A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

INTERNATIONALIZATION FIELD LAB OF PS

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Internationalization Field Lab of PS: An In-Depth Analysis of Sweden

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Abstract

Internationalization is a strategic challenge for small companies. This paper aims to provide an analytic procedure for the Portuguese luxury real estate agency of PS by defining the target market for expansion, an appropriate market entry mode, and an applicable marketing plan along with a financial forecast. Firstly, literature regarding the differences among export and foreign direct investment entry modes were analyzed. Secondly, it was performed an in-depth analysis of Sweden, which revealed to be an attractive country apart from the competitive landscape and the market and company sales potential, which, among others, are negatively affected by the Scandinavian culture.

Keywords: Internationalization, Market Selection, Entry Strategy, Strategic Analysis, Export entry mode, Foreign Direct Investment entry modes, Sweden

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1 Executive Summary

Firms looking to expand are challenged to examine different foreign markets. This study investigates the extent to which the Portuguese luxury real estate agency PS is ready to embark on such an expansion, in which market and by what means it can be achieved. For this purpose, this study employs two complementary methods that serve as decision making tools to pre-evaluate and select potential markets: The country clustering and ranking. Findings from the in-depth analysis of five potential markets, conducted both qualitatively and quantitatively, have revealed that the United States of America (US), particularly North Port-Sarasota-Bradenton (NSB), emerges as the most attractive market. To further substantiate the market decision, both a marketing plan and financial forecast were developed to display how PS could increase sales over the long term as recognition grows in the US market.

2 Introduction

2.1 *Objectives and Scope*

Small and medium-sized enterprises (SME) seeking to do business abroad, are often motivated by limited national demand or by their current clients requesting offerings in the foreign market (Crick 2004). In this context, PS' international expansion is discussed. PS is a shareholder-led, luxury real estate agency, operating in the metropolitan area of Lisbon, in Portugal.

The company's shareholders desire to realize business opportunities abroad. Due to its limited number of employees, PS belongs to the category of SMEs, which face obstacles regarding the availability of resources (Loecher 2000; Vanninen, Keränen, and Kuivalainen 2021). As PS is constrained by the lack of human resources and knowledge on international expansion, this paper aims to serve as a guideline for PS' internationalization.

2.2 *Course of Investigation*

The course of the paper's research is organized as follows. The fourth chapter covers the underlying research methods used throughout the project. After analyzing the company's strategy and the Portuguese market environment in chapter five, the sixth one includes a country ranking and cluster analysis to identify five markets with the highest potential. Consequently, chapter seven includes an in-depth analysis of the US, Canada, Germany, Sweden, and Norway to derive the target market, including the specific region. In chapter eight, alternative entry modes and relevant selection criteria are discussed, highlighting the benefits and challenges of each to determine the most appropriate one. To provide a detailed outlook of PS' US operations, chapters nine and ten display a marketing plan and a financial forecast, respectively. The last, chapter concludes the main findings, and presents the limitations and implications of this study.

3 Literature Review: International Entry Mode Selection (Export Vs. FDI Modes)

The company's entry mode in a foreign market is a critical decision due to its impact on the long-term business performance (Gunnarsson 2011; Agarwal and Ramaswami 1992a). Among several alternatives, the two most considered modes are exporting and Foreign Direct Investment (FDI) (H. F. L. Chung and Enderwick 2001). Hence, this topic aims to define each entry mode, explore their differences, identify their main advantages and disadvantages and further analyze relevant empirical evidence.

Starting with each **definition**, the export entry mode is the process of sending or carrying products abroad via direct or indirect exporting (Yakup Durmaz et al. 2014). In simple terms, while direct exports do not include intermediates, indirect exports can include agents or distributors to assume part of the risk and deal with the exporting details (Shilpa Garg 2014; Doyle 2011). On the other hand, the FDI modes are an "investment that involves ownership and confers effective management control" (Chang and Rosenzweig 2001, 748). To enter a market through FDI, the company may, in the host country: (1) Perform a greenfield investment by creating a plant from the ground up to "produce goods locally", (2) acquire a "local firm and its production capacity", or (3) cooperate "with a local firm by setting up a joint venture" (Raff, Ryan, and Stähler 2009, 3) (Figure 5). The **main differences** between the export and FDI entry modes are: The resource commitment, level of control and degree of risk (Lin and Ho 2019a).

The first main difference is the **resources commitment**, which are the "dedicated assets that cannot be redeployed to alternative uses without cost" (Hill, Hwang, and Kim 1990, 118). In fact, the level of resource commitment differs according to the chosen entry mode (Hill, Hwang, and Kim 1990). For example, the export and FDI entry modes, have different financial requirements since exporting companies incur mostly in variable costs related to transport and trade barriers and FDI companies incur in fixed costs related to building and buying facilities in the host country (Wagner 2011). When considering the FDI entry modes there are also specific differences in each entry strategy since, for example, while an acquisition aims to obtain new resources, a joint venture aims to take advantage of existing resources (Nitsch, Beamish, and Makino 1996) (Table 3). By taking into consideration the type of costs and the commitment of other resources (Table 4), it can be confirmed that exporting has a low degree of resource commitment while FDI has a high degree (Vendrell-Herrero et al. 2017).

The degree of resource commitment impacts the **level of control** since high switching costs reduce the companies ability to take a different course of action (Anderson and Gatignon 1986b). Thus, the level of control can be defined as the capacity to influence methods, systems and decisions (Anderson and Gatignon 1986b). Indeed, the export mode "lacks in providing marketing control" (Agarwal and Ramaswami 1992a, 3). On the other hand, FDI, which has a high resource commitment, proportionate a higher level of control than exports in the host country's business operations (H. F. L. Chung and Enderwick 2001). However, the attractiveness of each entry mode will depend on the areas that the company desires to have control (Table 5).

The resource commitment and level of control influence the **risk** that the company undertakes since in lower control entry modes, the resource commitment is minimized and the risk is lower

(Anderson and Gatignon 1986b). In fact, companies face risks, which can be defined as the uncertainty and variability of different outcomes due to unpredictable events that may lead to a loss (Ahmed et al. 2002). Generally, these risks can be related to the general environment, the industry or the firm (Table 6) (Brouthers 1995). Relative to Exports, the FDI modes usually implie a higher degree of risk (H. F. L. Chung and Enderwick 2001). For example, while an exporting company has higher control over production, avoiding quality issues, in the FDI modes there is the risk of overpayment on an acquisition (Gomes, Angwin, Weber, and Tarba 2013).

To summarize, based on the research of Kumar and Subramanian (1997) the differences identified can be classified as negligible, low, moderate or high (Table 7). Besides, it was also identified differences regarding the level of return and integration, being that while the export is classified as a low return mode, the FDI modes are classified as moderate to high return highlighting the risk-return tradeoff (Kumar and Subramaniam 1997; Agarwal and Ramaswami 1992a).

After exploring the differences of each entry mode, it is important to analyze the **advantages and disadvantages** since each mode has its own particularities and cannot be individually analyzed (Table 8). Furthermore, the entry mode decision "must be considered in relation to the overall strategic posture of the firm" (Hill, Hwang, and Kim 1990, 126). Contrarily to exports, in the FDI modes advantages and disadvantages, it is emphasized a long-term approach by requiring and compensating the higher involvement of the company (Zahra, Ireland, and Hitt 2000). The importance of the advantages/disadvantages will among other aspects, depend on the characteristics of the product (e.g ease of transportation) (Anderson and Gatignon 1981).

Lastly, the **empirical evidence**, namely the model developed by Helpman et al. (2004), reveals that more productive companies are more likely to expand through FDI while less productive through exports (Oberhofer and Pfaffermayr 2012). This results from the fixed and variable costs, meaning that "only the most productive firms are able to afford the additional facility duplicating fixed costs and gain through less variable costs" while the "less productive firms have to use the export strategy and accept higher variable costs triggered by barriers to trade" (Oberhofer and Pfaffermayr 2012, 317). According to the model developed, companies can belong to three segments depending on their productivity (Table 9) (Buch and Lipponer 2007). To conclude, through the research of the export and FDI entry modes and the analysis of their differences it was possible to see the complexity of the entry mode choice and the importance of theories such as OLI framework, FSA-CSA matrix and Porter's generic strategies that simplify and systematize the process. Besides, the advantages and disadvantages as also the empirical evidence highlighted the need of a pluralistic, multi-disciplinary, and interconnected view since the attractiveness of an entry mode will differ on a case-by-case basis.

4 Research Methods

4.1 *Research Design*

To find comprehensive and meaningful data for the company and market analysis, the authors use a mixed research method approach in which the "team of researchers combines elements of qualitative and quantitative research approaches" (Johnson, Onwuegbuzie, and Turner 2007, 123). The main reason for choosing this research design is that "the use of quantitative and qualitative approaches in combination provides a better understanding of research problems and complex phenomena than either approach alone" (Molina-Azorin 2016, 37).

4.2 *Data Collection Method*

Having established the research objective, the next step is to determine appropriate methods for data collection and the type of data to be collected. Within the framework of this study, both primary and secondary data are considered. While primary data refers to "original data collected for a specific research goal", secondary data is "originally collected for a different purpose and reused for another research question" (Hox and Boeije 2005, 593).

In the first step, primary data on the company structure is collected qualitatively by conducting six structured online interviews with PS to start the strategic analysis of the company situation. The conversations with PS serve as the main source of information exchange as interviewing captures data that is not available and helps to gain better insights into opinions, experiences, and processes (Phillips and Stawarski 2008; Rowley 2012). Upon agreement, primary data such as balance sheets and income statements are provided by PS via email. When preserving number-based information, authors are act as quantitative researchers who collect and verify those numbers (Choy 2014). In addition, secondary quantitative data from well-established databases as well as qualitative primary and secondary data from academic articles and journals, research studies, books, industry reports, and newspapers are included in the analysis. Finally, the GMMSO 4 software is used to assess PS' readiness to internationalize and to have an "improved validity and auditability" of the analysis (St John and Johnson 2000, 393).

To determine the five markets with the greatest potential for expansion, predominantly secondary quantitative data regarding the market size, intensity, risk level, unemployment, logistics, economic freedom, sustainability, wealth, cultural distance, and real estate setting is collected. Further, SPSS software is used (IBM SPSS ® Statistics, Version 27) to perform the hierarchical cluster analysis, as it is a "convenient platform for performing statistical tests" and "for generating plots of distributions and … tabulated reports" (Ozgur, Kleckner, and Li 2015, 6). Microsoft's Excel software (Version 16.55, 2021) is used to create the country ranking as it can "solve both simple and complex equations" (Warner and Meehan 2001, 295). Moreover, secondary qualitative and quantitative data are used to select the five countries with the greatest potential, identify the most suitable market, determine the market entry mode, prepare the marketing plan and the financial forecast to support the assumptions.

5 Strategic Analysis of the Company's Situation

5.1 *Firm Overview and Project Background*

5.1.1 Profile and Management

PS was founded in 2017 and is operating in the Portuguese luxury real estate brokerage market. The team, consisting of two full-time shareholders and one part-time freelancer at the Algarve, has set the goal to deliver high quality real estate properties and services as well as provide comprehensive advice to its clients. In its brokerage activities, the PS team focuses purely on residential and not commercial properties. In terms of culture, PS is described as a company that values utmost discretion towards buyers and sellers, honesty, and trust. The physical office does not act as a distribution channel due to the international customer base.

In Portugal, PS sells properties in the metropolitan area of Lisbon. As local property developers expanded their business to the Algarve and international demand for new, high-end real estate properties started to rise, PS decided to analyze business opportunities at the Algarve in 2019 (Buechner 2021). Since 2020, PS started brokering its first properties in the Algarve and focused its business in the area of Vilamoura due to the upscale lifestyle (Ames 2018; "Property in Vilamoura" 2021). Following this decision, the sales process was first handled from Lisbon. Due to time inefficiencies with travelling to Algarve, PS employed a local part-time freelancer to execute viewings. Lastly, PS' second shareholder is in charge of the Brazilian business, by building a network of sellers and buyers to expand their offering in this market.

5.1.2 Product/Business Portfolio

PS' core business is the brokerage of residential luxury real estate. Their second business offering is property management, including the organization of services such as maintenance or gardening. Since its contribution to revenues is limited, it is neglected in this analysis.

The real estate brokerage service involves a comprehensive consultation of clients, where the entire process can take from a few days to several years. PS focuses on luxury properties, which, according to the managing shareholder, start at a minimum price of €1 million and have risen rapidly over the last ten years. In fact, the prices for villas in Portugal increased sharply since

2016 (Delmondo 2021). Yet, exceptions are possible for properties at a sales price between €500,000 and €1 million. As per PS, its portfolio includes 400 to 500 properties, of which most are offered off-market. As part of the client advisory and real estate brokerage business, PS offers additional services along the acquisition process which are free of additional charges.

5.1.3 Operations

As a real estate agency, PS' activities are primarily focused on interactions with sellers and buyers of luxury residential real estate. Overall, three business activities can be differentiated. First, PS' task is to take care of the acquisition of luxury real estate sellers. According to PS management, the company has a large pipeline of sellers, which is why there is currently no need to invest resources in their acquisition. However, strategic partnerships with other agencies are of importance when acquiring sellers due to PS's limited human resources.

PS' second activity is to find buyers. Overall, four channels can be distinguished to attract clients: (1) Conversions from ads, (2) PS' client network and their referrals, (3) former clients, and (4) partnerships, for instance with other agencies or suppliers, where the commission is shared by 50% between the two parties. Given that the main client acquisition channel for international buyers is tailored advertising, there is no need for a physical sales office.

Their third activity includes the sales service, deal closure, and after-sales process. After the initial contact, PS conducts online sessions with its clients to match their needs and preferences with available properties. Preliminary information such as 3D videos, architectural details and urban features are provided. Next, properties that match the client's criteria are selected and PS organizes viewings. As a result, three different scenarios can occur: (1) The client closes the deal solely with PS, (2) the client closes the deal with PS and one of its partners, or (3) the client withdraws from the deal. As previously stated, PS offers complementary services free of charge.

5.1.4 Segmentation, Targeting, and Positioning

To determine PS' positioning among Portuguese competitors, a segmentation, targeting, and positioning (STP) analysis is performed. Thus, the market can be divided into groups characterized by geography, demographics, behavior, or psychographics. Sequentially, as individuals have different needs, preferences, characteristics, as well as tastes, a company should target a specific group of individuals with similar characteristics to effectively satisfy its clients (Camilleri 2018). To select the target, the segment size, profitability, and reachability can be considered (Beane, Ennis, and Morris 1987). Ultimately, the company is positioned in line with the chosen target to differentiate from the competition (Camilleri 2018).

To start with segmentation, literature for the real estate industry shows that PS may segment its clients according to their nationality, the desired property sector and wealth (Fuerst and Marcato 2012; Zhu et al. 2019). Thus, PS' targets international clients, who can raise at least € 500,000 and desire a residential property. PS owner describes their clients as private individuals, retired that value a high quality of life. The company states that 90% of clients are from France, Brazil, and the United Kingdom (UK), and 10% from Portugal. PS reported a rise in demand from the UK due to the withdrawal from the European Union (EU) in 2020 (Passini 2016). A minor share of clients is from Singapore or the US, mainly attracted by tax incentives.

A positioning map (Figure 6) is used to determine PS' standing within the competitive landscape of Portuguese real estate agencies. For this purpose, all competitors and PS are evaluated on the two dimensions, the degree of luxury focus and personalized services. The real estate agency brands JLL Residencial Portugal (JLL), Sotheby's International Realty Portugal (Sotheby's), Christie's International Real Estate Portugal (Christie's), ERA Portugal (ERA), RE/MAX Portugal (Remax) and its sub-brand RE/MAX Collection Portugal (Remax Collection) are compared to PS and the detailed results are presented in Table 10.

First, the dimension of luxury focus is analyzed, measured by the relative number of luxury properties worth one million euros or more offered on the companies' websites. In addition, PS' subjective assessment is used to determine this dimension. ERA and Remax show a luxury property share of 2% and 5%, respectively and therefore no specialization is attributed to these agencies. JLL, with a luxury real estate share of 14% and a communicated premium positioning, is characterized by a low to medium focus on the luxury segment (JLL n.d.). Although Sotheby's branding is a "luxury real estate company" (Sotheby's International Realty n.d.), its Portuguese franchisees display a medium luxury portfolio share of 32%. Still, due to PS' assessment of them being a main competitor in the luxury segment, Sotheby's is characterized by a high specialization in luxury. With a share of luxury properties of around 50%, PS, Christie's and Remax Collection show a strong focus on prime real estate.

Next, the scope of personalized services is examined based on the content of each agency's online presence and feedback PS receives from clients about its competitors. It is found that PS, Christie's, and Remax Collection focus on a highly personalized experience with an emphasis on service excellence. Besides a well-curated real estate portfolio, they offer additional services during and after the sale, such as multimedia tours, property management, maintenance, interior design, and tax advice (LUXIMO'S Christie's International Real Estate 2021; Porta da Frente Christie's International Real Estate 2021a; 2021d; Remax Portugal 2021b). JLL provides access to financial services, multimedia tours, market insights, and private managers for each client. Thus, it is characterized at a medium level of service personalization (JLL 2021a; 2021c; 2021b). Remax and ERA offer some services such as negotiations, multimedia visits, or access to financial services and are typified with medium to low levels of personalization (ERA 2021; Remax Portugal 2021a; 2021c). Despite its luxury image, Sotheby's does not communicate strong additional offerings. Still, PS reveals that Sotheby's provides a similar personalized service and are hence attributed with a high level of personalized services.

To conclude, the positioning map reveals PS position within the luxury and personalized client service segment along with its competitors Christie's, Remax Collection and Sotheby's.

5.1.5 Strategy

According to the Harvard Business School (2021), “strategy defines the company’s distinctive approach to competing and the competitive advantages on which it will be based”. In the following, the strategy PS leverages to gain a competitive advantage over rivals is presented. Overall, PS follows the underlying business model of a real estate brokerage agency. Thus, PS’s business model is based on the pure brokerage of real estate and, consequently, operates without inventory, as it neither owns nor builds its own properties. This lack of inventory might make PS more vulnerable as the ones that control the real estate market are sellers, not the buyers. However, PS benefits from a minimized business risk and avoidance of sunk costs.

In addition to the business strategy, a marketing strategy is pursued. This mainly consists of building a large portfolio of clients by promoting PS through positive word of mouth (WOM) and referrals from former clients. Also, advertisements are placed in business magazines to gain more brand awareness among the desired target clients.

Moreover, many distribution channels can be identified. Online, PS only distributes the properties on selected platforms such as Zoopla and Green-Acres. By opting for online platforms, PS is able to better address its target audience and achieve a higher conversion rate. On top of that, partnerships with competitors serve as another distribution channel. If the seller network does not have the right property, for instance, PS leverages its partnerships with other real estate agencies to bring the right property to the attention of the right buyer.

Finally, different services are provided to the client. The high-quality service is mainly reflected by the time PS takes to get to know not only the clients’ needs and preferences, but also the clients themselves. To this end, PS maintains daily contact with clients, ultimately building a relationship of trust and loyalty based on honesty and transparency. Besides, PS follows a strategy of offering its clients all the additional services requested, such as referrals to lawyers, decorators, builders, architects, housekeepers, as well as personal assistance with translations.

These extra services are free of charge, partly provided by PS itself and are considered as an investment in the positive WOM.

Going one step further, it is discussed whether this is the correct strategy for PS. According to a Harvard Business Review article, “there are six criteria on which to base an answer”. If these criteria are met, the strategy can be considered correct. Table 11 shows that PS complies with all these criteria, meaning that the strategy currently fits the company (Tilles 1963).

5.1.6 Financial Overview

The income statement shows that PS’ revenues consist primarily of the commission paid by the buyer, which is usually 5% of the transaction value. The transaction value and the commission rate are negatively correlated to keep the absolute commission paid reasonable. PS launched its business successfully with a 100% increase in revenue in its second year of business and has been able to grow this steadily. In 2019, PS achieved its best result with revenues of € 586,400, driven by its highest average commission per transaction worth € 39,093 (Table 12). Still, in 2020, revenues fell by 28.77% due to clients postponing their buying decision during the Covid-19 pandemic (Figure 7). Costs consist of external supplies, services, and personnel costs. The former costs include marketing, transportation and commissions paid to other agencies as well as the freelancer in the Algarve. Personnel costs incorporate the company’s managing shareholders salaries (Table 13). Only in 2018, additional costs incurred due to the acquisition of office equipment, which reinforced the net income decrease from 2017 to 2018. Thus, PS more than doubled its net income in 2019, driven by strong sales. Yet, from 2019 to 2020, it declined by more than 70%, partly due to the pandemic and the resulting lack of revenue.

The balance sheet shows that most of PS’ assets are cash and bank deposits. These have increased in each year of operation, even by almost 90% in 2020, due to profits from previous years and an undrawn loan. Moreover, PS’ equity and liabilities are evaluated. The company has been able to rise its equity each year, mainly due to PS’ operations, which resulted in retained earnings in each subsequent year. It further shows that PS has low liabilities, driven by government receivables at the beginning of PS' operations. Throughout the years, PS has seen an increase in liabilities from the financing received, which was originally planned for business expansion but has never been used. The most significant increase was in 2020, when this amount almost tripled compared to 2019 (Table 14).

PS' liquidity is assessed by analyzing the current, quick and cash ratio. All show low financial leverage as PS has been able to offset its liabilities with its assets for each operating year. The equivalence in ratios was due to a zero inventory value, whereas in 2018, PS acquired office supply, which was considered as tangible fixed assets in the following years. The ratios in 2020 show a cash ratio of 10.367 and a current ratio of 11.267. The minor difference of these ratios indicates that most of PS' short-term liabilities can be paid by the company's cash reserves.

To evaluate PS' profitability, return on assets (ROA), return on sales (ROS) and return on equity (ROE) are considered. While ROA describes the efficiency of generating profits by using the companies' assets, ROE reflects the profit a shareholder generates for each euro invested, and ROS is the ratio of profit to each euro of revenues (Hayes 2021). Despite a slight increase in 2019, the ratios and thus the profitability declined from 2017 to 2020. In 2020, PS achieved a ROA of 7.7%, a ROS of 4.5%, and an ROE of 9.5%. In comparison, Christie's achieved a ROA of 9.44% and an ROE of 11.87%, which shows better profitability (Orbis n.d.). Yet, excluding PS' loan from the calculations, it achieved an ROE of 10.32%, outperforming Christie's.

PS' efficiency of emitting their assets is evaluated based on their asset turnover ratio. It proofs PS' ability to improve its efficiency since 2017. Nevertheless, the decline in revenue in 2020 has a negative impact on the firm's efficiency. Omitting the loan, the drop of asset turnover ratio is less significant. Hence, despite a drop in revenues, PS was able to keep its efficiency.

To elaborate on PS' solvency, the debt-to-equity ratio (DER), interest coverage ratio (ICR) and net-debt-to-EBITDA ratio (NDER) are analyzed. The former ratio decreases from 0.849 in 2017 to 0.522 in 2019, demonstrating a stable financial development of PS as it relies less on financial debt in the first three years of its operations. Equal to other financial characteristics analyzed, in 2020 the DER increases to 0.809 due to a higher debt amount. As the ICR is above the threshold of one, it proofs that PS can compensate its lenders with the profits generated. From the first to the fourth year of operation, PS' NDER remains negative. This shows that PS was at all times able to compensate for its total debt solely through its cash reserves.

The last financial characteristic considers PS' risk. The company's degree of operating leverage (DOL) goes from 3.045 in 2017 and to 22.463 in 2020. Simultaneously, Christie's DOL ranges from 1.5 to 2.5. Thus, it is inferred that PS' business success depends on its revenues, as its comparatively high fixed costs increase the risk of lower profits when revenues declined.

5.2 *Market/Industry Analysis*

5.2.1 PESTEL

After providing an overview of PS and its strategy, the next step is to examine the macroeconomic environment. For this purpose, a PESTEL analysis is conducted to analyze the external factors shaping the real estate industry in Portugal (Table 15) (Yüksel 2012).

As for the political dimension, Portugal has been an EU member since 1986 and is a stable, secure country with no internal or international conflicts (European Union 2021a; Euromonitor International 2021a). According to The Economist (2020) and the Global Democracy Index 2020, Portugal ranks 26th in terms of the level of democracy, performing better than only five out of 20 Western European countries. The Portuguese government has created several incentives for foreign investors and market regulation mechanisms: (1) Golden visa, (2) non-habitual residents' program, and (3) safe rent (Rącka and Khalil 2018). The golden visa was introduced in 2012 to grant non-EU citizens a residence permit for investors under certain circumstances (Table 16) (get golden visa 2021). Also, there is a non-habitual residents' program, targeting wealthy foreigners attracted by tax incentives and the safe rent program, which aims to reduce the number of Airbnb's and create an affordable market for long-term housing ('Martin 2021; O'Sullivan 2020).

Regarding the economic dimension, Portugal recorded its highest economic growth in 2019, mainly due to record tourism, an upswing in the housing market, a growing high-tech sector, and strong exports (Bugge and Goncalves 2019). Portugal's gross domestic product (GDP) is expected to rise 3.7% by the end of 2021 and 4.9% in 2022, driven by the gradual lifting of Covid-19 restrictions, major trading partners, and the implementation of EU aid. Still, Portugal has a high debt level, which has increased from 116.8% of GDP in 2019 to 133.6% in 2020 (Banco de Portugal n.d.). The Portuguese housing market shows that it is highly resilient. A total of 161,500 houses were sold in 2020, reflecting a transaction volume of 26 billion euros. This is mainly due to the easy access to bank loans, attractive yields, and low mortgage rates of 0.8%. The market is characterized by a strong imbalance between urban areas and the countryside, as the purchase price of a property in Lisbon is 363.13% of the national average (Linhart et al. 2021). Since the golden visa program's launch, real estate acquisition is identified as the most popular way to obtain a visa.

The social environment focuses on Portugal and includes a global perspective. According to Wu and Guo (2011, 98), the key factor affecting "real estate prices is the supply and the demand". The number of residents in Portugal has been decreasing since 2011 and amounted to 10,297,081 in 2020 (Portada n.d.). Still, the urban population development is expected to rise by 7.8% until 2040, which will account for more than 75% of the Portuguese population (Euromonitor International 2021a). Thus, it is assumed that the rising demand will positively impact property prices. Soon, the 45 to 49 age group, whose demand is driven by digital savviness and sustainability, will predominantly determine consumption patterns (Euromonitor International 2021a). A rise in housing prices can be confirmed as the consumer's expenditure on housing is expected to double by 2040 (Euromonitor International 2021a). Hence, for real estate brokerage firms, Portugal's social environment is favorable, as higher prices lead to a higher absolute amount of commissions earned. From an international client perspective, the consolidated wealth of high-net-worth individuals (HNWIs) has quadrupled the last 20 years and the worldwide number of millionaires has more than tripled in 2019 compared to 2000 (Credit Suisse 2019). Thus, the potential global client base has and will continue to rise.

Portugal's technological environment is analyzed by assessing the development in the real estate industry and Portugal's readiness to support these changes. Within the context of PropTech, Ullah and Al-Turjman (2021) describe technologies with the following ones adding value to real estate agencies. Big data improves decision-making, as it is more significant and simplifies access to data (Ullah, Sepasgozar, and Wang 2018). With algorithms that better understand decision patterns, artificial intelligence helps agents to increase the quality of their properties suggested to clients. Among other activities, sales-as-a-service software can help agencies with "client management, marketing [or] billing" (Ullah, Sepasgozar, and Wang 2018). Using the internet of things, agents are enabled to control heating, or power usage remotely and before a viewing. Lastly, drones and 3D scans are beneficial to agents as it improves the customer experience (Ullah, Sepasgozar, and Wang 2018). In Portugal, low investments in internet, communication, and technology lead to a limited potential for innovation (Euromonitor International 2021b). Still, the Network Readiness Index shows that Portugal performs marginally worse on technology than the global average of higher-income countries (Soumitra and Bruno 2020). Due to the development of real estate technologies and Portugal's technological progress, the outlook is promising despite Portugal's inferior performance. This raises the assumption that PropTech will be available in the Portuguese market, yet slower implemented than in central and northern Europe.

Concerning the environmental dimension, Portugal is a country with "enviable weather almost all year" (TFRA 2016, 6). Portugal is eager to ensure a sustainable future, by "being carbon neutral by 2050", reducing "emissions by 50 percent", and ensuring that "80 percent of the electricity consumed by 2030 will come from renewable sources" (Country Reports n.d., 1). Further, in construction "there has been a significant shift towards the production of more environmentally sustainable buildings" (World Economic Forum 2016, 7). Moreover, "Portugal is successfully expanding renewables", for instance, by the construction of Solara4, which is the biggest unsubsidized solar panel power station in Europe (Euromonitor International 2020; Audax 2019). However, Portugal is also struggling with the effects of climate change, which are causing desertification of "the interior of the southern regions of Algarve and Alentejo" and threatening coastal areas due to rising sea levels (Climate ADAPT 2021; OCED, n.d.). Additionally, the energy performance certificates pose a challenge, since "70% of homes in Portugal have an energy certificate with a rating of D or below" on a scale where A is the maximum and E the minimum (T. G. Pinheiro 2021).

From a legal point of view, Portuguese legal structures have "procedural delays, mental weariness, financial costs, and opportunity losses" (Ruben 2018). One real estate legal aspect is the "promissory and sale purchase agreement", which is an advisable contract as it specifies business details, such as the payment terms, rights, and obligations (Eportugal.gov.pt n.d.; aicep Portugal Global et al. 2020). According to law nº 15 (Assembleia da República 2013a), a real estate agency is obliged to disclose any information that could jeopardize the transaction and ensure the veracity of property characteristics. Another aspect is the signing of the property deed indicating the legal owner, which is usually done at a notary (Eportugal.gov.pt n.d.). In Portugal, the needed documents to transfer a property are the (1) land registry certificate, (2) tax certificate, (3) proof of registration of the beneficial owner and payment of property transfer taxes, and (4) building permit and residential technical file (aicep Portugal Global et al. 2020). There are no legal restrictions on foreign investment, but some formalities must be complied with, such as "if resident outside the EU, appointing a Portuguese tax representative"

(Ferreirinha 2015). The Portuguese real estate market is insufficiently regulated in some areas, including the average standard commission of 5% (Caixa Geral de Depósitos 2020).

To conclude, the PESTEL analysis shows that Portugal is a politically stable and safe country with a rising economy but suffers from a high level of debt. An increasing client base with needs that are driven by sustainability and technology, and the continuous rise of a global client base of HNWI bring up opportunities and challenges. Proptech investments, expected higher property prices and the resulting higher commissions, make Portugal an attractive country. At the same time, the Portuguese real estate market is characterized by a lack of regulation.

5.2.2 Five Forces

In this section, Porter's (2008, 79) five forces framework is used to analyze the "competitive interaction within an industry" as well as new entrants, suppliers, buyers, and substitutes in the Portuguese market for real estate agencies. Regarding the threat of new entrants, there is no required qualification needed to mediate real estate (Assembleia da República 2013b). Still, it is required two chargeable, administrative processes: (1) An online company registration and (2) a certificate from the institute of public markets for real estate and construction. To obtain the latter, a company must make proof of a liability insurance and its economic eligibility (Table 17). Since the expected costs are modest (Table 18) and no real estate expertise is required, the entry barriers are low, and the threat of new entrants is high.

The bargaining power of suppliers is defined by their dependency on the analyzed industry, service uniqueness and switching costs of their customers (M. E. Porter 2008). For real estate agencies, major suppliers are (1) construction companies, (2) real estate developers, (3) maintenance companies, (4) financial institutions, (5) lawyers and (6) sellers (MarketLine 2021, 19). Construction and real estate development companies are attributed with a high bargaining power as they set quality and cost standards of properties, whereas agencies have little influence on these. A supply shortage of properties allows sellers to determine the price and the selling agency, which characterizes them by a high bargaining power (A. M. Pinheiro 2019a). In contrast, financial institutions, lawyers, and maintenance companies have a limited bargaining power as their services are substitutable (Emmerling, Yavas, and Yildirim 2021, 288; Orbis 2021a, 19). Hence, the bargaining power of suppliers is moderate.

In terms of buyers' bargaining power, three categories of real estate agency buyers are identified: (1) Private households, (2) governmental institutions, and (3) companies (Orbis 2021a). Although real estate buyers in general are price sensitive, this sensitivity is lower in the luxury segment due to social comparison and self-esteem (Pillai and Nair 2021, 96). Therefore, the buyer's bargaining power is found to be low.

Next, the threat of substitutes is analyzed. While the juridical property transaction includes sellers and buyers, the agent's function as a mediator can be substituted by online platforms. For this, the entire selling process takes place online and directly between the seller and buyer. The commissions charged by the respective websites are lower than those charged by agencies (Joseph 2009a). However, buyers still value effective, social, and psychological benefits from an agent (Larceneux, Lefebvre, and Simon 2015a). Considering the above, the threat of agencies being substituted is moderate.

Lastly, industry rivalry occurs in three different dimensions for the Portuguese real estate market: (1) Portfolio curation and property prices, (2) supply and demand, and (3) number of agents (MarketLine 2021, 23). Since sellers do not limit their real estate sales to a single real estate agency, the local portfolios of agencies are similar and consequently lack of competitive differentiation. In addition, real estate developers are identified as competitors when selling their developed properties directly to the buyer (MarketLine 2021, 23). Other drivers of rivalry are the supply shortage and a high demand as well as an increasing number of agencies (A. M. Pinheiro 2019a). This leads to low switching costs for real estate buyers, which rises rivalry (MarketLine 2021). Considering all factors described, rivalry is concluded as high.

To summarize, Porter's five forces framework reveals that the Portuguese market for real estate agencies is a highly competitive one. Agencies lack of differentiation and the threat of being substituted by online players is moderate. Supply shortage weakens the buyers' bargaining power but benefits the sellers' one. However, other suppliers as financial institutions or lawyers show a lower level of bargaining power. Driven by low market entry barriers, an increasing number of real estate agents will further foster competitiveness. Depending on the development of supply, the profitability of the market for real estate agents may change accordingly.

5.2.3 Consumer Trends and Forecasts

As real estate agencies must meet their clients' needs, their portfolio curation must adapt to trends that apply to the overall real estate market, which needs to adjust to the post-Covid 19 pandemic reality (KPMG 2020). Nevertheless, the consumer trends explained below are not new. The pandemic is an unpredictable event, namely a black swan, that has merely accelerated the trends already observed before (Morrison et al. 2021).

Overall, four main trends can be observed that influence investors' decisions to invest in real estate. The first trend is the environmental priority (Morrison et al. 2021). Energy efficiency should be ensured in existing and newly built properties, underlined by the observable demand for sustainable products and investments (KPMG 2020). Thus, the increasing awareness of environmental issues, which influence the decision-making regarding the type of residential properties, highlights the importance of ESG (Environment, Social, and Governance) (Deloitte 2021). The second real estate trend is the use of technology and advancing digitization (Morrison et al. 2021; Engler 2020). Within the next 30 years, the new opportunities presented by PropTech are expected to reshape real estate investment, occupancy, and property management. Digital solutions include: (1) The use of digital marketing and big data to acquire clients, (2) the use of virtual reality, renders, and 3D models to persuade customers, and (3) the provision of integrated, smart systems and devices to strengthen the consumer's living experience and security (CBRE n.d.). The third trend is the efficient use of space, as buyers prefer to purchase properties with (1) specific spaces such as home office, balcony, and large living room, and (2) recreational areas (Melo e Liz et al. 2021). Due to the developments of 5G, and accelerated by the Covid-19 outbreak, especially remote working is becoming a new reality (Deloitte 2021; Mullings 2020b). Since remote working will keep rising in the coming decades, with a likely average of 1-2 days per week, having a home office can develop into a basic requirement of a property (Tomas 2020). Lastly, suburbanization can be identified as a trend due to high property prices and remote working possibilities (Trulia n.d.; Pwc 2020).

Regarding forecasts, the attractiveness of purchasing real estate rises when there is certainty that a government has taken what investors perceive to be necessary and proper measures at pandemic times (Morrison et al. 2021). The gradual control of the pandemic is predicted to lead to a recovery in Portuguese economic activity. By means of the financial package provided by the EU, the real estate market is predicted to be revitalized by encouraging the construction of new properties and renovating existing ones (Gil Pinheiro 2021). Since 2015, residential property prices in Portugal have increased at a faster rate than the European average (Cunha and Lobão 2021). However, due to the pandemic outbreak, property prices in Portugal decreased by 4% on average in 2020. But until the end of 2021, property prices are expected to rise again but are still 1.5% lower than before the pandemic (Bankinter 2021).

To conclude, the focus on sustainability, the use of PropTech, the efficient space design, and suburbanization are major trends. Forecasts show that the way governments deal with the pandemic impact the investment attractiveness and the Portuguese economy will recover and property prices will rise, although at a lower rate than before the pandemic.

5.2.4 Key Industry Success Factors

Key industry success factors can be defined as “characteristics, conditions, or variables that when properly sustained, maintained, or managed can have a significant impact on the success of a firm competing in a particular industry" (Leidecker and Bruno 1984, 24). On an industry level, this "focuses on certain factors in the basic structure of the industry that significantly impact any company's performance operating in that industry" (Leidecker and Bruno 1984, 24). To be successful among other real estate agents, determinant factors that affect all real estate agencies are going to be identified. As the commission is the driver of real estate agencies' revenues, industry success factors are displayed by the parameters that influence the commission rate. Benefield, Sirmans, and Sirmans (2019, 10) investigated what the commission rate mainly depends on: (1) "listing price", (2) size of the agency determined by the number of agents, (3) days-on-market, and (4) "housing market conditions". This last determinant consists of the number of dwellings sold, unemployment level and the active workforce, all on a monthly basis. Earlier literature shows that the commission rate declines with higher listing prices but rises if a property is longer on the market (Sirmans, Turnbull, and Benjamin 1991). Also, an agency with fewer sales agents does not impact the commission rate (Sirmans, Turnbull, and Benjamin 1991). For "housing market conditions", neither of its components has an influence on the commission rate (Benefield, Stace Sirmans, and Stacy Sirmans 2019, 8). For agents within the luxury real estate industry, these facts lead to the assumption of lower commission rates compared to the mass market. Still, the high demand for housing and rising property prices in Portugal lead to an increase in revenue and, thus, the potential of an agency to succeed in the industry (Delmondo 2021).

5.2.5 Opportunities and Threats

To verify external factors for Portuguese real estate agencies, opportunities and threats are analyzed. Rail infrastructure projects such as the construction of a high-speed line between Lisbon and Madrid and faster domestic connections contribute to infrastructure and the country's sustainability goals, which has a positive impact on investor choice and rental prices (Boucq and Papon 2008; Lusa 2021). Additional growth opportunities arise from the opening of a second Lisbon airport, which will attract new tourists resulting in urban expansion and real estate growth (Gonçalves and Marreiros 2014). Further, the commercialization of crypto currencies enables "secondary markets that trade … asset-backed currencies providing [*sic*] liquidity in real estate" (Kodse 2021). Thus, firms in this field display new potential partners for real estate agencies. Lastly, blockchain technologies allow for a new proprietary model of "fractional ownership" as so far "liquidity and transferability" (Kodse 2021) have been an issue. Thus, agencies should consider these ownership types when curating their portfolio.

In terms of threats, iBuyer companies are gaining popularity (Forbes 2021c). These companies estimate a property's value, submit an offer, and buy a seller's property entirely online (Berry et al. 2019). Convenience and a simple process are their main benefits due to a seller-determined moving date and the omittance of having multiple offers and public house viewings (Berry et al. 2019). A final threat is the potential burst of a real estate bubble in Portugal. The country recorded high price increases and in the last five years, fluctuating between five and seven percent in property value. A crash of Portugal's real estate market would lead to decreasing prices and thus less revenues for agencies (Ghayyor 2021).

To conclude, large infrastructure investments in Portugal increase attractivity to potential buyers, while the tense price evolution can signal a crash of the real estate market. Emerging technologies provide opportunities for new partnerships and business models but are also threatening agencies to be substituted.

5.2.6 Country Specific Advantages (Porter's Diamond)

Porter's diamond model has been applied to "assess the sources of competitive advantages of an industry" and to "realize the competitive status of a nation in global competition" (Fatma Doğan, Bakan, and Doğan 2012, 441). Below, the advantages are explained based on the four dimensions of the model (Márkus 2008).

First, factor conditions include the country's "factors of production, such as skilled labor or infrastructure, necessary to compete in a given industry" (Vlados 2019, 34). One reason Portugal is attractive to the real estate market is its crime rate, which is one of the lowest in the EU, making it particularly attractive to Brazilians, who face one of the highest murder rates in the World (Wise 2019). Further, in the 2020 Global Peace Index, Portugal ranks fourth among the most peaceful countries worldwide (World Economic Forum 2020). Also, the Portuguese population is said to have an "open attitude towards foreigners" (Wise 2019). Due to political conflicts and the Brexit, investors look for political stability and social peace, which they find in Portugal in addition to the "skilled workforce and attractive quality of life" (Wise 2019).

Second, the demand conditions analyze the "home-market demand for the industry's product or service" (Vlados 2019, 34). In the Portuguese real estate market, Lisbon is the city with the greatest property concentration, but the "highest share of international transactions" takes place in the Algarve (CBRE 2020, 10). Overall, the demand for Portuguese luxury real estate is high among foreigners which is mainly due to the taxation incentives (Z. D. Hall 2020; Antunes 2018). But also "the Portuguese, who were reluctant until recently, have started buying again with the help of banks, including in the mid- to high-end segment" (Antunes 2018, 36).

Third, the related and supporting industries refer to "the presence or absence in the nation of supplier industries and other related industries" (Vlados 2019, 34). The main driver of the real estate market is the construction industry (European Commission 2020c). In 2014, the number of construction companies increased from 77,844 to 85,311 in 2018 (Eurostat 2021a). Despite the Covid-19 pandemic, this sector was "expected to grow in 2020 and 2021, driven by the housing and non-residential markets" (European Commission 2020, 35). Similarly, building permits in Portugal rose from 81 in 2014 to 291 in 2020, exceeding the EU average (Eurostat 2021b). This rise in construction and building permits is reflected in a higher number of real estate properties. Also, related industries such as interior designers, architects, lawyers, or gardeners, provide a higher quality real estate service (Ullah, Sepasgozar, and Ali 2019).

Lastly, firm strategy, structure, and rivalry show how companies are “created, organized, and managed, as well as the nature of domestic rivalry” (Vlados 2019, 35). The labor costs are similar across the real estate agency industry as the salary is commission-based (K. Miller 2018). Three direct competitors were identified in the positioning map, namely Sotheby’s, Christie’s, and Remax Collection (Table 19). As indicated by Porter’s five forces, the market is highly competitive with both direct and indirect rivals.

In summary, the factors show that Portugal is an attractive country for real estate investment and that there is high domestic and foreign demand for luxury properties. The related and supporting industries show a growing opportunity in this sector as more properties are built. Despite relatively intense competition, Portugal has strong overall country-specific advantages.

5.3 *Firm Specific Advantage*

5.3.1 Resources and Competences (Value Chain)

A firm is “a collection of activities that are performed to design, produce, market, deliver, and support its product”, which can be presented in a value chain (M. Porter 1985, 36). These activities can be divided into primary, meaning the “ongoing production, marketing, delivery, and servicing of the product”, and support activities, including “purchased inputs, technology, human resources, firm infrastructure” (Mozota 2010, 27). Hence, a value chain was created (Figure 8), which shows the key activities that help PS create value and competitive advantage. To gain a competitive edge, a company must acquire continuous competencies that result from the effective assembly of its resources (Danneels 2012; R. Hall 1992). These resources may be tangible, including all physical assets, or intangible, meaning all items not included in material reports (Carmeli 2004; R. Hall 1992). The competences can then lead to capabilities, which are “abilities’ that allow an organization to achieve its goal in the face of opposition and competition" (Ray 2006, 12). All resources, competences and capabilities can be divided into distinctives or thresholds. While the distinctives are critical for the firm and allow for differentiation, the thresholds are crucial for the industry as they are common among competitors (Camuffo, Gerli, and Gubitta 2012).

Applying these concepts to PS, the firm's distinctive resources are its network and local market knowledge, which provide one key competence: The ability to offer customized, higher-quality services beyond its core business. This competence results from contacts with other parties and the knowledge of characteristics that each Portuguese region can provide to its clients. The main threshold resources for PS are 3D videos, the online platform, partnerships with competitors, and the human resource quality as they are common in the luxury real estate industry (Paris 2019; Hyder 2021). The first threshold competence stems from partnerships and is the ability to provide properties off-market, which is common in the industry to protect sellers and rise the clients' feeling of exclusivity (Paris 2019). The second threshold competence is the ability to use technology, namely 3D videos and online platforms (Barillas 2020; Hyder 2021). Lastly, some resources such as the quantity of human resources, inventory, digital marketing, and the international brand reputation inhibit the growth of PS to some extent.

5.3.2 Firm Specific/Competitive Advantage

To evaluate the firm's resources and capabilities in comparison to those of its competitors, the VRIO analysis framework is applied (Table 20) (Knott 2015). Accordingly, resources and capabilities are assessed on their value, rareness, imitability, and if PS is organized around them to define "under what conditions a firm's resources can enable it to gain and sustain a competitive advantage" (Richardson 2005, 3).

The VRIO analysis for PS shows that its network of service partners and sellers are a source of its long-term competitive advantage, as this is valuable to clients, rare to obtain, not easy to imitate and PS' success and operations are organized around it. This allows PS to differentiate from its competitors. Besides, PS' local market knowledge and personalized services prove to be a temporary source of competitive advantage, as competitors operating in the luxury segment can imitate the service offering and gain market knowledge over time. PS' other resources, such as partnerships with competitors, use of 3D videos, online platform, access to off-market properties, use of technology for promotional activities, and high-quality human resources are valuable but common to all real estate agencies and thus represent competitive parity. Ultimately, PS' resources of a small workforce, limited digital marketing activities, and lack of brand reputation, can be seen as a competitive disadvantage.

To conclude, the PS' resources and capabilities that help the company the most to stand out from the competition are limited to the network. The small number of employees, the need to partner with competitors, and the fact that most clients know the company through referrals rather than reputation indicate why PS is not able to realize its full potential.

5.4 *Diagnosis for Internationalization*

5.4.1 Motives for internationalization

The three main motives to internationalize are resource seeking, market-seeking, and efficiency seeking (Kudina and Jakubiak 2008). By identifying these, a company is enabled to "prepare for the internationalization process" (Kubíčková, Votoupalová, and Toulová 2014, 321).

Firstly, with clients demanding for other destinations to buy real estate and asking PS to take over the selling process of its home country property, the firm is additionally incentivized to install operations at new markets (Read 2007). The second motive is derived from its competitors' global presence, as PS deems it is crucial to have "presence in the leading markets served by its competitors" (Gorynia, Howak, and Wolniak 2007, 135). To summarize, the above-mentioned motives are driven by PS' desire to exploit business opportunities and additional sales potential abroad. Thus, PS' incentives to internationalize are primarily market-seeking motives (Dadzie 2012; Morschett, Schramm-Klein, and Zentes 2015).

5.4.2 SWOT Matrix

A SWOT analysis is carried out to provide a comprehensive picture of PS' current situation and elaborate on the direction in which the firm could develop in the future (Bertelsen 2012).

Overall, four main strengths can be identified. The first one is the staffing quality. The entire team has experience of more than ten years in the Portuguese luxury real estate brokerage market and can therefore optimally assess the demand for luxury properties. Apart from the high market knowledge, the staff is characterized by its multilingualism, which facilitates the contact with international clients. Another strength is that PS puts its clients at the center of attention and thus knows and understands their unique needs. Employees also have a profound knowledge of various cultures, and their individual property demands and expectations. Third, PS' strength lies in its network, as close contact is maintained with its clients. During the cooperation, great emphasis is placed on establishing a friendly relationship and keeping after the deal. This ensures a positive WOM among the clients' friends and acquaintances, and that PS expands its network. Lastly, PS offers a personalized and individual service, especially by providing contacts that allow the clients to have of all the services they desire.

However, there are also three weaknesses that can cause PS' performance to falter. First, PS has only three employees, who must simultaneously devote their full attention to the clients and the services offered, which leads to intense workload during periods of high demand. Employees may therefore be at risk of burnout due to excessive stress and the feeling that they do not have enough resources to cope with the demands (Brehm-Curtis 2014). Second, relying solely on positive WOM in client acquisition can be identified as a weakness. Although WOM can be considered free advertising, this type of advertising can be either positive or negative (Buttle 2011). The final weakness is that the managing shareholders show little interest in working on its own online presence. Although PS is present on all online platforms, it would be helpful to find the managing shareholders online to give the company a face and manage public relations (Hager 2020). After analyzing the internal factors, it is crucial to examine the external factors. Besides the general opportunities identified in section 4.2.5, two additional ones are presented that are more specific to PS' business. The first growth opportunity is to target young millionaires. These are particularly evident in America, where the average age of individuals with total assets of $25 million or more has dropped 11 years since 2014 to age 47 (Steverman 2019). The second growth opportunity is to ensure that PS has properties with sustainable features in its portfolio. An all-around energy-efficient home is desired by prospective buyers. The more built-in sustainability offered, the more the client is willing to pay, especially the younger socially conscious generation (Miller 2019).

The last step is to analyze the external threats. On top of the detected threats in section 4.2.5, two further ones are introduced. First, competitors could change their strategy and focus, similarly to PS, purely on the client. Due to their size, they have more staff and financial resources and can build friendly, honest relationships with their clients, which could cause PS' strength to falter. Second, there is a risk in hiring external individuals to counteract the lack of personnel. PS has a strong foundation of trust, and if the wrong person is hired, they could steal the firm's contacts and start their own business.

To conclude, the SWOT analysis shows that when comparing the strengths and weaknesses, mainly the network can be identified as the unique selling proposition. To further develop this, the highlighted opportunities can be utilized to mitigate the respective threats.

5.4.3 FSA-CSA Matrix and Porter's Generic

A FSA-CSA matrix was executed "to explain, predict, or prescribe the optimal organization of an MNE's international operations" (Hillemann and Gestrin 2016, 2) (Figure 9). In this matrix, the multinational enterprises (MNEs), meaning "a firm engaging in value-added activities in at least two countries", can simultaneously compare the firm-specific advantages (FSAs) and country-specific advantages (CSAs), "which usually means adapting FSAs, to attain optimal

FSA-CSA configurations" (Yang, Yang, and Doyle 2013, 234; Kolk and Pinkse 2008). Overall, the analysis identifies the firm's strengths and weaknesses so that managers can critically "formulate the strategic options of the multinational company" (Hoon Oh et al. 2011, 221).

As shown in the VRIO analysis, it emerged that the local network of sellers and service partners ensures PS' long-term competitive advantage and, for the time being, the local market knowledge and personalized services provide a benefit over rivals. Nevertheless, PS' FSA is considered limited, as Johanson and Vahlne (2011) show that the competitive advantage of network only applies to internationalization when a company's network is also present in the foreign market. In addition, Porter's diamond led to the conclusion that Portugal's CSA is considered high due to its culture, stability, and quality of life. Since "only CSAs are important", PS can be assigned to the matrix' first quadrant (Hoon Oh et al. 2011, 221). Literature shows that firms that rely primarily on CSA need to transfer their competitive advantages from the home country to the foreign one (Hoon Oh et al. 2011). For PS, this means leveraging its local network. The literature suggests that "joint action" with "network partners" abroad is required to overcome the barrier of "foreignness" in the new market's network (Johanson and Vahlne 2011, 489).

Next, Porter's generic framework is applied to show the strategy PS uses to leverage its competitive advantages. According to Porter (1985,11), three generic strategies can be identified "for achieving above-average performance in an industry: cost leadership, differentiation, and focus [subdivided into cost focus and differentiation focus]" (Figure 10). To understand the strategy that best suits the firm, its competitive scope and positioning are assessed (Tanwar 2013). However, "the abilities needed to make each type of strategy work are not cooperative and may even be contradictory" (Herrera and Yang 2017, 14).

Analyzing the firm's competitive position, and as highlighted in the VRIO analysis, PS' long-term competitive resources and competences rely on its network and high-quality services, which complies with the fact that "an effective differentiation strategy should be according to features that are not easy for rivals to imitate" (Subrahmanyam and Arif 2019, 142). In terms of competitive scope, PS targets international wealthy clients with equity of at least €500,000 in equity. In this regard, PS has a narrow scope, as it "selects a segment or group of segments in the industry and tailors its strategy to serving them" (Porter 1985, 15).

The preceding analysis concludes that PS follows a "differentiation focus" strategy due to its narrow competitive scope and differentiated competitive positioning. Thus, PS must be aware, for instance, of the risk of getting "attacked by firms who open up a large cost gap" or an "unexpected shift in the target segment that becomes unattractive" (Porter 1985, 21).

5.4.4 Global Readiness

PS has attained a high level of knowledge in the Portuguese market for luxury residential properties. Its constantly personalized service of high quality, trust, and transparency allowed PS to build reputation. PS' product portfolio, operations and strategy are adapted to the target of international and wealthy clients. Its capacity for internationalization results from PS' fast growth and high performance in the Portuguese market. Despite a highly competitive environment, PS tripled its sales since 2017, and thereby secured a limited but sufficient financial wealth. Porter's diamond model revealed that PS was able to exploit the CSA on a local scope, which is a good indicator of its capacity to expand. PS' market-seeking motives for internationalization, its differentiation focus strategy as well as the SWOT analysis outcome indicate the company's readiness to expand.

Still, limitations that PS should consider were identified. Even if the company's network is determined to be a long-term FSA, its purely domestic nature may limit operational success abroad. Further, PS suffers from a lack of personnel, highly relies on WOM, and could further explore digital and social platforms. When indicators and limitations are counterbalanced and the GMMSO4 software is used, in which PS scores 76 out of a possible 110 points (69%) (Table

21), it becomes apparent that PS is only ready to internationalize to a certain extent. Its scoring suggests an entry mode of direct exporting, but it is also possible to internationalize through e-commerce, indirect export, and contractual agreement, which however is to be discussed in detail in chapter eight (Table 22).

6 International Market Selection - Phase 1

6.1 *Country Selection Criteria*

For the first phase within the international market selection (IMS), the criteria and countries selected for ranking and clustering are derived in collaboration with PS. The identified criteria also provide the basic references for the preceding sections of the country clustering as well as country ranking and will guide both processes and their results.

Due to negative past experiences related to cultural differences, PS does not desire to expand to countries in Asia, South America, the Middle East, and Central Africa. Hence, the respective countries were excluded from the analysis, leaving 59 countries eligible for the IMS. These countries include the ones represented in the Council of Europe (+Belarus), members of the USMCA trade agreement, Northern African countries, Australia, New Zealand, and South Africa (Table 23). In total, 34 criteria are selected categorized by: (1) Market size, (2) market intensity, (3) risk level, (4) unemployment, (5) logistics, (6) economic freedom, (7) sustainability, (8) wealth, (9) cultural distance, and (10) real estate. Further, the Pearson correlation among the different variables is computed to avoid duplications and to overcome biases in the results. In case two variables present a Pearson correlation higher than the absolute value of 0.5, it can be considered that they are at least moderately related (Mason and Perreault 1991). Values that are approaching -1 or +1, signify a strong correlation (Djordjević, Mane, and Krmac 2021). In this analysis it is found that most of the correlations demonstrate a low Pearson correlation coefficient (between -0.4 and 0.4), meaning that they are not analyzing the same information. Nevertheless, some variable pairs show high Pearson correlation coefficients. To be confident that two variables are correlated, the correlations discussed hereafter are equal to or lower than the significance level of 0.01 (Freund, Wilson, and Sa 2006). First, it reveals that countries with a high GDP also demonstrate a higher number of millionaires and UHNWIs (Pearson correlation of 0.977 and 0.975, respectively). Further, countries with a higher record of real estate transparency, also demonstrate a better performance in real estate ease of doing business (Pearson correlation of 0.788). In addition, it can be observed that there is a favorable environment of property rights in countries with low short- and medium-term risk levels (Pearson correlation of 0.751 and 0.791 respectively). The property rights variable also shows a significant positive correlation to the net income per capita and real estate ease of doing business (Pearson correlation of 0.763 and 0.788 respectively). Moreover, variables that show low and not significant correlations are to be highlighted. The computed Pearson correlations indicate that the absolute number of millionaires and ultra-high-net-worth individuals (UHNWI) is neither correlated to net income nor the GDP per capita. Thus, it is assumed that a country where people have a comparatively higher net income, does not necessarily record a higher number of affluent people. It is to be noted that the most recent and complete datasets have been selected to provide a reliable country classification and ranking that best reflects the current reality. Thus, the collected data ranges from 2018 to 2021. The criteria, their respective descriptions and the data source are summarized in Table 24.

6.2 *Country Clustering*

After collecting data from all the 34 variables previously mentioned, it shows that Andorra, Kosovo, Liechtenstein, Monaco, and San Marino have data for less than 30% of the variables. Therefore, these five countries are excluded from the analysis leading to a final list of 54 countries. Next, it is necessary to overcome the problems and biases that emerge due to missing data (Wayman n.d.). There are three main categories of methods used to process missing data: (1) Deletion, (2) single imputation, and (3) model-based methods (Salgado et al. 2016). The last one includes the multiple imputation method, which “instead of substituting a single value for each missing data, the missing values are replaced with a set of plausible values which contain the natural variability and uncertainty of the right values” (Kang 2013, 405). After analyzing each method (Table 25), the multiple imputation method was considered to be the most adequate as it fits better the data characteristics and it takes into consideration the uncertainty of the missing data by providing a “valid statistical inference” (J. Wang, Xie, and Fisher 2011, 240). Thus, using the SPSS software, the multiple imputation method is performed with 8.5% missing data. This includes estimating the missing values by generating multiple interactions through various regressions (Allison 2016). Also, an analysis in SPSS showed that the missing values are random and do not reveal a pattern. Tax on property and the number of UHNWI in 2025 are the variables with the most missing values.

After the missing data is processed, the cluster analysis is applied which is a pattern recognition technique that identifies clusters by using the “resemblance or dissemblance measures between the objects” (Diday and Simon 1976, 10:47). Moreover, these “similarities help managers compare countries and evaluate possible synergies” (Sakarya, Eckman, and Hyllegard 2007, 212). To perform the cluster analysis, two of the most common methods are discussed: (1) K-means cluster and (2) hierarchical cluster (Sarstedt and Mooi n.d.). For the K-means clustering method, the data is divided into k clusters, fixed a priori. This is a disadvantage as it is hard to define the number of clusters before the analysis (Bien and Tibshirani 2011). On the other hand, the hierarchical clustering method enables to displays clusters “sequentially from tighter, less inclusive clusters through larger more inclusive clusters and is continued until all variables are clustered in a single group” (Cecil C. Bridges 2016, 1). In comparison, the hierarchical clustering is more structured and informative than the K-means one as the dendrogram’s tree of clusters allows for the most significant cluster selection (Sarker 2021). Hence, hierarchical clustering is used. Although there are other types of hierarchical clustering, such as between-groups linkage, within-groups linkage, or medium clustering, Ward's method is applied. It computes the distance between clusters and tries to minimize the variance between groups, which thus creates clusters of similar size (Eszergár-Kiss and Caesar 2017). Using the Wards method also increases robustness and shows that the percentage error is relatively small and stable compared to other clustering methods (Balca, Liang, and Gupta 2014).

By applying these methods to the 54 countries and setting a line for the rescaled distance cluster combined at 2.5, eight different clusters are identified (Figure 11 and Table 26). In cluster five, the US forms its individual one due to its unique characteristics. It is the country that has some of the highest values for several variables. Among others, it records a high GDP of $20.937 trillion and a high number of millionaires at 4.389 million. The proximity matrix provided in SPSS reveals that the US is widely distant from all countries, with Germany being the closest at a distance of 173.17. Libya is in cluster eight, which also represents an individual cluster. Unlike the US, cluster eight has some of the lowest values for several variables. These are predominantly low property rights with a score of 16.50 and a low business freedom index performance of 38.40. In the proximity matrix, Libya also displays a wide distance to other countries, with Switzerland being the closest one at a distance of 80.34. In cluster one, the main common characteristics of the countries are a low GDP per capita with an average of $14,274.14 and a standard deviation (SD) of 5.19, and the low number of millionaires with an average of 82,926 and a SD of 99,309.72. Cluster two features a small number of UHNWI, with an average of 141 UHNWI and a SD of 152.03. Moreover, the labor freedom index of countries in cluster two is relatively high, with most of them achieving a value above 65 at a SD of 27.15. The third group consists of countries that score high on the sustainable development goals (SDG) index, with an average score of 81.21 and a SD of 2.94, and high on the entrepreneurial freedom index, with an average score of 83.09 and a SD of 7.04. In addition, cluster three shows a low level of real estate transparency with an average record of 1.94 and a SD of 0.46. The countries in cluster four have relatively high transaction costs in common, which on average are 16.32% and have a SD of 6.20. A low number of UHNWI, with an average of 1,166 and a SD of 1,065.48 further characterizes cluster four. For cluster six, the countries have a low culture distance to Portugal, with an average of 0.96 and a SD of 0.55, an averagely low unemployment rate, with 9.55% and a SD of 7.08, and a high medium term country risk, with an average of 5.50 and SD of 0.76. Lastly, cluster seven has a low GDP per capita, with an average of 18,435.46 and a SD of 25,143.71, as well as a low infrastructure rating, with an average of 2.89 at a SD of 0.54.

6.3 *Country Ranking*

Following the country clustering, the countries are ranked to minimize the number of potential target markets and to identify the five countries with the greatest potential. For this purpose, all variables are standardized by converting all values to a scale from 1 to 100, enabling it to compare, sum and obtain a final score (Cavusgil, Kiyak, and Yeniyurt 2004). To correctly evaluate all variables, it was necessary to invert those for which a higher score reflects a worse performance. This applied to the variables medium- and short-term country risk, unemployment rate and growth, cultural distance to Portugal, mortgage interest rates, transaction costs, taxes on properties, and taxes for pensioners.

A three-step process was used to reach a result. First, and as mentioned in section 5.1, the 34 criteria were chosen to analyze the pre-selected countries. The criteria were derived from the interview with the managing shareholders as well as from the research conducted. Further, they were proposed and reiterated in collaboration with PS. Within a second step, each criterion was assigned with a weight to highlight the differences in their importance and to allow for a better comparison. For this, the characteristics were grouped into seven categories ranging from 1% to 7% (Table 27). Since the Pearson correlation was strong for some of the criteria analyzed, the weights for these were adjusted such that they were not individually assigned a high value to avoid biasing the ranking. As supply and demand strongly influence the real estate market, these variables were weighted at 7%. Therefore, the criteria included in the categories Real Estate and Wealth were assigned with the highest overall weight, 42% and 17% respectively. Within a third step, the selected countries were ranked according to weights and scores distributed (Table 28).

6.4 *Selection of the Five Highest Potential Markets*

Considering the information from both the cluster and ranking analysis, the US, Germany, Sweden, Norway, and Canada turn out to be the markets with the greatest potential.

The US proves to be a promising market, as the country is in an isolated cluster due to its high values for several variables. This further justifies the fact that this country ranks first in the ranking analysis.

Norway, Sweden, and Germany belong to cluster three, which means that they have a certain similarity in their markets. Combining the information from both analyses, it appears that most of the higher ranked countries are found in cluster three. This cluster is characterized by countries with high scores on some of the most relevant variables, such as the SDG index, net income per capita, property rights, and ease of doing business in real estate. Therefore, although they are in the same cluster, these countries should be analyzed as they all have a high market potential. If PS decides to expand into one of these three countries, the other ones can easily serve as targets for future expansion due to their proximity.

Finally, Canada is also among the markets with the greatest potential, scoring seventh in the ranking analysis, with Denmark and Finland in fifth and sixth place respectively. However, both countries belong to the Nordic countries, as do Sweden and Norway, which are already analyzed. In addition, Denmark and Finland are also included in cluster three and have a small distance to Sweden and Norway. Looking at the cultural distance according to Hofstede, Sweden, Norway, Denmark, and Finland show closeness on the dimensions of "individualism" and "power distance". While Sweden and Denmark score similarly on all six dimensions, Finland resembles Norway (Hofstede Insights n.d.). For this reason, Denmark and Finland are not analyzed further. As a result, Canada is considered a high potential market to allow for a territorially diversified analysis. Although it also belongs to cluster three, it is a high-ranking country and relatively distant from the other countries in this cluster. Looking at the cultural distance according to Hofstede, we can see that Canada has significant differences in terms of "masculinity", "individualism" and "power distance" compared to the countries selected above (Hofstede Insights n.d.).

To conclude, the ranking and cluster analyses show that the US, Germany, Sweden, Norway, and Canada have the most potential for PS' internationalization plans. Next, an in-depth analysis of the five selected countries is conducted to determine which market is best suited for expansion.

7 International Market Selection – Phase 2

7.1 *Selection of Target Market*

To compare the five countries and select the most viable expansion option, a selection criteria-based approach is conducted, ranking each analyzed component on a scale from 1 to 5, with 1 being an unattractive and 5 an attractive factor. Next, each component is attributed a weight to highlight the factors that affect the internationalization process the most (Table 29).

The scoring table shows small differences among the countries, which was expected since the other countries, except for the US, belong to the same cluster and have strong market similarities. Those similarities include: (1) A favorable macroeconomic environment, (2) great contact availability in terms of distributors, associations, and governmental institutions, (3) high degree of rivalry, (4) medium attractiveness in terms of standards and regulations, and (5) high availability of distribution channels, payment and financing methods, transportation, and documentation. However, Norway and Sweden are less attractive compared to the U.S. due to the low commission rates and stronger focus on the rental market, respectively. Besides, the different Canadian treatment of foreigners, like deviating taxation, implies less favorable market expansion conditions. Germany, on the other hand, is proving attractive due to the regulation that anyone can practice the profession of a real estate agent and the wide range of general contacts that one can reach out to. The US in its own cluster proves to be more attractive in contrast to the other clusters, which is especially due to the high market and company sales potential driven by increasing numbers of luxury properties and price.

According to the ranking, the US and Germany are the most favorable markets, scoring of 4.32 and 4.15, respectively. When choosing between these two countries, two factors should be considered. First, having contacts and networks in the target country is of great value and can be a decisive factor for market selection (Ulrich, Boyd, and Hollensen 2012a). In the case at hand, PS already has contacts in the US that emerged from previous clients. Second, although the country's size influences some variables such as the size of the population, the cluster and ranking results prove that the US market for luxury residential real estate still reveals a large growth opportunity to be exploited. Therefore, the US market is selected as the market with the greatest potential for PS to expand its business. Complementing this, the previous decision to expand into the US is confirmed by PS who came to the same conclusion after careful consideration of all in-depth analysis.

7.2 *In-depth Market Analysis of Sweden*

7.2.1 Country Overview

To analyze Sweden and its external factors it was conducted a Pestel analysis (Table 30).

Regarding the **political** environment, according to the global democracy and peace index, Sweden is a politically stable and safe country (Ruin 1996; Institute for Economics & Peace 2021). Also, Sweden is a constitutional monarchy with a parliamentary democracy, thus there are "no presidential elections, only parliamentary" (European Committee of the Regions n.d.; Sweden n.d.). Indeed, Sweden is a unitary and decentralized state meaning that "the

Constitution recognizes local self-government" (European Committee of the Regions n.d.). Internationally, Sweden faces some challenges as a euro outsider since it is sometimes perceived as being a selective supra-nationalist (Park 2020).

Sweden has a strong **economic** environment, with a GPD of 537.61 billion dollars and a GDP per capita of 51 925.7 dollars in 2021 (The World Bank 2020). Additionally, Sweden has a low public debt (38.5% of the GDP), expecting to reach 40.7% in 2021 due to Covid-19 (IMF 2021; The Economist 2019). In 2020, the unemployment rate was 8.4% and the inflation rate was 0.66%, complying with the EU target of 2% (FRED 2021). In 2022, the GDP is expected to grow 3.5% and the inflation increase to 1.9 % (European Commission 2021a). Sweden is an export-orientated country with a currency that reached its lowest value in 2009 (Provan 2019).

In the **social** environment, Sweden "quality of life, public health, and educational attainment" are among the bests in the world (Thakur et al. 2003, 2). In 2019, the Swedish population was 10.33 million, with 20% of the total population having more than 64 years old, being considered an ageing population (Statista 2019; SCB 2019; European Commission 2020b). Sweden social security system is partially private since 2.5% of workers' contribution can be invested in funds. (European Commission n.d.; Cronqvist and Thaler 2004) As for education, 83% of adults have completed upper secondary education, more than the OECD average of 78% (OECD 2021a). The Swedish ranked 4th in the 2020 EF English Proficiency Index and as consumers prefer to buy locally and online opting for sustainable products (Mitzner 2018). The share of millionaires is higher than in Portugal (7.3 % of the Swedish population) and it is expected to increase 41.9% until 2025 (from 570 to 809 thousand millionaires) (Statista n.d.; Credit Suisse 2021).

Regarding **technology**, Sweden is a digital leader and an early technology adopter, ranking 2nd in the 2020 Digital Economy and Society Index and 13th in the 5G readiness subcategory (UK Science and Innovation Network n.d.). According to the 2021 European innovation scoreboard, Sweden can be considered an innovation leader. In 2018, to maintain its position Sweden invested, 3.34% of its GDP in R&D (The World Bank 2018b). Besides, it provides support to start-ups by "strengthening networks and linkages with investors" (European Commission 2016, 9). In fact, Stockholm is seen as the tech hub of Europe, with 0.8 tech unicorns per 100 000 inhabitants, the world's highest rate apart of Silicon Valley (Daly 2021).

Concerning the **environmental** aspect, the Swedish population is more concerned over environmental protection than the European average, registering, in 2021, the world's highest carbon tax (OECD 2014; Statista 2021a). Sweden has been in the top ten of the Environmental Performance Index and its main renewable energies are hydropower and bioenergy (Sweden 2021). In fact, in 2020, 54% of Sweden's power came from renewables, aiming to attain 100% renewable electricity production by 2040 (Kretchmer 2020).

In the **legal** dimension, the Sweden system highly respects the rule of law (Martinsson 2020). Considering the 2021 Economic Freedom Index, the system is considered independent, consistent, and impartial (The Heritage Foundation 2021). In the 2020 Ease of Doing Business, the quality of Swedish judicial processes scored 12 out of 18, being an efficient system (World Bank Group 2020). A key aspect to mention is the fundamental laws, which take precedence over all laws (Sveriges Riksdag 2021). Overall, the Pestel analysis is an attractive factor to expand since all dimensions are favorable for business, especially the economic environment.

7.2.2 Contacts

When entering a new market, a company's contacts are essential as they can minimize uncertainty (Agndal 2004). PS can use contacts to overcome: (1) The low level of knowledge over the Swedish market and consumers (2) the possible difficulty in establishing its business operations and (3) the challenge of staying competitive in the Swedish market (Table 31).

Firstly, institutions such as the Embassy of Portugal in Sweden and the Swedish Consumer's Association could provide PS market insights regarding regulations and consumer trends. Also, organizations such as the VATI of Sweden could assure that PS position is in line with the

Swedish consumer preferences to buy online and opt for sustainable products, for example, through the certification of the Sustainable Development Goals in the company's strategy.

Secondly, the difficulties in the establishment of PS business operations could be solved through the contacts of partner companies, banks, law firms and recruitment companies, which could guarantee a high number of luxury properties, favorable financing conditions, the protection of intangible assets and highly qualified real estate agents. For example, establishing contact with Fastighetsbyrån, a Swedish real estate company that is expanding to Portugal, is highly valuable as it is relatively easy to establish contact and there would be aligned interests. Lastly, to stay competitive in the market, PS could collaborate with Lund University since it is one of the research and development (R&D) world's top leaders and R&D is "positively associated with firm operating performance and market valuation" (Guo, Wang, and Wei 2018, 1). To conclude, contacts are an attractive factor since they are reachable, valuable and their interests would be aligned with the PS internationalization process.

7.2.3 Competition

By analyzing competitors through a **positioning map**, companies can "understand and predict strategic moves" (Zahra and Chaples 1993, 7). In 2019, there were around 2 400 real estate agencies in Sweden, the majority with less than four employees (Mäklarsamfundet 2016; 2019). Therefore, by following certain criteria (Table 32), it will be analyzed four competitors: Lundbergs Fastigheter, Balder, James edition and Sotheby's International Realty. The comparison of companies characteristics, strengths and weaknesses will allow to position each competitor according to the focus on the luxury segment (horizontal axis) and level of service personalization (vertical axis), both varying from low to high (Table 33). Taking this into consideration, it was constructed a positioning map (Figure 12).

Regarding the luxury focus, Lundbergs Fastigheter and Balder have a multisegmented targeting strategy, focusing on different market segments. Consequently, they are characterized by a low level of luxury focus, even though Lundbergs Fastigheter is slightly more luxurious than Balder since it clearly states in its strategy that aims to offer high quality and sustainable properties. In the case of James edition and Sotheby's, they defined themselves as luxury and revealed to have properties in premier locations, consequently, they are positioned as having the same level of luxury as PS. As for the level of personalization, Lundbergs Fastigheter and Balder present a low level with a standardized approach in its service. However, Lundbergs Fastigheter offers personalized meetings, being positioned at the right of Balder. On the other side, James Edition has a more personalized service than Lundbergs Fastigheter and Balder but less than PS with its services being focused on revealing the security and advantages of online purchasing. As for Sotheby's, even though it dedicates a real estate agent to closely advice each client it does not mention on its website the use of 3D videos, being positioned below PS.

To complement this analysis, it was computed the competitor's **market share** as a percentage of the industry revenue in Sweden that in 2020 accounted for 29.57 billion dollars (Table 34) (Statista 2020a). For this purpose, since there was no available data for the annual sales of James Edition and Sotheby's it was assumed that all online properties were sold in 190 days, the average number of days required to sell a luxury property (Statista 2017b). Thus, James Edition is the competitor with the highest market share (2.3%). To conclude, the real estate market in Sweden is "fairly fragmented" and, if expanding to Sweden, PS can expect a market share between one and two per cent, a medium degree of rivalry as companies are competing in different fields of the market and some challenges in differentiation due to the similarities with competitors (Forsström and Johansson 2020, 23). In this topic, it was clear the impact of the Swedish culture, namely the Swedish *Jantelagen*, a cultural feature that affects market behavior and promotes a frugal life by "avoiding or limiting the exhibition of luxury" as it is not "socially welcome in Scandinavian tradition" (H. Wang, Balcet, and Zhang 2021, 108). In fact, Swedish companies seemed to avoid directly mentioning the luxury segment. Overall, the competitors' analysis is an unattractive factor as, for example, PS position could not fit the Swedish culture.

7.2.4 Market Sales Potential and Company Sales Potential

Performing a sales forecast analysis is highly valuable since it is crucial for companies to plan their future strategy (Pan et al., 1977). Firstly, to calculate the general real estate market sales potential it was used two components: (1) The number of houses sold and (2) their average selling price. Hence, it was obtained the annual number of houses sold in 2021 and computed the weighted average of the last 10 years growth (1.3%) to forecast until 2025 (Table 35 and Table 36) (Sweden statistics 2020). For the average price, it was acknowledged that, in 2021, the price of an apartment in Sweden was 5 313 euros per square meter (sq m) and that on average a Swedish house had 80 sq m (Table 37) (Fastighetsbyrån n.d.; Statista 2021b). After, for the price growth, it was used the weighted average of the last 10 years growth of the Swedish real estate price index (5.1%) (Table 38 and Table 39) (Statista 2020b). Secondly, to calculate the **luxury real estate market potential**, it was used a similar rationale. For the first component (annual number of luxury houses sold), it was assumed that all online Swedish properties were sold in 190 days, the average number of days to sell a luxury property (Table 40) (Statista 2017a). To forecast, it was assumed that the growth was the same as for the general market. For the second component (average selling price), it is known that the monthly rent of a luxury house in Stockholm is 84 euros per sq m and that its average size is 184 sq m (Sotheby's, 2021; Statista, 2017). Thus, as the monthly rent usually represents 0.95% of the property value, the estimated selling price was 1 626 947 euros (Table 41) (SmartAsset n.d.). To forecast the luxury properties price, it was used the average price growth of premier properties between 2020 and 2021 (1.8%) (Knight Frank institute 2021). In the end, it was applied a 5% commission (average commission), leading to a market sales value of 9 754 732 euros in 2025 (The Wall Street Journal n.d.) (Table 42). Indeed, although growing 13%, the luxury segment is expected to reduce its size relative to the general market. Lastly, for **PS sales potential in Sweden**, it was also used a similar rationale. In the first component (expected number of properties sold), it was assumed that PS would keep in Sweden the same sales ratio as in Portugal relative to the online properties of Sotheby's and that all online properties were sold in 190 days (Table 43). Thus, relative to a competitor that is present in Portugal and Sweden, PS would sell one property in the first year. To forecast, two scenarios were built, a conservative and an optimistic scenario, with the main difference being if PS sells one or two more properties each year. In both scenarios, PS sales would be at least 50% lower than in Portugal, selling four or seven properties (Table 44 and Table 45). The average selling price of PS properties (second component), was assumed to be the same as for the luxury real estate market. Therefore, with a 5% commission, PS can expect sales up to 661 261 euros in 2025. To conclude, due to the decreasing luxury market size and PS relative low sales, the sales potential are an unattractive factor.

7.2.5 Market Entry Conditions

The market entry conditions may affect the advantages of potential entrants, therefore it was analyzed seven dimensions (Table 46) (Karakaya and Stahl 1989). Indeed, entering the Swedish real estate market can be a “surprisingly straightforward process“ (Business Sweden n.d.).

Sweden, as an EU member, has a low level of **trade barriers** scoring 2.98 out of 10, in the 2021 Trade Barrier Index (Tholos foundation 2021). The **regulations** of the industry indicate that the real estate agents and companies need to be registered and that gains from properties are taxed at a flat tax rate of 20.6% (RSM Sweden n.d.). Regarding the **distribution channels**, over 90% of the properties sold were listed on the Hemnet platform. The **financing and payment conditions** are good with decreasing mortgages interest rates and low interest rates (Swedish Banker’s Association 2021). Additionally, the **registration** of new companies is composed of four steps (obtain document validation from a Swedish Bank; register the company; obtain the VAT registration number, declare the beneficial owners of the company) being that to become a real estate agent it is required a high level of education and professional experience. The **transport** conditions are favorable with the territory being served by four main international airports. Besides, the **documents** identified to open a company (e.g memorandum of association) as also to secure a mortgage are easily accessible even though it might be required a professional as even electronically some forms are only available in Swedish (Skatteverket n.d.). To conclude, PS can expect an average engagement of 12 weeks and a total cost of 14 122 euros (Healy Consultants 2021). Thus, the market entry conditions are an attractive factor, apart from the regulations and registration dimensions.

7.2.6 Key Takeaways

From the topics analyzed it was identified the strengths and weaknesses of expanding to Sweden. Regarding the strengths, there is a strong presence of the state that connects companies with investors, easy access to information, an expected increase of the number of millionaires, and contacts that PS could benefit namely institutions designed to help foreign companies expand to Sweden and companies that are doing the reverse expansion process (from Sweden to Portugal). As for the weaknesses, PS luxury position could not fit the Scandinavian culture, the real estate market in Sweden is fragmented and the main competitors have an international presence, it is forecasted a reduction of the size of the luxury real estate segment in Sweden and there are educational requirements to become a real estate agent in Sweden.

8 International Entry Strategy

8.1 *Selection Criteria*

To determine by which entry mode PS should start its US operations, various factors are considered as all “entry modes involve different levels of control, ownership and different resource commitment” (Ulrich, Hollensen, and Boyd 2014, 424). Thus, Hollensen’s (2014b) four categories of internal factors, external factors, desired mode characteristics and transaction specific factors are analyzed. Each factor is evaluated on whether a company should opt for a hierarchical (internalization), intermediate, or export (externalization) entry mode (Table 47). Internalized entry modes refer to such with a high equity or resource commitment and are characterized by a high level of costs, risks, and control, and low flexibility. On the other hand, externalized entry modes, including direct and indirect exports, have a low level of costs, risks, and control but a high level of flexibility. The intermediate entry modes have a moderate level of costs, risks, control, and flexibility (Hollensen 2014b).

First, internal factors are reviewed which consider a company's size, its international experience, its product's complexity, and the competitive strategy (Ulrich, Hollensen, and Boyd 2014, 425). The firm's size is relevant as "larger firms appear to be better suited to absorb the risks associated with internationalization" (Javalgi, Griffith, and Steven White 2003, 188). If a company has experience with internationalization to other markets, it has more knowledge in terms of processes and is able to assess "local market conditions more accurately" (Kuo et al. 2012, 3). In contrast, firms without such experience are more willing to accept less control "for a local partner's help" (Kuo et al. 2012, 2). Product complexity is relevant for the choice of an entry mode, as a firm cannot know if an intermediary may be able to provide the same level of pre- and post-sale service quality (Hollensen 2014b). Soft and hard services are used to describe the complexity of services, with production and consumption occurring simultaneously in soft ones and vice versa. Given that soft services require greater efforts to coordinate between parties, enhanced control is needed when internationalizing (Hollensen 2014b). In terms of competitive resources, firms with long-term competitive advantages, are enabled to expand successfully without a partner (Hollensen 2014b). Assessing PS' internal factors, it is found to be a small company, with little international experience and limited differentiation, indicating a low level of internalization. However, since PS is a small company, with little international experience that offers soft services, which are difficult to isolate, its product complexity is high and hence require a high degree of internalization.

Second, external factors are discussed. They are related to the market structure and include sociocultural distance, demand uncertainty, market size and growth, trade barriers, intensity of competition, and the number of relevant intermediaries (Ulrich, Hollensen, and Boyd 2014, 425). Sociocultural distance refers to similarities in business practices, languages, culture, and educational level between two countries. The greater the discrepancies of these aspects are, the less intended a company is to opt for hierarchical entry modes (Hollensen 2014c). Further, demand uncertainty translates to country risk which is defined by economic, political and exchange risk. The less predictable these factors are, the more uncertain is the demand and thus entry modes with fewer resources deployed should be selected (Lu, Karpova, and Fiore 2011a; Obadia and Bello 2019a). Moreover, the market potential describes a market's size and growth. Markets with a good performance at these indicators are suggested to be entered by internalized entry modes as they allow managers to keep control (Hollensen 2014c). Contrary, markets limited in size and growth require export entry modes to have a low level of risk (Obadia and Bello 2019b). Next, if trade barriers such as direct and indirect tariffs, quotas or "product … standards" are imposed at the host country, intermediate entry modes or wholly owned local subsidiaries are recommended (Hollensen 2014b, 337). In addition, if competition intensity is high, determined by the number and size of competitors, a market is less profitable and therefore indicates entry modes with low resource requirements (Lu, Karpova, and Fiore 2011b). At last, the count of export intermediaries on hand impacts the entry mode selection, as "opportunistic behavior" might arise for monopolistic intermediaries (Hollensen 2014b, 337). Applying external factors to the US, intermediate to high control strategies are revealed, driven by a large and growing but fragmented market of intense competition and many intermediaries.

Third, desired mode characteristics are evaluated. They consist of a company's desired risk aversion, level of control and flexibility (Hollensen 2014b). While risk-averse firms prefer modes of low resource deployment, corporations seeking for control will decide for entry modes offering a greater extent of ownership (Anderson and Gatignon 1986b; Hollensen 2014a). The characteristic of flexibility refers to the "ability to change systems and methods quickly and at a low cost" (Anderson and Gatignon 1986b). Flexibility is highest for firms entering a market by an export mode and lowest by internalized modes (Hollensen 2014b). As discussions with PS indicate that they want medium flexibility, control, and high risk-aversion, an intermediate entry mode is suggested.

Fourth, transaction specific factors include opportunistic behavior and the tacit nature of know-how, of which the latter refers to the complexity of products and services (Hollensen 2014b). Tacit products and services increase the expenses of transferring knowledge to the intermediary, which would require rather hierarchical entry modes (Hollensen 2014b). Opportunistic behavior is defined by "self-interest seeking with guile" (Williamson 1985) and comes along with transaction costs if an intermediary engages in such (Hollensen 2014b). These can be restricted by entry modes at a high level of control (Lu, Karpova, and Fiore 2011a). As intermediaries can access PS' network of international clients after some time and due to the company's tacit nature of know-how, the transaction-specific factors for a US expansion indicate an internalized mode of market entry (Crowston, Sawyer, and Wigand 2015).

Combining all the results of the factors analyzed, it appears that PS should enter the US through an intermediate market entry mode. Consequently, the following section discusses (1) joint ventures (JVs), (2) strategic alliances (SAs), (3) licensing, (4) franchising, and (5) management contracts (Figure 13). The intermediary entry mode (6) contract manufacturing is omitted since it applies to manufacturing firms only, which PS is not.

8.2 *Analysis of Alternative Entry Modes*

Since the intermediate entry modes have proven to be the most suitable, the single options are analyzed in more detail below. First, they are defined and characterized by control, flexibility, and risk, and then the advantages and disadvantages of each alternative are discussed.

JVs are an “association of firms or individuals formed to undertake a specific business project” (OECD n.d., 51). In contrast, SA are informal and voluntary agreements where all parties “seek mutual benefit that is based on trust, partnership and risk management” (Kinderis and Jucevičius 2013, 110). Another entry mode is franchising (Figure 14) where “the franchisor gives a right to the franchisee against payment, e.g., a right to use a total business concept/system, including use of trademarks (brands) against some agreed royalty” (Hollensen 2014b, 374). In addition, licensing describes “an arrangement wherein the licensor gives something of value to the licensee in exchange for a certain performance and payments from the licensee” (Hollensen 2014b, 371). Lastly, management contracting is a relationship between a contractor and a principal in which the company delegates certain tasks to the principle (Anderson and Gatignon 1986).

Next, the characterization of the intermediate entry modes is described. Although all these modes have intermediate levels of control, flexibility, and risk compared to the export and hierarchical modes, there are differences. In terms of control, the firm does not fully control the business in the host country, but it does have more control than in the forms of an export entry (Ulrich, Boyd, and Hollensen 2012b). JVs or franchising systems provide a relatively high level of control (Ulrich, Boyd, and Hollensen 2012b). Within the other intermediate entry modes, the main difference is rather related to the type of control. Since SA are an informal agreement, the degree of control may be unclear, depending on factors such as trust, cooperation, and alignment of interests (Rama, Kanungo, and Kanungo 2015). In management contracting the firm is allowed to keep its strategic and operational control through the contract (M. A. Kruesi 2015). Yet, in licensing, the level of control is not high as the licensee may become a competitor

(Agarwal and Ramaswami 1992b). Since there is limited and shared control in these entry modes, strategic decisions are made by mutual agreement between the two firms. Licenses and JVs enable to rise flexibility, for instance if success fails to materialize in the target country (Quer, Claver, and Rienda 2007). The level of risk in these entry modes is intermediate, as it is shared, financial risk is minimized, and uncertainty is reduced by access to market knowledge (Skenderović 2018). Unlike JVs, SA are an informal arrangement that can rise risk as the parties are not legally bound to an agreement.

Regarding the advantages and disadvantages of the different types of intermediate entry modes Table 48 provides a detailed overview. Besides the benefits and constraints of control, flexibility, and risk, key advantages of intermediate entry modes include better management of uncertainty, risk sharing, and cultural shocks. By entering in agreements with other parties, one can "share resources, technology, profits, and jobs, and supplement each other's needs" (Ulrich, Boyd, and Hollensen 2012b, 13). For licensing, small firms benefit from accessing local distribution channels as this is a major entry barrier (Buckley and Casson 1998). Limited commitment of resources is required for intermediate entry modes because agreements with other parties result in shared resources (Driscoll and Paliwoda 2010). Further, management contracting allows the contractor to enter a market slowly and increase its use of resources as its market knowledge rises (Hollensen 2014).

Subsequently, the disadvantages of each market entry mode are evaluated. Apart from SA, all intermediate entry modes require legal procedures, which adds to the complexity of the expansion process, exacerbated by the different state laws of the US (DePamphilis 2019). For instance, franchising systems show "legal aspects create many potential difficulties" (Milenkovic Kerkovic n.d., 1). Although entering a new market with a local partner can mitigate culture shock, it can still occur between the parties involved. For instance, the differences in individualism and strategic time horizons can lead to vary perspectives in the decision-making process (DePamphilis 2019). Even though resources and financial risk are shared, intermediate entry modes may incur other costs. Licensing incurs costs for legal advice, communication, training, or audits to establish, build, monitor, and maintain the relationship between licensor and licensee (Hollensen 2014). In addition, the literature shows that opportunistic behavior can occur. The host partner may gain knowledge and insights during the partnership and use this know-how to build its own business activities in the respective field (Mottner and Johnson 2000a; Hollensen 2014c; Baresa, Ivanovic, and Bogdan 2017).

8.2.1 Practical Application of Theoretical Findings

Following the theoretical discussion of the literature above, the findings are applied to PS to determine the most suitable market entry form. First, JVs allow PS to overcome the lack of human resources and networks in the US. Although PS would have to incur in legal procedures, the JV is one of the most used entry modes as it diminishes the financial, political, and cultural risk (DePamphilis 2019; M. Chung 2011). Yet, JVs imply a significant financial and personal contribution, as “each party makes an initial financial contribution to the capital” (International Trade Centre 2010, 19). By being legally bound, PS could have a higher level of trust in its partner, which has already proven to be one of the main obstacles for PS to involve another company in its business.

Second, SAs are an informal arrangement in which the companies involved remain independent (Elmuti and Kathawala 2001; Serrat 2017). In this way, PS would not have to take legal action. However, PS may still have trust issues regarding the partner, which requires a more detailed analysis (Radu 2010). One of the main risks for PS would be that under this option, the partner is the one engaging with clients and would benefit more than PS from positive feedback, as the partner’s brand is highlighted in the process. This risk could be mitigated by signing an exclusivity agreement that requires the partner to promote PS alongside its brand. Having more than one partner allows risk reduction and increase the competitiveness (B. Johnson 1991).

Third, by acting as a licensor, PS could bypass its limited financial resources and availability of management skills, benefit from the licensee's local market knowledge, and gain access to distribution channels (Mottner and Johnson 2000a; Hollensen 2014b). As with JVs, a decision must be made as to which law will be used to interpret the agreement, as the law of the foreign-based party may be very different from US law (Stone and Slade n.d.). Further, one should "consider that the U.S. Department of Justice and Federal Trade Commission could find a license arrangement to be anti-competitive" (Hickey, Barrow, and Harris 2018, 4). Overall, the need for legal advice and finding a knowledgeable and trustworthy licensee outweigh the benefits, making licensing not a favorable option for PS to enter the US.

Fourth, as a franchisor PS could achieve greater and faster growth in the US while rationalizing its financial capital. Yet, the right to run the business remains with the franchisee, and if there is no objective revenue share, the franchisee could pay a lower percentage of revenue to PS. Even though franchising is one of the "most favorite business model", franchisees expect the franchisor to have its brand well established to benefit from recognition, which is not the case with PS in the US (Salar and Salar 2014). Since PS is no major player in Portugal, it is uncertain to what extent this brand recognition is given. Although PS could enter the US with micro-franchising, which is a smaller scale of the franchising system with an average of three employees, there is still resource scarcity, low human capital, and lower technical capabilities (Runde 2016). On top of that, most US real estate brokers are affiliated with an independent firm rather than a franchise, and the relative growth of US real estate franchises has been falling from 2.9% in 2017 to 1% in 2020 (Swift et al. 2019).

Lastly, PS can enter the market through management contracts if the principal is registered as a US real estate agent. Still, the relationship would equal an employer-employee relationship, so hiring a full-time real estate agent as an employee could bring higher benefits. Besides, this entry mode presents some challenges due to the "separation of ownership and management"

(Bader and Lababedi 2007, 13). This is reinforced given the long-term nature of the contract as there is a higher probability of conflicts among parties that could lead "to lengthy and costly legal disputes or early termination of the management contract" (Bader and Lababedi 2007, 13). Also, management contracts are usually more suitable "in markets with less advanced legal system", which is not the case in the US (Dimou, Chen, and Archer 2003, 11).

To conclude, PS does not want to limit its expansion by allowing other firms to use its brand. Licensing, franchising, and management contracting were found to be unsuitable as PS provides a service that requires intangible assets that do not follow a pre-defined procedure. Risks related to opportunistic behavior and a low level of quality control might jeopardize PS' reputation as its operations are based on providing a high-quality service. PS could leverage its international network of clients and thereby add value for potential partner companies in the US. Moreover, studies show that "40% of US CEOs plan to pursue a new strategic alliance or joint venture in order to drive corporate growth or profitability" (PwC n.d.). Thus, establishing a JV or SA are the most suitable entry modes for PS to enter the US real estate agency market.

8.3 *Entry Mode Strategy*

8.3.1 Entry Mode Selection

As JVs and SAs are the most suitable entry modes for PS to start operations in the US, it is evaluated which one is most suitable. As an SME, PS has "limited financial and personnel resources" (Vanninen, Keränen, and Kuivalainen 2021, 3). The managing shareholders further confirmed that PS has no in-depth expertise in the US real estate market, which, according to Pinho (2007), leads to choosing a market entry strategy mode with little or no equity.

A closer look at the main differences between the two entry modes best suited for PS reveals that JVs require several legal procedures, while SAs can only be an informal agreement. On top of the legal procedures demanded by JVs, US laws vary by state, which can be complex for PS. Moreover, firms in JVs become a new entity, while firms in SAs retain their independence, which is valued by PS (Walters, Peters, and Dess 1994). While SAs are becoming increasingly important to US chief executives, it is reported that about 30% of JVs with US firms are unstable due to changes by the parent firms and are eventually dissolved, or are "taken over by one partner, or control passed from one partner to the other" (Killing 1982; PwC n.d.).

In conclusion, building a SA is the best option for market entry, as JVs require a high level of personal or financial involvement in the form of equity that PS as an SME cannot raise.

8.3.2 Narrowing Down the Target Country

Due to the size of the US and the differences between states, a specific area should be selected where PS can grow its business. Hence, a ranking analysis of the metropolitan statistical areas (MSA), as defined by the US Office of Management and Budget (National Association of Realtors 2021a), was conducted. For this purpose, and due to PS's contacts in the states of Florida and California, the MSA of these states are analyzed. Also, Florida and California are the states that account for more houses sold to foreign buyers, 22% and 16% respectively (National Association of Realtors 2021b). Although both states are attractive, PS will expand into one state due to financial constraints and consider the other state for a future expansion.

To rank each MSA, data is collected on the following variables: (1) The current average properties' sales price in the third quarter of 2021, (2) price growth, (3) hotness index, (4) hotness spot change, and (5) building permits (Table 49). Subsequently, these data were standardized, and a ranking analysis is performed. To this end, each variable is assigned a different weight, with the current average selling price being the most important variable and the other variables being equally weighted. Results show that the two highest ranked MSA are: North Port-Sarasota-Bradenton (NSB), in Florida, and San Jose-Sunnyvale-Santa Clara, in California (Table 50). To better understand the differences between the MSAs, a bubble chart was created with the x-axis representing the current average sales price of properties in the third quarter of 2021, the y-axis showing annual price growth, and the size of the bubble symbolizing each MSA' hotness index (Figure 15). The chart reveals that San Jose-Sunnyvale-Santa Clara and San Francisco-Oakland-Hayward are the two MSAs with higher current sales prices. In terms of current average home sales price and annual price growth, NSB is comparable and notably stands out as having the highest hotness index. Therefore, based on the rankings and graphical analysis, PS should go to NSB or San Jose-Sunnyvale-Santa Clara.

When comparing these two MSAs, some critical factors should be considered. First, at the state level, 34% of the property buyers in Florida come from Latin America and the Caribbean regions, with Brazilians being the second most common nationality with 6,7 % who tend to "to purchase properties in the higher price range" (Florida Realtors 2020, 20). Hence, Florida could serve as an attractive market since PS' employees have contacts in Brazil and fluently speak, among other languages, Portuguese. As for California, 47% of foreign buyers come from Asia and Oceania since it is a "top destination … among Chinese and Asian Indian buyers" (National Association of Realtors 2021b, 15). Thus, California might not be the optimal market since PS made negative experiences in the past with Asian clients who lacked confidence in foreign real estate agents.

Second, at the MSA level, NSB is one of the top five destinations for foreign buyers in Florida, as more than 6,9% of them tend to choose this MSA (Florida Realtors 2020). Notably, North Port, a city of NSB, is among the top five cities in Florida for doing business, particularly in terms of business costs and job growth (Forbes 2019). NSB is considered to have a balanced sales market, with approximately 19,050 houses sold in 2020 and an expected demand of 11,950 new homes over the next three years (US Department of Housing and Urban Development 2020b). To contrary, San Jose-Sunnyvale-Santa Clara is experiencing a decline in homes sold due to "limited inventory for sale and slowing population growth" (US Department of Housing and Urban Development 2020a, 3). As a result, demand is expected to be 4,225 over the next three years (US Department of Housing and Urban Development 2020a).

In summary, at the state level, Florida is the most favorable due to language advantages and cultural preferences. At the MSA level, NSB proved to be more advantageous in terms of 3-year property sales forecast and inventory levels than the second ranked option, namely San Jose-Sunnyvale-Santa Clara. Based on the above reasons and the fact that "South Florida real estate markets are on fire" and "Florida's real estate resurgence has all the signs of a continuing boom", PS should expand its business to NSB in Florida (Taylor 2021).

8.3.3 Potential Partner Selection

According to Stengel (2020), the benefits of engaging into a SA must be visible for both parties. Thus, it was defined which advantages PS can bring into a partnership and then derived which partners could be interested in these benefits. Overall, there are three main reasons that make PS appealing for a SA: (1) An international network with many Brazilian prospective buyers, (2) a multilingual team, and (3) many years of experience in working with foreign clients.

Next, an analysis is conducted to find the most suitable partner for PS. As most of the real estate developers are not involved in brokerage activities, they are not expected to have a real estate license, not being a suitable partner for PS. A large real estate agency is an inappropriate partner, since power imbalance might occur, due to the multilevel hierarchies of greater corporations (Blau 1968). Thus, five real estate agencies with less than fifteen employees and two additional luxury concierge services, located in NSB, were identified as potential strategic partners. As in the US PS does not benefit from the same network as in Portugal, a partnership with a concierge service would allow PS to provide its high quality after-sales services. An overview of their characteristics and the reason why a SA with them could work can be found in Table 51.

After closely analyzing all five agency partners, Pileggi Realty Group (PRG), which is primarily present in Sarasota and Bradenton, emerged as the appropriate partner for PS. As PRG brokers both affordable and luxury commercial and residential properties, PS could add value in extending PRG's brokerage activities for luxury real estate. The Florida based agency is also found to be reliable due to their operating profit of $590,000 in 2020 (Orbis n.d.; Pileggi Realty n.d.). Further, PRG's desire to support its clients in all "aspects of the sale or purchase" through services is aligned with PS' values of ensuring that the clients have everything that they ask for (Pileggi Realty n.d.). In addition, among the potential partners studied, PRG had the most publicly available information on its website and was able to prove its reputation through newspaper coverage.

In summary, while there are several potential partners that can assist PS in expanding into NSB's Florida MSA, PRG is the best fit. Therefore, PRG is used as a reference in the following to pursue the internationalization plan, performing a marketing plan and a financial forecast.

9 Marketing Plan

9.1 *Marketing Objectives*

According to McDonald and Christopher (2003, 133), "marketing objectives concern both what the organization hopes to receive from each segment" and "what it hopes to deliver to customers in return". Establishing marketing objectives is essential to set and specify the marketing plan direction. Clearly defined objectives will help PS to assess which marketing strategies are best suited for the goal achievement and at what point, or if, those strategies have fulfilled their intended task. Hence, Westwood (2016, 35) states that the marketing plan aims to find a "balance between products and their markets" and addresses either selling existing products into existing markets/new markets or selling new products into existing markets/new markets. For PS, it involves selling an existing real estate service in a new market, namely NSB.

Moreover, it is argued that marketing objectives should be specific, measurable, achievable, realistic, and time-bound or in short SMART, which stands for Specific, Measurable, Achievable, Realistic, and Time. Each dimension is explained in detail in Table 52.

In consultation with PS, a total of four distinct SMART marketing objectives were developed. Withey and Lancaster (2007) claim that marketing plan objectives either have a short-term or long-term focus. Regardless of the time focus, it is planned that the managing shareholder of PS, who takes care of the Brazilian business, will be responsible for achieving the goals. An overview of the marketing objectives and their performance factors can be found in Table 53. The first short-term goal is to grow lead generation, the process of attracting and converting a prospect into an actual buyer, for real estate by 5% in NSB within the first year to enhance PS' reputation as a trusted SA partner. Growing a large portfolio of prospective buyers in the MSA is crucial as this is the main advantage PS brings to a partnership. The targeted rise of 5% was agreed upon from discussions with PS and deemed realistic considering the current number of employees and the time PS has available to attract and convert additional clients into buyers. The second short-term goal is that within the first year of partnering with PRG, PS aims to increase its total revenue by at least €70,000 from the NSB business. That goal is considered realistic by PS based on the assumption that in the first year over four buyers purchase a property with an average value of €1.7 million and PS earns about 1.4% commission through each brokerage. The first long-term goal is that PS strives to grow its sales from US business by 20% year-over-year over each of the next three years through the SA. This aim is also deemed feasible and assumes that real estate prices in NSB will rise by an average of 2.5% each year and that more transactions will take place. The second long-term goal focuses on attracting a new group of buyers, namely young millionaires, to buy properties in NSB within the next three years, as they show a greater willingness to pay high property prices (Stobierski 2020).

In summary, PS has four short- and long-term marketing goals, whose achievement is in the responsibility of the managing shareholder who currently oversees the Brazilian business. Later, in section 9.5, it is explained by which means the objectives are to be achieved.

9.2 *Segmentation*

To achieve a more effective marketing strategy, an STP analysis for PS in NSB is conducted (S. S. Hassan, Craft, and Kortam 2003). Segments can be derived by demographic, geographic, psychographic, behavioral, and product-related factors (Figure 16) (Camilleri 2018).

Applying these concepts to PS' future operations in NSB, demographic segmentation divides clients by foreigners and nationals, age, and net income. Further, geographic segmentation identifies whether a property in Florida is sold in an urban, suburban, small town, rural or resort area (Florida Realtors 2020). A study on psychographic segmentation showed that luxury buyers can be grouped as: (1) Materialists, who focus on "wealth accumulation, possessions, and usability" and consider quality and self-identity irrelevant, (2) rational functionalists, who associate luxury with "quality, uniqueness, and self-identity values", (3) extravagant prestige-seekers, who emphasize aspects related to social value, "perceiving prestige and also extravagance as extremely important", and (4) introvert hedonists, who focus on "hedonism and life-enrichment" and define luxury as a source of pleasure and enhancement of life quality (Amatulli et al. 2017, 121). In addition, behavioral segmentation results in segments based on the main purchase factors for real estate buyers, such as a safe and profitable investment or a desirable location (Florida Realtors 2020). Lastly, product-based segmentation leads to segments of affordable, mid-range, or luxury properties and use-based segments of residential, vacation, residential and vacation, primary residence, and student use (Florida Realtors 2020).

All segments are linked "to present integrated and holistic customer segments, also known as personas" (An et al. 2018, 1). Personas help companies understand and communicate "the goals and needs of different user types" (Salminen et al. 2018, 49) Thus, the four personas of Caio Gonçalves, John Smith, Ashley Mila, and Kim Jung are created (Figure 17). Besides the segment features, each persona illustrates attributes of its generation (Figure 18). Despite their differences all segments have a high income and demand luxury residential real estate in NSB.

Caio Gonçalves is a millennial Brazilian entrepreneur. Growing up with the internet, he is a digital savvy client who values his desired property location. He seeks to buy a luxury property to obtain a quality product that meets his personal expectations. John Smith is a wealthy American. He is looking for a vacation home in NSB, which should be a profitable investment and incorporates features that meet his demand for prestige. Kim Jung is an Asian retiree. In her search for a place to retire, the luxury property should enhance her quality of life and serve as a safe investment. Ashley Mila is an NSB lottery winner. Her claims to luxury are driven by the desire for materialistic possessions, and as an NSB resident, the location of the property.

9.3 *Targeting*

Next, PS needs to determine which of the defined personas and thus segments it wants to target to sell NSB real estate. Hence, each of the factors used to derive the segments is evaluated below for its applicability to luxury properties offered in NSB.

Considering demographic factors, PS should leverage its international client insights and network to target buyers outside the US, as PRG provides the national expertise and clients. The international client focus is reinforced by the increase of the foreign-born population in NSB to 100,000 in 2019 (Deloitte and Datawheel n.d.). Based on income, PS is recommended to target clients who can afford a luxury property in NSB. Since the upper class in this MSA has an annual income of $145,000, this value should be considered as the minimum income threshold for those clients that PS should target (Bennet, Fry, and Kochhar 2020). In terms of age, the average real estate buyer in NSB is 56 years old. However, PS should not limit itself to this age group, as it already has experience with older retirees, and the age of those with at least $25 million in fortune declined to an average age of 47 (Steverman 2019b; Taylor 2021; Szmigiera 2021). On geographic factors it shows that most luxury real estate buyers favor suburban locations, which was recently reinforced by the consequences of the Covid-19 pandemic (Better Homes and Gardens real estate 2013; Schubach 2021). Thus, PS should target clients, who favor suburban areas. Psychography wise, rational functionalists make up for almost a quarter of luxury consumers (Wiedmann, Hennigs, and Siebels 2009). Further, since their values of quality and uniqueness align with those of PS, the company should focus on clients with this type of psychography (Amatulli et al. 2017). In terms of behavioral segmentation factors, PS is suggested to focus on the location as it is found to be the most important factor for foreign buyers (Florida Realtors 2020). When targeting product-based factors, PS is ought to look for clients who demand luxury properties for residential and vacation purposes, according to the foreign buyers' preference (Florida Realtors 2020).

Comparing the identified factors, whereafter PS should target its clients, it shows that the following segments are no suitable targets. The NSB lottery winner is due to its origin already targeted by PRG, the wealthy American seeks for an investment case and the Asian retiree is a mismatch with PS cultural orientation. As the segment of the millennial Brazilian entrepreneur includes rational functionalists and favors residential and vacation homes in suburban areas, the persona of Caio Gonçalves is recommended as PS' prior target segment. Figure 1 further demonstrates that the chosen target segment provides the highest potential, due to its number of individuals that buy a property worth at least $500,000. The bubble size reflects the number of millionaires in each segment and the rationale and assumptions are displayed in Table 54.

Figure 1: Attractiveness of each persona

9.4 *Positioning*

9.4.1 Value Proposition & Positioning Statement

Next, a value proposition is designed to define "why a customer should buy a product or service" (Wormald 2013, 2861). To create this, six questions related to the "target customer", its "needs and problems", "the target context or occasion", "what the … service will do for the target clients", offering uniqueness and customers preference "over the competition" are answered (A. Hassan 2012, 71). While PS' target clients were previously identified as the segment of the millennial Brazilian entrepreneur, its prior need is to find a luxurious home of high quality. The context for the targeted clients is the search of foreign individuals for luxury residential or vacation real estate in NSB. PS' service of real estate brokerage offers the client a convenient search and buying process. It is a unique offering, due to the high service excellence throughout a client's search process and the well-maintained local network. Ultimately, clients should prefer PS' offer over a competitor's one, as there is no service as much tailored for internationals as the one provided by PS.

Following the value proposition, PS' positioning among other real estate agencies in NSB can be derived. The positioning statement translates "brand vision into tactical and operational activities" and aims to "inspire and motivate an organization to pursue activities resulting in growth" (Stukalina 2019, 24; Janiszewska and Insch 2012, 15). Thus, "the target group", "the frame of reference", "the point of difference" (POD) and "the reason to believe" are reviewed (Janiszewska and Insch 2012, 15). PS' target group is the previously defined persona of the "millennial Brazilian entrepreneur". A company's frame of reference refers to "the brand category and defines the chief goals of the target group" (Janiszewska and Insch 2012, 17). Thereby, PS's frame of reference is the mediation of luxury residential real estate. The POD describes attributes that are not found at competitors and enable a company to differentiate (Zeithaml, Bitner, and Gremler 2017; Leung 2016). PS' POD is the provision of local networks and a tailor-made search process for international clients. A company's reason to believe derives from the POD and the "benefits provided by a brand to the audience", which PS provides by its high client satisfaction rate in Portugal (Janiszewska and Insch 2012, 17).

In line with the format provided by Farris and Gregg (2015), a positioning statement for PS in the NSB market of real estate agencies could be: "For international clients looking for a luxury property in NSB, PS serves as the luxury real estate agency that allows them to enjoy the process of buying their dream home because of PS' valuable local network and tailor-made services, proven by the high satisfaction rate of previous clients".

9.4.2 Positioning Map

To achieve the marketing objectives, PS' position in NBS' competitive landscape of real estate agents needs to be determined. Thus, a positioning map is built, which also allows to identify the main competitors and reveal opportunities to introduce new services according to uncovered market needs (Zeithaml, Bitner, and Gremler 2017). To keep a consistent understanding across markets, all competitors are assessed on the previously used dimensions of luxury focus and degree of personalized services (Figure 19).

Overall, the positioning map analyzes eleven competitors. Four of them are small real estate companies, which have been previously defined as potential partners for a SA. These include Hartman Real Estate & Company, Imperial Property Group, Catalist Realty and Barrett Realty. Another three competitors are national agencies with more than ten employees. These are Michael Saunders & Company, Century 21 Sunbelt Realty, and Urban Compass. The remaining four agencies are the international real estate agencies of RE/MAX Collection, JLL US, Sotheby's International Realty and Christie's International Real Estate. The reasoning for each competitors positioning is detailed out in (Table 55).

To enhance the positioning map, all companies are divided into three groups based on their PODs and points of parities (POP) which can be found in Table 56 and visualized in Figure 2.

In summary, PS belongs to group two, which differentiates from others by a quality and client-oriented brand image and a high percentage of foreign customers. Thus, the main competitors of PS are Urban Compass, Sotheby's International Realty, RE/MAX Collection and Christie's International Real Estate, which should be considered in the marketing mix.

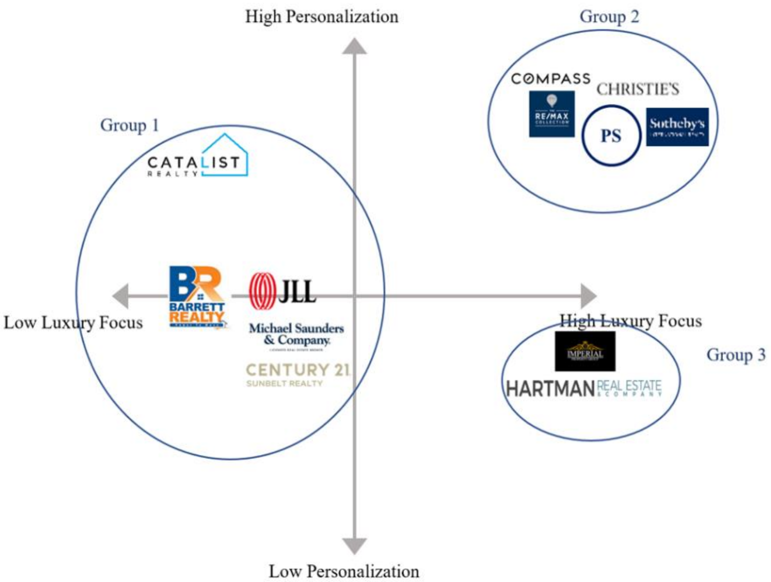


Figure 2: Positioning map for PS in the NSB real estate market by groups

9.5 *Marketing M*ix (7 P's)

According to Kotler and Armstrong (2015, 76-77), the marketing mix is a "set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target". Following Withey and Lancaster (2007), the marketing tools can be grouped into seven categories, also known as the 7P's (Table 57). Below is a plan of how the 7P's can be used as an effective marketing strategy to achieve PS' marketing objectives defined in section 9.1.

The first dimension, the product, is described by Withey and Lancaster (2007, 101) as "all the products and services that a company offers to its customers". Among the services offered to the Brazilian buyer is the brokerage of luxury properties in NSB. Further, PS will provide its target buyers with more information about the overall appeal of the MSA throughout the decision-making process. By partnering with PRG, PS can provide value-added services such as NSB market trends, local real estate sales data and highlighting recreational opportunities near the desired property. However, the entire client services are then the responsibility of PRG and not PS, as it is regionally based.

The second dimension is the price which “is the number of monetary units that the buyer has to pay for a unit of the product or service” (Tomczak, Reinecke, and Kuss 2017, 182). To convince international buyers, mainly Brazilians, of PS’ mediation services, it should be ensured that PRG will not over- nor underprice the service price. If these conditions are met and the property contract is signed, the international buyer is charged a 5.38% commission (Peterson 2021). Since it is assumed that PRG works with other partners to attract sellers, each gets a 2.69% commission. Still, PRG must share its commission with PS, so each receives 1.35% of the total property price.

Third, place “encompasses all those decisions and tools, which relate to making products and services available to customers” (Withey and Lancaster 2007, 80). In the case of PS, the offer is the mediation of the NSB property through PRG to the international buyer. The main channel where the properties are listed is the website of PRG. However, depending on the design of the exclusivity agreement, the US luxury properties are either offered exclusively offline or partly online via PS’ website in agreement with PRG.

The fourth dimension is promotion, meaning the “activities that communicate the merits of the product and persuade target customers to buy it” (Kotler and Armstrong 2010, 76). According to Beqiri and Bello (2021), promotion can be divided into traditional, digital, and social media advertising. As Ott (2021, 164) stated out, WOM’s value should not be underestimated, since “digital and social media” led it to “the most important influence lever for luxury customers”. Since social media advertising is a high priority among Brazilians, PS should update its LinkedIn account as well as create a Facebook and Instagram account focused on the US business (J. Johnson 2021). As for digital advertising, PS could use Google AdWords that displays “the advertisement which contains a link to the e-commerce sites that match the keywords typed on Google search engine" (Anton 2019). Lastly, in traditional marketing, PS could promote its services in luxury magazines or newspapers related to the real estate and its complementary industries, such as New York Times. PS also benefits from attending local real estate conferences to build a local network and find other strategic partners as needed. Due to financial constraints, PS would only participate in these meeting from 2024 onwards. To track the effectiveness of the promotion strategy key performance indicators, such as traffic to PS's and its partners' websites, conversion rate and return on advertising spend on Google AdWords, number of followers on social media, interactions per post, number of views and likes (engagement), and customer surveys about their first touchpoint, should be defined.

The fifth dimension is people, as they "can gain a competitive advantage for the organisation" (Akroush 2010, 118). Especially in the services industry, "people are considered as a crucial factor for creating a favorable perception in the customers' minds, which may differentiate" from competition (Akroush 2010, 118). To manage the complexity of the advertising strategy and build a strong online presence, a digital marketing freelancer should be hired. Further, PS' shareholder will be present in the US for two months prior to the expansion and will subsequently conduct regular visits to NSB that will enhance and expand relationships.

Sixth, the process describes the "method and sequence in the service that creates a promised value to the customer by serving the demand of each customer" (Anjani, Irham, and Waluyati 2019, 264). Building a strong network to best meet the needs of clients will be critical. Although the SA provides immediate access to PRG' local network, in the long-term PS will need to establish its network outside the partner's grid, through the shareholder. A strong network will support the transfer of PS service standards to the US to achieve short- and long-term goals.

Lastly, physical evidence is about "where the institution [is] physically located and what the institution looks like" (Samani, Toroujeni, and Shahbazi 2017, 51). PS does not need a physical office in NSB due to the SA. However, PS will have an "electronic environment" through its website and remote meetings since its international clients will not be physically present in NSB (Rust and Kannan 2003). Hence, PS should develop its website and ensure that it is easy to navigate, that data usage is transparent, and that it has some diversity as these are the features that websites should have to stand out (Forbes 2021b). An attractive website may increase number of clients, contributing to the achievement of the marketing objectives.

In summary, the 7P's make up the marketing mix for PS in NSB and all these variables contribute to achieving the marketing objectives already defined in section 8.1 by attracting more clients to PS, rising the number of leads and thus the company's revenue and sales.

10 Financial Forecast

10.1 *Assumptions*

To derive the financial forecast for PS' US expansion, assumptions are made that are based on the market entry mode. Since no legal entity is established in the host country, it is assumed that neither additional assets are acquired, nor personal expenses related to the core business occur due to the chosen market entry form. Assumptions are identified and grouped into: (1) Market size and company sales potential, (2) costs, profit, and loss and (3) investments and financial viability. An overview of all assumptions made can be found in Table 58.

10.2 *Market Size and Market Share Estimation*

As sales of real estate agencies are predominantly generated by the commission, the overall market size in NSB is calculated based on the number of properties sold, the average luxury real estate price and the commission rate in Florida. For this forecast, luxury properties are defined as properties listed with a sales price of equal to or more than one million US dollars. Assuming that luxury homes in the US sell within 99 days, that 12.42% of homes sold are considered luxury homes, and that the average price for a luxury home is $1.68 m, the NSB market is estimated to be $265.12 m in 2021 (Katz 2021; Institute for Luxury Home Marketing 2021). Considering the growth rates for the number of properties transferred of 10.4% and prices projected to increase by 2.5% per year, the market size is estimated to be $300.01 million in PS' first year of operations in the US (2022) and is expected to grow to $491.93 million by 2026 (Smith 2021; Florida Realtors 2021b) (Table 59).

PS' market share is calculated by correlating expected revenues to market size. Since PS can claim a quarter of the total commission, the market share is expected to be low at 0.031% in 2022, increasing slightly each year to 0.083% until 2026. However, a market share of over 1% can only be achieved in the long term if PS expands fully, for instance through a JV.

10.3 *Operational Plan*

10.3.1 Revenue Estimation

PS' revenues in the US are calculated by the number of transactions, the average price for a luxury property and the commission share PS receives. The number of transactions in the first year of operations is derived from the relative number of PS' transactions compared to Sotheby's Portugal and the proportion of the population of NSB to the greater Lisbon area. Accounting for real estate transactions valued at one million or more, this results in eight potential ones for all of 2022. Since PS will not begin its US operations until the second half of 2022, it is assumed that half of the full potential transactions will be completed in the first year. The transaction growth rate is based on the number of days it takes to sell a luxury property. Assuming a 99-day sales period and a sales potential of eight transactions in the first full year (2023), this results in a growth rate of two additional transactions per year.

Second, the average sales price of luxury properties in the selected MSA was determined at $1.68 million for 2021. An expected growth rate of 2.5% per year leads to an average price of $1.90 million in PS' fifth year of US operations.

Third, the expected share PS receives of the commission rate is determined. For Florida, a commission of 5.38% was found. In the US, a seller and a buyer agency are involved in a real estate transaction process and therefore the commission is shared among them at a 50% rate

(Peterson 2021). In this transaction value chain, PS represents a supplier of the buyer agency by providing an additional client base. As PRG is considered a small company and it cannot be expected that it gets the sellers by themselves for every transaction, it is assumed that PS acts as a third-party agency. Thus, it is derived that PS receives a commission share from the buyer agent of 50%. PS' overall commission share for one successful transaction is therefore 1.35% of the overall transaction value (Table 60).

From the above-described calculation reasoning, it emerges a revenue of €77,869 in 2022, which grows to €343,812 in 2026.

10.3.2 Cost Estimation

PS' operational costs are driven by several factors. Transaction costs per property and costs for concierge services represent PS' variable costs, as they increase proportionally to the number of transactions. PS will bear the concierge costs for the first year after a client has acquired a property, to improve the clients' satisfaction and company's reputation. The remaining costs are fixed costs. Unlike marketing expenses, of which the budget depends on revenues, other fixed costs remain unchanged over the years. Marketing as well as travel expenses represent the largest share of fixed costs, with travel expenses depending on the number of trips and their duration. Additional expenses include costs such as legal advisory, accounting services, or the attendance of conventions. The fixed costs sum up to €82,721 in 2022 and detailed calculations can be found in Table 61. As the share of variable costs steadily increases (Figure 3), the project's gross margin is less susceptible to changes in revenues because fixed costs are covered by a minimum number of expected transactions.

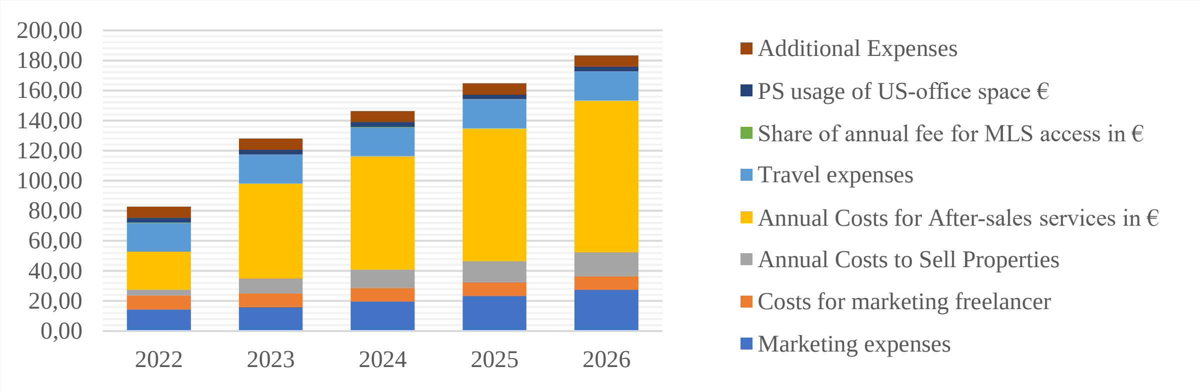
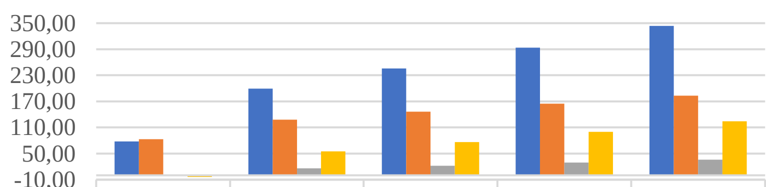


Figure 3: Cost distribution in thousand euros

10.3.3 Profit and Loss Statement

Next, the profit and loss statement of the financial forecast is analyzed below. EBITDA results from the before mentioned calculations of operating revenues and costs. In 2022, PS is supposed to aim for an EBITDA of -€4.85 k since PS revenue streams will be limited by the half-year operations. Unless the expansion to the US does not require the acquisition of assets, the depreciation value can be considered zero. Since the expansion with a SA entry mode does not require to open or operate a legal entity in the US, PS pays its taxes in Portugal. In addition to the Portuguese income tax of 22.5%, PS is required to pay a municipality surcharge of 1.5%, as the company is registered in Lisbon (KPMG 2021; Autoridade tributária e abuaneira 2021). The forecasted evolution of net income shows that, with growing revenues and taxes, increasing variable costs are the main reason that net income is lowered (Figure 4). As long as increases in concierge costs per client do not have to be recorded, PS can steadily rise its net income by growing sales. An overview of the profit and loss statement can be found in Table 62.



	2022	2023	2024	2025	2026
Revenues	77,87	199,54	245,43	293,50	343,81
Operating Expenses	82,72	128,06	146,33	164,77	183,39
Corporate Income taxes	-1,09	16,08	22,30	28,96	36,09
Net Income	-3,76	55,40	76,81	99,76	124,32

Figure 4: Revenues, Expenses, Taxes and Net Income in thousand euros

10.3.4 Operational Risk Analysis

The Basel Committee (2001) defines operational risk as "the risk that deficiencies in information system or internal controls will result in unexpected loss. The risk is associated with human error, system failures and inadequate procedures and controls". Human error in this expansion project occurs as solely one of PS' managing shareholders will be responsible for the US business. With one person being in charge, this collaboration depends on him and hence is exposed to risk. A system failure arises due to PRG being responsible on its own for acquiring sellers. As PS is one out of various options for PRG to acquire clients, PS faces the risk of losing its source of revenue for the US operations if PRG does not deliver the properties to be sold as agreed on beforehand. A further system failure lies within the commission share that PS receives. Even though the share is assumed to be at 50%, there is no guarantee that PRG is willing to accept it, or it can decrease over time, which could harm the expansion's profitability.

10.4 *Investment Plan: Capital Expenditure, Investment in Net-Working-Capital, and Salvage Value*

First, the capital expenditure (CE) PS needs for internationalizing is analyzed. Expansion CE of €40,234 includes the setup costs of the US website, legal advisory costs, and the initial stay of one of the managing shareholders, to enter in partnership negotiations with PRG and build a first network at NSB. Even though these costs are most likely to be realized in 2022, to summarize the initial investments in a period apart from the ones when PS is actively operating, expansion CE is recognized in 2021. Further, maintenance CE includes the operating costs of €141 for the website. A detailed breakdown of the calculations can be found in Table 63.

Second, investments in net working capital are limited for PS' expansion project as payment periods of commissions received, marketing and concierge expenditures are assumed for 14 days. However, most of the required investment in net working capital depends on the commission, as the longer PRG needs to transfer PS' commission share, the higher the required investment will be.

Lastly, the salvage value is defined as “the value of an asset or property at the end of the period it was intended to last for” (Cambridge Dictionary n.d.). Due to the nature of the SA and the business model of a real estate agency, there are no additional assets needed for the expansion of PS’ business. Thus, the salvage value equals zero as there is none to be determined for the financial forecast.

10.5 *Financing Plan*

SMEs choose predominantly debt or internal financing over other financing options as they want to prevent other parties from having an influence on their business decisions (Rao et al. 2021). Literature shows that debt financing comes along with risk and cost factors (Evans and Jovanovic 2015; Holtz-Eakin, Joulfaian, and Rosen 2015) and financing decisions of SMEs are primarily dependent on the owner’s individual preferences and character traits (van Auken 2001). Thus, the financing method was discussed with one of PS’ managing shareholders, whereupon it was decided to finance the US expansion through internal financing, as PS’ funds of €186.6k can offset the initial investment.

10.6 Financial Viability

10.6.1 Profitability Ratios

To evaluate the financial viability of a US expansion, financial key metrics are taken into consideration. First, profitability ratios such as ROS, ROA or ROE can determine the profitability of a business. As the business model of real estate agencies and the entry mode of a SA does not require assets, ROA is not suitable to evaluate profitability. Since the US operations will be executed only via a sub brand of PS, its total equity and income from the Portuguese and US business would have to be considered for calculating an ROE. Since a profit and loss statement forecast for PS’ Portuguese business is not the subject of this work, the ROE for upcoming years cannot be estimated. PS would generate a negative ROS in 2022, while a steady increase up to 46.66% in 2026 can be expected due to better distribution of fixed costs and a higher number of transactions (Table 64).

10.6.2 Net Present Value, Internal Rate of Return and Payback Period

The net present value (NPV) represents the sum of all cash inflows and outflows for a project, including discounting effects. Since this value shows the potential financial added value of a project for a company, it is considered a key indicator of financial viability (Berk and DeMarzo 2020). The achieved NPV of €261.58 k implies that the US expansion would generate a high return for PS and thus it should be executed.

The internal rate of return (IRR) describes the return rate of an initial investment. This ratio equals the discount rate, which would arise for an NPV of zero. To recommend a project it should generate a positive IRR more than the initial considered discount rate (Berk and DeMarzo 2020). Since the IRR of the US expansion is 83%, it is larger than the assumed industry discount rate of 4% (Cushman & Wakefield 2021; Realogy Holdings Corp. 2021; JLL 2021d; RE/MAX 2021), a high potential return on the investment can be expected.

Moreover, the payback period describes the time required to amortize the investment and generate positive accumulated cash flows but has no further implications on the profitability of a project. The smaller the number, the faster the project will be able to create positive cash flows (Berk and DeMarzo 2020). Thus, the payback period of two years implies a rapid payback of the PS investment for an expansion in the US (Figure 20).

10.7 *Sensitivity and Scenario Analysis*

In the next step, both a sensitivity and scenario analysis are performed to evaluate the robustness of the project and to determine the key drivers of the business (Berk and DeMarzo 2020). As illustrated in Table 1, the commission split between PS and PRG as well as the price growth rate are key variables for PS' expansion. For the assumed price growth rate of 2.5%, PS would record a loss in case PS received 30% of the commission. Table 65 underlines this, by demonstrating that PS needs 14 potential transactions for the full year of 2022 to generate a positive NPV, given the 30% commission split PS could receive.

		Commission Split between PS and PRG (numbers in term of PS share)							
	261,58	10%	15%	20%	25%	30%	40%	**50%**	60%
Price Growth rate in %	**-10,0**	-370,09	-323,17	-276,26	-229,34	-182,43	-88,59	5,24	99,07
	-5,0	-351,83	-295,79	-239,75	-183,71	-127,66	-15,58	96,51	208,59
	-2,5	-341,63	-280,48	-219,33	-158,19	-97,04	25,25	147,55	269,84
	0,0	-330,64	-264,00	-197,35	-130,71	-64,07	69,21	202,49	335,78
	2,5	-318,82	-246,27	-173,72	-101,17	-28,62	116,48	**261,58**	406,68
	5,0	-306,13	-227,23	-148,33	-69,43	9,46	167,26	325,05	482,85

Table 1: Sensitivity Analysis Commission Split to Price Growth in €k

Additionally, the concierge costs per client show as impactful, as these represent a major cost position. Nevertheless, even with increasing costs per client of up to €12,000, PS would still generate a positive NPV by only one additional transaction per year (Table 66). Other relevant factors are the number of transactions, their annual increase, costs per transaction and the discount rate, of which the latter equals the cost of capital and is influenced by market interest rates as well as inflation (Berk and DeMarzo 2020). A significant increase in the discount rate or cost per transaction would still result in a net present value of more than €100,000, even if the number of transactions or their change were to decrease to one (Table 67-Table 70)

Overall, four scenarios are developed (Table 2). The scenario analysis reinforces the sensitivity analysis outcome, as it proves the strong dependence on the commission split, concierge costs and real estate prices. It is to be highlighted that PS is vulnerable to scenarios where it receives less commissions, but costs increase. A recession or market slump that would lead to falling demand and prices, as well as rising costs, would result in significant losses, which would be exacerbated by less favorable commission sharing.

	Current Values:	Market Boom	Increasing costs - lower commission	Market Burst	Recession & lower commission
Changing cells					
# of transactions by full year operations	8	10	8	4	6
Change in transactions per year	2,67	4,00	2,67	0,50	1,50
Price growth rate	2,50%	5,00%	2,50%	-10,00%	-5,00%
Costs per transaction	1,00	0,75	1,25	1,50	1,25
Concierge costs per client in $	7,50	6,00	8,50	10,00	8,75
% in marketing expenses from revenues	8%	8%	12%	8%	8%
Contribution to Office Rent	10%	10%	20%	10%	10%
Commission Split PS/Alliance Partner	50%	50%	30%	50%	30%
Results					
NPV	**261,58**	**678,25**	**-98,88**	**-151,73**	**-179,53**
IRR	83%	156%	-	-	-
Profitability Index	7,34	17,72	-1,61	-2,98	-3,65

Table 2: Scenario Analysis

To conclude the financial forecast, the US internationalization reveals as a profitable project. If executed, the company would benefit from PRG's experience and operations, which would allow PS to save costs, such as for personnel or office rent. Yet, the sensitivity and scenario analyses demonstrate that the financial success depends on the commission split between PRG and PS, the property price, and the concierge costs per client. While a decline in property prices can only cause negative results if another factor occurs simultaneously, an unfavorable commission split, and higher concierge costs can cause negative results individually. Hence, PS is recommended to monitor market trends of demand, prices, and concierge costs. To be prepared in the long-term, the initial negotiations should include the presented figures, as the commission split, and the concierge costs determine the long-term robustness of PS' expansion.

11 Conclusion

The underlying study showed that PS is a luxury real estate agency that stands out from its competition in Portugal by offering a high level of personalized services and its strong international network. Due to its market orientation and differentiation focus strategy, PS is ready for expansion, which has been reinforced by GMMSO4 software results. However, there are some challenges to consider, such as the lack of staff, the dependence on WOM, and the fact that PS is not yet taking full advantage of digital and social networking platforms.

Results of the cluster and ranking analysis revealed that the US, Germany, Norway, Sweden, and Canada are the countries with the greatest potential for PS to expand to. After an in-depth analysis of each country and due to PS' contacts, it was concluded that PS should expand to the US. Further, the analysis of the potential market entry modes led to the suggestion that PS should enter the US through a SA. Given the size of the US, the expansion territory was narrowed down using a ranking analysis, and NSB in Florida proved to be the most suitable location. To benefit from a local network as well as a broker with an American real estate license, PRG emerged to be the most suited partner for a SA.

Next, for the marketing plan, the market was segmented, and target clients were defined by creating and analyzing four personas. In doing so, it became apparent that PS should target international clients, particularly the persona of the millennial Brazilian entrepreneur who is looking for luxury properties in NSB. Additionally, it was found that PS should invest in social and digital marketing to raise its international brand awareness.

Ultimately, the financial forecast demonstrated that the developed internationalization plan has an expected break-even point of two years and an NPV of the project of €261,580, which is considered a profitable and financially viable plan. According to the financial sensitivity and scenario analysis, PS should pay special attention to the distribution of commission and market trends such as demand and price changes.

Based on the conclusions presented, implications for management and recommendations for specific action items are derived and listed in Table 71.

11.1 *Limitations*

In total, this study is subject to seven limitations. First, the competitors' analysis in Portugal is based on the information available on the respective company websites. However, these are subject to a certain degree of uncertainty, as some company services that are offered may not necessarily be represented on the website. Second, to deduce the value of some variables, several assumptions had to be made to obtain approximate values. The derivation of the financial forecast for the US expansion, in particular, is based on numerous assumptions, which is why the calculated market and company sales potential is only a rough estimate of what might be possible. The third limitation results from the lack of knowledge and transparency of the internal information flows by the shareholder of PS. Although PS was critically evaluated and additional research was conducted, it was not possible to retrieve and evaluate all necessary information in the desired depth, as the managing shareholder did not have access to certain information because, for instance, accounting was outsourced to a third party. The fourth limitation is that all interview discussions were conducted with only one managing shareholder. Since no interviews were held with the other employees, it is possible that some of the information given provides only a subjective account. Fifth, the limited access to data on the market share of PS' main competitors in Portugal is a limitation. As all main competitors operate under a franchise system, no information could be found even in the Orbis database. Sixth, it is a limitation that the level of personalization and the local network depends entirely on PRG. Even though PS aims to provide this service to its referred buyers, there is no guarantee that PRG will do so for the time being. The PRG group was contacted to comprehend the company's reception to the strategic alliance, but there has been no reply. The last limitation can be identified in the country ranking, as some countries achieve higher values due to their size and thus perform better in the ranking. Even though this has been considered and overcome in different forms, for instance, through scaling adjustments, it represents a limitation.

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13 Appendices

List of abbreviations

Abbreviation	Meaning
Christie’s	Christie’s International Real Estate Portugal
CE	Capital Expenditure
CSAs	Country-Specific Advantages
DER	Debt-to-Equity Ratio
DOL	Degree of Operating Leverage
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ERA	ERA Portugal
EU	European Union
FDI	Foreign Direct Investments
FSAs	Firm-Specific Advantages
GDP	Gross Domestic Product
HNWI	High-Net-Worth Individuals
ICR	Interest Coverage Ratio
IMS	International Market Selection
IRR	Internal Rate of Return
JLL	JLL Residential Portugal
JVs	Joint Ventures
KPIs	Key Performance Indicators
MNE	Multinational Enterprises
MSA	Metropolitan Statistical Area
NDER	Net-Debt-to-EBITDA
NPV	Net Present Value

NSB	North Port-Sarasota-Bradenton
PODs	Points of Difference
POPs	Points of Parity
PRG	Pileggi Realty Group
Remax	RE/MAX Portugal
Remax Collection	RE/MAX Collection Portugal
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SA	Strategic Alliance
SD	Standard Deviation
SDG	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
Sotheby's	Sotheby's International Realty Portugal
SPSS	Statistical Package for the Social Sciences
STP	Segmentation Targeting and Positioning
UHNWI	Ultra-High-Net-Worth Individuals
UK	United Kingdom
US	United States
WOM	Word of Mouth

Mode	Resources costs	Control costs	Total costs
Greenfield	Low	Low	Low
Joint Venture	Medium	High	Medium to High
Acquisition	High	High	High

Table 3: Costs associated with FDI entry modes (Nitsch, Beamish, and Makino 1996)

Resources	Result	Justification
Financial resources	FDI>Exports	FDI demands higher resource commitments, namely due to the fixed costs required to initiate production in the host country (Wagner 2011).
Knowledge	FDI>Exports	In Exports, it might be the case that there is an agent or distributor. Thus, providing market knowledge (Shilpa Garg 2014; Doyle 2011).
Time efforts	FDI>Exports	FDI requires usually a higher time frame and therefore the company needs time to establish all operations and integrate into the host country (Polat 2017).
Experience	FDI>Exports	FDI requires a higher coordination between activities to benefit from the transference of knowledge and technology (Fernández-Olmos and Díez-Vial 2015).

Table 4: Most common resources for export and FDI entry modes

Control

Exports	Foreign Direct Investment (FDI)
Control over information access and knowledge: Export companies may have direct access to valuable information about the host country namely regarding regulations, clients preferences, among others. In this way, the company can easier improve its business model.	Control over intangible assets: By controlling these assets, FDI companies avoid the opportunistic behaviors of intangible resources related to brand reputation and R&D knowledge.

Table 5: Examples of control factors for export and FDI entry modes (Fernández-Olmos and Díez-Vial 2015)

Risk	
General environment	Companies and societies may face unexpected events. Catastrophes affect companies infrastructure, disrupt supply chains and impact profitability (Altay and Ramirez 2010).
Industry-specific	The presence of a new competitor may change the market configuration by raising the level of competition (Arslan 2012).
Firm-specific	When entering a new market the company can lose an advantage or create a disadvantage due to the loss of a certain business or product characteristics (Cuervo-Cazurra, Maloney, and Manrakhan 2007).

Table 6: Overview of risks when pursuing export or FDI entry mode

	Exporting	Joint Venture	Acquisition	Greenfield
Level of control	Moderate	Moderate	High	High
Degree of risk	Low	Moderate	High	High
Return	Low	Moderate	High	High
Integration	Negligible	Low	Moderate	High

Table 7: Entry modes characteristics (Kumar and Subramaniam 1997)

Export	
Advantages	Disadvantages
The company can produce in the home country and still access foreign markets (G. Johnson, Scholes, and Whittington 2008) Low degree of investment required and risk (Nande and Dias 2007) In the case of indirect export, there is less need to have international experience (Hollensen 2008)	There might be trade barriers and transportation costs (G. Johnson, Scholes, and Whittington 2008) Does not allow the company to enjoy all the specific advantages of the host country and may limit the capacity to respond quickly to the market (G. Johnson, Scholes, and Whittington 2008) Little control over distribution (Hollensen 2008)
Joint venture	
Advantages	Disadvantages
The risk involved in the expansion is shared with the partners (G. Johnson, Scholes, and Whittington 2008)	Difficulty in identifying the best partner and sustain a long-term relationship (G. Johnson, Scholes, and Whittington 2008)

Allows resource complementary namely regarding market knowledge (G. Johnson, Scholes, and Whittington 2008) There might be tax incentives for joint ventures (la Lande, Dunn, and LLP 2014)	Risk of losing a competitive advantage through imitation (Ofili 2016) The company does not have full control which may difficult the coordination of activities across borders (Ofili 2016)
Acquisition	
Advantages	Disadvantages
Fast access to the market with immediate access to resources, assets, knowledge and competencies having the ability to leverage on the acquired firm characteristics (Nande and Dias 2007; Ofili 2016) By acquiring instead of investing from the scratch the firm might be removing a potential competitor. (Dickerson, Gibson, and Tsakalotos 1997) Integration and coordination of several business activities will be easier (Ofili 2016)	Difficulty in identifying the best company to acquire with the possibility of overpaying (Nande and Dias 2007; Gomes, Angwin, Weber, and Yedidia Tarba 2013) Possibility of a cultural shock, therefore this entry mode demands cross-culture skills (Lasserre 2003) There might be the case of high acquisition premiums leading to over-payment. (Lasserre 2003)
Greenfield investment	
Advantages	Disadvantages

Cost-saving regarding transport (Nande and Dias 2007)	Requires a high level of resources and knowledge (Ofili 2016)
More control over business management (Nande and Dias 2007)	It is a high-risk investment (Nande and Dias 2007)
May increase companies reputation as well as provide high returns (Wach 2014)	Longer period to benefit from start operations (Ofili 2016)

Table 8: Advantages and disadvantages of export and FDI entry modes

Segments	(I)	Firms with a low productivity level that only serve the domestic market since expected profits from exports or FDI are negative
	(II)	Firms at an intermediate level of productivity that opt for export
	(III)	Firms highly productive that engage in FDI

Table 9: Segments of companies (Buch and Lipponer 2007, 807)

Agency Brand	Total Listings	Listings Equal or More than € 1 million	Luxury Ratio of Online Portfolio	Personalization of Client Services
PS	376	221	59%	○ Service excellence and personalized buying process

				○ Property management, maintenance & remodeling, decoration ○ Tax advisory and golden visa consultation ○ Multimedia viewings, including virtual reality, video viewings, as well as private and personalized 3D videos
Christie's International Real Estate Portugal	1021	571	56%	○ Service excellence (LUXIMO’S Christie’s International Real Estate 2021) ○ Property management, maintenance & remodeling, decoration (Porta da Frente Christie’s International Real Estate 2021d) ○ Tax advisory and golden visa consultation (Porta da Frente Christie’s International Real Estate 2021b; 2021c)
RE/MAX Collection Portugal	1179	571	48%	○ Guarantee of high customer satisfaction by fulfilling all needs (Remax Portugal 2021b) ○ Concierge service offering, home staging, renovation (Remax Portugal 2021b) ○ Tax advisory (Remax Portugal 2021b)

				o Marketing plan (Remax Portugal 2021b) o Multimedia viewings, including virtual reality and video viewings (Remax Portugal 2021b)
Sotheby's International Realty Portugal	2511	813	32%	o Client information events on for instance golden visa programs (Sotheby's International Realty 2021) o Access to exclusive promotion channels (Sotheby's International Realty 2021a) o Multimedia viewings, including virtual reality and video viewings (Portugal Sotheby's International Realty 2021). Some 3D videos are publicly available. o Legal and tax advice and an in-house process manager (Sotheby's International Realty n.d.)
JLL Residencial Portugal	5873	842	14%	o Offer of personalized solutions and private managers (JLL 2021c) o Valuation, information reports, market insights (JLL 2021c)

				○ Financial services, such as loan application and insurances (JLL 2021c) ○ Multimedia viewings, including virtual reality, video viewings, and private 3D videos (JLL 2021b)
RE/MAX Portugal	45549	2052	5%	○ Negotiation service (Remax Portugal 2021c) ○ Bureaucracy services (Remax Portugal 2021c) ○ Multimedia viewings, including virtual reality and video viewings (Remax Portugal 2021a)
ERA Portugal	16057	285	2%	○ Financial services, including warranty insurance, financing (ERA 2021) ○ Energy performance certificate (ERA 2021) ○ "Encounters are customized to meet individual needs" (Europe n.d.).

Table 10: Justification for the level of luxury focus and personalization level of PS' competitors in the Portuguese real estate market

Criteria	Justification	Result
Internal Consistency	○ Company's policies follow major guidelines ○ Policies do not contradict each other	Complies

Consistency with the environment	○ PS adapted throughout the different environments (for instance the expansion to Algarve) and megatrends (for instance the use of 3D videos)	Complies
Appropriateness in the light of available resources	○ PS has identified its network of clients, partners, and third-party organizations as a critical resource	Complies
Satisfactory degree of risk	○ Low quantity of resources "whose continued existence or value is not assured"	Complies
Appropriate time horizon	○ Defined time horizons for each project depending on its context and complexity	Complies
Workability	○ PS has identified the critical managerial areas, namely at a corporate level, such as the communication	Complies

Table 11: Strategy test from Harvard Business Review

	2018	2019	2020
Transactions	15	15	12
Revenues	280,500.00 €	586,400.00 €	417,700.00 €
Average Commission in EUR	18,700.00 €	39,093.33 €	34,808.33 €

Table 12: Transactions, Revenues, and Average Commission during the last three years

03-A	STATEMENT OF INCOME BY NATURE - 2010 and Following Periods					
	INCOME AND EXPENSES		Period			
			N			
			2017	2018	2019	2020
A5001	Sales and Services provided	(N, S, M)	132.300,00 €	280.500,00 €	586.400,00 €	417.700,00 €
A5002	Operating subsidies	(N, S, M)	- €	- €	- €	- €
A5003	Gains/losses of subsidiaries, associates and joint ventures	(N, S)				
A5004	Change in production inventories	(N, S, M)	- €	40.000,00 €	- €	- €
A5005	Work for the entity itself	(N, S, M)	- €	- €	- €	- €
A5006	Cost of goods sold and materials	(N, S, M)	- €	40.000,00 €	- €	- €
	Gross Profit (Revenues - COGS)		132.300,00 €	280.500,00 €	586.400,00 €	417.700,00 €
A5007	External supplies and services	(N, S, M)	68.100,00 €	202.000,00 €	440.600,00 €	331.300,00 €
A5008	Personnel expenses	(N, S, M)	20.500,00 €	44.600,00 €	66.300,00 €	65.800,00 €
A5009	Inventory impairment (losses/reversals)	(N, S)				
A5010	Impairment of receivables (losses/reversals)	(N, S)				
A5011	Provisions (increases/reductions)	(N, S, M)	- €	- €	- €	- €
A5012	Impairment of non-depreciable/amortizable investments (losses/reversals)	(N, S)				
A5013	Other impairments (losses/reversals)/Impairments (losses/reversals) (only used by small entities and micro entities)	(S, M)	- €	- €	- €	- €
A5014	Fair value increases/decreases	(N, S)				
A5015	Other income and gains	(N, S, M)	- €	- €	- €	5,00 €
A5016	Other expenses and losses	(N, S, M)	50,00 €	3.000,00 €	1.400,00 €	1.400,00 €
A5017	**EBITDA -> Earnings before depreciation, financing expenses and taxes (A5001 + A5002 + ... + A5005 - A5006 - ... - A5013 + A5014 + A5015 - A5016)**	(N, S, M)	43.650,00 €	30.900,00 €	78.100,00 €	19.195,00 €
A5018	Expenses/reversals of depreciation and amortization	(N, S, M)	200,00 €	- €	50,00 €	600,00 €
A5019	Impairment of depreciable/amortizable investments (losses/reversals)	(N, S)				
A5020	**EBIT -> Operating profit (before financing expenses and taxes) (A5017 - A5018 - A5019)**	(N, S, M)	43.450,00 €	30.900,00 €	78.050,00 €	18.595,00 €
A5021	Interest and similar income obtained	(N, S, M)	- €	- €	- €	- €
A5022	Interest and similar expenses	(N, S, M)	- €	- €	900,00 €	1.000,00 €
A5023	**Income before taxes (A5020 + A5021 - A5022)**	(N, S, M)	43.450,00 €	30.900,00 €	77.150,00 €	17.595,00 €
A5024	Income tax for the period	(N, S, M)	5.900,00 €	7.400,00 €	18.500,00 €	4.900,00 €
A5025	**Net result for the period (A5023 - A5024) --> Net Income**	(N, S, M)	37.550,00 €	23.500,00 €	58.650,00 €	12.695,00 €

Table 13: Income Statement from 2017 to 2020

	ASSET		Period			
			N			
	Non-current Assets		2017	2018	2019	2020
A5101	Tangible fixed assets	(N, S, M)	0,00	0,00	39.900,00	39.900,00
A5102	Investment property	(N, S)				
A5103	Goodwill	(N, S)				
A5104	Intangible assets	(N, S, M)	0,00	0,00	0,00	0,00
A5105	Biological assets	(N, S)				
A5106	Financial holdings - equity method	(N, S)				
A5107	Equity holdings - other methods	(N, S)				
A5108	Shareholders/partners	(N, S, M)	0,00	0,00	0,00	0,00
A5109	Other financial assets	(N, S)				
A5110	Deferred tax assets	(N, S)				
A5111	Financial investments (only used by small entities and micro-e	(S, M)	0,00	0,00	20,00	60,00
A5112	SUM -> Total non-current assets		0,00	0,00	39.920,00	39.960,00
	Current Assets					
A5113	Inventories	(N, S, M)	0,00	40.000,00	0,00	0,00
A5114	Biological assets	(N, S)				
A5115	Customers	(N, S, M)	21.800,00	1.000,00	41.800,00	0,00
A5116	Advances to suppliers	(N, S)				
A5117	State and other public entities	(N, S, M)	0,00	2.000,00	5.200,00	16.200,00
A5118	Shareholders/Partners	(N, S)				
A5119	Other accounts receivable	(N, S)				
A5120	Deferrals	(N, S, M)	0,00	0,00	0,00	0,00
A5121	Financial assets held for trading	(N, S)				
A5122	Other financial assets	(N, S)				
A5123	Non-current assets held for sale	(N, S)				
A5124	Other current assets	(M)	90,00	3.000,00	0,00	0,00
A5125	Cash and bank deposits	(N, S, M)	56.500,00	57.000,00	98.200,00	186.600,00
A5126	SUM -> Total current assets		78.390,00	103.000,00	145.200,00	202.800,00
A5127	TOTAL ASSET		78.390,00	103.000,00	185.120,00	242.760,00
	EQUITY AND LIABILITIES					
	EQUITY					
A5128	Paid-up capital	(N, S, M)	5.000,00	5.000,00	5.000,00	5.000,00
A5129	Own shares (quotas)	(N, S)				
A5130	Other equity instruments	(N, S, M)	0,00	0,00	0,00	0,00
A5131	Share premium	(N, S)				
A5132	Legal reserves	(N, S, M)	0,00	0,00	2.500,00	2.500,00
A5133	Other reserves	(N, S, M)	0,00	1.700,00	0,00	0,00
A5134	Retained earnings	(N, S, M)	0,00	33.000,00	55.600,00	114.000,00
A5135	Adjustments in financial assets	(N, S)				
A5136	Revaluation surplus	(N, S)				
A5137	Other changes in equity	(N, S, M)	0,00	0,00	0,00	0,00
A5138	SUM		5.000,00	39.700,00	63.100,00	121.500,00
A5139	Net result for the period	(N, S, M)	37.300,00	23.300,00	58.400,00	12.300,00
A5140	Anticipated Dividends	(N, S, M)	0,00	0,00	0,00	0,00
A5141	TOTAL EQUITY		42.300,00	63.000,00	121.500,00	133.800,00
	LIABILITIES					
	Non-current liabilities					
A5142	Provisions	(N, S, M)	0,00	0,00	0,00	0,00
A5143	Financing obtained	(N, S, M)	0,00	700,00	16.200,00	62.500,00
A5144	Liabilities for post-employment benefits	(N, S)				
A5145	Deferred tax liabilities	(N, S)				
A5146	Other payables	(N, S, M)	2.100,00	3.000,00	3.100,00	27.700,00
A5147	SUM -> Total non-current Liabilities		2.100,00	3.700,00	19.300,00	90.200,00
	Current Liabilities					
A5148	Suppliers	(N, S, M)			500,00	500,00
A5149	Advances from customers	(N, S)				
A5150	State and other public entities	(N, S, M)	26.900,00	15.300,00	36.900,00	17.500,00
A5151	Shareholders/partners	(N, S)				
A5152	Financing obtained	(N, S)				
A5153	Other accounts payable	(N, S)				
A5154	Deferrals	(N, S, M)	0,00	0,00	0,00	0,00
A5155	Financial liabilities held for trading	(N, S)				
A5156	Other financial liabilities	(N, S)				
A5157	Non-current liabilities held for sale	(N, S)				
A5158	Other current liabilities	(M)	6.900,00	20.800,00	6.700,00	0,00
A5159	SUM -> Total current Liabilities		33.800,00	36.100,00	44.100,00	18.000,00
A5160	TOTAL LIABILITIES		35.900,00	39.800,00	63.400,00	108.200,00
A5161	TOTAL EQUITY AND LIABILITIES		78.200,00	102.800,00	184.900,00	242.000,00

Table 14: Balance Sheet from 2017 to 2020

Political
○ Portugal entered the EU in 1986, which stands for political and financial stability, European solidarity, and unified policies (European Union 2021b; 2021c).
○ The high tax burden and the "lack of discipline in government expenditures and the limited labor market" represent a barrier (Euromonitor International 2021c).

- Regarding the golden visa program, to decrease investments in high-density areas, the Portuguese government is changing the policy toward the interior and autonomous regions (get golden visa 2021). New changes take effect in January 2022: Foreigners are no longer eligible for the golden visa if they purchase real estate in major cities or coastal towns (Rowlinson 2021) (Jorge 2021).
- Regarding the non-habitual residents' program, and as an example, if retirees do not receive their income under Portuguese law or do not have to pay taxes in their home country, there is a double taxation agreement between the two countries that allows retirees to pay only a ten percent tax ('Martin 2021).
- Regarding the safe rent program, the city of Lisbon has implemented this program where landlords switch from short-term rentals on Airbnb to long-term rentals by renting their accommodations to the city instead of individuals (O'Sullivan 2020).

Economical

- According to the Organization for Economic Cooperation and Development (OECD 2020b), GDP dropped sharply in 2020 due to the Covid-19 pandemic restrictions. The nationwide lockdowns crippled all tourism activities, which account for 8% of GDP.
- Disbursements of grants of 13.9 billion euros and loans of 2.7 billion euros are intended to improve infrastructure, help companies continue their operations, meet their needs for investment and working capital, and ensure competitiveness ("Commission Approves €13 Billion Portuguese Schemes" 2020). This way, the budget deficit can be reduced, but not Portugal's public debt.
- Most of Golden Visa applicants come from China, Brazil and Turkey and are willing to pay more for a property than it is worth.

Social
o To assess the social development and its consequences for the Portuguese real estate brokerage market more accurately, an international perspective should be considered. As luxury real estate clients can be described as high net worth individuals (HNW) or ultra-high net worth individuals (UHNW), the predicted evolution of this part of the global society was evaluated.
Technological
o The Big9 technologies are "drones, the Internet of Things (IoT), clouds, software as a service (SaaS), big data, 3D scanning, wearable technologies, virtual and augmented realities (VR and AR), and artificial intelligence (AI) and robotics" (Ullah and Al-Turjman 2021). o The Big9 technologies have three factors in common: "user-centered, sustainable, and innovative" (Ullah and Al-Turjman 2021). o SaaS can provide support in: "client management, marketing, billing, maintenance, retailing, customer relations management, E-marketing and lease administration" (Ullah, Sepasgozar, and Wang 2018, 18). o A proof of Portugal's inferior performance on future technologies is the delayed implementation of the most recent mobile network 5G (Euromonitor International 2021).
Environmental
o The addition of the green visa category aims to connect the real estate market with sustainability (Get Golden Visa 2021). o Companies, including those in the real estate market, are developing a corporate social responsibility plan to return the value they receive to society and maximize the long-term value of the brand (Lougee and Wallace 2008; Heurkens, Hobma, and Huijbregts 2019).

Legal
○ According to the law nº (“Lei 15/2013, 2013-02-08 - DRE” n.d.), article 2, real estate brokerage can be defined as the companies’ search, on behalf of their clients, for buyers who want to acquire, exchange, transfer, or lease the property’s rights. ○ In Portugal, the most common form of property tenancy is full ownership, where the full owner has “exclusive rights of use, fruition and disposal of the property” (CBRE 2018). ○ While Portuguese law is influenced by EU law, the right to private property has been enshrined in article 62 of the Constitution of the Portuguese Republic since 1976 (Diário da República n.o 86/1976 1976). However, the Basic Housing Law was only passed in 2019 and provides a legal basis for public policies that promote a decline in gentrification and emphasize the “social function of housing“ (Yeung 2019).

Table 15: PESTEL analysis

Golden Visa	
Requirements	○ Investment of at least €500,000 ○ Initial investment €350,000 in a rehabilitation project in a 30-year-old property (SEF 2021)
Requirements for obtaining residency	○ After five years and staying in Portugal ○ Staying in Portugal for at least seven days per year (SEF 2021)

Table 16: Golden Visa requirements

Force	Analysis of the force

<table>
<tr>
<td>Threat of new entrants</td>
<td>Administrative processes:

Online registration of the company with choosing a company name from a predefined list or applying for a specific name with the risk of rejection (“Online Company | Commercial Register Services” n.d.).
Certificate of Institute of Public Markets for Real Estate and Construction

Requirements:

“idoneidade commercial”, which means the company has not been declared insolvent nor prohibited from carrying out commercial or construction activities and never be charged with:

Swindling or swindling related to work or employment
Willful insolvency, negligent insolvency, favoring creditors or disturbance of auctions
Forgery or forgery of a document, when practiced in the context of the construction activity
Violation of building rules, damage to facilities and disruption of services
Disobedience, when practiced in the context of the construction activity
Corruption
Fraud in obtaining subsidy or grant, diversion of subsidy, subsidy or subsidized credit, fraud in obtaining of credit and damage to economic reputation

</td>
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</table>

	• Counterfeiting or imitation and illegal use of a trademark, when practiced in the context of construction activity • Money laundering (“Licenciamento: Requisitos de Ingresso e de Permanência” n.d.) ▪ Existing liability insurance, financial security, or an equivalent substitute instrument (“Licença de Mediação” n.d.) • License number from Associação de Mediadores Imobiliários must be displayed in every business-related document, allowing business partners to check the credentials of the agent on the Institute of Public Markets for Real Estate and Construction web page (“Licença de Mediação” n.d.) **High threat of new entrants**
Power of suppliers	o Construction companies • In 2018, 80,000 construction companies registered in Portugal (Statista Research Department 2021a) • Large companies are making high capital required projects, which leads to market concentration towards these • Mainly price competition (“MarketLine Industry Profile Residential Construction in Europe” 2021) ➔ Most powerful player, high bargaining power o Real estate developers

	- Responsibility: execution of a project, identifying buyers' needs, ensuring high quality, strongly integrated into the construction process (Kania and Najbar 2021, 85f.) 8-9% of the total revenues for construction buildings (Silveti Sánchez García 2021) - Can gain power through several long-term contracts with specialists and material providers (MarketLine 2021) ➔ Less bargaining power than construction companies but still high power o Maintenance companies - Responsibility: maintenance, repairment, property risk management, identifying possible threats - Usually long-term oriented contracts, high price-driven competition ➔ Low switching costs for the real estate agent ("MarketLine Industry Profile: Global Real Estate" 2021, 19) o Financial institutions - Necessary because of high capital requirements ("MarketLine Industry Profile: Global Real Estate" 2021, 19) - Broad range of banks in the EU; 148 banks in Portugal from 6,008 in the EU (Norrestad 2021) - High importance due to the rise in mortgage demand for real estate purchases of 40% in 2021 (ECB 2021) ➔ Low market concentration and, consequently, low bargaining power o Lawyers:

	• Creating contracts for real estate purchases as well as reviewing legal documents such as "outstanding promissory notes and mortgages" (The Editors of Salem Press 2014) • 53,000 legal and accounting firms in Portugal in 2018 (Eurostat 2021a) • Assuming the majority are accounting firms, the number of lawyers would be still significant • Implies clients could change lawyers easily if dissatisfied ➔ Low bargaining power of lawyers o Sellers: • Shortage of properties in Portugal, which means less sellers (A. M. Pinheiro 2019b) • Sellers seeking for profit maximization, so they will cooperate with different agencies to receive different offers for the property • Sellers will not automatically accept the first offer due to their expectations of possible higher prices (Emmerling, Yavas, and Yildirim 2021, 288) ➔ High power of deciding who will be able to sell the property **Moderate to high bargaining power of suppliers**
Power of buyers	o Size, price, location, amenities, and comfort strongly influence buyers' purchasing decisions (MarketLine 2021) Buyer groups are: • Government institutions with usually moderate price sensitivity • Companies with usually moderate price sensitivity

<table>
<tr><td></td><td>
Households, which are a huge number of small buyers with high price sensitivity
➔ Moderate buyer power (MarketLine 2021)
o Although this results, the price sensitivity of these players decreases in the luxury market due to social comparison and self-esteem (Pillai and Nair 2021, 96)
Low buyer power in the luxury market
</td></tr>
<tr><td>Threat of substitutes</td><td>
Typical process includes sellers, agent, and buyers
Agent can be substituted by an online real estate platform

Negotiation will be held online with direct communication between both parties
Instead of property visits, pictures and 3D-tours will be used
Purchase decisions will be done without professional advice and extra support
Web page will charge a small mediation commission but smaller than from an agent (Joseph 2009b).

Buyers still expect effective, social, and psychological advantages by consulting an agent (Larceneux, Lefebvre, and Simon 2015b)
Moderate threat of substitutes
</td></tr>
<tr><td>Industry Rivalry</td><td>
o Properties and their prices

Differentiation in the property portfolio by getting better locations or architecture
Competitors may often have the same properties which imply that it is crucial to acquire sellers exclusively (“MarketLine Industry Profile: Real Estate in Europe” 2021, 23)

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</table>

	• Decision may be made by the price, but prices can differ due to the willingness of the seller to obtain a property with the hope of increasing its profit (Emmerling, Yavas, and Yildirim 2021, 288) • New competition with developers since the broker can be replaced by online platforms and new properties can be sold straight to the buyer ("MarketLine Industry Profile: Real Estate in Europe" 2021, 23) o Supply and demand • Influence the resilience of the market and price evolution • Portuguese market shows a shortage of new properties, which leads to rising prices • New policy regulations for residential rentals and slow governmental responses caused a lower supply • Demand remains high as investors seek second homes and new student housing opportunities ("Portugal Real Estate Market Outlook 2021" 2021, 28ff.) o Number of agents • Easy market entrants led to 6,298 real estate agencies in 2018 (A. M. Pinheiro 2019b) • Strong similarities between agencies; differentiation only possible by properties and business model • Low switching costs for clients lead to increasing rivalry (MarketLine 2021) **High industry rivalry**

Table 17: Porter's five forces analysis

Licensing fee	○ Fixed cost of 100€
Registration fee	○ Fixed cost of 50€
Annual activity regulation	○ Paid proportionally to the number of months left in the first year of the license issuance. ○ Afterwards, an amount of 265€ will be charged annually

Table 18: Certificate for real estate agent fees

Competitor	Global presence	Year of expansion to Portugal
Sotheby	40 countries	2007
Christie's	46 countries	2012
Remax Collection	Over 100 countries	2019

Table 19: PS's main competitors

Resource/ Competence	Is Valuable?	Is Rare?	Is difficult to Imitate?	Is the organization organized around?	Result
Network	Yes One of the main key success factors of PS	Yes There are not many companies with a network as strong as PS	Yes Because it is required high experience and market knowledge	Yes Entire business of PS is around its network	Long-term competitive advantage

Personalized services	Yes Core unique value of the company	Yes Competitors do not provide such a high degree of personalization	No If competitors identify certain services as valuable, it is simple to copy them		Temporary competitive advantage
Local Market Knowledge	Yes Allows to meet the clients' needs	Yes Portuguese company operating in the home-country	No Competitors have a higher number of employees		Temporary competitive advantage
Partnerships with competitors	Yes Brings more clients or properties	No Real estate companies usually partner with each other (Paris 2019)			Competitive parity
3D videos	Yes Increases the level of	No It is common to use 3D			Competitive parity

	personalization	videos (Hyder 2021)			
Online platform	Yes Creates awareness	No Most real estate companies have an online platform (Barillas 2020)			Competitive parity
Off-Market properties	Yes Create the feeling of exclusivity	No It is common that real estate agencies have off-market properties (Paris 2019)			Competitive parity
Use of technology for daily activities	Yes Allows to use the digital to promote core activities	No Most companies use technology in their operations (Barillas 2020)			Competitive parity

Quality of Human Resources	Yes Allows to provide a high-quality service	No Competitors also have high quality professionals			Competitive parity
Quantity of Human Resources	No Diminishes the company’s capacity				Competitive disadvantages
Digital marketing	No PS has a low social media presence				Competitive disadvantages
International Market Recognition	No Unless it is from recommendation, the clients do				Competitive parity

	not know the brand				

Table 20: VRIO analysis for PS

1. Is the foreign market similar to the domestic market? (The more similar the market the more favorable)	3
2. Is the end user of the product in the foreign market the same as in the domestic market? (The more similar the End User the more favorable)	5
3. Is the product successful in the domestic market? (The more successful the more favorable)	2
4. Is the product unique? (The more unique the product the more favorable)	4
5. Does the product perform the same function in the foreign market as it does in the domestic market? (If yes, the more favorable)	3
6. Are the product use conditions the same in the foreign market as they are in the domestic market? (If yes, the more favorable)	4
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 favorable)	3
8. What is the stage of the product's life cycle in the home market? (Early stage is more favorable)	2
9. What is the stage of the product's life cycle in the international market? (Early stages are more favorable)	2
10. Does the product require after-sales service? (If yes, the less favorable)	2
11. Is the company in a position to provide after sales-service to its customers in the foreign market? (If yes, the more favorable)	3
12. Would export orders hurt domestic sales? (If yes, the less favorable)	5

13. Does the company have the financial resources necessary for export? (If yes, the more favorable)	5
14. Does the company have in-house personnel with export related knowledge/experience? (If yes, the more favorable)	3
15. Is international/global participation part of the Mission Statement of your company? (If yes, the more favorable)	5
16. Is international expansion a part of the strategic business plan of the company? (If yes, the more favorable)	5
17. Would the company be willing to investigate export market opportunities? (If yes, the more favorable)	5
18. Would the company be willing to attend and/or participate in Trade Shows abroad? (If yes, the more favorable)	5
19. Is the company willing to translate company literature into one or more foreign languages? (If yes, the more favorable)	5
20. Are the company's top competitors involved internationally? (If yes, less favorable but this could also serve as one of the key reasons to internationalize)	1
21. Is the industry highly regulated? (If yes, the less favorable)	4
22. Is the company certified- ISO 9000 or other certification?	1
Total	76

Table 21: GMMSO4 software results

Score	Suggested Entry Mode
0 – 20%	Not Ready to Export
20 - 30%	E - Commerce
30 - 40%	Indirect Export
40 - 50%	Contractual Arrangements
50 - 70%	Direct Exporting
70 - 90%	Foreign Marketing Presence
90 – 100%	Foreign Manufacturing

Table 22: Suggested entry mode strategy based on the results from GMMSO4 software

Area	Countries
Council of Europe ("47 Member States" n.d.)	Albania
	Andorra
	Armenia
	Austria
	Azerbaijan
	Belgium
	Bosnia and Herzegovina
	Bulgaria
	Croatia
	Cyprus
	Czech Republic
	Denmark
	Estonia
	Finland
	France
	Georgia
	Germany
	Greece
	Hungary
	Iceland
	Ireland
	Italy
	Kosovo
	Latvia
	Liechtenstein
	Lithuania
	Luxembourg
	Malta
	Monaco
	Montenegro
	Netherlands
	North Macedonia
	Norway
	Poland
	Portugal
	Moldova
	Romania
	Russian Federation
	San Marino
	Serbia
	Slovak Republic
	Slovenia
	Spain
	Sweden

	Switzerland
	Turkey
	Ukraine
	United Kingdom
Additional European country	Belarus
USMCA trade agreement (“United States-Mexico-Canada Agreement” n.d.)	Canada
	Mexico
	United States
Northern African countries	Algeria
	Egypt
	Libya
	Tunisia
Oceania	Australia
	New Zealand
Southern African country	South Africa

Table 23: Countries selected for the international market selection analysis

Category	Criteria	Description	Sources for the data
Market Size	Population Aged 15-64	The total population between the ages of 15-64 represents the market size in each country.	(“Population Ages 15-64, Total” 2020)
	Population Growth	The population growth implies the potential growth rate of the market.	(“Population Growth (Annual %)” 2020)
Market Intensity	GDP	The gross domestic product (GDP) is the sum of all domestically produced products inclusive taxes but excluded by subsidies. Thereby, the GDP represents the economic size of a country.	(“GDP (Current US$)” 2020)

	GDP per Capita (current US$)	This value is the GDP divided by the population of the country. Thus, this value allows a better comparison between countries since it shows the GDP per capita.	(“GDP per Capita (Current US$)” 2021)
	GDP per Capita Growth (annual %)	The value implies the growth potential of an economy per capita.	(“GDP per Capita Growth (Annual %)” 2021)
Risk Level	Country Risk Level Medium Term	The medium-term rating is created by a combination of macroeconomic factors about the economic balance, structural business environment with consideration of regulations and business landscape, and political risk with analysis of the domestic politics and its structures. The rating goes from AA (lowest) to D (highest).	(“How to Assess Country Risk for International Business” 2021)
	Country Risk Level Short Term	The short-term rating evaluates the financial risks and demand disruptions in the short-term of 6-12 months. The rating goes from 1 (lowest risk) to 4 (highest risk).	(“How to Assess Country Risk for International Business” 2021)
Unemployment	Unemployment Rate	The unemployment rate can be used as an indicator of the economy and welfare	(“Unemployment, Total (% of Total

		of a country. A high rate can imply poverty and economic issues, while a low rate indicates economic growth and population wealth.	Labor Force) (Modeled ILO Estimate)" 2021)
	Unemployment Rate Growth (%)	The growth rate instead describes the development of unemployment in the country. As higher the rate as higher the number of unemployed increased, which suggests a downturn of the economy.	("Unemployment, Total (% of Total Labor Force) (Modeled ILO Estimate)" 2021)
Logistics	Infrastructure	Evaluated is the infrastructure in terms of information technology, railroads, ports, and roads in correlation to trade and transport purposes.	("Logistics Performance Index: Quality of Trade and Transport-Related Infrastructure (1=low to 5=high)" 2021)
	Tracking & Tracing	It describes the tracking & tracing ability for shipments into the country.	("Logistics Performance Index: Ability to Track and Trace Consignments (1=low to 5=high)" 2021)

	Competence and quality	Logistic services are evaluated according to their competence and quality.	(“Logistics Performance Index: Competence and Quality of Logistics Services (1=low to 5=high)” 2021)
Economic Freedom	Economic Freedom Index	The index measures the fundamental human right of economic freedom with the inclusion of economic and social goals. The index is built on 12 factors in the categories (1) Rule of Law, (2) Government Size, (3) Regulatory Efficiency and (4) Open markets.	(T. Miller, Kim, and Roberts 2021)
	Labor Freedom Index	Labor Freedom is a factor of the economic freedom and describes the freedom and efficiency in the labor market.	(T. Miller, Kim, and Roberts 2021)
	Business Freedom Index	Business freedom represents a factor in the category of regulatory efficiency and explains the efficiency of business operations.	(T. Miller, Kim, and Roberts 2021)

Sustainability	SDG Index	The SDG index indicates the performance of a country towards the Sustainable Development Goals (SDG).	(Sachs et al. 2021)
Wealth	Waged Workers Total	A high number of waged workers represents good economic development, which can indicate an advantage against other countries.	(“Wage and Salaried Workers, Total (% of Total Employment) (Modeled ILO Estimate)” 2021)
	Waged Workers Total Growth	The change in the number of waged workers can be used as an indicator for the economic development over time.	(“Wage and Salaried Workers, Total (% of Total Employment) (Modeled ILO Estimate)” 2021)
	Net income per capita ($)	The net income per capita describes the wealth of the population.	(“Adjusted Net National Income per Capita (Current US$)” 2021)
	Number of millionaires	Since PS is operating in the luxury market, the number of millionaires will indicate how many people in the country can afford the service.	(Shorrocks, Davies, and Lluberas 2021)

	Growth rate of millionaires	This rate shows the development of millionaires in a specific country over time.	(Shorrocks, Davies, and Lluberas 2021)
Cultural Distance	Cultural Distance to Portugal	Hofstede Insights compares the cultural distance between countries in terms of power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence. Similar values for each factor implies a similar culture.	(“Compare Countries” 2021)
Real Estate	Households and NPISHs final consumption expenditure (% of GDP)	It describes the private consumption of households in terms of goods and services. Thereby, purchases of dwellings are excluded, while durable products and imputed rent are included. The expenditures can be seen as an estimate for households purchase behavior.	(“Households and NPISHs Final Consumption Expenditure (% of GDP)” 2021)
	Property rights	This score determines the legal framework in regard to property ownership by acquiring, holding and utilizing the residential property. In this context, the score includes the security of property by effective laws.	(T. Miller, Kim, and Roberts 2021)

	Registering Property index	The registering property index considers the costs, land administration system, steps and the time of registering property	(“Registering Property” 2021)
	Nominal house prices	The sales prices of existing dwellings and new properties in accordance with the residential property price indices recommendations will be described by the nominal house prices.	(“Housing Prices” 2021)
	Global Real Estate Transparency	The index includes 210 different indicators, such as environmental aspects, regulatory or market fundamentals, to determine the transparency of the real estate market in a specific country.	(“Global Real Estate Transparency Index 2020 Rankings” 2020)
	Real estate ease of doing business	The score evaluates the regulatory performance of a country. Thereby, the evaluation is done over time and has an absolute base. It describes how easy it is to do business in a country.	(“Ease of Doing Business Score” 2020)
	Number of Ultra-high-net-worth individuals (UHNWI)	The number of UHNWI is especially regarding the luxury focus highly important since these individuals can afford a luxury property and be willing	(Knight Frank Research 2017)

	US$30m+ in 2025	to acquire one of these as a second home.	
	Starting a business	Starting a business represents one factor of ease of doing business and it describes the easiness of starting a business in terms of administrative and regulatory requirements.	(“Ease of Doing Business Score” 2020)
	Mortgage Interest rate in %	Since real estate purchases often require loans to finance the project, the mortgage interest rate influences the attractivity of leveraging the property purchase.	(“Prices by Country of Mortgage Interest Rate in Percentages (%), Yearly, for 20 Years Fixed-Rate (Salaries And Financing)” 2021)
	Transaction costs in %	In addition to the price for acquiring or selling a property, transaction costs such as fees of the real estate agent and legal reason, and taxes and registration costs. The amount of these additional costs can impact the final transaction to a high degree.	(“Transaction Costs Compared” 2021)

	Tax on property in % of total taxation	Tax on property can also influence the purchase process of a client since countries levy taxes on the usage, the ownership, or the transfer of a property. In case of the first both, clients would have to consider these taxes as fixed costs.	(“Tax on Property” 2019)
	Taxes for pensioner (income equal to average earnings)	Since pensioners usually have to pay fewer taxes than before retirement, the difference of taxes for pensioners between countries will take place in the decision process. Thereby, pensioners represent the main client group of PS.	(“Tax Treatment of Pensions and Pensioners” 2019)

Table 24: Country Selection Criteria and their description

Main categories of methods used to process missing data (Salgado et al. 2016)	Example of a model	Description
Deletion Methods	Listwise deletion	In the listwise deletion the missing data is deleted from the analysis (Saunders et al. 2006). However, this method is not used as it has statistical power, meaning it reduces the number of samples and increases the standard error of estimation. This can

		result in waste information and possible bias (Salgado et al. 2016).
Single imputation methods	Mean substitution	In the mean substitution, the missing data is replaced with the mean value of the variable (Roth, Campion, and Jones 1996). In addition, this method "ignores uncertainty and almost always underestimates the variance" (Salgado et al. 2016).
Model-based methods	Regression	The regression imputation method estimates the values for the missing data based on the existing one (Kang 2013). Since it does not delete variables, this method is more reliable than listwise deletion but less robust than the multiple imputation method.
	Multiple imputation	For the multiple imputation method, it holds that "instead of substituting a single value for each missing data, the missing values are replaced with a set of plausible values which contain the natural variability and uncertainty of the right values" (Kang 2013, 405).

Table 25: Analysis of different methods to process missing data

Clusters		Characteristics
1	Bulgaria, Moldova, Poland, Russian Federation, Croatia, Cyprus, and Slovak Republic	○ Low: population growth, GDP per capita, GDP, infrastructure and, most importantly, the countries in this cluster have one of the lowest number of millionaires and expected UHNW in 2026. ○ High: risk level (medium term).

2	Egypt, Lithuania, Latvia, Serbia, Czech Republic, and Hungary	○ Low: GDP and GDP per capita, net income per capita, and the lowest number of millionaires and UHNWI. ○ High: nominal house prices.
3	Denmark, Spain, Australia, Sweden, Finland, Norway, Austria, Netherlands, Germany, Canada, United Kingdom, Ireland, New Zealand, and Iceland	○ Low: country risk (both in medium and short term), economic freedom index, global real estate transparency, and mortgage interest rate. ○ High: infrastructure, tracking and tracing, competence and quality, business freedom index, SDG index, net income per capita, cultural distance from Portugal, property rights and real estate ease of doing business.
4	Portugal, South Africa, France, Italy, Luxembourg, Malta, and Belgium	○ Low: country risk (both in the medium and short term), relatively low number of millionaires and expected UHNWI. ○ Relatively high: transaction costs.
5	United States	○ Low: country risk (both in medium and short term), economic freedom index and global real estate transparency. ○ High: population aged 15-64, GDP, GDP per capita, unemployment rate growth, infrastructure, tracking and tracing, competence and quality, labor freedom index, business freedom index, wage workers, net income per capita, number of millionaires, cultural distance to Portugal, property rights, real estate ease of doing business, expected number of UHNWI and tax on property.

6	Azerbaijan, Georgia, Armenia, North Macedonia, Tunisia, Albania, Greece, and Montenegro	○ Low: population aged 15-64, GDP, GDP per capita, unemployment rate growth, infrastructure, tracking and tracing, competence and quality, SDG index, waged workers, net income per capita and cultural distance to Portugal, property rights. ○ High: country risk (both in the medium and short term), households and NPISHs final consumption expenditure, starting a business and mortgage interest rates.
7	Belarus, Ukraine, Romania, Algeria, Switzerland, Estonia, Turkey, Mexico, Slovenia, and Bosnia and Herzegovina	○ Low: GDP per capita, GDP, business freedom index, net income per capital and transaction costs. ○ High: country risk (both in medium and short term).
8	Libya	○ Low: GDP per capita, GDP per capita growth, GDP, unemployment rate growth, infrastructure, tracking and tracing, competence and quality, business freedom index, waged workers, net income per capita, cultural distance to Portugal, property rights, real estate ease of doing business, starting a business, and transaction costs. ○ High: country risk (both in medium and short term), unemployment rate, and global real estate transparency.

Table 26: Similarities across countries in the same cluster

Factor analyzed	Weight
Labor Freedom Index	1,00%
Mortgage Interest rate in %	1,00%
Country Risk Level Short Term	1,00%
Unemployment Rate Growth (pp)	1,00%
Households and NPISHs final consumption expenditure (% of GDP)	1,00%
Tax on property in % of total taxation	1,00%
Infrastructure	1,00%
Property rights	1,00%
GDP	2,00%
Unemployment Rate	2,00%
Tracking & Tracing	2,00%
Growth rate of millionaires	2,00%
Population Growth	2,00%
Taxes for pensioner (income equal to average earnings)	2,00%
Business Freedom Index	2,00%
Net income per capita ($)	2,00%
Number of millionaires	2,00%
GDP per Capita current US$	3,00%
Waged Workers Total Growth	3,00%
Starting a business	3,00%
SDG Index	3,00%
Real estate ease of doing business	3,00%
Number of UHNWI in 2025	3,00%
Competence and quality	4,00%
Waged Workers Total	4,00%
Transaction costs	4,00%
GDP per Capita Growth (annual %)	4,00%
Registering Property index	4,00%
Economic Freedom Index	5,00%
Cultural Distance to Portugal	5,00%
Population Aged 15-64	6,00%
Nominal house prices	6,00%
Country Risk Level Medium Term	7,00%
Global Real Estate Transparency	7,00%
Total	**100,00%**

Table 27: Distribution of weights as part of the country ranking

	Ranking	Cluster
United States	1	5
Norway	2	3
Sweden	3	7
Germany	4	3
Denmark	5	3
Finland	6	3
Canada	7	3
Iceland	8	3
Slovak Republic	9	7
Spain	10	3
New Zealand	11	3
Luxembourg	12	4
Austria	13	3
France	14	4
Australia	15	3
Portugal	16	4
Netherlands	17	3
Egypt	18	7
South Africa	19	3
United Kingdom	20	3
Lithuania	21	2
Belgium	22	4
Czech Republic	23	2
Ireland	24	3
Latvia	25	2
Italy	26	4
Cyprus	27	1
Serbia	28	1
Poland	29	1
Malta	30	4
Croatia	31	1
North Macedonia	32	6
Russian Federation	33	2
Turkey	34	7
Romania	35	1
Hungary	36	2
Moldova	37	7
Georgia	38	6
Bulgaria	39	1
Switzerland	40	6
Greece	41	6

Armenia	42	6
Mexico	43	7
Belarus	44	7
Azerbaijan	45	6
Estonia	46	2
Montenegro	47	1
Tunisia	48	6
Ukraine	49	7
Albania	50	6
Slovenia	51	4
Algeria	52	7
Bosnia and Herzegovina	53	7
Libya	54	8

Table 28: Country ranking and clustering

		Weight	Germany	US	Canada	Sweden	Norway
Market Overview	Political	0.03	5	5	4	4	5
	Economical	0.05	5	5	5	5	5
	Social	0.05	5	4	5	5	5
	Technological	0.03	5	5	4	5	5
	Environmental	0.03	5	4	4	5	5
	Legal	0.06	4	3	4	5	4
Contacts	Distributors	0.05	5	5	5	5	5
	Banks	0.03	5	4	3	5	4
	Luxury Development Companies	0.05	4	4	4	2	1
	Associations	0.03	5	5	5	5	5
	Governmental Institutions	0.05	5	5	5	5	5
Competitio	Potential for Differentiation	0.06	4	4	4	2	4

	Degree of Rivalry	0.07	2	3	1	3	3
Sales Potential	Market Sales Potential 2022		€4 656 502 267.29	€316 148 807 035.96	€51 828 605 816.52	€8 622 819.10	€216 873 005.00
	Score Market Sales Potential	0.05	3	5	4	1	2
	Company Sales Potential 2022		€119 221.54	€408 850.98	€147 260.15	€81 347.35	€108 436.00
	Score Company Sales Potential	0.06	3	5	4	1	2
Market Entry Conditions	Tariffs	0.05	5	5	1	5	5
	Standards & Regulations	0.06	3	3	3	2	3
	Availability of distribution channel	0.05	5	5	5	4	5
	Payment and financing methods	0.02	5	5	5	5	5
	Registration	0.05	3	4	5	4	5
	Transportation	0.04	5	5	4	4	4
	Documentation	0.03	4	4	5	4	4
	Final Score		4.15	4.32	3.93	3.71	3.99

Table 29: Scoring for the final country decision

Political
Sweden is in the European Union (EU) since 1995, being the third-largest country (europa.eu n.d.).
Sweden raised the army budget by 40% for the 2021-2025 period, due to the degradation of the military-political situation in the Baltic Sea (Igityan 2020). Military expenses represented 1.221% of the GDP in 2020 (The World Bank 2021).
Sweden was governed by the Social Democratic Party for around 60 years (until 2006) (Ahlberg 2009).
The power of Sweden is organized in three administrative levels: National, Regional (21 county councils) and local (290 municipalities) (Burström and Sagan 2018). At the different levels, there is no hierarchy, and the elective representatives take independent decisions closer to citizens (Burström and Sagan 2018).
In June of 2021, Sweden entered a political conflict since the different parties attributed to the prime minister a no-confidence vote, meaning that the prime minister could either negotiate a new coalition to form a government or resign, leaving to the speaker of the parliament the decision to create a new government or to call a snap election. Indeed, the social democrat's influence has been decreasing since 2008, and with the immigrant policies debate, the proposal to deregulate rents and the urge of housing prices, the left party and the right-wing conservative parties attributed a no-confidence vote (Rolander 2021; Blomgren 2021; Milne 2021).
In 2019, around 36.4 % of Swedish citizens, rented a property. This percentage is above the EU average (Eurostat 2019).
More than half of the rentals are in public housing, more specifically a municipally owned rental house (Sveriges Allmännytta n.d.). This aspect emphasizes the relevance

of the Swedish culture, for example, the importance of the social dimension and equality.
Sweden tax system is dual and moderately progressive. In that sense, the taxes applied to income are substantially lower than the ones applied to capital gains (Ordower 2014).
The Swedish labor market is characterized by being flexible and having a centralized wage negotiation, a high rate of unionization, a collective self-regulatory system, and no official minimum wage. (Gustafsson 2021; Lindquist and Wadensjö 2007; Swedish Institute for Social Research and ECOTEC Research and Consulting 1996).
Economical
In accordance with the Treaty of Maastricht, Sweden will adopt the Euro once it meets the necessary conditions (European Commission n.d.).
In 2021, Sweden exported industrial machinery (15%), road vehicles (13%) and electronics (11%) to Germany (11%), Norway (11%) and the United States of America (9%) (OECD 2021b).
With assets of around 5.5 times the GDP, the Swedish financial system is one of the Europe's largest systems (International Monetary Fund 2016).
The Swedish average disposable income per capita is $ 31 287 per year, which is lower than the OECD average of $ 33 604 (OECD 2020a).
Social
Sweden population is mainly concentrated in Stockholm, Gothenburg, and Malmo (The World Bank 2019b; Håkansson 2000).
In 2019, the birth rate in Sweden was 1.7 children per woman, above the EU average (1.5 children per woman) but below the replacement-level fertility (2.1 children per woman) (The World Bank 2019a).

In 2020, 63% of the Swedish population were Christian, 6.5% Muslim, and 29% were unaffiliated (Pew Research Center n.d.).
In 2020, the most important ethnicity groups as a percentage of the total population were the Swedes (89.3%) and the Iranian (6.3%) (Staffa, Stefan, and Barth 2021).
According to the 2020 World Happiness Report, Sweden high happiness level is related to the life evaluation and low level of corruption (Martela et al. n.d.).
The 2021 share of millionaires in Sweden was 7.3% while in Portugal was 1.6% of the adult population (Credit Suisse 2021). Also, the number of high-net-worth individuals (with a net worth above one million dollars) in Sweden is expected to increase 41.9% from 2020 to 2025 (Credit Suisse 2021).
Technological
Sweden ranked second in the future of technology subcategory of the Network Readiness Index (European Commission 2020a).
Environmental
With the aim of resolving some environmental challenges, Sweden defined 16 environmental quality goals to guide the environmental action at every level of society (Ericsdotter et al. 2009). For example, Sweden defined the importance of clean air and identified the main challenges, indicators, actions, goals, and examples of good practices (Ericsdotter et al. 2009).
In 2020, Sweden produced 45.4 million metric tons of carbon dioxide emissions, which was almost four percent less than in 2019 (Ian Tiseo 2021).
In 2021, the carbon tax of Sweden was $137 per metric ton of CO_2 (Iam Tiseo 2021).
Legal

In Sweden, the four fundamental laws are: (1) The Instrument of Government, (2) the Act of Succession, (3) the Freedom of the Press Act, and (4) the Fundamental Law on Freedom of Expression (Sveriges Riksdag 2021).
The EU has a direct effect on the Swedish legal system, meaning that, individuals and companies can rely on EU law just as they can on national law (Bux 2021; Editor et al. n.d.).

Table 30: Pestel analysis for Sweden

Contact	Connection	Benefit
Embassy of Portugal in Sweden	PS is a Portuguese company that needs information about Sweden	Gather information and knowledge about Sweden specificities (e.g., regulations) through the Economic and Commercial Counsellor (Embassy of Portugal in Sweden n.d.).
Swedish Portuguese Chamber of Commerce	This contact aims to facilitate business between Portuguese and Swedish companies	This non-profit institution is a networking hub and among the several services offered, PS could benefit from the strategic partnership and the advertising services (The Swedish Portuguese Chamber of Commerce n.d.).
Swedish Consumers' Association	Understanding the demand characteristics is key in the	By contacting this association, PS could better adapt and fit products and services into Swedish consumers concerns.

	internationalization process	
Business Sweden	As previously mentioned, Swedish consumers prefer to buy online	With this organization supported by the Swedish government and developed so that “international companies invest and expand in Sweden” PS could improve its technological level as also have access to an extensive list of other services (Business Sweden n.d.).
VATI of Sweden	As previously mentioned, Swedish consumers opt for sustainable products	VATI of Sweden attributes “certification on integrating the SDGs into business strategy”. Therefore, PS could be able to achieve this distinction and address sustainability consumer concerns.
Enterprise Europe Network	In Portugal, besides selling properties PS also offers additional services through third-party companies	By following the business model used in Portugal, PS could use “the world’s largest support network for small and medium-sized enterprises (SMEs) with international ambitions”, to find a partner that provides those services (“Enterprise Europe Network” n.d.). As an illustration, in September of 2021, it was published the following opportunity: “Lithuanian construction company seeks partners in Sweden to

		work under subcontracting agreement" (Enterprise Europe Network 2021).
Fastighetsbyrån	As previously mentioned, in Portugal, PS operates with a low level of inventory	With this real estate agency, PS would be able to increase the number of properties and be closer to the sellers, an important aspect to succeed in real estate. There is an incentive from both parties to do a partnership since Fastighetsbyrån is currently expanding to Portugal (Fastighetsbyrån n.d.).
Nordea Bank AB	The financial resources are important for PS capability to be in the luxury market	In September of 2021, Nordea bank signed an agreement to have special conditions for green SMEs in the Nordic countries (European Commission 2021b). By having a closer contact with the bank, PS would be able to take advantage of this and other opportunities in Sweden.
Sveriges riksbank	By having financial knowledge about cryptocurrency PS could reach a younger audience	The Swedish central bank (Sveriges riksbank) is "at the forefront of exploring central bank digital currency (CBDC) among advanced economies. It embarked on the e-krona project in 2017" (International Monetary Fund 2021b, 2). PS could benefit from this

		contact by incorporating a disruptive technology in its business, which could, in turn, attract new segments such as the young millionaires.
Mannheimer Swartling	Understanding the legal framework would allow PS to better secure their assets	This Sweden-based law company provides advisory for SMEs, namely regarding intangible assets such as patents and copyrights (Mannheimer Swartling n.d.).
Hays Sweden	PS luxury services are assured by highly qualified real estate agents	With this top recruitment company in Sweden, PS would be able to quickly access a high number of skilled real estate agents (Hays n.d.).
Lund university	PS was a successful early adopter of 3D videos in the real estate industry	By having a partnership with Lund University, “one of the world's top research-led full-scale universities”, PS would be closer to R&D (Lund University n.d.).
Hemnet	PS already uses online channels to reach new clients	Hemnet is one of the largest online property platforms, meaning that “every Swede spent an average of 38 minutes a month on Hemnet”(Hemnet n.d.). As claimed by the Hemnet 'win-win' value proposition, companies can benefit from

		selling faster and in a more cost-effective way.

Table 31: Potential contacts for PS

Criteria
(1) According to The Global 2000 list of 2021, Lundbergfoeretagen is one of the largest public real estate companies (Forbes 2021a). Lundbergs Fastigheter represents 15.3 % of Lundbergs' group portfolio. Indeed, it is the number one real estate company in the Lundbergs' group portfolio (Lundbergföretagen n.d.). (2) According to Orbis, Balder is one of the real estate companies with the highest operating revenues and is among the largest real estate companies in Sweden with the most employees (Nordic Market Data n.d.). (3) James Edition and Sotheby's International Realty can be considered luxury global leaders operating in Sweden (Reiss 2019).

Table 32: Criteria used for competitors' analysis

Lundbergs Fastigheter
Description: Founded in 1944, Lundbergs Fastigheter represents 15.3 % Lundbergs' group portfolio (Lundbergföretagen n.d.). The company offers high quality and sustainable properties to customers (Lundbergs 2019). This company is mainly

<table>
<tr><td colspan="2">focused on long term properties ownership and an active management namely through acquisition, renting, leasing, and building of new projects.</td></tr>
<tr><td colspan="2">Locations: This company is present in ten Swedish cities: Arvika, Eskilstuna, Gotemburgo, Jönköping, Karlstad, Linköping, Norrköping, Estocolmo, Södertälje and Örebro (Lundbergs Fastigheter n.d.).</td></tr>
<tr><td colspan="2">Products and Services: 50% of the company’s assets are residential properties with the reaming assets being related to the commercial use of properties (Lundbergföretagen n.d.). Regarding the services, the company states that keeps a regular dialogue with clients, provides maintenance and renovation services as also creates long-term relations through regular and personal meetings (Lundbergs n.d.).</td></tr>
<tr><td>Strengths
Lundbergs Fastigheter revealed to be attentive to new trends such as sustainability (Lundbergs 2020).

Lundbergs Fastigheter has one of the largest portfolios with a valuation of 25.30 SEK billion in 2020 (the properties portfolio valuation more than doubled compared with 2010) (Lundbergs 2020).</td><td>Weaknesses
A broad number of targeted segments, with a high focus on long-term benefits (Lundbergs 2020).

The resource commitment in Sweden indicates a relatively high dependence on the Swedish market performance (Lundbergs 2020).</td></tr>
<tr><td colspan="2">Balder</td></tr>
<tr><td colspan="2">Description: Founded in 2005, Balder invests in properties located in capitals and larger cities to offer “high diversification across real estate segments” (Fastighets AB Balder 2018, 16). Similarly to Lundbergs Fastigheter, the main activities of Balder</td></tr>
</table>

are to, with a long-term perspective, build, acquire as also exploit properties through an efficient management.	
Locations: Sweden, Denmark, Finland, Norway, Germany, Great Britain, and Greece (Balder n.d.).	
Products and services: In Q1 2021, 59% of properties were for residential use, being that 19% were located in Stockholm and 21 % in Gothenburg. This company also offers products to the office and retail segment (Fastighets AB Balder 2018). Regarding the services, they include an active search for properties, regular meetings with customers and property management services namely in financial and legal matters (Balder n.d.).	
Strengths	Weaknesses
Balder is one of the largest employers in the Swedish real estate market with 824 employees in 2020 (Nordic Market Data n.d.). Contrarily to Lundbergs Fastigheter, Balder is present in other countries besides Sweden.	Balder strategy of investing in capital and large cities can be compromised by the increasingly high prices in those regions. Balder net profit reduced around 40% since 2018 (Balder n.d.).
James Edition	
Description: Founded in 2008, James Edition is an online luxury marketplace that aims to connect buyers and sellers worldwide by concentrating on the best premium deals and avoiding the need to visit several dealers and agents (JamesEdition n.d.).	

Regarding real estate, the main focus is to facilitate the buy and sell process of properties.	
Locations: Worldwide	
Products and services: Luxury properties, cars, yachts, jets, and jewellery. Regarding its services, James Edition states that it filters the listings and provides a 24h customer service. Also, the company can offer a portfolio of solutions with advertisement through social media and articles (JamesEdition n.d.).	
Strengths	Weaknesses
Very broad audience with 42% of clients from America, 42% from Europe, Middle East, and Africa (EMEA) and 16% from Asia-Pacific (JamesEdition n.d.). James Edition online platform provides extensive information for businesses giving them the opportunity to easily access the results of the listings (e.g measure the return on investment (ROI) and access reports regarding the listings and leads) (JamesEdition n.d.).	High dependence on customer feedback and experience. Therefore, negative reviews may influence all business performance. The services described on the James Edition website indicate a low level of attention to country and customer specific characteristics (JamesEdition n.d.).
Sotheby's International Realty	
Description: Founded in 1976, Sotheby's is a luxury real estate company that aims to provide a distinctive service and exceptional properties to its clients. Through a	

<table>
<tr><td colspan="2">franchising system, Sotheby’s connects “the finest independent real estate companies to the most prestigious clientele in the world” (Sotheby’s International Realty n.d.). Sotheby’s main activities related to real estate are to buy and sell luxury properties.</td></tr>
<tr><td colspan="2">Locations: Present in over 70 countries worldwide (Sotheby’s International Realty n.d.). In Sweden, Sotheby’s international realty has five offices in: Bastad, Goteborg, Helsingborg, Malmo and Stockholm (Sotheby’s International Realty n.d.).</td></tr>
<tr><td colspan="2">Products: Sotheby’s brand is focused on luxury properties. Regarding its services, Sotheby’s offers reallocation, settlement services, among others (Sotheby’s International Realty n.d.). As PS, Sotheby’s offers several extra services characterized by a personalized approach.</td></tr>
<tr><td>Strengths

Sotheby’s is a highly recognized and respected brand worldwide (Reiss 2019).

Sotheby’s network, from different luxury business, is highly valuable and excel at providing solutions for client’s demands.</td><td>Weaknesses

As previously mentioned, luxury products tend to not be socially welcome in the Scandinavian culture.

As a leader of the luxury market, Sotheby’s could be more impacted in the case of a market disruption.</td></tr>
</table>

Table 33: Competitor’s analysis

	Lundbergs Fastigheter	Balder	James Edition	Sotheby's International Realty
Current number of properties available online	-	-	44	29
Average number of days to sell a luxury property worldwide	-	-	190	190
Predicted sold properties per year	-	-	85[1]	56[2]
Most affordable property available online ($)	-	-	804 890	261 683
Most expensive property available online ($)	-	-	15 186 610	17 445 512
Average price between the most affordable and the most expensive property ($)	-	-	7 995 750	8 853 597.5
Total annual sales ($)	**184 219 875**	**994 717 000**	**679 638 750**	**495 801 460**
Market share	**0.623%**	**3.364%**	**2.298%**	**1.677%**

Table 34: Calculation of the 2020 total annual sales in dollars and market share of the four competitors studied (Lundbergs 2020; Orbis n.d.)

(1) Since 44 houses are sold in 190 days, then in 365 days (a year) it will be sold 44*365/190

(2) Since 29 houses are sold in 190 days, then in 365 days (a year) it will be sold 29*365/190

	2020	2021
Number of real estate sold	74 756	74 756*1.01308 = 75 733.81

Table 35: Number of sold real estate per year (general market) (Sweden statistics 2020)

	Number of sold real estate	Annual change	Weight	**Weighted average growth**
2010	69 088			**0.013**
2011	65 677	-0.049	0.05	
2012	63 379	-0.035	0.05	
2013	65 900	0.040	0.05	
2014	71 457	0.084	0.05	
2015	77 046	0.078	0.1	
2016	72 312	-0.061	0.1	
2017	72 611	0.004	0.1	
2018	70 491	-0.029	0.1	
2019	72 797	0.033	0.2	
2020	74 756	0.027	0.2	

Table 36: Weighted average growth of the number of sold real estate (Sweden statistics 2020)

	Stockholm	Gothenburg	Malmo
Price (€)	7 550	5090	3300
Average (€)	5 313.33		

Table 37: Average selling price of Swedish properties per square meter (general market) (Statista 2021b)

	2021
Residential price per square meter (€)	5 313
Average size of homes in Sweden (sq m)	80
Average selling price (€)	**5 313*80=425 040**

Table 38: Average selling price of Swedish properties (general market) (Statista 2021b; Fastighetsbyrån n.d.)

	Price Index	Annual change	Weight	**Weighted average growth**
2010	264			
2011	266	0.008	0.05	
2012	263	-0.011	0.05	
2013	272	0.034	0.05	
2014	291	0.070	0.05	
2015	322	0.107	0.1	**0.051**
2016	349	0.084	0.1	
2017	378	0.083	0.1	
2018	378	0.000	0.1	
2019	388	0.026	0.2	
2020	414	0.067	0.2	

Table 39: Weighted average growth of Swedish real estate price index (Statista n.d.)

	2021
Total Swedish online luxury properties in Mansion Global (distribution channel)	55
Average number of days to sell luxury property worldwide	190
Number of luxury houses sold per year	(365*55)/190= **105.66**

Table 40: Number of Swedish luxury properties sold per year (luxury market) (Mansion Global n.d.; Statista 2017a)

	2021
Monthly rent of luxury houses in Stockholm per square meters (€)	84
Average square meters of a luxury house in Stockholm (sq m)	184
Average landlords charge as a % of the home's value	0.0095
Average selling price of a luxury house (€)	(84*184)/0.0095=**1 626 947**

Table 41: Average selling price of Swedish luxury properties (luxury market) (Statista n.d.; Sotheby's 2021b; SmartAsset n.d.)

	2021	2022	2023	2024	2025
Number of houses sold	75 733	76 724	77 727	78 744	79 774
Average selling price (€)	425 040	446 742.54	469 553.22	493 528.60	518 728.17
Market Sales Potential with 5% commission (€)	**160 947 771.60**	**171 378 453.02**	**182 485 124.63**	**194 311 595.92**	**206 904 515.56**
Number of luxury houses sold	106	107	109	110	112
Average selling price luxury (€)	1 626 947	1 656 232.05	1 686 044.22	1 716 393.02	1 747 288.09
Luxury Market sales potential with 5% commission (€)	**8 622 819.10**	**8 892 846.47**	**9 171 329.87**	**9 458 534.10**	**9 754 732.26**

Table 42: General and luxury market sales potential with 5% commission

	Portugal		Sweden	
	Sotheby's	PS	Sotheby's	PS
Number of sold properties	1 700	15	29	29*0.0088 = **0.26 ->1 Property**
Sales ratio (PS properties sold/ online Portugal Sotheby's properties)	0.0088	-	0.0088	-

Table 43: Expected number of properties sold by PS in Sweden (Sotheby's 2021c)

	2021	2022	2023	2024	2025
Number of luxury houses sold	0	1	2	3	4
Average selling price (€)		1 626 947.00	1 710 083.99	1 797 469.28	1 889 319.96
Company sales potential with 5% commission (€)		**81 347.35**	**171 008.40**	**269 620.39**	**377 863.99**

Table 44: Conservative scenario: Company sales potential with 5% commission

	2021	2022	2023	2024	2025
Number of luxury houses sold	0	1	3	5	7
Average selling price (€)		1 626 947.00	1 710 083.99	1 797 469.28	1 889 319.96
Company sales potential with 5% commission (€)		**81 347.35**	**256 512.60**	**449 367.32**	**661 261.99**

Table 45: Optimist scenario: Company sales potential with 5% commission

Tariff and non-tariff trade barriers to enter the market	1) In Sweden, there are no legal restrictions for a foreign to invest in real estate (Law Business Research 2015). 2) As an EU country, Sweden is part of the European single market meaning that there are no restrictions on the movement of goods, services, capital and persons within EU members (European Commission n.d.). In fact, “the EU

	supports and defends EU industry and business by working to remove trade barriers so that European exporters gain fair conditions and access to other markets” (European Union n.d.). 3) Sweden scored 2.98 out of 10 in the Trade Barrier Index. Being that 10 is the maximum use of trade barriers (Tholos foundation 2021).
Standards and regulations that affect the industry	1) All real estate agents and real estate companies need to be registered at the Swedish Estate Agents Inspectorate, Fastighetsmäklarinspektionen (FMI) (Verksamt 2021). 2) All the real estate companies in Sweden must have a VAT registration (verksamt n.d.). 3) In Sweden, profits from real estate are “taxed against a flat tax rate of 20.6% as of 2021“. (RSM Sweden n.d.). Also “the sale of real estate is not subject to VAT“ (RSM Sweden n.d.).
Availability and sophistication of local distribution channels and their appropriateness for the product/service	1) In Sweden, one of the largest websites for home advertising is Hemnet (Mäklarsamfundet 2016). As stated by the company from all the properties sold in Sweden 90% were listed in the Hemnet platform (Hemnet n.d.). 2) Also, when looking for a property it is common to use the compricer, an online platform to “compare the best companies and prices within their specific municipality“ as also the best financing options (InterNations n.d.).

Payment and financing methods	1) In 2019, 60% of real estate agents in Sweden had a commission-based salary and 20% a fixed monthly salary (Mäklarsamfundet 2019). Usually, real estate agents in Sweden earn between 30 200 euros and 50 400 euros annually (Mäklarsamfundet 2016). 2) To buy a Swedish property, on average, it is required a downpayment of 10% (InterNations n.d.). 3) In Sweden, there are several initiatives such as the startup venture cup which intend to support the most promising companies. In fact, the competing startups have the opportunity to win up to 500 000 SEK (Venture cup n.d.). 4) In Sweden, the "mortgage interest rates have generally declined for several years and interest rates are at historically low levels."(Swedish Banker's Association 2021).
Registrations	1) To become a real estate agent and obtain a registration, the law requires university education being that 120 ects need to be related to specific areas such as real estate law, construction and property valuation. Other requirements include "practical experience, indemnity insurance, as well as conscientiousness and suitability" (Mäklarsamfundet 2016; n.d.; FMI n.d.). It is important to note that if a foreign real estate agent desires to work in Sweden he/she can have his/her qualifications and professional experience

	recognized even though it might be asked an aptitude test (FMI n.d.). To submit the application to become a real estate agent there is a fee of SEK 2 900 (292 euros). After submitting the complete application there should be a result within three months. It is advisable to do the application with a professional since, for example, the application form is only available in Swedish (FMI n.d.). 2) To start a business in Sweden there are four steps: • The first step to start a business in Sweden is to "obtain a written statement from a Swedish bank certifying that the total cash amount to be paid for shares has been deposited in an account" (The World Bank n.d.). • With the previous document, the next step is to register the real estate company by sending an application to the Swedish Companies Registration Office. After the application, the Swedish Companies Registration Office will issue the corporate identity number (CIN) (verksamt n.d.). To submit the application to register as a real estate company there is a fee between SEK 1 900 and 2 200 (187 and 216 euros), depending on whether the application is done online or by post (verksamt n.d.). After submitting the

	complete application there should be a result within eleven working days (Bolagsverket n.d.). • After, in order to obtain the VAT registration, the company needs to "register with the Swedish Tax Agency (Skatteverket)" (The World Bank n.d.). On average this process takes one day. • Lastly, the fourth step is to "file information about beneficial owners with the Swedish Companies Registration Office (Bolagsverket)" a process that can cost up to SEK 250 (25 euros) (The World Bank n.d.). 3) To register a property in Sweden it is only required one process which is to "Submit the original and one copy of the transfer deed at the Land Registry with the signatures of both parties" (The World Bank n.d.).
Transportation	1) Sweden is served by four main international airports wich are at "Stockholm (Arlanda), Göteborg (Landvetter), Stockholm (Skavsta) and Malmö (Sturup)" (Turner n.d., 1188). 2) In the 2018 Logistics Performance Index, in particular, regarding the quality of trade and transport-related infrastructure, Sweden scored 4.24 on a scale from one (low) to five (high) (The World Bank 2018a).
Documentation	1) In addition to registering real estate agents, the Swedish Estate Agents Inspectorate (FMI) is a supervisory authority to each individual agent. In fact, "inadequate documentation

	is amongst the most common reasons for disciplinary sanctions“ (Mäklarsamfundet 2016, 12). 2) To register a real estate agent, it is necessary to deliver the following documents (verksamt 2021): • Proof of education • Traineeship certificate • Proof of liability insurance 3) To register a real estate company (limited ownership), it is necessary several documents (verksamt n.d.): • Memorandum of Association • Articles of Association • Statement from the bank • Signature validation list 4) For the VAT registration of the company, it should be submitted a “Tax application for foreign entrepreneurs" form (SKV 4620) to the Swedish Companies Registration Office (verksamt n.d.). 5) Overall, the standard documents to secure a mortgage are (InterNations n.d.): • Proof of employment and steady income • Credit history • Residency permit • Swedish personal identity number • Swedish ID card

Table 46: Market entry conditions for Swedish real estate market

	Factor	Classification	Justification
Internal factors	Company size	Low (-)	PS is a small company with only three employees. Therefore, as previously mentioned, PS has a low probability of developing international activities.
	International experience	Low (-)	PS is only present in Portugal and Brazil, having low international experience.
	Product complexity	High (+)	PS provides a soft service, which is highly complex since the production and the consumption happens simultaneously. Therefore, there is a tendency that this type of companies require higher levels of control, being associated with hierarchical entry modes.
	Competitive strategy	Low (-)	PS has two long term competitive advantages and, since it is highly dependent on the network, which is an intangible asset, the company is, to a certain extent, vulnerable. Therefore, as previously mentioned, the probability of internationalized without the need of a partner is low.
External Factors	Sociocultural distance	Medium (+/-)	Portugal and the US have different languages but similar cultural features, education, and economic systems. As previously mentioned, these medium level of dissimilarities is associated with medium risk entry modes. In fact, when comparing the Hofstede dimension between Portugal and the US is relatively similar in terms of long term orientation, but in terms of

			individualism, masculinity, and indulgence US scores higher, while regarding the power distance and uncertainty avoidance Portugal scores higher.
	Demand uncertainty	Medium (+/-)	On one hand, with the covid-19 outbreak it was possible to see that, even with the lockdown, the luxury real estate market revealed some resilience. On the other hand, the demand is always vulnerable to unexpected external events. Overall there is a medium country risk, meaning an expected medium level of resource commitment
	Market size and growth	High (+)	From the analysis of all five countries, the US was the one that showed a higher and growing potential of the luxury real estate market. In fact, the higher the market size and growth, the higher the resource commitment (internationalization).
	Trade barriers	Low (+)	In the US, the trade barriers are considered low since it is not necessary to have a license to trade most of the products.
	Intensity of competition	High (-)	The US market is highly fragmented and there are several players, from small to multinational companies competing in the real estate market. Therefore, as previously mentioned, this intensity of competition is usually associated with export modes.

	Number of relevant intermediaries	High (-)	In the US there is a significantly high number of real estate agents, which are considered intermediaries (Crowston, Sawyer, and Wigand 2015). Therefore, as previously mentioned, a high number of intermediates leads to a higher probability of export modes.
Desired Mode Characteristics	Level of risk aversion	High (-)	Since PS is a small company, consequently, the company has limited resources to change its strategy. Also, small companies tend to operate under a low cost structure and try to mitigate the risk in the host country when expanding (Lin and Ho 2019b). Therefore, the high risk aversion reinforces externalization.
	Control	Medium (+/-)	Even though the company would like to have full control, PS has few resources, and its business is around its network (which is an intangible asset that PS does not have in other countries) the company is aware that it has to share the control of the business details, for example, with a partner.
	Flexibility	Medium (+/-)	PS has a long-term view and is aware that the costs are mainly variable, depending on whether the company is operating or not in the US. Also, usually, small companies are by nature flexible (Lin and Ho 2019b).
Transaction	Tacit nature of know-how	High (+)	The business model of PS involves a network and there is not a step by step guide to sell a luxury house mainly because the luxury real estate buyers are more

			demanding. Moreover, literature shows that "real estate transactions are complex and require both substantial and specific knowledge about the particulars of that market and about the listing/purchase/closing process" (Crowston, Sawyer, and Wigand n.d., 4). Additionally, this result is expected since products with a high complexity (the soft service offered by PS) are usually associated with a high tacit nature of know-how and, consequently, a higher tendency for internationalization entry modes.
	Opportunistic behaviors (transaction costs)	High (+)	The opportunistic behaviors are high since an independent partner can easily have access to the same network.

Table 47: Classification of the different factors influencing the country entry strategy decision

Joint Venture (JVs): A Joint venture (JV) can be defined as an "association of firms or individuals formed to undertake a specific business project" (OECD n.d., 51). In fact, the JVs are similar to partnerships and the main difference is that the JV are specific to a project, such as a certain product, or research in a specific area (OECD n.d.)	
Advantages	Disadvantages
1. The JVs are one of the most used entry modes since it diminishes the financial, political, and cultural risk that the company faces (M. Chung 2011) 2. JVs also allow the companies to not commit such high amounts of capital to the investment (M. Chung 2011) 3. JVs might create "synergistic benefits, bring together organizational knowledge" (Bingöl and Begeç 2020, 542). In fact, with a JVs the company is able to overcome local tariffs and non-tariff barriers as well as some restrictions in the host country and take advantage of economies of scale by combining resources and skills (Hollensen 2014b)	1. The controlling partner usually has to be a resident in the country and the parties involved in the JVs have to decide before-hand which legal jurisdiction should be applied in the case of a dispute. Therefore, a compromise must be done, which might be complex (DePamphilis 2019) 2. In the US, individualism and short term performance are highly valuable, and the corporate boards are usually smaller, and the CEO has more power compared to the European companies. Thus, there might be a cultural shock since, in the JVs, directors of the same board might have different perspectives (DePamphilis 2019) 3. The objectives of each party in the JVs might be different, generating some conflicts in terms of, for example, the

	attitude towards risk (Channon and Sammut-Bonnici 2015)
Strategic Alliances (SA): A SA is a “voluntary agreement for free exchange, cooperation and mutual relations without common property” (Kinderis and Jucevičius 2013, 110). In the SAs, all parties “seek mutual benefit that is based on trust, partnership and risk management” (Kinderis and Jucevičius 2013, 110) In fact, SA are an informal agreement, that can even be a handshake agreement, between parties that continue to be independent entities (Elmuti and Kathawala 2001a; Serrat 2017a)	
Advantages	Disadvantages
1. It is possible to “leverage strengths with partner” (Serrat 2017b, 644). In fact, SA are very attractive for small businesses as they can “involve themselves in biggest projects faster and more profitable than they could do only by themselves”(Radu 2010, 164). 2. SA allow to reduce or control the risk of entering or launching a new service since the risk is shared between both parties (Išoraitė 2009). 3. Through “small, fast implementations combined with feedback and iterative learning cycles “it could be reduced the capital requirements as also the time to enter a market (The Wall Street Journal 2019).	1. When doing SAs there might be differences in culture and operating procedures, which put at risk the alliance (Elmuti and Kathawala 2001b). 2. There might be a lack of trust. The conflicts may intensify through time, testing the coordination between management teams (Radu 2010). 3. There might be the risk of over-appropriation, underinvestment and misalignment of goals which may contribute to the failure of the strategic alliance and therefore negatively impact both companies (Henderson, Avagyan, and Perrinjaquet 2014)

Licensing: "A licensing agreement is an arrangement wherein the licensor gives something of value to the licensee in exchange for certain performance and payments from the licensee" (Hollensen 2014b, 371)	
Advantages	Disadvantages
1. Allows small companies to expand overseas, even though their "financial, managerial, or marketing expertise" (Hollensen 2014b, 371) is limited 2. A good mean to circumvent "tariff or non-tariff barriers" (Hollensen 2014c, 372) 3. Benefit from the licensee's "local marketing and distribution organization and of existing customer contacts" (Hollensen 2014c, 390)	1. Costs of licensing should not be underestimated (e.g., legal advisory, communication, training, audit, back-up services) (Hollensen 2014c) 2. Licensing comes with the risk of opportunism as the licensee can learn about know-how and expertise and then adapt it for its own advantage (Mottner and Johnson 2000b) 3. The risk of a decrease in quality occurs in particular for small firms when the licensee cannot meet the licensor's benchmarks (Mottner and Johnson 2000b)

Franchising: Franchising is a market entry mode where “the franchisor gives a right to the franchisee against payment, e.g., a right to use a total business concept/system, including use of trademarks (brands) against some agreed royalty” (Hollensen 2014c, 374). There are two franchise systems, the direct and indirect system. While in the direct system the franchisor has control over the franchisee activities, in the indirect system a master franchisee is assigned who oversees recruitment and training for his own subsystem of franchisees.	
Advantages	Disadvantages
1. A more rapid expansion of the business (Baresa, Ivanovic, and Bogdan 2017) 2. The use of financial resources by franchisees (Baresa, Ivanovic, and Bogdan 2017) 3. More efficient utilization of local market conditions as franchisees are more familiar with the regional market environment (Baresa, Ivanovic, and Bogdan 2017)	1. Loss of control as the franchisor does not legally own the franchised location (Baresa, Ivanovic, and Bogdan 2017) 2. Failure of the franchisee to comply with contractual obligations (Baresa, Ivanovic, and Bogdan 2017) 3. The risk that the franchisee will turn into a competitor after the contract expires (Baresa, Ivanovic, and Bogdan 2017)

Management contract: Management contract is a relationship between a contractor and a principal, in which the company surrenders specific functions, such as marketing or sales to the principle (Anderson and Gatignon 1986). The aim is to acquire market know-how from an established company in the host market, creating a network and either developing or stopping the business in the market when the contract expires. The financial compensation for the principal depends on the exact contractual agreements, but the fee is usually either fixed or profit-related (similar to the real estate commission) (Hollensen 2014c).	
Advantages	Disadvantages
1. Can be seen as a market entry with the opportunity to gain better market knowledge and develop the internationalization strategy with increasing resource commitment (Hollensen 2014c) 2. Time, resources, and money savings can be achieved due to outsourcing of different company functions (Thompson 2019). 3. Management contracts are “intra-firm transactions that remains within the firm boundaries” (M. Kruesi, Kim, and Hemmington 2017, 89). Thus, it allows control over the strategic orientation of the company, such as marketing, as well as competitive advantages of	1. It will cause a loss of control since the principal can operate independently as long it complies with the contractual agreements (Czinkota, Ronkainen, and Moffett 2011). 2. Opportunistic behavior of the principal can be favored since the person can use their acquired knowledge or, in terms of real estate, build a network to start an own business and get a competitor (Hollensen 2014c) 3. Limitations in the time horizon, which can lead to the necessity of a steady search for personnel/contract partners, mainly real estate agents in the mentioned industry (Hollensen 2014).

irreproducible competencies can be kept internally (M. Kruesi, Kim, and Hemmington 2017; Dev, Erramilli, and Agarwal 2002)	

Table 48: Definition, advantages, and disadvantages of the different types of intermediate entry modes

Metropolitan Area	Current average property sales price 2021/Q3	Price Growth YoY	Hotness Index	Hotness Spot Change YoY	New construction permits per existing housing units
North Port-Sarasota-Bradenton, FL	415	0,22	63,71	196	0,021
San Jose-Sunnyvale-Santa Clara, CA	1650	0,18	43,31	-86	0,008
Naples-Immokalee-Marco Island, FL	640	0,32	36,45	78	0,020
Lakeland-Winter Haven, FL	280,6	0,21	67,39	176	0,031
Punta Gorda, FL	325	0,27	50,00	123	0,027

San Francisco-Oakland-Hayward, CA	1350	0,20	42,81	-126	0,006
Sebastian-Vero Beach, FL	330	0,26	46,82	116	0,014
Pensacola-Ferry Pass-Brent, FL	292	0,17	76,92	69	0,020
Deltona-Daytona Beach-Ormond Beach, FL	300	0,20	55,02	133	0,020
Tampa-St. Petersburg-Clearwater, FL	341	0,22	58,19	71	0,017
Palm Bay-Melbourne-Titusville, FL	320	0,21	55,52	97	0,017
Cape Coral-Fort Myers, FL	360	0,24	42,64	98	0,026
Port St. Lucie, FL	343,5	0,25	42,81	78	0,023
Panama City, FL	305	0,18	49,00	127	0,027
Fresno, CA	375	0,16	75,59	-18	0,009
Riverside-San Bernardino-Ontario, CA	524	0,20	49,33	12	0,010

Anaheim-Santa Ana-Irvine, CA	1100	0,21	13,38	-57	0,006
Sacramento--Roseville--Arden-Arcade, CA	512	0,19	59,70	-62	0,012
Orlando-Kissimmee-Sanford, FL	365	0,18	45,15	54	0,023
Crestview-Fort Walton Beach-Destin, FL	378	0,01	64,05	145	0,018
Jacksonville, FL	339	0,18	40,47	58	0,043
Los Angeles-Long Beach-Glendale, CA	860,9	0,18	13,38	-57	0,006
Ocala, FL	240	0,30	2,68	1	0,022
San Diego-Carlsbad, CA	850	0,17	24,08	-166	0,008
Gainesville, FL	308,7	0,20	22,58	-27	0,014
Miami-Fort Lauderdale-West Palm Beach, FL	490	0,20	3,18	5	0,008
Tallahassee, FL	278,9	0,12	21,40	-64	0,014

Table 49: Variables analyzed in each MSA (FL means Florida and CA means California)

Metropolitan Area	Score	Rank
North Port-Sarasota-Bradenton, FL	62,10	1
San Jose-Sunnyvale-Santa Clara, CA	61,65	2
Naples-Immokalee-Marco Island, FL	58,18	3
Lakeland-Winter Haven, FL	57,97	4
Punta Gorda, FL	55,02	5
San Francisco-Oakland-Hayward, CA	54,02	6
Sebastian-Vero Beach, FL	52,44	7
Pensacola-Ferry Pass-Brent, FL	51,48	8
Deltona-Daytona Beach-Ormond Beach, FL	51,20	9
Tampa-St. Petersburg-Clearwater, FL	50,47	10
Palm Bay-Melbourne-Titusville, FL	50,07	11
Cape Coral-Fort Myers, FL	49,53	12
Port St. Lucie, FL	48,53	13
Panama City, FL	47,45	14
Fresno, CA	47,05	15

Riverside-San Bernardino-Ontario, CA	47,05	16
Anaheim-Santa Ana-Irvine, CA	44,53	17
Sacramento--Roseville--Arden-Arcade, CA	44,32	18
Orlando-Kissimmee-Sanford, FL	42,97	19
Crestview-Fort Walton Beach-Destin, FL	42,39	20
Jacksonville, FL	41,19	21
Los Angeles-Long Beach-Glendale, CA	37,58	22
Ocala, FL	32,65	23
San Diego-Carlsbad, CA	32,39	24
Gainesville, FL	31,12	25
Miami-Fort Lauderdale-West Palm Beach, FL	31,03	26
Tallahassee, FL	21,87	27

Table 50: Score and Ranking of the analyzed MSA

Potential Partner	Description	Justification
Pileggi Realty Group LLC (PRG)	PRG is a licensed and small real estate company in Sarasota, with only three employees (one real estate broker and two salespersons) with a focus on residential and commercial real estate. This company is present in the real estate market for over 14 years (Pileggi Realty n.d.; Orbis n.d.). PRG had an operating profit of 590 thousand dollars in 2020 (Orbis n.d.)	“PRG has been involved in numerous hi-profile rezone projects in both Sarasota County & the city of Sarasota” (Pileggi Realty n.d.). Therefore, PS can benefit from PRG’s network of luxury property sellers and buyers in the MSA
Hartman Real Estate & Company	Hartman Real Estate is a broker-owned agency in Sarasota. The founders are thereby a married couple with various experiences through previous jobs in Washington, DC. They draw their business (Hartman Real Estate & Company n.d.). In 2020, the company generated $ 360k revenues (Orbis n.d.)	The company is specialized in luxury real estate and provides a broad knowledge due to Zain Hartman’s work in “real estate development and construction” as well as an asset manager and Brooke Hartman’s experiences in brokerage and sale as well as land planning (Hartman Real Estate & Company n.d.). Besides, the company has a cooperation with a second broker-owned company “Grace Team” (Hartman Real Estate & Company n.d.). PS could profit from the broad experiences in luxury real

		estate development, financing, and brokerage as well as the already existence of another cooperation in the market.
Imperial Property Group LLC (IPC)	The company is owned by Olga Smith, which is the only broker/agent. She has more than 9 years of work experience in real estate and operates in the whole MSA (Realtor.com n.d.). IPC achieved revenues of $140k in 2020 (Orbis n.d.).	Due to the owner's ability to speak Russian, the company focuses currently on Russian clients in all real estate fields (Realtor.com n.d.). By cooperating, PS could use the company's network as well as IPC will be able to increase their clients base and increase revenues.
Catalist Realty LLC	The company is a real estate brokerage with an office in Sarasota. The company has five brokers (Catalist Realty n.d.) Catalist Realty generated $490k in revenues (Orbis n.d.).	Besides selling residential properties, the firm's strategy includes a high contribution of its business to charity. Thereby, every client will be able to select a non-profit to donate. The company is against any type of philanthropy (Catalist Realty n.d.). This strategy implies for PS that high integrity and trustworthy partner.
Barrett Realty	The company is operating with twelve brokers and agents in the whole MSA and can be seen as a small company (Barrett Realty n.d.). According to Orbis (Orbis n.d.), the estimated revenues in	Barrett Realty is operating as a buyer and seller agent. Similar to PS, the company operates in its clients' interests and strives for the best possible outcomes for its clients. Additionally, PS could profit from Barrett Realty's additional service of

	2020 were around $117k by only five employees.	property management (Barrett Realty n.d.).
Castle Concierge	Castle concierge is a micro business, operating as luxury concierge in Sarasota for one year. The company is owned by Michelle Olivo, the only staff member (Sarasota Magazine 2021).	Due to the young age of the company, a cooperation could be beneficial for both parties since the business can grow together. Thereby, PS could profit from the broad portfolio of home watching to personal assistant according to the wishes of the clients. Similar to PS, the company operates with high standards and defined a relationship of trust as key requirement (Castle Concierge n.d.).
Suncoast Home Concierge Services	The company is founded and owned by Joel J. Pye and has been operating in the Sarasota area since 2014 (Suncoast Home Concierge Services n.d.). The company recorded revenues from around $420k in 2020 (Orbis n.d.).	Through a cooperation with Suncoast Home Concierge Services, PS would be able to benefit from the company's experiences and existing network. In addition, the huge service portfolio allows to transfer PS personalized services and high service standards to Suncoast Home Concierge Services (Suncoast Home Concierge Services n.d.).

Table 51: Potential partners

SMART goals	Meaning
Specific	Specific requires that the goal is clearly defined and there is a general understanding of what is to be achieved, by whom, when and where (Blaine Lawlor and Hornyak 2012)
Measurable	Measurable means that a goal can be measured by defining criteria to determine whether the set plans have been met (Hayden and Deng 2012)
Achievable	Achievable implies that it must be questioned whether one has the necessary resources, such as personnel, finances, and competencies to achieve the goals (Blaine Lawlor and Hornyak 2012)
Realistic	Simultaneously, the focus should be on setting ambitious goals, but they must remain realistic (Hayden and Deng 2012)
Time	The time constraint should be considered by giving a precise deadline for the goals to be accomplished (Blaine Lawlor and Hornyak 2012)

Table 52: Definition of SMART goals

Marketing Objectives	Key Performance Indicators
1) Short-term: Increase lead generation, the process of attracting and converting a prospect into an actual buyer, for real estate by five percent in North Port-Sarasota-Bradenton within the first year to enhance	○ Number and engagement of new and repeated visits to PS's websites ○ Conversion rate: Percentage of visitors that reach out to PS ○ Number of booked first meetings for the purchase of a North Port-Sarasota-Bradenton property

PS's reputation as a trusted strategic alliance partner.	○ Percentage of leads who converted into an actual North Port-Sarasota-Bradenton property buyer ○ Cost per lead
2) <u>Short-term</u>: Within the first year of successfully partnering with Pileggi Realty Group, PS aims to increase its total revenue by at least €100,000 from the North Port-Sarasota-Bradenton business.	○ Number of mediated buyers who have purchased a property in North Port-Sarasota-Bradenton ○ Commission earned per luxury property
1) <u>Long-term</u>: PS strives to grow its sales from US business by 20% year-over-year over each of the next three years through the strategic alliance with Pileggi Realty Group.	○ Average revenue per brokered buyer in North Port-Sarasota-Bradenton ○ Average revenue growth per brokered buyer in North Port-Sarasota-Bradenton
2) <u>Long-term</u>: Attracting a new group of buyers, namely young millionaires, to buy properties in North Port-Sarasota-Bradenton within the next three years, as they show a greater willingness to pay high real estate prices.	○ Number of new buyers, namely the young millionaires, gained over three years ○ Percentage of young millionaires who converted into an actual North Port-Sarasota-Bradenton property buyer ○ The money spent to acquire the new buyer group

Table 53: Marketing objectives and key performance indicators

Variable	Importance	Explanation of the values
Number of Millionaires	Since PS will operate in the luxury real estate market, the main clients are going to be millionaires. Therefore, it is important to analyze the size of the market for each persona, which represents a generation	In order to estimate the number of millionaires for each generation, it was first found that in NSB there are a total of 17005 millionaires (Lucas 2014). Moreover, it was also found that in the US, 19% of the millennials, 18% of generation X and 42% of the baby boomers are millionaires (Statista Research Department 2013). Thus, the percentages of each generation were multiplied by the total amount of millionaires in the NSB to have the final estimation of the number of millionaires of each persona.
Type of luxury buyer	Since it is important that the client and PS have the same interests, meaning both associate a luxury property with a high quality property, it is important to analyze the type of buyer	Due to the characteristics already identified for each type of luxury buyers, the description of each persona already associates one persona to one of the segments of luxury buyers.
Number of individuals that buy properties	Since PS is operating in luxury real estate, it is important to focus on luxury properties that	In order to find this value, it was first collected data regarding the percentage of buyers from each generation that, in 2020, bought properties worth more than $500,000 in the US

that cost more than 500,000 dollars	cost more than $500,000. This way the company is able to analyze the market potential of each persona	(National Association of Realtors 2021a). To have an absolute value, it was also collected data regarding the number of individuals of each generation in the US and multiplied this value by the percentage (Statista Research Department 2021b).

Table 54: Explanation of the research done to estimate the three variables used to analyze the market

Company	Justification	
	Level of luxury focus	Level of personalization
Hartman Real Estate & Company	This company aims to provide a "premier real estate service" being specialized in "luxury real estate" (Hartman Real Estate n.d.). Therefore, the level of luxury focus is high, being positioned close to PS.	The current available information does not refer the list of services provided. Indeed, the company in a property listing already provides most of the information but provides a section to insert contact details in case of specific questions (Hartman Real Estate n.d.). Therefore, regarding the level of personalization of this company is medium.
Imperial Property Group	According to realtors.com, the price range of the properties sold within the last 24 month	Even though this company claims to be a "full-service Real Estate company" it does not identify the services provided neither

	were between 75000 and 9.25 million dollars (realtor.com® n.d.). Although the company doesn't refer to itself as a luxury brokerage, the price range shows that Imperial Property Group has a relatively high level of luxury focus.	explain the value that those services could bring to clients. Therefore, the level of service personalization will be classified as medium.
Catalist Realty	Catalist Realty is not luxury focus due to the price range and the fact that on the company's website it is never mentioned luxury or related terms. Instead, the company emphasizes the social function of its business (Catalist Realty n.d.). Therefore, the level of luxury focus is low.	Catalist Realty provides a client-focused service from "from first contact until well after the closing". Also, one of the company's agents clearly states that it provides an exceptional, personalized service (Catalist Realty, n.d.). Also, one of the company's agents clearly states that it is dedicated to providing an exceptional, personalized service (Catalist Realty n.d.). For the reasons above mentioned the level of personalization in the service provided is classified as high.
Barrett Realty	In November of 2021, Barrett and realty average price of its properties was around 380 000 dollars (Barrett Realty n.d.). Indeed, none of the properties	The company states that it places the customer at first and is looking for lifetime relations with their customers. For example, on the company's website, it is mentioned that it provides property

	listed as a price above 500 000 dollars and the company identifies itself as a company that Is focused on “integrity, knowledge and reliability” in the buy and sell process. Therefore, the level of luxury focus is low.	management services and a personalized marketing plan during the selling process Therefore, due to the company’s position relative to its clients, it is possible to classify the level of personalization as medium.
Michael Saunders & Company	This company “is the number one real estate broker in Southwest Florida, covering Sarasota, Charlotte, Manatee and Lee counties” (Michael Saunders & Company n.d.). On this company’s website, there is a luxury collection, where several luxurious houses can be found being that the most expensive costs almost 13 million dollars. However, the company also sells single-family houses starting at the price of 50 000 dollars (Michael Saunders & Company n.d.). Therefore, due to the wide range	Michael Saunders & Company state that they provide a “full range of dedicated real estate services, making your home buying or selling experience seamless, stress-free and rewarding” (Michael Saunders & Company n.d.). On the company’s website, it is possible to find some services such as mortgage and insurance information that are provided by a partner of the company. Also, the website presents information regarding the neighbourhoods and the lifestyles of the properties’ location (Michael Saunders & Company n.d.). Therefore, although providing some additional services and information that make the service more personalized, in comparison with other real estate

	portfolio, Michael Saunders & Company has a low luxury focus.	companies, it is possible to state that the level of personalization is low to medium.
Century 21 Sunbelt Realty	According to the company's website, Century 21 has properties starting at 100000 dollars and going up to 22 million dollars (Century 21 Sunbelt Realty n.d.). Thus, although having a subsection on their website dedicated to luxury properties, the company presents a low luxury focus due to its wide portfolio range.	Century 21 is an international real estate company with the mission of "defy mediocrity and deliver extraordinary experiences" (Century 21 n.d.). Thus, it is assumed that the company has additional services to provide a personalized experience to its customers. Additionally, the company provides a personality assessment to provide a report with insights regarding how to proceed in the real estate business (Century 21 n.d.). Therefore, the company is considered to have a low to moderate level of personalization as it provides a personality test, which is different, but it does not indicate additional services provided to the client.
Urban Compass	This company is a real estate technology company and focus on residential real estate (Orbis n.d.). This company has properties in several locations across the US and on its	On the company website, it is stated that Urban Compass has local experts available to the buyers in order for the clients to have all the crucial information regarding several aspects, even if not related with the real estate industry (Compass Real Estate

	website, it is possible to see that Urban Compass has a wide range of properties, from more affordable to more luxurious, but seems to focus more on the luxury properties (Compass n.d.). Therefore, it has a high luxury focus.	n.d.). Therefore, the company has a high degree of luxury focus.
Christie's International Real Estate	Christie's is present in 46 countries, and, in the real estate industry, the company recognizes itself as luxury (Christie's International Real Estate n.d.). Therefore, and similar to what was seen in Portugal, Christie's in the US also has high luxury focus.	Christie's argue that it has "incomparable services to a global clientele at the luxury end of the residential property market" (Christie's International Real Estate n.d.). Although the company's website does not specify the services provided, it states that it has a local and exclusive network of expert individuals that provide all the necessary complementary services to the clients (Christie's International Real Estate n.d.). Thus, once again similar to Portugal, in the US Christies continues to have high personalized services.
Sotheby's International Realty	Similar to Portugal, Sotheby's defines itself has an "exceptional luxury real estate company", having high luxury	Once again, similar to its position in Portugal Sotheby's has local experts that accompany "clients at every stage of their journey", being having a high degree of

	focus (Sotheby's International Realty n.d.).	personalization in its services (Sotheby's International Realty n.d.).
JLL	Following the global strategy of JLL for Europe and America the services provided focus on a "broad range of clients" (JLL n.d., 22).	In the US, JLL provides a wide variety additional services related with "integrated property and facility management, project management, advisory, consulting, valuations and digital solutions services locally, regionally and globally"(JLL n.d., 3). Therefore, this services allow JLL to provide a medium personalized service.
Remax Collection	Remax collection maintains its luxury strategy in the US, having properties with prices up to $ 22 million (RE/MAX Collection n.d.). Thus, Remax collection is considered to have a high luxury focus.	As for the personalized services, Remax collection continues to offer highly personalized services. In fact, "RE/MAX luxury home marketing program provides exclusive advertising incentives, specialized training and distinctive marketing tools to RE/MAX agents so they can better serve discerning clients" (RE/MAX Collection n.d.).

Table 55: Arguments for the construction of the positioning map for PS in the North Port-Sarasota-Bradenton real estate market

	Group 1	Group 3	Group 4
Points of difference	○ The main focus is affordable and mid-segment housing with a wide portfolio	○ Quality and customer-oriented ○ High percentage of foreign clients	○ Higher luxury/quality of the service ratio
Points of parity	○ Presence in the US ○ Similar commission rates ○ Similar product listing platforms		

Table 56: Points of difference and points of parity among competitors groups identified

Product	o Since PS operates as a luxury real estate broker, its service is the mediation of international buyers for the brokerage of luxury real estate properties in NSB o PS provides information about market attractiveness, market trends, local sales data or advice for possible activities close to the property o After-sales services through partnership with a luxury concierge service and as investment into clients' loyalty
Price	o Commission of 5.38%, included in the property price will be paid to the Pileggi Realty Group o Since the Pileggi Realty Group is a small company, it is assumed that they partner with other competitors to gain a seller. Thus, Pileggi Realty Group only receives half of the commission (2,69%). PS issues an invoice to Pileggi Realty Group for half of the commission they have received (1,35% of the total property price) due to the buyer mediation.
Place	o Properties will mainly be brought to the buyer through Pileggi Realty Group o And through PS website, which will be connect to the partners' listings

Promotion

- An article from Forbes states that to have an efficient marketing strategy for luxury real estate companies, it is "prudent to implement a strategy that incorporates multiple channels to target affluent buyers" and create ads that specifically "target the high-net-worth homebuyer and stand out in the media" (Anton 2019).
- By comparing traditional with digital and social advertising, it was revealed that a "growing part of marketing budgets have moved from traditional advertising (such as magazines and fashion shows) to social media" (Ott 2021, 164).
- Traditional advertising through luxury magazines or journals related to the industry, e.g., New York Times, and by attending industry related conventions, (e.g., MailCon New York, which is one of the most recognized real estate fairs in the US, and Florida Conference & Deal Making, a real estate fair in the state where PS will expand). At the start, PS would only attend these events in person to increase its network and, after 2025, since PS would have higher revenues, it could even participate in the events and create brand awareness.
- Digital advertising through Google AdWords by defining keywords for luxury, real estate luxury properties, among others and negative keywords such as affordable and cheap
- Social media advertising by LinkedIn, Instagram, or Facebook
- To sum up the promotional strategy, PS would invest in magazines, journals, events (after 2025) (traditional marketing), Google AdWords (digital marketing), and social media (social marketing)

People	○ Hiring a marketing freelancer to outsource these tasks on a per-job or per-task (volume). ○ Initial trip of a shareholder for two months for developing the network and afterwards steady visits to improve relationships and network
Process	○ For PS, it is crucial to, throughout time, access a higher network, firstly from the strategic alliance, and secondly from the shareholder present in the US ○ Creating a broad network through the alliance partners and the physical presence in the market to improve the personalized services and increase client satisfaction
Physical evidence	○ No physical evidence necessary since PS operations will be done mainly by the partner and PS can benefit from the partners' office and also PS is focused on the international clients, which usually, for the majority of the time, the client is in his/her home country, being only able to meet online. ○ Strong virtual presence by online meetings and an attractive website

Table 57: Marketing Mix

Category	Assumptions	Justification
Market size and company sales potential	Properties stay 99 days on the market	The median days on market of luxury properties dropped about from 99 days to 61 days in the first quarter of 2021 compared to the first quarter of 2020, but especially 2020 to 2021 represents an extraordinary year. The demand for acquiring houses increase over proportional and implied an outstanding year. Since the first quarter of 2020 represents the last stable quarter, the number of days on market at this point will be considered (Katz 2021).
	Proportion of PS transactions to Sotheby's Portugal of 0.88%	A proportion of PS's transactions in 2020 to Sotheby's listed Portuguese properties (Stand: 07.11.2021; (Sotheby's International Realty 2021b) were built to set PS in correlation to the total luxury real estate market.
	Population proportion of 29.20%	Due to differences in the market size from the metropolitan area of Lisbon to the North Port-Sarasota-Bradenton MSA, the population of both areas were correlated in order to create a proportion to compare both markets in its size of potential buyers (Pordata n.d.; U.S. Census Bureau 2019).
	Expected transaction growth of 2 transactions per year	Taken the days on market and the days per year into consideration, it can be derived that a company would sell 3.6 properties per year, if only one property would be sold in the 99-days-period. Included the forecasted number of transactions in 2022 for a year of full operations, PS

		would sell 2.67 properties the 99-days-period in 2022. Due to the economics of learning, it can be expected that PS will be able to increase its transactions by 2 per year. To assume a more conservative increase, the 2.67 properties were rounded down and lead to two additional transactions per year.
	Expected Market Growth of 10.4% per year	The expected value complies with the growth rate of the MSA North Port-Sarasota-Bradenton in 2020 (Florida Realtors 2021b).
	Average luxury sales prices of $1,681,250.00 in 2021	The average luxury sales price was defined according to the average of the single-homes and attached homes sold prices in Sarasota & Beaches in October 2021 (Institute for Luxury Home Marketing 2021).
	Growth rate of sales prices of 2.5% per year	According to an interview of Molly Boesel with Mansion Global, a normalization in growing sales prices is expected. Thus, the growth rate will be between 2% - 3% annually (Smith 2021).
	Commission rate of 5.38%	This value corresponds to the average commission rate in 2021 in Florida (Peterson 2021).
	Equal split of the commission – commission rate for PS will be 25% of the	Since a listing agent and a buyer’s agent are involved in a transaction in the US, the commission is usually split between at a 50% rate (Peterson 2021). Additionally, PS has to split the commission with its strategic partner since the partner will sell the properties and PS only refer

	overall commission (effective commission rate 1.35%)	clients. For simplicity, a split at 50% was considered again.
	Annual time of business operations	Due to PS preferences regarding the business operation start date in the US, it was assumed that operation would start in the second half of 2022 were assumed. For the following years, operations will be done in the entire year.
Costs and profit and loss	Marketing Budget of $14,423.14 in 2022	According to the marketing mix, the marketing budget will be distributed on traditional, digital, and social advertising. The traditional advertising was considered to be an annual amount of 8,035€ (Financial Times n.d.). Due to the limited number of operations in 2022, the revenues will be low, leading to a marketing budget higher than 8%. However, it is important to invest in marketing specially in the first year to create brand awareness. Additionally, google ads will be used in 2022 and its cost was computed using the industry cost-per-click (2,.37€) and click-through-rate (3.71%) (Irvine 2021).
	Marketing Budget of 8% of the revenues	It is assumed a marketing budget of 8% of the revenues since this amount is recommended for small businesses (Hoole n.d.). This marketing budget includes the traditional, digital (Google Ads), and social adverting.

	from 2023 onwards	The cost of traditional advertising is assumed to be constant and the investment in digital and social advertising will rise with the increase in revenues. Therefore, it was assumed from 2023 onwards a distribution of 60% of the remaining marketing budget (meaning after subtracting the traditional ads) for google ads and 40% for social media.
	Costs for marketing freelancer of $10,920 annually	To improve the efficiency and effectivity of the US marketing activities, an on marketing specialized freelancer will be hired. Thus, the average hourly rate of $21 is assumed (Clockify 2021). Additionally, a time spending of around 10 hours per week is required to implement successful marketing and to profit from it (Guta 2019). This leads to a total annual cost of $10,920.
	Costs per transaction of $1,000	Besides general marketing expenses, every transaction will require additional costs, e.g. property related marketing. Therefore, the average costs for properties with a value of $500k was considered (Peterson 2021).
	Costs for after-sales services of $7,500 annually	In order to provide its free after-sales services, it was considered that PS cooperates with a luxury concierge service. Thereby, it was assumed that PS will bear the costs for these services per client in order to avoid additional costs for PS clients. Due to the limited price transparency, the minimum annual fee of $7,500 from the

		worldwide operating Quintessentially was used (Alexander 2019).
	Flight tickets – average flight tickets 540€ and 4 trips per year	Assumed that flight tickets will be purchased three months in advance, a price of 540€ for both ways can be assumed. The destination will be Tampa since it is the closest metropolitan (Skyscanner n.d.). Since PS would probably start its operations in the USA from March/April on, three trips in the first year can be assumed and afterwards one trip per quarter to develop the relationship.
	Transportation costs in the US of $490 weekly for a standard car	For mobility reasons, PS has to rent a car to be able to move without any limitations through the MSA and Florida.
	Accommodation costs in the US of 244 € per day	Since PS has to visit the US frequently per year to improve its business and network, accommodation will be necessary. Thereby, hotel costs and expenses for food were considered (Budget Your Trip n.d.).
	Office usage – 10% of the rent	Since PS has to visit its strategic partner as well as networking and do business, it can be expected that PS will use the office of its partner as well. Thereby, costs for the particular usage can be expected. Therefore, an office space of 150 m² and an average rent per foot of $26.73 in the MSA were assumed (CommericalCafe n.d.).

	Accounting costs of 150€ in Portugal	The increasing business as well as the inclusion of the exchange rates will require increasing accounting demand (Kilikeviciene 2016).
	Annual legal costs of 3,600€	In order to set up a strategic alliances contract and transaction contracts, the consultation of a lawyer will be necessary. Therefore, lawyer costs per hour of 300€ were considered as well as 12 hours required hours per year (Iberian Lawyer 2016).
	Booth Costs Realtor convention of $2,100 per event (Florida Realtors 2021a)	According to PS preferences, the participation in realtor conventions is aspired to network and improve the company awareness. Thereby, the participation at two conventions per year was assumed from 2025 onwards.
	Corporate income tax rate of 21% + municipality surcharge Lisbon of 1.5%	Portugal recorded a standardized corporate income tax of 21% (KPMG 2021). Additionally, every municipality is allowed to raise a surcharge up to 1.5%. Thereby, the surcharge in Lisbon, where PS is registered, is 1.5% (Autoridade tributária e abuaneira 2021).
Investments and financial viability	Investments into a website for US business of $18,500	PS has to develop a new website for its American business to promote its services. Thereby, the website will be simple in the number of pages, copywrites and SEO placement, but will need a high-end design. A first quote

		for a high-quality website estimated an investment of $18,500 (WebFX n.d.).
	CAPEX in 2022 due to establishing the partnership and setting up the contract about 24,696.41€	In order to establish the strategic alliance and start networking, PS is willing to send one owner to the US for a 8 weeks period. Thereby, the previous assumptions regarding travel expenses were considered. Additionally, lawyer costs to set up the strategic alliance contract will be needed as well. Therefore, a required time period by the lawyer of 24 hours was assumed.
	Maintenance of website of 141,10€	Running a website for the American business will require annual maintenance costs, which were assumed to be 141,10€ (Carney 2021).
	Average exchange rate of 0.8399	Since PS must report to Portuguese authorities but will receive its share of the commission in dollars, the exchange rate has to be considered. In this context, revenues and costs incurred in the US have to be referred to euro on the day, when occurred (Kenton 2021). As simplification, the average exchange rate within the last 52 weeks will be used (European central bank 2021).
	Discount rate of 4%	To determine the discount rate, the annual reports of RE/MAX (6.30%), Cushman & Wakefield (1.60%), JLL (3,50%) and Realogy Holding Corp (4.60%) were used to calculate the average discount rate of these four companies and will be used as an approximate value

		(RE/MAX 2021; Cushman & Wakefield 2021; JLL 2021d; Realogy Holdings Corp. 2021).

Table 58: Assumption and their jurisdiction

	2021	2022	2023	2024	2025	2026
Market Size of NSB in $k	**265.118,10**	**300.007,64**	**339.488,64**	**384.165,35**	**434.721,51**	**491.930,86**
# of transactions worth ≥ $ 1 million	2931	3236	3572	3944	4354	4807
Growth Rate of # of Transactions	10,40%					
Average Luxury Sales Price in $k	1.681,25	1.723,28	1.766,36	1.810,52	1.855,79	1.902,18
Growth Rate	2,50%					
Total Number of MLS Listings in NSB	6401					
Share of Luxury Real Estate Transactions	12,42%					
Number of Days on Market	99					
Florida Commission Rate	5,38%					

Table 59: Market Size North Port-Sarasota-Bradenton in thousand dollars

	2021	2022	2023	2024	2025	2026
Estimated Revenue in k€		**77,87**	**199,54**	**245,43**	**293,50**	**343,81**
Estimated Revenue in $k		92,71	237,58	292,22	349,44	409,35
Average exchange Rate USD/EUR within last 52 weeks	0,8399					
Estimated # of Transactions		4	10	12	14	16
Annual time of active business operation in years	0	0,50	1,00	1,00	1,00	1,00
# of Transactions for a full year of Operations		8	10	12	14	16
Population Proportion NSB/LIS		29,20%				
Transaction Proportion PS/Sotheby's		0,88%				
# of transactions worth ≥ $ 1 million	2931	3236	3572	3944	4354	4807
Average Luxury Sales Price in $k	1.681,25	1.723,28	1.766,36	1.810,52	1.855,79	1.902,18
Growth Rate	2,50%					
Revenue Growth			156%	23%	20%	17%
Market Share		0,031%	0,070%	0,076%	0,080%	0,083%
Assumptions						
Received Commission	1,35%					
Florida Commission Rate	5,38%					
Commission Split between PS and Alliance Partner	50%					
Commission Split between the Alliance Partner and other Agencies	50%					
Transactions per year, if only one	3,00					

Transaction in the required days on market will be sold	
Number of transactions per 99 days	2,67

Table 60: Revenue and transaction estimation in thousand dollars

	2021	2022	2023	2024	2025	2026
Operating Expenses		**82,72**	**128,06**	**146,33**	**164,77**	**183,39**
Marketing expenses		**14,42**	**15,96**	**19,63**	**23,48**	**27,50**
Traditional Advertising (NY Times, Financial Times, etc.)		8,04	8,04	8,04	8,04	8,04
Google Ads Campaigns		6,39	7,93	6,96	9,27	11,68
Costs-per-click search network in €	0,00237					
Clicks-through-rate search network	3,71%					
Distribution of remaining Marketing budget	60,00%					
Social Media Campaigns		0,00	0,00	4,64	6,18	7,79
Distribution of remaining Marketing budget	40,00%					
Costs for marketing freelancer		9,17	9,17	9,17	9,17	9,17
Rate per hour	0,02					
Hours per week	10,00					
Annual Costs to Sell Properties		**4,00**	**10,00**	**12,00**	**14,00**	**16,00**
Costs per Transactions in €	1,00					
Annual Costs for After-sales services		25,20	62,99	75,59	88,19	100,79
Costs per client in $	7,50					
Travel expenses		**19,12**	**19,12**	**19,12**	**19,12**	**19,12**
Annual Costs Air Travel Costs		2,16	2,16	2,16	2,16	2,16

Ticket price if booked 3 months in advance in €	0,54					
Annual Transportation costs in €		3,29	3,29	3,29	3,29	3,29
Weekly Rate of Standard Car in $	0,49					
Accommodation costs in €		13,66	13,66	13,66	13,66	13,66
Accommodation costs per day in €	0,24					
Share of annual fee for MLS access in €		**0,17**	**0,17**	**0,17**	**0,17**	**0,17**
Annual fee for MLS access in $	0,40					
PS share of fees	50%					
PS usage of US-office space €		**3,37**	**3,37**	**3,37**	**3,37**	**3,37**
Contribution to Office Rent	10%					
Annual Office Rent in $	40,10					
Assumed office size in sqft	1.500,00					
Average rent in MSA per ft in $	0,03					
Additional Expenses		**7,28**	**7,28**	**7,28**	**7,28**	**7,28**
Accountant in €		0,15	0,15	0,15	0,15	0,15
Lawyer in €		3,60	3,60	3,60	3,60	3,60
Attendance costs for real estate conventions in €		3,53	3,53	3,53	3,53	3,53
Number of Convention visits per year	2					
Booth costs on a Real Estate Convention in $	2,10					
Assumptions						
Average exchange Rate USD/EUR within last 52 weeks	0,8399					

Annual Number of Weeks spend in the US	8
Number of Travels per Year	4
Weeks per US Trip	2
Marketing expenses of revenues in %	8%

Table 61: Cost estimation in thousand euros

	2022	**2023**	**2024**	**2025**	**2026**
Revenues	**77,87**	**199,54**	**245,43**	**293,50**	**343,81**
Operating Expenses	**82,72**	**128,06**	**146,33**	**164,77**	**183,39**
Marketing budget	14,42	15,96	19,63	23,48	27,50
Costs for marketing freelancer	9,17	9,17	9,17	9,17	9,17
Costs for selling properties	4,00	10,00	12,00	14,00	16,00
Costs for after-sales services	25,20	62,99	75,59	88,19	100,79
Travel expenses	19,12	19,12	19,12	19,12	19,12
Share of annual fee for MLS access	0,17	0,17	0,17	0,17	0,17
PS usage of US-office space	3,37	3,37	3,37	3,37	3,37
Other expenses	7,28	7,28	7,28	7,28	7,28
EBITDA	**-4,85**	**71,48**	**99,11**	**128,73**	**160,42**
Depreciation	0,00	0,00	0,00	0,00	0,00
EBIT	**-4,85**	**71,48**	**99,11**	**128,73**	**160,42**
Interests and similiar expenses	0,00	0,00	0,00	0,00	0,00
EBT	**-4,85**	**71,48**	**99,11**	**128,73**	**160,42**
Corporate Income taxes	-1,09	16,08	22,30	28,96	36,09
Net Income	**-3,76**	**55,40**	**76,81**	**99,76**	**124,32**
Operational Cash-Flows	**-3,76**	**55,40**	**76,81**	**99,76**	**124,32**

Assumptions	
Corporate Income Tax rate + Municipality Surcharge Lisbon	**22,50%**

Table 62: Profit & Loss in thousand euros

	2021	2022	2023	2024	2025	2026	2027
CAPEX	**-40,23**	**-0,14**	**-0,14**	**-0,14**	**-0,14**	**-0,14**	
Expansion CAPEX	40,23						
Maintenance CAPEX		0,14	0,14	0,14	0,14	0,14	
Asset Sales		**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	
Salvage Value		0,00	0,00	0,00	0,00	0,00	
Taxes on Capital Gain		0,00	0,00	0,00	0,00	0,00	
NWC		**1,47**	**4,63**	**5,76**	**6,97**	**8,27**	
Inventory		0,00	0,00	0,00	0,00	0,00	
Marketing payables		0,55	0,61	0,75	0,90	1,05	
Concierge service payables		0,97	2,42	2,90	3,38	3,87	
Commission receivables		2,99	7,65	9,41	11,26	13,19	
Investment in NWC		**1,47**	**3,16**	**1,14**	**1,21**	**1,29**	**-8,27**
Investment Cash-Flow	-40,23	-1,61	-3,30	-1,28	-1,35	-1,43	8,27
Assumptions							
Payment Period for commission received	14						
Payment Period for Marketing expenditures	14						

Table 63: Investment Plan in thousand euros

	2021	2022	2023	2024	2025	2026	2027
Operational Cash-Flows		**-3,76**	**55,40**	**76,81**	**99,76**	**124,32**	
Investment Cash-Flow	**-40,23**	**-1,61**	**-3,30**	**-1,28**	**-1,35**	**-1,43**	**8,27**
Free Cash-Flow	**-40,23**	**-5,37**	**52,10**	**75,53**	**98,41**	**122,89**	**8,27**
Discounted Free Cash-Flow	-40,23	-5,16	48,17	67,15	84,12	101,01	6,53
NPV		**261,58**					
Internal Rate of Return		83%					
Accumulated Cash-Flow	-40,23	-45,60	6,50	82,03	180,44	303,33	
Payment Period	2						
Profitability Index	7,34						
Assumptions							
Discount rate	4,00%						
Profitability ratio							
Return on Sales		-6,23%	35,82%	40,38%	43,86%	46,66%	

Table 64: Financial viability in thousand euros

Commission Split between PS and the Alliance Partner (numbers in term of PS share)

Number of Potential Full Year Transactions in 2022	**261,58**	5%	10%	20%	30%	40%	**50%**	60%
	1	-379,43	-311,23	-174,84	-38,44	97,96	234,35	370,25
	2	-383,41	-313,76	-174,46	-35,17	104,13	243,43	382,73
	4	-391,37	-318,82	-173,72	-28,62	116,48	**261,58**	406,68
	8	-407,29	-328,94	-172,23	-15,52	141,18	**297,89**	454,59
	10	-415,25	-333,99	-171,49	-8,98	153,53	316,04	478,55
	12	-423,21	-339,05	-170,74	-2,43	165,88	334,19	502,50
	14	-431,17	-344,11	-170,00	4,12	178,23	352,35	526,46
	16	-439,13	-349,17	-169,25	10,67	190,58	370,50	550,42

Table 65: Sensitivity analysis commission split to number of potential full year transactions in 2022 in thousand euros

Increase of transactions

	261,58 €	1,00	2,67	**3,00**	4,00	5,00
Costs concierge service per year	**$ 4,00**	273,80	372,72	471,65	570,57	669,50
	$ 5,00	247,60	340,97	434,33	527,70	621,07
	$ 6,00	221,41	309,21	397,02	484,83	572,64
	$ 7,00	195,21	277,46	359,71	441,96	524,21
	$ 7,50	182,11	**261,58**	341,05	420,52	500,00
	$ 8,00	169,01	245,70	322,40	399,09	475,78
	$ 9,00	142,81	213,95	285,08	359,22	427,35
	$ 10,00	116,62	182,19	247,77	313,35	378,92
	$ 11,00	90,42	150,44	210,46	270,48	330,50
	$ 12,00	64,22	118,68	173,14	227,61	282,07

Table 66: Sensitivity analysis transaction increase to costs for concierge service per year in thousand euros

Costs per transaction

	261,58 €	0,50 €	0,75 €	**1,00 €**	1,25 €	1,50 €	2,00 €
Costs concierge service per year	**$ 4,00**	391,66	382,19	372,72	363,25	353,78	334,84
	$ 5,00	359,91	350,44	340,97	331,50	322,03	303,09
	$ 6,00	328,15	318,68	309,21	299,74	290,27	271,33
	$ 7,00	296,40	286,93	277,46	267,99	258,52	239,58
	$ 7,50	280,52	271,05	**261,58**	252,11	242,64	223,70
	$ 8,00	264,64	255,17	245,70	236,23	226,76	207,82

$ 9,00	232,89	223,42	213,95	204,48	195,01	176,07
$ 10,00	201,13	191,66	182,19	172,72	163,25	144,31
$ 11,00	169,38	159,91	150,44	140,97	131,50	112,56
$ 12,00	173,62	128,15	118,68	109,21	99,74	80,80

Table 67: Sensitivity analysis costs per transaction to costs concierge service per year in thousand euros

Discount rate	Number of transaction first year					
261,58 €	1,00	2,00	3,00	**4,00**	5,00	6,00
2%	258,05	267,30	276,55	285,80	295,05	304,30
4%	235,30	244,38	253,45	**262,53**	271,61	280,68
6%	214,77	223,67	232,58	241,49	250,40	259,31
8%	196,19	204,93	213,68	222,43	231,18	239,93
10%	179,34	187,94	196,53	205,12	213,72	222,31
12%	164,05	172,49	180,93	189,37	197,82	206,26
14%	150,12	158,42	166,72	175,02	183,32	191,61
16%	137,43	145,59	153,75	161,91	170,06	178,22

Table 38: Sensitivity analysis number of transactions first year to discount rate in thousand euros

Num ber	Costs per transaction					
261,58 €	0,50 €	0,75 €	**1,00 €**	1,25 €	1,50 €	2,00 €
1,00	197,73	189,92	182,11	174,30	166,48	150,86

2,67	280,52	271,05	**261,58**	252,11	142,64	223,70
3,00	363,31	352,18	341,05	329,92	318,80	296,54
4,00	446,09	433,31	420,52	407,74	394,95	369,38
5,00	528,88	514,44	500,00	485,55	471,11	442,23

Table 49: Sensitivity analysis costs per transaction to increase of transactions in thousand euros

		Number of transaction first year					
	261,58 €	1,00	2,00	3,00	**4,00**	5,00	6,00
Increase of transaction	**1,00**	154,88	163,96	173,03	182,11	191,19	200,26
	2,67	234,35	243,43	252,50	**261,58**	270,66	279,73
	3,00	313,82	322,90	331,98	341,05	350,13	359,21
	4,00	393,29	402,37	411,45	420,52	429,60	438,68
	5,00	472,77	481,84	490,92	500,00	509,07	518,15

Table 70: Sensitivity analysis number of transactions first year to increase of transactions in thousand euros

Managerial Implications and Action Items for PS

1. Review PS' detailed financial performances and determine future financial goals together with their external accounting team
2. Conduct an internal workshop to develop an understanding for strategic development and positioning
3. Continue the outreach and communication with all identified potential partners in the US

4. Starting the preparation of a sales pitch on why PS is a suitable partner and outline the benefits it would bring to the American partners through a SA
5. Get legal advice on SA contracting and accounting support for cross boarder invoicing
6. Set up and plan the two-month travel to NSB for one of the managing shareholders

Table 71: Managerial Implications

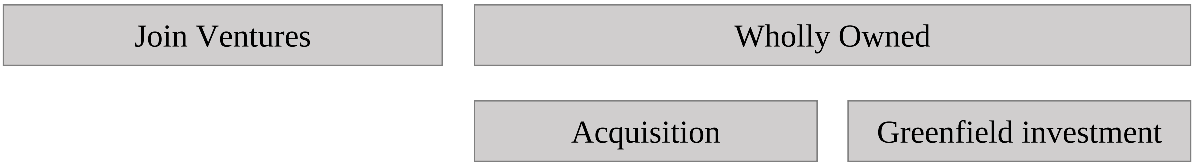

Figure 5: FDI entry modes (Chang and Rosenzweig 2001)

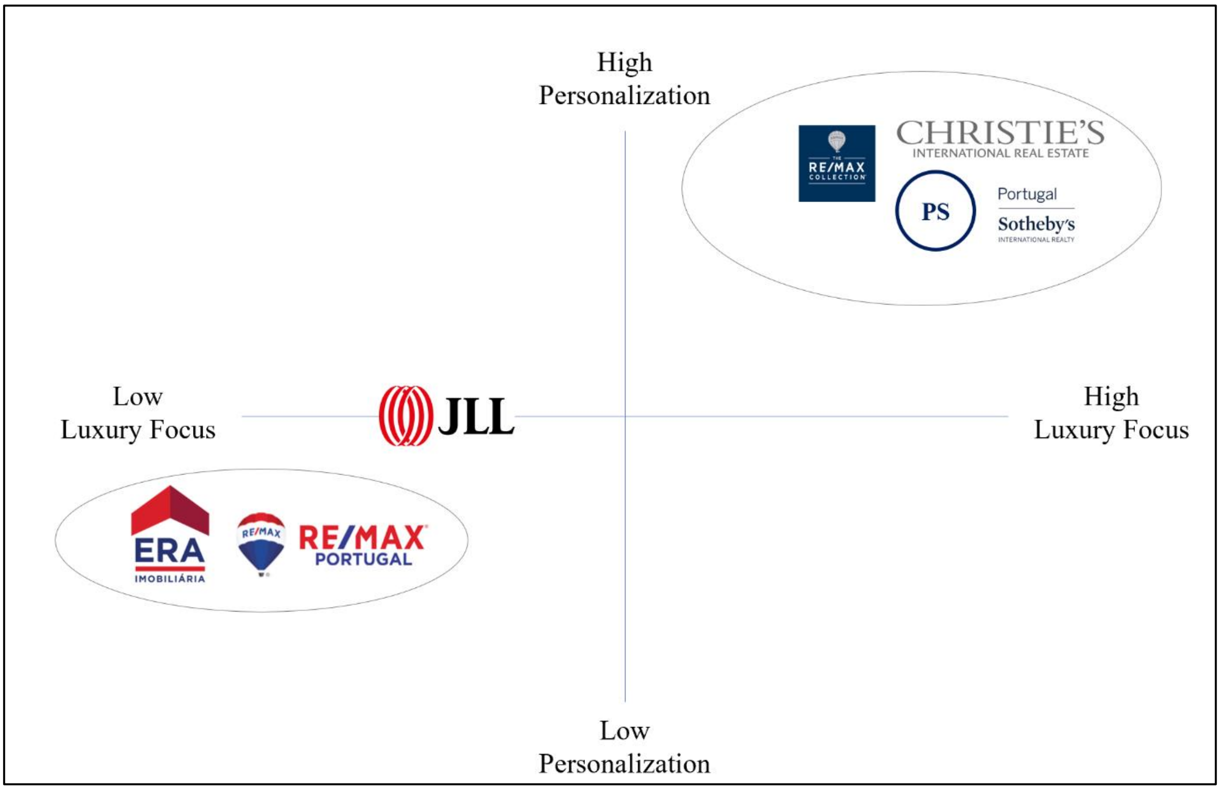

Figure 6: Positioning map

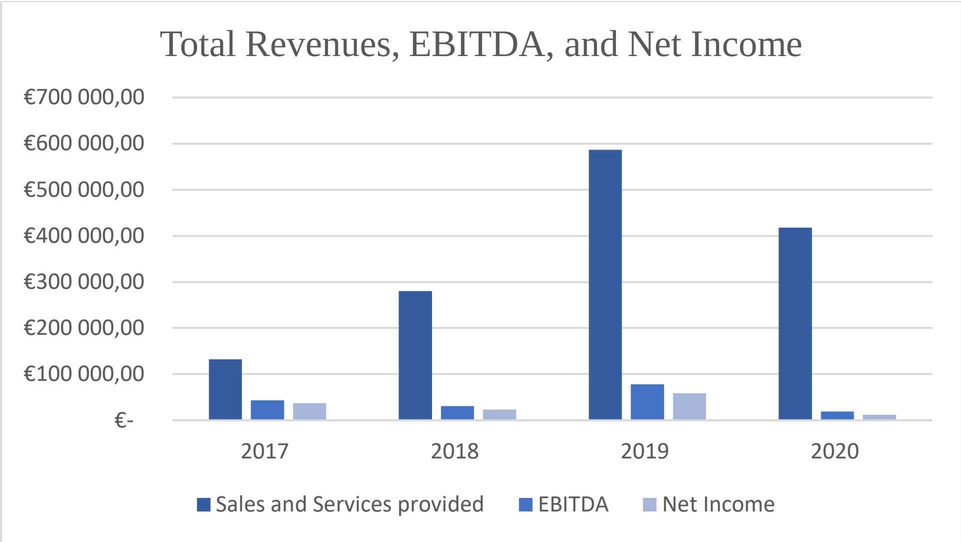

Figure 7: Total Revenues, EBITDA, and Net Income

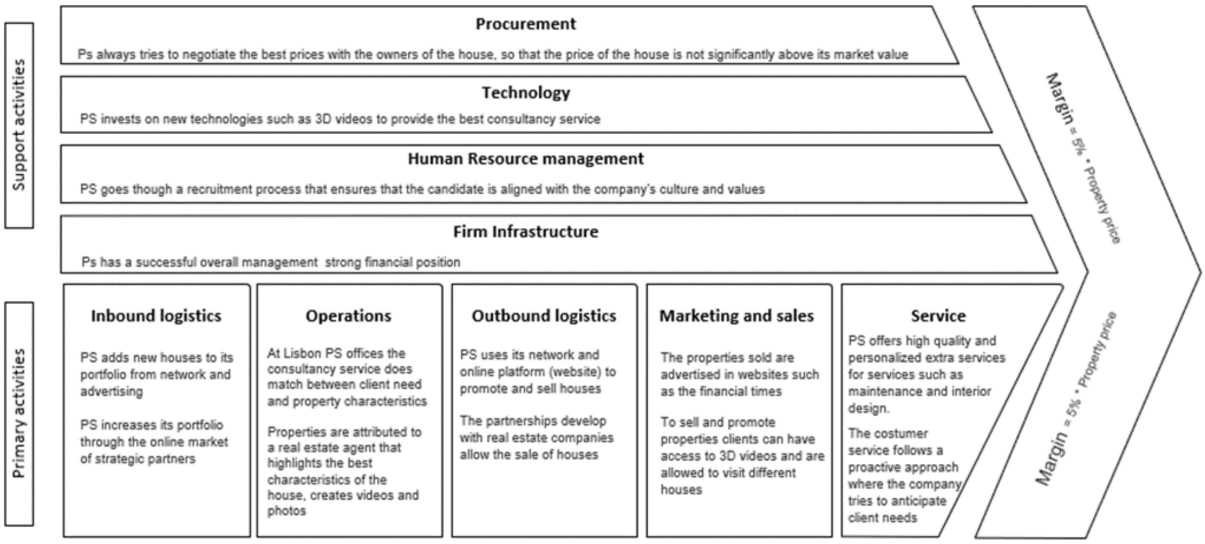

Figure 8: Porter's value chain for PS

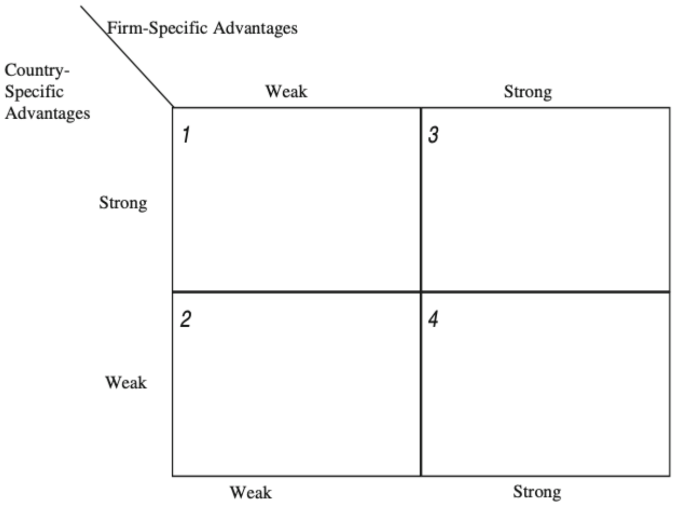

Figure 9: FSA-CSA matrix (Hoon Oh et al. 2011)

Competitive Positioning

Competitive Scope		Cost	Differentiation
	Broad	Cost leadership	Differentiation
	Narrow	Cost focus	Differentiation focus

Figure 10: Porter's generic strategies

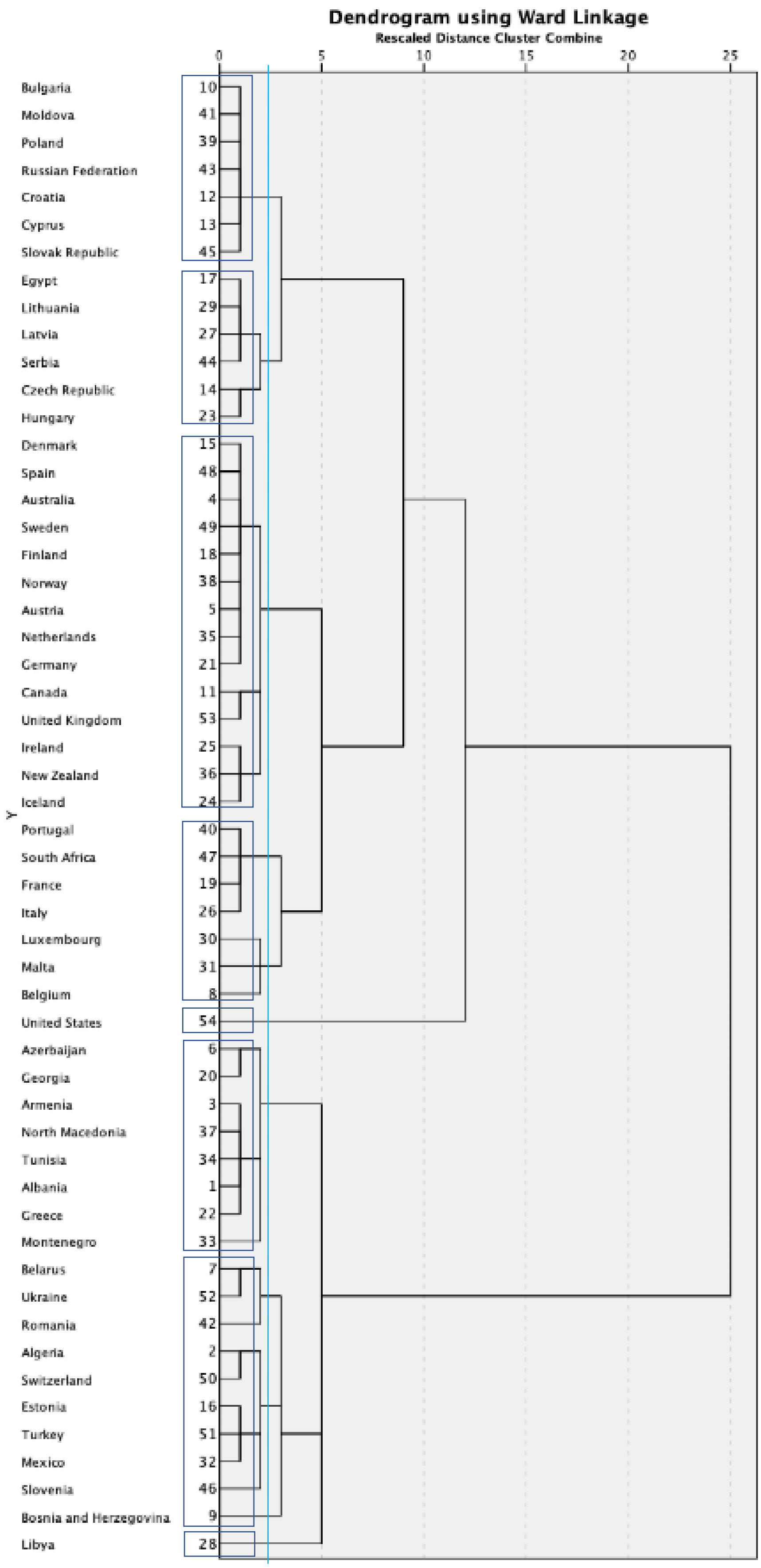

Figure 11: Clustering analysis

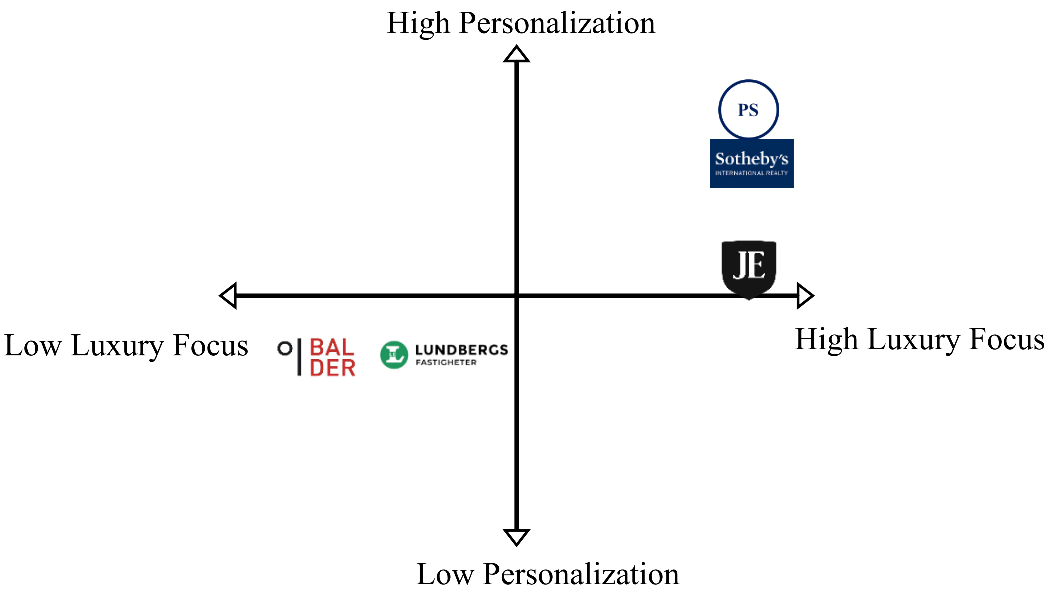

Figure 12: Positioning map of PS potential competitors in the Swedish real estate market

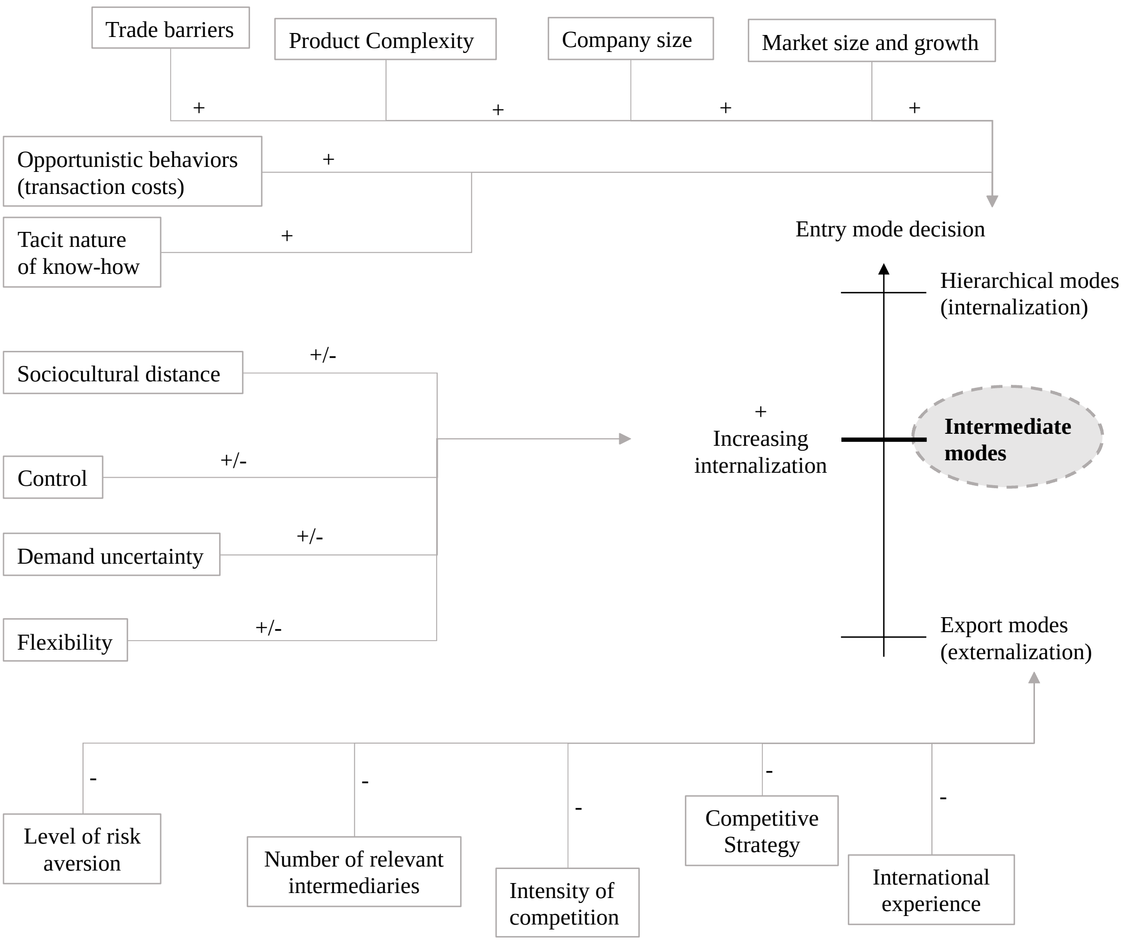

Figure 13: Most appropriate entry mode group for PS to enter the US real estate market

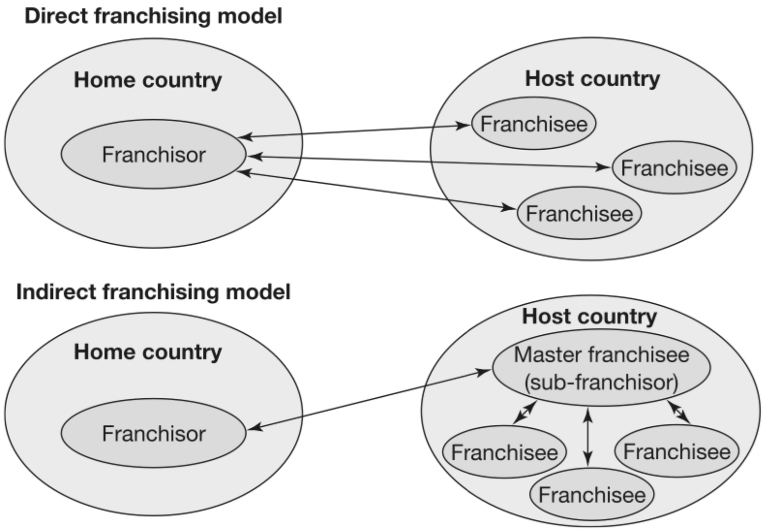

Figure 14: Direct and indirect franchising models

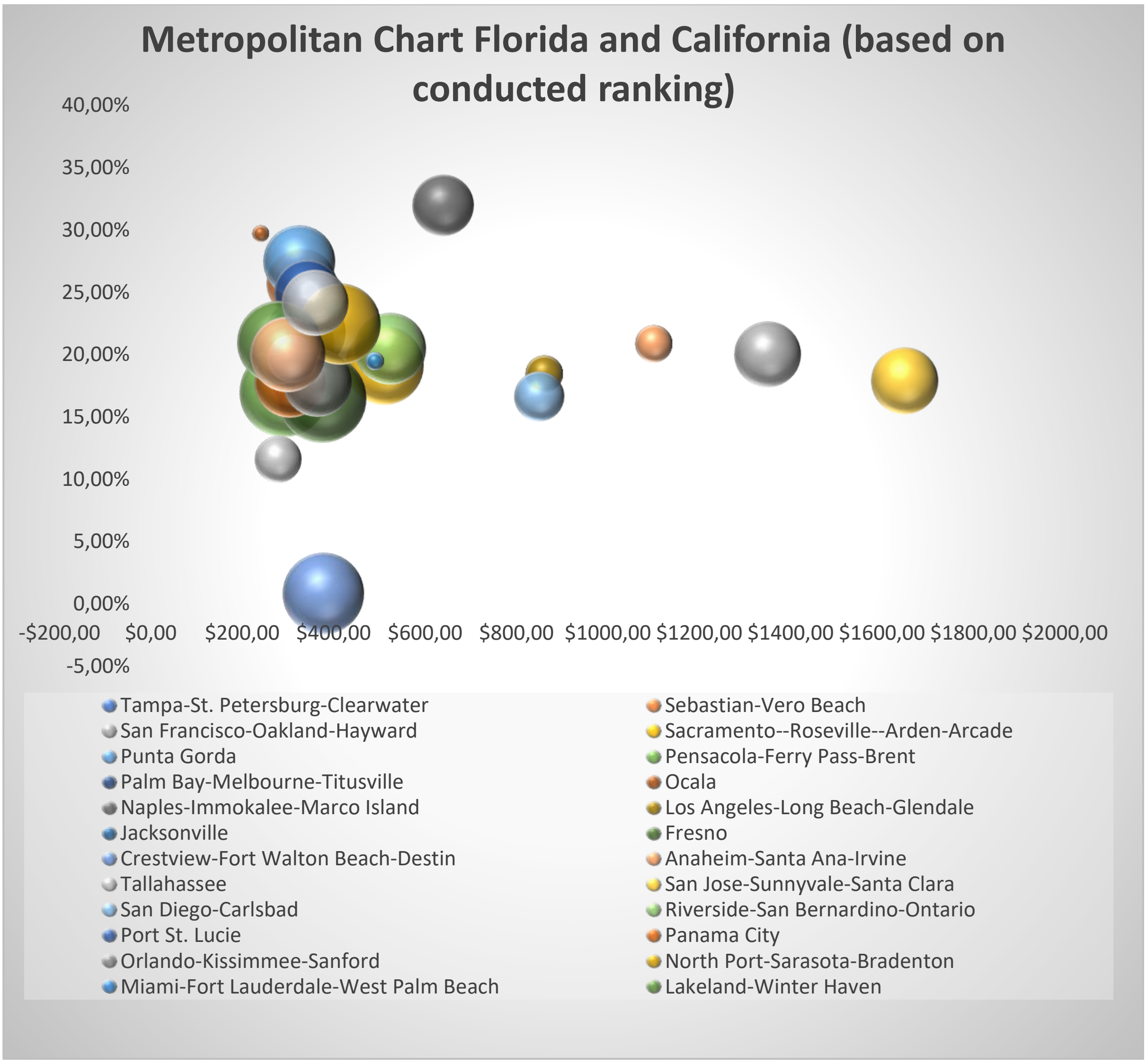

Figure 15: Metropolitan Chart Florida and California (based on conducted ranking)

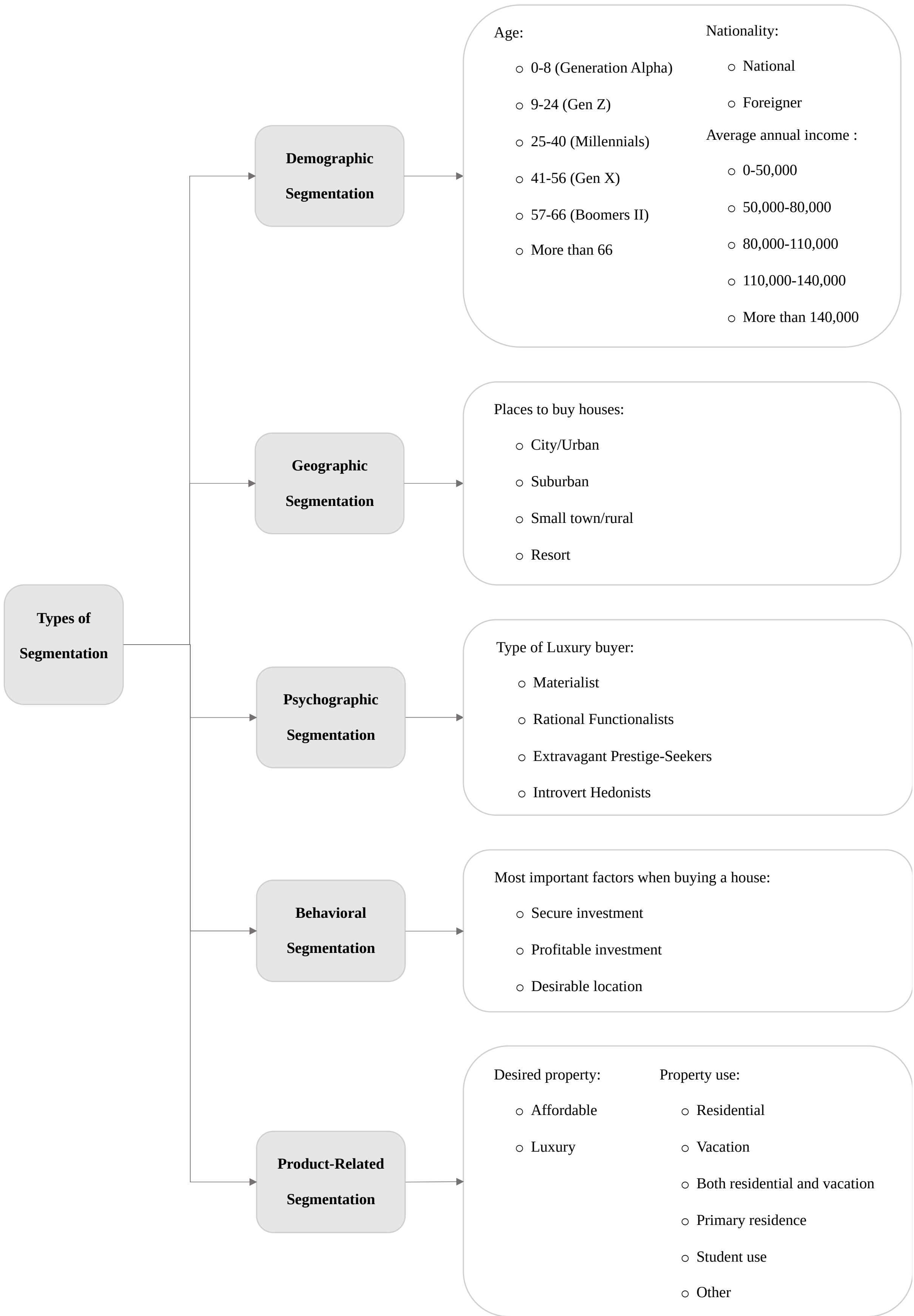

Figure 16: Segmentation of NSB real estate market

Caio Gonçalves

Millennial Brazilian Entrepreneur

"As a crypto currency investor, I need the best a quality house to work and rest. I am looking for a unique luxury house in the US which matches my personality".

Age: 29 years

Nationality: Brazilian

Currently living in Rio de Janeiro, Brazil

Annual income: >140 000

Desired location: Suburban area (North Port)

Most important factor in property acquisition:

Living in the desired location

Property use: Both residential and vacation

Why luxury? For Caio having a luxury property means access a higher level of quality, uniqueness and self identity (rational functionalist).

John Smith

Wealthy American

"I enjoy having different exclusive mansions in US since it is the best place in the world to do vacation. In the case of a financial problems, I sell my properties with profit".

Age: 57 years

Nationality: American

Currently living in New York, United States

Annual income: >140 000

Desired location: Urban area (Sarasota)

Most important factor in property acquisition:

Profitable investment

Property use: Vacation

Why luxury? For John having a luxury property means access a higher-level prestige and extravagance (extravagant prestige seekers).

Ashley Mila

NSB Lottery Winner

"Even after wining the big prize, I will never leave the place where I grew up. However, now that I can, I will buy everything I never had ".

Age: 41 years

Nationality: American

Currently living in North Port, US

Annual income: >140 000

Desired location: Suburban area (North Port)

Most important factor in property acquisition:

Living in the desired location

Property use: Both residential and vacation

Why luxury? For Ashley having a luxury property means access a higher level of wealth accumulation (materialist).

Kim Jung

Asian retiree

"After traveling all the world now it's time to choose my dream luxury house to receive all my family that moved to America".

Age: 63 years

Nationality: Chinese

Currently living in Pequim, China

Annual income: >140 000

Desired location: Suburban area (Bradenton)

Most important factor in property acquisition:

Secure investment

Property use: Residential

Why luxury? For Kim having a luxury property means access a higher level of quality of life (introvert hedonist).

Figure 17: Personas

	B Baby boomer 1940–59	X Gen X 1960–79	Y Gen Y (millennial) 1980–94	Z Gen Z 1995–2010
Context	• Postwar • Dictatorship and repression in Brazil	• Political transition • Capitalism and meritocracy dominate	• Globalization • Economic stability • Emergence of internet	• Mobility and multiple realities • Social networks • Digital natives
Behavior	• Idealism • Revolutionary • Collectivist	• Materialistic • Competitive • Individualistic	• Globalist • Questioning • Oriented to self	• Undefined ID • “Communaholic” • “Dialoguer” • Realistic
Consumption	• Ideology • Vinyl and movies	• Status • Brands and cars • Luxury articles	• Experience • Festivals and travel • Flagships	• Uniqueness • Unlimited • Ethical

Figure 18: Characteristics of each generation (Francis and Hoefel 2018)

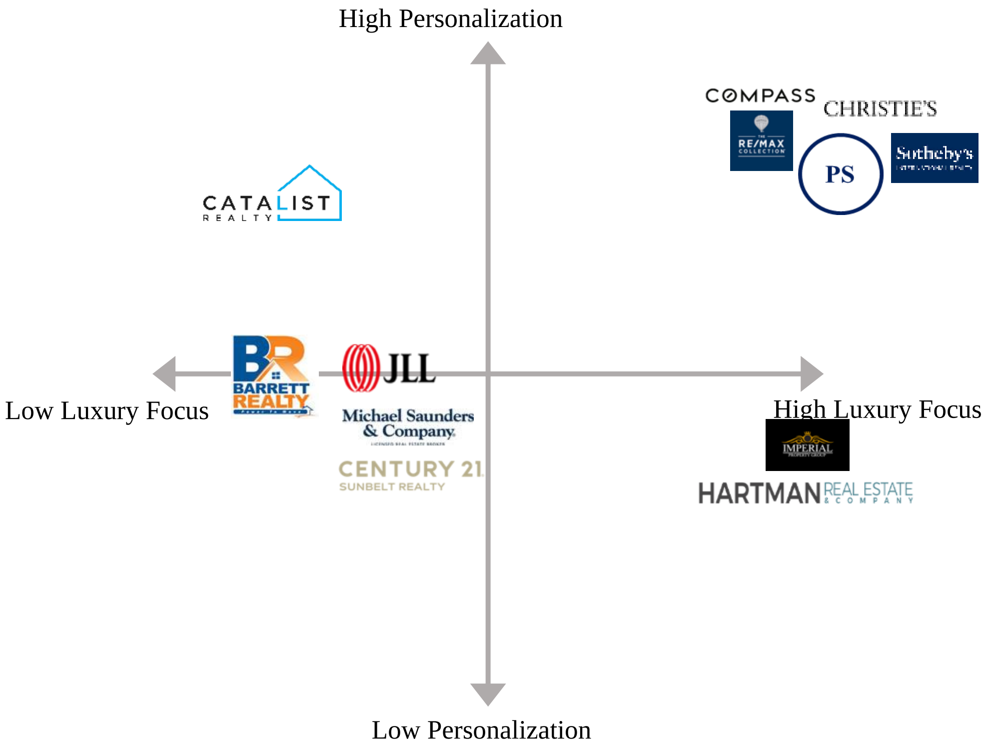

Figure 19: Positioning map for PS in the North Port-Sarasota-Bradenton real estate market

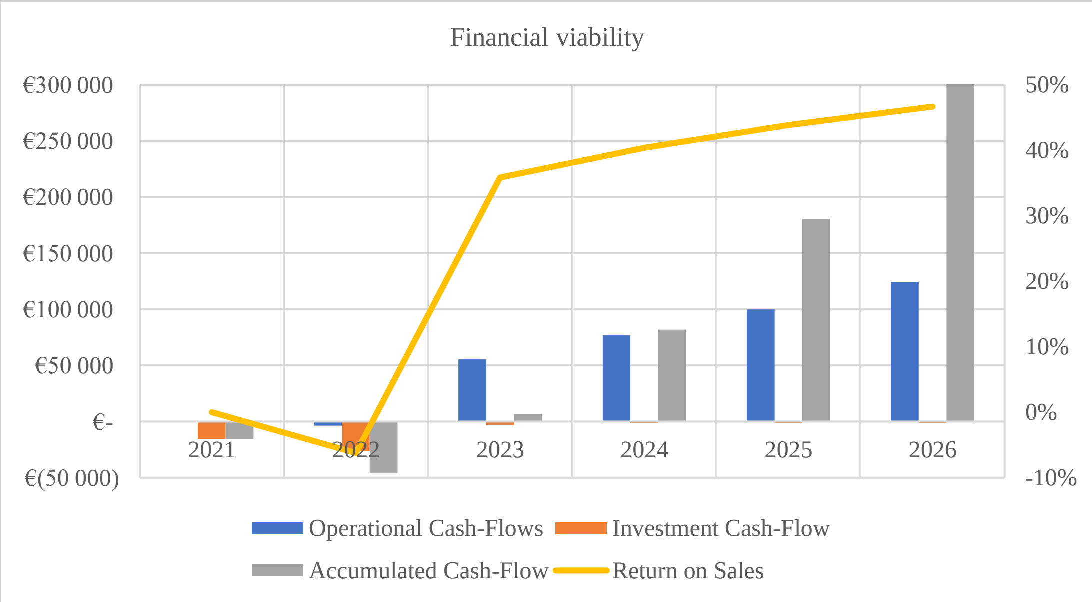

Figure 20: Financial viability