popularity among diverse age groups, from young adults and seniors to families (Molgo 2022).

Key segments in Cycling Tourism

Cycling tourism comprises four distinct segments: road cycling, mountain biking, family cycling and touring/expedition. It is crucial to recognize these specific segments and cater to their unique requirements. Road cyclists, comprising young adults and seniors, prioritize swift riders for fitness and nature appreciation. Mountain bikers, typically aged 26-45, seek rugged terrains and value accurate trail descriptions for adventurous experiences. Family cycling faces challenges due to logistical issues with child-friendly tours. Touring/expedition caters to diverse audiences with varied motivations, requiring service providers to offer a range of cycling experiences (Molgo 2022). For a detailed overview, refer to *Appendix 9*.

Market valuation and predictions

Interest in cycling tourism has surged, boosted by the Covid-19 pandemic and people's desire to connect with nature. Covid-19 hit the cycle tourism sector hard, particularly in Asia-

Pacific and Europe. Although the pandemic posed challenges, it also sparked a rise in cycling popularity. The sector is predicted to grow following its conclusion, influenced by sustainable policies, eco-friendly holiday demands, e-bike adoption, and cycling as a health exercise. Consequently, the market for bicycle tourism is expected to be worth \$1291.3 million by 2032 (Future Market Insights 2022).

Current trends and Future Insights

Adventure tourism serves as a means for achieving sustainable economic development and community advantages in emerging economies, with governments and businesses actively embracing this approach. From 2010 to 2014, the adventure tourism industry witnessed a remarkable 195% growth, and it is anticipated to experience significant global expansion (Palgrave Macmillan 2020). Despite its rapid growth, the sector continues to represent a comparatively modest player on the global stage and several trends are worth noticing. Travellers are increasingly making reservations over nine months in advance. This trend reflects a proactive approach to securing and organising vacations plans well ahead of the travel period (Backroads 2022).

While many favourite destinations like Spain, Italy, and France continue to draw attention, there is noticeable surge in interest in Northern European destinations. Countries like Norway, Denmark, and Scotland are making their mark on many travel enthusiasts' bucket lists. A growing segment of travellers is expressing interest in adventures that revolve around wine regions and spirits, as well as seeking out destination that offer natural environments. Another trend includes the preference for luxury active travel, where individuals seek the perfect balance between physical activity and leisure time. Destinations like Netherlands, Belgium, Ireland, Spain, Italy are particularly popular (Backroad 2022).

In the cycling tourism segment, e-bikes are a growing trend, allowing diverse age groups, including seniors, to explore tougher terrains. E-bike sales in the U.S. surged by 145%

in 2020 (“Cycle Tourism Market Size, Share & Growth Report” 2022). In 2022, group cycling tours held a 45% market share. Meanwhile, solo cycling tourism is on the rise. While only 14% travelled alone pre-pandemic, this figure almost doubled by 23% by mid-2021 (Precedence Research 2022).

The marketing landscape for cycling tourism is vast. From direct sales and package deals to social media promotions, the outreach is comprehensive. Particularly, social media influencers are playing a key role in promoting cycle tourism, resonating especially with millennials. Social media platforms, such as Facebook and Instagram, offer intimate user interactions and are vital for personalized marketing. As millennials form a growing segment of travellers, it is essential for firms to engage them on social media. The integration of personalization with AI can optimize user interactions (Weerakoon 2023).

Millennials and Gen Z are increasingly valuing immersive and authentic travel experiences over material goods. In fact, adventure travel holds significant appeal for the youth, with a vast majority (91%) venturing out to the experience different cultures (World Tourism Organisation 2014). Experiential travel, particularly luxury cycling holidays blending adventure, is gaining traction. A significant 79% of these young travellers' express interest in immersing themselves in local cultures, while many seek undiscovered spots unknown to their peers. Television shows, movies and other media are major influencers; 70% of younger respondents are inspired to travel to locations they have seen on screen. Furthermore, 61% are motivated to visit places that photograph well. Mental and physical well-being are becoming central to travel plans, with 73% aiming to rejuvenate through vacations. A noteworthy 60% prioritize booking accommodations offering spa and wellness services. Local cuisine remains a highlight, with 81% eagerly anticipating local food experiences and even planning trips around restaurants (Hendley 2023).

Regarding forecasts, the future of travel and tourism hinges on personalization. The global customisation and personalization in travel market was valued at US\$126.5 million in 2022 and is estimated to increase at a CAGR of 17.8% in the forecast period from 2022 to 2023. Individualized marketing and tailored customer service will be a significant success in the travel sector (Future Market Insights 2022). These trends should be empowered by advanced technologies such as AI, data science, and machine learning, which are essential for optimized customer interactions.

Europe stands out as a premier destination for cycling tourists on a global stage. The European cyclist population is expected to surge with a growth that can be attributed to the European governments' efforts in enhancing cycling infrastructure. In fact, the European Cyclist Federation created *EuroVelo*, a comprehensive network of 17 interconnected long-distance cycling routes spanning Europe in collaboration with commercial entities and NGOs. The primary vision behind this initiative is to standardise high-quality cycling paths across European nations, making European citizens motivated to consider cycling as a sustainable and healthy travel option. Moreover, this enhancement by European governments emphasizes their commitment to fostering cycling infrastructure, promoting health, sustainability, and tourism (European Cyclists' Federation 2022).

Europeans prefer this mode of transfer due to its efficiency, health benefits, and eco-friendliness. When it comes to cycling services, Europeans prefer cycling paths topped with cyclist-centric amenities, including hotels, eateries, repair stations and luggage transport services (Molgo 2022). There is a growing trend towards self-guided cycling tours in Europe. Cyclists in this segment usually navigate set routes without guides. While many Europeans value the autonomy of such travels, structured tours remain popular, especially with beginners and senior citizens. It is essential to note that European cyclists are discerning, always seeking good value. However, subsets like mountain bikers and younger travellers might value the thrill

of the journey over opulence, highlighting an adventurous and autonomous spirit (Molgo 2022). The UNWTO (2014) forecasts that global arrivals will reach 1.8 billion by 2030. The organisation anticipates that the growth rate of international tourism arrivals in emerging economies will be twice as fast as in developed countries. While developed countries will benefit from tourists coming from emerging economies, there is currently a limited awareness of adventure tourism opportunities in these places. Hence, there is a need for these nations to invest in market development. Nonetheless, the private sector might hesitate to concentrate on these areas due to the potential long-term complexities of operating a business in a developing nation. Consequently, destinations should adjust their strategies to cater to the tastes of their primary target audiences (World Tourism Organisation 2014).

As the world grapples with changing travel patterns and emerging economic dynamics, cycling tourism appears to have the potential to leverage its unique offerings and satisfy the desire for exploration. Europe's embrace of this form of tourism, the innovative integration of technology, and the global shifts towards sustainable and personalized experiences, all suggest substantial growth for cycling tourism.

4.2.3. Key industry success factors

As previously stated, there has been a notable surge in cycling tourism in recent years. To successfully operate in this increasingly competitive sector, understanding the critical factors that underpin the industry success is of paramount importance.

Road Safety

Road safety stands as one of the foremost success factors in the industry. The extent of road safety encompasses factors such as traffic volume, cycling infrastructure (cycle tracks, cycle lanes, shared space, off-road), pavement quality, the frequency of intersections, road width, and the presence of rail tracks. According to numerous studies (Ritchie 1998; Lee 2014; Ma et al. 2014), cyclists' perception of road safety has the strongest positive impact on cycling

frequency. Therefore, these aspects are essential for providing a secure and enjoyable cycling experience and guaranteeing industry success. The CEO of Company Alpha similarly emphasized the importance of road safety to their success, reflecting the company's commitment to ensuring the well-being of its clients and fostering its competitive resilience (Company Alpha 2023).

Criminal Rate

The safety of travellers extends beyond road conditions. The CEO rightly pointed out that the criminal rate of a region significantly influences the attractiveness of that area to cyclist tourists, and is, thus, an important success factor to be mentioned (Company Alpha 2023). This statement finds validation in Ipsos' global survey (Boyon et al. 2022), confirming that a low crime rate positively influences the prevalence of cycling tourism. Thus, cycling is more widespread in countries where it is perceived as a safe mode of transportation (Boyon et al. 2022). Monitoring and evaluating crime rates become indispensable for achieving industry success, as they directly impact traveller confidence and the frequency of cycling tourism.

Scenic, Historical, Culinary, and Cultural Attractions

Destination appeal also plays a pivotal role in the flourishing field of cycling tourism. The presence of a diverse array of attractions, spanning historical and gastronomical sites to cultural landmarks, significantly enhances a destination's allure. This concept is supported by research, which underscores that cycling tourists derive value not only from the act of cycling but also from the broader offerings of a destination, including its scenic beauty, historical significance, cultural richness, and culinary delights (Lee 2014; Han et al. 2017). Thus, destination appeal stands as a cornerstone for success in the cycling tourism industry.

Marketing and Promotional Campaigns

Marketing and promotional campaigns are also indispensable success factors. In an era of increased connectivity and information sharing, effective marketing serves as the linchpin

that connects potential cyclists with industry players. Indeed, engaging content on social medias and cycling forums can cultivate a devoted following, amplifying the visibility and desirability of a company within the industry. Collaborations with influencers associated with road cycling tourism could further lend credibility to promotional efforts, tapping into their dedicated fan base (Marin et al. 2018). Furthermore, strategic campaigns to spotlight a destination's unique attractions could also entice enthusiasts (Lamont 2009). In essence, marketing and campaigns function as catalysts to propel cycling tourism to new heights, attracting enthusiasts and ensuring the continued growth of this industry. Company Alpha has made significant efforts and financial investments in its marketing campaigns, recognizing that they are key success factors in achieving industry success (Company Alpha 2023).

Service Excellence

Service excellence represents another pivotal success factor. The quality of service provided to cyclists profoundly impacts their overall experience. Exceptional customer service, responsive support, well-planned itineraries, and knowledgeable guides contribute significantly to customer satisfaction and loyalty. Cyclist tourists often seek personalized and hassle-free experiences, making it imperative for industry players to offer tailored services. From equipment maintenance support to route planning, companies that excel in providing top-tier services create a distinct competitive advantage. Company Alpha's dedication to service excellence is deeply ingrained in its ethos, as articulated by the CEO, who recognizes that fostering memorable cycling journeys is integral to its long-term success and the overall growth of the cycling tourism sector (Company Alpha 2023).

In conclusion, the cycling tourism industry is propelled by several critical success factors that shape its growth and sustainability. The convergence of road safety, destination attractiveness, diverse cultural and scenic attractions, strategic marketing efforts, and service excellence form the foundation upon which industry players build enduring success.

4.2.4. Country specific advantages

Company Alpha's competitive advantage in the adventure tourism industry in Portugal, was analysed using Porter's Diamond Model.

Factor Conditions

Portugal's diverse landscape provides a variety of terrains suitable for adventurous biking experiences. The country also has a skilled labour force, including knowledgeable tour guides and support staff, which contributes to the quality of services Company Alpha offers (Estevão et al. 2018).

Demand Conditions

There is a growing interest in outdoor and adventure tourism, both locally and internationally. This rising demand for unique biking experiences allows Company Alpha to continually innovate and enhance its offerings tailored to the growing specific requests from the market. (Estevão et al. 2018).

Related and Supporting Industries

Portugal has a well-established local bike industry, which continues to develop and structure itself (Ulojijefepa 2023). The presence of local bike shops and a network of accommodations supports Company Alpha's operations. The Portuguese bicycle industry is also moving towards more premium and innovative production, which can further enhance the quality of Company Alpha's services. (Beckendorff 2021).

Firm Strategy, Structure, and Rivalry

Company Alpha strategically situates itself by providing a variety of tour packages and upholding elevated service standards in the face of domestic competition. The company's strategy is also supported by the overall growth and dynamism of the Portuguese market.

In addition to these factors, the interconnectedness of these elements, as emphasized by Porter's Diamond Model, contributes to Company Alpha's competitive advantage in the

Portuguese adventurous bike tourism sector. The company's ability to leverage these factors effectively has allowed it to succeed in a competitive industry.

4.3. Firm specific advantage

In the following section, Company Alpha's Firm-Specific Advantages are through the VRIO framework and Value Chain. This analysis aims to uncover unique strengths and operational efficiencies that contribute to Company Alpha's competitive edge, offering insights into its readiness for internationalisation.

4.3.1. Resources and competences

According to the concept of a value chain, a company's operations can be categorized into two main groups: primary activities and supporting activities (Porter 1985). Primary activities are the core resources and competencies within a company's value chain. These activities are essential for generating revenue (contribution margin) and providing value to the end-user. On the other hand, supporting activities, often referred to as secondary or infrastructure activities, provide the necessary support and resources to facilitate the smooth functioning of primary activities (Porter 1985). When analysing Company Alpha's value chain, several primary activities contributing to the final product, shown in *Appendix 10*, have been identified. Company Alpha's success hinges on a meticulous orchestration of both primary and support activities that form its robust value chain.

At the forefront of primary activities is the company's adept inbound logistics, where a diverse fleet of bikes and equipment are procured, bolstered by strategic partnerships with suppliers. This guarantees access to top-tier equipment, from e-bikes to road bikes, for their clientele. Operationally, the company's strength lies in its detailed tour design, spanning self-guided, guided, and luxurious options. Each itinerary is crafted with precision, ensuring clients

receive experiences tailor-made to their preferences. Whether it's the inclusion of expert guides or upgraded accommodations in their premium tours, every detail matters.

Further enhancing their primary activities, Company Alpha's outbound logistics are finely tuned to offer clients a hassle-free experience, managing both transportation and equipment logistics seamlessly. On the marketing front, Company Alpha deploys targeted campaigns, aimed specifically at its core demographic of service-oriented American and Canadian clients, primarily those aged 55 and above. Their value proposition is amplified by premium services that boast stays in 5-star hotels and other elite amenities, curated with an understanding of the diverse needs of their clientele. On the other hand, the company's support activities are equally integral to its operations. Their procurement processes are focused on ensuring a consistent supply of bikes and equipment, meeting the high standards set by the company. Technology, notably the development of a dedicated GPS application, further enriches the client experience by streamlining navigation and tour information access. Company Alpha's human resources department plays a pivotal role, overseeing the recruitment, training, and management of crucial personnel, from guides to support teams. Their infrastructure encompasses everything from bike storage facilities to advanced IT systems, ensuring smooth operations. Lastly, at the heart of the organisation, strategic and financial planning alongside compliance with regulations sets the foundation for Company Alpha's continuous growth and operational excellence.

In essence, Company Alpha's success lies in the seamless integration of core activities contributing directly to value creation, such as adept logistics, precise tour design, and targeted marketing, with crucial support functions. The company's operational efficiency is sustained through procurement, technological advancements, human resources management, and strategic planning. This cohesive approach ensures the consistent delivery of exceptional

experiences to clients while fortifying the drivers to continuous growth and organisational excellence.

4.3.2. Firm sustainable competitive advantage

As previously mentioned, Company Alpha has cultivated a suite of internal resources aimed at offering exceptional experiences. Employing the VRIO framework, the assessment of the value, rarity, inimitability, and organisational utilization of these resources to determine the sustained competitive advantage is offered.

Brand Portfolio

Company Alpha's extensive range of tour options in its brand portfolio is undoubtedly a valuable resource which offers diverse experiences to cycling tourists. As previously mentioned, these options include self-guided, guided, and premium tours, allowing the company to attract both experienced cyclists and those seeking a more luxurious experience. While these tour options are valuable and rare, they are not inimitable. Competitors may attempt to diversify their offerings, albeit at a significant investment of time and resources. Thus, Company Alpha's brand portfolio provides a temporary competitive advantage.

Use of technology

Company Alpha's use of technology, as exemplified by its app, is an asset in enhancing the customer experience. It offers essential tour information, reduces the need for physical documents, and provides insights into local cultures and destinations. While valuable and relatively rare within the context of cycling tourism, its inimitability is challenged by the potential for competitors to develop similar apps. Therefore, Company Alpha's use of technology represents a temporary competitive advantage, enhancing the customer journey and reducing environmental impact.

Strategic Partnerships Collaboration with Top-Tier Hotels

Strategic partnerships with top-tier hotels are a valuable resource enhancing the overall tour experience. These collaborations, while valuable and relatively rare within the cycling tourism industry, are not inherently inimitable. Competitors could seek similar collaborations, although gaining access to top-tier establishments may pose challenges and require substantial negotiation efforts. Consequently, Company Alpha's strategic partnerships provide a temporary competitive advantage, elevating the quality of accommodations for cycling tourists.

Marketing Initiatives

Company Alpha's marketing initiatives play a vital role in driving brand visibility, attracting new customers, and maintaining customer loyalty. These initiatives, valuable and creatively designed, contribute to the company's competitive position. However, they are not entirely rare nor inimitable, as competitors could potentially replicate them with a deep understanding of the target audience and cycling tourism trends. Thus, Company Alpha's marketing initiatives represent a competitive parity, strategically targeting the niche audience of cycling tourists.

Branding Motto

Company Alpha's branding and use of the "Made in Portugal" motto signifies authenticity, cultural richness, and a commitment to showcasing the best of Portugal. While valuable, this resource lacks rarity and inimitability. Competitors may also emphasize their origins and genuine cultural connection they represent is not unique to Company Alpha. Consequently, its branding represents competitive parity rather than a sustained competitive advantage, underscoring the company's commitment to its heritage and culture but not providing a distinct edge in the market.

In summary, Company Alpha possesses a set of internal resources, each with its unique characteristics, contributing to its competitive position in the cycling tourism industry. These

resources, while valuable and often rare, tend to provide temporary competitive advantages due to their imitability.

4.4. Diagnosis for internationalisation

In assessing the viability of Company Alpha's global expansion, the forthcoming analysis will focus on examining the internal and external dynamics of both Company Alpha and the adventure tourism industry. This comprehensive approach aims to determine the level of preparedness of Company Alpha for internationalisation.

4.4.1. SWOT matrix

To evaluate the effectiveness of the strategic decisions made by Company Alpha, a SWOT analysis was conducted. The framework is crucial for companies entering international markets, offering a structured approach to assess strengths, weaknesses, opportunities, and challenges. This process facilitates the creation of a targeted strategy aligned with the dynamics of the new market. Additionally, a SWOT serves as a valuable tool for understanding and mitigating risks related to global expansion, including diverse cultures and regulations. Identifying early challenges enables the company to leverage strengths for effective obstacle navigation, acting as a strategic roadmap for informed decision-making and resource allocation (Figure 4).

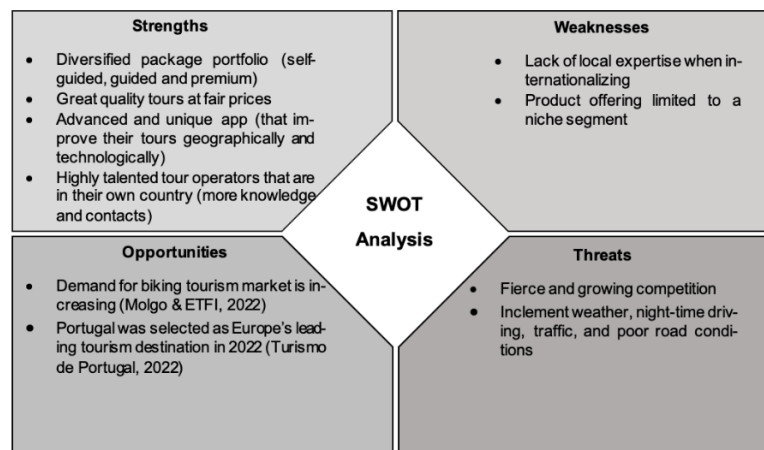


Figure 4. SWOT analysis

Strengths

Leveraging its 8 years of experience in the biking tourism sector, Company Alpha has cultivated valuable connections with companies, customers, and suppliers. Distinguishing itself in the competitive landscape, Company Alpha offers a diverse portfolio of packages, allowing customers to tailor their biking experience based on their preferred level of independence and budget. The company stands out by providing high-quality tours at reasonable prices, utilizing their advanced in-house technology. What sets Company Alpha apart is the unique aspect that its tour operators are native to Portugal, providing them with an inherent advantage in understanding and connecting with the local culture by offering richer insights and experiences within the region, an uncommon feature among its competitors.

Weaknesses

Company Alpha's attempt to expand into Spain faced challenges as the tours offered in the Spanish market lacked the competitive advantages present in their established Portuguese operations. The attempt to replicate the operational infrastructure, including guides, vans, and overall logistics, resulted in suboptimal margins, as vans were rented, and tour operators hired. Moreover, the venture incurred high marketing expenditures. The unsuccessful internationalisation attempt indicated underestimations in replicating their business model abroad.

Opportunities

Possessing a well-established foothold in a region with significant growth prospects can prove highly advantageous when a company contemplates global expansion. Portugal, recognized as Europe's premier tourism destination in 2022, provides ample opportunities for Company Alpha to expand its business within the country (Turismo de Portugal 2022). Additionally, the global market is witnessing a rising demand for biking tourism, indicating a growing interest in combining biking activities with travel experiences (Molgo 2022).

Threats

Despite the market's growth trajectory, Company Alpha must be mindful of potential threats. The expanding demand for Biking Tourism opens the door for new entrants, intensifying competition within a larger customer pool. Additionally, given that outdoor activities are integral to biking, considerations such as inclement weather, night-time riding, traffic, and road conditions need careful attention.

In summary, Company Alpha's strengths lie in its diverse offerings, market experience, and local expertise. Opportunities abound in Portugal's flourishing tourism industry and the global interest in biking tourism. Nevertheless, heightened competition and environmental factors pose potential threats. Through strategic adjustments, Company Alpha can navigate these challenges and sustain its successful trajectory in the biking tourism market.

4.4.2. FSA-CSA Matrix and Porter's Generic

Multinational enterprises engaging in foreign direct investment need to possess firm-specific advantages (FSAs) that, in combination with country-specific advantages (CSAs), have an influence on globalization transactions (Hillemann and Gestrin 2016). Company Alpha has several firm-specific advantages contributing to its success, as discussed in the previous sections. The company has established a notable presence in the cycling tourism sector with its diverse brand portfolio, new technologies, partnerships, targeted marketing initiatives, customer service and a strong branding strategy. However, many of these advantages are temporary as they could be replicated by competitors (*Appendix 11*).

Alongside FSAs, the theory of internationalisation posits that multinational enterprises also capitalize on advantages rooted in their home country (Hillemann and Gestrin 2016). Portugal itself emerges as a compelling destination for premium cycling tourism, offering geographical diversity, a favourable Mediterranean climate, and commendable safety

standards. The country's robust infrastructure and rich cultural heritage further elevate its attractiveness.

Upon examining both the firm-specific and country-specific benefits that Company Alpha and Portugal provide, an FSA-CSA matrix on the company's positioning based on the relative importance of these factors are determined. It refers to the relative advantages Company Alpha possesses in comparison to the advantages offered by the country which it operates. While Company Alpha leverages its unique competitive strengths crucial for its growth, its operations in Portugal offer additional advantages stemming from the nation's favourable climate, high safety rankings, diverse landscapes, and rich cultural heritage aspect. This analysis places Company Alpha as Weak FSA. Strong CSA in the matrix, as the company lacks significant company advantages while offering substantial advantages that can potentially compensate for the firm's weaknesses (*Table 8*).

	Firm Specific Advantages (FSA)	
	Weak	Strong
	PORTUGAL - Company Alpha	3
Country Specific Advantages (CSA)	Strong	
	Weak	2 4

Table 8. FSA-CSA matrix

Combining Company Alpha's firm-specific advantages with Portugal's country-specific offerings, a clear synergy can be seen, benefiting the cycling enthusiasts who seek adventure and authenticity.

Porter's generic

In the competitive landscape of the modern business world, it is imperative for firms to adopt strategies that distinctly place them ahead of competitors. Drawing from Michael Porter's generic strategies, it becomes evident that Company Alpha follows a differentiation strategy (Hillemann and Gestrin 2016). Operational and branding strategies are means to reach it. Company Alpha focuses not only on the package diversity but rather on the customization. The

introduction of a broad range of cycling tour options, signifies a keen understanding of consumer needs. This is about crafting unique experiences that align with specific market segments. Furthermore, the development and deployment of a dedicated app enhances customer experience, as well as improving digital engagement despite it represents just temporary advantage.

Also, collaborations resonate with the ethos of premium quality. Such partnerships ensure luxurious accommodations while echoing a commitment to quality and to the brand's unique value proposition. When it comes to branding efforts, Company Alpha leverages on the made in Portugal which is not just a label, rather a declaration of authenticity.

The differentiation focus strategy (Porter 1985) is about creating value that is perceived as distinct across the industry, as illustrated in Table 9. This differentiation is a domestic asset, and a tool for internationalisation which offers several advantages when entering global markets (Friesen 1980).

	Competitive Advantage		
		Low Cost	Differentiation
	Broad	Cost Leadership	Differentiation
	Narrow	Cost Focus	Differentiation focus

Table 9. Competitive advantage

In conclusion, this strategy firstly allows to have a clear brand positioning in new markets. Secondly, differentiation allows for premium pricing, making market entry potentially more profitable. Moreover, with this strategy Company Alpha can enter niche market segments in different countries which value unique and high-quality experiences.

4.4.3. Motives for internationalisation

The subsequent paragraphs delve into the reasons why Company Alpha should pursue internationalisation. The company is currently experiencing a flourishing and stable trend of domestic growth, with foreign opportunities making internationalisation attractive. In the next paragraphs the main motives for internationalisation are illustrated following the “search for

something” drivers (Dunning 1993). These drivers encompass ownership advantages, favourable locational factors, and the internalization benefits outlined in the eclectic paradigm.

Market-seeking motives

Market-seeking motives focus on the demand side of an internationalisation effort when foreign expansion is justified by the potential entrance in target countries where business success and growth is likely (Cuervo-Cazurra 2012). It represents a significant opportunity for Company Alpha that could gain access to additional markets and strengthen its claim of “premium cycling holiday” formula abroad. The diversification of its catalogue of tours and destinations would, in turn, provide a wider range of choice for customers and increased sales (Kubíčková et al. 2014). The strong cycling market growth highlighted by a CAGR of 14% and expected market worth of US\$ 1291.3 million by 2032 (Section 4.2.2 *Consumer trends and forecasts*) is crucial to enjoy greater profits given by the *expansion of the pie* of the market worth and increase sales (Cuervo-Cazurra et al. 2015). The will to customers’ acquisition and retention, makes the company seek out expansion abroad.

Resource and asset-seeking motives

Resource and asset-seeking motives refer to reasons to invest abroad to obtain resources, usually at a lower comparative cost, or unavailable in the home country (Franco et al. 2008). Company Alpha has, the opportunity to find cheaper access to skilled labour, or find comparatively cheaper options for what concerns its operations such as hotels, rentals, experiences. However, there are reasons to believe that resource and asset-seeking motives are not the primary in Company Alpha internationalisation. Despite recognizing their medium and long- term importance, they represent just a secondary objective in the internationalisation plan of Company Alpha.

Efficiency-seeking motives

Efficiency-seeking motives would enable the improvement of the efficiency of existing structures or creating new ones leading to better use of resources (Benito 2015). The opportunity to increase the profitability of the touring activity is crucial. Internationalising may increase the chances of clients' retention, with the ultimate objective to increase conversions. Internationalising may partially solve the latent problem of seasonality that the company may experience back home and in the European continent. Through diversification efforts, risks derived by operating in a single market would most likely be mitigated ensuring the stability of sales and avoidance of inherent exposure resulting, for instance, from different payment terms and currency risk (Oladimeji and Udoson 2019; Kaushik 2020). Moreover, thanks to the potential similarity of patterns and consumer behaviours, marketing strategies may be standardised and reproduced, reducing the investments in *ad hoc* differentiation of strategies.

Concluding, Company Alpha's motives to internationalise are mainly attributed to market-seeking aims thanks to foreign opportunities, together with the company's intention to increase clients, increase profits and sales and establish strategic partnerships. Regarding efficiency-seeking motives, the geographic diversification allows risk diversification while solving seasonality issues and ensuring consistent inflows. Resource-seeking motives are of secondary and nice-to-have characteristics but, for now, they are relatively less crucial.

4.4.4. Global readiness

The global readiness of Company Alpha is a fundamental phase that provides conclusive information regarding the effective preparedness for internationalisation. Assessing the degree of readiness involved conducting the GMMSO4 test, and detailed answers are available in *Appendix 12*. The potential internationalisation plan reveals significant advantages, with high scores in terms of "foreign marketing presence". These advantages derive from operational standardisation, a stable international target audience, and similarities with the Portuguese

market. The company's proactive stances and concrete objective of internationalisation signal positive endeavour and eagerness. Challenges such as product uniqueness limitations, heightened international competition, and the lack of certain certifications indicate that the company may not be fully prepared for "foreign manufacturing" (>90% score in the GGMSO4) at this stage. Given the strengths and proactive approach of Company Alpha towards internationalisation, the company appears to be in a favourable position to internationalise.

Prior to embarking on extensive international expansion, it is advisable for the company to enhance its financial standing, potentially reducing liabilities or hedging against currency risks. Additionally, a more in-depth exploration of regulatory intricacies in each target market, consideration of collaborations in new markets to facilitate the expansion process and analysis of recent expansion experiences are essential steps to avoid repeating mistakes. Nevertheless, considering the company's strong proactive approach and existing resources, the overall global readiness of Company Alpha can be estimated to be approximately 70%-90%, demonstrating a high level of readiness.

5. International market selection - Phase 1

In the following paragraphs, a qualitative and quantitative analysis is going to be provided to explain and determine the ideal fit for the internationalisation project of Company Alpha. Firstly, in the "country selection criteria" section, a brief overview of the variables collected, and selection criteria is provided. Following, the actual analytical processes, involving country clustering and ranking, are going to be offered. Finally, based on these analyses, countries with the highest potential will be closely examined.

5.1. Country selection criteria

Various sources, including the World Bank Database, Statista, the Economic Forum, and numerous more, were utilized in the data collection process to obtain country-specific

information (*Appendix 13*). A total of 266 countries' worth of World Bank Data have been extracted from the largest global dataset. However, upon aggregating data from alternative sources, 66 nations were excluded due to insufficient observations beyond the World Bank data, thereby reducing the list to 200 nations.

Subsequently, missing values have been spotted for each country, and those with more than four variables missing have been dropped from the list (46 countries) (*Appendix 14*), bringing the final dataset to 154 countries. Simultaneously, when missing data were lower or equal to 4, the average value of the variable was inserted in the missing observations. To assess each country's suitability for Company Alpha's internationalisation, data have been standardised and reversed variables have been approached, inverting their value (e.g., variables in which the lowest value is the best one).

5.2. Country clustering

Country clustering for Company Alpha yields a group of countries with similar traits, providing information on possible synergies among markets (Cavusgil 2004). To facilitate the analysis, a principal component analysis (PCA) to reduce the dimensionality of the dataset was conducted on a dataset consisting of 34 variables and 154 countries. It has been performed using the software SPSS, and the adequacy of the sample was evaluated priorly. This verification was performed using the Kaiser-Meyer-Olkin (KMO) test and Bartlett's test. A KMO coefficient of 0.79 was obtained, indicating that the sample size was appropriate for PCA. Furthermore, the significance value was lower than 0.01, further confirming the suitability of the data for analysis (Shrestha 2021) (*Appendix 17*). The eigenvalues of the factor determine its contribution to explaining the variance (*Appendix 18*). Components with eigenvalues greater than 1.0 were retained in the analysis. The first five components satisfied this condition and cumulatively explained 66.9% of the variation in the dataset. The remaining 33.1% of variation was explained by the other 17 components. The scree plot analysis

identified a drop at the 5th component, confirming that the first five variables are significant when explaining the variance in the dataset (*Appendix 19*).

After the PCA, a hierarchical cluster analysis with no priorly decided number of clusters was performed using the 5 components defined through the PCA. A dendrogram was created using Ward's method on standardised scores for a total of 154 countries (*Appendix 21*).

Eleven clusters (*Table 10*) were found after a cut-off distance of five was determined in the dendrogram to determine the number of clusters that would have been formed. Additionally, to validate our findings, a non-hierarchical analysis, known as K-Means cluster analysis was performed. The analysis used the 11 clusters produced by the hierarchical clustering to validate most of the clusters (*Appendix 24*).

In conclusion, the country clustering analysis undertaken has yielded a comprehensive understanding of potential market synergies among 154 countries. The statistical analysis facilitated the identification and validation of 11 unique clusters. The resulting clusters, explaining 66.9% of the dataset's variance, offer valuable insights for Company Alpha's strategic decision-making. The utilization of both hierarchical and non-hierarchical approaches enhances the reliability of results, providing a solid foundation for informed market entry and business optimization strategies.

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	Cluster 7	Cluster 8	Cluster 9	Cluster 10	Cluster 11
Finland	India	Bulgaria	Kuwait	Cyprus	El Salvador	Guatemala	Belarus	Antigua and Barbuda	Cameroon	China
Sweden	United States	Georgia	Qatar	Hungary	Honduras	Vietnam	Guinea	Barbados	Kenya	
Austria		Serbia	Saudi Arabia	Czech Republic	Mauritius		Brunei Darussalam	Dominica	Nigeria	
Denmark		Croatia	United Arab Emirates	Estonia	Ethiopia		Cuba	Mozambique	Tanzania	
Switzerland		Greece	Malaysia	Latvia			Mongolia	Solomon Islands	Bangladesh	
Netherlands		Norway	Thailand	Lithuania			Zambia	Tonga	Mali	
Australia		Chile	Bahrain	Belgium			Bosnia and Herzegovina	Belize	Tajikistan	
New Zealand		Iceland	Azerbaijan	Ireland			Bolivia	Kiribati	Togo	
Italy		Poland	Kazakhstan	Slovenia			Nicaragua	Namibia	Lebanon	
Japan		Portugal	Oman	Slovak Republic			Tunisia	Uganda	Sri Lanka	
France		Panama	Uzbekistan	Luxembourg			Moldova	Cabo Verde	Algeria	
Spain		Romania		Malta			Montenegro	Trinidad and Tobago	Cambodia	
United Kingdom		Albania		Singapore			Burkina Faso	Gambia	Burundi	
Germany		Botswana					Timor-Leste	Janica	Haiti	
		Armenia					Vanuatu	Malawi	Angola	
		Costa Rica					Zimbabwe	Suriname	Iraq	
		Ecuador					Eswatini	Madagascar	Sudan	
		Canada					Lesotho	Sierra Leone	Egypt	
		Mexico					Marshall Islands	Niger	Nepal	
		South Africa					Seychelles	Comoros	Myanmar	
		Uruguay					Maldives	Blutan	Pakistan	
		Peru					Ukraine	Djibouti	Iran	
		Colombia						Guyana	Ghana	
		Israel						Samoa	Senegal	
		Brazil						Gabon	Benin	
		Dominican Republic						Fiji	Argentina	
		Morocco							Rwanda	
		Philippines								
		Indonesia								
		Paraguay								
		Turkey								
		Jordan								

Table 10. Country clustering analysis with 11 clusters

5.3. Country ranking

Based on different economic, political, and socio-cultural factors, a total of 34 variables were collected and then grouped under 9 categories: (a) *Market Size*, (b) *Market Growth Rate*, (c) *Environmental score*, (d) *Market Intensity*, (e) *Market Receptivity*, (f) *Commercial Infrastructure*, (g) *Standard of Living*, *Country Risk* and (h) *Economic Freedom*. Based on different economic, political, and socio-cultural factors, a total of 34 variables were collected and then grouped under 9 categories: (a) *market size*, (b) *market growth rate*, (c) *environmental score*, (d) *market intensity*, (e) *market receptivity*, (f) *commercial infrastructure*, (g) *standard of living*, *country risk*, and (h) *economic freedom*.

To generate a country ranking, each variable was given an appropriate weight depending on its relevance to the adventure tourism industry and the internationalisation strategy (*Appendix 15*). Based on discussions with the CEO, the most important categories include travel and tourism revenue and international tourism expenditure, which carry a 6% weight, and the travel and tourism development index, which holds a 5% weight. The market size includes factors such as international tourism expenditures, population aged 15–64, international tourist arrivals, and travel and tourism revenue. Financially robust markets with significant international inbound tourism, such as American and Canadian tourists, present a favourable environment for Company Alpha, given that these customer segments currently constitute 90% of the existing customer base. High international tourism expenditure indicates tourists' willingness to spend on travel and related experiences, suggesting a potential market for premium offerings. A high number of international arrivals indicates a popular destination, narrowing down market potential. The Environmental Score category includes the Travel and Tourism Development Index (TTDI), Environmental Performance Index (EPI), and World Risk Index (WRI). The TTDI evaluates sustainable and resilient development in the travel and tourism sector, ensuring infrastructure and policies in the new market. The WRI assesses

disaster risk associated with extreme natural events and adverse climate change effects, ensuring customer safety and awareness of potential risks that may affect decision-making and the security of tourists.

Following the selection process, a logarithmic ranking system was implemented to create a country ranking, which helped normalizing the distribution of variables, reducing the impact of extreme values, improving linearity in regression analysis, and making data more interpretable (see *Appendix 16* for formulas). The top 40 countries were subsequently identified and highlighted in *Table 11*.

To conclude, Company Alpha's market selection process, informed by 34 variables across nine categories, prioritizes financially robust markets with significant inbound tourism. Aligning with the current customer base of 90% American and Canadian tourists, key factors like high international tourism expenditure and environmental sustainability underscore strategic readiness for international expansion. The application of a logarithmic ranking system further refines the top 40 countries, ensuring a focused and data-driven approach to future growth.

Logarithmic rank	
1 China	21 Austria
2 Germany	22 Singapore
3 Canada	23 Philippines
4 United States	24 Peru
5 United Arab Emirates	25 Thailand
6 India	26 Poland
7 Australia	27 Israel
8 Italy	28 Netherlands
9 Mexico	29 Denmark
10 United Kingdom	30 Croatia
11 Japan	31 Jordan
12 France	32 Saudi Arabia
13 Indonesia	33 Czech Republic
14 Mauritius	34 El Salvador
15 Vietnam	35 Chile
16 Guatemala	36 Slovak Republic
17 Brazil	37 Cyprus
18 Greece	38 Malaysia
19 Belgium	39 Portugal
20 Spain	40 Qatar

Table 11. Country ranking resulting from the ranking analysis

5.4. Combination between cluster and ranking analyses

To select the highest potential markets, a combination of cluster and ranking analysis provides useful information. After the selection, a cross-analysis between the 11 clusters and the top 10

results from the country ranking was conducted (see *Table 12*). This further analysis was

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	Cluster 7	Cluster 8	Cluster 9	Cluster 10	Cluster 11
10° United Kingdom 11° Japan 12° France 2° Germany 20° Spain 21° Austria 28° Netherlands 29° Denmark 7° Australia 8° Italy Finland Sweden Switzerland New Zealand	6° India 4° United States 30° 18° Greece 35° Chile 26° Iceland 39° Poland Portugal Panama Romania Albania Botswana Armenia Costa Rica Ecuador 3° Canada 9° Mexico South Africa Uruguay 24° Peru Colombia 27° Israel 17° Brazil Dominican Republic Morocco 23° Philippines 13° Indonesia Paraguay Turkey 31° Jordan	Bulgaria Georgia Serbia Croatia 5° United Arab Emirates 38° Malaysia Thailand 25° Bahrain Azerbaijan Kazakhstan Oman Uzbekistan	40° Kuwait Qatar 32° Saudi Arabia 5° United Arab Emirates 38° Malaysia Thailand 25° Bahrain Azerbaijan Kazakhstan Oman Uzbekistan	37° Cyprus Hungary 33° Czech Republic Estonia Latvia Lithuania 19° Belgium Ireland Slovenia 36° Slovak Republic Luxembourg Malta 22° Singapore	34° El Salvador Honduras 14° Mauritius Ethiopia	16° Guatemala 15° Vietnam	Belarus Guinea Brunei Darussalam Cuba Mongolia Zambia Bosnia and Herzegovina Bolivia Nicaragua Tunisia Moldova Montenegro Burkina Faso Timor-Leste Vanuatu Zimbabwe Eswatini Lesotho Marshall Islands Seychelles Maldives Ukraine	Antigua and Barbuda Barbados Guinea Dominica Mozambique Solomon Islands Tonga Belize Kiribati Namibia Uganda Cabo Verde Trinidad and Tobago Gambia Jamaica Malawi Suriname Madagascar Sierra Leone Niger Comoros Bhutan Djibouti Guyana Samoa Gabon Fiji	Cameroon Kenya Nigeria Tanzania Bangladesh Mali Tajikistan Lebanon Sri Lanka Algeria Cambodia Burundi Haiti Angola Iraq Sudan Egypt Nepal Myanmar Pakistan Iran Ghana Senegal Benin Argentina Rwanda	1° China

Table 12. Combination of country ranking and country clustering

performed to determine whether a certain pattern of similarity may be discovered and, therefore, strengthen the reliability of the results of both analyses. As it is possible to observe in that analysis, out of 20 countries in the top results, 8 clusters were involved, namely clusters 1 to 7 and 11. By looking at *Table 12* and the dendrogram, it can be noticed that Cluster 11 presents only one country and lies far away in terms of similarity from other clusters (*Appendix 22*).

On the other hand, Clusters 1 and 3 contain 24 out of the 40 top countries in the ranking, respectively, 10 from Cluster 1 and 13 from Cluster 3. Company Alpha would benefit from context-sharing similarities and a low context difference between the two clusters when internationalising to one of the countries from Cluster 1 or Cluster 3.

5.5. Selection of highest potential markets

The selection of potential markets for cycling tours was based on various criteria. In addition to country ranking and clustering, factors such as the country's average temperature, annual rainfall, historical and cultural attractions, and the CEO's preferences played a crucial role. The preferred locations for internationalisation were France, Italy, and Chile, favoured due to established company contacts. Spain was excluded due to the company's current presence. In

addition to Italy and France, Greece shared similarities with Portugal, exhibiting high scores in travel and tourism revenue, development index, and ease of doing business. (*Table 13*).

Highest potential markets	
1	Italy - 8th
2	Mexico - 9th
3	France - 12th
4	Greece - 18th
5	Chile - 35th

Table 13. Selected highest potential markets

Greece was selected for its rich mix of cultural, historical, and natural landscapes, optimal temperature, and low annual rainfall, mitigating seasonality concerns. Mexico, identified as the 9th highest potential country, was chosen for internationalisation in southern America, aligning with the CEO's preferences and displaying high inbound flows of American and Canadian tourists. Despite Chile ranking 35th, it was strongly considered for its cultural and seasonal similarities to France and Italy. Germany and Canada were excluded due to weather limitations, while China's cultural distance and vastness posed a significant expansion risk without strong local contacts, despite its top ranking. Notably, China's exclusion was reinforced by its sole presence in cluster 11, distant from the other clusters.

6. International market selection – Phase 2

6.1. Selection of target market

In evaluating potential markets for Company Alpha's cycling tours, the analysis reveals distinct advantages and disadvantages across the analysed countries: Chile, France, Greece, and Italy. Chile boasts a growing adventure tourism sector, economic stability, and global trade agreements, but faces challenges like seasonality and moderate inbound tourism. France presents a strong economy, favourable tax landscape, and ease of doing business, yet contends with a highly competitive cycling tourism market. Greece offers ease in starting a business, low corporate income tax, and a thriving tourism industry, but grapples with seasonality and intense competition. Italy shows promise with a rapidly growing cycle tourism market and

government incentives but confronts intense competition and the preference for independent travel. Mexico, with its growing adventure tourism market, faces challenges like high-interest rates, fierce local competition, and supply chain disruptions. For a detailed comparison, refer to *Appendix 25*.

Despite Italy and France being strong contenders, in depth market analysis and thoughtful discussion with the CEO (Company Alpha 2023) highlighted the competitors' intense local and international presence, making it challenging to establish competitive advantages. Strategically speaking, internationalising in a different continent would mitigate travel risks and seasonality in Europe and provide a year-round advantage in terms of sales and monetary inflows. Hence, following the preceding analyses and considerations, Chile emerges as the most promising market for internationalisation.

7. International entry strategy

How a company accesses an international market has a major impact on its performance, whether positive if the strategy is congruent with the company's characteristics and objectives or negative if it is not in tune with them (Hill et al. 1990). The assessment of resource availability, skill level, and flexibility for a particular entry approach is crucial. Four dimensions to entry strategies are identified namely cost, flexibility, risk, and control (see *Table 14*).

VARIABLES	INTERNATIONALIZATION	INTERMEDIATE	EXTERNALIZATION
Resources	High	Medium	Low
Flexibility	Low	Medium to low	High
Risk	High	Medium to high	Low
Control	High	Medium	Low

Table 14. Entry strategy table

According to the company's preference in the mentioned dimensions, the "internationalisation strategy," the "intermediate strategy," or the "externalisation strategy" may be pursued.

The internationalisation strategy involves the adoption of equity strategies with significant investment in international expansion, aiming for greater control of the international market. Equity strategies include foreign direct investment (FDI), wholly owned subsidiaries, or mergers and acquisitions (M&A) (Pan and Tse 2000).

Intermediate entry strategies can take on both equity and non-equity characteristics (Hollensen 2009), balancing risk, flexibility, control, and cost according to the strategy adopted. Joint ventures, strategic alliances, franchises, and licences are among the most common strategies. The most suitable entry strategy for SMEs seeking their first internationalisation would be externalisation, based on exporting. It can be implemented through three different methods such as direct, indirect, or company-owned foreign subsidiary (Cavusgil and Knight 2004).

7.1. Selection criteria

When analysing possible entry modes for Company Alpha in the Chilean market, it is important to assess how the company would be able to address each entry strategy type given the above-mentioned dimensions. Internal factors, including firm size and international experience, and external factors, such as country risk and demand uncertainty, can help Company Alpha further narrow its plethora of choices.

Overall, in their potential expansion into Chile, lessons learned from the previous international experience in the Spanish market sparked the necessity to have a high degree of control in terms of direction, guidance, and support. Nevertheless, due to the firm's small size, medium/high degree of flexibility desired, and medium risk willingness, Company Alpha

would need to adopt a strategy in the middle between internationalisation and intermediate. However, considering service complexity, Chile's economic and political landscape, regulatory frameworks, currency fluctuations, cultural preferences, and evolving consumer behaviour, an "externalization" entry mode towards greater control would align with Company Alpha's profile.

7.2. Analysis of alternative entry modes

This strategic recommendation resonates with Company Alpha SME nature, aligning with the insights of Cavusgil and Knight (2004), who highlight that SMEs tend to adopt less resource-intensive strategies due to financial constraints. An analysis of the entry mode types, as displayed in Table 15, is crucial for identifying the advantages and disadvantages of each. As summarized in Appendix 27, it is useful to examine the various types of entry modes.

Externalization (Exporting)			
VARIABLES	Indirect Exporting	Direct Export	Company-Owned Foreign Subsidiary
Cost	Low	Low/Medium	Medium
Flexibility	High	Medium/High	Medium
Control	Low	Medium	High
Resources Needed	Low	Medium/High	Medium/High

Table 15. Externalisation modes

Indirect exporting, as indicated, involves entrusting all export functions to an intermediary, typically an export management company, which handles exportation responsibilities in the firm's home country (Roy 2017). This method, known for its cost-effectiveness and flexibility, involves sharing sales, marketing, and other costs with the intermediary, alleviating the company of export-related concerns and risks. Leveraging the partner's channels and customer base facilitates rapid market entry and sales growth, tapping into the partner's knowledge and networks (NTZE 2019). However, significant disadvantages include the loss of control over overseas activities, potential damage to reputation, and

narrower profit margins (NTZE 2019). In contrast, direct exporting, where the company oversees the entire export process, provides greater control over marketing, intellectual property protection, and prompt feedback from foreign markets (Delaney 2019). Establishing a foreign-owned subsidiary mirrors direct export, but it involves a firm forming its subsidiary in the foreign market (OAEC 2013). This method grants the parent company influence, support, and resource sharing, contributing to the subsidiary's stable foundation (Howard 2017). Nevertheless, it comes with significant costs, potential language barriers, cultural differences, and recruitment challenges (Quain 2019), placing the parent company under full responsibility for legal and financial implications.

7.3. Entry mode selection

After careful consideration and discussions with the CEO (Company Alpha 2023), Company Alpha's best approach for venturing into Chile is to establish a *foreign-owned subsidiary*. Opting for a foreign-owned subsidiary allows Company Alpha to maintain control, share resources, and expand its customer base in Chile. The parent company can guide the subsidiary and provide financial support, ensuring a strong start. However, challenges include significant upfront costs, potential language and cultural differences, and the parent company taking responsibility for legal and financial matters. This strategic choice reflects Company Alpha's effort to play to its strengths while acknowledging and addressing the unique challenges of the Chilean market, marking a crucial step in its international journey.

8. Marketing plan (B2C and/or B2B)

A marketing plan is a blueprint detailing the purpose to strategically organise, implement, and assess the effectiveness of a business's marketing strategy (Hogarty 2022). Providing exceptional cycling holidays for a diverse community of bike enthusiasts is the goal of

Company Alpha's entering into the B2C Chilean cycling tourism market. This *bottom-up* marketing strategy, creating the best value for the customer, serves as the roadmap outlining Company's Alpha mission to guided and self-guided cycling experiences (*Appendix 28*). A comprehensive analysis of the market landscape was conducted, addressing marketing objectives and goals, segmentation, target audience, positioning, and strategic tactics.

8.1. Marketing objectives (short and long-term)

Marketing objectives are the goals a company aims to achieve through its marketing strategy. To enhance Company Alpha's sales in Chile, a strategic approach for expanding into the Chilean market prioritizes lead generation over brand awareness, setting specific goals in the process. Aligned with Company Alpha's CEO (2023), the short-term objectives are outlined as follows.

In the initial quarter, the company's focal point is the successful launch in Chile, ensuring a robust presence in tourist hotspots such as *Santiago*, *San Pedro de Atacama*, and *Viña de Mar*. This allows the capitalization on the popularity of these locations. Additionally, Company Alpha aims to forge strategic partnerships with local hotels and restaurants, aligning with the company's commitment to establish a solid foothold in the Chilean market (Komoot 2023).

Transitioning into the second quarter, the primary objectives would be the leveraging of self-financing avenues rather than seeking external financial support. This strategic approach underscores the company's commitment to financial independence, to ensure resilience and self-sufficiency in its expansion endeavours. The third quarter targets specific milestones with the objectives in attracting a minimum of 150 customers. These targets are benchmarked against Portugal Company Alpha's numbers, representing 15% on the overall tour numbers.

The first long-term objective would be obtaining national recognition as one of the top three tourism cycling companies in Chile. To align with this, the focus is on maximizing lead generation, considering the challenge of qualifying leads in Chile with established competitors. Company Alpha aims to generate 3-4 qualified leads per day through its inbound digital marketing strategy. The second goal entails expanding its presence to additional locations within Chile and venturing into other Latin American countries. The primary aim is to increase the number of tours offered, subsequently boosting overall profits. If this expansion proves successful, there is the potential for Chile to become the Latin American headquarters for Company Alpha.

8.2. Segmentation (personas if B2C)

In marketing, segmentation refers to this practice of tailoring approaches to specific consumer groups (Leask 2023) and breaking down a market into consumer subgroups sharing similar characteristics, needs, or behaviours. Regarding segmentation, two customers segments have been identified: *older cyclists* and *middle-aged adults*.

The CEO of Company Alpha has articulated a key objective, highlighting the goal of providing new and captivating destinations to previous guests and driving increased sales (Company Alpha 2023). The demographic focus, as in Portugal, is on American and Canadian adults, aged 55 or older, who boast higher incomes and typically undertake 1-2 holidays annually. By maintaining consistency in the target customer profile, Company Alpha aims to leverage its established rapport with this audience. Additionally, young adults could potentially become a target demographic in the future. This strategic approach allows for a phased expansion, ensuring a concentrated and effective entry into the Chilean market. Taking that into consideration, the two personas have been created: Maverick and Emma (*Appendix 29*).

Maverick, a 60-year-old retired American public servant and ex-professional cyclist, enjoys spending quality time with his family, particularly his two teens. He enjoys outdoor activities, particularly biking, and aims to impart a healthy lifestyle to his children. *Emma*, a 55-year-old Canadian high school teacher, leads a vibrant, mindful lifestyle, exploring new cultures and engaging in outdoor activities. She is environmentally conscious and eager to meet new people.

8.3. Targeting

In marketing, targeting is the art of levelling on the right segment and understanding the specific target a company wants to reach. Businesses strategically consider crucial factors—size, growth, competition, accessibility, profitability, differentiation, and company resources. These elements guide the process of identifying and selecting target markets effectively, providing a comprehensive approach to ensure informed decision-making (Almgren 2014).

To establish the *sector's size*, we calculated the number of Canadians and Americans aged between 55 and 70, considering that 16.48% of the U.S. population rode bikes in 2022, while 6% of Canadians cycled at least once a week. Combining these figures, the sector encompasses 10,480,000 people (Statista 2022). Sector *growth* aligns with the annual growth rate of the Bicycles market (CAGR 2023-2028), projected at 3.61% in the USA and 1.03% in Canada, reaching a market volume of \$10.28 billion and \$1.20 billion by 2028, respectively (Statista 2023).

In the Chilean market, *competition* comprises every cycling tourism company, the most prominent ones being Art of Bicycle Trips and Amity Tours. *Accessibility* is facilitated through website information, prominent online visibility, partnerships with well-known local establishments, and fundraising campaigns. The sector proves highly *profitable*, with a strong willingness to pay, primarily through online platforms. Distinguished by a cycling-focused

approach (*differentiation*), the sector leverages the *company's resources*, rooted in a cycling lifestyle, and active and healthy habits, both in daily life and during travel experiences.

8.4. Positioning

This section delves into Company Alpha's distinctive position within the Chilean cycling tour industry in alignment with its marketing plan, highlighting their strategic placement on a positioning map.

8.4.1. Value proposition and positioning statement

Value proposition

Company Alpha offers premium cycling holidays in Chile, focusing on cultural tapestry and breathtaking scenery. Cyclists traverse thoughtfully designed routes adapted to Chile's diverse landscapes, all while utilizing Company Alpha's selection of road, mountain, touring, and E-bikes. The journey includes stays at handpicked hotels for an unparalleled experience, complemented by offerings such as Michelin-starred restaurants and wine tastings, creating a holistic and immersive exploration of Chile's landscapes. Cyclist tourists are encouraged to discover the heart of Chile through Company Alpha's lens, where every ride becomes an unforgettable adventure.

Positioning Statement

Company Alpha is a Portuguese SME operating in the cycling tourism industry that enables one to discover the world while riding a bike. Within the field of cycling adventures in Chile, the company positions itself on being the top provider of high-end cycling holidays that offer a unique blend of quality and customizability.

Company Alpha stands as the apex of excellence, curating routes that traverse South America's rich history, culture, and natural beauty. Guided by an experienced team of local riders, each tour blends challenge and comfort, redefining the cycling holiday landscape. Catering to cyclists of all levels in Chile, Company Alpha's landscape and cycling expertise,

coupled with a focus on personalized experiences, ensures a unique and memorable journey. Against competitors, Company Alpha claims an unparalleled position in the realm of premium cycling adventures in this captivating South American destination.

8.4.2. Positioning map

The positioning map is a visual representation to illustrate the competitive landscape of cycling tour companies in Chile. Two critical dimensions, quality and price, were selected as displayed in Figure 5. The quality axis represents the overall customer experience, including the professionalism, unique offerings, and level of support provided. On the price axis, the overall cost was considered, accounting for the comprehensiveness of inclusions and exclusions.

Tour de Amigos is situated towards the lower end of the Quality axis: it is justified by the absence of bike provision, fewer included meals, and a lack of specification regarding the presence of a professional local guide. Despite these factors, its price remains relatively moderate compared to competitors. *Art of Bicycle Trips* and *Eco Tour Cycling* are both positioned as offering a medium-high-quality experience. This positioning is influenced by the provision of bikes, accommodation, meals, and various other amenities, with *Art of Bicycle Trips* having a slightly higher price point. *Amity Tours* is positioned as the provider of the highest quality experience, offering comprehensive inclusions such as bikes, accommodation, meals, a professional local guide, and medical insurance, among other amenities. The enhanced quality is reflected in its higher pricing, making it an attractive option for those seeking a more exclusive cycling adventure.

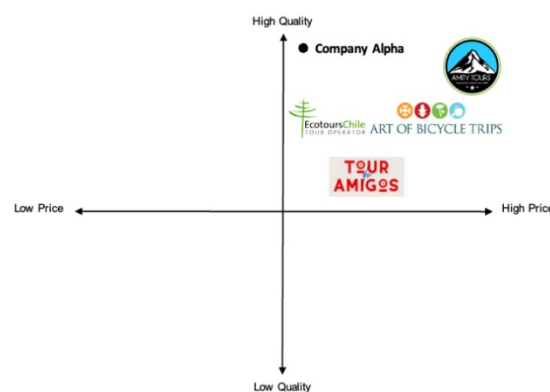


Figure 5. Positioning map of competitors in the Chilean market

In conclusion, the positioning map offers Company Alpha insights on the competitive landscape, encouraging informed strategic decision-making and ensuring an optimal balance between pricing, service quality, and unique offerings as it enters the Chilean market.

8.5. Marketing Mix

Setting up a comprehensive Marketing Mix serves as a foundational strategy for successful market penetration. Encompassing 7 Ps (Product, Price, Place, Promotion, People, Processes, and Physical Evidence), it provides a structured approach to address key business aspects.

Regarding *product*, Company Alpha takes pride in introducing a carefully curated collection of cycling tours designed to embrace the diverse landscapes of Chile. From the Atacama Desert to the Patagonia and the Andes, each tour is crafted to showcase the natural wonders of the country with special attention to customization and adaptable skill level. The integration of state-of-the-art GPS technology and careful maintenance standards elevates these riding experiences.

In terms of *price*, Company Alpha employs a tiered pricing structure, considering the complexity and duration of cycling tours. Addressing seasonal variations, the company incorporates pricing adjustments aligned with Chile's climate and peak tourist seasons. This adaptive pricing strategy reflects Company Alpha's commitment to providing flexible solutions, enhancing customer satisfaction, and aligning with the nuances of Chilean cycling tourism.

Concerning *place*, Company Alpha strategically places itself in five key cycling destinations across Chile for accessibility and visibility. The Lakes and Volcanoes District tour explores southern forests, cycling near Lanin Volcanoes, Huilo Huilo Biological Reserve, and Lake Ranco. Another tour follows the Chile-Argentina border, offering glimpses of glaciers and ancient forests in the Region de los Rios. The Chile's Wine Country tour unfolds from

Santiago to Zuniga, passing through Colchagua Valley, Valle de Apalta, and Santa Cruz. The Patagonia bike tour starts in Bariloche's lake lands, navigating Arrayanes National Park and Lake Espejo, with glimpses of Osorno and Calbuco volcanoes. The last tour from Santiago leads cyclists through Casablanca Valley, San Antonio Valley's Andes-lined trails, Valparaiso, and Matanzas beach town.

When it comes to *promotion*, Company Alpha employs an inbound digital marketing strategy to promote Chile as a cycling destination for US and Canadian enthusiasts. Using robust SEO strategies, the company ensures high online visibility, sharing captivating content through social media and influencer partnerships. The digital approach extends to a dedicated landing page highlighting unique Chilean destinations. Early bookings are incentivized with limited-time promotions, including discounts and special offers. Existing customers enjoy benefits like a 5% discount on two tour bookings and a 150€ travel credit for referrals, fostering repeat business and establishing Company Alpha's presence in the market.

Concerning *people*, Company Alpha prioritizes localization in its people strategy, acknowledging the crucial role of their team in delivering exceptional customer experiences. In the initial phase of international expansion, only two employees will guide tours, handling guidance, content creation, network establishment (hotels, restaurants, and local guides), and tour design. The company envisions gradual team expansion through a network of local guides, believing their quality is paramount for the success of each cycling expedition. Going beyond traditional hiring, Company Alpha recruits and trains local guides, ensuring an in-depth understanding of Chilean culture, history, and geography

Regarding *processes*, operational excellence is a core focus for Company Alpha during its initial international expansion, emphasizing lean operations. This involves opting for bike and office rentals, prioritizing a seamless user experience from booking to tour completion. The user interface is designed for intuitive online bookings with secure payment options.

Responsive communication channels, including email and live chat, enhance the customer journey. Strong emphasis on data privacy and security is maintained. Company Alpha prioritizes operational excellence in cycling routes, ensuring memorable experiences. Established bike maintenance procedures guarantee optimal equipment condition for a smooth, efficient, and satisfying cycling experience for all participants.

In relation to *physical evidence*, Company Alpha emphasizes its commitment to quality through a premium bike fleet and well-maintained equipment. Visually appealing marketing materials, including brochures, videos, and photos showcasing Chile's landscape, are crafted to attract target customers. Customer testimonials and reviews on their website serve as tangible proof of satisfaction. Encouraging customers to share experiences on social media amplifies Company Alpha's presence in Chile.

In conclusion, the Marketing Mix serves as a strategic blueprint for Company Alpha's expansion into Chile. The alignment of the 7 P's underscores their commitment to creating lasting impressions and establishing a prominent presence in the vibrant cycling tourism landscape of Chile.

9. Financial forecast

Considering Chile's robust economic standing, characterized by one of the highest GDP per capita in Latin America, Company Alpha's potential entry into the adventure tourism sector gains significance.

9.1. Assumptions

The predicted start date of operations in Chile is expected to be in 2025, in consultation with the CEO, as meaningful investments were undertaken in the current year in Portugal (Company Alpha 2023) and a 5-year forecast is provided. In the process of determining both *market size*

and *market share*, we referenced assumptions as outlined in section 6.2 as well as 10 additional assumptions detailed in *Appendices 30* and *31*. Average tours per year per customer are assumed to be one and average expenditure of American and Canadian tourists in the adventure tourism industry were \$3,000 in 2022, which are expected to increase from 2023 to 2025 by 14% and then by 16% until 2029, and decrease by 3% due to inflation (CNBC 2023). Despite the global pandemic, wars, and inflation, the assumption regarding the growth rate in American expenditure is that affluent Americans continue to spend more than they did one year ago (Washington Post 2023). A final assumption influencing the evaluation of market share pertained to competitors' sales in Chile, attributing 10% to Exodus and 15% to Butterfield & Robinson.

Concerning the assumptions for *cost estimation* and *financial forecasting*, which are presented detailed in *Appendix 32*, various types of costs were considered. Set-up costs incurred in the initial year and annual expenses recurring each year are distinguished. To ensure the initial smoothness of operations, a variable cost structure is decided with rentals of offices, warehouses, vehicles, and bikes (Company Alpha 2023). The depreciation is approached with the *straight-value method* for each item and depreciation rates and useful lives are assumed. In 2028, given the positive trend and outlook, major investments in physical properties are going to be made. The company plans to have major financial autonomy to perform its operations in Chile, however, a long-term financial loan is going to be taken to ensure the necessary financial support. The parent company is also able to ensure lending to its Chilean company if needed.

9.2. Market size and market share estimation

The study used a top-down approach to determine the market size of adventure tourism and cycling tourism industries in Chile. It estimated inbound tourists, specifically for cycling tourism, and analysed industry sales and competitors' market shares in the Chilean market.

Understanding the magnitude of the global adventure market is essential. In the current year, it stands at \$483.3 billion, with a projected growth rate of 29.19%. Additionally, the anticipated global cycling market is predicted to reach \$129.23 billion by 2025, with a forecasted growth of 6.8% (Statista Research Department 2023) (*Appendix 33*).

Considering the average industry prices, presuming Company Alpha enters the market with an average expenditure of \$3,000 that grows at 14% until 2025 and then at 16% until the end of the prediction period, along with an inflation rate of 3%, we derived the market size (*Appendix 34*). In 2025, the total addressable market, defined as the adventure tourism industry in Chile, is predicted to account for \$857,279,733, with a CAGR of 21,75%. The prediction for 2029 accounts for \$2,209,640,486, considering inbound tourist growths, average prices, and inflation rates. While the sizeable obtainable market was predicted to be inu, accounting for 5.10% of the serviceable obtainable market, the portion of the total market that is realistically accessible by Company Alpha in the cycling adventure tourism sector in Chile (*Appendix 34*).

9.3. Operational plan

Company Alpha operational plan is a detailed outline that specifies how operative revenues and costs will impact the business, crucial for resource allocation and organisational success.

9.3.1. Revenue estimation

To estimate revenues, calculations were made based on the potential customer base for cycling tourism in Chile and the average tour price set by Company Alpha. Shifting our attention to industry sales, we scrutinized the actual revenue generated by the cycling tourism sector in Chile.

Anticipated industry sales are expected to reach \$53,390,989 in 2025, with a projected growth rate of 9.9% extending through 2029 (*Appendix 35*). This estimate is derived from the average industry price per customer, including Company Alpha's, which is projected to be on

average \$5,090 (*Appendix Chile 11*). Company Alpha is poised for substantial sales growth, with predicted sales reaching \$3,849,908 in 2029 in Portugal and \$1,661,960 by 2029 in Chile (see *Figure 6*). The projected growth rate in Chile of 22.7%, which is three times higher than the market rate, signifies potential advantages linked to marketing and technology within the broader industry (*Appendix 35*). Concerning the customer base, it is anticipated that by 2025, Company Alpha will cater to 195 customers, translating to approximately 20 tours per year. This figure is expected to increase, reaching 482 customers in 2029, equivalent to 49 tours annually, a 59% increase compared to the count four years earlier (*Appendix Chile 7*).

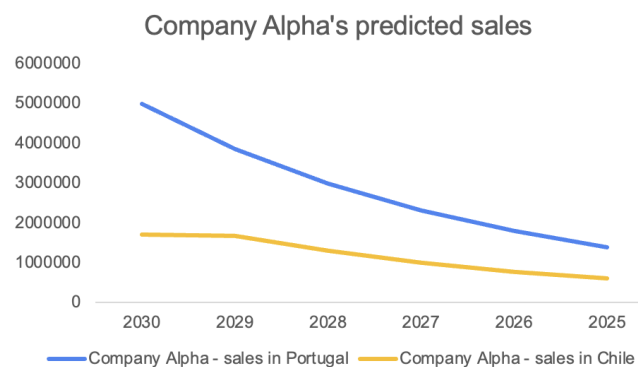


Figure 6. Company Alpha's predicted sales in Portugal and Chile 2025-2029

9.3.2 Cost Estimation

In *Table 16*, an estimation of the costs that the company is going to sustain abroad is provided. A more detailed cost estimation, highlighting the items of costs, is provided in *Appendix 36*. The expenses have been projected until 2029. The sum of both set-up expenses and annual expenses is the total operating expenses. As it is possible to see, set-up expenses, including the company's registration fees, set-up documentation, and legal consulting, represent a limited share of the total operating expenses. The *provision of services* is expected to amount to the greatest share, with an incidence of more than 50% in each period. The services provided by local tour agencies and vehicle, bikes, offices, and warehouse rentals are all included in the mentioned item. In this case, high operating costs are a synonym for a variable cost structure used by the company to initiate its operations in Chile and limit liquidity risks. Company

Alpha's marketing efforts and strategy, mentioned in the marketing plan, require limited expenses that do not burden the annual operating expenses. While *direct cost*, consisting of the subcontracts for hotels, restaurants and activities during the tours, is the second item by incidence. Expenses for personnel and the supply of external services do not heavily impact operating costs.

SUMMARY OF PROJECTION OF OPERATIVE COST ESTIMATION						
	2029	2028	2027	2026	2025	
SET-UP EXPENSES						\$ 28,550
ANNUAL EXPENSES	\$ 1,444,486	\$ 1,143,320	\$ 907,796	\$ 762,581	\$ 644,274	
Provision of services	\$ 915,980	\$ 727,733	\$ 582,171	\$ 508,111	\$ 442,049	
Direct costs	\$ 498,588	\$ 385,964	\$ 298,780	\$ 231,290	\$ 179,045	
Supply and external services	\$ 9,130	\$ 9,130	\$ 6,630	\$ 6,630	\$ 6,630	
Marketing plan and commercialization	\$ 6,288	\$ 5,994	\$ 5,715	\$ 5,550	\$ 5,550	
Expenses for the personnel	\$ 14,500	\$ 14,500	\$ 14,500	\$ 11,000	\$ 11,000	
TOTAL OPERATING EXPENSES	\$ 1,444,486	\$ 1,143,320	\$ 907,796	\$ 762,581	\$ 672,824	

Table 16. Summary of projection of operative cost estimation

9.3.3. P&L statement

Following the revenue and cost estimation, the Profit & Loss (P&L) statement is offered, portraying the result of the economic activity (*Appendix 37*). *Figure 7* depicts the trend of the company's economic result.

In the first period, the EBITDA of the company appears negative, resulting from the initiated activity and the high operating costs associated with it. From 2026, the EBITDA turns positive as the revenues are constantly increasing.

The depreciation, due to the variable cost structure, does not significantly impact the EBIT in the forecasted period; with an increase in the last two periods given by investments meant to establish the company's stance and long-term strategy. Likewise, financial interests matured on long-term and short-term loans, with the cost of capital set at 11%, do not heavily impact the EBT. Taxes, levied at a rate of 27%, are quite impactful for the economic result even if not massively. In the first two years taxes did not incur due to the EBT already showing a loss. As it is possible to see, but with a positive trend, in 2025 and 2026 the company incurred

in losses that are going to be carried forward in the next years when profits are produced and covered annually by 20%.

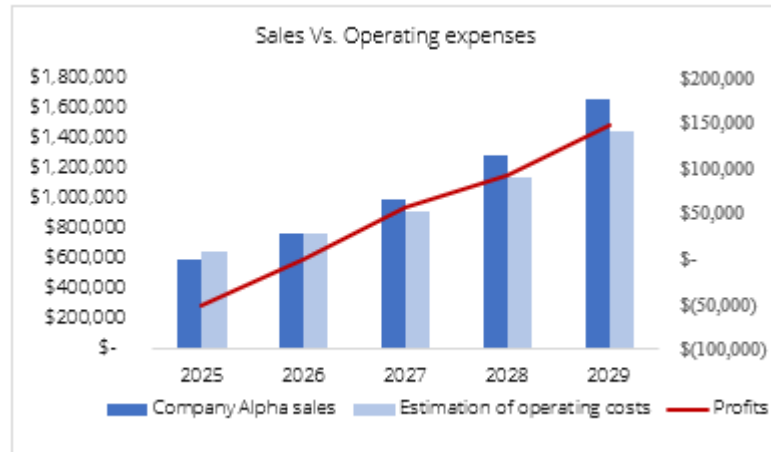


Figure 7. Evolution of sales, operating costs and economic result over the period 2025-2029

9.3.4. Operational risk analysis

To ensure the viability, adequacy, and efficiency of the operations, an operational risk analysis ought to be undertaken. In Company Alpha's case, the main operational risks are associated with *external events*, risks derived from *processes*, risks arising from the *people*, those linked to the *system*, and lastly, *legal* risks. Moreover, a detailed overview is also presented in *Appendix 38*. To limit the occurrence and the potential consequences, a mitigation plan should be designed and enforced.

Starting from *external events*, global and regional events, changing trends, unpredictable circumstances, increased competition, and weather conditions might become dangerous risks. Constant monitoring of global and regional information and trends should be in place. Moreover, improved flexibility in operations and contingency plans would be helpful.

Concerning *processes*, inadequate safety protocols and emergency planning, logistical issues, inefficient quality control standards, and financial failures might be negatively impactful. The implementation of safety protocols, structured emergency procedures, what-if analyses, and the revision of practices would improve safety risk management. Regular

maintenance schedules and risk assessment analyses may be employed to mitigate risks from equipment maintenance and tour planning failures.

Financially speaking, risk management measures, diversification of revenues, effective cost management may help. The risks deriving from *people*, like insufficient training, language or cultural barriers or conflicts, may be mitigated through training to handle customers and emergencies, together with language and cultural sessions. Negotiation skills should be developed, and conflict management should be defined internally.

Concerning *system* risks, possible failures of the IT area, such as app, website or communication network, or transactions failures may be prevented through cybersecurity controls, upgrades, and simulations.

Regarding *legal* risks, inadequate contracts or non-compliance may be mitigated by ensuring legal compliance. Reviewing and updating the terms of service and providing contracts with scenario clauses may be effective. The dynamism of the mitigation plan, with adaptable updates, is vital to the success of the plan itself, providing prompt tools, actions, and practices.

9.4. Investment plan

To plan the investments to be undertaken, an investment plan ought to be provided, showing the company's long-term investment goals to have a clear picture of where and when to invest.

9.4.1. Capital Expenditure

Capital expenditure refers to investments in long-term assets to acquire, maintain, or upgrade physical assets such as machinery or infrastructure. It enhances operational efficiency and contributes to sustained development. In *Table 17*, a summary of the projection of capital expenditure (CapEx) is provided, while a more detailed projection appears in *Appendices 39 and 40*.

The total PP&E represents the cumulative investment in Properties, Plants & Equipment from 2025 to 2029, namely telephone setup, website, equipment for bikes, computer hardware/software, office and warehouse furniture and equipment, vehicles, bikes, warehouses and offices. The Δ PP&E refers to the year-on-year change in the investments in PP&E. In the initial phase, investments in PP&E are limited since the rental of bikes, vehicles, warehouses and offices has been preferred, producing a low CapEx. Major investments occurred in the “expansion” phase in 2028, where the company, given its positive revenue forecast, decided to acquire some bikes, a van, an office and a warehouse, resulting in a Δ PP&E increase by \$127,500. The total depreciation is the sum of the depreciations of the considered items. The CapEx has been computed by summing the change in PP&E to total depreciation.

SUMMARY OF PROJECTION OF CAPITAL EXPENDITURE					
	2029	2028	2027	2026	2025
Δ PP&E	\$ -	\$127,500	\$ 7,350	\$ 500	\$24,650
Total PP&E	\$160,000	\$160,000	\$32,500	\$ 25,150	\$24,650
Total depreciation	\$ 11,943	\$ 13,498	\$ 8,423	\$ 4,221	\$ 4,096
PP&E-Sinking fund	\$ 39,180	\$ 27,237	\$16,739	\$ 8,316	\$ 4,096
CapEx	\$ 11,943	\$140,998	\$15,773	\$ 4,721	\$28,746

Table 17. Summary of projection of capital expenditure (CapEx)

9.4.2. Investment in net working capital

Net Working Capital (NWC) represents a company's short-term liquidity and is crucial for assessing its ability to meet its short-term obligations and sustain day-to-day operations. In Table 18, the projection of NWC is presented. In the *current assets*, cash and cash equivalents have been estimated through historical data and assumptions (Appendix 41).

Accounts receivable have been estimated to be between 20%-30% of sales for the period, with the initial years being lower because of the company’s low bargaining power. Likewise, prepaid expenses, mainly from *provision of services* and *supply of external services*

are estimated to be between 15%-18% of sales of the period. The company, similarly to the one in Portugal, does not have any inventory. Concerning current liabilities, accounts payable are estimated to grow due to delayed payments terms with customers and a “leverage effect” is obtained due to the increase in sales. Short-term debt has been estimated for the 2025-2029 period, meant to support investments and assure financial stability.

Accrued liabilities are estimated to be around 10%-25% of operating expenses. The NWC trend is negative, as current liabilities are increasing, meaning that the company’s liquidity position and ability to meet short-term obligations is quite satisfying but in deterioration with a fall in 2028 when the “expansion” phase starts.

PROJECTION OF NET WORKING CAPITAL					
	2029	2028	2027	2026	2025
Cash and Cash Equivalents	\$ 199,435	\$ 115,789	\$ 139,431	\$ 92,516	\$ 53,713
Accounts Receivable	\$ 498,588	\$ 321,637	\$ 248,983	\$ 177,322	\$ 119,363
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	\$ 260,007	\$ 171,498	\$ 136,169	\$ 114,387	\$ 96,641
Current Assets	\$ 958,031	\$ 608,924	\$ 524,583	\$ 384,225	\$ 269,717
Accounts Payable	\$ 534,460	\$ 342,996	\$ 245,105	\$ 133,790	\$ 101,333
Short-term debt	\$ 20,000	\$ 20,000	\$ 29,681	\$ 39,821	\$ 4,289
Accrued liabilities	\$ 361,121	\$ 285,830	\$ 181,559	\$ 91,510	\$ 64,427
Current Liabilities	\$ 915,581	\$ 648,826	\$ 456,345	\$ 265,121	\$ 170,050
NWC	\$ 42,449	\$ (39,903)	\$ 68,238	\$ 119,104	\$ 99,668
Δ NWC	\$ 82,352	\$ (108,141)	\$ (50,866)	\$ 19,437	-

Table 18. Net Working Capital (NWC) evolution over the period 2025-2029

9.4.3. Salvage value

Two methods have been employed based on whether upgrades of the asset were performed during the 2025-2029 timespan. *Non-upgraded* items’ salvage value has been calculated following *Equation 1*.

$$\text{Salvage value} = \text{Initial value} * (1 - \text{Depreciation rate})^{\text{Useful life}}.$$

Equation 1. Formula for salvage value

Upgraded items’ salvage value was computed by calculating the adjusted value (sum of initial value and upgrades) minus the accumulated depreciation of the considered item.

The high value in the salvage value of items like warehouses and offices shown in *Table 19* is due to the low depreciation rate chosen, as they both are tangible and durable assets for the company.

SALVAGE VALUE						
Item	Depreciation rate (straight-line method)	Useful life	Initial value	Adjusted value (initial value + value of upgrades)	Accumulated depreciation	Salvage value
Telephones	20%	4	\$ 150			\$ 61
Website	25%	3	\$ 3,500	\$ 5,500	\$ 5,000	\$ 500
Equipment for bikes	15%	4	\$ 11,350	\$ 17,700	\$ 11,370	\$ 6,330
Bikes	18%	7	\$ 10,000			\$ 2,493
Computer hardware/software	23%	7	\$ 3,000	\$ 4,000	\$ 3,230	\$ 770
Office and warehouse furniture and equipment	12%	12	\$ 6,650	\$ 7,650	\$ 4,230	\$ 3,420
Vehicles	20%	15	\$ 15,000			\$ 528
Warehouse	3%	20	\$ 30,000			\$ 16,314
Office	3%	20	\$ 70,000			\$ 38,066

Table 19. Estimates of Salvage Value given the assumptions in Appendix 42

9.5. Financing plan

The financing plan outlines how Company Alpha intends to acquire the funds to support its operations and growth initiatives.

By consulting *Tables 16, 17 and 18* in the previous sections, it is evident that a considerable amount of money is required for the internationalisation in Chile. Nonetheless, in the long term, the company's objective is to become financially autonomous and finance itself mostly through equity (Company Alpha 2023). Assumptions are provided and, in *Table 20*, financing estimates are shown. Concerning *assets*, non-current assets and current assets refer to CapEx calculations in *Table 17* and NWC calculations in *Table 18 (Appendix 43)*. Total forecasted assets are going to increase at a sustained pace.

Regarding liabilities, non-current assets have been assumed: a 10-year loan of \$200,000 has been taken to provide support to investments. Current liabilities are inferred thanks to NWC calculations, with short-term debt being the annual reimbursement of the 10-years long loan and possible short-term loans taken out of necessity. Regarding equity, the capital and legal reserve amount, respectively, to \$5,000 (since no minimum requirement is posed) and \$1,000, representing 20% of capital.

Due to losses incurred in 2025, the item “losses carried forward” comprises the losses that must be covered in the following periods when profits occur, since the Chilean law allows the indefinite carry forward of losses (PwC 2023). Moreover, the parent company is ready to provide lending, if needed, to support Chilean activities.

9.6. Financial viability

FINANCING PLAN											
ASSETS						LIABILITIES					
Items	2029	2028	2027	2026	2025	Items	2029	2028	2027	2026	2025
Non-tangible asset						Capital	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Tangible asset	\$ 120,820	\$ 132,763	\$ 15,761	\$ 16,834	\$ 20,555	Legal reserve	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
						Retained earnings	\$ 65,000	\$ 65,059	\$ 2,225	\$ -	\$ -
Non-current assets	\$ 120,820	\$ 132,763	\$ 15,761	\$ 16,834	\$ 60,105	Losses carried forward	\$ (42,113)	\$ (63,169)	\$ (84,226)	\$ (52,242)	\$ (52,026)
Cash and Cash Equivalents	\$ 199,435	\$ 115,789	\$ 139,431	\$ 92,516	\$ 53,713	Lending from parent company	\$ 14,382	\$ 2,137	\$ -	\$ 2,180	\$ 5,798
Accounts Receivable	\$ 498,588	\$ 321,637	\$ 248,983	\$ 177,322	\$ 119,363	Equity	\$ 43,269	\$ 10,027	\$ (76,001)	\$ (44,062)	\$ (40,228)
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	Long-term debt	\$ 120,000	\$ 140,000	\$ 160,000	\$ 180,000	\$ 200,000
Prepaid Expenses	\$ 260,007	\$ 171,498	\$ 136,169	\$ 114,387	\$ 96,641	Non-current liabilities	\$ 120,000	\$ 140,000	\$ 160,000	\$ 180,000	\$ 200,000
Current assets	\$ 958,031	\$ 608,924	\$ 524,583	\$ 384,225	\$ 269,717	Accounts Payable	\$ 534,460	\$ 342,996	\$ 245,105	\$ 133,790	\$ 101,333
						Short-term debt	\$ 20,000	\$ 20,000	\$ 29,681	\$ 39,821	\$ 4,289
						Accrued liabilities	\$ 361,121	\$ 228,664	\$ 181,559	\$ 91,510	\$ 64,427
						Current liabilities	\$ 915,581	\$ 591,660	\$ 456,345	\$ 265,121	\$ 170,050
Total assets	\$ 1,078,851	\$ 741,687	\$ 540,344	\$ 401,059	\$ 329,822	Total liabilities	\$ 1,078,850	\$ 741,687	\$ 540,345	\$ 401,059	\$ 329,822

Table 20. Financing plan for the period 2025-2029

After having calculated the future cash flows considering both investment and operating cash flows, a notable positivity prevails (*Appendix 44*). The data set the stage for a comprehensive interpretation of the *Net Present Value* (NPV) of \$308,143 from 2025 to 2029 (*Table 21*). This value serves as a concrete validation of the positive financial contribution of the project, although minimal (*Appendix 45*).

Assumption	
Discount rate	11%
Investment decision rules	
Net Present Value (NPV)	308 143 €
Payback Period	Year 1
Internal Rate of Return (IRR)	2,31
Profitability Index	1,54

Table 21. Investment decision rules

When it comes to *Internal rate of Return* (IRR), valued at 2,31%, not surpassing the cost of capital set at 11% due to moderate risk of expansion, meaning the rate falls short of exceeding the initial investment.

The identified *Payback Period* at year 1 aligns with the positive cash flow narrative, emphasizing the strategic decision to avoid negative initial investments. This strategic choice not only ensures liquidity but also strategically positions Company Alpha for risk management. Meanwhile, the Profitability Index (PI) of 1.54 indicates that the present value of expected cash flows is 1.54 times the initial investment, signifying Company Alpha's potential to achieve strategic dominance in the Chilean market.

In conclusion, the positive NPV, short payback period and Profitability Index higher than 1 all suggest that the investment to internationalise in Chile is favourable. However, the IRR being lower than the discount rate raises concerns. To arrive at a final assessment of the desirability of the expansion project, the NPV approach is favoured, particularly for scenarios where cash flows transition from positive to negative over time. Consequently, Company Alpha's plan for internationalisation in Chile emerges as a financially resilient initiative.

9.7. Sensitivity and scenario analysis

In the dynamic landscape of business and strategic planning, uncertainties and fluctuations are inevitable and, therefore, sensitivity analyses of key variables and scenario analyses are crucial.

The sensitivity and scenario analysis for Company Alpha encompasses two key variables: *operating costs* and *competition* (*Appendix 46*), each examined under three scenarios such as pessimistic, normal, and optimistic. In evaluating Company Alpha's projected Profit and Loss (P&L) statement, several external factors can significantly impact Operating Expenses (OpEx) (*Appendix 47*). The operating cost analysis considers several factors, including marketing and promotion, crisis management and contingencies, customer retention programmes, infrastructure and logistics, and quality assurance and training. Meanwhile, competition analysis assesses the influence of competition on Company Alpha's revenue,

considering the market share of competitors, pricing strategies, and marketing and promotion (*Appendix 48*).

The sensitivity and scenario analyses conducted underscore the critical impact of operational costs. Findings reveal that even a marginal variation of 10% in operational costs significantly influences the firm's financial performance, allowing for the attainment of a positive net income solely in the 5th year of operation. This underscores the imperative for meticulous oversight and strategic management of cost elements to ensure sustained profitability. Conversely, the examination of net sales illuminates another crucial facet of Company Alpha's financial landscape.

The results emphasize the necessity for a well-prepared approach to pricing strategies and marketing activities. A drop of 10% in net sales, if not diligently addressed, poses a formidable challenge, jeopardizing the company's ability to achieve profitability throughout the entirety of the 5-year analysis period. This highlights the interplay between pricing dynamics and overall market positioning (*Appendix 49*). In conclusion, the sensitivity and scenario analyses outline how operating costs and revenue drivers demand close monitoring, considering how they influence Company Alpha in its pursuit of sustained financial success.

10. Overall conclusions and recommendations

In today's rapidly evolving tourism landscape, cycling holidays are merging athleticism with travel. In this context, Company Alpha specializes in offering premium cycling holidays in Portugal and limitedly in Spain, mainly to Americans and Canadians. Given the positive trend and outlook for adventure and cycling tourism, merged with the company's readiness, the company's expansion abroad has been considered. Through country ranking, clustering analysis, and a qualitative assessment, Chile has been chosen as the target market following consultation with the CEO (Company Alpha 2023). The establishment of its own foreign

subsidiary is the entry mode selected. In preparation for the 2025 launch of B2C Chilean cycling tourism, short-term and long-term marketing goals have been outlined. An analysis of segmentation, positioning, and the marketing mix has been conducted. Competitors include international players such as Butterfield & Robinson, Duvine, and Exodus, and local contenders like Tour de Amigos, Ecotours Chile, and Amity Tours. Financially speaking, projections appear positive despite a first slowdown due to the relevant investments and the limited visibility of the company. The positive NPV, short payback period, and profitability index all suggest that the investment to internationalise in Chile is a favourable option. If the internationalisation yields favourable outcomes, establishing Chile as the operational headquarter in Latin America and expanding into other countries would be ideal. The growth trajectory is anticipated to adhere to a "sustainable fashion", preferring risk-averse financial decisions that prioritize financial autonomy over debt-financed organic growth (Company Alpha 2023).

b. Individual part

Literature review

International market selection (IMS)

The International Market Selection (IMS) to expand businesses abroad has been widely investigated and several scholars, researchers and managers posed crucial relevance to determine the conditions and circumstances for International Market Selection (Papadopoulos and Martin 2011). In this literature review on International Market Selection, various characteristics and approaches are going to be explored to determine advantages and disadvantages of techniques through which IMS is conducted and which are the main determinants of IMS.

Despite the complexity, the time constraint and the effort required to perform the analyses, the results provide that the IMS shall be a pragmatic, systematic and, above all, efficient instrument to allow the managers to make sound and data-based decisions. One of the most significant aspects in IMS is the avoidance of deliberate decision-making, indeed, and on the importance of having a clear, straightforward, reproducible and above all insightful, decision-making process. However, because of factors such as information asymmetries, cognitive biases, missed prioritization of actions and scarce resource endowment, businesses' managers, are trapped in a vicious loop of arbitrary decisions. In turn, positive outcomes derived from fortunate arbitrary decisions may cause misleading attitudes and results (over-confidence or reality blindness) that are detrimental to the managers and the business itself. Practically speaking, a formal systematic method of IMS is needed, whereas semi-systematic and non-systematic approaches must be limited or avoided to ensure a sound and data-driven IMS' decision-making process (Papadopoulos and Martin 2011). Especially in SMEs, evidence provide that the process of IMS mostly follows a non-systematic approach and that there is substantial predilection for non-sequential, but simultaneous, procedure of IMS and Entry Mode Selection (EMS) (Musso and Francioni 2014). The main rationale behind it is found in the fact that the IMS is lengthy and complex: according to the authors of "International market selection and segmentation: perspectives and challenges", the initial phase comprises a first screening through secondary country data and macro-environmental analysis (Papadopoulos and Martin 2011). The performance of this preliminary analysis easily allows discarding unsuitable countries and, therefore, provide a "clean" and mostly insightful dataset on which further specific analyses may be conducted. Nonetheless, other schools of thought believe that first stage discarding should be avoided as there could be inherent risks of the country performing well in other relevant indicators. The second stage provides the use of more specific comparable information that, however, are difficult to retrieve. The complexity of knowledge

necessary to identify suitable countries and the limited reliance on the mentioned process determine that only a small share of decision makers have the toolkit to perform a pragmatic and systematic market selection process. In this perspective, businesses' management and responsible export managers must be aware of the priorities they face, specifically in the process of market selection. A "new tradeoff model" for IMS has been designed to handle the prioritisation. A tradeoff between demand potential and trade barriers has been offered by weighing relevant indicators and quantifying non-trade barriers (Papadopoulos et al. 2002). This instrument is employed in IMS to determine the relative attractiveness of accounted countries and gives important data-driven and systematic insights on market selection's determinants. Nevertheless, there might be huge variability in IMS approaches depending on the relative importance of different types of information and knowledge. Another systematic approach of IMS is the one *three-stage theory* (Cavugils et al. 2004). It provides 1) a preliminary screening, serving as a filter, and investigating potential markets to consider for further assessments; 2) an assessment of the industry market potential and 3) the analysis of sales potential aiming at evaluating opportunities and challenges. Analysing foreign markets, which inherently unfamiliar, a wide spectrum of variety and uncertainty makes the cultural and/or the country specific features still central. In the IMS, "cultural incompetence" may potentially be a jeopardizing factor for businesses offshore success (Papadopoulos 2011; Czinkota and Ronkainen 1998). However, different findings have been presented in the study titled "International market selection and segmentation: perspectives and challenges", particularly, a framework of 60 specific decision variables, 17 subsidiary export dimensions, and six primary environmental dimensions is designed (Robertson and Woods 2001). The study highlights export managers' ratings on the most important types of information. At the top of the pyramid, the market potential can be found, followed by the legal environment and in third place the political environment, infrastructure and the economic environment. In this case, the

cultural environment was rated as the least important, clashing with the previous statement of “cultural incompetence”. Nonetheless, the limitedness of the study, given by the sample dimension and applicability solely to one selected exporting industry, highlighted a “lack of research” regarding industry-specific approaches of IMS. The study “International Market Selection by Business Service Firms: Key Conceptual and Methodological Issues”, attempts to fill the academic *vacuum*. However, industry-specific IMS research is not incentivized, and empirical evidence is limited to the internationalisation of large corporations (O’Fannel and Wood 1994). Specifically, the major determinants of market selection are offered: some above-mentioned drivers are confirmed by the paper, and in addition, it emphasizes the role of geographic, cultural proximity and the firm’s former international experience. In conclusion, the authors assert that the existing IMS framework, designed for manufacturing companies’ internationalisation, has limited utility for industries demanding more dynamic approaches and flexible techniques.

Concluding, in this literature review IMS approaches and techniques have been offered. Systematic and data-driven approaches are by far the most reliable methods of IMS, despite evidence showcase their limited use in real life contexts, especially for SMEs. The characteristics and dimensions used for IMS are considered, and their role in the IMS has been assessed. Finally, the unmet multiplicity of IMS industry-specific approaches has been investigated.

In-depth market analysis

The case of Greece

Greece has been ranked 1st as the best European country for Adventure Tourism (AT) in 2020, with a score of 98.28/100 (Statista 2020). The country is chosen as a dream destination thanks to its breathtaking coastlines, relaxed lifestyle, and Mediterranean islands. The territory extends to 131.340 km² with over 13,676 km of coastline and 227 inhabited islands. The metropolitan

area of the capital, Athens, gathers almost 5 million people, for a total of 10.6 million for the whole country. With 27,835,541 tourists arriving in Greece in 2022, the tourism sector produced €17.257 billion (11% of GDP), making it an important sector for the country's economy.

Contacts

The research for contacts is justified by the necessity of conducting preliminary inspections and assessing opportunities for market analysis and cooperation. The opportunity of having *agents and distributors* is key. Company Alpha already collaborates with *Scott's* and *Garmin's* Portuguese distributor so it may be easier to continue their partnership in another country. *Orient Bikes*, a bike's and bike accessory's wholesaler in Greece, may have a pivotal role for Company Alpha partnering with *Orient Bikes* in the further supply of equipment and ensuring smoothness in their activities. Partnering with established tour operators with deep knowledge of the Greek territory and its cultural heritage, like *Greece Travel Net*, may represent a valuable investment for the expansion in the Hellenic peninsula. Concerning potential distributors, Global Distribution Systems (GDSs) like *Amadeus*, *Sabre* and *Travelport*; online marketplaces like *Get Your Guide*, *Discover Greece*, *Greeka*, *Fantasy Travel*, *Olympic Holidays*; Online Travel Agencies (OTAs) as *Booking.com*, *Expedia* or *TripAdvisor* may become the primary modes of distributions (Site Miner 2023; Travel Perk 2023; Site Miner 2023).

Through the network of *government agencies*, like the *Greek National Tourism Organisation* (GNTO), the establishment of Company Alpha may be facilitated. The joint efforts of the Portuguese and Greek *Chambers of Commerce* and their mutual relations enhance the promotion of members exporting or expanding abroad (CCIP 2023). Support and services to businesses and trade are fostered by agencies like the *Hellenic Ministry of Foreign Affairs*. Operating under the umbrella of the Ministry of Foreign Affairs, *Enterprise Greece* is the official “investment and trade promotion agency” in Greece. With the dual mission of offering

consulting and assistance to foreign investors while promoting Greece in the international market, *Enterprise Greece* represents an optimal first contact in the investment project of a business in the Hellenic territory (Enterprise Greece 2022). The crucial role of government agencies is further supported by associations for the promotion of Greek trade, namely the *Hellenic Federation of Enterprises*, gathering modern competitive enterprises for a prosperous and socially cohesive Greece (Europa Regina 2023). The Portuguese embassy and consulates in Greece may also help in the company's establishment, given their mediation capabilities.

Additional organisations like the *Association of Greek Tourism Enterprises* (SETE) and the *Research Institute for Tourism* (ITEP) may be relevant in the promotion of Company Alpha. Greek longstanding tradition in cycling determined the creation of more than 80 clubs in the country, comprising road biking, track racing, and mountain biking (Visit Greece 2023). The *Hellenic Urban Cycling Federation* (HUCF) may serve as a valid partner in the advertising of the company's intentions in Greece, gathering cyclists and adventurous adepts (Trek Bicycle Corporation 2021). Moreover, contacts with NGOs such as the *World Cycling Alliance* and *Cities for Cycling* might improve Company Alpha's networking chances and knowledge. In the scope of the internationalisation first-contacts, letters of inquiry (LOIs) may be useful instruments. LOIs may help in engaging with prospective business partners and/or distributors, business opportunities and networking from the *Hellenic Chamber of Commerce and Industry* (HCCI), local municipalities and regional authorities. Contacts with banks are key. Banks operating in both Portugal and Greece, like the *National Bank of Greece* (NBG), *BNP Paribas*, *Santander*, and *Caixa Bank* may contribute to accessing financial resources and leverage from consultation regarding the adventure industry. The Greek *Piraeus Bank* and the *NBG* have a leading role in providing financial support to SMEs and Greek private entrepreneurship. Besides business funding programmes for accessing capital and financing business investments, they play an active role in cooperation activities with national and international

organisations such as the Hellenic Development Bank (HDB), the European Investment Bank (EIB), European Investment Fund (EIF) and European Bank for Reconstruction and Development (EBRD).

Competition

Several companies are engaged in offering AT tours. To name some, Butterfield & Robinson, Exodus Adventure Travel, Bike Tours and Experience plus! Bicycle Tours are the main competitors in the Greek landscape. In addition, the country is characterized by several small local companies and private tour operators. Through the database Orbis, comparative market research was conducted, identifying the top 2 comparable competitors for Company Alpha: *Bike Tours* and *Experience plus! Bicycle Tours*. These two companies showcase similarities with Company Alpha regarding their turnover, respectively, of €488,000 and €469,000, the number of employees, 6 for *Bike Tours* and 3 for *Experience Plus! Bicycle Tours* and their scope in the industry (ORBIS 2023). However, some differences are noticeable regarding their offerings and are available in *Appendices Greece 1 and 2*, highlighting points of convergence and difference.

Competitor 1: Bike Tours

Bike Tours is a cycling tour operator active since 2003. They offer 15 tours in Greece, of which 5 are multi-day tours (7-day long tours) and 10 are single-day tours. In multi-day tours, guided and self-guided options are offered from €1890 and €840, respectively. On top of that, they offer multiday tours with the “Bike&Hotel” or “Bike&Boat” formula, in which the accommodation differs, and the latter offers hopping among islands. The service changes depending on the formula. The package may include a 7-night cabin aboard a yacht with crew or a 3-star hotel (upgradable to 4-star) or a local apartment, 2 days of full-board and 5 days of half-board, guided bicycle tours and sightseeing with an English-speaking guide, group

entrance fees to museums and archeological sites, bed linen, and towels. They offer an insurance plan by teaming with *Roam Right* (Bike Tours 2023). Bike rental, however, is not included in the price and must be reserved upon booking. There is the possibility to opt for 7-21-24 speed standard touring bikes, electrically assisted bikes (9-speed CUBE or similar), and, if available, tandems, child trailers, and tag-alongs. The bikes are equipped with Ortlieb panniers, GPS via *Ride with GPS* app bike protections, and helmets. Despite their competitive prices, the structured service, and the premium options, *Bike tours* lags in some significant areas such as lacking comprehensive tour-cycling services, making it burdensome for clients to rent bikes and equipment separately from tours. Moreover, no possibility of customization concerning duration or difficulty is provided.

Competitor 2: Experience plus! Bicycle Tours

Experience plus! Bicycle Tours is an American cycling tour operator founded in 1972. The company offers 4 multi-day tours (2 purely cycling and 2 cycling and boat tours) in the Greek territory, with a period from 8 to 12 days maximum. The tour starts from US\$ 4350 and allow a wide range of bike choices: 2 e-bike types, 2 premium hybrid bikes, 1 premium road bike, and 1 co-motion bike. What's included in their offer is 7 nights' accommodations, with a possible upgrade to private rooms for \$500 or \$1,200, some days of full board and some of half board based on the tour picked, beer and wine, and *Experience plus! Chalk arrows'* GPS system, van support, local experiences, bikes, and travel assistance. The wide range of bikes, together with the comprehensive service and premium options, make Experience plus! a dangerous competitor. Unlike Bike Tours and Company Alpha, the prices are higher, and the number of tours offered is limited. Moreover, there is no possibility of customization concerning duration and difficulty.

Overall market sales potential and company sales potential

In the last decades, Greece experienced massive growth in tourism that is forecasted to continue in the following years, despite the negative shock posed by the Covid-19 pandemic, the Russia-Ukraine and Israel-Palestine wars. As shown in *Table Greece 1*, only in 2022, the Greek inbound tourism recorded 27,835,541 tourists, of which 1,088,680 Americans and 380,896 Canadians.

Estimated market size of Company Alpha in Greece	
Inbound tourism volume in Greece	27,835,541
Number of inbound tourist from the USA and Canada	1,469,576
Potential adventure tourists in Greece from the USA and Canada (25%)	293,915
Number of american adventure tourist engaging in cycling	44,087
Average expenditure adventure tourism by Americans	\$2,280

Table Greece 1. Estimated market size for the adventure tourism and cycling tourism in Greece.

Being the main target of Company Alpha high-income individuals, with a preference for North American customers, the analysis has been conducted, highlighting the portion of Americans and Canadians. This said, it is assumed that potential adventure tourists in Greece from the US and Canada amount to 25%, and their average expenditure in Greece is around \$2,280 since the country is cheaper than other similar destinations. The share of those engaged in cycling is assumed to be 15% of the above-mentioned 25%, resulting in 44,087 potential industry customers.

General assumptions for the market size for global AT and cycling tourism is presented in *Appendix Greece 3*.

Market share	2029	2028	2027	2026	2025
Industry revenues in Greece	\$503,150,206	\$458,660,170	\$418,104,075	\$381,134,070	\$347,433,063
Company Alpha					
Company Alpha - sales in Portugal	\$ 3,849,480	\$ 2,978,431	\$ 2,304,481	\$ 1,783,030	\$ 1,379,572
Company Alpha predicted sales	\$ 1,471,105	\$ 1,107,134	\$ 833,215	\$ 627,067	\$ 490,375
Price per tour in Greece	\$ 4,102	\$ 3,859	\$ 3,631	\$ 3,415	\$ 3,339
N. of actual potential customers in Greece	359	287	230	184	147

Table Greece 2. Estimates of Company Alpha sales in Greece

As it is possible to see from *Table Greece 2*, the industry revenues in Greece for American and Canadian cycling tourists have been estimated by multiplying their number by the average price of tours from the sector. An inflation rate and a strategic percentual increase in price are assumed. Initially, the number of customers is expected to be limited, but with advertising and inbound AT's increase, it is bound to grow. Company Alpha's sales predictions

have been computed by multiplying the number of potential customers by the average price of tours in Greece operated by the company.

Market entry conditions

In the expansion project, several latent aspects ought to be assessed to ensure success. The countries compliance with EU laws is due (International Trade Administration 2022). Likewise, quality controls, licensing standards, and other guidelines set by the Directorate General for Tourism Policy necessitate compliance (European Commission 2019). The country has a past and present history of economic and commercial cooperation, manifested by the several European FTAs, 28 Bilateral Trade Agreements and 61 Treaties with Investment Provisions (UNCTAD 2023). Regarding bureaucratic procedures, a foreign company might run a business in Greece directly, although few registration requirements may be sparked by a certain extent of physical presence. According to a comparative report on 190 economies, Greece ranks 11th in the “starting a business” area with an overall score of 96/100, with an impressive rapidity of legal establishment (4 days), a limited number of procedures (3), and a paid-in minimum capital of €1 (OECD 2020). Concerning taxation, as January 1, 2021, corporate income tax rate (CITR) is 22%, placing 12th in the EU27 rank and being the Southern European country with the lowest CITR (Statista 2023). Greek standard VAT is 24%, while reduced VAT of 13% and 4% is applied to some goods and services (Global VAT Compliance 2022). Greek tax resident entities are taxed on their worldwide income, while non-resident entities are taxed only on Greek-sourced income (Deloitte 2022). Financially speaking, Greece ranks 119th in the “getting credit” voice (OECD 2020). No restrictions on direct or indirect investment exist, and various provisions to attract foreign investment are enforced. Through the National Strategic Reference Framework (NSRF) the Ministry has funded various tourism SMEs.

Concerning *entry barriers*, entering the Greek AT market may appear challenging if risk and opportunities are not weighted properly. Entry barriers comprising the *market competition*, the *marketing and branding*, the *seasonality* of the business, *regulatory barriers* and, lastly, *cultural, and linguistic differences, infrastructure and logistics* and *environmental considerations* (for more details, see *Appendix Greece 9 and 10*). Established players and local expertise are significant threats to penetration in the Hellenic AT market, and there is uncertainty about their effective market share. Limited *marketing and branding* in the peninsula may affect the company's image; the brand image is decisive for the success of partnerships and networking within the industry. Issues of *seasonality* in the business, like in Portugal, may be encountered, making diversification efforts null and, conversely, increasing risks. *Regulatory barriers*, some of which were mentioned previously, are also relevant: set-up permits, taxation, and environmental regulations are just some of the several barriers to entry. *Cultural and linguistic differences*, if mistreated (despite Greece being culturally similar to Portugal), might affect the activities of the company in fulfilling their claim of diving into traditions and authentic experiences. *Infrastructure and logistics* indices showcase quite good values, with the logistics index scoring 3.20/5, Greek households' internet access accounted for 85,49% in 2022, and moderately efficient air, railroad, and road infrastructure with respective scores of 2.80/7, 4.90/7, and 4.30/7 in 2016 (World Bank 2018; Statista 2022; Knoema 2023). Lastly, regarding *environmental consideration*, with its 719.79 mm of annual rains in 2021 and its average mainland temperature of 19.4°C, the country presents optimal conditions to extend the seasonal sales from April to October (Trading Economics 2021; World Data 2022).

Summarizing, the country presents several good opportunities for the adventure tourism and cycling tourism industries. However, some relevant aspects, namely the uncertainty in market trends, the effective market share of international competitors, the possible economic

instability, the cultural differences, regulatory and taxation modifications and the parallel seasonality of the business, are the main factors to consider in the International Market Selection (IMS) of Company Alpha.

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12. Appendices

Appendix 1. Company Alpha's tour offerings 2023

Experience	Rider Type			Bike Type				Location		Duration (days)	Tour Type			Remark
	Beginner	Intermediate	Experienced	Road	E-Bike	Mountain	Touring	Country	Region		Self-Guided	Guided	Premium	
Heritage & Wine	x	x	x	x	x			Portugal	Alentejo	7	€ 1.590	€ 2.390	€ 4.290	
Heritage & Wine				x	x		x	Portugal	Douro	7	€ 1.650	€ 2.340	€ 3.690	
Normal		x	x	x	x		x	Spain	Catalonia	7	€ 2.050	€ 3.490	€ 5.390	
Normal		x	x	x	x		x	Spain	Mallorca	7	€ 2.150	€ 3.490	€ 5.590	
Heritage & Wine		x	x	x	x		x	Spain	Andalucia	7	€ 2.050	€ 3.490	€ 5.390	
The central camino		x	x	x	x		x	Spain	Santiago	8	€ 1.790	€ 2.700	€ 3.500	
Bike tour		x	x	x	x		x	Spain	Basque	7	€ 1.990	€ 3.490	€ 5.390	
Heritage & Wine		x	x	x	x			Portugal	Douro	7	€ 1.790	€ 2.490	€ 3.940	
The central camino			x	x	x		x	Spain	Santiago	8	€ 1.850	€ 2.390	€ 3.980	
Bike tour	x		x	x	x		x	Portugal	Algarve	7	€ 1.690	€ 2.490	€ 3.940	
Bike tour	x		x		x		x	Portugal	Minho	7	€ 1.650	€ 2.340	€ 3.690	
Bike tour in azores		x	x	x				Portugal	Azores	7	€ 1.590	€ 2.390	€ 3.790	
Bike tour across portugal		x	x	x				Portugal	North to South	11	€ 2.640		€ 5.600	
Ironman		x	x	x				Portugal	Lisbon	5		€ 1.750		Only private tour
Bike tour		x	x	x	x			Portugal	Douro	1		€ 350		Only private tour
Mountain bike tour		x	x	x	x		x	Portugal	Lisbon	1		€ 350		Only private tour
Bike tour to Evora	x		x	x			x	Portugal	Alentejo	1		€ 350		Only private tour
Road cycling tour		x	x	x	x			Portugal	Lisbon	1	€ 200			Only private tour

Appendix 2. Business Portfolio

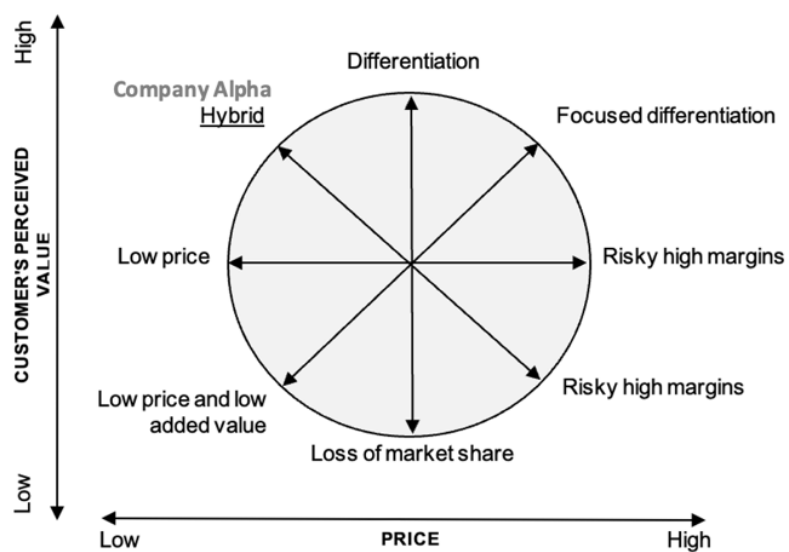
	Self-Guided	Guided	Premium
<i>6 nights in 4* Hotels</i>	✓	✓	
<i>6 nights in 5* Hotels</i>			✓
<i>6 dinners and 5 lunches</i>			✓
<i>Après velo experiences</i>			✓
<i>Private guide</i>		✓	✓
<i>Second private guide</i>			✓
<i>Nutrition, hydration and snacks</i>		✓	✓
<i>Scott Bike, Helmet and Spares</i>	✓	✓	✓
<i>Smartphone App</i>	✓	✓	✓
<i>Baggage transfer</i>	✓	✓	✓
<i>Airport Transfer</i>	✓	✓	✓
<i>Garming GPS</i>	✓	✓	✓
<i>Briefing and Routebook</i>	✓	✓	✓
<i>Liability and Personal Insurance</i>	✓	✓	✓
<i>Company Alpha's jersey</i>	✓	✓	✓

Appendix 3. Package component comparison

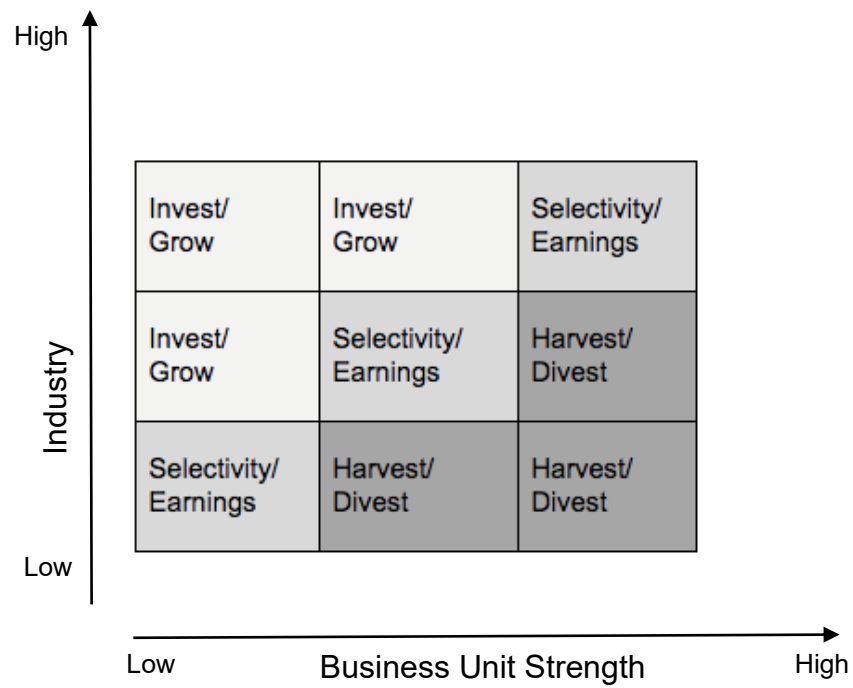
Package Component	Company Alpha (Premium)	inGamba	Butterfield & Robinson	Duvine
All Accommodation	✓	✓	✓	✓
All Meals	✓	✓	✓	✓
Baggage Transportation	✓	✓	✓	✓
Pick-up and Drop- off	✓	✓	✓	✓
Array of Bicycles	✓		✓	✓
Expert Guides	✓		✓	✓
Support Vehicle and Mechanical Support	✓		✓	✓
Special Events, Private Tours, Expert Guests, and Entrance Fees	✓		✓	✓
Access to GPS Navigation Devices	✓		✓	✓
Cycling Kit	✓	✓		✓

Daily Bike Maintenance		✓		✓
Daily Post-Ride Massage		✓		
Laundry Service for Cycling Clothing		✓		
Liability and Personal Accidents Insurance	✓			
Customized Tours adjusted to proficiency and preferences of cyclists	✓			

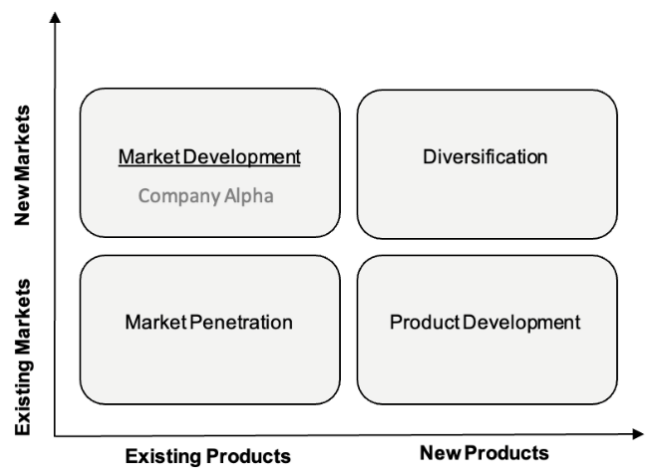
Appendix 4. Bowman's strategy clock



Appendix 5. McKinsey's GE matrix



Appendix 6. Ansoff matrix



Appendix 7. Summary of Company Alpha Vs. average of the sector

Summary of Company Alpha vs. Average of the sector			
	2022	vs. 2021	Average of the sector
Revenues from sales	589.228,36 €	88,93%	1 183 846,68€
Adjusted EBITDA	64.980,11 €	40,61%	61 173,69€
Economic result	34.540,90 €	79,91%	39 652,54€
Financial situation			
Total Asset	436.216,20 €	52,34%	591 480,69€
Liabilities	374.827,28 €	44,44%	439 533,11€
Equity	61.388,92 €	128,65%	151 947,57€
Financial Autonomy	14,07%	50,00%	25,69%
Solvability	16,38%	58,26%	34,57%

Appendix 8. PESTEL analysis

Political	• Incentives and support to SME businesses • Overall political stability • Favourable diplomatic relations both in the European continent and abroad • Government programmes to foster entrepreneurship while pushing technological development (eportugal.gov.pt) • Promotion of tourism performed by tourism offices throughout the country and abroad (25 outbound tourism markets) (Turismo de Portugal) • FTAs and BITs improving economic relations with other countries
Economic	• Economic cycles that may be reflected in economic downturns that may lead to a decrease in travelling • FDIs have increased significantly during the last decade (OECD) • Economic stability • Disposable income may change

	• Increase of interest rates in the European Union area affecting funding opportunities • Exchange rates • Corporate taxation appears quite high (highest statutory corporate income tax rates in European OECD). Globally, 38 economies set a corporate tax rate greater or equal to 30%, 108 countries are between 29.9% and 10% while those below 9.9% are considered tax havens (Bahrain, the UAE, Ireland and Switzerland etc.) (Trading Economics 2023). • Transaction exposure and translation effect • Decrease of inflation rate throughout the European continent, and with focus on Portugal affecting the purchasing choices. Some countries experiencing extremely rough inflationary waves like Argentina (98,6%), Venezuela (400%) and Zimbabwe (172,2%) (IMF 2023). • Seasonality of the business
Social	• Relevance of tailored experiences: major importance is devoted to the tailored and all-rounded customer service that distinct also many European businesses • Community experiences providing a sense of membership to a specific social group (in this case athletic travelers that want to discover a country in an unusual way)

	• Cultural sensitivity as well as environmental responsibility in the perspective of respecting and discovering the area in which one lives and promoting it • Support of the local economy • Welcoming customer service • Portugal is one of the safest countries in the world (ranking 7th) (Global Peace Index, 2022) • Trends ○ Role of social media (mainly Instagram and TikTok) in influencing consumer shopping behaviour ○ Sustainable consumption (direction of change in values and needs), (knowledge4policy.ec.eu-ropa.eu) ○ Concepts of planetary health, conscious travelling ethical, social and environmental concerns. ○ Accelerated digitalization of societies, including consumer behaviour ○ Customer centricity: trying to tap into customers' emotions, perceptions and values (health and wellbeing at the forefront) ○ Slow travelling
Technology	• E-bikes diffusion and technological evolutive makes them cheaper • Quality of infrastructures among the best in the world (Republica Portuguesa)

	• Developments in bikes and means to power them (carbon fiber bikes/ different types of power like hydrogen) • AI developments that may be applied to several areas of the business (from the e-commerce to the app and so on) • Evolution of supply chain and incorporation of digital processes
Environment	• The morphology of the country allows doing tours with bikes • Climate change may hinder the planning of holidays given the natural catastrophes occurring in the last years (floods, extreme raining, landslides, fall of trees etc.) • UN SDGs role • Portugal being an interesting cultural and naturalistic destination
Legal	• Legal restriction for travelling (see covid-19 pandemic restrictions). Health regulations regarding the entrance in foreign countries must be respected to prevent unwanted risks of getting infected or falling ill due to different health conditions (WHO 2005). • Comply with taxation regulations and the normative about liability • Safety regulations for what concerns biking and equipment/ no. of people in a single tour and plausible age limitations applied. Other significant normative for Company Alpha are possible age restrictions, technical regulations and safety.

	• Environmental regulations regarding the usage of land and possible restrictions on transportation methods • Comply with data protection and privacy regulations to ensure transparent use of data and avoid their mismanagement (EU's GDPR)
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Appendix 9. Key segments in cycling tourism

Segment	Target Audience	Characteristics	Preferences & Motivations	Considerations for Service Providers
Road Cycling	Mainly young adults and senior cyclists	Predominantly male participants aged 18 to 49	(1) Prioritize swift and aerodynamic riders (2) Motivated by fitness and nature	(1) Smooth asphalted roads preferred (2) Distance preferences based on endurance, climate, and road conditions (15 to 25 km for short spans, 30 to 200km per week for seasoned cyclists) (3) Luggage pick-up services are valued for minimal weight and convenience
Mountain biking	Individuals aged 26 to 45 with a good education	Drawn to rugged terrain, in forested and mountainous areas	(1) Thrive on pushing physical limits (2) Prefer accurate trail descriptions and visual representations for crafting their own adventure	(1) Dedicated mountain biking trails are favored (2) Service providers should provide comprehensive trail details and visuals
Family Cycling	Families with children	Families with children may not frequently opt for cycling holidays due to logistical challenges	Organizing child-friendly tours is a challenge for this segment	(1) Consider creating family-friendly cycling routes with amenities and activities suitable for children
Touring/ Expedition	Varied, including young adults, seniors and enthusiasts	Diverse demands based on niche and duration of the cycling trip	Varied motivations may include exploration, adventure, and cultural immersion	(1) Service providers should offer diverse cycling experiences, catering to the specific interests and motivations of the cyclists

Appendix 10. Value chain model

Firm infrastructure: strategic planning, business objectives, expansion plans, financial management					Competitive Advantage
Human Resource Management: recruiting, training and managing guides, support personnel, and other essential employees crucial to the success of bike tours					
Technology Development: GPS application					
Procurement of Resources: sourcing and management of suppliers for bikes and equipment					
Inbound Logistics Diverse fleet of bikes Equipment Strategic partnerships with suppliers	Operations Guided tours Premium tours	Outbond Logistics Transportation Secure handling of luggage and equipment	Marketing and Sales Targeted marketing campaigns	Service Tour operators	

Appendix 11. Summary of FSA-CSA matrix

MNE	Country-specific advantages (Portugal)	Firm-specific advantages	FSA operational implications	Key issues/ disadvantages
Company Alpha	Political and economic stability	Brand portfolio	Ability to enter markets	Limited offering to market segment Specific niche segment
	Morphology	New technologies	Differentiation strategy	
	Climate compatibility	Marketing strategies	Operations in 2 countries	
	Safety considerations	Strong Positioning	Customer-driven research and development endeavours	
	Relevance of destination & cultural significance			

Appendix 12. GGMSO4 survey answers for the Global Readiness

1. Is the foreign market similar to the domestic market? (The more similar the market the more favourable)	Company Alpha's prospects for expanding into foreign markets appear promising and manageable thanks to similarities with the Portuguese market.
2. Is the End User of the product in the foreign market the same as in the domestic market?	Specializing in a niche market enables the company to maintain consistent offerings across various

(The more similar the End User the more favourable)	destinations, emphasizing premium experiences for affluent and adventurous tourists keen on cycling tourism also given that the target audience overseas mirrors that of their home country, with a focus to US and Canadian clientele, which are their primary targets.
3. Is the product successful in the domestic market? (The more successful the more favourable)	Yes, the product has a consistent successfulness, and the outlook appears positive and improving from year to year.
4. Is the product unique? (The more unique the product the more favourable)	No, the product is not unique. However, having characteristics and standards that are difficult to replicate, the company may enjoy a temporary competitive advantage. In fact, Company Alpha's niche in providing premium experiences uniquely positions it to capture a segment of the market that seeks exclusivity and high-quality offerings. In a market replete with offerings, the emphasis on exclusivity and high-quality experiences can make Company Alpha stand out.
5. Does the product perform the same function in the foreign market as it does in the domestic market? (If yes, the more favourable)	Yes, it does. Furthermore, with the service being replicated abroad, the modus operandi, is maintained quite efficiently the same or similar and it performs the same functions as in the home market. Thus, the service is expected to maintain a standardised approach in its operations when expanding internationally.
6. Are the product use conditions the same in the foreign market as they are in the domestic market? (If yes, the more favourable)	Yes, they are. They are supposed to be the same or similar. Any difference applied is going to be motivated by necessary regulations and circumstances that may apply.

7. Does the product need modifications to meet the needs of the customers in the foreign market? (High level of modification will make it less favourable)	No, it doesn't. Apart from the planning of tours due to new locations and presence of different activities, what can determine service conditions to differ are threats or opportunities posed by the external environment, namely stricter regulations, dangerous situations or different activities typical of the place, mainly. The service is expected to maintain a standardised approach in its operations when expanding internationally.
8. What is the stage of the product's life cycle in the home market? (Early stage is more favourable)	In Portugal, the offerings are in the early stages of growth, suggesting there is room for expansion and solidification of their market position. Initial investments and strategic planning have already been performed, with the company experiencing a positive trend of growth despite the temporary slowdown due to Covid-19. Their promotional initiatives have enabled them to establish themselves as a significant presence in the Portuguese market.
9. What is the stage of the product's life cycle in the international market? (Early stages are more favourable)	In broader international markets, Company Alpha would face a more mature product lifecycle stage. This maturity, thus, implies heightened competition. Despite the positive incentive portrayed by the growth rate of the industry and a proven demand for such services, dynamism and readiness to sudden changes and opportunities are essential.
10. Does the product require after-sales service? (If yes, the less favourable)	Pre-sale, and post-sales' service is offered with the company dealing with feedback collection, complaint resolution, social media management, health and safety updates during tour and several actions aimed at clients' retention and acquisition

	such as loyalty programs and discounts, updates & newsletters, exclusive invitations, personalized follow-ups, and referral programs.
11. Is the company able to provide after sales-service to its customers in the foreign market? (If yes, the more favourable)	Yes, it is. After sale service is key to the company and, expanding abroad, they can provide it. Nonetheless, to maintain a high standard of quality, the personnel dealing with these operations shall be increased to avoid lag in quality and promptness.
12. Would export orders hurt domestic sales? (If yes, the less favourable)	No, they wouldn't. On the contrary, international sales, if managed correctly, may improve the profitability of the company while contrasting seasonality.
13. Does the company have the financial resources necessary for export? (If yes, the more favourable)	Financially speaking, Company Alpha seems well-prepared. Its strong profitability, efficient operations, and a commendable liquidity position are all encouraging signs. With a current ratio above 1 and a quick asset turnover of 1.35, the company exhibited a capacity to meet short-term financial obligations. However, caution is advised.
14. Does the company have in-house personnel with export related knowledge/experience? (If yes, the more favourable)	Yes, it does. They have in-house personnel skilled in export operations.
15. Is international/global participation part of the Mission Statement of your company? (If yes, the more favourable)	Yes, it is. Their mission statement boldly emphasizes international participation. They harbor aspirations to extend their footprint in markets resembling Portugal's landscape and culture, aiming to provide identical services without leaning heavily on local businesses.

16. Is international expansion a part of the strategic business plan of the company? (If yes, the more favourable)	Yes, it is. The company's strategic intent for global expansion is clear, as evidenced by their previous endeavours in Spain, albeit with room of enhancement.
17. Would the company be willing to investigate export market opportunities? (If yes, the more favourable)	Yes, it would. Their proactive stance is further demonstrated by their eagerness to scout export market opportunities.
18. Would the company be willing to attend and/or participate in Trade Shows abroad? (If yes, the more favourable)	Yes, it would. The company also understands the value of trade shows in their expansion strategy, recognizing the myriad benefits from brand visibility enhancement to invaluable networking opportunities and direct market feedback.
19. Is the company willing to translate company literature into one or more foreign languages? (If yes, the more favourable)	Yes, it is. Language barriers will not stand in the way regarding their marketing efforts, as the company is open to translating their literature to cater to foreign audiences.
20. Are the company's top competitors involved internationally? (If yes, less favourable but this could also serve as one of the key reasons to internationalise)	Yes, they are. While key competitors like Duvin and Butterfield & Robinson are involved internationally, Company Alpha takes on this challenge, and opportunity, to provide its premium service to a niche clientele. Moreover, by proving their approach and <i>modus operandi</i> in the international landscape they may be able to become solid competitors to the international players, without losing their standards and authenticity.
21. Is the industry highly regulated? (If yes, the less favourable)	Fortunately, and for now, the adventure tourism industry, specifically cycling tourism, is not heavily regulated.
22. Is the company certified- ISO 9000 or other certification?	Unfortunately, the company lacks in certifications like the ISO-9000 certifications, a standard that

	could enhance their credibility in international markets.
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Appendix 13. Variables name and sources

Category	Variables	Importance to Company Alpha	Sources
Market size	(i) International Tourism Expenditure (ii) Population ages 15-64 (iii) International Tourists Arrivals (iv) Travel and Tourism Revenue	Insights into market size and potential. Financially robust markets with a significant influx in international tourists present a favourable environment for Company Alpha. High international tourism expenditure indicates willingness to spend on travel experiences.	(i) World Bank (ii) World Bank (iii) World Bank (iv) Statista
Market Growth Rate	(i) International Tourism Expenditures 4-year CAGR (ii) 6-year growth of revenue in travel and tourism sector	Essential for analysing growth trends in the target market, helping Company Alpha make informed decisions based on macro-economic indicators.	(i) World Bank (ii) World Bank
Environmental Score	(i) Travel and Tourism Development Index (TTDI)	TTDI evaluates sustainable and resilient development, ensuring the target market supports premium cycling holidays. EPI and WRI	(i) World Economic Forum (ii) Yale Education

	(ii) Environmental Performance Index (EPI)	provide insights into environmental safety, which is crucial for customer security and decision-making.	(iii) Humanitarian Data Exchange
	(iii) World Risk Index (WRI)		
Market Intensity	(i) Leading Travel Destinations for Americans and Canadian.	Indicates potential markets for premium offerings. Higher revenue per capita suggests a demographic aligned with Company Alpha's target audience, valuing high-quality, exclusive experiences	(i) Statista (ii) Atlas Big
	(ii) Tourism Revenue per capita		
Market Receptivity	(i) Bike Sales	Essential for understanding trade dynamics and demand for cycling tourism. Import-related variables impact operational efficiency and cost-effectiveness, crucial for Company Alpha's success.	(i) Statista
	(ii) Trade % of GDP		(ii) World Bank
	(iii) Net Trade of goods and services		(iii) World Bank
	(iv) Cost to import, border compliance		(iv) World Bank
	(v) Burden of customs procedure		(v) Individuals using the internet
Commercial Infrastructure	(i) Individuals using the internet (% of population)	Digital connectivity and efficient trade hubs are vital for effective communication, transportation, and logistical	(i) World Bank (ii) World Bank (iii) World Bank (iv) World Bank

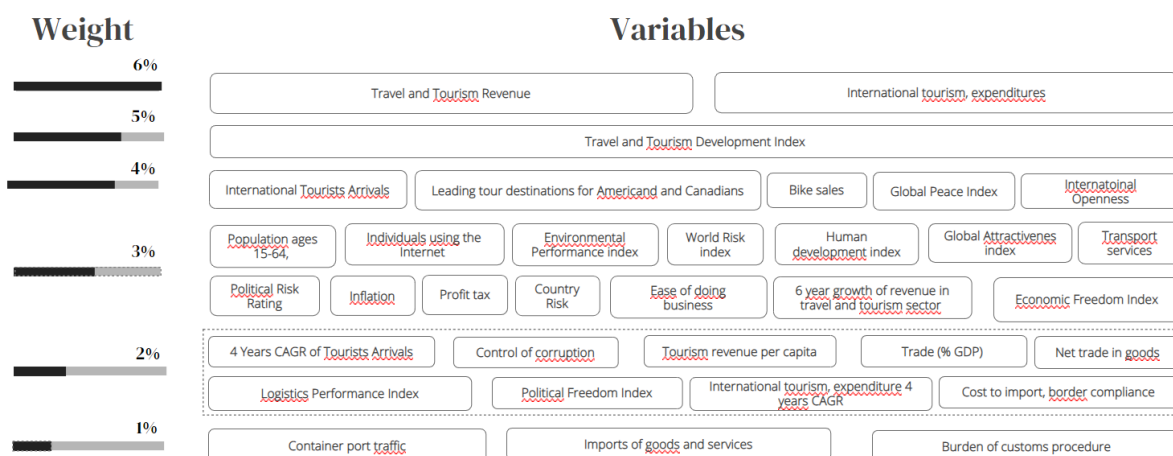
	(ii) Container port traffic (iii) Transport services (% of commercial service imports) (iv) Logistics Performance Index	efficiency, ensuring a smooth experience for tourists and operational success for Company Alpha.	
Standard of Living	(i) Human Development Index (HDI) (ii) Global Peace Index (GPI)	HDI indicates potential customer base quality of life, influencing demand for premium services. GPI ensures insights into the peacefulness and safety of markets, contributing to secure and enjoyable travel experiences.	(i) World Bank (ii) Vision of Humanity
Country Risk	(i) Global Attractiveness Index (GAI) (ii) Risk Rating (iii) Inflation,	GAI assesses the overall appeal and competitiveness of a target destination, impacting customer attraction. Political stability, ease of doing business, and control of corruption ensure a stable and conducive business environment for Company Alpha.	(i) The European House-Ambrosetti

Economic Freedom	(i)	Economic Freedom Index	Economic and political freedom indicators	(i)	Heritage Foundation
	(ii)	Political Freedom Index	influence how Company Alpha can operate in a	(ii)	Freedom House
	(iii)	International Openness	business-friendly environment with minimal constraints. International openness provides opportunities for collaboration and access to a broader customer base.	(iii)	World Economic Forum

Appendix 14. Countries' missing variable

Missing variables				
7+	6	5	4	3
Afghanistan	Aruba	Chad	Antigua and Barbuda	Bahrain
Andorra	Bermuda	Cote d'Ivoire	Brunei Darussalam	Barbados
Bahamas, The	Equatorial Guinea		Burkina Faso	Burundi
British Virgin Islands	Eritrea	Guinea-Bissau	Cabo Verde	Canada
Cayman Islands	Grenada	South Korea	Djibouti	Cyprus
Congo	Hong Kong SAR, China	Kosovo	Gabon	Czech Republic
Curacao	Liechtenstein	Kyrgyz Republic	Iran	Dominica
Faroe Islands	Nauru	Mauritania	Iraq	Dominican Republic
French Polynesia	Papua New Guinea	Russian Federation	Kiribati	Eswatini
Gibraltar	Somalia		Malawi	Fiji
Greenland			Marshall Islands	Gambia
Guam			Slovak Republic	Germany
Isle of Man			Suriname	Greece
Korea, Dem. People's Rep.			Trinidad and Tobago	Lithuania
Liberia			United Arab Emirates	Mali
Libya				Pakistan
Macao				Peru
Monaco				Samoa
New Caledonia				Saudi Arabia
North Macedonia				Senegal
Northern Mariana Islands				Switzerland
Palau				Tajikistan
Puerto Rico				Timor-Leste
San Marino				Uruguay
Sao Tome and Principe				
St. Kitts and Nevis				
St. Lucia				
St. Martin (French part)				
St. Vincent and the Grenadines				
Syria				
Turkmenistan				
Turks and Caicos Islands				
Tuvalu				
Venezuela				
Virgin Islands (U.S.)				
Yemen				

Appendix 15. Variable weights to conduct the country ranking.



Appendix 16. Country ranking procedure and calculation

Since the raw data of the individual variables within each dimension differ in scale, the data has been standardised into z-scores to avoid scale effects and artificial weighting. The data is converted to a 1-100 scale applying the following 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 .

Furthermore, for inverted variables, which means that the lowest limit of their scale is the maximum value, the formula used to compute the standardised value has been the following:

Among the variables chosen, $X'_{ij} = \left[1 - \frac{X_{ij} - \min_i}{R_i} * (99) \right] + 1$ there is one Dummy Variable (Leading travel destinations of Americans and Canadian), which is a numerical variable (0,1) used in regression analysis to represent subgroups of the sample.

When dummy variables are standardised, it means that the values of the dummy variables are transformed so that they have a mean of 0 and a standard deviation of 1. This can be problematic because it implies that the difference between the levels of the categorical variable is equivalent to the difference between the standardised values of the dummy variables. However, this is not the case, as dummy variables are binary and therefore do not have a meaningful scale. Additionally, standardising dummy variables can also lead to issues with interpretation when it comes to the coefficients in a regression model. The coefficients would represent the change in the outcome variable for a one-unit increase in the standardised

dummy variable, which is not meaningful in this context. Therefore, the dummy variable has not been standardised.

When dealing with skewed distribution and/or extreme values, standardised ranking may not be the best way to interpret the results, that's why we decided to perform a logarithmic ranking to downplay the impact of extreme values.

The logarithmic value has been calculated with the following formulae:

$$\ln(X'_{ij})$$

The benefit of performing a Logarithmic rank after having standardised are the followings:

1. **Handling Skewed Data:** In some datasets, even after standardisation, certain variables may still exhibit a skewed or non-normal distribution. Logarithmic transformations can help normalize the distribution of such variables. This can be important for statistical analyses that assume normality, such as linear regression.
2. **Reducing the Impact of Extreme Values:** Standardisation can reduce the impact of extreme values by scaling the data based on the mean and standard deviation. However, for variables with outliers or extreme values, logarithmic transformations can further mitigate their influence. This is especially useful when you want to focus on the relative differences among most data points.
3. **Interpretability:** Logarithmic transformations can make data more interpretable, especially when the data spans a wide range of values. For example, in financial data, income, or population figures, using logarithms can compress the data and make it easier to visualize and understand. This can be valuable when presenting results to a non-technical audience.
4. **Better Linearity:** In cases where you intend to perform regression analysis, a logarithmic transformation can lead to a more linear relationship between variables. This can improve the model's fit and the interpretability of coefficients.

5. **Relative Comparisons:** Logarithmic ranking can emphasize relative differences within a compressed range. This can be beneficial when you want to compare countries or data points based on the proportional changes in variables rather than absolute values.

Appendix 17. KMO and Bartlett's test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,799
Bartlett's Test of Sphericity	Approx. Chi-Square	2239,086
	df	231
	Sig.	<,001

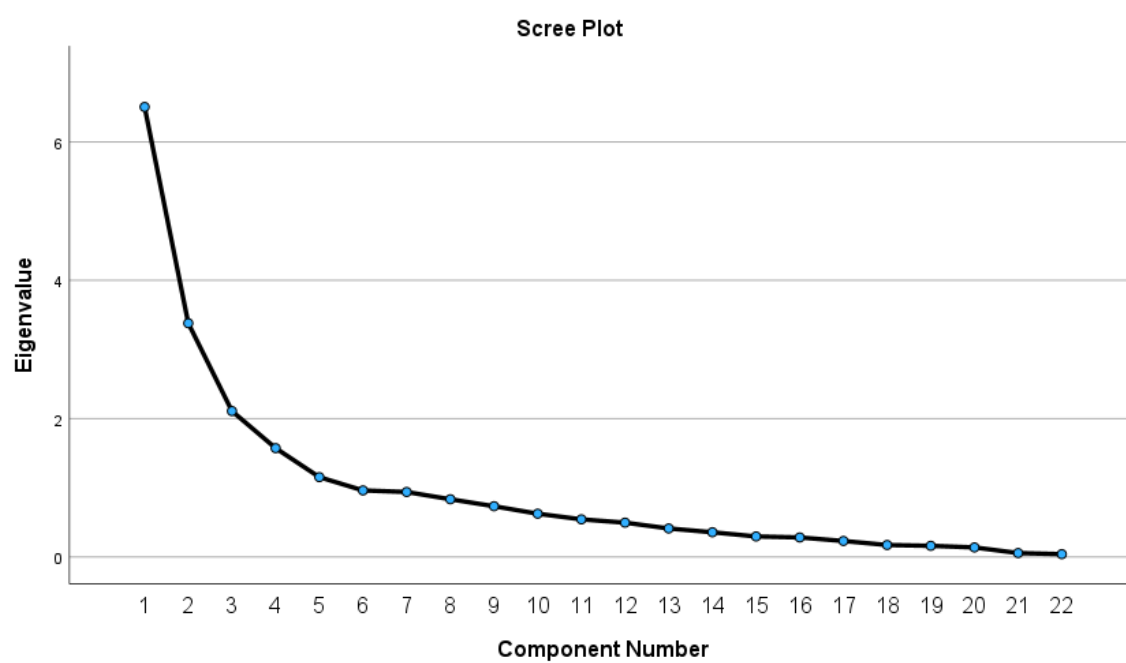
Appendix 18. Eigenvalues and variance explained by the components

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6,506	29,572	29,572	6,506	29,572	29,572	5,870	26,681	26,681
2	3,380	15,361	44,934	3,380	15,361	44,934	3,164	14,383	41,064
3	2,109	9,585	54,519	2,109	9,585	54,519	2,355	10,706	51,770
4	1,573	7,150	61,669	1,573	7,150	61,669	2,044	9,293	61,063
5	1,154	5,246	66,914	1,154	5,246	66,914	1,287	5,852	66,914
6	,962	4,372	71,286						
7	,939	4,269	75,556						
8	,834	3,792	79,347						
9	,733	3,333	82,680						
10	,625	2,841	85,522						
11	,544	2,471	87,993						
12	,496	2,254	90,247						
13	,412	1,872	92,119						
14	,357	1,622	93,741						
15	,296	1,347	95,088						
16	,282	1,280	96,368						
17	,231	1,050	97,418						
18	,173	,785	98,204						
19	,161	,731	98,935						
20	,138	,626	99,561						
21	,056	,256	99,817						
22	,040	,183	100,000						

Extraction Method: Principal Component Analysis.

Appendix 19. Scree Plot of the PCA



Appendix 20. Component matrix

Component Matrix ^a					
	Component				
	1	2	3	4	5
International tourism, expenditures	-,017	-,108	,932	-,231	-,155
Population ages 15-64, total	,088	,791	,154	,194	-,053
International Tourists Arrivals	-,035	-,111	,927	-,217	-,188
Travel and Tourism Revenue	,323	,745	,005	,020	-,141
6 year growth of revenue in travel and tourism sector	,121	,611	,097	,404	-,249
Leading travel destinations of Americans and Canadian	,393	,490	-,075	-,091	-,072
Bike sales	,296	,491	,067	-,228	,398
Trade (% of GDP)	,493	-,500	,220	,545	,001
Imports of goods and services (% of GDP)	,416	-,515	,252	,559	-,023
Cost to import, border compliance (US\$)	,567	-,042	,087	,141	,063
Burden of customs procedure, WEF (1=extremely inefficient to 7=extremely efficient)	,666	-,135	-,001	,119	-,042
Individuals using the Internet (% of population)	,756	-,016	,026	-,082	,249
Container port traffic (TEU: 20 foot equivalent units)	,245	,784	,174	,345	-,063
Logistics Performance Index: Overall (1=low to 5=high)	,879	,142	-,026	-,128	-,056
EPI	,736	-,273	-,272	,062	-,332
Travel and Tourism Development Index	,661	-,021	,036	-,299	,043
Profit tax (% of commercial profits)	,291	-,096	,063	,399	,517
Country Risk*	,443	,026	,151	-,221	,346
Ease of doing business (1= easiest)	,844	,052	,019	-,068	,121
Economic Freedom Index	,749	-,166	-,059	-,307	-,002
Political Freedom Index	-,511	,175	,286	,140	,500
International Openness	,869	-,065	-,005	-,067	-,085

Extraction Method: Principal Component Analysis.

a. 5 components extracted.

Appendix 21. Rotated component matrix

Rotated Component Matrix^a

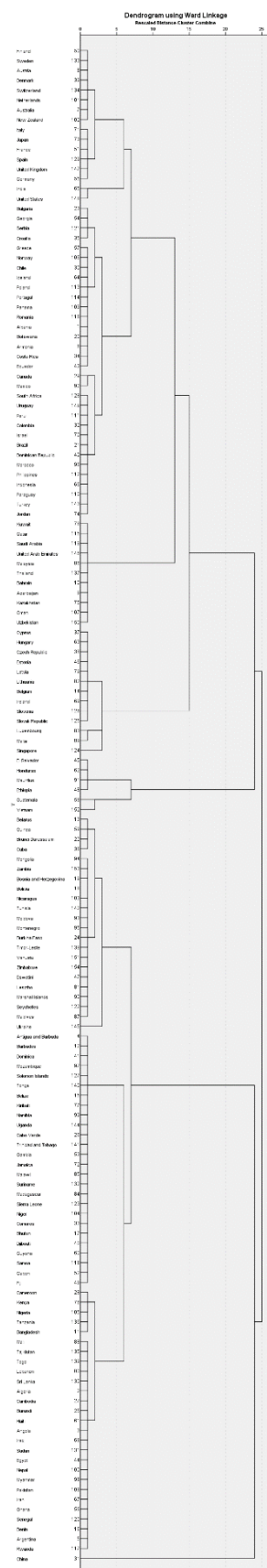
	Component				
	1	2	3	4	5
International tourism, expenditures	,012	-,021	,049	,976	,042
Population ages 15-64, total	-,042	,815	-,114	,038	,135
International Tourists Arrivals	-,010	-,016	,054	,975	,008
Travel and Tourism Revenue	,248	,757	-,206	-,042	,012
6 year growth of revenue in travel and tourism sector	-,075	,769	,122	-,017	-,106
Leading travel destinations of Americans and Canadian	,373	,483	-,184	-,085	,012
Bike sales	,332	,339	-,268	-,009	,496
Trade (% of GDP)	,284	-,121	,856	,081	-,063
Imports of goods and services (% of GDP)	,206	-,135	,857	,116	-,082
Cost to import, border compliance (US\$)	,478	,125	,326	,012	,067
Burden of customs procedure, WEF (1=extremely inefficient to 7=extremely efficient)	,586	,064	,351	-,039	-,071
Individuals using the Internet (% of population)	,738	,060	,184	-,034	,241
Container port traffic (TEU: 20 foot equivalent units)	,050	,897	,065	,014	,124
Logistics Performance Index: Overall (1=low to 5=high)	,857	,264	,088	-,025	-,030
EPI	,691	-,041	,306	-,211	-,434
Travel and Tourism Development Index	,721	,005	-,031	,080	,051
Profit tax (% of commercial profits)	,143	,017	,499	-,158	,478
Country Risk*	,487	-,016	-,008	,109	,373
Ease of doing business (1= easiest)	,809	,168	,185	-,026	,130
Economic Freedom Index	,819	-,112	,026	,010	-,042
Political Freedom Index	-,544	,038	-,018	,133	,573
International Openness	,836	,110	,226	,001	-,095

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. ^a

a. Rotation converged in 8 iterations.

Appendix 22. Dendrogram



Appendix 23. Agglomeration schedule

Agglomeration Schedule						
Stage	Cluster Combined		Coefficients	Stage Cluster First Appears		Next Stage
	Cluster 1	Cluster 2		Cluster 1	Cluster 2	
1	50	133	,009	0	0	49
2	60	118	,024	0	0	38
3	84	123	,039	0	0	8
4	94	153	,063	0	0	27
5	88	135	,093	0	0	20
6	14	69	,125	0	0	68
7	23	54	,161	0	0	32
8	84	104	,197	3	0	59
9	53	72	,236	0	0	18
10	103	142	,277	0	0	75
11	1	20	,322	0	0	22
12	128	149	,370	0	0	33
13	56	120	,421	0	0	44
14	44	100	,475	0	0	86
15	24	138	,531	0	0	36
16	25	61	,594	0	0	35
17	113	114	,660	0	0	66
18	53	85	,725	9	0	50
19	8	39	,794	0	0	49
20	88	139	,868	5	0	99
21	109	116	,941	0	0	66
22	1	6	1,017	11	0	92
23	81	90	1,097	0	0	69
24	86	137	1,181	0	0	93
25	7	102	1,270	0	0	129
26	26	141	1,360	0	0	90
27	19	94	1,459	0	4	64
28	9	75	1,560	0	0	100
29	105	136	1,663	0	0	80
30	97	127	1,769	0	0	40
31	38	46	1,878	0	0	63
32	23	121	1,990	7	0	88
33	111	128	2,104	0	12	83
34	4	12	2,221	0	0	52

35	3	25	2,338	0	16	95
36	24	151	2,456	15	0	78
37	107	150	2,579	0	0	100
38	52	60	2,706	0	2	61
39	17	40	2,835	0	0	74
40	97	140	2,965	30	0	60
41	96	112	3,103	0	0	70
42	32	70	3,243	0	0	83
43	93	95	3,383	0	0	75
44	16	56	3,524	0	13	87
45	80	130	3,669	0	0	62
46	78	115	3,818	0	0	65
47	98	108	3,972	0	0	72
48	71	73	4,129	0	0	115
49	8	50	4,289	19	1	76
50	53	132	4,451	18	0	90
51	5	117	4,619	0	0	87
52	4	41	4,789	34	0	133
53	57	106	4,961	0	0	94
54	110	143	5,133	0	0	71
55	37	63	5,305	0	0	77
56	68	131	5,480	0	0	95
57	51	129	5,659	0	0	103
58	34	43	5,841	0	0	92
59	33	84	6,030	0	8	106
60	15	97	6,223	0	40	96
61	49	52	6,416	0	38	74
62	2	80	6,615	0	45	99
63	38	79	6,829	31	0	77
64	18	19	7,052	0	27	98
65	78	119	7,284	46	0	107
66	109	113	7,526	21	17	113
67	13	59	7,771	0	0	112
68	14	126	8,017	6	0	105
69	81	122	8,276	23	0	85
70	66	96	8,542	0	41	116
71	74	110	8,810	0	54	116
72	67	98	9,089	0	47	86
73	30	64	9,375	0	0	94
74	17	49	9,666	39	61	106

75	93	103	9,970	43	10	98
76	8	134	10,278	49	0	91
77	37	38	10,594	55	63	102
78	24	154	10,919	36	0	82
79	28	76	11,255	0	0	104
80	11	105	11,603	0	29	104
81	29	92	11,952	0	0	136
82	24	47	12,304	78	0	122
83	32	111	12,707	42	33	108
84	21	42	13,140	0	0	108
85	81	87	13,584	69	0	122
86	44	67	14,048	14	72	118
87	5	16	14,513	51	44	118
88	23	35	14,982	32	0	134
89	22	36	15,452	0	0	112
90	26	53	15,952	26	50	117
91	8	101	16,453	76	0	129
92	1	34	16,956	22	58	113
93	10	86	17,459	0	24	111
94	30	57	17,998	73	53	120
95	3	68	18,560	35	56	127
96	15	77	19,206	60	0	124
97	45	62	19,869	0	0	109
98	18	93	20,558	64	75	126
99	2	88	21,259	62	20	110
100	9	107	22,005	28	37	111
101	99	144	22,791	0	0	121
102	37	82	23,597	77	0	114
103	51	147	24,436	57	0	115
104	11	28	25,336	80	79	139
105	14	125	26,266	68	0	114
106	17	33	27,228	74	59	117
107	78	146	28,235	65	0	125
108	21	32	29,326	84	83	131
109	45	91	30,428	97	0	123
110	2	27	31,536	99	0	132
111	9	10	32,669	100	93	125
112	13	22	33,817	67	89	135
113	1	109	35,021	92	66	120
114	14	37	36,275	105	102	143

115	51	71	37,635	103	48	119
116	66	74	39,090	70	71	131
117	17	26	40,792	106	90	121
118	5	44	42,536	87	86	127
119	51	55	44,484	115	0	138
120	1	30	46,433	113	94	134
121	17	99	48,472	117	101	124
122	24	81	50,620	82	85	126
123	45	48	52,826	109	0	148
124	15	17	55,046	96	121	133
125	9	78	57,752	111	107	149
126	18	24	60,493	98	122	135
127	3	5	63,518	95	118	132
128	83	89	66,649	0	0	140
129	7	8	70,242	25	91	138
130	65	148	74,159	0	0	145
131	21	66	78,222	108	116	136
132	2	3	82,406	110	127	139
133	4	15	86,995	52	124	144
134	1	23	92,050	120	88	142
135	13	18	97,826	112	126	141
136	21	29	105,017	131	81	142
137	58	152	112,855	0	0	148
138	7	51	121,448	129	119	145
139	2	11	130,402	132	104	144
140	83	124	140,341	128	0	143
141	13	145	150,502	135	0	146
142	1	21	162,131	134	136	147
143	14	83	175,046	114	140	150
144	2	4	200,035	139	133	146
145	7	65	225,739	138	130	147
146	2	13	253,356	144	141	151
147	1	7	282,774	142	145	149
148	45	58	313,881	123	137	152
149	1	9	369,637	147	125	150
150	1	14	435,122	149	143	152
151	2	31	541,701	146	0	153
152	1	45	650,001	150	148	153
153	1	2	765,000	152	151	0

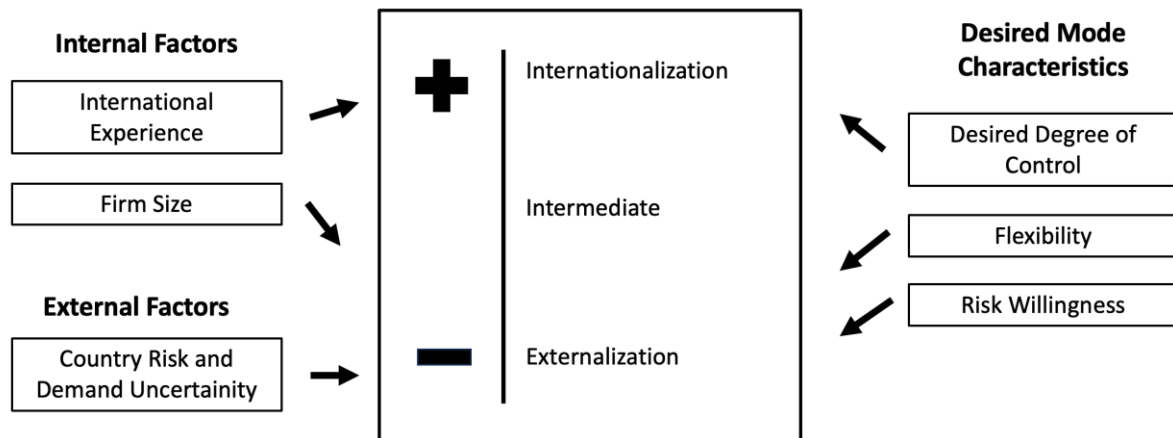
Appendix 24. K-Means-number of cases in each cluster

Number of Cases in each Cluster		
Cluster		
1		32,000
2		2,000
3		8,000
4		85,000
5		1,000
6		1,000
7		4,000
8		1,000
9		17,000
10		1,000
11		2,000
Valid		154,000
Missing		,000

Appendix 25. Advantages and disadvantages of the selected highest potential markets

	Advantages	Disadvantages
Chile	Adventure tourism growth at 6.8%	Bureaucratic processes and delays
	Tourism sector contributes 3.3% to GDP	Moderate inbound tourism volume
	Economic stability and foreign investment	Competitive market requiring local connections
	Global trade agreements and favorable tax environment	Lack of financial transparency
	Open capital market	Difficulty in market estimations
	Cultural proximity to Portugal	Seasonality
	Presence of agents and distributors	GPI of 2
	Ntional employment impact	
France	7th largest economy	Logistics system potentially deteriorating
	2nd most popular destination for cycling tourism in Europe	Highly competitive cycling tourism market
	Favorable tax landscape and ease of doing business	Challenges in obtaining credit
	Government support for foreign firms	
Greece	Ease in starting a business and low corporate income tax	Seasonality affecting financial stability
	Favorable VAT and diverse attractions	Fierce competition and barriers to entry
	High and growing inbound tourism	Difficulty in obtaining credit
	Best European country for adventure tourism (2020)	
Italy	Growing cycle tourism at 15%	Intense competition from established operators
	Government initiatives and tax incentives	Preferences for independent travel
	Opportunities for cost savings	Market entry challenges
Mexico	2nd largest GDP in Latin America and Caribbean	High-interest rates and ongoing violence
	Nice focus competitor space	Fierce competition from local SMEs
	Legal and financial support for internationalization	Disruption in supply chain and high input prices
	Significant economic force with abundant resources	Challenges due to non-affiliation with the USA
	Large number of international tourists	

Appendix 26. How internal and external factors affect the desired mode of internationalisation



Appendix 27. Comparison between indirect exporting, direct exporting and foreign-owned subsidiary

Entry Strategy	Description	Advantages	Disadvantages
Indirect Exporting	Export functions handled by an intermediary, like an export management company. Costs and responsibilities shared.	Shared costs and flexibility ; Rapid market entry and growth using partner's channels ; Partner's knowledge and networks leveraged ; Intermediary's local presence reassuring to customers.	Loss of control over overseas activities (pricing, branding, and marketing); Loss of valuable market knowledge. - Possible compromise of company's reputation; Limited concentration if intermediary represents many companies; Narrower profit margin due to intermediary involvement.
Direct Exporting	Company responsible for the entire export process, including contact with foreign customers, logistics, and transaction processing.	Elimination of most middlemen for direct marketing and profit maximization ; Greater control over all aspects of the transaction. - direct knowledge of customers builds confidence; Ability to send employees to understand the market better; More control over marketing and protection of intellectual property; Timely feedback from foreign markets.	Requires more time and money; Setup costs for an export department or hiring an export manager; Employee education on export documentation and shipping procedures; Accountability at all levels of the organization; Costly for companies lacking human and financial resources for international promotion.
Company-Foreign Owned Subsidiary	Establishment of a foreign subsidiary in the foreign market, a trading subsidiary. Parent company provides guidance, direction, and support.	Parent company maintains significant influence on subsidiary's principles, vision, and tactics; Resource sharing, especially financial resources; Quick launch of operations with a solid foundation; Parent company provides cash flow and investment support; Expansion of target consumer base; Introduction of services to new customers; Subsidiary access to markets in neighboring countries.	Very expensive to build; Possible language barriers and cultural differences; Challenges in finding skilled workers; Parent company holds full responsibility for the subsidiary; Legal and financial actions by the subsidiary can impact the parent company.

Appendix 28. Bottom-up marketing strategy

A bottom-up marketing strategy is employed by companies, particularly small businesses or startups, to actively identify customers and tailor products or services to meet their specific needs. In this approach, the emphasis is on building relationships with potential customers one at a time, often without the extensive brand recognition enjoyed by larger corporations.

With a bottom-up marketing strategy, the focus shifts to investing more in bottom-of-the-funnel (BOFU) campaigns, targeting prospects who are closest to making a purchase. This entails driving conversions and guiding buyers through the stages from intent to evaluation and, ultimately, purchase. This approach is commonly adopted in smaller organisations where team members have a more hands-on role in decision-making, allowing for direct engagement with customers through market research, reviews, testimonials, and group discussions, providing valuable insights that shape decision-making processes (Planful 2023).

Appendix 29. Personas

	Maverick	Emma
Age	60 years	55 years
Occupation	Retired public servant	High school teacher
Location	California, USA	Ottawa, Canada
Family	Married with 2 teens	Single
Trips	2 significant trips/year	Extensive travel with friends
Weekends	Outdoor activities, predominantly biking	Social life and travel with friends
Functional	Explore foreign countries through outdoor activities, always seeking to include biking	Discovering new cultures and engaging in outdoor activities
Psychological needs	Imparting a healthy lifestyle to kids, ensuring they have fun while embracing love for biking as older cyclist	Environmentally conscious, seeking alternative and sustainable travel options



Maverick



Emma

Appendix 31. Assumptions for market size and share of Company Alpha in Chile

Assumptions		
Generic Assumptions - Internationalization year		2025
Assumptions for adventure tourism market		
Proportion of adventure tourism that comes from USA		34%
Adventure tourist americans who engage in cycling		15%
Average expenditure of American and Canadian Tourist in adventure tourism	\$	3.000
Assumptions - customer base in Chile		
Customers in portugal for Company Alpha 2022		225
Assumption - prediction customers in Chile Company alpha 2022		110
Assumption - tourism in chile increase from year 2024 to 2025		21,0%
Assumption - tourism in chile increase from year 2025 to 2029		25,4%
Assumption- inflation rate 2023		3,1%
Assumption inflation rate 2024-2029 (stable from 2024)		3,0%
Tours per year, per customer		1
Assumptions market share		
Market Share company alpha in Chile		
Assumption company alpha g in chile		29,25%
Sales price in Chile Company Alpha 2022	\$	2.800
Inflation		3,0%
Market Share competitors in Chile		
Sales in Chile - Exodus		10%
Sales in Chile - Butterfield & Robinson		15%
Assumptions for maket size calculations in Chile		
Inflation rate in Chile 2023-2029		3%
Growth rate - avg. Expenditure american adventure tourist in Chile 2023 - 2025		14%
Growth rate - vg. Expenditure american adventure tourist in Chile 2025 -2029		16%

Appendix 30. Assumptions for inbound tourism predictions in Chile

Assumptions inbound tourism in Chile		
Assumptions Inbound Tourism in Chile		
Hypothetical prediction without wars		
Achieve pre-COVID inbound tourists in Chile by 2026		5.400.000
CAGR 2022 - 2026		22,20%
Actual prediction due to global slowdown, tighter financial conditions, Russian-Ukrainian & Isarel-Hamas Wars 2022-2025		
Achieve pre-COVID inbound tourists in Chile by 2028		5.400.000
Actual CAGR 2022		19,57%
Assumption lower growth rate than if pre-COVID resuts would be achieved in 2028 (2022-2025)		14,00%
CAGR 2025-2029		25,42%
Assumptions Inbound Tourism in Chile from US		
Hypothetical prediction without wars		
Achieve pre-COVID inbound tourists in Chile by 2026		227.500
CAGR 2022 - 2026		13,6%
Actual prediction due to global slowdown, tighter financial conditions, Russian-Ukrainian & Isarel-Hamas Wars 2022-2025		
Achieve pre-COVID inbound tourists in Chile by 2028		227.500
Actual CAGR 2022		9,03%
Assumption lower growth rate than if pre-COVID resuts would be achieved in 2028 (2022-2025)		7,80%
CAGR 2025-2029		10,28%
Assumptions Inbound Tourism in Chile from Canada		
Hypothetical prediction without wars		
Achieve pre-COVID inbound tourists in Chile by 2026		65.000
CAGR 2022 - 2026		25,37%
Actual prediction due to global slowdown, tighter financial conditions, Russian-Ukrainian & Isarel-Hamas Wars 2022-2025		
Achieve pre-COVID inbound tourists in Chile by 2028		65.000
Actual CAGR 2022		33,72%
Assumption lower growth rate than if pre-COVID resuts would be achieved in 2028 (2022-2025)		21%
CAGR 2025-2029		22%

Appendix 32. Assumption for the operative cost estimation

ASSUMPTIONS	
1	Setup, installation, consulting and legal fees are assumed around 15.000-18.000 USD for the whole setup and consulting+legal fees for the representative rounded to 22.000 counting general expenses that may be added
2	Advertising for opening and brand development: the advertising for opening is really important as it is the first step to make the company known abroad and make a new destination known to the public
3	Market research: a professional and personalized market research may cost between USD 7500 and USD 12000.
4	Website: since other websites are already up, setting up another will not take much but still some consultation and personalization may increase the price: range between USD 2.000-7500
5	Equipment for bikes: Garmin and other equipement range between USD 140-350 per item. Counting 20 items and an average of 245/item=USD 4.900. Helmet and bike changes are assumed to account for USD 1750
6	Bikes rented: avg.cost per bike about 200 USD (25 bikes more or less) e-bikes are more expensive 5000 usd in total
7	Vehicle renting: assume that there is 1 company van used 4000/year
	Assume that in 2028 a van is purchased at usd 15000
8	Computer hardware/software: assume 1/2 computer with softwares= USD 1500
9	Internet setup deposit: assumed to be USD 50
11	Telephones: assumed 1 mobile phones and 1 fixed phones. Avg.price mobile phones USD 200. Avg.price fixed phone USD 50 = USD250+ USD 120 of set up =370 usd
12	Depreciation rates (straigh-value method)
13	Telephones: annual 20% - useful life 4 years
14	Website: annual 25% - useful life 3 years
15	Equipment for bikes: annual 15% - useful life 4 years
16	Bikes: annual 18% - useful life 7 years
17	Computer hardware/software: annual 23% - useful life 7 years
18	Office and warehouse furniture and equipment: annual 12% - useful life 12 years
19	Vehicles: annual 20% - useful life 15 years
20	Warehouse: annual 3% - useful life 20 years
21	Office: annual 3% - useful life 20 years
22	Tour agency commissions are assumed to be around 60%-50% of sales of the current year
23	Assume that the commercialization and sales' plan in 2023-2024-2025 amounts for 2% of the sales (assumed looking at historical data) in 2026 there is a plateau
24	Office rent in Chile: USD 30/sqm * 50 sqm = USD 1200/month+price of furniture that are included in the rental (100 per month=1200usd) = USD 15200 annual
25	Warehouse rent in Chile: USD 6.70/sqm * 150 sqm= USD 1005/month = USD 12060 annual
26	Oil: USD 1,48/lt, mean tour distance is 650 km, highway fee: avg. USD 40/50 for 650 km =USD 120/tour, tours increasing in the years so between USD 1500 -2500 annually
27	Turistic animation: turistic animation is assumed to account between USD 6000-7000 annually. In the first years the expense will be lower and as the activity grows it is ging to increase given the increase in the number of tours
30	Assume sucontracts as 30% of sales (historical data from Company Alpha operations in Portugal)
31	Assume that email marketing expenses amount for 750/month for the years 2023-2024 then increasing at a 10% rate each year
32	Assume that the marketing campaign are USD 5000/year for the first 2 year and then increasing at a rate of 5% per year for the following years
33	Assume employees alary to be around USD 2000

Appendix 33. Global adventure and cycling tourism market size projections.

Market size	2029	2028	2027	2026	2025	2024	2023	2022
Market size of adventure tourism	2.240.245.349.081	1.734.079.105.994	1.342.277.240.784	1.039.000.000.000	806.200.000.000	624.700.000.000	483.300.000.000	373.000.000.000
CAGR	29%	29%	29%	29%	29%	29%	29%	29%
Market size of cycling tourism wor \$	191.771.532.647	179.561.360.156	168.128.614.378	157.423.796.234	147.400.558.272	138.015.504.000	129.228.000.000	121.000.000.000
CAGR	6,80%	6,80%	6,80%	6,80%	6,80%	6,80%	6,80%	6,80%

Appendix 34. TAM, SAM, SOM estimation of adventure and cycling tourism industry in Chile

	7	6	5	4	3	2	1	0
Top-down TAM Approach for Market size	2029	2028	2027	2026	2025	2024	2023	2022
Average sales price industry	\$5.729	\$5.562	\$5.400	\$5.243	\$5.090	\$5.947	\$5.773	\$5.600
Inflation rate - Chile	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,1%	
Average expenditure per year on adventure tourism by America	\$8.250	\$7.112	\$6.130	\$5.284	\$4.555	\$3.926	\$3.432	\$3.000
Inflation rate - USA	3%	3%	3%	3%	3%	3%	3%	3%
Real Expenditure (adjusted per inflation)	\$6.708	\$5.956	\$5.288	\$4.695	\$4.168	\$3.701	\$3.332	
Total Addressable Market (TAM)	\$ 2.209.640.486	\$ 1.742.124.353	\$ 1.370.510.590	\$ 1.084.193.884	\$ 857.279.733	\$ 692.567.912	\$ 568.397.704	\$ 467.259.000
CAGR - Market size cycling industry in chile								21,75%
Sizeable Addressable Market (SAM)	\$ 112.691.665	\$ 88.848.342	\$ 69.896.040	\$ 55.293.888	\$ 43.721.266	\$ 35.320.964	\$ 28.988.283	\$ 23.830.209
Serviceable Obtainable Market (SOM)	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%	5,10%

Appendix 35. Industry and company sales in Chile 2025-2029

Industry and company sales in Chile		
Industry sales in 2025	\$	53.390.989
Industry sales in 2029	\$	85.509.151
CAGR - industry sales		9,9%
Company Alpha sales in 2025	\$	596.815
Company Alpha sales in 2029	\$	1.661.960
CAGR - sales alpha		22,7%
Price per tour in Chile in 2025	\$	3.063
Predicted number of customers in chile in 2025		195
Predicted number of customers in chile in 2025		482

Appendix 36. Details of the operative cost estimation projections

SET-UP EXPENSES						
	2029	2028	2027	2026	2025	
Setup, installation, consulting and legal fees				\$		18,000
Market research				\$		8,000
Internet setup deposit				\$		50
Consultation for tour creation				\$		2,500
Total set-up expenses				\$		28,550
ANNUAL EXPENSES						
	2029	2028	2027	2026	2025	
Rents and rental (warehouse/office/bikes/van)	\$ 51,260	\$ 51,260	\$ 51,260	\$ 51,260	\$ 51,260	
Tour agency	\$ 830,980	\$ 643,273	\$ 497,967	\$ 424,031	\$ 358,089	
Cycling routes	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
Turistic animation	\$ 7,040	\$ 6,500	\$ 6,245	\$ 6,120	\$ 6,000	
Other	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
Plan of commercialization and sales	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	
Provision of services	\$ 915,980	\$ 727,733	\$ 582,171	\$ 508,111	\$ 442,049	
Subcontracts(hotels, restaurants, etc.)	\$ 498,588	\$ 385,964	\$ 298,780	\$ 231,290	\$ 179,045	
Direct costs	\$ 498,588	\$ 385,964	\$ 298,780	\$ 231,290	\$ 179,045	
Internet Connection	\$ 240	\$ 240	\$ 240	\$ 240	\$ 240	
Supplies	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Telephone	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	
Website Hosting/Maintenance	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	
Van maintainance	\$ 1,500	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,000	
Bikes maintainance	\$ 1,150	\$ 1,150	\$ 850	\$ 850	\$ 850	
Business Insurance	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	
Business Vehicle Insurance	\$ 500	\$ 500				
Transportation and fuel	\$ 2,500	\$ 2,500	\$ 1,500	\$ 1,500	\$ 1,500	
Idraulic supply/electricity supply	\$ 750	\$ 750	\$ 550	\$ 550	\$ 550	
Supply and external services	\$ 9,130	\$ 9,130	\$ 6,630	\$ 6,630	\$ 6,630	
Marketing campaigns	\$ 5,788	\$ 5,513	\$ 5,250	\$ 5,000	\$ 5,000	
Email marketing	\$ 200	\$ 182	\$ 165	\$ 150	\$ 150	
Search Engine Optimization (SEO)	\$ 300	\$ 300	\$ 300	\$ 400	\$ 400	
Marketing plan and commercialization	\$ 6,288	\$ 5,994	\$ 5,715	\$ 5,550	\$ 5,550	
Employee Salaries and Commissions	\$ 10,000	\$ 10,000	\$ 10,000	\$ 7,500	\$ 7,500	
Other	\$ 4,500	\$ 4,500	\$ 4,500	\$ 3,500	\$ 3,500	
Expenses for the personnel	\$ 14,500	\$ 14,500	\$ 14,500	\$ 11,000	\$ 11,000	
Annual expenses	\$ 1,444,486	\$ 1,143,320	\$ 907,796	\$ 762,581	\$ 644,274	
TOTAL OPERATING EXPENSES	\$ 1,444,486	\$ 1,143,320	\$ 907,796	\$ 762,581	\$ 672,824	

Appendix 37. P&L statement

Profit & Loss Estimation						
	2029	2028	2027	2026	2025	
Company Alpha sales	\$ 1,661,960	\$ 1,286,546	\$ 995,933	\$ 770,966	\$ 596,815	
Estimation of operating costs	\$ 1,444,486	\$ 1,143,320	\$ 907,796	\$ 762,581	\$ 644,274	
EBITDA	\$ 217,474	\$ 143,226	\$ 88,137	\$ 8,385	\$ (47,459)	
Depreciation	\$ 11,943	\$ 13,498	\$ 8,423	\$ 4,221	\$ 4,096	
EBIT	\$ 205,531	\$ 129,728	\$ 79,714	\$ 4,164	\$ (51,554)	
Financial interests	\$ 2,200	\$ 2,200	\$ 3,265	\$ 4,380	\$ 472	
EBT	\$ 203,331	\$ 127,528	\$ 76,449	\$ (216)	\$ (52,026)	
Taxes	\$ 54,899	\$ 34,432	\$ 20,641	\$ -	\$ -	
PROFITS/LOSSES	\$ 148,432	\$ 93,095	\$ 55,808	\$ (216)	\$ (52,026)	

Appendix 38. Operational risks and mitigation measures of Company Alpha operations in Chile

External events	• Increased competition may determine losing market share against established player and/or new entrants that may be incentivized by relatively low entry barriers and the CAGR of the industry in Chile. • Bargaining power of supplier or buyers may increase, resulting in reduced radius of action for Company Alpha. • Higher costs may occur due to the economic instability and inflationary waves. • Weather issues and unpredictable weather conditions may deeply affect the operations and carrying out of tours. • Environmental and ecological changes, e.g., rough paths, degradation of natural habitats or loss of biodiversity may affect the touring experience overall.
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	• Infrastructure issues e.g., poor maintenance of the roads, road closure, change in airlines' routes, poor connection and so on may impact the business and potentially cause blockages and disruptions. • Global events, such as wars, terrorism, socio-political instability may determine a decrease attractiveness of the destination. • Change of perceptions, behavioural patterns and trends may impact the industry, misunderstood cultural sensitivity may lead to participants not enjoying the tour at its fullest
Processes	• Safety protocols and inadequate procedures may increase the risk of accidents and injuries of the staff and of the participants of the tours and insufficient emergency planning may lead to increase risks for the people involved in the tours. • Equipment maintenance and quality control standards might not be respected, causing accidents and injuries to participants and the staff. • Insufficient tour planning may result in mistakes in the assessment of terrains suitability, level of difficulties and lack of contingency plans needed if obstacles or unexpected events occur. • Logistical issues may emerge in both transportation and accommodation: inadequate responses to problems arising to the bikes or the equipment and regarding different standards in accommodations may result in participants dissatisfaction and unmet expectations. • Failure to meet the financial budget may cause relevant issues in the for liquidity, solvency, solidity and financial autonomy of the company, as well as on profitability and cost management. • IT systems, the management of the app and data protection standards may undergo some problems given the dependence of the internet for communication, organisation and booking system, as well as mismanagement of sensitive information.

	• Possible participants dissatisfaction regarding the customer service experience and the management of complaints may impact the image of the company and misaligned with its claims of quality and impeccable service and experience.
People	• The inadequate, inefficient and or insufficient training and experience may potentially lead to serious consequences of various nature: from safety and first aid inadequacy to inappropriate behaviours that may deeply affect the operations and the business itself. • The language and cultural barriers may represent huge risks both in communicating important information relative to safety guidelines, tour changes etc. but also in the detailed explanations of the destinations, cultural sites and overall tour that may lead to customer dissatisfaction. • Neglecting staff necessities and general health condition may decisively affect the job performance, the tour quality (both atmosphere wise and content wise) and the overall tour operations and service offered. • Conflicts between the staff and between the participants could impact the success of the tour, provoking repercussions on the company image and on the group dynamic and experience, which might cause a bad advertising with potential customers and bad word of mouth.
System	• Technical failures (crashes or bugs) and connectivity issues of the app and of the website may cause disruption, alt the company's activities and cause inconvenience with booking, the management of tours and the organisational part behind it. • Risk associated with payments like transaction security and technical problems with the gateways might impact the business because of delays, transaction failures, non-secure payments and have possible repercussions on Company Alpha's brand image. • Inaccurate mapping and failures with the digital equipment (GPS) may cause participants to get lost and/or hurt themselves due to outdated maps or unsecure paths.

	• Customer service dissatisfaction may arise in relation with the mobile application that may be outdated, difficult to use or simply, not user-friendly. Moreover, issues related with incompatibility of different apps, e.g., the company app and the Garmin, may lead to customers frustration and overall dissatisfaction.
Legal	• Possible legal risks may arise due to accidents and injuries occurred during the tours, Moreover, the company might be held liable if damages resulting from participants or staff actions occur to third party properties. • Inadequate contracts and/or breaching of existing contracts may impact the company's image and potentially lead to disputes with participants, supplier, partners, staff etc. • Legal risks may also emerge due to data mismanagement. • Misunderstanding and unclear insurance policies for participants and for the tour might impact the business, leading to legal actions and suspension of the operations. • The non-compliance with existing regulations in various areas, e.g., environmental, business law, taxation, employment laws, health and safety regulations, consumer protection laws etc. may result in fines and severe legal repercussions.

Appendix 39. Assumption for Capital Expenditure

ASSUMPTIONS	
1	Given Company Alpha projected sales, presented in the P&L, it is assumed that accounts payable might vary from 20%-37% of the amount of sales
2	Cash and cash equivalents are assumed to range between 9% and 14% of sales occurred that year, keeping into consideration the investments in Capital expenditure, 2025's amount is going to be lower, it will increase in 2026-2027 and again decrease in 2028 due to new investments in physical asset
3	Account receivable (deferrals and short-term credits) are assumed to amount from 20%-30% of sales occurred in the projected period; 2025 may record a lower number but as the activity is progressing, it is assumed that credits will start piling up.
4	Inventory is assumed non-existent
5	Assumed that prepaid expenses amount between 15-18% of operating expenses
6	It is assumed that accrued liabilities amount between 10-25% of operating expenses
7	Assume that the loan of USD 200000 taken in 2023 has a repayment period of 10 years
8	Assume that short-term debt is taken out when necessary

Appendix 40. Detailed projection of Capital Expenditure

PROJECTION OF CAPITAL EXPENDITURE									
		2029		2028		2027		2026	2025
Telephone									
Sinking Fund	\$	150	\$	120	\$	90	\$	60	150
Depreciation	\$	30	\$	30	\$	30	\$	30	30
Website									
Sinking Fund	\$	5,000	\$	4,500	\$	3,125	\$	1,875	3,500
Depreciation	\$	500	\$	1,375	\$	1,250	\$	1,000	875
Equipment for bikes									
Sinking Fund	\$	11,370	\$	8,715	\$	6,350	\$		11,350
Depreciation	\$	2,655	\$	2,655	\$	6,060	\$	3,405	1,703
Bikes									
Sinking Fund	\$	3,200	\$	1,600					
Depreciation	\$	1,600	\$	1,600					
Computer hardware/software									
Sinking Fund	\$	3,230	\$	2,990	\$	2,070	\$	1,380	3,000
Depreciation	\$	240	\$	920	\$	690	\$	690	690
Office and warehouse furniture and equipment									
Sinking Fund	\$	4,230	\$	3,312	\$	2,394	\$	1,596	6,650
Depreciation	\$	918	\$	918	\$	798	\$	798	798
Vehicles									
Sinking Fund	\$	6,000	\$	3,000					
Depreciation	\$	3,000	\$	3,000					
Warehouse									
Sinking Fund	\$	1,800	\$	900					
Depreciation	\$	900	\$	900					
Office									
Sinking Fund	\$	4,200	\$	2,100					
Depreciation	\$	2,100	\$	2,100					
Δ PP&E	\$	-	\$	127,500	\$	7,350	\$	500	24,650
Total PP&E	\$	160,000	\$	160,000	\$	32,500	\$	25,150	24,650
Total depreciation	\$	11,943	\$	13,498	\$	8,423	\$	4,221	4,096
PP&E-Sinking fund	\$	39,180	\$	27,237	\$	16,739	\$	8,316	4,096
CapEx	\$	11,943	\$	140,998	\$	15,773	\$	4,721	28,746

Appendix 41. Assumptions for Net Working Capital (NWC)

ASSUMPTIONS	
1	Given Company Alpha projected sales, presented in the P&L, it is assumed that accounts payable might vary from 20%-37% of the amount of sales
2	Cash and cash equivalents are assumed to range between 9% and 14% of sales occurred that year, keeping into consideration the investments in Capital expenditure, 2025's amount is going to be lower, it will increase in 2026-2027 and again decrease in 2028 due to new investments in physical asset
3	Account receivable (deferrals and short-term credits) are assumed to amount from 20%-30% of sales occurred in the projected period; 2025 may record a lower number but as the activity is progressing, it is assumed that credits will start piling up.
4	Inventory is assumed non-existent
5	Assumed that prepaid expenses amount between 15-18% of operating expenses
6	It is assumed that accrued liabilities amount between 10-25% of operating expenses
7	Assume that the loan of USD 200000 taken in 2023 has a repayment period of 10 years
8	Assume that short-term debt is taken out when necessary

Appendix 42. Assumptions for the Salvage Value

ASSUMPTIONS			
1	Item	Depreciation rate (straight-line method)	Useful life
2	Telephones	20%	4
3	Website	25%	3
4	Equipment for bikes	15%	4
5	Bikes	18%	7
6	Computer hardware/software	23%	7
7	Office and warehouse furniture and equipment	12%	12
8	Vehicles	20%	15
9	Warehouse	3%	20
10	Office	3%	20

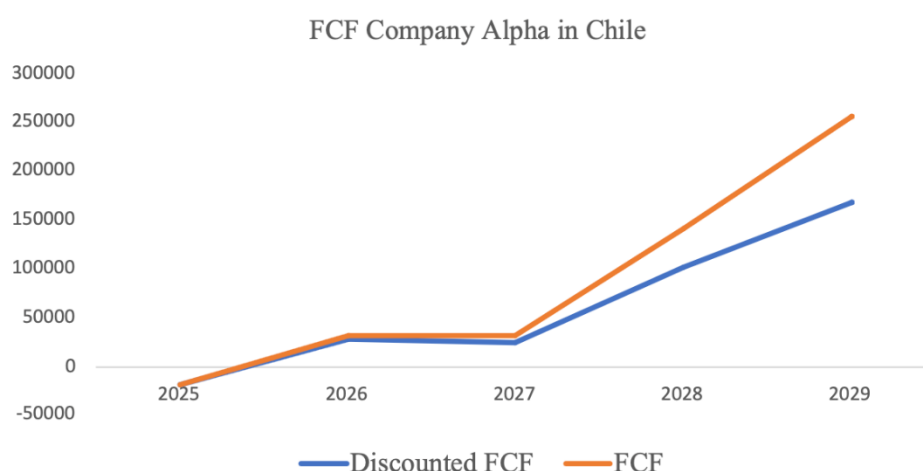
Appendix 43. Assumptions of the financing plan

ASSUMPTIONS	
1	In the Equity section it is assumed that the losses generated in 2025 and 2025 are carried forward until they are totally covered; the coverage plan provides that each year 20% of the past loss must be covered by 20% from the year in which profits show.
2	The capital amounts of \$5000 and legal reserve \$1000
3	Earnings can be retained from the moment profits show
4	The parent company can occasionally, provide lending to help the foreign company in chile
5	A 10-year long-term loan of \$200,000 has been assumed. \$20,000 of reimbursement will be showed each year in the section short-term debt. Short-term debt also include additional debt taken out as short-term debt during the year

Appendix 44. Financial viability estimates through NPV, IRR and profitability index

	4	3	2	1	0
	2029	2028	2027	2026	2025
CAPEX	\$11 943,00	\$140 998,00	\$15 773,00	\$4 720,50	\$28 745,50
Investment in NWC	\$82 352,00	-\$108 140,60	-\$50 866,38	\$19 436,73	-
Investment Cash Flows	\$ 94 295	\$ 32 857	\$ (35 093)	\$ 24 157	\$ 28 746
EBITDA	\$ 217 474,29	\$ 143 225,62	\$ 88 136,80	\$ 8 384,90	\$ -47 458,50
Depretation	\$ 11 943,00	\$ 13 498,00	\$ 8 423,00	\$ 4 220,50	\$ 4 095,50
EBIT	\$ 205 531,29	\$ 129 727,62	\$ 79 713,80	\$ 4 164,40	\$ -51 554,00
Taxes	\$ 55 493,45	\$ 35 026,46	\$ 21 522,73		
Net Income	\$ 150 037,84	\$ 94 701,16	\$ 58 191,07	\$ 4 164,40	\$ -51 554,00
Operating Cash Flows	\$ 161 981	\$ 108 199	\$ 66 614	\$ 8 385	\$ (47 459)
FCF	\$ 256 276	\$ 141 057	\$ 31 521	\$ 32 542	\$ (18 713)
Discounted FCF	\$ 168 817	\$ 103 139	\$ 25 583	\$ 29 317	\$ (18 713)
NPV	\$ 308 143				
Simple Payback Period					
Accumulated Cashflow	\$ 442 682	\$ 186 406	\$ 45 350	\$ 13 829	\$ (18 713)
Payback Period	Year 1				
Internal Rate of Return	2,31				
Profitability Index	1,5				

Appendix 45. Free Cash Flow (FCF) evolution of Company Alpha in Chile



Appendix 46. Capital budgeting Company Alpha in Chile

Analysed category	Description
Operating cost analysis	
Marketing and promotion	Essential for customer attraction, costs related to advertising, online presence, and promotional events are crucial for maintaining competitiveness.
Crisis Management and Contingencies	Unforeseen events like natural disasters or health crises necessitate resource allocation for crisis management and the implementation of contingency plans
Customer Retention Programmes	Investments in customer retention programmes, such as discounts or special packages, contribute to customer satisfaction but also incur operating costs.
Infrastructure and Logistics	Costs associated with maintaining operational infrastructure, including offices, warehouses, and transportation logistics, are fundamental considerations.
Quality Assurance and Training	Ensuring the quality of guided tours requires ongoing training for guides and staff, entailing costs for training programmes and quality assurance measures.

Competition Analysis	
Market Share of Competitors	Shifts in market share among competitors could significantly impact sales, particularly if a competitor gains a substantial portion of the market.
Pricing Strategies	Competitors' pricing decisions may necessitate strategic adjustments by Company Alpha to remain competitive while maintaining profitability.
Marketing and Promotion	Aggressive marketing and promotional activities by competitors can affect Company Alpha's visibility and appeal to potential customers, emphasizing the need for effective marketing strategies.

Appendix 47. Impact of operational costs on the profitability of Company Alpha in Chile

Impact on OPEX (%)	
Pessimistic Scenario	10%
Normal Scenario	0%
Optimistic Scenario	-20%

IMPACT OF OPERATING COSTS

Pessimistic Scenario						
	2025	2026	2027	2028	2029	
Company Alpha sales	\$ 596.815	\$ 770.966	\$ 995.933	\$ 1.286.546	\$ 1.661.960	
Estimation of operating costs	\$ 708.701	\$ 838.839	\$ 998.576	\$ 1.257.652	\$ 1.588.934	
EBITDA	\$ (111.886)	\$ (67.873)	\$ (2.643)	\$ 28.894	\$ 73.026	
Depreciation	\$ 4.096	\$ 4.221	\$ 8.423	\$ 13.498	\$ 11.943	
EBIT	\$ (115.981)	\$ (72.094)	\$ (11.066)	\$ 15.396	\$ 61.083	
Financial interests	\$ 472	\$ 4.380	\$ 3.265	\$ 2.200	\$ 2.200	
EBT	\$ (116.453)	\$ (76.474)	\$ (14.331)	\$ 13.196	\$ 58.883	
Taxes					\$ 15.898	
PROFITS/LOSSES	\$ (116.453)	\$ (76.474)	\$ (14.331)	\$ 13.196	\$ 42.984	

Appendix 48. Impact of competition on the profitability if Company Alpha in Chile

Impact on Sales (%)	
Pessimistic Scenario	-10%
Normal Scenario	0%
Optimistic Scenario	10%

IMPACT OF COMPETITION

Pessimistic Scenario						
	2025	2026	2027	2028	2029	
Company Alpha sales	\$ 537.134	\$ 693.869	\$ 896.340	\$ 1.157.891	\$ 1.495.764	
Estimation of operating costs	\$ 644.274	\$ 762.581	\$ 907.796	\$ 1.143.320	\$ 1.444.486	
EBITDA	\$ (107.140)	\$ (68.712)	\$ (11.456)	\$ 14.571	\$ 51.278	
Depreciation	\$ 4.096	\$ 4.221	\$ 8.423	\$ 13.498	\$ 11.943	
EBIT	\$ (111.236)	\$ (72.932)	\$ (19.879)	\$ 1.073	\$ 39.335	
Financial interests	\$ 472	\$ 4.380	\$ 3.265	\$ 2.200	\$ 2.200	
EBT	\$ (111.707)	\$ (77.313)	\$ (23.144)	\$ (1.127)	\$ 37.135	
Taxes	\$ -	\$ -				
PROFITS/LOSSES	\$ (111.707)	\$ (77.313)	\$ (23.144)	\$ (1.127)	\$ 37.135	

Appendix 49. Scenario analysis for Company Alpha

Normal Scenario					
	2025	2026	2027	2028	2029
Company Alpha sales	\$ 506.666	\$ 635.448	\$ 796.963	\$ 999.530	1253585,407
Estimation of operating costs	\$ 591.690	\$ 647.391	\$ 748.620	\$ 913.708	1117786,034
EBITDA	\$ (85.023)	\$ (11.943)	\$ 48.343	\$ 85.822	\$ 135.799
Depreciation	\$ 4.096	\$ 4.221	\$ 8.423	\$ 13.498	11943
EBIT	\$ (89.119)	\$ (16.163)	\$ 39.920	\$ 72.324	\$ 123.856
Financial interests	\$ 472	\$ 6.281	\$ 3.265	\$ 2.200	2200
EBT	\$ (89.591)	\$ (22.445)	\$ 36.655	\$ 70.124	\$ 121.656
Taxes		\$ 9.897	\$ 18.934		32847,22071
PROFITS/LOSSES	\$ (89.591)	\$ (22.445)	\$ 26.758	\$ 51.191	\$ 88.809

Optimistic Scenario					
	2025	2026	2027	2028	2029
Company Alpha sales	\$ 557.333	\$ 698.993	\$ 876.659	\$ 1.099.483	\$ 1.378.944
Estimation of operating costs	\$ 591.690	\$ 647.391	\$ 748.620	\$ 913.708	\$ 1.117.786
EBITDA	\$ (34.357)	\$ 51.602	\$ 128.039	\$ 185.776	\$ 261.158
Depreciation	\$ 4.096	\$ 4.221	\$ 8.423	\$ 13.498	\$ 11.943
EBIT	\$ (38.452)	\$ 47.382	\$ 119.616	\$ 172.278	\$ 249.215
Financial interests	\$ 472	\$ 6.281	\$ 3.265	\$ 2.200	\$ 2.200
EBT	\$ (38.924)	\$ 41.100	\$ 116.351	\$ 170.078	\$ 247.015
Taxes		\$ 11.097	\$ 31.415	\$ 45.921	\$ 66.694
PROFITS/LOSSES	\$ (38.924)	\$ 30.003	\$ 84.936	\$ 124.157	\$ 180.321

12.2. Appendix Greece

Appendix Greece 1. Positioning map of Bike tours and Experience Plus! Bike tours and Company Alpha



Appendix Greece 2. Confrontation of Bike Tours and Experience Plus! Bicycle Tours attributes.

Attribute	Bike Tours	Experience Plus! Bicycle Tours
Specialization	Road cycling, island hopping, cultural activities	Road cycling, athletic activities, cultural activities, island hopping
Foundation Year	2003	1972
Revenues	€ 488,000	€ 469,000
No. Employees	6	3
No. Tours offered	15	4
Operational areas	Sparta, Mediterranean coast, Greek Peninsula, Ionian islands, Saronic isles, Cyclades	Sparta, Kardamyli, Pylos, Dodecanese islands
Tour duration	7 days for multiday tours	8-12 days maximum
Price range	Self-guided tours start from €840 while guided tours start from €1890 with average fee for the rest of €210 (excluding transfer)	from \$4350 for purely bike tours or from \$6695 for bike&boat tours and upgradable rooms for \$1200

Appendix Greece 3. Assumptions for the market share, for the adventure tourism industry, for the cycling industry and for the customer base in Chile

Assumptions market share		
Market Share company alpha in Greece		
Assumptions - customer base	85 customers in 2022, then increase	
Customer base growth rate		20% -25%
Inflation 2022-2024		4.3%
Inflation 2025-2029		2.3%
Increase for startegy modification (2027-2029)		4.00%
Price for tours if starting in 2022	\$	3,000

Assumptions		
Generic Assumptions - Internationalization year		2025
Assumptions for adventure tourism market		
Market size of global adventure tourism market in 2022	\$	373,000,000,000
Market size of global adventure tourism market in 2026	\$	1,039,000,000,000
CAGR - global adventure tourism market		29.19%
Global Adventure tourists in 2022		680,000,000
Proportion of adventure tourism that comes from USA		34%
Adventure tourist americans who engage in cycling		15%
Average Annual Income of adventure tourist in US		\$70,000
Average expenditure of American and Canadian Tourist in adventure tourism		\$2,280

Assumption for cycling tourism market		
Market size of global cycling tourism market in 2022	\$	121,000,000,000
Market size of global cycling tourism market in 2026	\$	157,423,796,234
CAGR - global cycling tourism market		6.80%

Assumptions - customer base in Greece		
N. of actual customers in portugal for Company Alpha		225
Assumption - prediction customers in Greece Company alpha 2024		122
Assumption - customers in Greece increase from year 2024 to 2025		20.0%
Assumption - customers in Greece increase from year 2026 to 2029		25.0%
Inflation 2022-2024		4.3%
Inflation 2025-2029 (stable for these years)		2.3%

Appendix Greece 4. Estimates of Company Alpha in Portugal

Company Alpha in Portugal		
Company Alpha revenues - 2022		\$639,000
Company Alpha revenues - 2023	\$	825,877
Company Alpha revenues - 2024	\$	1,067,406
CAGR		29.25%
Number of current customers		225
Average price per tour Company Alpha (in Portugal)	\$	3,063

Appendix Greece 5. Competitors in Greece and mean of price per tour both including and excluding Company Alpha

Competitors in Greece			
Company	Average price per tour	Operating reven	N. of tours
Biketours.com	\$2,790.00	487,000	175
ExperiencePlus! Bike tours	\$5,370.00	468,000	87
Exodus	\$2,660.00	\$ 3,763,325	1415
Butterfield and robinson	\$9,995.00	\$ 1,620,000	162
Average sales by adventure tourist companies in Greece		\$ 1,584,581	459.64
Mean of price/tour (industry)	\$5,203.8		
Mean of price/tour (industry including company alpha)	\$4,776		

Appendix Greece 6. Target market 2022's values and projections from 2023 to 2029 (period considered in the analysis in 2025-2029)

Target Market	2029	2028	2027	2026	2025	2024	2023	2022
Inbound tourism volume in Greece	29,438,868	29,438,868	29,438,868	29,438,868	29,438,868	29,438,868	29,438,868	27,835,541
CAGR inbound tourism volume in Greece								5.76%
Inbound tourism volume in Greece from USA	2,081,357	1,897,317	1,729,551	1,576,619	1,437,210	1,310,127	1,194,282	1,088,680
Inbound tourism volume in Greece from Canada	728,204	663,814	605,117	551,611	502,836	458,374	417,843	380,896
CAGR inbound tourism volume in Greece from the USA and Canada								9.70%
Inbound tourism volume in Greece from USA and Canada	2,809,561	2,561,131	2,334,668	2,128,230	1,940,046	1,768,501	1,612,125	1,469,576
Inbound tourism in Greece from North America and Canada (%)	9.54%	8.70%	7.93%	7.23%	6.59%	6.01%	5.48%	5.28%
Potential customers for adventure tourism in Greece (25%)	702,390	640,283	583,667	532,058	485,011	442,125	403,031	293,915
Potential customers for cycling tourism (15% of adventure tourists)	105,359	96,042	87,550	79,809	72,752	66,319	60,455	44,087

Appendix Greece 7. Global adventure tourism and global cycling tourism industry size

Market size	2029	2028	2027	2026	2025	2024	2023	2022
Market size of adventure tourism worldwide	\$ 1,795,392,000,000	\$1,496,160,000,000	\$1,246,800,000,000	\$1,039,000,000,000	\$806,200,000,000	\$624,700,000,000	\$483,300,000,000	\$373,000,000,000
CAGR	20%	20%	20%	20.00%	22.16%	24.40%	26.73%	29.19%
Market size of cycling tourism worldwide	\$ 191,771,532,647	\$ 179,561,360,156	\$ 168,128,614,378	\$ 157,423,796,234	\$147,400,558,272	\$138,015,504,000	\$129,228,000,000	\$121,000,000,000
CAGR	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%

Appendix Greece 8. Company Alpha predicted share and revenues

Market share	2029	2028	2027	2026	2025	2024	2023	2022
Industry revenues in Greece	\$503,150,206	\$458,660,170	\$418,104,075	\$381,134,070	\$347,433,063	\$345,106,387	\$314,591,055	\$229,419,183
Company Alpha								
Company Alpha - sales in Portugal	\$ 3,849,480	\$ 2,978,431	\$ 2,304,481	\$ 1,783,030	\$ 1,379,572	\$ 1,067,406	\$ 825,877	\$ 639,000
Company Alpha predicted sales	\$ 1,471,105	\$ 1,107,134	\$ 833,215	\$ 627,067	\$ 490,375	\$ 399,458	\$ 319,158	\$ 255,000
Price per tour in Greece	\$ 4,102	\$ 3,859	\$ 3,631	\$ 3,415	\$ 3,339	\$ 3,264	\$ 3,129	\$ 3,000
N. of actual potential customers in Greece	359	287	230	184	147	122	102	85
Market share company alpha	0.29%	0.24%	0.20%	0.16%	0.14%	0.12%	0.10%	0.11%

Appendix Greece 9. Factors that may influence the activities of Company Alpha in Greece

Market Competition	Marketing and branding	Economic situation and Seasonality	Regulatory barriers	Cultural and linguistic differences	Infrastructure and Logistics	Environmental considerations
Existing and future intense competition in touristic industries at all levels	Limited brand visibility may affect the company image.	Effects of adverse weather may show in the same period as in Portugal encountering uneven sales and monetary inflows	Set-up permits to comply with.	Cultural difference may hinder the activities.	Several airports (45) of which 45 airports 15 international, 26 domestic, and 4 municipal. Many of these airports, primarily serve tourism.	Rain amounting for 719.79 mm in 2021 (Trading Economics 2022)
Established players and local expertise.	Connections with potential local partners built with trust and loyalty	Diversification efforts would be null	Taxation (CITR 22%)	The claim of portraying authentic experiences may be affected.	140 ports serving country's visitors (27.2 million in 2017).	Average mainland temperature of 19.4°C in 2022 (World data 2022)
Crucial role of local intermediaries	Brand image importance to establish partnerships, connections and increase visibility	Increase of risks deriving by bad estimation of the geographic location	Environmental regulations on the preservation of the land and of the sea, ecosystems preservation and land and sea life.	Linguistic barriers may determine miscommunication and related issues.	The penetration of broadband reached 36.1% during the first semester of 2018 (Enterprise Greece 2019).	
	Word of Mouth (WoM)	Economic and inflationary slowdowns may impact the country despite Greece being a leader in the tourism sector				

Appendix Greece 10. Variables used in the Country ranking for Greece.

Variable	Source	Measures
International tourism, expenditures	World Bank	45,071,641,987.65
Population ages 15-64, total	World Bank	6,749,900.00
International Tourists Arrivals	World Bank	82,108,348.71
Travel and Tourism Revenue	Statista	2.02
International tourism, expenditures 4 years	World Bank	0.06
4 Years CAGR of Tourists Arrivals	World Bank	0.05
6 year growth of revenue in travel and	World Bank	2.43
Tourism revenue per capita (current	AtlasBig	1,564.18
Bike sales	Statista	220,000.00
Trade (% of GDP)	World Bank	0.89
Imports of goods and services (% of GDP)	World Bank	0.49
Burden of customs procedure, WEF	The World Economic Forum	4.05
Individuals using the Internet (% of	World Bank	0.78
Container port traffic (TEU: 20 foot	World Bank	5,992,400.00
Transport services (% of commercial	World Bank	0.65
Logistics Performance Index: Overall	World Bank	3.20
GPI	Vision of Humanity	2.13
Human development index	World Bank	0.15
EPI	Yale Education	56.20
WRI	Humanitarian Data Exchange	8.55
Travel and Tourism Development Index	World Economic Forum	4.40
Political Risk Rating	Credendo	2.00
Inflation, consumer prices (annual %)	World Bank	0.01
Profit tax (% of commercial profits)	World Bank	0.23
Country Risk*	OECD	5.45
Ease of doing business (1= easiest)	World Bank	79.00
GAI	The European House-Ambrosetti	39.60
Economic Freedom Index	Heritage Foundation	50.00
Political Freedom Index	Freedom House	2.00
International Openness	World Economic Forum	5.35