

**EXPLORING
INTERNATIONALISATION &
DEVELOPMENT STRATEGIES
OF THE LARGEST PRIVATELY-OWNED
BREWERIES IN GERMANY**



by

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ABSTRACT

This study investigates strategic changes in internationalisation modes of privately-owned German breweries and brewery groups and the underlying causes which indicate how and when change is brought about.

Severe difficulties and competitive pressure in the home-market force German breweries to internationalise more intensely. Even though some German breweries have established substantial business abroad, further developments, in particular internationalisation mode changes, are perceived as challenging task. There are several models in internationalisation literature, which were established to guide this change. The most dominant one is the Uppsala model of internationalisation. However, a literature review has shown that there are major points of criticism related to the model when it comes to a number of state aspects and change variables. As many influential factors are neglected in the model its practical applicability is very limited. Subsequent research has also proven that the model depicts a rather theoretical approach to increasing international involvement. Thus, the qualitative approach of this study aimed at identifying these underlying factors which impact change in practice. Based on a constructivist paradigm, expert interviews allowed to collect narratives of individuals in the industry. The subsequent analysis has shown that there is a much greater variety of internationalisation modes than originally suggested and that the impact of internal determinants, such as culture, organisational processes, and people, were perceived as dominant influences on the outcome of internationalisation mode changes of German breweries. Thus, as opposed to the current state of literature around the Uppsala model, market factors only played a subordinate role in the internationalisation process. These valuable findings now allow to make more accurate predictions of the (non-)incrementality and speed and timing of

movement through the model. Once the critical state aspects are available in a suitable depth and amount, the next step in the internationalisation process can be taken. Therefore, the determinants in the current U-model were adjusted in order to suit the internationalisation behaviour of privately-owned German breweries. In doing so, breweries can move faster and more efficiently through a pro-active internationalisation mode change process and secure their long-term success in international markets.

Key words: Strategic management, internationalisation, dynamic internationalisation models, Uppsala model, brewing industry

I. DECLARATION

I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where stated otherwise by reference or acknowledgment, the work presented is entirely my own.

Julia Maria Seiss

March 2022

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VI. ABBREVIATIONS

CR	Critical realism
ABInbev	Anheuser-Busch Inbev
BC	Before Christ
CAGR	Compound annual growth rate
EU	European Union
FDI	Foreign direct investment
hl	Hectolitre
IB	International business
INV	International new venture
JV	Joint venture
M	Million
M&A	Mergers and acquisitions
ml	Millilitre
MNC	Multi-national company
MNE	Multi-national enterprise
R&D	Research and development
SAP	Strategy as practice
SKU	Stock keeping unit
SMEs	Small and medium sized enterprises
UK	United Kingdom
US	United States
WOS	Wholly owned subsidiary
YoY	Year on Year

INTRODUCTION

1. INTRODUCTION

The small number of remaining large privately-owned German breweries and brewery groups fight for survival in an increasingly competitive environment. Beer volumes in Germany, the number one beer producing country in Europe, have been declining over decades due to the maturity of the market, strong conglomeration, changing consumption habits and several other factors, such as the similarity of beer types produced and decreasing brand loyalty. Therefore, the breweries' international sales gain in importance. German beers are still in high demand abroad and on-going globalisation facilitates business in foreign markets. Nevertheless, brewery owners and managers still perceive internationalisation as difficult task and struggle with choices how and when to take next steps in their internationalisation processes. Without these efforts, however, the German brewing industry might be severely damaged, due to international take-overs by larger conglomerates. These would only sell German beers as one of the many parts of their ever-increasing portfolios. Hence, internationalisation efforts are necessary in order to protect the long-lasting brewing tradition in Germany.

1.1. Chapter outline

The first chapter presents the relevant background of the study, which is the global brewing industry. Subsequently, it outlines market data, sales volumes, and developments in the beer market in general. It then gives a more detailed insight into the German beer market in order to gain a contextual understanding of the organisations under investigation. Here, the drivers in the market, the ownership structures, the need to increase international efforts and several challenges for the future are discussed. Based

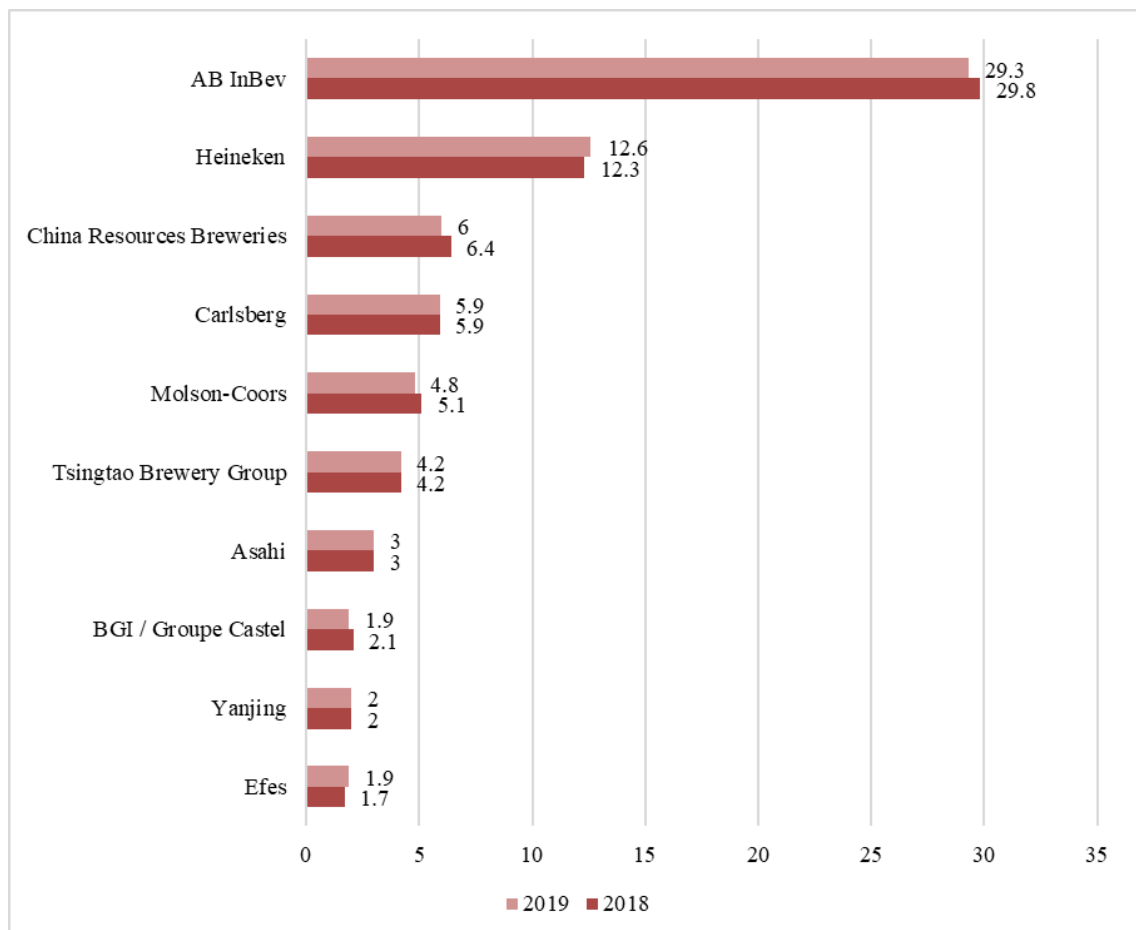
on identified challenges in the introduction, the aim and objectives are presented and the contribution to knowledge and practice as well as the focus of the thesis are introduced. The chapter is rounded off by an outline of the individual chapters and their content.

1.2. Context

Beer is the most important drink in terms of volume and the second largest – after spirits – in terms of value in the global alcoholic beverage industry (Baker, 2018). Yet, the global beer market only recorded slight increases over the past ten years. Beer production amounted to approximately 177,638 and 191,129 million (M) litres in 2010 and 2020, respectively, with negative growth rates in 2015 and 2016 (Statista, 2019). Year on Year (YoY) growth in the global beer market, however, declined over the same period, from 2.2% to 0.4% in 2019 and even further in 2020 due to COVID-19 (Statista, 2020). Lately, it has been primarily developing countries that absorbed the loss in the beer volume growth of the developed countries (Baker, 2018) and became interesting target markets for breweries (Sluyterman & Bouwens, 2015). The brewing landscape has also become more competitive over the course of the past 20 years. Since the beginning of the 21st century, global players in the international beer market have become bigger and more powerful (Madsen & Wu, 2016). The availability of various international expansion modes contributed to the enormous growth of brewers such as Anheuser-Busch Inbev (ABInbev) and Heineken. In addition, the large economies of scale in marketing and distribution explain the wave of mergers and acquisitions (M&As) of these giants (Cabras, Higgins, & Preece, 2016; Madsen, Pedersen, & Lund-Thomsen, 2011). At the time of writing, ABInbev, Heineken and Carlsberg control almost 50% of the global beer market (Sluyterman & Bouwens, 2015). Figure 1 illustrates that there are three European brewery conglomerates among the top five brewers in the world. ABInbev from Belgium had a global market share of 29.3% in 2019, followed by Heineken from the Netherlands

with 12.6% and Carlsberg from Denmark with 5.9%. Some German breweries are part of these conglomerates as well. Examples are Becks, Spaten and Löwenbräu (ABInbev). However, even the largest German breweries and brewery groups are only amongst the top 30 in world and are therefore not comparable to the brewery conglomerates.

Figure 1 - Global market share of leading brewers in 2018 and 2019 in percent

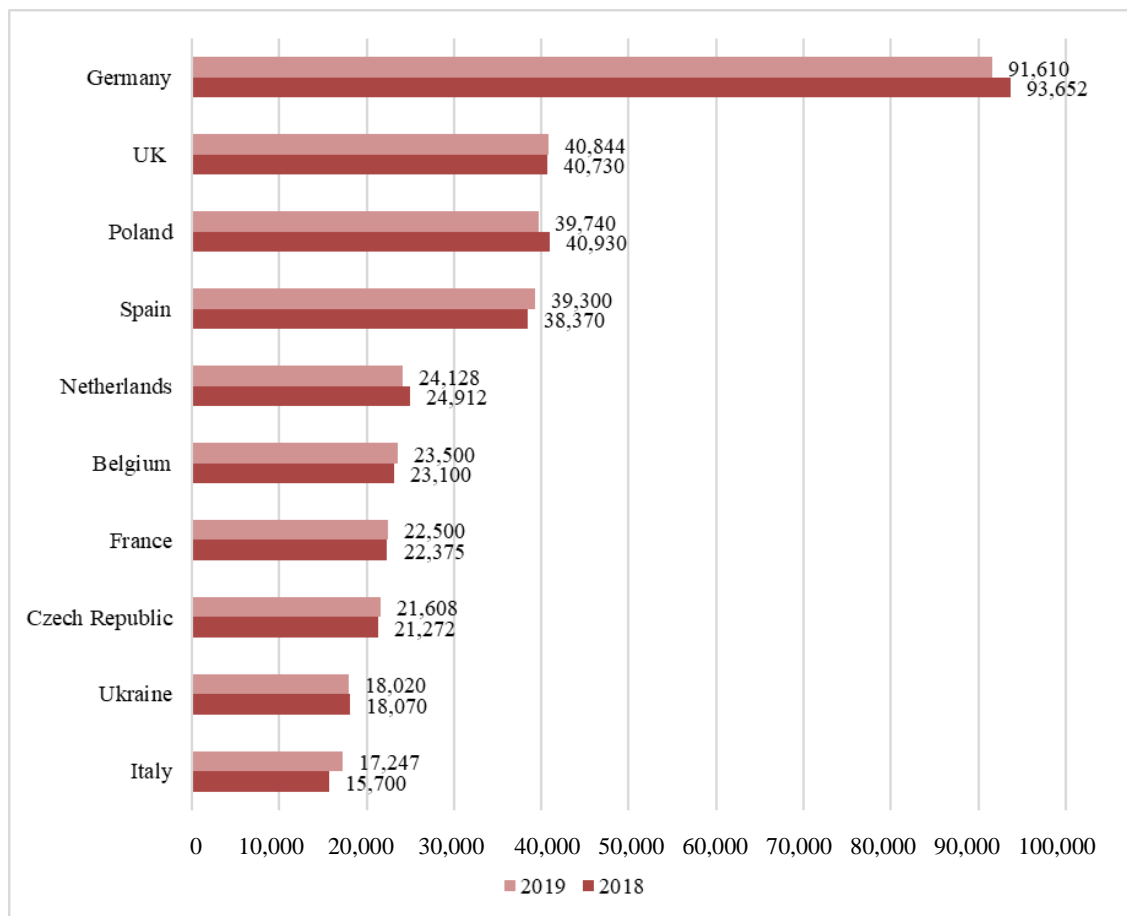


Source: own graphic, adapted from (Barth-Haas Group, 2020)

An issue that all these breweries are facing is the maturity of many markets. When markets mature, beer volume growth generally declines (Madsen, et al., 2011). One of these mature markets is Europe and subsequently Germany. At present, there are more than 9,400 active breweries in Europe (Photiades, 2018), more than 1,500 of which are located in Germany (Deutscher Brauerbund, 2019). According to the German Brewers Association the total number of breweries in Germany increased by 15% from 2010 to

2020. However, beer production and beer consumption declined over the ten-year period. From 95.6 M hectolitres¹ (hl) to 93.6 M hl in production volumes and from an average annual per capita consumption of 107 litres to 102 litres. Noteworthy though, the increase in sales abroad, which increased from 14.7 M hl to 15.7 M hl and accounts for approximately 17% of the total production (Deutscher Brauerbund, 2019).

Figure 2 - Top ten beer producing countries in Europe in 2018 and 2019



Source: own graphic, adapted from (Barth-Haas Group, 2020)

As figure 2 shows, Germany remains the number one beer producing country in Europe, followed by the United Kingdom, Poland, Spain, the Netherlands, and Belgium. Germany is not only the number one beer producer, but also amongst the strongest exporters to

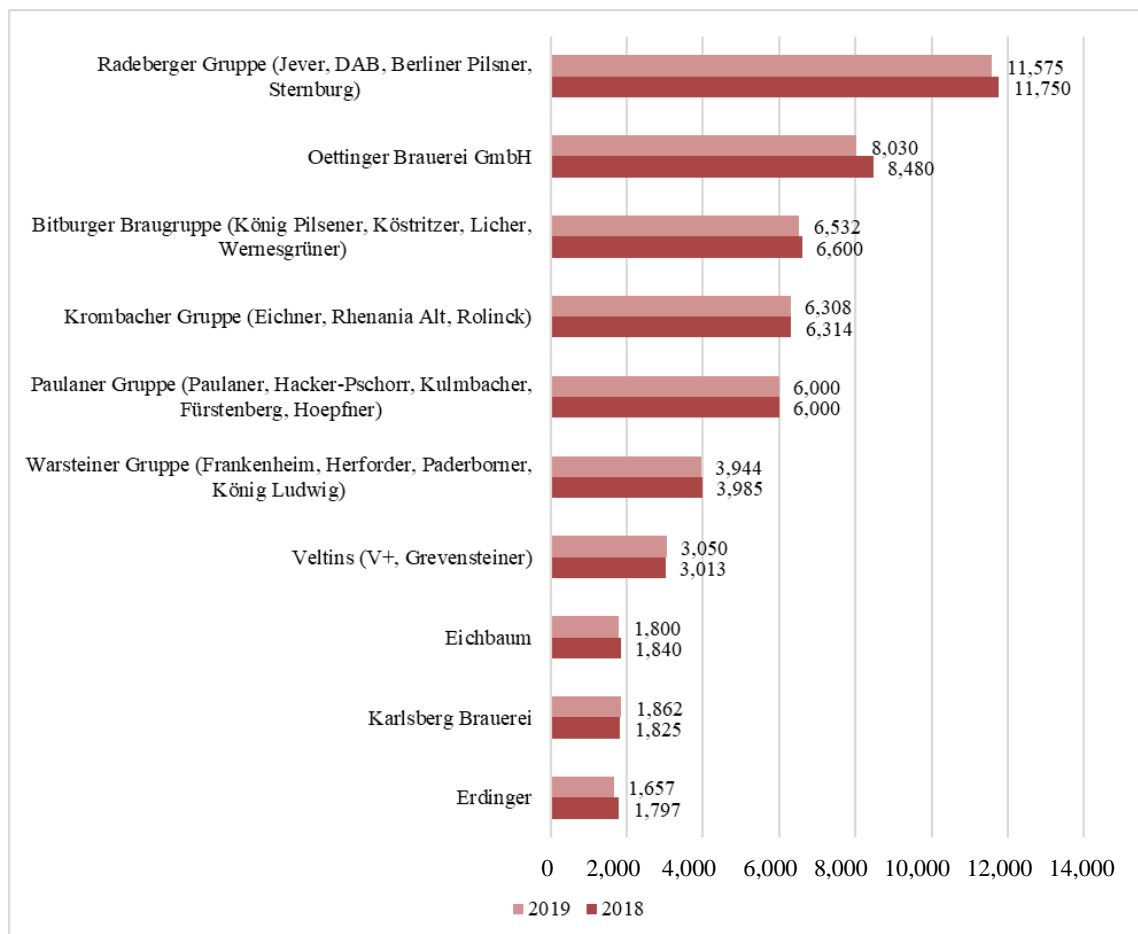
¹ one hectolitre equals 100 litres

countries outside the European Union (EU). Approximately 43% of German exports are sold outside of the EU (Statistisches Bundesamt, 2020), whereas the average of all countries is approx. 39% (Photiades, 2018). From 2018 to 2019, extra-EU exports of German breweries increased by 3.4% (Statistisches Bundesamt, 2020). These figures show that internationalisation becomes increasingly important for German breweries and are a significant source of income and growth. Hence, it is a main argument for internationalisation research in the industry.

The German brewing industry is very diverse. Many smaller, but also larger breweries are part of brewery conglomerates or brewery groups already. At the same time, the number of smaller privately-owned breweries has increased (Statistisches Bundesamt, 2020). Amongst the different brewery sizes, there are four commonly used names for the categories in Germany. These names are micro-breweries (up to 10,000 hl), small breweries (up to 500,000 hl) (Bundesverband Deutscher Unternehmer Berater, 2018), medium-sized breweries (between 1,000,000 and 2,000,000 hl) and large breweries or brewery groups (above 2,000,000 hl) (Maack, Haves, Schmid, & Stracke, 2011). Furthermore, the large international players are often termed brewery conglomerates. In the period from 2008 to 2018 there are only slight increases or decreases in the total production volume of breweries below two million hl annual production volume. Above that, however, are significant changes of more than -5%. Thus, large breweries and subsequently brewery groups, overall have a declining production volume. Clearly, the smaller and medium-sized breweries have gained in volume (Statistisches Bundesamt, 2019). One possible reason for this is the increase in the number of smaller breweries (Brewers of Europe, 2018). This shows a need for larger brewery groups to find new markets or strategies to remain competitive.

Despite the access of the international conglomerates to the German market, there are still several large German breweries and brewery groups that are privately-owned. Similar to the conglomerates, these groups have acquired smaller and larger breweries over time as well (Maack, et al., 2011). Figure 3 shows the sales in 2018 and 2019 of the ten largest privately-owned breweries and brewery groups in Germany in 1,000 hl.

Figure 3 - Sales of the leading privately-owned German breweries and brewery groups in 2018 and 2019 in 1,000 hl



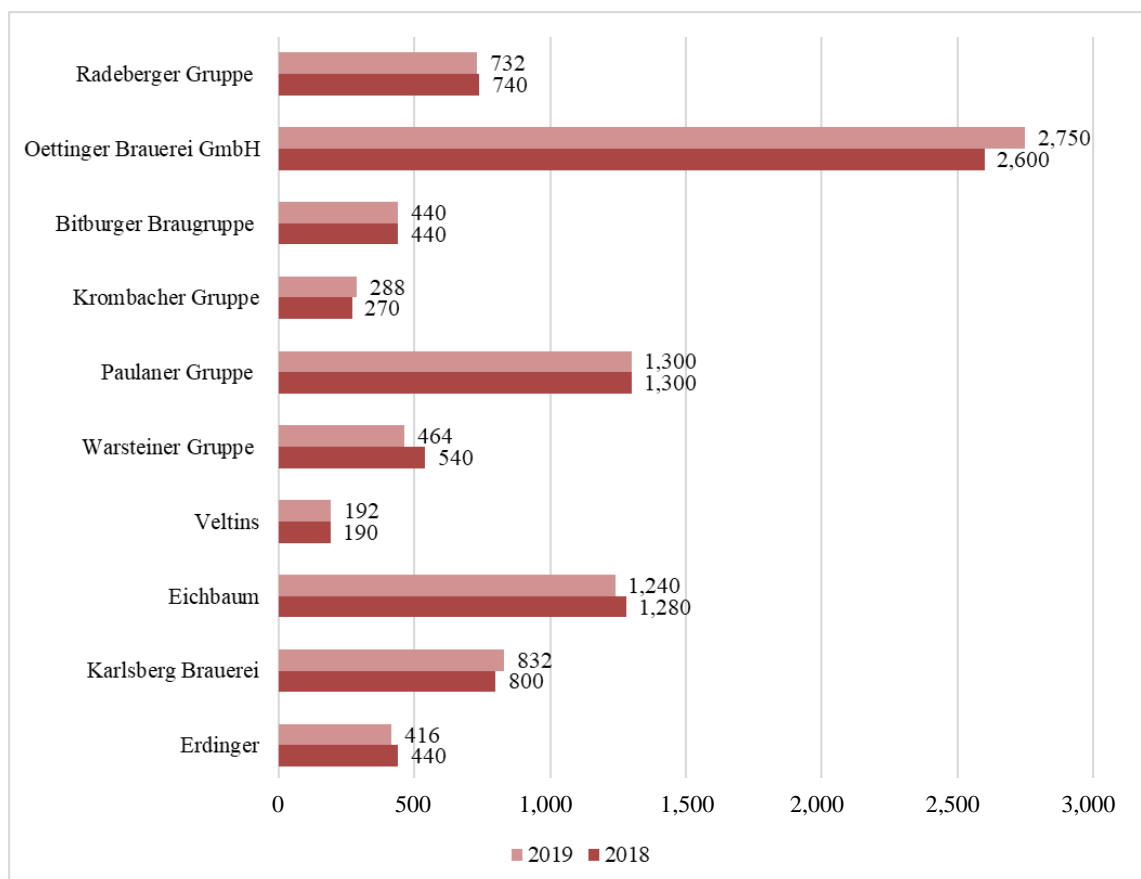
Source: own graphic, adapted from (Lebensmittelzeitung, 2020)²

Radeberger is the leading brewery group in terms of sales, with more than 11,000,000 hl in 2019, followed by Oettinger with more than 8,000,000 hl, Bitburger with more than 6,500,000 hl and Krombacher with just over 6,000,000 hl. Amongst the smaller of the

² 2020 number were not considered in the outline, as the numbers in the year of the COVID-19 pandemic are not representative.

brewery groups are Erdinger, Karlsberg and Veltins, with sales between 1,800,000 and 3,000,000 hl in 2018 (Lebensmittelzeitung, 2020). Most brewery groups had decreasing sales figures from 2018 to 2019, which again reflects the beer volume decrease of the larger breweries. Figure 3 also shows that most of the brewery groups own different brands and subsequently have a number of production facilities. Regardless of the large sizes of the ten breweries, all are still predominantly privately-owned. Hence, they are not part of any conglomerate, such as ABInbev, nor owned by the state, such as Hofbräu. This implies the importance to make careful choices related to internationalisation, as financial resources of privately-owned breweries are limited.

Figure 4 - Export figures of the leading German brewery groups in 2018 and 2019 in 1,000 hl



Source: own graphic, adapted from (Statista, 2020)³

³ Gruppe = group; GmbH (Gesellschaft mit beschränkter Haftung) = Ltd

Despite the decreases in total production, some breweries had increasing or stable export figures. Figure 4 shows the export figures of the ten largest German breweries sorted from largest to smallest total production volume. Four breweries managed to increase their sales abroad from 2018 to 2019. These were Oettinger, Krombacher, Veltins and Karlsberg. Bitburger and Paulaner had stable export figures. Whereas Radeberger, Warsteiner, Eichbaum and Erdinger had decreasing figures. In most cases a change in total volume correlated with a change in sales abroad. Hence, if sales abroad increased, total volumes increased and vice versa. The only exceptions are Oettinger and Krombacher. This underlines the strong dependence on international sales. The challenges in the following section shall stress their importance even further.

1.3. Key Challenges in the German brewing industry

The previous section has shown that despite the large international conglomerates, which own many breweries in Germany, there are still several privately-owned brewery groups. Overall, however, all breweries face the same challenges in the market. The German beer market and the brewing industry in Germany are mainly influenced by changing consumption habits (section 1.3.1.). However, a high price pressure, decreasing brand loyalty, the demand in alcohol-free beers, the craft beer trend and the strong competition caused by the large conglomerates (Maack, et al., 2011) have contributed to a longstanding sales crisis (Fröh & Nagel, 2002) in the market as well (section 1.3.2.). These challenges are now outlined in more depth.

1.3.1. Changing consumptions habits of Germans

One of the most challenging drivers of the market is the changing consumptions habits of Germans. Beer consumption in Germany has been decreasing steadily over the course of the past 50 years. Total beer consumption accounted for 85.6 million hl in 1970 and

decreased to 84.6 million hl in 2019. The corresponding beer consumption per capita was 141 litres and 102 litres in 1970 and 2019, respectively (Deutscher Brauerbund, 2019). There are several reasons for the strong decline. One of them is the change in the demographic structure of Germany, because of the decreasing population growth rate, the ageing population, and the increased number of immigrants (Bayrisches Bier, 2020). Birth rates, for example, have been declining since the 1960s. Hence, the beer drinking population is decreasing (Bayrischer Brauerbund, 2020). Assuming that people do not start drinking beer before the age of 20⁴, this leads to the conclusion that there will be five million beer drinkers less over the course of the next 20 years in the age groups 20 to 40. Even if the per capita consumption would rise again, the decreasing population would make it almost impossible to absorb the loss. Further, half a century ago beer was considered to be a ‘Grundnahrungsmittel’ (basic foodstuffs) in Germany and was part of any meal. However, the image has changed considerably towards one of beer being a stimulant. Another reason for the declining beer consumption is the trend towards ‘healthy living’ (Maack, et al., 2011) and the subsequent availability of alcohol-free beers (Stempfl, 2017; Stracke & Homann, 2017), which is outlined in more detail in the next section.

1.3.2. Other key drivers in the German beer market

In addition to the changing consumption habits, there are five other key drivers in the German beer market. All of which reduce the overall attractiveness of the market.

First of all, larger brewery groups produce similar beers, the ‘traditional types’, such as Pils (Pilsener), Helles (lager beer) or Weißbier (wheat beer), which leads to price

⁴ Legal drinking age for beer is 16 in Germany. However, due to the very limited consumption in the age group 16-20 the numbers can be neglected (Kenn-dein-Limit, 2020).

decreases to remain competitive (Stracke & Homann, 2017). At the same time, brand loyalty decreases and hence customers get more price sensitive (UNEX Group, 2017). This means that the average consumer prefers to purchase the cheaper beer rather than a brand. In order to work against the trend, breweries have increased their marketing budgets over the course of the past years (Ebiquity, 2018). However, volumes and prices have nevertheless declined. Hence, breweries face the same marketing costs for products, which they sell for decreased prices. Due to COVID-19 many breweries stated that marketing budgets will even be reduced in the future (Getränke News, 2020). In addition to that, raw materials got more expensive (Deutscher Brauerbund, 2018). As a result, production costs increased during an everlasting price competition especially in discount retailers.

Further, the high demand of alcohol-free beers and alcohol-free drinks in general, caused by the changing consumption habits, impacts the market as well. The consumption of juices and especially mineral waters is increasing. Per capita consumption of mineral waters, for instance, has increased from 12.5 litres to 149 litres annually over the course of the past 50 years (Stracke & Homann, 2017). Due to higher sales of alcohol-free beers and other alcohol-free drinks the consumption of alcohol containing beers declines. Moreover, the reduction of the blood-alcohol limit in German traffic was reduced from 0.8 to 0.5 parts per thousand in 1998 (Bußgeldkatalog, 2021). Subsequently, alcohol consumption in general declined (Kohnle, 2007).

Another trend is the so called 'craft beer' of smaller breweries. These beers offer a vast variety of types and tastes and gain in reputation amongst Germans. Craft beers are perceived as more unique and regional (K&A Brand Research, 2019). Due to the high demand of non-mainstream beers, the number of smaller breweries is constantly growing

in Germany and there are now more than 7,000 beer brands (Other, 2019). Hence, the competition is constantly increasing.

Additionally, the previously mentioned conglomerates such as ABInbev and Heineken entered the market not too long ago and started acquiring German breweries. Strong financial backgrounds and solid overhead structures lead to cost decreases through synergies (Stracke & Homann, 2017). This again leads to lower costs and subsequently the possibility to decrease prices and get more competitive. Nevertheless, Germany remains an unattractive market for larger brewery groups, as many of them aim at downsizing their portfolios (Stracke & Homann, 2017), due to the limited profitability in the German market, caused by the above-mentioned factors (Maack, et al., 2011; Schadeberg, 2008). International sales, however, remain highly attractive, as set out in the following section.

1.3.3. Globalisation leads to new possibilities

The growing integration of economies around the globe and greater cross-border activities of firms is termed globalisation (Morschett, Schramm-Klein, & Zentes, 2015). Over the past decades, societies around the world have established closer connection between each other as a result of globalisation. It has transformed the world into a small town and created international markets for goods and services, capital, and labour (Hoy & Stanworth, 2003). At the same time, it has established a bond between countries taking regulations, individual economies, and political issues to a different level. Hence, it provides new opportunities for expansion and growth to businesses and investors who aim at increasing profitability, customer base and brand awareness. Due to these aims, organisations nowadays decide more and more often to expand abroad and participate in the accessibility of new markets. This is also the case for the brewing industry. German

breweries record increasing sales in international markets and make use of a variety of different internationalisation modes. Exports of German breweries, for example, have increased from 6.5 million hl in the 1990's to almost 16 million hl in 2019 (Statistisches Bundesamt, 2020). German breweries are not only successful in exporting their products, but also in other expansion modes, such as licensing, joint ventures, and foreign subsidiaries (Fröh & Nagel, 2002). Almost two-third of the larger German breweries engage in internationalisation activities (Niederhut-Bollmann & Theuvsen, 2007). Hence, there is vast potential for German brewers to sell in foreign markets. The following section shall illustrate the need to pursue even further internationalisation steps.

1.4. Rationale for the research

Clearly, the German beer market is getting increasingly challenging due to the changing consumption habits, current trends, and the international brewery conglomerates, which cause highly competitive circumstances. Whereas smaller breweries can convince the customers with a larger variety of beers and impress with their non-mainstream products, larger breweries are limited in their range. Hence, sales abroad are one of the main drivers for potential growth. Consequently, all of the larger breweries and brewery groups pursue internationalisation. Many of them are perceived as successful in terms of sales or brand awareness in international markets and it therefore seems like an ordinary exercise.

However, the growth in foreign markets is a process fraught with failure too. This is especially the case when aiming to grow in an existing market. In this section, evidence suggests that there are severe obstacles for German breweries in their international expansion process and subsequent internationalisation mode changes. Thus, it highlights several opportunities and challenges that arise from expansion and mode changes, and issues that managers in the industry subsequently face. These also include managerial

choices and external factors which had an impact on the internationalisation modes. In the following section, examples of German breweries and quotes of managers in the industry shall highlight concerns and the necessity to have a useful orientation, which guides change abroad. Besides that, it highlights practical examples related to the day-to-day operation in international markets.

1.4.1. Managerial challenges in the brewing industry

Generally, international business is perceived as challenging task amongst German brewers. Even though sales abroad seem to be a simple task, there are many obstacles to overcome and especially regulations to respect.

‘International sales are not a side job. The hurdles are high, as you need special know-how. Food laws strongly differ from the home-market and so do customs regulations.’ (Newrzella, 2013, n.p. cited in: Die Welt)

Nevertheless, many German breweries entered international markets very early and now have an advantage because of the experience in the market, as the quote of Jochen Keilbach, former owner of the Eichbaum Brewery, shows.

‘We are now at approx. 1.8 million hectolitres. Half of the volume is exported to other countries. We are very happy, that we started the international business that early.’ (Keilbach, 2019, n.p. cited in: Mannheimer Morgen)

However, the major reason mostly is the potential profits to be made in the markets (Root, 2008). Thus, breweries can largely benefit from globalisation and the expansion to other markets.

'[...] the sales in China show a positive trend and we have a sales increase of more than 20%. Business in Taiwan and Korea is going well, too. In Germany we felt the weakening market [...]' (Keilbach, 2019, n.p., cited in: Mannheimer Morgen)

German beers are, at the same time, much more expensive abroad than in the home-market. German beer is still perceived as premium beer and customers are willing to pay for it.

'In most countries, beers are much more expensive than in Germany. Still, profits in international markets are often higher than in national ones' (König, 2013, n.p., cited in: Finanzen 100)

However, it also forces managers in the breweries to make the choices of how to expand to new markets. Companies in the industry can choose from different market entry modes and subsequent internationalisation mode changes at a later stage. However, there is no mode, which works for all international markets, nor for all breweries.

'Licensing operations is a highly complex task, with which many breweries failed'
(Prinz Luitpold von Bayern, 2010, n.p., cited in: Unternehmeredition)

'Even though Bitburger signed a licensing agreement with a partner in Kaliningrad recently, it does not mean that this was a big step in the market.'
(Dietzsch, 2004, p. 31, cited in: Welt am Sonntag)

Additionally, most choices regarding internationalisation modes are made under highly uncertain and rapidly changing circumstances. Nevertheless, these strategic choices have a long-term impact. Once the choice is made, it is difficult to reverse. The initial selection of an internationalisation mode or subsequent internationalisation mode changes most likely have a significant influence on the success of the international expansion in general (Uhlenbruck, 2006). Many breweries tend to low risk strategies in order to carefully work their way into the market and gain experience. Most of the time, companies aim for sustainable and profitable growth and therefore look at different internationalisation modes. Often, the final choice is taken by a small number of individuals in a firm, based on their experience and their 'best guess', as the following quotes show.

.[...] we used every occasion and each contact to develop customised approaches for each market [...]' (Kaiser, 2019, p. 7, cited in: Erdinger Export News)

'Intuition and knowledge of the individual market are prerequisites for success in internationalisation activities.' (Prinz Luitpold von Bayern, 2010, n.p., cited in: Unternehmergeit))

Hence, the suitability of the internationalisation mode change needs to be well thought out. The case of the German brewery Löwenbräu from the 1970's illustrates the negative effects of unsuitable internationalisation mode changes. Behringer (1991) reported that Miller Brewing acquired the North American rights to Löwenbräu in 1975. During the first two years, Löwenbräu still exported beers to the North American markets and stopped once Miller Brewing began to brew Löwenbräu domestically in 1977 with a recipe that was adapted to the American market.

At that moment, exports from Löwenbräu in Munich to North America ceased. Just a few months later Michelob (a brand which belongs to Anheuser-Busch – today ABInbev), a competing brand, has drawn the attention of regulators and consequently the attention of media and press to Miller Brewing. Miller brewing had introduced artificial ingredients that would not be allowed under the ‘German Purity Law’, in order to mass-produce it for the North American market. However, artificial ingredients are not allowed under the Germany Purity Law, with which the beer was advertised to be compliant with. Authorities did not take any legal action, but sales dropped to an unacceptably low level and it became clear that the brand is not serious competition for Michelob in the premium beer segment. With this example Behringer illustrated that a rushed choices led to a failure in the overall strategy because overall sales and profitability in the country declined. It was not the right timing for Löwenbräu to expand under a licensing agreement, because production processes for product adaption in overseas markets were not given yet.

Similarly, Heineken faced challenges when deciding to establish an own production facility for local brands in the Chinese market (Sluyterman & Bouwens, 2015). Even though, demand for foreign beers was high and expertise available in the brewery, the new production facility of Heineken on the island of Hainan was not profitable enough. The competition with other local beers was too high. Imports from the Netherlands of the main brand Heineken, on the other hand, were too expensive. Therefore, Heineken decided to start brewing their premium brand Heineken beer in China from 2003 onwards.

This case highlights the difficulty of global mainstream beers to become established in foreign markets. Comparably, German brands, face much higher demand (Maack, et al., 2011). Both preceding cases illustrate once more that an internationalisation mode change is not a simple task. Even larger groups face severe challenges in taking the ‘right’ choice.

While these groups have extensive knowledge, experience and financial resources, privately-owned breweries might not. This complicates internationalisation choices even more. Further, it remains questionable, whether high-commitment modes are suitable for (German) breweries at all. In addition, there are several other challenges but also potentials for the future of brewers in foreign markets, as set out in the following section.

1.4.2. Challenges and potential for the future

Stracke & Homann (2017) believe that the German beer market will remain highly competitive, and that growth is only possible through mergers or take-overs, not only of breweries but also of other drink producers. They also argue though that beer consumption will continue to decrease. On the other hand, there are major changes in beer consumption habits in other countries around the globe, too. According to Tsui (2016) the important global dynamics that have an impact on the consumption trends and patterns are income growth, demographics, urbanisation, trade, migration and international mobility, foreign investments, and regulatory constraints. However, trade liberalisation measures, stronger economic relations, supportive legislative and governance frameworks have contributed to growth in the past (Myhre, 2017) and are needed in order to ensure growth options for the brewing industry in the future. Hence, internationalisation is not only a simple counter measure to solve domestic challenges. On the contrary, it is a challenging task that is not only impacted by internal company decisions, but also by micro and macroeconomic influences, which need to be considered when making choices related to internationalisation modes.

Yet, the European Commission believes that 90% of the EU's economic growth will take place outside of Europe in the future (Tsui, 2016). German breweries were early trend setters and statistics show that international sales as percentage of total sales grew steadily

over the course of the past 30 years. In 2019 the percentage was approximately 23.3% (Bayrisches Bier, 2020).

'We export beer to almost every country around the globe and now we are targeting a new country: Vietnam. Asia is the growth market for beer. But we would like to increase our exports to the US and Australia as well.' (Keilbach, 2019, n.p., cited in: Mannheimer Morgen)

This fact is not only important for the economic growth within the EU, but also for emerging markets and developing countries. The fact that some breweries set up wholly owned foreign subsidiaries in emerging markets has a positive impact on these countries as a whole (Photiades, 2018). Photiades argues that this is caused by the foreign investment and the increase in the availability of employment possibilities for locals. These things increase the likelihood of development of human rights for the employees and subsequently the suppliers, lifting the employment situation in a country to a new level. Further, a report of the Brewers of Europe about the brewing industry set out that it is worth recalling that each job created in a brewery leads to the creation of even further jobs in other sectors. Here, Photiades (2018) estimates that for each job created in a brewery, there is the subsequent creation of one job in agriculture, one in packaging and logistics, one in marketing, one in retail and eleven in bars.

1.4.3. The necessity for German brewers to expand

Despite the many micro and macro-economic difficulties in the internationalisation process and subsequent internationalisation mode changes, there is a large necessity and potential for German brewers to expand to new and in existing markets. On the one hand there is large potential abroad and, on the other hand, German brewers face a highly

competitive situation in the home-market, as elaborated earlier. Yet, there are several others as well. If German breweries miss internationalisation opportunities, the German beer market might be severely damaged in the short or the long run. This can be derived for several reasons, as highlighted hereafter. Germany stands for a long-lasting brewing tradition, which dates back centuries (Bier-Entdecken, 2020). Over time, a diverse brewing industry was built up and beer became an emblem for the German culture. This perception amongst countries around the globe was mainly created by brewer families, who invested large effort to produce a large variety of beer types, in the highest quality possible. Due to the many challenges in the market, many of the brewers sold their brands and premises to large brewery conglomerates, which sell the acquired products as one of the small parts of their extensive portfolios. Logically, popular brands are in the focus of these large conglomerates (Kohnle, 2007). Thus, in order for privately-owned breweries to further succeed in the challenging environment, new markets need to be discovered and existing ones extended. Otherwise, more and more privately-owned breweries are taken over by international brewing conglomerates and the German brewing industry including its long-lasting traditions might vanish.

1.4.4. Synopsis

The preceding sections show that there are major changes in the German as well as the global beer market. On the one hand, the German beer market is stagnating as consumption patterns are changing, several trends arise, and international brewery conglomerates make the brewing landscape more challenging. On the other hand, the demand for German beers abroad is increasing. This is also facilitated by increasing globalisation and the reduction of barriers in international trade. Despite the increasing number of mergers and buy ups of German breweries by larger conglomerates, there is still a number of larger breweries that are either entirely or by the majority privately-

owned. As their competitive terrain is getting increasingly difficult, foreign markets are an attractive and valuable way forward. Without it, the German brewing culture might vanish sooner or later.

However, as discussed in section 1.4.1., internationalisation for breweries is a complex task and some breweries failed with different internationalisation modes. At the same time, several executives revealed that internationalisation mode changes are about intuition and personal experience. Sometimes it is even an opportunistic task. Clearly, there is no 'one best mode', but the mode depends on the situation. Thus, in order for privately-owned German breweries to remain competitive in international markets, it is important to carry out further research on underlying internationalisation mode changes. In doing so, these breweries would need to rely less on the 'best guess' and instead, have a base that guides internationalisation. In successfully taking next steps in their internationalisation efforts breweries can benefit from additional sales, compensate losses in the home-market and set the scene for successful international business. Ultimately, they would contribute to safeguarding the long-lasting German brewing tradition.

A model which guides changes and assists decision-makers in their day-to-day business related to mode changes abroad, would contribute to the overall success of German brewers in international markets and subsequently safeguard the German brewing tradition. Internationalisation literature suggests a variety of models, which were established to guide successful change in different industries. One of the most well-known models is the Uppsala model of internationalisation, formed by Johanson and Vahlne in the 1970s. As most models, the Uppsala model is subject to criticism due to several weaknesses, such as the neglect of influences on the movement through the model. Nevertheless, it is one of the most dominant models and will therefore be discussed in

greater depth in relation to the brewing industry and other industries in the literature review.

1.5. Aim and objectives

The aim, the objectives, and the focus of the thesis are important pillars of the research project. Next to the research paradigm, which is an essential philosophical choice of any researcher, these three topics build the corner stones of the choices related to the research method.

1.5.1. Aim

As the preceding section has shown, the brewing industry is one of the industries that is currently facing major change as well as challenges. This does not only make high demand in foreign markets attractive, but literally forces German breweries to sell their products to other markets and expand their business abroad. Increased business from international sales also contributes to the survival of privately-owned breweries, prevents them from international take-overs, and thus safeguards the long-lasting brewing tradition. Yet, it leaves them with the choice which internationalisation mode to choose when growing in a certain market. Making these choices is a highly complex task, and often taken under uncertain circumstances. Eventually, the high potential of German brewers and the many challenges which arise with them, make large privately-owned German breweries and brewery groups highly suitable for internationalisation research.

Hence, the aim of the study is *to explore how and when privately-owned German breweries and brewery groups pursue changes in international strategic developments.*

1.5.2. Objectives

Based on the aim, the following four objectives were drawn up.

Objective 1: To critically analyse how internationalisation mode changes were developed and continued to evolve.

Objective 2: To assess the reasons and motivation behind internationalisation mode changes and the extent to which they were perceived to be successful.

Objective 3: To evaluate the perceived influences on the outcome of internationalisation mode change processes.

Objective 4: To make recommendations to senior executives of privately-owned German breweries related to the ongoing process of internationalisation and internationalisation mode changes.

In focusing on these four key objectives, actual past internationalisation mode changes within the German brewing industry can be analysed and evaluated. Hence, a theoretical as well as a practical contribution can be made from which these breweries could potentially benefit in their future international endeavours.

1.6. Focus of the thesis

The research focuses entirely on on-going internationalisation efforts in existing markets. Generally, there is upstream internationalisation (foreign purchasing) and down-stream internationalisation (foreign marketing and sales) (Agndal, 2004). As the sourcing activities of German breweries are a rather local matter (e.g., hops are often sourced from areas around the production facilities), the research focuses entirely on the down-stream internationalisation processes. Within these down-stream processes there are different perspectives. There are, for example, the marketing perspective, the organisational

perspective, and the strategic perspective. Much research has been carried out from the marketing and organisational perspective, but limited research focused on the strategic perspective (Agndal, 2004). Hence, this research focuses on internationalisation from a strategic perspective.

1.7. Contribution to practice

In the first place, this research makes valuable contributions to actual internationalisation practice, as knowledge is derived from real-life processes of organisations in the industry. The outcome of the study provides useful recommendations for stakeholders of privately-owned German breweries and brewery groups and provides an orientation for internationalisation processes. In addition, the many available internationalisation modes can be implemented in breweries every-day internationalisation efforts. In contributing to internationalisation processes and underlying choices, German breweries can increase revenues and profits in international markets and secure their long-term success. Through more solid structures and a potential model, which guides change, breweries can take faster, more flexible, and more certain choice when it comes to when and how the next step in the internationalisation process needs to be taken. Overall, the research contributes to current and future accomplishments of German brewery groups in international markets and thus to their overall long-term success.

1.8. Contribution to knowledge

The basis for the contribution to knowledge is established by the perspective of the research and the context in which the research was carried out. The strategic management perspective with a particular focus on internationalisation mode changes differs from most other approaches, which often relate to market entry modes or decision making. The unique context, which addressed 15 experts from different hierarchical levels in 10 of the

largest German breweries, which is almost the entire population, provides another corner stone of the contribution to theory. This is opposed to earlier studies which tend to focus on top management of larger conglomerates or craft brewers. The perspective in combination with the unique context of the research lead to six distinct contributions to knowledge.

Twenty three different traditional and innovative modes were identified. Data has also shown that not all of the modes are suitable for German breweries. These were mainly contractual internationalisation modes. In addition to that, the findings led to an extensive summary of best- and worst-practice examples, which cannot be found elsewhere in literature. Another contribution to knowledge was made by identifying the driver for change in the German brewing industry. As opposed to current knowledge, the drivers are internal determinants, rather than market factors. Furthermore, different types of knowledge were identified under general knowledge, which is part of the important state aspect experiential knowledge. These are international business knowledge, distribution knowledge and individual knowledge. As the study has shown that these are partially transferrable across markets, internationalisation mode changes can be pursued faster.

In addition, a more dynamic version of the Uppsala model was created, without inflating it. It now provides a flexible and pro-active movement through the different stages.

Lastly, the Uppsala model was adapted in order to provide an orientation for internationalisation mode changes of German breweries.

1.9. Structure of the thesis

This thesis has six subsequent chapters, followed by references and appendices.

Chapter two: Literature review presents a critical analysis of internationalisation literature and models. Due to the focus of the study, strategy and strategic management

are set out as the basis for internationalisation. Sub-sections introduce the concept of internationalisation in general, followed by a critical review on existing internationalisation literature, in particular the Uppsala model of internationalisation. The result is the identification of a theoretical research gap around the model. The gap is comprised of several factors. While there is a vast amount of literature around the Uppsala model, topics around the components of state aspects, namely experiential knowledge, the efficiency dimension, soft facts and psychic distance, and change variables, thus the incrementality and the speed and timing of movement through the model, were not explored in depth in previous studies. Even though the Uppsala model is widely acknowledged and in place for more than 40 years, the initiation of change within it and hence, the above-mentioned gaps, were hardly subject to any research. Additionally, the predominantly quantitative nature of studies around the model did not contribute to the many 'whys' that rose around it or the underlying causes that initiate change. Hence, the model, in its current version, has limited practical value when it comes to change decisions in practice. Furthermore, industries, such as manufacturing and banking were addressed in many of the studies to date. However, the consumer goods industry, in particular the brewing industry, has not received much attention. Whereas the larger global brewery groups, for instance ABInbev or Heineken, were subject to several studies, the larger privately-owned breweries and brewery groups in Germany were often disregarded, even though they are highly suitable for and in the need of internationalisation research. The subsequent conceptual framework is based on the problem statement and the identified gaps related to current theory and methodological considerations. Instead of setting a static framework for the research, it aims at guiding an inductive approach to theory creation by exploring real-life change situations of the largest privately-owned breweries.

Chapter three: Methodology gives a detailed insight into all methodological foundations and choices. The first section elaborates the different research paradigms and provides an explanation for the paradigm of this study, namely constructivism. The following sections then outline and justify the research methods used. Based on the philosophical stance, the research is of qualitative nature, using an inductive approach, which is also in line with the existing research gap. The unique sample, which can be described as the majority of the largest privately-owned German breweries, has not been researched in this constellation to date. The subsequent data collection method are semi-structured elite interviews with 15 owners, (former) managers and (former) employees of these breweries. An interview guide supports the aim to reconstruct past internationalisation mode changes. Finally, a thematic analysis directs the analysis of the 15 data sets. Based on a pilot study, the suitability of the chosen methods is evaluated.

Chapter four: Findings presents all thematised findings from the 15 interviews. The participants recall a total of 23 different internationalisation modes and 28 internationalisation mode changes, including innovative modes, such as collaborations with local brewers. Despite the similar size of the breweries, almost each approaches internationalisation differently. Some breweries include international strategy in the overall strategy. Other see it as an entirely separate business. Nevertheless, most have a standardised and regular strategic planning process. In addition, international commitment differs. Most breweries with smaller international sales volumes are very cautious. The individual narratives reveal several reasons and motivations for change, namely intrinsic and extrinsic impulses, which were impacted by internal and external determinants. Generally, none of the impulses resulted exclusively in positive or negative outcomes. Instead, the internal and external determinants were perceived as dominant forces for ‘successful’ change. Interestingly, internal determinants are perceived to have

the highest impact on positive outcomes of mode changes. Here, culture, organisational structure and people are the dominated influences. External determinants, such as market demand or COVID-19 are perceived as subordinate factors. Lastly, the analysis discloses that ‘successes’ are interpreted differently. Whereas some define positive outcomes solely based on financial results, other also evaluate good partnerships, risk reduction and reliability.

The findings are then discussed in *chapter five: Discussion*. Findings and discussion are deliberately outlined in two distinct chapters, as simultaneous discussion with current literature would distract from the richness of the collected data.

Thus, in critically evaluating the data in a separate chapter in the context of the current state of the literature around the Uppsala model, guided by the conceptual framework, a number of interesting outcomes can be summarised. First and foremost, market factors, as suggested in the Uppsala model, are not the dominant driver for internationalisation mode changes. Instead, several state variables, namely experiential knowledge, the efficiency aspect, soft facts and psychic distance, impact positive outcomes of mode changes. Several of the internal and external determinants, as highlighted in the findings chapter, can be allocated to each of the state aspects. Data also reveals that experiential knowledge is comprised more than solely market knowledge. Eventually it contains market knowledge and general knowledge. In contrast to earlier considerations, the former has the highest impact on internationalisation mode change and is made up of internationalisation knowledge, distribution knowledge and individual knowledge, which emerged from the gathered data.

Ultimately, the data allows to draw conclusions on the speed and timing of movement through the Uppsala model. Originally, the ‘right’ amount of market knowledge was perceived to be the initiator for the next step in the internationalisation process. This

study, however, shows that the state aspects, including the different types of knowledge, are the initiator for change and a subsequent positive outcome. In outlining a large number of different traditional and innovative modes, which were not considered in the original model, breweries are provided with a larger list of (micro-)steps to choose from. Subsequently, the breweries can increase the pace of their change processes and move more efficiently through the Uppsala model of internationalisation.

Chapter Six draws final conclusions and responds to the objectives of the study, the contribution to practice and the contribution to theory. Whereas objective one to three receive attention in the discussion chapter, objective four is addressed in chapter six for the first time. The theoretical contribution to internationalisation literature can be summarised as the response to the research gap. This response results in the adaptation of the Uppsala model, which contributes to a potential guideline for internationalisation of German breweries. The practical contribution can be summarised by the gathering of a large number of possible internationalisation modes, many positive examples from practice and the adaption of the model to suit a more practical applicability in the German brewing industry. In this way, decision-makers and decision-contributors in the industry, and the respective breweries receive a guideline which directs pro-active internationalisation mode change. Moreover, a number of recommendations round off the practical contribution. These are mainly related to the previously identified determinants, such as culture, people, and organisational processes.

Lastly, it provides an outlook on potential for further research, which is followed by the appendices. Whereas this study focused entirely on the brewing industry, further research could test the adapted model and verify its suitability in other industries. However, it could also verify the weighted importance of the identified influences in the brewing and other industries. Further, internationalisation process, in relation to the Uppsala model,

could also be researched in other European and non-European breweries. In doing so, a valuable contribution to the global brewing industry can be made. Lastly, the impact of COVID-19 on the internationalisation research could be researched in depth.

LITERATURE REVIEW

2. LITERATURE REVIEW

Strategy as it appears in the literature seems like a very straightforward task, which is guided by a set of rules or decisions points. It has evolved over centuries and its understanding and definition have changed several times. Whereas some authors describe it as a very theoretical task, other authors are much more realistic and describe it as an evolution. Strategy in practice, which arose over the course of the past 20 years, even added several relevant considerations, such as emotions of managers. In the twentieth century, internationalisation was also incorporated as one important aspect of strategy and strategic management. Ever since, many models around internationalisation were developed. Well known and most recent models, such as the Uppsala model claim to be so-called dynamic models. However, the literature review including several arguments of other researchers show that the model is less dynamic than intended by the authors and, besides that, neglects major facets which impact internationalisation choices. These are state aspects, such experiential knowledge and soft facts, and change variables, such as the speed and timing of movement through the model. Subsequently, the established conceptual framework guides the underlying research of the study and connects the research gaps with the German brewing industry. It provides a comprehensive guideline for inductive theory generation in order to increase the practical applicability of the Uppsala model.

2.1. Chapter outline

This chapter gives a comprehensive insight into internationalisation literature. The first part serves as foundation for the general understanding of strategy and strategic management. In particular, it shall be highlighted that even though much has been written about strategic choices and paths, there is no ‘one best way’. Hence, it is discursive, yet critical towards strategic models or choices which aim at general application to a large number of organisations. Nevertheless, the chapter illustrates why strategy is important and identifies underlying theories, as well as definitions and relevant background information.

The second part gives a brief understanding of internationalisation and the different ways and strategies of internationalising, thus an additional aspect of strategy. Commonly agreed upon internationalisation strategies are highlighted in this section followed by a summary of advantages and disadvantages of the individual internationalisation modes. Furthermore, it gives a brief description of attributes, which organisations need to satisfy when operating internationally and a more detailed explanation of models that are applied to international strategy.

The third part addresses the most important internationalisation models and provides a critical analysis of past and current literature. It highlights their advantages, their limitations and especially their application in practice given the focus of this study. The focus is placed on growth strategies, rather than market entry strategies. The review was carried out using key word searches, such as ‘strategy’, ‘strategic management’, ‘dynamic models’, ‘Uppsala model’, in data bases and subsequently obtaining additional sources by screening the citations of the relevant papers. Criteria set for the search were highly

rated international journals. This part shall serve to highlight the existing gaps in internationalisation literature.

The three parts and the preceding problem statement, serve as foundation for the conceptual framework, which is intended to suggest a possible route-to-action for the subsequent research.

2.2. Part I: Strategy as foundation of internationalisation

Different researchers have taken different approaches to the terms of and processes for strategy. Some of the authors define it in very abstract terms and some in terms that are more concrete. Despite the extensive research carried out in this field, there seems to be no universal definition (Harrington & Ottenbacher, 2010). The following sections thus outline commonly used approaches and definitions to the topic in order to give a solid base for all further evaluation and the problem definition in relation to the brewing industry.

2.2.1. The definition of strategy

The opportunity to access the global market gives rise to intense competition in the international market as well as the home-markets of companies nowadays (Spulber, 2007). Thus, managers need to use different strategic approaches to succeed in the market. There are various definitions of strategy, depending on the context and the views of the researchers. Strategy can, for instance, be defined as the long-term direction of an organisation (Johnson, Whittington, & Scholes, 2011) or a *'planned set of actions [...] to make best use of a firm's resources and core competencies [...]*' (Cavusgil, Knight, & Riesenberger, 2014, p. 578). In more simple terms, Phillips (2017, p. 927) defined strategy as: *'Strategy is very simple. It's about what and why, not how or by when'*.

Strategic Management in turn implies that an organisation is managed strategically. Thus, it is the process of identifying the purpose of the organisation and the plans and actions to achieve the purpose (Lynch, 2018).

Despite the many different definitions of strategy and strategic management and some apparent consensus, it becomes clear that strategy and strategic management is a chain, process or list of activities and undertakings that provide the overall foundation for an organisation's successful short and long-term operation in the (global) market. However, the extent to which strategy has to be formed and implemented is not set out in any of the above definitions. This is mainly due to generalisation of strategy, independent of the size and the situation of any given firm. Hence, literature does not make any distinction between the strategy of a small and a large organisation. Rather, all organisations are treated in a similar way, which is too broad a starting point for an organisation. Additionally, there are strongly differing opinions on the key issues within strategic management, stretching from contents over processes to implementation of strategy.

'Setting oneself on a predetermined course in unknown waters is the perfect way to sail straight into an iceberg' (Mintzberg, 1987, p. 26)

The quote highlights the need for carefully selecting a strategy, depending on the particular situation. As opposed to one predefined way, strategy strongly depends on the context. Hence, there is no 'one right way' that fits all organisations.

2.2.2. The nature of strategy

Strategy as it is known by now, has evolved over decades and even centuries. The word strategy itself is derived from the ancient Athenian position of *strategos*. This term was associated with the reforms of Cleisthenes (508-507 BC), who developed a new socio-political structure in Athens (Rhodes, Ameling, & Tinnefeld, 2006). The word *strategos* itself is a combination of two Greek words: *stratos* (army) and *agos* (leader) (de Wit & Meyer, 1998).

In 1934, Professor G. F. Gause of Moscow University held a lecture in which he published a set of experiments and concluded that: Two species cannot co-exist when making their life in an identical way (Henderson, 1979). What he meant to illustrate is that competition existed long before strategy and is an essential part of strategic management. Authors, such as Mintzberg and Porter, have confirmed this decades after in their various publications. Back in the days, business policy was used for what is now known as strategic management.

Later, in the 1960s Chandler and Ansoff had a number of publications on business policy. In 'The Visible Hand: The Managerial Revolution in American Business' Chandler (1962) claimed that modern economic organisation results from conscious planning, rather than from the invisible hand (price adjustments in the market). Ansoff's (1965) work on 'Corporate Strategy: An analytical approach to business policy for growth and expansion' also contributed to the research shift from a 'one-best-way' approach to a more contingent perspective on business policy that included the adaption to the external environment of a firm. Thus, both authors confirmed the impact of intentional managerial and organisational change and the influence of external factors, other than price changes, on the overall performance of a firm. Other main contributors to the early versions of

strategy were Learned et al. (1965). Their work was also concerned with a more holistic view on a firm. Thus, moving away from individual functions, such as production and marketing (Montgomery & Porter, 1979). Their model shows the unification of the functional areas of a firm and how they need to be related to the external environment in order to choose the right economic strategy. Here, firms started speaking about ‘strategy’. In many business schools the term ‘business policy’ was used to express almost the same (Harrison, 2002).

In 1977, a conference held at the University of Pittsburgh confirmed the birth of the word ‘strategic management’ (Schendel & Hofer, 1979). In the 1980s strategy became an independent management discipline and strategic planning further developed from a specialist position to the essential and integral work of any line manager. The timing of all of this was excellent, as firms all over the globe faced increasing competition in their home and international markets, trade barriers decreased and government interference in competition declined (Montgomery & Porter, 1991). What was seen as a specialist task at the beginning, is now seen as an integral part of everyday work.

The preceding literature has also shown that strategy making is not an easy task and comprises a large number of variables. In order to evaluate the strategy process in more detail, the following sections look at different suggestions related to the sequence in the strategy process.

2.2.3. Steps in the strategy process

The central question in strategy development is how a solid and successful strategy is built. The question is straight forward, however, the answer is not. Many authors have

argued for and against certain processes concerning strategy over decades. Yet, there is no consensus.

On the one hand, there are competition-based strategies. One of the main contributors to this field of strategy creation is Porter, who stated that *'the essence of strategy formulation is coping with competition'* (1987, p. 11). Similarly, Ghemawat (1987, p. 27) illustrated the importance of competition-based strategies on the example of Emerson's lecture in the 19th century: *'[...] make a better mouse-trap than his neighbour, tho' he build his house in the woods, the world will make a beaten path to his door.'* Harrison (2002), summarised several approaches to strategy making, all of which are based on *competitive advantage*. These perspectives are the *traditional perspective*, which is based on the analysis of the internal and external environment, the *resource-based view*, which relies on organisational resources, skills and abilities of the firm and the *stakeholder approach*, which relies on external factors around various stakeholders.

More recent literature on strategic management illustrates more detailed strategic planning processes, which are based on the identification of competitive advantage, similar to the approach of Harrison. Büchler (2014) for example, created a model that serves as foundation for the strategy creation process. It shows that the essential foundation for the strategy process is the evaluation of the market situation, the behaviour of the competition and the performance of the overall market. It is not entirely new in itself, as it is created following a model of competitor analysis of Porter in 1981. However, the question here is whether an organisation is able to cope with their competition in terms of financial means and resources and whether it is able obtain all the relevant information in general and within a reasonable timeframe. Looking at the

previously cited quotes of the experts in the industry, strategy is much more about spontaneous or 'best guess' choices.

Much closer to real-life strategy making are a number of other authors. Goold and Campbell (1979), for instance, argued that there is no 'one size fits all' solution for the strategy creation process and that strategy making is about managing relationships between executives in the corporate office and managers in the business units. They argued that there are three ways to create company strategy. 1. The *strategic planning approach*, in which manager of the business units take care of the strategic planning and the headquarter gives the final approval. 2. The *financial control approach*, whereby the responsibility lies on the shoulders of the business unit managers. 3. The *strategic control approach* that suggests that business unit managers are in charge of the strategy process but headquarter measures the archival against milestones. However, at the same time, they argued that depending on a given organisation's goals (growth, profitability, or most improved profits) one of the three strategies needs to be chosen.

Even more practice oriented is the early work of Mintzberg (1987), who spoke about 'crafting strategy', rather than strategy creation. He used the metaphor of a potter: '[...] *managers are craftsmen, and strategy is their clay. Like the potter, they sit between a past of corporate capabilities and a future of market opportunities. And if they are truly craftsmen, they bring to their work an equally intimate knowledge of their materials at hand. That is the essence of crafting strategy.*' (Mintzberg, 1987, p. 404). This means that managers create strategy through learning from the past and predictions of the market. The process sounds like a doable approach for any strategist, but it still seems to be a simplification of the actual challenges of strategy creation. However, it shows that the experience of individuals and past learnings are essential in the process.

In this context, strategy as practice (SAP) remains to be addressed. It is one of the most recent approaches strategy making (Golsorkhi, Rouleau, Seidl, & Vaara, 2015) and addresses strategic management, strategic decision-making, strategizing, strategy-making and strategy work (Jarzabkowski, Balogun, & Seidl, 2007). SAP analyses the micro-level actions which impact the formulation, planning and implementation of strategy. Analysing strategy from a practical perspective allows to gain a deeper insight into issues which are directly related to those stakeholders who are involved in the strategy process. Much research was dedicated to SAP in the past 20 years and theoretical as well as practical implications were developed. Evidently, however, certain aspects of SAP have not been addressed in much depth in the past.

Earlier research, for example, has already recognised that particularly the role of emotions is a topic which deserves more attention in future research. Clearly, this is because many authors in SAP argue that strategy is not something organisation *have*; Instead, it is what people *do* (Johnson, Melin, & Whittington, 2003). Several authors argue that a critical approach towards emotions would broaden the understanding of strategy-making and the understanding for diversity in an organisational and cultural context. In this context, intuition in strategic decision-making needs to be addressed. Literature claimed that intuition is a valuable tool in decision-making (Dane & Pratt, 2007; Sadler-Smith & Sparrow, 2008). Yet, relying or over-relying on intuition can lead to failures. Further, various aspects around intuition, such as expertise-based intuition (Salas, Rosen, DiazGranados, & Deborah, 2010), intuition as decision-making tool (Sinclair, Marta, & Ashkanasy, 2005) and intuition across organisations (Andersen J. , 2020) were addressed. Clearly, intuition plays a major role across organisational decision-making and subsequent success of organisations. However, recent studies have also recognised that intuition in combination with analytical skills achieve the most efficient outcomes related to growth and profit figures, as compared to pure intuition or pure analytical skills

(Matzler, Uzelac, & Bauer, 2014). This again highlights the need for strategic orientation, which can then be complemented by experienced stakeholders' choices.

Besides that, temporal dimensions of strategizing have not received much attention. Kaplan and Orłowski (2012) claim that human activity cannot be analysed properly without paying attention to temporal dimensions. Similar, Ericson, Melin and Popp (2016) argued that a historical perspective is needed to gain insightful reflections on timing in general.

Generally, it has been recognised that there is a need for researchers to be close to the subject of the study and to concentrate on context and detail in order evaluate many parts of an organisation when it comes to strategy making (Balogun, Jacobs, Jarzabkowski, Mantere, & Vaara, 2013). Further, it was claimed that lived experiences are necessary to evaluate decision-making as one part of strategic management (Cunliffe, 2002). Looking at the many practical considerations around strategy, it can be concluded that these are of relevance, when it comes to decision-making as part of strategic management. Certainly, useful insights can be drawn from literature on SAP. However, it focuses on decision-making, rather than on strategic processes and occurrences as a whole.

Apparently, there are many different views on the strategy process and many different perspectives. However, most of them seem to reflect a very theoretical or narrow approach and a much too deterministic way. In turn, authors such as Mintzberg, show that strategy is much more about the perception of individuals and their experience. In addition, latest literature around one particular field of strategy, namely decision-making, shows that there are some important practical aspects to consider on the individual level when it comes to successful strategy. These practice-oriented approaches seem to reflect a more realistic way of strategy creation.

Lastly, the preceding models give a rather one-dimensional overview over the strategy process. A second dimension is added when the international aspect is taken into consideration. Creating strategies for more than one market, often the home-market of the firm, is an even more challenging task. Cavusgil et al. (2014) argued that if companies want to become globally competitive, they must aim for three strategic objectives: efficiency, flexibility, and learning. *Efficiency* in building international value chains, *flexibility* in accommodation of country-specific risks and opportunities and *learning* from the operation in international environments. These are simple terms for challenging tasks in international markets.

2.2.4. Synopsis

Understanding the nature, dimensions, and different possibilities for strategy development, is important in order to understand the basic intention and scope. As literature advanced over time, the contents of strategy and the process were formulated more detailed. However, they do not seem to be formulated closer to actual strategy-practice. Literature, for instance, shows that competition certainly has an influence on strategy making. Here, the availability of financial means and resources are not taken into account. It also shows that micro and macro environment have an impact on the process and that these need to be evaluated in a detailed manner. Yet, timing, and organisational background are not considered thoroughly. Generally, these approaches treat each organisation independent of their size and their backgrounds in a similar way and generalise theory making. There are, however, some authors who argued that there is no 'one size fits all' – approach, which reflects the previously cited expert interviews and thus, seems to be closer to actual practice. Interestingly, some of the early publications on strategy show already that strategy is about the experience and knowledge of individuals. This is underlined by analysing one particular part of strategy, namely

decision-making. SAP, which mainly addresses decision-making, highlights the relevance of practical considerations in research even further.

In addition to that, an important topic was added over time as essential part of strategy: The internationalisation aspect. As stated by Melin (1992, p. 101) '*Internationalisation is a major dimension of the ongoing strategy process of most business firms*'. Therefore, the following section now reviews internationalisation literature.

2.3. Part II: Internationalisation

Root (1998) stated that the selection of an institutional agreement (or internationalisation strategy), is amongst the most important strategic choices any international firm faces. Poor decisions can lead to 'sinking the boat' or 'missing the boat' (Dickson & Giglierano, 1986). At this point, it is important to highlight the impact of globalisation once more. Globalisation is mainly driven by three factors: (1) advances in technology (Dunning, 2000), (2) advances in transportation, telecommunication, supply chains and (3) deregulation and removal of trade barriers (OECD, 2007). In the light of today's globalised world, the challenges in international strategy making increase (Bruni-Bossio, Sheehan, & Willness, 2018). The international playing field is a major target market for many companies, independent of their size. Often, home-markets are saturated, or demand stagnates (Grünig & Morschett, 2017). At this point, companies are pushed to consider international strategies in order to remain competitive. Here, at the latest, companies need to add the third dimension to their overall strategy – the international dimension. Thus, globalisation can be termed one of the main drivers for internationalisation of firms. Internationalisation can be described as '*the outward movement of a firms international operations*' (Turnbull, 1987, p. 34) or the '*process of increasing involvement in foreign markets*' (Welch & Luostarinen, 1988, p. 36). The term itself can be applied to several different elements within an organisation. It can, for

instance, be applied to the strategy, structure, the product mix and so forth (Calof & Beamish, 1995). This highlights the extent of considerations related to internationalisation.

However, internationalisation can also take place in the form of de-investment. This happens, when a company terminates a product line, lays off employees or closes a foreign subsidiary. Hence, Calof and Beamish (1995, p. 116) apply a much broader definition to internationalisation, namely *'the process of adapting firms' operations (strategy, structure, resource, etc.) to international environments'*. Nowadays, firms start internationalising at an early stage and quickly engage in other internationalisation strategies (Hurmerinta-Peltomäki, 2003). Most of the time, they start by establishing an export department or hiring an international sales team (Calof & Beamish, 1995).

2.3.1. Internationalisation modes

When firms expand beyond their national borders, individual stakeholders are faced with the strategic choice of how to establish themselves abroad. This has given rise to extensive research in this field. However, the number of strategies depends on the definitions of the individual researchers. A very general classification can be found in figure 5. It summarises the consensus on four types of entry mode which researchers have generally agreed upon. The types are exporting, contractual and investment/establishment entry modes. The figure shows that these types can be sub-categorised again. Export refers to entry modes where the firm enters the foreign market through an agent or distributor/importer in the host country. Contract refers to entries related to licensing, franchising, or other contractual non-equity agreements. Investment/Establishment modes involves the ownership of equity by the entrant through a JV or a WOS.

Figure 5 - Entry mode classification

ENTRY MODES		Export	Direct Indirect
	NON-EQUITY	Contract	Managment contracts Licensing Franchising
		Joint Venture (JV)	Minority Equal Majority
	EQUITY	Wholly Owned Subsidiary (WOS)	Greenfield Aquisition

Source: own graphic, adapted from (Glowik, 2016)

In the past, most companies moved from the top to the bottom when deciding on the first entry mode and changes in the entry mode at a later stage. Thus, typically firms start exporting, later establish a sales subsidiary and eventually begin production in the host country (Johanson & Vahlne, 1977). Nevertheless, recent examples in the German brewing industry show, that exporting products is not always the best way of entering a market. International brewery groups, such as Carlsberg or Heineken, were not very successful in doing so. Their strategies to enter the German market via exporting and licensing were not successful. However, the acquisition of domestic breweries has shown to be a great success over the course of the past ten years (Heyder & Theuvsen, 2008). Latest research shows that firms move away from the ‘traditional’ internationalisation steps. Thus, the rise of ‘born-globals’ (Li & Gammelgaard, 2014), ‘early internationalising companies’ (Rialp, Rialp, & Knight, 2005), ‘international new ventures’ (Evers, 2011) and ‘instant exporters’ (Myhre, 2017) were subject to research. This also implies that ‘traditional’ companies, such as privately-owned German breweries are omitted in current research, even though their need to internationalise is greater than ever.

All internationalisation modes have several advantages and disadvantages. The 'lower' the degree of internationalisation, the lower the control over the activities and vice versa (Wach, 2014). Hence, WOS provide the highest control over products and markets, whereas exporting – via a direct or indirect mode – offer the lowest level of control for any given business. On the other hand, less involvement also means low entry cost and low risk for the company. However, it means lower margins from transactions because the local intermediary is involved. A higher risk is given by contracts, such as management, license, or franchise contracts. Control over the products and the brand increases though. The option with the highest risk certainly is a WOS. It increases the risk and requires large financial resources. However, the profits and the control over activities increase too (Lu, Karpova, & Fiore, 2011). A company must carefully evaluate the trade-offs (Osland, Taylor, & Zou, 2001). A WOS might not necessarily need to be the initial market entry mode. The same can be the case for all other internationalisation strategies. Exporting, for example, can determine the strategy at the beginning but does not tie the firm to the strategy for the rest of the company's existence. Depending on several variables, individuals do consider changing from one entry mode to another.

2.3.2. Internationalisation choices

According to Schmid (2006) it is essential to determine the objectives of any given company before deciding on the internationalisation strategy. Thus, answering the question whether a company has procurement-oriented aims, revenue-oriented aims, or efficiency-oriented aims. However, even these aims can change over time and affect the strategy at any given point in time. Agarwal et al. (1991) identified three major factors, which influence the choice of entry strategy: Ownership advantage of a firm, location advantages of a market, and internationalisation of integrating transactions. According to the study, many internationally expanding firms have decided based on those criteria –

consciously or unconsciously. Overall, the choices related to internationalisation strategies is highly complex. Besides the previously discussed advantages and disadvantages of the strategies, there are many host and target market factors and internal factors within the firm that affect international strategy (Perks & Hughes, 2007). Hence, managers face a very complex process when it comes to internationalisation.

Even though, the strategies themselves are very straightforward, the 'right' choice is not. In this context, literature also recognises that firms replicate past internationalisation strategies due to cognitive biases and lethargy in decision behaviour (Chan & Makino, 2007). Thus, good experience with a particular internationalisation strategy results in the repetition of this mode in a different market. However, this does not necessarily imply that the particular strategy or the strategy change is suitable for others and results in success. Reason for the success of internationalisation strategies can have different causes. One of them is the knowledge about the (new) market.

Figueira-de-Lemos, Johanson and Vahlne (2010), in turn, stated that managers face a greater problem than knowledge acquisition and the transfer between headquarters and subsidiaries, namely the fact that the greater the knowledge of the firm, the greater their perception of the lack thereof. Thus, the more a person knows the higher the perception of the person that there is a great lack of knowledge. This is a problem that has already been recognised amongst epistemological philosophers, such as Socrates and Plato. This fact leads to incremental strategy making. Hence, the slow approach to strategy making that works its way step by step into the market (Belderbos, Tong, & Wu, 2018). Rushing a choice related to an internationalisation adventure can lead to enormous value destruction of a firm (Wagner, 2004). Blomstermo and Deo Sharma (2003) argued that 'learning by doing' is one of the key elements in experience gaining and thus,

international strategy making. This is mainly due to highly uncertain situations in international markets.

In an early work, Lindblom (1959) recognised this challenge already and termed it ‘the muddling through process’. It describes the underlying rationality of decision-makers in and the involvement of a number of actors to arrive at a choice. Aharoni (1966, p. 362) also stated that investments and growth are ‘*rarely the result of a single, clear cut decision*’. Instead, they are an accumulation of actions, research and commitments that gradually add up to a recommendation, which in turn makes the final choice just little more than a formality. Aharoni (1966) also found that besides economic factors, which were mentioned in previous sections, there are a number of human influences that are of major importance. For example, the willingness to work in joint ventures are typically as important as financial impacts. Similarly, he noted that executives take the avoidance of frictions with other executives into account when making choices. Thus, he concluded that international strategy is not formulated by the evaluation of alternatives and optimal resource allocations, but as a process of adjustments to changing internal and external conditions.

Cyert and March (1963) took it further by stating that managers often lack routines in decision making and question two basic assumptions, namely the facts that profit maximisation and perfect knowledge are the basis for strategy making in any given firm. As firms are a sum of individual divisions and departments, commitments to other markets are frequently not taken into account.

Kabongo and Okpara (2019) argued that internationalisation and its speed also depend on the ownership structure and Board Members’ experience. Timing and speed are

considered issues that are closely related to each other (Autio, Sapienza, & Almeida, 2000). Calof and Beamish (1995) have emphasised the importance of other characteristics, such as competence of executives, international orientation, and global mind-set.

A concept which is frequently found in relation to this is 'culture'. With increased globalisation, culture is not bound to particular geographical areas or races anymore (Birukou, Blanzieri, Giorgini, & Giunchiglia, 2003). Instead, it can refer to organisational culture or organisational climate (Smith & Vecchio, 1993). Different authors have emphasised the importance of organisational culture in strategic management, especially, when it comes to internationalisation (Schein & Schein, 2017). Hence, culture can be emphasised as crucial issue in internationalisation strategy. Additionally, social and business networks that are formed by decision-makers can facilitate the internationalisation process (Zain & Imm, 2006). Diversity of senior management teams also plays a significant role in the process, as increased diversity promotes faster internationalisation and the likelihood to enter new territories (Barkema & Shvyrkov, 2007).

Literature also recognised that behaviour of individuals in a business context is driven by a number of forces: The striving for independence or autonomy, prosperity, challenge, recognition, prestige, and power (Hessels, van Gelderen, & Thurik, 2008). The underlying study speaks about entrepreneurs rather than managers. However, these characteristics can also be generally applied to the field of management.

2.3.3. Synopsis

Many studies have focused on the characteristics of senior management that facilitate international expansion. Existing literature highlights challenges in connection with strategic change.

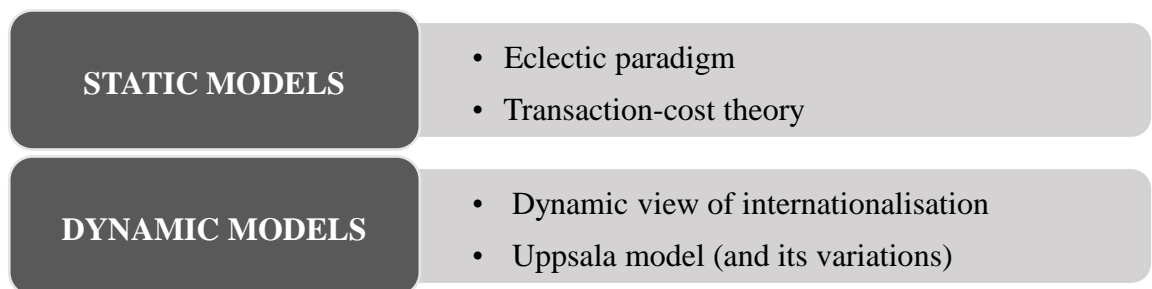
Clearly, there are two ways to overcome obstacles in internationalisation choices. The first one is experience, which is a result of time, successes, and failures. The second way is a model, which can guide processes and facilitate strategic change (even for less experienced managers). As firms are internationalising in greater number and faster than ever before (Axinn & Matthysens, 2002), there is a strong need for frequent consideration of change. Thus, there is also a need for understanding the actual behaviour, such as the generation of strategic change situations (Blazejewski, 2001). Hence, the following section now discusses models which were established to guide internationalisation mode change.

2.4. Part III: Dominant views on internationalisation

Studies on internationalisation were very popular in the 1960s and in the 1970s (Engwall & Wallenstal, 1988). Interestingly, limited research was carried out in the 1990's (Leonidou & Katsikeas, 1996). It almost stagnated due to changes in the trade landscape, as more and more 'born-global' firms arose. From then onwards, research focused heavily on these born-global firms (Gruber-Mücke, 2011). The foundations of literature on trade across borders were the so-called export models. These were the first models, which focused on the firm itself. Earlier theories, such as the theory of absolute advantage of Adam Smith (1954), have put a focus on and explained the nature of trade between nations in general. Well-known export theories and models were proposed by Johanson and Wiedersheim-Paul (1975), Bilkey and Tesar (1977), Wortzel and Wortzel (1981) and others. Despite the differences, the consensus can be termed the three phases that all

models propose: pre-engagement phase, the initial phase, and the advanced phase (Leonidou & Katsikeas, 1996). Over the course of decades, many theories and models on internationalisation have evolved. Yet, there are two types of models, which are repeatedly mentioned as conventional theories in the field of internationalisation (Ribau, Raposo, & Carrizo Morreira, 2015).

Figure 6 - Static and dynamic models of internationalisation



Source: own graphic, adapted from (Perlitz, 1997)

Figure 6 shows the two streams, static and dynamic models of internationalisation, which have dominated internationalisation research over the past 30 years. These are now outlined in more depth below.

2.4.1. Static models

The eclectic paradigm, or OLI-framework, proposed by Dunning in 1980, is an integrative, multi-theoretical model, which explains the causes of a firm's international expansion (Gruber-Mücke, 2011). According to the theory, the tendency to engage in foreign direct investment (FDI) instead of non-equity modes increases if the company has the OLI advantage: **O**wnership advantage, **L**ocation advantage and **I**nternationalisation advantage (Dunning, 1980). Ownership advantages address specific advantages that justify why some firms expand internationally and others do not. Location advantage relates to the place where a company or multi-national enterprise (MNE) chooses to locate. Finally, internationalisation advantage impacts the way a firm chooses to operate

in a particular market and why FDI is chosen over other modes of entry (Neary, 2018). In fact, Dunning's model has some limitations. First, it does not differentiate between horizontal (substitute FDI) and vertical (complementary FDI) reasons for locating a production facility abroad. Second, the model only focuses on equity entry modes in foreign markets. Hence, he neglects the possible steps in-between, such as foreign sales subsidiaries, franchising, or licensing.

Similarly, the transaction cost theory of Williamson (1979) mainly focuses on production abroad, rather than other modes of entry. The theory entails that economic efficiency is achieved, if costs for exchange within any given company are minimised. Here, the question remains, whether the theory is suitable for assessing the risk of internationalising. Also, the qualitative aspect is not taken into consideration. Hence, whether the transaction cost reduction is the main aim for a firm independent of the quality of its products.

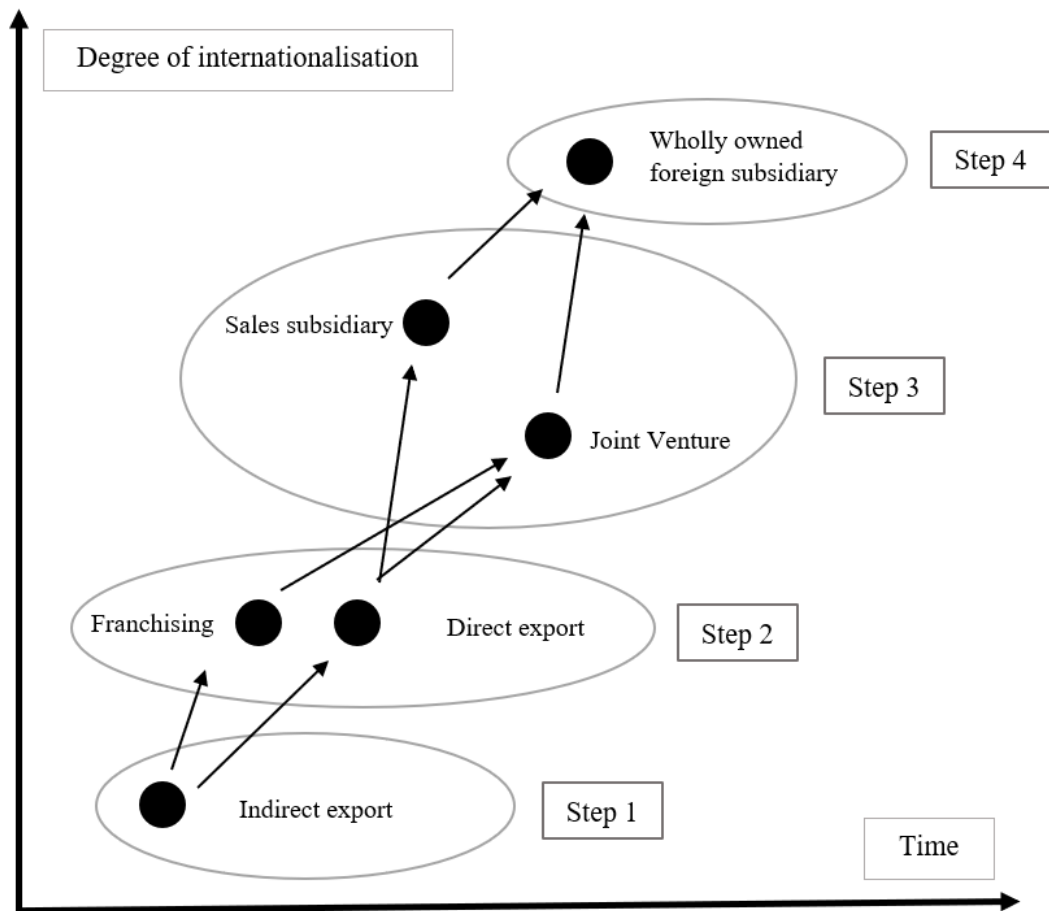
Generally, static models reflect only one point in time, rather than to outline the process of internationalisation over time. For this reason, the so-called dynamic models, which contribute to process-oriented literature (Barkema, Bell, & Pennings, 1996), evolved.

2.4.2. Dynamic models

As one of the early researchers within internationalisation of firms, Carlsson (1966) stated that firms which intend to expand beyond national borders suffer from the lack of knowledge about how to conduct business under these different circumstances. Hence, Carlson focused on how firms can handle this uncertainty by forming their investment behaviour in a particular way. Following this though, many so called dynamic models evolved. The foundation is the 'Dynamic view of internationalisation' model, as

illustrated in figure 7. According to Bamberger and Evers (1994) the model describes internationalisation as dynamic process that shows a longitudinal view rather than a particular point in time. The model ‘Dynamic view of internationalisation’ can be verified on several companies and thus provides a useful theoretical base for possible internationalisation processes.

Figure 7 - Dynamic view of internationalisation



Source: own graphic, adapted from (Meckl, 2010)

The model splits the process of internationalisation in four distinct steps. According to Bamberger and Evers (1994) these steps shall depict the ‘ideal’ sequence of internationalisation. Step one is indirect export (through a third party), step two is direct export (directly to a customer abroad) or licensing/franchising, step three is joint venture

or sales subsidiary, and step 4 is a WOS. Hence, it is moving from non-equity to equity modes.

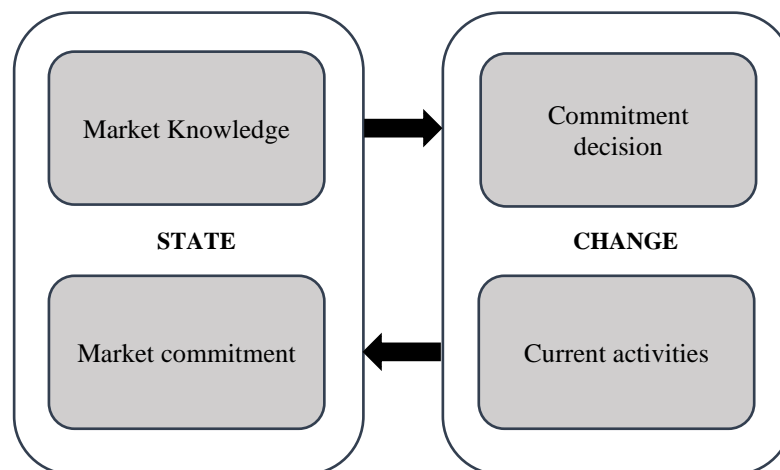
Several other models are derived from the dynamic view of internationalisation, such as the product life-cycle theory. The model also points out that internationalisation, especially through equity modes, requires a large amount of time. Hence, exporting is the fastest way to expand a business, whereas a WOS is the most time-consuming endeavour. Thus, a company should carefully work its way into the market. In the first place, the process seems very logic to move from strategies with low financial involvement to strategies with high financial involvement. However, the shortcomings of the model are existent. First, several research projects have shown that the sequence has not proven to be true (Luostarinen & Welch, 1993; Gruber-Mücke, 2011; Knight & Cavusgil, 2004). The global market is getting more dynamic. Flexible up and down movement between the steps is getting common practice. Second, the so called born global firms offer products that are based on international demand, rather than on domestic demand (Hurmerinta-Peltomäki, 2003). Hence, adapted models are necessary to fit the current demand of internationally operating organisations.

Additionally, established models, such as the dynamic view models cannot fully explain the internationalisation process of these born global firms, as their aims might be different. Born global firms are companies that target global markets instantly and are set up to exhibit international business ability (Knight & Cavusgil, 2004). Not only the nature of firms is changing, but also the nature of the markets. Increased globalisation promotes internationalisation and gives smaller firms the chance to participate in the availability of global demand. In the past, it was larger firms that had increased access to foreign markets because of the availability of financial resources. In addition to that, it does not describe

any factors or requirements that lead to the next step. Besides that, it does not determine which prerequisites need to be satisfied in order to move one step further. Another key theoretical consideration, that is frequently mentioned in internationalisation literature is psychic distance. According to this theory, firms tend to target physically close markets, which are less risky to enter (Leonidou & Katsikeas, 1996). In this way, firms work their way carefully into markets and avoid serious and costly mistakes (Welch & Luostarinen, 1988). Yet, this concept is decreasing in importance, as most companies have the opportunity to expand to markets that they perceive as most profitable. These can be countries in a large distance from the home market.

Johanson and Vahlne proposed a similar model. The *Uppsala* model (1977) is the most popular learning-based internationalisation model that has so far been developed. It is illustrated in figure 8.

Figure 8 - The Uppsala model



Source: own graphic, adapted from (Johanson & Vahlne, 1977)

The model was drawn up in the 1970's. Based on case studies of Swedish companies Johanson and Vahlne proposed that companies show similar internationalisation behaviours. Belderbos, et al. (2018) conclude their publication on multinational

investments of firms with the statement that firms take an incremental approach to strategy making. This fact was already recognised a number of years before by Johanson and Vahlne's model, which draws up an 'establishment chain' (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). The major claim of the Uppsala model (or Uppsala model) is that companies pursue continuous growth theories based on learning from past experiences with operation modes and past experiences in a foreign location. Hence, it describes a learning process in which 'learning by doing' is the basic idea (Johnson, 1988; Quinn, 1980). It seeks to explain a company's international expansion behaviour in relation to changes in the company's commitments in the respective markets (Schwens, Zapkau, Brouthers, & Hollender, 2018). According to the model, companies tend to increase the foreign market commitment when the perceived costs or the perceived risk associated with it are lower than the maximum tolerable risk related to the market commitment. The model consists of state aspects and change aspects, as outlined below.

'State' aspects (current situation)

Market Commitment is composed of the amount of resources and the degree of commitment, thus the alternative use of resources. If the commitment is low, resources can easily be transferred to other purposes (e.g., liquidated in financial terms and invested elsewhere). The higher the market commitment, the higher the difficulty to transfer resources to other uses. This implies that vertical integration has a higher degree of commitment than for example conglomerative foreign investments (Johanson & Vahlne, 1977). Machines that are produced especially for a particular market or even an adapted product for a market would imply high market commitment. Machines that are mass produced or used for other subsidiaries in turn, imply low commitment.

Market knowledge in turn, is made up of different aspects: Johanson and Vahlne assumed that knowledge of opportunities and problems initiates choices. Further to that, the evaluation of alternatives requires some knowledge about the relevant parts of the market. Within their work, the authors stated that there are two types of knowledge: *'one type, objective knowledge, can be taught; the other, experience or experiential knowledge, can only be learned through personal experience.'* (Penrose, 1959, p. 87). The relationship between the two 'state' aspects is the fact that market knowledge can be considered a resource. Thus, the higher the knowledge, the higher the market commitment.

'Change' aspects (reactions and movement)

Current market activities are in the first place the major source of experience. Firm experience, as well as market experience play an important role. Hence, employees who form the boundary between the firm itself and the market, must be able to interpret internal and external information.

Commitment decisions are the second 'change' aspect. Johanson and Vahlne assumed that these decisions are based on what alternative decisions are available and how they were formed. It is assumed that the basis for this is the recognition of problems and opportunities within the market. But independent of the fact whether decisions are based on the first or the later, they are influenced by current activities in the market.

Similar to other theories of internationalisation, the Uppsala model assumes that there is an optimal order for internationalisation, which moves from exporting to a wholly owned foreign subsidiary. Hence, it corresponds to the dynamic internationalisation models. Johanson and Vahlne added the following determinants to this incremental process (Meckl, 2010).

Stage 1 no internationalisation activities

Stage 2 frequent export

Stage 3 sales subsidiaries

Stage 4 wholly owned foreign subsidiaries

Further to that, Johanson and Vahlne (1990, p. 12) argued that steps in the internationalisation process are not primarily the consequence of strategic planning but tend *'to proceed regardless of whether strategic decisions in that direction are made or not'*. They differentiate between two directions of internationalisation. The first one is the increasing involvement of the companies in different foreign markets, and successive establishment of business in new markets. The second one, which shall be in the focus of this section, is the extension of existing operation in individual markets (Johanson & Vahlne, 1977). A large number of studies focused on the early stages. However limited research has been carried out on the later stages of the strategy process (Pennings, Barkema, & Douma, 1994). The Uppsala model was drawn up based on research of four Swedish multinational companies, all of which followed the described pathway of internationalisation. Clearly, a strength of the model is its simplicity and ability to explain and partially guide the internationalisation behaviour of firms.

2.4.3. A note on the Uppsala model

Despite the wide acknowledgment of the model, its longevity, and the fact that it is the most cited internationalisation model (Welch & Paavilainen-Mäntymäki, 2013), it is subject to criticism. The first critique arose shortly after the first publication of the model in the late 1970's. Ever since, an overwhelming amount of research was carried out in the past four decades, to explain its limitation, eradicate certain doubts about it and add new theoretical knowledge to it by carrying out relevant qualitative and quantitative studies.

Many of which had practical implications and generated additions and amendments to the Uppsala model that made it more suitable for the application in today's business environment. The following paragraphs shall give a comprehensive insight into past research and recent developments around the Uppsala and illustrate the limitations of the model including gaps in existing research. The section is subdivided into several distinct limitations of the models and the development of research around the particular limitation over time. The initial authors of one of the most frequently cited internationalisation models, Johanson and Vahlne, have made substantial contributions and amendments to their model over time (1977; 1990; 2015). Many of the changes resulted from criticism of other researchers and shifts in the global economy, the rise of born-globals and the emergence of organisational and decision-making theories.

2.4.3.1. The incrementality of the internationalisation process

Even though the model is labelled a *dynamic model* it still seems to be very static, as it allows only for movement in one direction – that of increasing commitment. Moreover, the stages model describes a linear pattern of internationalisation activities. It illustrates that a firm increases its commitment incrementally as it acquires knowledge about the market (Eriksson, Johanson, Majkgard, & Sharma, 1997). A number of studies confirmed this behaviour. Johanson and Wiedersheim-Paul (1975) found that this process is the case for Swedish manufacturing firms. In studies of Gatignon and Anderson (1988) and Franco (1989) it became apparent that companies tend to establish WOS when the market knowledge increases. Nowadays, however, the circumvention of internationalisation stages is very likely (i.e. skipping one mode). One should even consider the reversal of stages (Turnbull, 1987). Thus, a firm might pursue franchising before licensing or build up a foreign subsidiary before founding a sales subsidiary, due to, for example, an opportunity that arises. Looking at an example from the brewing industry, the Dutch

brewer Heineken does not rely on market knowledge, but on local partners to reduce perceived risk (Sluyterman & Bouwens, 2015). On the other hand, a firm might also switch from one importer to another, hence, remaining in the market with a similar commitment and yet, moving forward. A number of researchers have found contradicting evidence related to this non-incremental movement through the four stages (Johanson & Sharma, 1987; Nordström, 1991).

Logically, researchers argued that the model does not provide enough strategic routes (Mintzberg, 1991). Subsequently, further research focused on various ‘circumventions’ and ‘de-commitments’ (i.e. withdrawing from a market). In this regard, research on de-investment and lower commitments was carried out (Benito & Welch, 1997). However, it has only been carried out by very few scholars, despite the high failure rate in early stages of internationalisation (Bonaccorsi, 1992). More recent research also focused on re-internationalisation. Welch and Welch (2009) found that companies that re-internationalise move more rapidly in their revived internationalisation efforts. Further, studies on exit strategies were carried out and contributed knowledge to the applicability of the Uppsala model (Dixit & Chintagunta, 2007). Research was also carried out to explain how the model can be applied to regular as well as irregular, i.e., non-incremental or non-stepwise internationalisation activities (Hadjikhani, Hadjikhani, & Thilenius, 2014).

Another inflexible aspect arises when it comes to environmental uncertainty. The Uppsala model does not offer any pathways for how to deal with these situations or how these situations impact the incremental process. This criticism has given rise to further research and suggestions of strategic behaviour (Figueira-de-Lemos & Hadjikhani, 2014). In this

context, an overarching framework was developed that brought together the commitment decision in stable and unstable environments.

A different approach was taken by Malhotra and Hinings (2010, p. 331). They emphasised that the importance of questioning the Uppsala model for its limited applicability in practice related to the incremental steps and rather ask '*why do we observe different processes of internationalisation and, consequently, different approaches to resource commitment in the foreign market over time?*'. They argued that different types of firms follow different internationalisation processes for various reasons, such as market uncertainty or organisational considerations.

Currently the model also fails to address the boundaries and micro steps or micro choices within the process (Ford & Leonidou, 2013). In adding these, one would contribute to elaborating why different strategies are pursued (e.g., following the competition in terms of market demand or investment, determination of importance of certain markets, timing for the choices or motives of individuals within a company). Further these studies would impact the understanding of the learning curve of managers or the perception of internationalisation opportunities and the individuals understanding of the visions related to the internationalisation of the firm.

Another consideration related to the incremental process of the Uppsala model is the fact that it entirely disregards contractual expansion strategies, such as franchising (Andersen, 1993). This internationalisation mode is an essential mode for companies nowadays (Sherman, 2011). These contractual expansion modes should be addressed in future research.

2.4.3.2. Efficiency dimension

Current literature assumes that commitment to internationalise continuously increases without taking into account that substantial financial investments are necessary to do so. This is not feasible for organisations without large financial resources. A vast amount of research was dedicated to the efficiency dimension (Barkema, et al., 1996; Beamish, 1990; O'Grady & Lane, 1996). However, it was still criticised that the management of internationalisation gives rise to the question about actual costs (Eriksson, et al., 1997). They have a large impact on the choice of foreign market (Dichtl, Koeglmayr, & Mueller, 1990) and strategy changes (Calof & Beamish, 1995). In response to this, Eriksson et al. (1997) studied the impact of costs on the internationalisation behaviour in more detail. They stated that the firm's experience has a large impact on the perceived costs. However, the study did not give an indication of the actual costs of the processes. Instead, it focused on the cost of learning and knowledge, which leads to another dimension of efficiency, namely experiential knowledge.

2.4.3.3. Experiential knowledge

In its current version, the Uppsala model assumes that the gap of experiential knowledge between the beginning of the stage and the next step is incrementally acquired by individual managers in foreign markets over time (Johanson & Vahlne, 1977). Hence, it is knowledge a company acquires over time through organisational learning. Organisational learning in connection with the Uppsala model was addressed in a number of studies in the past (Andersson, 2000; Barkema, et al., 1996; Forsgren, 2002). Hence, the focus here is put on experiential knowledge, which is less frequently addressed. Experiential knowledge is costly, as it arises through collection, transmission, and interpretation in different situations (Eriksson, et al., 1997). For a long time, researchers therefore claimed that it cannot be transferred to other situations. Hadjikhani (1997)

termed it 'intangible commitments' when researching the phenomenon. Further studies based on the Uppsala model took the transferability into account. Erikson et al. (1997) stated that knowledge is partially transferable, because there are many more options nowadays. In the early work, Johanson and Vahlne (Johanson & Vahlne, 1977, p. 32) argued that experiential knowledge is acquired through a firm's own operation in the market and that *'this factor is an important reason why internationalisation is often a slow process'*. Other knowledge can be gained through cause-and-effect experience in a company (Huber, 1991), which could be simply termed learning from successes and failures. This is a long process too. However, Barkema et al. (1996) stated that learning takes place much faster with prior experience in the market. Hence, if operations exist in the market, the firm will generally acquire new knowledge faster. A new issue arose with increased globalisation as companies are forced to enter new markets and increase their operations in existing markets to remain competitive. Due to increased globalisation, cross-border processes move faster (Ribau, et al., 2015). Hence, there is limited time to collect the remainder of the valuable experiential knowledge when making further steps. Choices need to be made faster and with less knowledge about the circumstances or prior experience in the market.

In response to the time constraint, studies have shown that knowledge can be acquired differently. In an earlier publication Huber (1991) already showed that the Uppsala model should consider a different shape through 'grafting'. This early thought was considered in more recent studies. For instance, other firms in the market or local partners can be a valuable source of information. Studies have shown that the tendency to internationalise through acquisitions can be described by adapting a learning perspective (Barkema & Vermeulen, 1998), i.e., learning from others by partnering with local firms. Firms could even imitate the behaviour of other players in the market, which is a common way to

reduce uncertainty (Di Maggio & Powell, 1983). Other options are to hire experienced people or acquire local firms. Further, any knowledge to reduce uncertainty could be acquired from consulting firms (Nordström, 1991). More recent studies have brought up new discussion in the field. One of them is the fact that there are also new ways to expand, such as e-commerce. Retail e-commerce for instance, have grown by more than 3.5 trillion US Dollars over the course of the past five years (EMarketer, 2019). This internationalisation strategy allows companies to enter a large number of markets at the same time, without much prior market knowledge (Forsgren, 2002). This is not considered in the Uppsala model. Yet all these options could be considered to speed up the internationalisation process and provide more routes than mentioned in the Uppsala model. Different ‘short-cuts’ to get knowledge by, for instance, acquiring other firms or hiring employees who possess the necessary knowledge have, however, been discussed in further literature based on the Uppsala model (Barkema & Vermeulen, 1998; Huber, 1991). In a recent publication Delp (2019) stated that knowledge is transferable, but it is not necessarily an advantage, as managers tend to strive for consistence with their own personal beliefs and values. Therefore, there might be blindness for prior knowledge. However, nor the willingness to take risk or the attitudes of managers and the underlying causes are fully explained. Hence, addressing these points could provide valuable insights for companies and managers when it comes to strategic change where limited prior knowledge is involved. This in turn, can make a firm more agile in responding to market situations.

Further learning by searching for knowledge is not an explicit part of the Uppsala model (Forsgren, 2002). Hence, the Uppsala model fails to predict or even explain certain internationalisation behaviours, because it does not attempt to discover useful alternatives.

Lastly, it remains to mention, that in the early versions of the Uppsala model, the authors considered two types of experiential knowledge. Market specific knowledge and general knowledge. Yet, they only specify market specific knowledge, which is the knowledge acquired through existing activities in the market. They do, however, not specifically define general knowledge. Over time, researchers have gathered various terms under general knowledge, such as internationalisation knowledge or foreign business knowledge (Eriksson, Johanson, Majkgard, & Sharma, 1998). Here it could be argued that general knowledge is partially transferable from one market to another. However, in the Uppsala model the market knowledge is the main driver for growth, even though general knowledge is available within the firms. Research to date does not elaborate which part of the general knowledge and why it could be most important for a company to pursue successful strategic changes in the internationalisation process. Nor does it state which knowledge is required in the individual steps of the process. Hence, another topic which should be explored in more depth.

2.4.3.4. Soft facts

As previously mentioned, the original Uppsala model is driven by hard-facts and relatively little literature has focused on soft facts ever since. These soft facts are human factors, such the motivations of individuals or personal experience. The omittance of soft facts in the model is a criticism that arose frequently in the past 40 years, as the following section shows. Exploring the soft facts would, however, lead to a broader spectrum of considerations related to the strategic changes and a more solid definition of when a stage begins and when it ends. It is thus questionable whether the obvious variables of the Uppsala model are the most suitable explanation for advancements in a firm's internationalisation efforts, because it treats the organisation as a black box and leaves the behaviour of stakeholder untouched. In their early publications, Johanson and Vahlne

(1977) stated already, that the decision-style of the decision-makers and the properties of the various decision situations are omitted. Hereby they acknowledged that the model only has limited practical value. Yet, in order to have an orientation for decision-makers, the practical applicability needs to be given to a certain extent.

This fact was recognised in the early 1990s already in the work of Andersen (1993), who stated that the Uppsala model would be general and too deterministic because it neglects managers actions entirely. Johanson and Vahlne (2015) disagreed with his view in a later publication, because they define path dependency as more important in the internationalisation process. However, they did admit that the model could incorporate managerial discretion. So, it can in fact be argued that in its current version, it omits the influence and decision-making behaviour of employees and managers on the process.

Axinn and Matthyssens (2002) also stated that managers' value imperatives in internationalisation decisions are undervalued. Rialp et al. (2005) concluded their publication on firm's early internationalisation efforts with the fact that several 'soft facts' facilitate the decision-making behaviour. These factors are, amongst others, the degree of internal experience, management commitment and the use of personal or business networks. In a very recent research on the internationalisation decision-making behaviour of executives, Hadjikhani et al. (2014) concluded that most new managers blame the behaviour of former managers and undertook new courses of action. They also stated that engaging new managers in an organisation encourages the search for new strategies and, at the same time, ignoring earlier knowledge. However, studies have so far not focused on whether leveraging internationalisation opportunities as compared to decision-making through pre-established processes produces different effects (Morais & Ferreira, 2019).

The implications of management incentives and role of managers in internationalisation choices are neglected as well (Axxin & Matthyssens, 2002). In addition, Forsgren criticised the strong dependency of the model on individuals over time (Forsgren, 2002, p. 18) and stated that *'if there are changes over time on how foreign units are staffed, market knowledge and market commitments as driving forces for commitment decision in the subsequent periods will be much weaker'*. This is because individuals are the holder of knowledge. This still seems like an acknowledgement that individuals currently play a significant role in the strategy process. At the same time, he assumed that managers do not have the power and responsibility to influence the choice, as strategic choices are made at the top level and are mostly pre-defined long-term goals. However, smaller companies – such as for example German brewery groups – need to be flexible in their decision-making and actions in a market and hence, cannot rely on long-term strategic planning at the top level. Hence, individuals do have the power to influence decision-making and thus, the strategy.

In more recent research, researchers have highlighted that the core role of the individual in the internationalisation process should even be placed in the focus (Knight & Cavusgil, 2004). A study on exporting companies, for instance, showed that internationalisation behaviour results from continuous increase of developments at the company and the cognitive level (e.g. in the minds of different stakeholders) (Tan, Brewer, & Liesch, 2007). Here it seems again, as the less frequently mentioned general knowledge has a larger impact on the internationalisation choices as the frequently mentioned market knowledge.

Based on the analysis and evaluation of the preceding literature it could be concluded that there is another term that can be incorporated more centrally in the previously mentioned

general knowledge. This term is *individual knowledge* (e.g. knowledge that individuals collected over time during their career). This individual knowledge has so far not been addressed.

2.4.3.5. *Speed and timing*

A subsequent issue remains, namely that there is a lack of explanatory power, when to move from one stage of internationalisation to the next (Andersen, 1993). Thus, the reactivity of the Uppsala model. The model describes a reactive process, which is guided by market knowledge. The explanation can be based on the reasoning of Cyert and March (1963). A firm is supposed to start the learning process when a problem related to current activities arises. The firm then tends to seek solutions that are close to other solutions and once they are found, the learning is completed. This, however, implies that a company does not pro-actively continue its internationalisation strategies in the particular market, nor does it use new strategies, as it tends to use existing ones. For instance, it does not indicate when to move from exporting to franchising. In a quantitative study of Buckley and Casson (1981) the optimal timing for a switch from exporting to FDI was examined. The analysed variables were the costs of servicing the foreign market, demand conditions in that market and host market growth. Hence, the study purely relied on the assumption that the choice is impacted by hard-facts and entirely neglects the other internal and external influences, such as the perceptions of decision-makers, coincidences that contributed to initial consideration of changes and so on. Hence, the incompleteness caused by the omittance of the remaining influences needs to be addressed.

More recent studies have shown that entrepreneurial opportunity-seeking is one of the key drivers in accelerating the internationalisation behaviour (Mort & Weerawardena, 2006). This leads to an overemphasis on investments in a particular market but decreases

the likelihood of investments in the current operations based on acquired knowledge that is not related to current market-specific operations. In response to the new entrepreneurial knowledge and behaviour of international companies Hakanson and Kappen (2017) have drawn up an alternative to the original Uppsala model, the casino model, and provided an explanation in comparison to strategies of born globals. They suggested a behaviour that lies in between the traditional risk averse Uppsala model and the very proactive risk-taking born global model. Yet, they did not provide a definite answer to the timing of strategic change within a market.

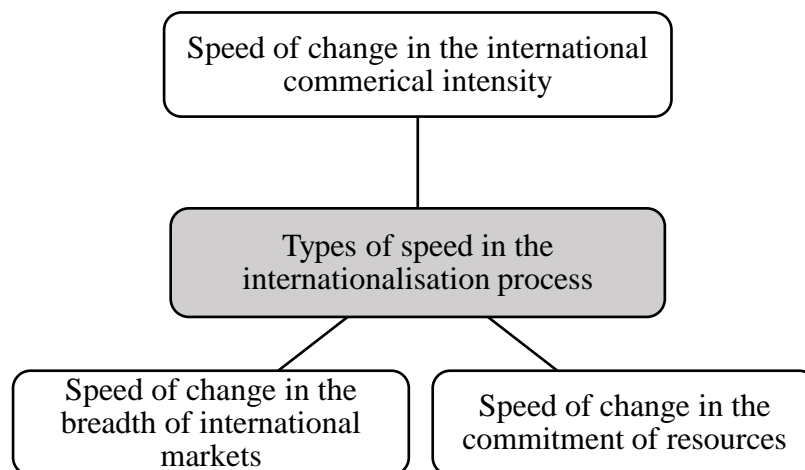
Subsequently, the concept of speed or velocity at which firms are supposed to move from one stage to the next is fully neglected in any of the models (Leonidou & Katsikeas, 1996). While many researchers have highlighted this point (Malhotra & Hinings, 2010), it was actually fully neglected in literature until the mid-1990's. Instead, research focused more on the time elapsed between the founding of a firm and its first internationalisation efforts, which could also be termed pre-internationalisation (Casillas & Acedo, 2013). Hence, it is not clear how much time a firm needs to transfer between the individual stages of internationalisation. In other words, it does not state at what point in time there is sufficient market knowledge – and which type of market knowledge – (or other internal or external influences) to be able to increase market commitment. Similar, Eden (2009) suggested that much research has focused on the 'where' and 'how' issues, rather than on the 'when' and 'why' issues.

Very few scholars have subsequently focused on the relationship between the time of the first entry and the speed for further steps (Prashantham & Young, 2011), but not on the actual speed of the internationalisation process. Even when the topic and research on international entrepreneurship arose, where the concepts of speed and time are in the

focus, not much research was dedicated to these points (Rialp, et al., 2005). Similarly, Blazejewski (2001) stated that research in international business has mostly focused on the entry strategies across countries, rather than on the development of international strategies over time.

One of the very few studies on the speed of internationalisation was carried out by Casillas and Acedo (2013). The study considered the correlation between three variables related to the speed of internationalisation. Figure 9 summarises these dimensions. The study points out that there is a relationship between the variables. However, it fails to address why and how these are impacted by internal and external factors. They also stated that it is useful to have longitudinal data of companies throughout the internationalisation process and to analyse more indicators within a firm that impact internationalisation and its speed.

Figure 9 - Dimensions of the speed of internationalisation



Source: own graphic, adapted from (Casillas & Acedo, 2013)

Another attempt into the direction of internationalisation speed was made by Langseth, O'Dwyer and Arpa (2015). The study focused on the key drivers that impact the speed of internationalisation and concluded that these are technology, entrepreneurial actor

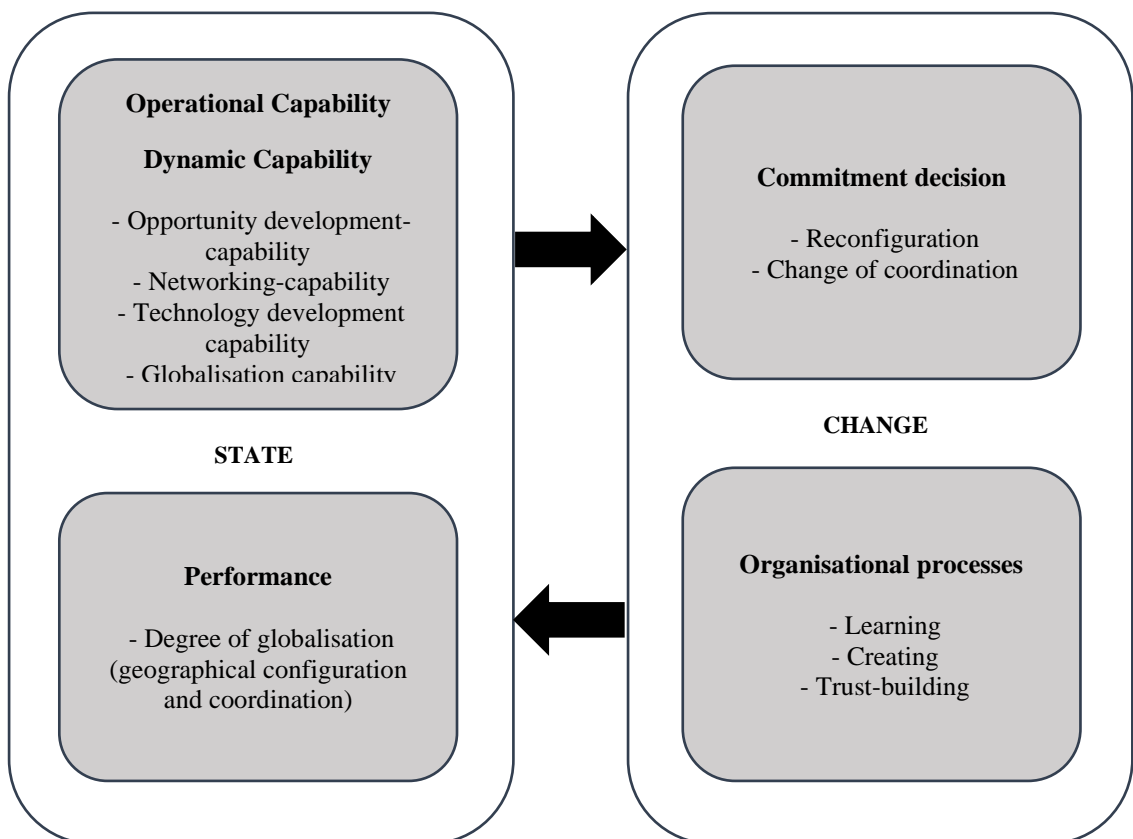
perceptions, foreign market knowledge and network tie strength. Further, network relationships are now known to accelerate the internationalisation process (Prashantham, Kumar, Bhagavatula, & Sarasvathy, 2019). Recently, many studies arose on international new ventures (INV) (Ibeh, Jones, & Kuivalainen, 2018; Prashantham & Young, 2011; Sadeghi, Rose, & Chetty, 2018). However, research has focused on adapting the model to these ‘initially international’ companies, instead of explaining or exploring the speed of internationalisation of non-INV’s. Hence, the limited amount of research makes it almost impossible to derive a specific recommendation for non-initially international firms’ development and process of an internationalisation strategy. Further, discovering why and when companies move through an internationalisation step could help existing firms to define their long-term strategic focus and timing for strategic change.

2.4.3.6. Psychic distance

One of the dominant research themes around the Uppsala model in existing literature is psychic distance. It is related to linguistic, institutional, cultural, and political factors (Benito & Gripsrud, 1992) and suggests that companies enter market that are very close first and then move to more distanced markets. Several papers from the 1990s have contributed to research on how psychic distance impacts the internationalisation decision (Agarwal & Ramaswami, 1992; Pennings, et al., 1994). Research has shown that the internationalisation behaviour related to psychic distance is strongly dependent on the industry (Ekman, Hadjikhani, Pajuvirta, & Thilenius, 2014). In addition, most companies nowadays target markets that seem most profitable. Firms in these industries can be termed as ‘market seekers’ (Ekman, et al., 2014, p. 1061). Various examples in the brewing industry confirm this behaviour. A German brewery might not necessarily enter a particular European market before the Chinese market. Instead, breweries tend to look for most profitable markets, start their expansion to these markets and constantly

increasing their commitment. This can happen through local intermediaries by hiring experienced employees. Cultural distance though, was not found to be related to the choice of market at all (Ekman, Annoch, Hadjikhani, & Thilenius, 2014). Further, many companies nowadays also decide to increase their commitment in the market because higher commitment and thus investment would be less risky than not investing at all. Due to, for example, competition and missing valuable opportunities (Forsgren, 2002). A study from O’Grady and Lane (1996) suggested to make modifications to the psychic distance concept and contributed new knowledge already. Similarly, Axinn and Matthysens (2002) suggested that theory should not be dependent on where the firm is located or where the firm’s markets are located. In response to that Vahlne and Ivarsson (2013) have developed the Uppsala Globalisation Process Model.

Figure 10 - Uppsala Globalisation Process Model



Source: own graphic, adapted from (Vahlne & Ivarsson, 2013)

As compared to the early model, the newer version still includes a state and a change variable but incorporates several factors that impact the individual stages. In drawing up the model, Vahlne and Ivarsson closed a gap in literature that was previously defined by other researchers in response to earlier versions of the model and current developments.

2.4.3.7. Internationalisation in practice

While the importance of underlying decision-making reasons in practice has been pointed out several times, many of the above-mentioned publications still focused on individual aspects that resemble hard facts, rather than a practical explanation for a change process. Thus, there is only a limited amount of research on the micro and operational level. Here, research rather tried to create variations of the Uppsala model or add determinants. Due to the hard fact driven research and its shortcomings, a number of papers were dedicated to strategic change in practice, as set out below. Thus, they are concerned with the *handling of internationalisation in practice*.

Rosson (1987) investigated a number of Canadian manufacturing firms and why their managers changed the firm's distributors in the UK. Reasons were dissatisfaction with the distributors, changes in the firm and the environment. Similarly, Ford (1984) carried out research on the change from exporting to a sales subsidiary. He found that underlying causes for change were dissatisfaction with an agent and the perception that change was necessary. Gomes-Casseres (1987) suggested that mode changes involving JV's are mainly due to earlier inappropriate modes, adopting to the host country environment and sensing that this particular mode is suitable. Hence, these studies all concluded that the decision about change were based on the *opinions of individuals and intuition*. Although these studies explain some stimuli for mode changes, they are only applicable to specific mode changes and might not be applicable to other changes. The possible applicability is

therefore limited. Calof and Beamish (1995, p. 122) took research one step further and investigated why individuals took a particular decision. Within the study they did not suggest any modes or use an underlying model. Interestingly, the result was a wide variety of *subjective* statements, such as *'over time, we became more comfortable with the markets' potential and operating within the market and felt that a change in mode was now appropriate* or *'it was time to change the mode. Continual poor/good performance made us realise that it was time for the next logical mode'*. Research has, however, not evaluated whether these decisions of managers were perceived to be successful or not and why.

Hence, another question around the Uppsala model is the question of longevity. Thus, the question whether the internationalisation process following the Uppsala model was successful or not. Success or failure does not need to be measured on the individual market level but in the total development of a firms' internationalisation efforts. The Uppsala model illustrates the internationalisation process in one single market only. Here, it does not take into consideration that companies might follow a portfolio logic (Axxin & Matthyssens, 2002). Evidently, an internationalisation decision is not an isolated decision (Hakanson & Kappen, 2017). Hence, further developments in internationalisation are made with interdependencies in the different markets in mind. Certainly, increasing the quantity of simultaneous strategy switches would, in most cases, lead to decreased performance in the individual internationalisation cases. Interestingly, there is very little literature on long-term successes or failures in general. Most studies rather highlighted the processes in general but not the long-term consequences (Morais & Ferreira, 2019). But this is not the only methodological implication.

2.4.3.8. Methodological implications

A broad variety of research methods characterises the literature on internationalisation. However, many of the studies were based on empirical approaches (Andersen, 1993; Blomstermo & Sharma Deo, 2003). Hence, the results were an explanation of a firm's or industry's internationalisation behaviour. Especially, when it comes to internationalisation behaviour of born-globals, there are many purely quantitative inquiries. Thus, limited research was carried out using qualitative approaches and hence, explaining why and how the choices were made. This is contrary to the numerous calls of researcher to address the topic from a qualitative perspective, rather than to create another theoretical framework that aims at generalisation (Birkinshaw, Brannen, & Tung, 2011; Vahlne & Johanson, 2017; Welch & Paavilainen-Mäntymäki, 2013).

Looking at all these studies, it becomes clear that most of the studies focus entirely on the management level, in particular senior executives. Though, it is crucial to recall that market knowledge mostly develops at the unit where the operations are carried out (Forsgren, 2000). At the same time, general knowledge develops through current activities and is acquired mostly by people who are involved in these operations (Forsgren, 2001). Many studies on the internationalisation process have only taken the executives levels in account (e.g., founders, CEO's or managing directors) (Rialp, et al., 2005). However, a study of involvement can take place at different hierarchical levels. Thus, it could be argued that many people impact internationalisation choices. These in turn, have acquired their knowledge in different contexts. Hence, it is important to involve a greater number of employees or stakeholders from different hierarchical levels to get access to larger knowledge on the internal influences on strategic choices. In adding soft determinants, the Uppsala model would, however, lose some of its simplicity.

A major part of the research to date has been carried out on drawing samples from large multinational companies (MNC) (Vahlne & Ivarsson, 2013) and small and medium-sized enterprises (SMEs) (Morais & Ferreira, 2019). Yet, the regular multi-national companies that are not part of either of the groups somewhat dropped from the agenda in past research. Also, there has been a strong focus on born-globals in the past decade. Interestingly, only a very small number of micro-multinationals have been examined in previous research. Micro-multinationals are SMEs that engage in other internationalisation strategies than exporting, for instance, international joint ventures or foreign subsidiaries, and are non-born-globals (Dimitratos, Johnson, Slow, & Young, 2003). Additionally, research has mainly focused on manufacturing firms (Ekman, et al., 2014) (Eriksson, et al., 1997; Carneiro, da Rocha, & Ferreira da Silva, 2008), banks (Engwall, Marquardt, Pedersen, & Tschoegl, 2001), and IT services companies (Axxin & Matthyssens, 2002). Here again, it needs to be mentioned that research focused on the management level or the organisation, rather than on the individuals involved in the process or the operational level. Hence, a contribution to research could be made by embracing multiple levels of analysis, not only in present behaviour but also in a retrospective perspective and the subsequent self-perceived learning of the individuals involved in micro multinationals.

When looking at research the brewing landscape it shows that studies have predominantly focused on brewery conglomerates, such as Heineken or ABInbev, and craft brewers. However, several researchers stated that the brewing industry is an interesting sector for the study of internationalisation in general for several reasons: (1) Breweries fall back to similar technologies, (2) breweries offer homogeneous products that are only differentiated through brands (Madsen, et al., 2011), (3) it is a very globalised industry (Sluyterman & Bouwens, 2015) and (4), the industry is dominated by a few large

multinationals (Gammelgaard & Dörrenbächer, 2013). Thus, other types of breweries, such as craft breweries or non-dominant players receive less or little attention.

Two broad trends, which are found in current international business (IB) literature should not be neglected either. These are the ‘process analysis’ and the ‘practice turn’ (Knorr Cetina & Schatzki, 2000). Hence, the ‘*sequence of events [...] unfolding over time*’ (Pettigrew, Woodman, & Cameron, 2001, p. 700). Process theories frequently address ‘*how does the issue emerge, develop, grow or terminate over time*’ (Van de Ven, 2007, p. 152). What is found very frequently in IB literature is the use of extensive industry focused (case) studies. However, in-depth qualitative studies including various stakeholders within firms are rarely found. Hence, studies that include a self-reflection of managers perception of the internationalisation change process and a subsequent analysis of successes and failures are needed. These are important to explore the development and the success of these firms’ internationalisation efforts. Without addressing these it is impossible to derive a recommendation for other firms in the industry.

2.4.4. Synopsis

Numerous publications from the past four decades were discussed in this literature review. Much academic work was dedicated to internationalisation efforts of firms in different industries. Gradually, many of its apparent limitations were addressed in one way or another. Yet not all of them were fully covered in research. Subsequently, knowledge was only contributed to fill some of the dynamic models’ limitations. State aspects, such as the efficiency dimension, experiential knowledge (including the potentially new type of knowledge), soft facts and psychic distance were only partially considered in prior research. Similarly, change variables, such as the timing and speed of movement and the incrementality of the process, were only addressed by few scholars.

All these areas, however, are related to strategic change within firms in practice. Some researchers argue that internationalisation is a complex phenomenon, and many models are needed to understand it (Andersson, 2000). This is congruent with scholars, who argued that a holistic view is needed for the topic (Spence & Crick, 2006). Nevertheless, the stages models and in particular the Uppsala model is the most dominant theory and provides a useful theoretical framework to analyse the internationalisation mode change process of firms.

Table 1 summarises the research gaps around the Uppsala model, which can be split into two parts.

Table 1 - Summary of notes and research gap around the Uppsala model

First part	Four state aspects were neglected in past research:
	Experiential knowledge, efficiency dimension, psychic distance, and soft facts
	Two change variables were not fully addressed in previous studies:
	Incrementality, speed and timing of movement
Second part	Methodological considerations:
	Most studies were of quantitative nature, which included samples that were comprised of senior executives (in industries, such as manufacturing, banks, and IT services)

Source: own table

Looking at the different parts and the state of the literature, it becomes apparent that the first part of the gap in the existing literature can be split into the two sides of the Uppsala model: state aspects and change aspects (for a better distinction between the two, change aspects are termed change variables from now on). While the experiential knowledge, the efficiency dimension, psychic distance, and the soft facts are part of the state aspects, the

incrementality of the process and the timing/speed of movement are part of the change variables.

The second part of the gap consists of the methodology. Previous research has mainly been of quantitative nature and has thus explored what happened rather than why and how it happened. The small number of existing qualitative research studies focused on the opinions of and data from (senior) executives. However, employees on the operational level were hardly involved.

In order to link the research gap with the identified problem statement, which is industry specific, a framework is used. This framework is defined in the following section.

2.5. Conceptual framework

In order to carry out research around the identified research gap, a conceptual framework plays a major role. Generally, a conceptual framework is a model which sets out the particular key concepts and contexts of a research project (Blaxter, Hughes, & Tight, 2010), which contribute to resolving the research problem and the underlying research gap. Hence, based on the first two chapters of this study, the conceptual framework was established as illustrated in figure 11.

Before addressing the conceptual framework in more depth, it is necessary to point out that the framework is not meant to provide a concrete and static framework for the underlying research of this study. Instead, it suggests a pathway for action, which guides the exploration of the ‘hows’, ‘whys’ and ‘whens’. In order to do so, an inductive approach rather than a deductive approach needs to be applied. By revealing participants’ perspectives and narratives on internationalisation mode changes, different situations can

be discovered. Clearly, there have been divergent perspectives about internationalisation mode changes in past and current literature. Hence, the conceptual framework refers to these different perspectives and views, by outlining the contradictory assumptions. The underlying research then addresses these assumptions and subsequently generates theory inductively.

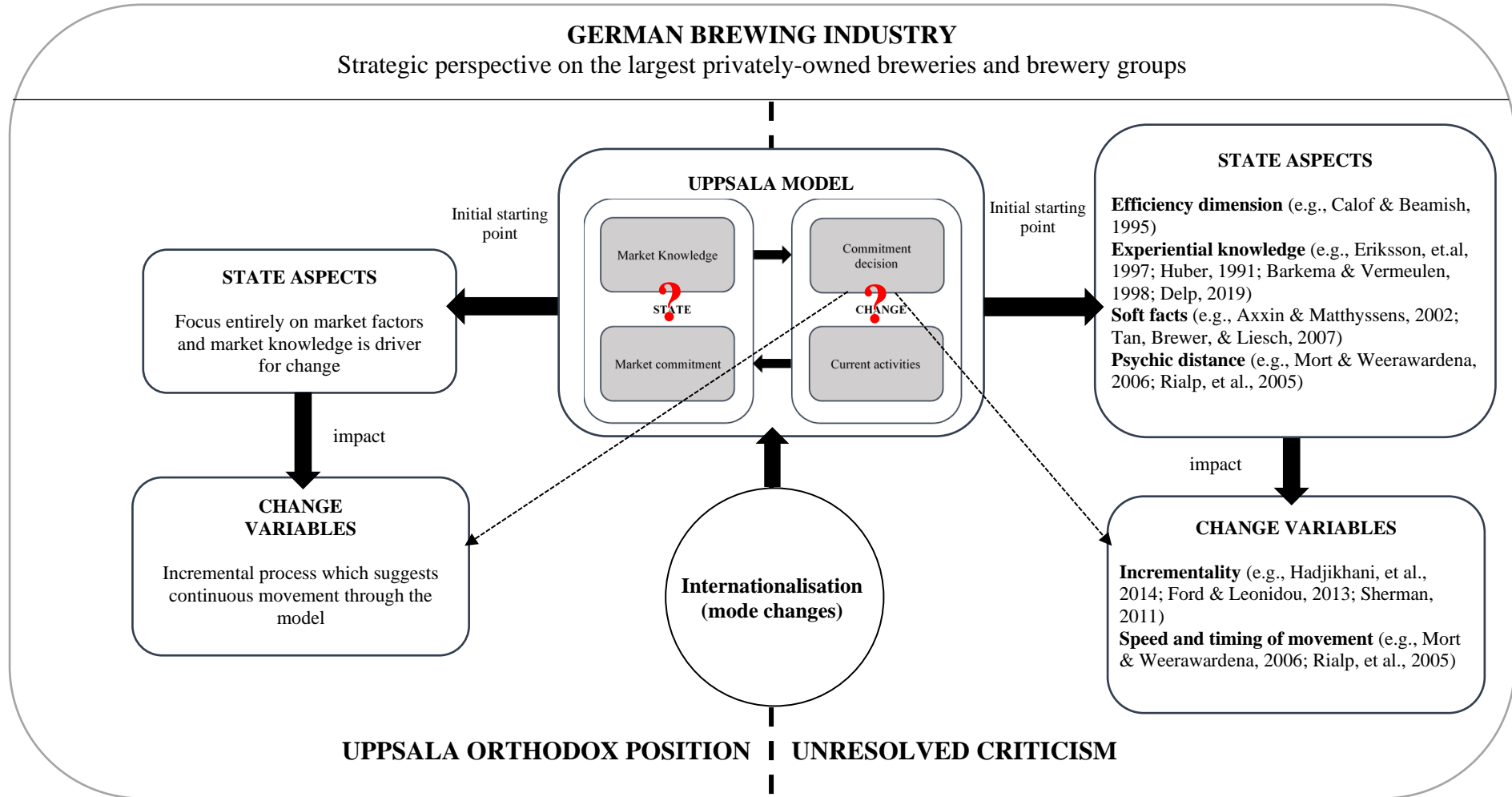
First and foremost, the framework highlights the contradictory nature of the original Uppsala model and the criticism towards the model, especially its state aspects and change variables. The most central part and thus the core of the framework is the Uppsala model itself and the focus on internationalisation mode changes. The left side outlines the Uppsala orthodox position and thus the current state of the literature including its assumptions that market factors and subsequent market knowledge are the driver for change. The subsequent incremental movement through the different internationalisation modes results from the gathered market knowledge. The right side of the model illustrates the unresolved criticism around the model, which resulted from the extensive literature review. It is comprised of the influence of four state aspects. These are the efficiency dimension, experiential knowledge, soft facts, and psychic distance, and their subsequent impact on change variables, which are the incrementality of the internationalisation process and the speed and timing of movement through the model. Finally, the outer part of the conceptual framework shall illustrate the embedding of the topic in the particular industry, namely the German brewing industry.

Subsequently, the study needs to identify (1) the underlying factors which actually impact the internationalisation mode change processes of the largest German breweries in practice, and (2) their relation to the change variables, hence, the speed and timing of

movement through the model and the incrementality of the internationalisation process.

In doing so, practical relevance can be established.

Figure 11 - Conceptual framework



Source: own graphic

2.6. Conclusion

Much has been written on strategy, strategic management, and strategic models. Where some describe the entire strategy process more general as a long-term direction or 'it's about what and why, not how or by when' others define it more concrete as 'a planned set of actions'. The term *strategy* itself has its origins in the years 500 BC. However, it only became of relevance in the 20th century when it started to be applied in international management literature. Later, internationalisation was added to strategy as an important aspect. Various modes of internationalisation have developed, such as exporting, joint ventures and wholly owned foreign subsidiaries.

The gradual increase of internationalisation modes led to a number of theoretical models. Some of which were more static, some more flexible, or *dynamic*. Most of them describe that there is change at some point, e.g., changing from exporting to licensing. Despite extensive research, models are not clear about why and when change is supposed to happen. The most frequently cited model is the Uppsala model of Johanson and Vahlne. It describes internationalisation as dynamic process. When market knowledge increases, market commitment increases too. Yet, several facts were not studied in greater depth. Amongst these are several state aspects and change variables. Studying these reasons could contribute to exploring why and when change happens in a firm. In addition, it could contribute to the induction of successful strategy developments in the internationalisation behaviour and guide decision-makers in their strategic efforts.

Overall, it can be said, that *change* is the factor that has been least explored in previous literature. Thus, whenever stages of internationalisation change, there needs to be something that initiates this change and that indicates what organisation perceive an ideal

moment for change. And this *something* needs to be defined. Hence, the Uppsala model provides a solid base for potential further research and the exploration of the ‘*something*’ that is the underlying cause for mode changes in the internationalisation stages – in any direction. This would lead to a more practical applicability of the Uppsala model and an increased predictability related to speed and timing in the process of internationalisation. Nevertheless, in the light of the simplicity of the Uppsala model, research should not seek to inflate it and increase its explanatory value. Instead, the underlying causes for change should be explored and established. To explore these underlying causes studies should focus on qualitative approaches. As most studies in the past were of quantitative nature, the focus of research relied heavily on the relation of variables. Further, the model has been used to analyse situations in different industries. However, it found little application in the consumer goods industry – and especially in the brewing industry, which is predestined for internationalisation research due to its increasingly international character.

The literature review has shown that research on the Uppsala model of internationalisation needs to serve one purpose: that of understanding why, how and when breweries brought change about in the past, whether they were perceived as beneficial or not, and the underlying causes and influences for either alternative. In doing so, a practical relevance can be created.

In the context of the literature review, it is important to highlight the terms success and failure again. There is no uniform definition for what success or failures means in this study. Rather, the participants define what they have perceived as positive and negative impact and why this is. Each expert might have different reasons for why something was perceived to be positive. Hence, there are no objective measures for the two terms.

Discovering these subjective perceptions of individuals is only feasible when research is based on a suitable research philosophy. This philosophy is outlined as part of the methodology in the following chapter.

METHODOLOGY

3. METHODOLOGY

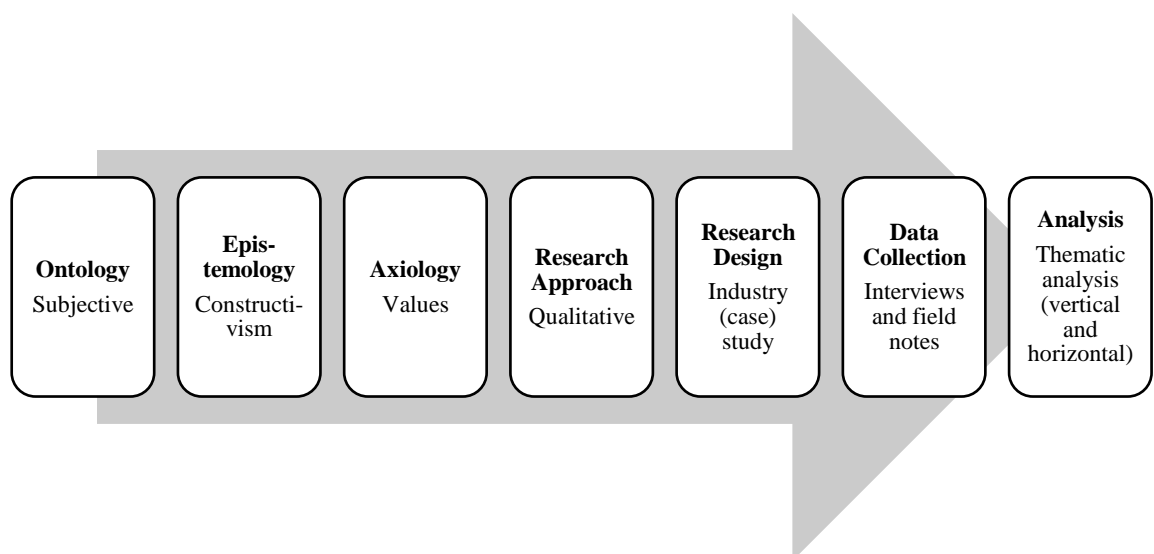
The underlying research paradigm of the study is constructivism. Constructivism implies ontological subjectivism, which means that research is not value-free and partly influenced by the researcher perceptions. The underlying inductive, qualitative approach is in line with the research gap, which highlighted the dominance of quantitative inquires in internationalisation literature and the need for more qualitative studies which explore the 'how' and 'why'. The industry study design then defined the sample, which was comprised of the majority of the largest (former) privately-owned German breweries and brewery groups. Within this unique sample 15 semi-structured elite interviews were carried out. In doing so, experiences of different stakeholders related to past and present internationalisation mode changes were captured, positive and negative outcomes evaluated, and influences on internationalisation mode change derived. The thematic analysis then completes the methodological choices of the study. The methodological choices for the study aimed at adding relevant internationalisation information to the industry and certainly filling the gap in existing literature around the U- model.

3.1. Chapter outline

Often, studies include a clear outline of the underlying approaches and methods. However, very little attention is given to the justification of the key methodological choices. For this reason, this chapter provides a rationale for each choice taken in the research process. In this way, the change process is more transparent. Any research carried out on strategic change, without detailed elaboration on the researcher's decision-making process would probably miss its aim. Particularly, in qualitative studies it is

important to elaborate on the different options because the term qualitative methods has no precise meaning in the social science (Maher & Dertadian, 2017). In quantitative research, for example, there are calculation models for the sample size or the standard deviation. These models, however, are not applicable to qualitative research. Hence, there needs to be a ‘why’ for any choice made. Pratt (2008, p. 488) states that *‘qualitative research should contribute to theory, be well written, and have well-articulated method’*. This chapter shall follow the quote and explain each choice in a very detailed manner and outlines all methodological considerations. It serves as foundation for the entire research. Mohajan (2018, p. 1) states that *‘research methodology indicates the logic of development of the process used to generate theory that is procedural framework within which the research is conducted’*. The methodology is the rationale for the use of a particular research approach. Howell (2013, p. 57) describes the methodology as *‘general research strategy that outlines the way in which research is to be undertaken’*. A detailed strategy for this research is was therefore developed. Figure 12 shows the steps of the underlying research process. The first three parts are related to the research paradigm. The last four parts are related to the research method.

Figure 12 - Research methodology



Source: own graphic

The following section gives a clear explanation for each of the first three parts and outlines reasons for the fundamental philosophical choices. Further, it gives an overview of the most common research paradigms and their implications, as well as epistemology. Ultimately, it justifies the philosophical position adopted, which impacted all further methodological choices.

3.2. The research paradigm

Any researcher must choose a paradigm, which is congruent with his or her beliefs about nature of reality. Paradigm refers to *'a system of ideas, or world view, used by a community of researchers to generate knowledge. It is a set of assumptions, research strategies and criteria for rigor that are shared, even taken for granted by the community'* (Fossey, Harvey, McDermott, & Davidson, 2002, p. 718). According to Guba (1990), a research paradigm is characterised by ontology, epistemology, axiology, and methods. Hence, these four aspects are now outlined in more depth.

3.2.1. Ontology

Ontology comes from the Greek word 'ontos', which means 'being' and logia (or logy), which means 'study' or 'science' (Harper, 2019). Hence, it is the study of being and the nature of existence. In other words: What is possible to know about the world (Snape & Spencer, 2003). There are two different ontological stances. The first one is objectivism. Objectivism in research is defined by Levers (2013) as the belief in truth and meaning that resides within an object and is independent of human subjectivity. Objectivists view reality as being external to the individual (Bryman & Bell, 2011). Subjectivism on the other hand, is defined as the belief that knowledge is *'always filtered through the lenses of language, gender, social class, race and ethnicity'* (Denzin & Lincoln, 2005, p. 21). Subjectivists seek to understand the subjective reality of their research participants in

order to make sense of their motivation and intention (Saunders, Lewis, & Thornhill, 2009). This is a helpful attribute in reconstructing past processes from different perspectives.

As set out in the previous paragraph, subjectivism holds that research is not value-free, because the researcher has an influence on the research results. Subjectivism allows exploring reasons for a certain phenomenon. Reyemi et al. (1998, p. 35) stressed the necessity to explore *'the details of the situation to understand the reality or perhaps a reality working behind them'*, rather than the pure facts themselves. As the aim of this study is to explore the underlying causes and reasons that why and when to pursue further steps in the internationalisation, it is essential to explore the topic from a subjectivist point of view.

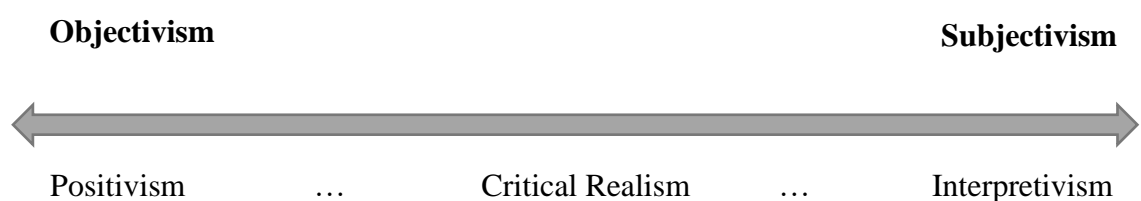
Ontological subjectivism is commonly associated with bias in natural science research, because in natural science there only is one reality independent of the researcher (Ryan, 2018). However, this differs in social science, because it does not purely focus on human subjects, objects, or symbols, which are commonly investigated in natural science. In social science, the subject or participant plays an important role because this subject ultimately is what the researcher strives to uncover and understand (Creswell, 2014). Ernest et al. (2016) argued that minds of individuals are active and try to estimate and predict pattern in the stream of experiences and that this results in theories about the nature of the world. These theories in turn serve as guideline for action. When these actions are inadequate, they are unconsciously reconsidered and replaced by new theories that overcome the inadequacies. All the reasons set out above results in the necessity and general acceptance of ontological subjectivism in social science. Lastly, it should be

mentioned that there is also no longer the subjectivity of the researcher alone, but also of the participants within a study, who take part in the creation of the guidelines for action. Finally, the research focus itself also demanded a subjectivist point of view. First, the knowledge about internationalisation mode changes of privately-owned breweries and brewery groups is very limited. Hence, limited objective knowledge is available. Second, the values of the breweries and the participants are not known prior to the research, which makes it impossible to determine objective criteria to be researched. Here, successes and failures need to be highlighted again. Within this study, there is no uniform definition of successes and failures. Instead, participants attach different meanings to these terms. Subsequently, it is more suitable to adapt the participants perspective, rather than imposing a pre-defined perspective on the participants. This would not be possible when adapting ontological objectivism. The following epistemological outline shall deepen the justification for a subjectivist position even further.

3.2.2. Epistemology

Epistemology comes from the Greek word ‘episteme’, which means ‘knowledge’ (Harper, 2019) and logia (or logy), which means ‘study’ or ‘science’, as set out above. It deals with the fundamental nature of existence and the question about how we understand reality or how we can make knowledge claims (Crotty, 1998). A scale is frequently used to point out the (differences of the) various positions, as illustrated in figure 13.

Figure 13 - Epistemological stances



Source: own graphic

These are, for instance, positivism, critical realism, interpretivism and many others. Some of the transitions between the paradigms are often described as blurred (Peters, Pressey, Vanharante, & Johnston, 2013). Positivism is often regarded as the ‘scientific method’ (Denzin & Lincoln, 2000; Fossey, et al., 2002), which uses hypothesis testing and causal explanations (Easterby-Smith, Thorpe, & Lowe, 2001). It is commonly associated with experiments and quantitative research, thus empiricism. Positivists believe that facts can be proven, and that reality is the same for each person. Hence, only phenomena confirmed by the senses can be warranted as knowledge (Giddens, 1993). Moreover, positivists believe that the world is unaffected by the researcher and that they can make objective and value-free inquiries (Snape & Spencer, 2003). Furthermore, truth is always objective and static (Ryan, 2018). Within a study, this means that the researcher analyses the relationship between an independent variable and one or more dependent variables (Cohen, Manion, & Morrison, 2007). Consequently, positivist research does not allow the researcher to measure phenomena related to intention, attitudes, thoughts of a human, because those cannot always be observed, nor repeated (Hammersley, 2014). Hence, it makes the exploration of abstract concepts almost impossible.

The critical realism (CR) paradigm is also known as a ‘transformative paradigm’ (Riyami, 2015). This paradigm declines the fact that knowledge can be entirely derived from observation and that testing of hypothesis and theories is the most appropriate approach. It implies that meaning is socially constructed through political or societal factors (Cohen, et al., 2007) and that social reality is multi-layered (Fossey, et al., 2002). In addition, CR believes that results generated do not aim at generating secure knowledge. They rather believe that knowledge can be approximated. However, the time constraint, which results from high complexity, leads to the fact that research carried out under a CR paradigm is

very time-consuming and hence, is not suitable for research to be accomplished within a short period of time.

Interpretivism entirely rejects objectivist traditions. This worldview is a consequence of the rediscovery of qualitative methods in the 1960s and 1970s (Flick, 2011). Major arguments were started that put other worldviews fundamentally into question. Research under this normative paradigm assumes that *'the researcher's knowledge is sufficient for formulating relevant hypothesis'* (Kelle, 1994, p. 49). In general, interpretivists believe that knowledge is based on our 'understanding' and that there are different ways of knowing about the world. As clearly opposed to positivist traditions, interpretivists argue that knowledge is produced by exploring and understanding the world of the people being studied and focusing on their interpretations. The interpretivist paradigm allows the research to understand the underlying causes and the unique context of a certain situation or phenomenon, rather than to generalise facts for the entire population (Cresswell, 2014).

3.2.3. Choice of philosophy for this study

The philosophical position that shaped this study and all underlying research decisions is constructivism. The foundations of constructivism were set by the theories of Jean Piaget, a Swiss psychologist (Adom, Yeboah, & Ankrah, 2016). The most prominent proponent of constructivism, however, is Ernst von Glasersfeld (Liu & Chen, 2010). Coming back to the scale that ranges from positivism to interpretivism, Constructivism is located in-between critical realism and interpretivism. It is a research paradigm that aims at discovering underlying reasons of a social phenomenon, results in a qualitative research approach and in constructed knowledge through the involvement of author and his own experiences (Adom, et al., 2016). It examines the relationship to reality by approaching it through constructive processes. Constructivism asserts that all social phenomena and

their meanings are continually accomplished by social actors (Bryman, 2016). Thus, in constructivism all knowledge is constructed, after selection and structuring (Schütz, 1962). Further to that, constructivism and subsequently the study accepts that there is a difference between reality and the knowledge of reality (Glaserfeld, 1995). It also acknowledges that data might be interpreted differently by different actors and in different contexts (Schirmer, 2009). Hence, other researchers or different participants could generate other findings and interpret them differently.

Constructivism nowadays shapes research in many areas and provides the foundation for research in very diverse fields of studies (Adom, et al., 2016). This makes it a very flexible ‘cornerstone’ of modern research in different areas. Scientists often explore and carry out research on topics that are empirically given. The exploration of the noumenal world is part of philosophy – or metaphysics (Mackenzie, 2013). Metaphysics are speculation about ‘being’. Many researchers believe that there are no touch points to it, as they do research in their particular area and a particular topic. However, each researcher should be aware that his or her topic is part of a small universe (Jensen, 1999). This leads to the conclusion that pure empirical research leads to overlooking knowledge and reality – the knowledge and reality that exists around the topic, within the small universe.

Constructivism does not neglect the possibility that there is more than solely the gathered data. Instead, it suggests a wider perspective. Constructivism, for instance, looks in the several directions: the things that people do, the ‘real’ world and certainly the shortcoming and limitations in the things that are made (Reich, 2002). As set out above, ‘why’ is the central question within the constructivist paradigm. Knorr-Cetina (1984, p. 43) stated that constructivism is a method of *‘looking and analysing the actual processes behind’*. Hence, the clarification of the question ‘why’ instead of ‘what’. Other paradigms

aim at the discovery of what happens and the causality between different ‘whats’. This is a major strength of constructivism. Further to that, the discovery to the answer why things happen, implies self-critique and doubt (Ritchie, Lewis, Nicholls, & Ormston, 2014). Those two characteristics are an essential part of constructivism. Further, Schirmer (2009, p. 45) pointed out that *‘the specific view on the world always stems from a specific perspective; hence, there is a number of perspective of truths – People often have several perspectives, but still only a small amount of them’*. This allows to obtain research results, which depend on the perspective of the researcher and the participants. This increases the contribution to research, as compared to, for instance, the positivist paradigm, where truth is only true when it can be validated by the senses (Giddens, 1993).

There are several additional reasons for the choice of the constructivist paradigm for this study. First, the topic could not be explored from a quantitative perspective. The literature review has shown that the central research gap lies in ‘why’ change happens. Second, the lack of a large number of possible participants did not allow a quantitative approach. The small sample would not have contributed to valid and reliable research results if analysed through statistical methods. As compared to quantitative research, sample sizes in qualitative research are typically smaller (Hammersley, 2013). Hence, the topic had to be approached from a qualitative perspective, which eliminated, for instance, a positivist paradigm. Lastly, the question remained where outside the body can one process information or think. This is a crucial philosophical question because it questions all purely empirical research. Research and its results are always processed in the mind of humans. Hence, objectivity is never given, and constructivism recognises and accepts this and can hence, act accordingly (Elkind, 2005). Further constructivism is based on the assumptions that the responses of the participants provide credible data, because they are experts within the particular situation they recall (Hammersley, 2013). However, this is

not certain data that can be evaluated without scrutinising the responses to understand the reasons behind.

3.2.4. Axiology

Axiology is another important part of the philosophical point of view that studies the judgment about value (Saunders, et al., 2007). Axiology pertains to moral judgments about what makes actions right or wrong and not with questions of which actions are right or wrong (Sullivan, 2018). These values of a researcher are employed as means for underlying judgements about why certain parts of the research process are more or less important.

In one way or another, the epistemological choice answers the underlying axiology of this study. Within the constructivist paradigm, researchers do not believe that research is value free nor that social phenomena exist independently of the interpretation of them (Hibberd, 2005). In this study, it was acknowledged that individuals have different opinions. Moreover, it was important to gain an insight into the topic from different levels of an organisation, rather than just from one group. The reason for this was the aim to gain an understanding of the change process as it was perceived by different people and to understand why things happened. This is only possible if several different opinions, views and stories are known. This also means that this study acknowledged the equality of individuals' perceptions. Through the strong involvement in the topic and the contact to many individuals during the research, a researcher might have a potential influence on the gathered data. This influence is considered at a later point in more depth.

3.3. Research method

The research methods are also strongly influenced by the chosen research paradigm (Wong, 2014). Hence, the choices related to research approach, research design, data collection and ultimately the analysis rely on the philosophical stance. However, there were some remaining choices to make related to the research methods, as only part of the methods are ‘pre-defined’ through the philosophical approach. These choices and the subsequent justification are highlighted in the following sections.

3.3.1. Research approach

First and foremost, the choice of a qualitative vs. a quantitative study needed to be made. This was followed by the decision whether to apply an inductive or deductive approach to research.

3.3.1.1. Qualitative vs. quantitative research

As previously discussed, the research philosophy of this study was constructivism, and this implies a qualitative approach to research. One of the central characteristics of the philosophy is to discover ‘why’ something happens and to gain in-depth knowledge of a particular situation that has not been much explored in the past (Dickson, Akwasi, & Attah, 2016) and to develop an understanding of the experiences of peoples’ lives and their social world (Fossey, et al., 2002). In order to discover this, a quantitative approach to research was excluded, as it aims at exploring causal relationships, the connection between different variables (Cresswell, 2014) or test hypotheses that are built on available knowledge (Zikmund, 2000). The study did not aim at exploring the optimum moment in time for ongoing internationalisation but at exploring reasons behind successful strategy changes in the brewing industry. Such as, for example, the underlying reasons why and when a firm decides to change from exporting, to a WOS in a particular foreign market.

Hence, moving away from the static process that positivist literature suggests (Haradhan, 2018), such as the analysis of statistical data, towards a decision-making behaviour that is influenced by many different dimensions. Qualitative research is based on exploring and understanding the meanings of what individuals or a group of individuals contribute. Birkinshaw, Brannen and Tung (2011, p. 574) state that *'qualitative methods can play a critical role to interpret and understand the complex plurality of contexts'*. It focuses on statements and answers and the importance of interpreting the level of complexity in a specific situation (Cresswell, 2014). However, the decision, whether to use qualitative or quantitative research approaches also relies on the purpose or aim of the underlying research. Table 2 illustrates the situations in which the two main methods can be used.

Table 2 - Quantitative vs. qualitative research approach

APPROACH	QUALITATIVE	QUANTITATIVE
Research question	Broader, contextual, flexible	Fixed or focused
Expected outcome	Usually not pre-defined, emergent research question	Identified in advance
Hierarchy of phases	Circular	Linear
Confounding factors	Searched in the field	Controlled during design and analysis
Time dimension	Rapid to slower	Slow(er)

Source: own table adapted from (Abott & Bordens, 2003)

The table gives a rationale, why the decision to use a qualitative approach is not only influenced by the research paradigm, but also by the purpose of the underlying research. The subject addressed was an in-depth investigation of a particular situation and the research objectives demanded extensive data in a field that has not been much explored in the past. Hence, a qualitative approach was chosen. Yin (2011) defines 5 very specific features of qualitative research.

- Studying people's situations under real-life conditions
- Representing views of different people
- Covering contextual conditions under and in which people live
- Contributing new insights to explain human or social behaviour
- Striving to use multiple sources of evidence

All of the above listed reasons contribute positively to the aim of this study; hence, they are a further reason for the qualitative approach taken.

3.3.1.2. Inductive vs. deductive research

Furthermore, it is important to define whether research is inductive or deductive. An inductive approach starts with the observation of a particular situation and aims at establishing a generalised theory (Young, Varpio, Uijtdehaage, & Paradis, 2020). This approach is based on empirical data, resulting in models or theory that describe happenings in real-life (Crowther & Lancaster, 2011). The deductive approach is commonly applied to examine what could be, instead of what actually exists in the data. Hence, it is used for testing processes that begin with established theories and the aim of examining whether the theory applies to specific situations (Abott & Bordens, 2003).

This study aimed at analysing specific strategic change situations, examining particular companies, and to establishing guidance for senior managers. For this reason, an inductive research approach was used. This approach is very suitable as the availability of theories and practical orientations in this field is very limited.

3.3.2. Research design

There are a number of common qualitative designs for research (Eriksson & Kovalainen, 2008; Kim, 2005), such as ethnography, case studies, grounded theory, discourse

analysis, phenomenology, ethnomethodology. Table 3 summarises the different designs. As this study aimed at identifying underlying patterns in internationalisation mode changes of the largest privately-owned German breweries, an industry (case) study was chosen. Industry studies aim at identifying real-life situations in an industry context.

Table 3 - Qualitative research designs

APPROACH	EXPLANATION
Ethnography	Field-based studies that are lengthy enough to learn about people's everyday norms and rituals.
Industry (case) study	Exploring in-depth information about a particular industry or case or a number of cases in a real-life context.
Grounded theory	Generation of theories that explain real-life social situations by deriving grounded categories and concepts.
Discourse analysis	Focus on the production of knowledge within different discourses.
Phenomenology	Describing which meaning people attach to a particular phenomenon.
Ethnomethodology	How people learn and construct the social order in practice and make sense of the world.
Narrative research	Analysis of narrative texts and inter-human relationships with a focus on people's narratives about themselves or events.

Source: own table, adapted from (Ritchie, et al., 2014; Kothari, 2004; Haradhan, 2018; Yin, 2011)

As many research designs focus on the production of knowledge, describing the meaning and making sense of the world they would be too abstract to explore internationalisation mode changes in practice. Whereas field-based research in the industry would not be possible due to time constraints. The research design subsequently determined the sampling method of the study, as the sample was comprised of the particular part of the industry.

3.3.3. Sampling

Selecting a sampling method is a crucial process in any research project (Tracy, 2013). There are two ways in which sampling can take place: Probability sampling, which is based on random selection, and non-probability sampling, which is based on non-random selection (Walliman, 2006).

The sampling method adopted in this study was non-probability sampling, which is common in qualitative research (Suen, Huang, & Lee, 2014). One type of non-probability sampling is purposive sampling. When using this technique subject or cases are selected based on the purpose of the study to best fits its aim and objective (Campbell, Greenwood, Prior, & Shearer, 2020). Purposive sampling relies on the knowledge of the researcher about the area of research (Barratt, Ferris, & Lenton, 2014). As the study aims at exploring the entire part of the industry, the sample was comprised of ten of the largest (former) privately-owned German breweries and brewery groups. Ultimately, the aim in qualitative research is to choose appropriate samples that fit the study best (Fossey, et al., 2002) and gather knowledge, starting from the level of operation.

Here, it remains to highlight the uniqueness of the sample. So far, no studies have investigated such a large number of breweries in the particular part of the industry. Gaining access to such a unique sample, is only possible when having the relevant professional background and suitable contacts in the industry. Certainly, the purpose of the selection was based on the aim of this study. Hence, to provide a rich portrayal of all companies in the particular part of the industry. As one of the objectives was to provide an orientation and recommendations to senior management of privately-owned German brewery groups, it was important to generate samples that report practical experience in the change process, rather than hypothetical answers to changes in internationalisation.

Hence, companies which only pursue exporting activities and hence, cannot report strategy changes to other modes of internationalisation, were not part of the sample.

3.3.4. Sample size

In general, the sample size for qualitative research is much lower than the sample size for quantitative research. Several researchers describe reasons for this. Richie and Lewis (2003) stated that there is a point of diminishing returns. Thus, at a certain point in the research process the additional data generated does not necessarily lead to more useful information. One of the reasons for this is that qualitative data does not aim at repeating information in data. Every piece of research is unique and contributes to overall understanding. According to Crouch and McKenzie (2006) qualitative research is about meaning rather than making generalised hypothesis. Eventually, a large sample size in qualitative research is often very impractical due to the intense and time-consuming data collection methods. At the end, the sample size must be large enough to gain a satisfactory number of opinions and answers without being superfluous. Glaser and Strauss (1967) stated that research should always follow the concept of saturation, which implies that the sample size is large enough when additional data does not provide any new information.

Research on sample sizes in qualitative research has shown that a sample size between 5 and 30 has been commonly used (Daniel, 2019). In a recent study, Daniel has shown that a common sample size for qualitative studies is around 15. Even though 15 interviews were carried out for the purpose of this study, it has shown that saturation was reached at 13 interviews, with no new information emerging from the last two interviews.

3.3.5. Data sources

Within qualitative research there are typically multiple sources of data and different data collection methods to develop as rich an understanding as possible (Lee & Saunders,

2017). These are primary and secondary data. Primary data is typically collected by the researcher for a specific study. Hence, the definition of the required data, which is necessary to respond to the research gap, is formed by the researcher to achieve the aim of the study.

Table 4 - Advantages and disadvantages of primary and secondary data

	ADVANTAGES	DISADVANTAGES
Secondary	<ul style="list-style-type: none"> • Mostly cost-efficient due to availability of information • Readily available data • Less time necessary to collect data • Statistically trustworthy (if acquired from reliable/valid sources) • Less (statistical) expertise required from research team for collection • Can serve as good support and add on to existing research 	<ul style="list-style-type: none"> • Low familiarity with the data • High complexity and the difficulty to retrieve relevant information • Lower control over data quality • Likelihood of unsuitability of data for current research • Absence of important details which could impact on the outcome of the research • Customisation might require large efforts • Difficulty to judge the validity
Primary	<ul style="list-style-type: none"> • Tailor made data: 100% oriented towards the aim • Gathering of most up-to-date data • Course of action can be changed if necessary • Decision on methods and different channels can be used • Higher reliability and validity of the gathered data • No third-party bias or opinions • Maintenance of original quality of the data 	<ul style="list-style-type: none"> • Time consuming processes and clear definition of field-research • Partly high expenses and efforts due to first-hand research and participant acquisitions • Outcome might not always be feasible

Source: own table, adapted from (Neelankavil, 2007)

Primary data collection can be done through interviews, observations and focus groups, for instance. The use of primary data lets the researcher gain a deeper understanding of the studied phenomena, as the data collection is linked to the main source of evidence. (Neelankavil, 2007). Hence, a valuable tool in this study in order reconstruct past internationalisation mode changes. Secondary data on the other hand, was collected for previous research or data that is readily available, such as annual reports or company reports. In this study, these were used as basis for company overviews. When using secondary data, it is of utmost importance to screen the data carefully to retrieve relevant information and use it in the context of the own research (Neelankavil, 2007). The advantages and disadvantages of primary and secondary data are elaborated in table 4.

Whereas there are only a small number of disadvantages of primary data, there are many of them for secondary data. In combining both methods, as in this study, some of the disadvantages can be overcome, in achieving that both methods complement each. Here, secondary data can be very helpful to define the particular context of the company and retrieve relevant background information. Further, using primary and secondary data helps to gain a 360-degree perspective. When starting with only one of the sources, Eisenhardt also states that it is legitimate to add another source of data during the study. This flexibility is not a permit for unstructured research though. Rather, it can be termed 'controlled opportunism' (1989, p. 539), which researcher use to underline the uniqueness of each set of data and let new themes emerge, which improve the generated theory.

3.3.6. Data collection

There are several ways to collect primary and secondary data. Common methods for primary data collection are interviews, focus groups, direct observations, or participant observations (Yin, 2013), as outlined in table 5. Contrary to other parts of the research,

there are no advantages of one data collection method over another. Rather, the data collection method must serve the aim of the study and contribute to the best possible outcome of the study, hence, the most supportive findings and efficient results (Yin, 2009).

Table 5 - Strengths and weaknesses of primary data collection

METHOD	STRENGTHS	WEAKNESSES
Interviews	<ul style="list-style-type: none"> • Focused: Focus is directly placed in the topic • Insightful: Delivers (perceived) inferences and explanation about the topic 	<ul style="list-style-type: none"> • Bias due to poorly formulated questions/response bias • Inaccuracies due to poor recall • Reflexivity: Interviewee answers in the way interviewer demands
Focus groups	<ul style="list-style-type: none"> • Generation of opinions and topics through discussion • Little bias through the researcher • Focused on the topic 	<ul style="list-style-type: none"> • Difficult to find suitable participants • Coordination of time/place can be difficult • High efforts to transcribe/evaluate
Direct observation	<ul style="list-style-type: none"> • Reality: Covers events in the moment they occur • Contextual: Covers contexts of situations 	<ul style="list-style-type: none"> • Time consuming • Selectivity: Broad coverage is difficult without an observer team • Reflexivity: Different behaviour because of observation
Participant observation	<ul style="list-style-type: none"> • Same as stated above • Insight into interpersonal behaviour and motivations 	<ul style="list-style-type: none"> • Same as stated above • Bias due to participants-observer's manipulation of actions and events

Source: own table adapted from (Yin, 2013)

Direct observations and participant observations are not suitable for the exploration of internationalisation, as research focuses on the process rather than on the behaviour of participants. Focus groups were not considered as the number of possible participants was

too small to establish suitable focus groups. The primary data sources of this study were elite interviews (Huggins, 2014), which is one type of interviewing, whereby experts are asked to respond to pre-defined topics. Interviews are the most common source of information in constructivist research (Bisman & Highfield, 2013). Interviews in qualitative research aim to uncover participants' views of situations, and to understand their experiences, feelings, and social worlds (Fossey, et al., 2002).

Table 6 - Strengths and weaknesses of secondary data collection

METHOD	STRENGTHS	WEAKNESSES
Documentation	<ul style="list-style-type: none"> • Stability: Information can be reviewed constantly • Unobtrusively: Data is not created as a result of a study • Precisely: Reveals names, references, and details of an event • Broad coverage: Many events and settings over long time 	<ul style="list-style-type: none"> • Retrievability: Data can be difficult to find and retrieve • Selectivity: If collection is incomplete • Bias: Reflects potential bias of author(s) • Accessibility: May be deliberately refused
Archival records	<ul style="list-style-type: none"> • Same as those above • Precise and commonly of quantitative nature 	<ul style="list-style-type: none"> • Same as those above • Limited accessibility due to privacy reasons
Physical artifacts	<ul style="list-style-type: none"> • Insightful: Especially for cultural factors and technical operations 	<ul style="list-style-type: none"> • Selectivity and availability

Source: own table adapted from (Yin, 2013)

There are also a number of ways to collect secondary data, which are outlined in table 6. The secondary data source for this study were archival records, hence, company reports, industry reports, academic papers, specialist journals, books, and publications about the breweries. An additional source of secondary data is information from the Statistisches

Bundesamt (Federal Statistics Office). Secondary data is a valuable source of information for industry research and needs to be gained from as many sources as possible, as it helps to define the context (Olsen, 2014).

In addition to the interviews, field notes were taken during the data collection and data analysis process. Field notes in this study refer to one page of handwritten notes per interview. These helped to formulate follow-up questions, key ideas and all issues that required further exploration.

Data collection took place between October and December 2020 in 15 interview rounds with 15 experts in ten breweries.

3.3.7. The elite interviews

As set out, the source of primary data was elite interviews. Elite interviews refer to interviews whereby experts in a particular field are chosen (Huggins, 2014). These experts can be part of different hierarchical levels. Between one and three interviews were carried out in each brewery (group). Table 7 outlines the number of interviews in the different breweries and brewery groups. The name of each brewery was replaced by a hop variety. A pseudonym was used to replace the names of the participants in order to maintain anonymity.

The participants within the companies were chosen based on a number of criteria too. These criteria were the close involvement in an *international markets* department of a brewery (not necessarily employed in the department, but in close connection to the department, e.g. managing director of a brewery in charge of the department ‘international markets’) and the time spent employed in or closely related to the international markets

department. Due to the researchers' time spent in the industry, some participants were known in advance. Others were chosen based on recommendations of the known participants. The aim, however, was to be flexible and opportunistic and use snowball sampling. In snowball sampling existing participants recommend new ones (Naderifar, Goli, & Ghaljaei, 2017). This method is particularly helpful when the targeted sample is not easily accessible and is the most common sampling method in qualitative research (Parker, Scott, & Geddes, 2017).

The interview participants can be summarised as follows.

- Owners of privately-owned German breweries (1 interviewee)
- Managing directors who were directly or indirectly involved in international markets department at some point in time (6 interviewees)
- (Senior) executives who were directly or indirectly involved in the international markets department at some point in time (6 interviewees)
- Employees and managers who were directly or indirectly involved in the international markets department at some point in time (2 interviewees)

The participants were chosen based on the aim to gain an in-depth perspective on the underlying research topic. Hence, interviewees did not necessarily need to be people who made high-level decisions. Ultimately, everyone who was experienced in this field and in the possession of knowledge about the subject, was a potential interview partner. Gaining opinions of these different interview partners allowed for in-depth information of all cases. In addition to that, it reduced the likelihood of biases. In this context, Huber and Power (1985) stated that people's desire for achievement, security, and social acceptance can affect the accuracy of recalling past events. But by interviewing a larger number of experts in different positions, this probability shall be decreased.

Table 7 - Interviews in each of the breweries

BREWERY GROUP	ACQUISITION	SETTING	POSITION	PARTICIPANT CODE	DURATION
Citra Brewery	WeChat	Lifesize	Former managing director	E. Amsel	120 minutes
	Direct	Microsoft Teams	Senior Executive	H. Bernburger	93 minutes
	Direct	Telephone	Sales Employee	G. Berkner	95 minutes
Amarillo Brewery	LinkedIn	Microsoft Teams	Owner	B. Chevalier	108 minutes
Cinook Brewery	Contact person	Microsoft Teams	Former managing director	M. Engelens	118 minutes
	Contact person	Telephone	Former managing director	J. Francks	90 minutes
Comet Brewery	Contact person	Telephone	Senior Executive	P. Heines	105 minutes
	Contact person	Telephone	Former senior executive	K. Hohenfinower	111 minutes
Millenium Brewery	Contact person	Zoom	Managing director	B. Janetzki	120 minutes
Nugget Brewery	Contact person	Telephone	Managing director	P. Kapuze	114 minutes
Saphir Brewery	Contact person	Microsoft Teams	Senior Executive	J. Korinna	107 minutes
	Contact person	Microsoft Teams	Sales Employee	T. Kredler	97 minutes
Herkules Brewery	Contact person	Telephone	Managing director	R. Rimpaus	94 minutes
Saazer Brewery	Contact person	Telephone	Senior Executive	F. Schwarze	91 minutes
Hallertauer Brewery	LinkedIn	Telephone	Former Senior Executive	T. Tirol	97 minutes

Source: own table

Generally, the interviews aimed at generating findings based on three themes.

- Feedback on past and ongoing internationalisation and development processes, in particular decisions related to internationalisation mode changes
- Compilation of reasons and motivations for internationalisation mode changes and subsequent outcomes
- Collection of perceived internal and external determinants on internationalisation mode changes

There are different types of elite interviews. These range from a position where the interviewer is in a subordinate role to a rather dominant role, with a number of variations in between (Bogner, Littig, & Menz, 2005). As an industry insider, there was no option to carry out interviews from any of the two extreme positions mentioned above. Therefore, the underlying interviews were carried out as co-expert interview. Here, there is a common knowledge about the underlying subject and the research terminology is well-known.

Interviews can either be carried out face-to-face, via video conferencing tools or via phone. This mostly depends on the distance between the interviewer and the interviewee. Due to COVID-19 all interviews were carried out via video conferencing tools or phone. All 15 interviews were recorded and transcribed afterwards. In addition to that, field notes were taken during all interviews. In order to facilitate the transcriptions and to have a written back-up recording of the interviews, the dictate function of Office 365 was used. Hence, while the recording took place, there was also a dictation of the spoken words on the laptop. All interviews lasted for 90 to 120 minutes. Hence, a total of 26 hours of recordings were collected and 147,692 words, corresponding to 289 pages, were transcribed.

3.3.8. Interview design

The interviews were semi-structured. Semi-structured interviews are the most common data collection method in qualitative research and allow for a high degree of flexibility without losing the overall structure of the pre-defined interview (Qu & Dumay, 2011).

Semi-structured interviews were chosen because they aim at exploring very specific experiences of participants (Fossey, et al., 2002). They are in-between structured interviews, with completely pre-defined questions, and unstructured interviews, with no pre-defined questions (Zorn, 2010). In semi-structured interviews, interviewees usually receive the themes beforehand, but not the exact question. In addition to that, the order of the questions is not pre-defined, which means that the interviewer has space to improvise. This also means, that the questions for each interview are not necessarily identical and can vary (Qu & Dumay, 2011). All semi-structured interviews can be carried out as individual, couple or group interviews. Individual interviews are carried out with one interviewee, couple interviews with two interviewees and group interviews with a few more interviewees. The most common type are individual interviews, which were also used in this study. Past research has shown that interviewees are often more confident when more interviewees are present (Abott & Bordens, 2003). However, since the aim of this study is to reconstruct processes from different perspectives, group interviews would not have been of much help. As many opinions and processes as possible needed to be reconstructed one by one, without any interference or objections of any other interviewee. Furthermore, it was not very likely that all interviewees within one company were available at the same time.

In order to execute the interviews properly, some general rules and procedures for the individual interviews were established as follows.

- Most questions are open-ended to get lengthy and descriptive answers
- All questions are formulated as short as possible
- Two-in-one questions are avoided, as well as leading questions
- In order to re-construct actual processes leading questions, strong positive and negative associations are avoided
- Terminology (if applicable) is explained beforehand
- Some questions are repeated in order to verify the applicability for different strategy change decisions

An interview guide was established beforehand. In this way, an approximate order was given to the questions, without pre-defining it entirely. The interview started with two warm-up questions related to the interviewee and general internationalisation strategies in the brewery. These were followed by the main body of questions. Hence, questions that aim at reconstructing particular and general internationalisation processes in the way they were perceived by the interviewee. This is an important facet of the underlying constructivist philosophy of this study (Petintseva, Faria, & Eski, 2019). Hence, interviews started with concrete examples moving to seeking more general opinions.

- Questions started with one particular example or event, thus, one internationalisation mode change in a market
- More concrete questions about the particular internationalisation mode change were asked during the re-constructing process to gain deeper insight
- More general questions were asked at a later stage of the interview

Prior to the interview, there was an introductory e-mail with all relevant information for the participants. Once the participants agreed, they received additional information about the process, which can be found in Appendix 1. Further there was an informed consent form, which had to be signed by each of the participants.

3.3.9. Interview guide

As the term ‘semi-structured’ implies an approximate guideline for the execution of interviews is required. This guideline for the interviews is the so called ‘interview guide’. The interview guide covers the main topics of the study (Taylor, 2005). It sets out a rough structure and helps the interviewer to ask his/her way through all categories. Additionally, it helps to reduce some weaknesses of data collection. Hence, it increases the trustworthiness, as it helps to avoid the skipping of topics accidentally or poor formulation of interview questions (Kallio, Pietilä, Johnson, & Kangasniemi, 2016). Hence, an interview guide was indispensable. It can be found in Appendix 2.

The interview guide was made up of 3 categories: Opening questions, specific questions and closing questions. Opening questions were general questions about the participants, the company and current strategic considerations. Specific questions were subdivided into two sections, moving from question about particular situations to more generalised ones. The derivation of the interview questions was based on the aim and subsequent themes which arose from the literature review. Closing questions were related to additions the participants would like to make to the interview and its content. Table 8 outlines the establishment process of the interview questions in depth.

Table 8 - Derivation of interview questions

AIM	THEME	TOPICS FOR INVESTIGATION	INTERVIEW QUESTIONS
To explore how and when privately-owned German breweries and brewery groups pursue changes in international strategic developments.	Processes (What happened?)	Which strategies exist(ed)?	In which ways does your company internationalise its business (e.g., exporting, WOS)? Where there more/less ways of internationalisation in the past?
		How did the change process stages look like?	Can you talk me through one specific example where strategic change happened? What were the phases of the process?
		Who was involved in the decisions?	Who were the participants?
	Reasons and motivation (Why did it happen?)	Why did these changes happen?	What was the aim of the change process? What were the criteria in the process? What was most difficult about it? What were the sources of information?
		Where the motivation for change of strategy intrinsic or extrinsic?	Can you give examples for intrinsic or extrinsic drivers?
		Who or what was the main driver for strategic changes?	Was growth strategic or opportunistic?
	Positive and negative outcomes (How successful was it?)	What were the expectations behind strategy changes? How do the breweries define success? What do breweries define as not successful?	Thinking about the specific example again, why was the change successful or not? What do you perceive as successful? What was less successful? What is your recommendation for other breweries?

Source: own table

3.3.10. The pilot study

A pilot study was conducted in order to verify the suitability of the chosen research methods. A major part of the method is the data collection process, which was carried out in the form of a semi-structured interview. The pilot study contributed to the final research in the field. The main aims of the study were defined as follows.

- Testing the suitability of the interview questions
- Defining the time necessary to carry out one interview and reduce to the time to ‘as much as necessary, but as little as possible’
- Verifying whether the questions lead to first outcomes or indications in the chosen way of data analysis
- Testing the suitability of the chosen data analysis method
- Making final adjustments to the chosen ways of data collection and data analysis

One pilot interview with a participant from one of the breweries was carried out due to time constraints. The interviewee was a senior manager in charge of several markets for the past six years. The interview and the provided data were very useful and gave concrete insights into the internationalisation mode change process of the brewery. The interviewee was very direct and hence, the interview lasted for less than 45 minutes. The gathered data was related to two specific internationalisation decisions in South Korea and China. Nevertheless, the interview also revealed a general process of strategy changes, which was similar to the specific examples. Part of the findings were also supported by reports and internal company information. Other parts of the findings were related to subjective experience. The interviewee was perceived as open and honest. Being an industry insider helped to be confident with the questions and the topic. It seemed to be an advantage rather than a disadvantage. While the interview revealed

interesting insights about the processes, the underlying causes for the strategy changes were not fully discovered. Hence, based on the data it was difficult to make first predictions towards the timing of internationalisation mode changes. However, the coding process could be tested and was perceived to be suitable.

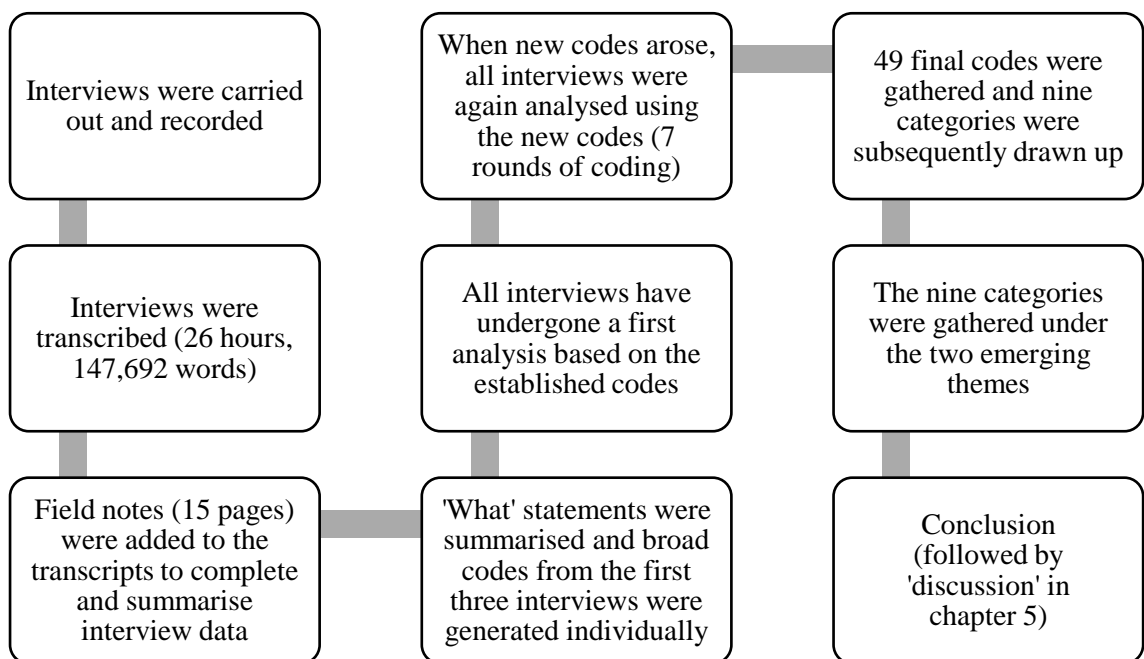
Thus, following the pilot study, a slight adjustment to the interviews was made to generate even richer data. The additional questions were added to the interview guide. Further, the interviews were structured in a different way. Whereas the first idea was to start with general examples of internationalisation, the pilot study has revealed that it would be most useful and more in line with the constructivist research paradigm to start with specific examples and move to the general process later on. In addition to that, it became evident that answers need to be scrutinised more thoroughly. Hence, the depth of the questions was adjusted as well. In this way, further interviews generated even more detailed insights into the change processes and the underlying influences and motives. A very important fact, which became apparent was the fact that it is useful to formulate the questions in the language in which the interviews were carried out. The first approach was to formulate the questions in English, and then translate to German, as the entire study is in English. However, the questions became much more specific when formulated in German directly. Hence, they were formulated based on the topics for investigation, which emerged from the research objectives. An overview over the questions in English is provided in the Appendix. In addition, more German literature about interviewing, interviewing techniques and the formulation of interview questions was useful. This was also recognised by other researchers (Welch & Piekkari, 2006)

In summary, the pilot study was a valuable tool to verify suitability of the collection method and its content. As the interview in the pilot study generated detailed insights and very comprehensive data, the interview data was also used in the main study.

3.4. Data analysis

Data analysis is the main step in qualitative research, as it forms the outcome of the research (Flick, 2014). Hence, data analysis needs to be defined in great depth. Figure 14 outlines the data analysis process of this study and the individual steps taken in the analysis process. The analysis is made up of a total of nine steps.

Figure 14 - Analysis process



Source: own graphic

The following sections outline the process in more details, starting with the analysis of interview data, which follows the context definition mentioned above.

3.4.1. Analysis of interview data

The first part of the analysis was an extract on 'what' happened. Hence, the statement of the individual participants related to the available modes, the past changes and the general company data was gathered. The structure was based on the structure of the interview

questions. The gathered interview data was then analysed using a thematic analysis approach. Within this approach to data analysis, codes, categories, and themes are identified and developed while research is conducted (Liamputtong & Ezzy, 2005). One should, however, keep in mind that qualitative research is more than simply coding the data once. Instead, seven rounds of coding took place until no new codes arose. It is also about understanding the data and exploring the meanings and underlying patterns through the interpretation of the researcher's own intuition (Fossey, et al., 2002). Hence, the researcher becomes more and more involved in the theory (Denzin & Lincoln, 2000). Thematic analysis is particularly helpful when trying to develop an open-coding system in order to discover all details, the variation and the complexity of an observation or other research data (Hardy & Bryman, 2004). The common thematic analysis process is made up of four steps: (1) editing, (2) coding, (3) comparison and (4) interpretation (Zikmund, 2000).

The first step was to put the 26 hours of recorded interviews on paper, hence, transcribing them. The result were 147,692 words, equalling 289 pages. Afterwards, all interviews were printed for further steps. Software is not used during this process. Manual analysis has several advantages that the entire research project can benefit from. For instance, the researcher can adhere to the pre-set way. Hence, there is no distraction from any software that would guide to a different pattern and distract from the well thought out plan (Maxwell, 2018). Hence, a highlighter pen was used. The next step is coding, the actual key process in thematic analysis. Here, data was broken down (or cut) into different pieces and these pieces received names (codes). Miles and Huberman (1994, p. 56) referred to these codes as *'tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes usually are attached to 'chunks' of varying size – words, phrases, sentences, or whole paragraphs.'* There are different

ways of coding data. The underlying coding method in this study was vertical coding followed by horizontal coding. Hence, the individual interviews were coded followed by a comparison between all interviews. Thus, horizontal coding was done by making connection between codes, which have been identified after the individual coding (the process of 'breaking down, examining, comparing, conceptualising, and categorising data (Bryman, 2011)). The field notes taken during the interviews helped in the analysis process. Taking notes in addition to records is a useful combination to understand the meaning of the words said (Fossey, et al., 2002). The 49 gathered codes were then summarised under nine categories. Each category contains pieces of similar codes. These categories were later used as sub-headlines for several sections of the finding's presentation. The coding process is set out in more detail in Appendix 3.

After drawing and filling the categories, the documents were partially translated. All interviews were carried out in German. Hence, important quotes needed to be translated from German to English prior to presentation in the thesis. All translations were done to ensure the meaning of content did not change. The lengthy transcription process allows to get familiar with the 'intimate' interview knowledge. Direct quotes of participants are frequently used in the analysis process, in order to reflect the actual meaning of their statements (Fossey, et al., 2002).

3.4.2. Data presentation

Ultimately, the data was presented in different ways. On the one hand, qualitative data should be presented as textual description, without neglecting the subjective meanings of the underlying topics (Fossey, et al., 2002). Hence, the responses of the individual interviews were listed and compared to each other. Where necessary tables and figures were used to provide a lucid overview.

3.5. Quality criteria and limitations of this study

According to Lincoln and Guba (1985), trustworthiness is the dominant measure for quality in qualitative research. Trustworthiness is related to the systematic rigor and is comprised of four distinct measures, according to the authors. These are credibility, transferability, dependability, and confirmability.

Credibility can be compared to internal validity in quantitative enquiries. It can be understood as *'are we measuring what we think we are measuring?'* (Abott & Bordens, 2003, p. 152). This point is very difficult to assess, as it addresses the accuracy of the findings from the perspective of the researcher, the participants and the 'consumers' of the research (Lincoln, Lynham, & Guba, 2013). Rose and Johnson (2020) summarised a number of tools to verify reliability and validity of qualitative data. Depending on the philosophy stance, from post-positivist to interpretivist, there are differing possibilities. For this study, two methods were used: member checking and peer debriefing.

Member checking entails anonymous data sharing with one or more participants of the research and subsequently receiving feedback on the data and the processes. It is based upon the traditional constructivist views of validity (Seale, 2007). Hence, the collected data was shared with one person from the industry, who was not part of the sample. The feedback during the process suggested that the data is very rich and the process of analysis suitable for the study.

Peer debriefing involves one or more people who are methodologically adept, but do not have as much insight into the research topic as the primary researcher (Spall, 1998). For this study, the supervisors assisted to do this by questioning and challenging the methodological approaches taken.

Transferability is related to applicability in other contexts (Korstjens & Moser, 2017). Hence, it requires contextual information beyond the actual findings within a study. Within this thesis, transferability was ensured by outlining the relevant company data and participants in the research context.

Dependability and confirmability are similar to the term reliability in quantitative research (Rose & Johnson, 2020). Confirmability refers to the uniformity of the results and the consistency of findings within a research. It also relates to the consistency of the methodological process (Miles, Huberman, & Saldana, 2020). Hence, confirmability is a major criterion for the evaluation of any researcher being conducted. If data is not reliable any conclusion drawn from the data would be falsified. In order to ensure reliability of data, the research methods were set out in much detail and followed throughout the research. Dependability on the other hand, is concerned with neutrality. Here, it is important to mention that the interpretation of qualitative data is a subjective evaluation, which includes the interpretation of the author (Ratner, 2002). At some point it can unconsciously reflect the personal opinion, or be selective, which means that only a part of the research is used for data analysis. The aim, as set out earlier, was to gain a subjective knowledge and assessment on the underlying research topic and respond to the research objectives. Yet, other researchers might have interpreted the research results in another way and responded to the objectives differently (Guba & Lincoln, 1994).

3.6. Ethical considerations

Ethical considerations can be grouped in four themes: the industry itself, business practices, commercial sensitivity, and confidentiality.

The alcoholic beverage industry is often subject to heavy criticism, as alcohol can become an addictive drug. Nevertheless, companies in the industry are interested in high profits and so are governments because of the tax. Hence, there are conflicts of interest. This cannot be omitted, but it has to be treated with caution.

Further, there are illegal business practices, which might have been revealed during the interviews. Some breweries engage in bribing in order to export goods faster to certain countries. Learning about such issues in an interview gives rise to serious consideration whether to exclude the particular company entirely from the research. Certainly, such data cannot be part of a recommendation, independent of the revenue increases it brings. All participants were therefore informed prior to the interview, that there are no consideration to speak about these events in general.

Another consideration is information or data that could underly commercial sensitivity. In order to avoid any leak of this sensitive data, the interviews were anonymised in the final thesis and data was stored securely. Further, it remains to mentioned that only absolutely necessary information about the individual breweries was revealed in the thesis in order to avoid the uncover of any of the participants' or breweries' names.

Lastly, the major ethical consideration which applies to all types of research that involve humans, is the confidentiality issue. It needs to be guaranteed that the names of the individuals and of the companies are not revealed. This can only be done by storing data correctly and observing all rules related to confidentiality documentation. Thus, directly after the transcription of the recordings, all the names of participants and breweries were replaced, and the recordings were stored on a secured hard drive.

Prior to the data collection, ethical approval was obtained from the Ethics Committee of Edinburgh Napier University in February 2020.

3.7. Conclusion

The methodology chapter outlined very precisely how and why particular decisions were taken. The first important question that was raised is the research paradigm. The constructivist paradigm has been well established in social science and can be justified by looking at its many advantages. To name one advantage, constructivism aims at uncovering why something happened or why a particular event occurred. This is very much in line with the aim of the study. Subsequent choices related to research methods were firstly and foremostly based on the research paradigm. Constructivism applies a qualitative approach to research. Within the qualitative approach the decision was taken to carry out an inductive industry study, using semi-structured interviews with 15 experts from ten of the largest (former) privately-owned German breweries and brewery groups. These aimed at replicating real-life change processes of German breweries in practice. The interviews were analysed using a thematic analysis approach. Here, 49 codes and nine subsequent categories were established. A pilot study was carried out to verify the suitability of the data collection method prior to the actual data collection and led to small adaptations of the interview questions. The data for the main study was collected and analysed over a period of three months. The gathered data is now summarised in the following chapter.

FINDINGS

4. FINDINGS

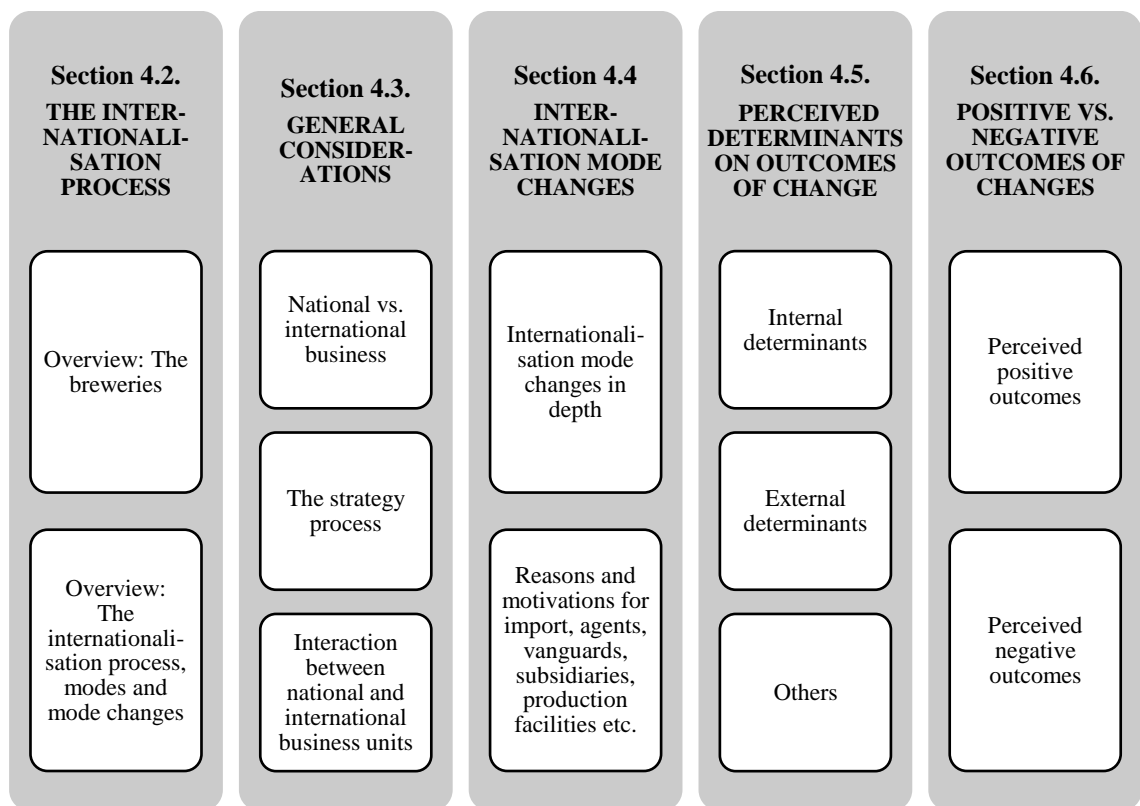
Data has shown that German breweries pursue internationalisation through many different internationalisation modes. The 15 participants recalled 23 different modes and a total of 28 different internationalisation mode changes. The underlying reasons for change can be grouped into intrinsic and extrinsic impulses. None of the two only resulted in positive nor in negative outcomes. Instead, participants recalled several internal and external determinants, which contributed to positive and negative outcomes of change. Generally, internal determinants were perceived as most crucial in the process. Amongst these determinants are culture, organisational processes, people, marketing and market research, and financials. Amongst the external determinants, participants recalled competition and other, smaller determinants as critical. Whereas some stated that the virus does and will not have much impact on international business, most believe that it has a significant influence on the future of international business of German breweries and trade in general. Interestingly, the definitions of positive and negative outcomes of change differ amongst the participants. Some perceived solely positive financial development as 'success', whereas others also considered a closer partnership or lower risk as positive outcome. Overall, the research has shown that there is no 'one best way' to pursue international strategic development and that there are many determinants, especially internal determinants.

4.1. Chapter outline

This chapter presents the findings of the interviews conducted with 15 experts. The first section, section 4.2., provides information about the breweries and briefly touches upon

the internationalisation modes and subsequent changes. Section 4.3. gives a brief insight into general considerations and internationalisation matters, before turning to the narratives of the individuals in more depth in section 4.4. The subsequent section then outlines the perceived influences, as recalled by the participants. A total of 49 codes resulted in 9 categories. These in turn, resulted in two distinct themes, which are internal and external determinants on internationalisation mode change. The last section, 4.6., indicates which outcomes were perceived to be positive and negative and why this is. Figure 15 outlines the presentation of the findings and the structure of the chapter. In line with the aim and the objectives of the thesis, section 4.2. and 4.3. explore ‘what’ happened. Sections 4.4. and 4.5. outline ‘why’ changes happened and the final section 4.6. presents findings related to ‘how’ successful changes were.

Figure 15 - Structure of the findings chapter



Source: own graphic

4.2. The internationalisation process

Prior to the outline of the internationalisation modes and the internationalisation behaviour, the breweries are briefly introduced. Each of the 15 participants, was or is part of one of the ten breweries. Table 9 roughly outlines the major relevant facts by maintaining anonymity of the breweries and the participants. In order to maintain anonymity, the data only gives an approximate indication related to volumes and year dates.

Table 9 - Participating breweries

	CITRA	AMARILLO	CINOOK	COMET	MILLENIUM	NUGGET	SAPHIR	HERKULES	SAAZER	HALL.
Sales volume total (in M hl)	> 5	>3	>5	<10	>5	>3	>5	>10	>3	>3
International sales volume (% of total)	~ 20%	>40%	~25%	~30%	<5%	<15%	<10%	<10%	>50%	~25%
First (serious) internationalisation efforts	~2000	<2000	<2000	<2000	>2000	>2000	>2000	>2000	>2000	~2000

Source: own table

4.2.1. Existing internationalisation modes

The following section gives an overview over different internationalisation modes and subsequent changes pursued by these large German breweries in the past. There is a large number of internationalisation modes which evolved over the years amongst the German breweries. These modes ranged from different forms of exporting, repeatedly in combination with other modes, over agent structures, employees in the country, co-operatives, strategic alliances, collaborations, sales subsidiaries, purchase of trade rights, franchise business, license agreements to joint ventures and own production facilities. Many different mode changes were mentioned in the interviews. Some of the modes are very frequently used, some other are rarely used.

Table 10 - Internationalisation modes

Mode \ Brewery	CTRA	AMARILLO	CINOOK	COMET	MILLENIUM	NUGGET	SAPHIR	HERKULES	SAAZER	HALL
Export I (exclusive agreement with one importer)	X	X	X	X	X	X	X	X	X	X
Export II (agreement with multiple importers)	X	X	X				X			X
Export III (one/multiple importers and additional employee in the country)										X
Export IV (directly to wholesalers)			X				X		X	X
Export V (with Brand Ambassador)	X									
Agent I (single agent)									X	
Agent II (company)				X	X		X		X	X
Agent III (with importing function)										X
Vanguard I (one employee in the country and one importer)								X		
Vanguard II (one employee in the country additional to an agent structure)					X					
Freelancer (in home market or target market)									X	
Central distribution via co-operative, but sales through own employees							X			
Co-operative for off-trade distribution and agent for on-trade distribution							X			
Strategic alliances (with beverage companies)									X	
Collaboration (distribution via local brewer/beverage company)									X	
Collaboration (production with local brewer)							X			
Sales subsidiary (small number of employees in the country)								X		
Official sales subsidiary (large number of employees and key account)	X	X	X		X			X		
Purchase of trade rights of local producers					X					
Franchise (through restaurant business)	X									
Licensing agreement			X	X						
Joint Venture	X			X			X	X		
Production subsidiary		X								

Source: own table

Table 10 outlines the different internationalisation modes. The table does not include all modes pursued by the breweries, but those that were mentioned during the data collection. Modes marked with a grey X are not currently pursued by the individual brewery.

4.2.2. Internationalisation modes

Before outlining the recalled internationalisation mode changes, the different internationalisation modes, as (currently) pursued by the breweries are set out in more detail below.

Export I (exclusive agreement with one importer): All brewery groups pursue this strategy in several markets. It was frequently mentioned that the reason for this is the low risk and possibility for opportunistic growth with low financial or resource commitment. Each of the export modes is either pursued through an independent importer or through another partner in the country, such as a retail chain or an online retail.

Export II (agreement with multiple importers): Some breweries groups use this internationalisation mode. This mode is more common for larger countries with high market potential for German beers. Yet, it carries the risk of disputes between the two parties for on-trade, off-trade, and e-commerce. On-trade is often used for brand building, but off-trade and e-commerce are often played through low-price strategies. The choice to have multiple importers can also be based on the product portfolio, hence the sales of different brands in a market.

Export III (with one or multiple importers and an additional employee in the country who is employed at the importer): This mode is utilised by only very few breweries, as the commitment for the importer increases with each employee on the payroll. Having

multiple importers also requires increased coordination efforts and very clear contracts about competences and sales areas.

Export IV (directly to wholesalers): A mode, which is used more and more frequently, as the demand in the market is high. Here, the larger wholesalers or retailers save the margin the importer would usually earn for the services and part of the logistics. Especially for breweries with high volume targets and supply of (global) wholesalers and retail chain, this method is commonly used.

Export V (with Brand Ambassador): An export mode in which the importer hires a brand ambassador. The salary is then shared amongst the importer and the brewery. The ambassador mainly has a marketing function and represents the brand in the market.

Agent I (single agent): Most breweries work or have worked with agents in the past. This agent acts as salesperson in the country and often takes over an acquisition function for other countries. The agent can be the importer at the same time but does not have to be. The most common agent structure is the company version (see below).

Agent II (company): Here, the agent owns a company that represents the brand in the country and pushes sales and possibly brand building. This method is suitable if there is no direct business with huge wholesalers, as the agent commonly receives a percentage of all sales in the country/countries.

Agent III (with importing function): In this rarely used mode the agent is the importer at the same time. Mostly, the importing function is only for one country and the agent acts

as salesperson, or door opener for other countries close by (e.g., import and sales in Singapore, but sales for Myanmar, Indonesia, and Vietnam).

Vanguard I (an importer with an employee who is employed at the brewery): A rarely used internationalisation mode, because the importers usually take over all functions from sales to brand building and key account activities. The employee commonly has the assignment to survey brand building activities and take over key account functions.

Vanguard II (one employee in the country additional to an agent structure): One mode of internationalisation in which the employee in the country works closely with the agent. Implementing this mode tends to be used if higher commitment strategy is planned for the future.

Freelancers (in home market or target market): This mode is pursued by a very small number of breweries. However, the commitment is fairly low compared to the own employee in the country. It was rather mentioned in connection with market entry and the first business steps in a foreign country.

Central distribution via co-operative, but sales through own employees: This mode was rarely mentioned by any of the participants and is not actively used by any of the breweries but has been in the past. Here, the co-operative is the partner for import and distribution of the products.

Co-operative for off-trade distribution and agent for on-trade distribution: This mode comprises central import but different distribution methods in the market. Only one

brewery group has used this mode. It is complex to handle and often results in discussion between the two partners in the market.

Strategic alliances (with beverage companies in the country): Some breweries use this mode to ‘complement’ sales portfolios of other beverage producers/distributors abroad. Hence, these alliance partners receive a fee for selling the beers as part of their portfolio. The partners function as importers at the same time. A low-risk strategy for limited volumes, as the portfolios of the alliance partners and the beer is not their core focus. In return, the products of these partners can be sold in the German market. Hence, a win-win situation for both alliance partners.

Collaboration (distribution via local brewer/beverage company): Similar to strategic alliance, the portfolio of another beverage company is complemented by brewery products or other beer types. Yet, the products of the collaboration partner are also sold in the German market. According to the participants, this is rarely used because many brewers/beverage companies have large portfolios already.

Collaboration (production with local brewer): An innovative approach to internationalisation modes, which is not necessarily used to generate large volumes, but to support brand building activities and long-term sales. This internationalisation mode was only mentioned by one participant.

Sales subsidiary (small number of employees in the country): This high commitment internationalisation mode is used by a small number of breweries in the larger markets. It requires a lot of capital and market knowledge. Many breweries have failed to properly

implement this mode. As compared to the official sales subsidiary, there is no official office for the employees yet.

Official sales subsidiary (large number of employees and key account): Similar to the above, the mode requires a high amount of capital and market knowledge. Establishing an own office is a time-consuming task, which breweries approach with respect. Yet, it is frequently used for the larger markets with high volume targets.

Purchase of trade rights of local producers: Another rarely used internationalisation mode. Here, the brewery purchases trade rights in the target market to increase or complement its portfolio. In doing so, the brewery can offer a larger portfolio and is thus more attractive to customers. In addition, it reduces complexity for customers, as they purchase their products from a smaller number of suppliers.

Franchise (through restaurant business): One participant revealed the internationalisation mode, which has been in place for the past 20 years. Here the restaurant franchisee of the brewery acts as importer for the country.

Licensing agreement: A rarely used internationalisation mode as it requires a high level of control over the licensee and the license production. Most participant mentioned this as one of the least suitable methods to internationalise.

Joint Venture: This mode is desired by many of the breweries but used by the least. It requires a trustworthy and financially strong partner in the country. This mode tends to be used when the market is well known already and there is substantial volume already. It can be a production JV or a distribution JV. The commitment thus differs.

Production subsidiary: One single participant reported the implementation of a production facility abroad. It is one of the most capital intense modes to internationalise. All participants mentioned exporting as the most common internationalisation mode, followed by agents, own employees in the country and sales subsidiaries. Less frequently mentioned modes were collaborations and JV's. The least mentioned were co-operatives and franchise agreements. None of the breweries actively pursues franchise agreements for beer production. Only one interviewee mentioned franchise agreements as a means of establishing restaurant business for the brewery. The co-operative is not actively used anymore either, similar to own production facilities.

4.2.3. Past internationalisation mode changes

Overall, the data revealed 23 different internationalisation modes which German brewery groups use to extend the international business. Subsequently, the participants also brought up many internationalisation mode changes. Table 11 outlines which changes happened within the breweries. Starting point for most changes was one or multiple importers. Whereas the change to a new mode ranged from import to local production. The table also shows how diverse the changes are and how many different possibilities there are to grow. The interviewees mentioned 28 possibilities of change. It was noticeable that changes towards agents, any forms of collaborations with partners in the markets and own subsidiaries were most frequently mentioned. Whereas changes towards import business, license, and own production facilities were the least mentioned changes.

Table 11 - Internationalisation mode changes

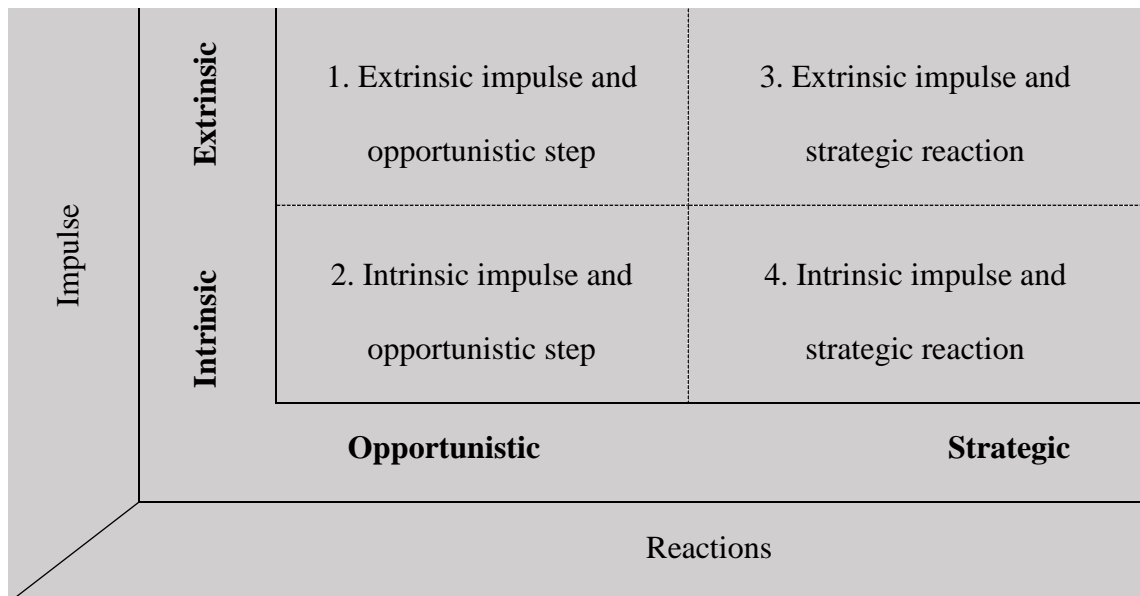
PREVIOUS MODE	NEW MODE	MARKET
Export	Direct business with wholesaler	Italy
Export	Agent	Singapore, China, Italy
Export	Strategic Alliance	Italy
Export	Vanguard	China
Export	Importer and cooperation	US
Export	Direct business via own warehouse	Italy
Export	Freelancer/agent	South America
Export	Joint Venture	Canada
Export	Subsidiary	US ⁵ , Italy, US, US, China
Export	Export + subsidiary + production	Canada
Two importers	Export and agent	UK
Two importers	Subsidiary	US
Multiple importers	Multiple on-trade importers and one central off-trade importer/distributor	Spain
Multiple importers	Agent and logistics partner	US
Import	Export and Brand Ambassador	South Korea
Direct on-trade	Export	Australia
Direct business	Agent	Sweden
Agent	Direct business with off-trade	Europe
Agent, Coop. with brewery and direct business	Only direct business	Switzerland
Agent + own employee	Subsidiary	Italy
Co-operative	Distributor and agent	Netherlands
Joint Venture	Export	China
Joint Venture	Joint Venture and import	Eastern Europe
Joint Venture	Subsidiary	US
Subsidiary	Joint Venture	US
License	License <i>abroad</i> and import	US
License	License + Export	Easter Europe
Production	Production + distribution + Export	France

Source: own table

⁵ Listed three times due to multiple mentions by different breweries.

Figure 16 now outlines the impulses for internationalisation mode change and the reactions to these impulses.

Figure 16 - Impulses and reactions



Source: own graphic

Extrinsic refers to a situation which was imposed on the company through an external situation or partner, whereas intrinsic refers to a situation which was generated within the company.

Looking at the change decisions, which had a variety of intrinsic and extrinsic impulses, another interesting fact appears. There are two different reactions. These are strategic and opportunistic reactions to the impulse on change. Overall, there are four different combinations in which change took place. These combinations are made up of two components. The first one is the perceived initial impulse and the second one is the reaction to it. The two initial impulses are internal and external determinants and the two subsequent reactions are strategic or opportunistic.

Each decision to change an internationalisation mode in an existing market can be categorised in one of the four quadrants. The most common combination was an intrinsic impulse and a strategic reaction. The least common one was intrinsic motivation and opportunistic reaction.

4.2.3.1. Intrinsic vs. extrinsic impulses

As the data analysis has shown, extrinsic impulses are rather straight forward. Whereas intrinsic impulses on change decisions are available in a great variety. Further, they can be split into two different common opinions. The first one is that strategy is a reactive process. The second one is that strategy is a pro-active process. The latter implies that changes in internationalisation modes need to be considered even though the current strategy is still working. In contrast, the first view implies that strategic change is rather driven by the current strategy. Hence, if the current strategy or mode is not working anymore, one needs to consider change. Data has shown that internationalisation mode changes are indeed a rather pro-active process, even though opportunities were taken as they arose.

Many of the mode changes take place due to intrinsic motivations. These can be split into two groups. The first part are purely internal motives. They can be summarised in very simple terms. The overarching terms are volume growth, profitability increase, brand building, reduction of complexity and securing volumes in politically unstable markets. Several cases illustrated these internal motives. The case of Hallertauer Brewery in the US illustrates motivations for brand building by partnering with local firms. Saphir Brewery, in turn, aimed at complexity reduction by withdrawing from a cooperative in the Netherlands. In contrast, the aim of Comet Brewery in Russia was to decrease risk by pursuing alternative distributions ways due to political instability. The later, for example,

aimed at establishing license business in order to avoid volume losses due to new customs restrictions. Some respondents stated that they base mode changes on hectolitre sales in the market. Hence, increasing sales demand new modes. Not all respondents agreed to this. One reason was also the aim to minimise risk in the process.

The second part are other motives, which indirectly affect the intrinsic impulses to pursue change. As opposed to the extrinsic impulses, these impulses do not necessarily require action and rather provide 'food for thought'. Amongst the responses related to internal influences it became apparent that change is pursued more pro-actively. Hence, there are regular time frames in which the responsible stakeholders initiate the change process. In most cases, it is a yearly process and one that questions contracts and partnerships early before they expire or need to be extended.

4.2.3.2. Opportunistic vs. strategic change reactions

Following the initial impulses for change, different reactions appeared. The subsequent reactions are either strategic or opportunistic. Hence, they have a strategic focus, i.e. mostly a long-term volume target, or an opportunistic attitude in which there were no or limited specific strategic aims.

Opportunistic change reaction

In this first case, the change was executed with no clear short-term or long-term goals. Rather, the process was often guided with limited efforts. The case of Cinook Brewery in Australia has shown that despite the limited efforts of the brewery, the business in the country has developed positively. In some cases, it was because the relevant management capacities in the brewery were not available (e.g., Hallertauer Brewery in the US), the market was not well known enough or the timing for the possible change was limited

(e.g., Amarillo Brewery in France). An extrinsic impulse initiated these opportunistic change reactions in most of the cases. Here, the data reflects two different themes. Opportunistic change reactions were either taken because of personal sympathy (i.e., the approach of a partner who seemed reliable and trustworthy) or to prevent losing an existing market (i.e., partner in the country cancelled the contract or partner was bankrupt).

Strategic change reaction

This reaction to change impulses are more thought through. Future business is planned, and measures are put in place to reach the new strategic aims. The initial impulse to strategic change reactions was in most cases of intrinsic nature. Within the strategic change two themes emerge. An emotional approach and a fact-driven approach.

The *emotional approach* is a situation in which (groups of) individuals within the organisation took decisions or initiated decisions because of their particular interest in an internationalisation mode change. Often, past experiences or employments lead these managers to the decision that something needs to change, such as the case of Citra Brewery in China. The suggestion to get external partners, such as consulting firms, involved in the decision was not considered in the cases. Also, market research did not play a significant role.

The basis for the *fact driven* approach is the evaluation of facts. Here, the breweries evaluated facts about volumes (e.g., Comet Brewery in Eastern Europe), market potential (e.g., Saazer Brewery in South America), ‘critical sizes’ of a local partner, brand issues, profitability and the desire for more control (Saphir Brewery in China). In this case, the importer reached a ‘critical size’ and was not able to satisfy the potential sales. In this

second approach market research play a role and was thoroughly carried out by the responsible stakeholders. The data also showed that the more recent the internationalisation mode change, the more fact-based the approaches.

4.3. Findings on general considerations and internationalisation

Before outlining the internationalisation mode changes in more depth, a few general considerations and findings on the internationalisation process need to be elaborated in more detail. There are several considerations, which were not mentioned in direct connection with any of the recalled change processes. However, there is a long list of perceptions related to the indirect or additional impacts. Besides that, there are perspectives related to the perceived importance of international business, the significance of international strategy, the strategy processes implemented within the international departments and the variety of internationalisation modes used.

4.3.1. National vs. international business

The individual sales volumes in foreign markets varied enormously amongst the breweries. The volumes range from 5% to over 50% of the total sales volumes of the breweries. The timing of the first internationalisation activities varied as well. Whereas the Amarillo and Cinook Breweries started their internationalisation efforts at a very early stage, other breweries only followed over the course of the past 20 years.

When it comes to the importance of national vs. international operations, two opinions were reflected in the data. On the one hand, participants outlined the importance of the international business for German breweries because of the difficult market situations and the obstacles to grow organically in Germany. On the other hand, some participants also stated that international business is not suitable for all breweries. Despite the general

tendency towards the importance of international business, which many participants underline with current market data, the difficulty to establish business abroad was emphasised. Yet, some breweries have already established substantial business abroad. The total international focus varies strongly amongst the different breweries. Statements of J. Korinna from Saphir Brewery and J. Francks from Cinook brewery underline the importance of foreign markets for the future of German breweries.

'Our management board has clearly recognised that the international business is most important if we want to see growth over the next couple of years. The German market is difficult. Hence, we won't be able to make big steps here.' (J. Korinna, Saphir Brewery)

'Organic growth is very difficult for breweries in Germany. That is different abroad. There are many white spots where German breweries are not successfully present. But we are fully convinced that German beer has a bright future abroad.' (J. Francks, Cinook Brewery)

'Well, we have the situation that the German beer market has been declining for 44 years. So one should have started searching for growing markets – international markets –' (J. Francks, Cinook Brewery)

P. Heines from Comet Brewery underlines these statements even more. He states that international operations are the future of German breweries.

'For many companies, not only breweries, international business will be the future. To date, export business was used to utilise overcapacities for

international markets. In a sense that: we sell off the leftovers. But that is not right anymore. That is very short-term thinking. ' (P. Heines, Comet Brewery)

Even though it was recognised throughout by all participants that the German market is getting increasingly difficult, and volumes have declined, not all participants believe that the leading German brewery groups should focus on international business. B. Janetzki from Millenium Brewery suggests that:

'I think that not all breweries should grasp at the straw of internationalisation. That won't work because most of them are stuck in the middle, somewhere between cost and price leadership. If you would ask our owner where he sees growth potential in the next couple of years, he would probably not even mention 'international business' amongst the top 3.' (B. Janetzki, Millenium Brewery)

Though, J. Francks also recognised that it is a major step to move into more international business. The participant also emphasises that international business demands courage and brings up several risks.

'You need to have courage and willingness to take risk in a field which less well known to you.'

However, J. Francks also acknowledged that past strategic choice in the German market were not less risky than several operations and expansion modes in foreign markets.

,Back then, there were strategic considerations to expand the international business. However, they did not listen to us and rather used the money to buy a

competitor in Germany. The risk to establish substantial business abroad would have not been higher.’ (J. Francks, Cinook Brewery)

Nevertheless, participants also recognised that the international markets also get increasingly difficult. M. Engelens from Cinook Brewery, for instance, stated that:

‘It is getting increasingly difficult for German breweries to build up substantial international business, due to the strong conglomeration in the markets.’

At the same time, J. Korinna from Saphir Brewery suggests that the brewery has moved away from extra-EU business as it is too complex.

The data revealed that the individual breweries have a different focus on international markets and hence their commitment towards international markets also differs enormously. Thus, volumes in international markets differ strongly amongst the breweries. The international sales figures vary between 5% and slightly over 50% of total sales, as set out earlier.

4.3.2. The strategy process

A number of different strategy processes were mentioned by the participants. All breweries categorise markets into different groups, assigning a different importance to each one. Subsequently, markets are treated differently, based on the assigned strategic aims. Some breweries exclude certain countries entirely, due to market size, competition, or other factors. Further, the breweries deal differently with Stock Keeping Units (SKUs⁶) and product ranges and categories. The number of products available for international

⁶ Stock keeping unit: storage unit or container

markets ranges from one to over 50 products. Similarly, the number of available SKUs differs depending on production potentials and demand in the market. Even though the strategy process was outlined by each participant, many revealed that there are still some choices, which are made without much strategic consideration.

According to R. Rimpaus from Herkules Brewery the markets are categorised in strategic markets (long term investments and growth), tactic markets (markets that have high value because of their customer structure but are not entirely ready for the next steps, e.g., direct business with large retailers is dangerous because one never knows whether they are loyal to the brand) or opportunistic markets. J. Korinna from Saphir Brewery states that these are focus markets, growth markets and developing markets. Whereas G. Berkner from Citra Brewery states that these are growth markets, locked growth markets, watchlist markets and development pool. F. Schwarze from Saazer Brewery defined markets simpler, into home market (EU) and rest of the world.

When it comes to the number of countries, products and SKUs, there are two distinct opinions. The one that strongly prevails is the one that focuses on the most profitable ones in order to reduce complexity. The following statements of E. Amsel from Citra Brewery, F. Schwarze from Saazer Brewery and P. Kapuze from Nugget Brewery reflect this high conformity.

'Focus on a few countries. The claim 'we surf the waves as they come' does not work. You need to develop a strategy that can be easily transferred to other markets.' (E. Amsel, Citra Brewery)

'We really looked at the markets and asked ourselves which ones are most important and which SKU could we sell most profitable.' (F. Schwarze, Saazer Brewery)

'... 50 of 100 markets were not lucrative, so we reduced our activities in these markets.' (P. Kapuze, Nugget Brewery)

'Improving profitability was a very important consideration for us throughout the past 2 years. Things changed a lot in the company. Hence, we analysed all relevant markets and changed something in those where we had profitability issues.' (J. Korinna, Saphir Brewery)

Only few participants revealed that all countries/partners, who approach the brewery are served:

'The country list is not really relevant for us. If someone from Timbuktu approaches us and says he wants to have our beer... well, then he can have it.' (J. Korinna, Saphir Brewery)

Even though most of the breweries have solid strategic planning processes some of the participants 'admitted' that processes and changes have sometimes been a 'gut feeling' and coincidence. Statements were made exclusively by participants who revealed that their strategy processes are less standardised. Here, strategic planning is one part but the execution in practice sometimes turns out differently.

'This has nothing to do with export strategy, because at the end of the day the gut feeling was the decisive guide.' (P. Kapuze, Nugget Brewery)

'That wasn't strategy, it was pure coincidence that we met him.' (M. Engelens, Cinook Brewery)

'... always many coincidences. You knew some, who know someone, or someone approached us and asked: could we have a license to brew in X or Y country?' (J. Francks, Cinook Brewery)

4.3.3. Interaction between national and international business units

When it comes to the connection between the national and the international sales, processes within the breweries differ. Most of the breweries link their international strategy to the national one. Most strategies are even established jointly between the national and the international business units and are fully incorporated into the overall strategic planning of the brewery. Some of them have only recently initiated this process. Only very few have an almost independent planning process. Further, the importance of written strategy papers was emphasised in order to stress the importance of international business in the minds of all stakeholders. Related to interaction with the national business units, the naming of the international department frequently arose. Here again, data revealed very different opinions. Generally, most participants emphasised the importance to incorporate the international strategy into the overall strategy of the breweries. Hardly any participants stated that the strategy is independent of the national one.

'Before I started here, the international markets department was like a satellite that was circling around the orbit like a planet. Now we have a written strategy.'

We have laid it out very clearly. And we did present it in the brewery, so everyone sees what we are actually doing. (R. Rimpaus, Herkules Brewery)

Participants also mentioned that a solid written international strategy, which is communicated in the brewery, helps to establish a higher acceptance of the international department, because the business becomes more tangible. However, some respondents revealed that the change of mind has not taken place with all stakeholders yet.

... others than the German markets are often put on a level with 'we simply deliver beer to foreign countries.' (F. Schwarze, Saazer Brewery)

Another interesting point that appeared was the naming of the department. Some participants had a very clear opinion on the name and especially on what it should not be termed. The general view was that 'export department' is no longer appropriate. This is mainly because the department does not only pursue the export mode of internationalisation, but a large number of different modes. Most of the breweries have thus renamed the department to 'international division' or 'international markets department'.

... so the first thing you should stop when you want to seriously engage in international business is to say 'export department'. Instead, you should say 'international sales' or so. (T. Kredler, Saphir Brewery)

'Before I renamed it to international markets, they termed it Versandgebiete (dispatch regions)' (E. Amsel, Citra Brewery)

J. Francks, Cinook Brewery confirmed these statements, but added:

'Yes, breweries that renamed the department are one step further. However, there is no use if I only rename the department, but the international culture is not accepted in the rest of the brewery.'

4.3.4. Stepwise process

Independent of the size and the degree of internationalisation, the respondents actively mentioned the suitability of the gradual movement from low-commitment strategies to high-commitment strategies in a market as most appropriate. However, it is noticeable that the breweries did not actively follow this process. Nevertheless, the experts mentioned that internationalisation and internationalisation mode changes are a long process, in which actions need to be carefully built up. In many examples, however, steps were taken because opportunities arose in international markets.

'It's not always black or white. It is an evolution that a brewery undergoes in a foreign country.' (M. Engelens, Cinook Brewery)

'...build up something over years and only then take the next step.' (B. Janetzki, Millenium Brewery)

'It is all based on a stepwise process, from export to employee to joint venture. So you can control your footprint in the country. And when you know all these models you can ask yourself, which country is ready for the next step.' (R. Rimpaus, Herkules Brewery)

Overinvestments, even at the beginning to build up the business, are seen very critically. Further, slow movement through the internationalisation process was mentioned as crucial. A quick success was only perceived as short-term goal.

'Internationalisation cannot be a quick success. You need to build up the business over time.' (P. Kapuze, Nugget Brewery)

'Our owner doesn't really like to take the money, invest it and see what happens. Instead, he prefers to build up something over the years then take what we earned with it and invest it to take the next step.' (B. Janetzki, Millenium Brewery)

'...moving on with too much speed also poses risks because you re-allocate management capacities.' (R. Rimpaus, Herkules Brewery)

But it is not only breweries that move gradually through a stepwise process but also the partners in the country, as the quote of R. Rimpaus shows.

'... small, family-owned businesses, which have to take the next step by professionalising them and changing the internal structure.' (R. Rimpaus, Herkules Brewery)

Data has also shown that there are different opinions on the change to particular internationalisation modes such as sales subsidiaries, license business or own production facilities. Whereas some participants clearly make the change towards a sales subsidiary a hl-based choice, others make it dependent on the general attitude of the brewery.

'I don't think the decision is volume-driven, but profit-driven. You have to see both in connection and then take the attitude of the owner in consideration.' (B. Janetzki, Millenium Brewery)

Whereas B. Chevalier, Amarillo Brewery states about the switch to an own production facility:

'I wouldn't connect it to volume. I think one has to ask: how much does a brewery abroad cost.'

Amongst those who base the changes on hectolitres there are largely differing numbers.

'Back then, I said that we need a sales subsidiary in each country where we sell above 50,000 hl. This is mainly because of marketing and logistics.' (E. Amsel, Citra Brewery)

'I personally believe that a hl limit does exist. But I think that just below 100,000 hl is just not enough.' (Mr. H. Bernburger, Citra Brewery)

'Financially, the license business is only fun above 50,000 hl' (B. Janetzki, Millenium Brewery)

'You should really reflect every year, whether you have the right partners, the right set-up or the right subsidiary in the right place. Hence, it is not sufficient to say that a mode can be in place for the next ten years.' (Mr. H. Bernburger, Citra Brewery)

'We have a strategy workshop each year in which we put all the topics on the table and speak about all countries. And here and there is a country, which upgrade or downgrade in the priority ranking.' (R. Rimpaus, Herkules Brewery)

4.3.5. Synopsis

This section has shown that the approach to international strategy differs amongst the breweries. Most participants stressed the importance of international business for breweries, due to the difficulties in the German market. However, only some of the breweries have an entirely independent planning process for the international departments. Most of the breweries incorporate the international strategy in the overall business case in order to emphasise its importance. Clearly, all of the breweries have standardised and frequent strategic planning processes and actively approach internationalisation strategy. Nevertheless, some breweries still act very demand oriented. Further, it was perceived that a stepwise process and a careful way into the market is the most suitable approach. The following section shows, however, that this has not always been the case.

4.4. Internationalisation mode changes

In this section, the internationalisation mode changes as recalled by the interviewees shall be illustrated in more depth. As evident from table 11, there is a general consensus on the most frequently occurred and most common internationalisation mode changes. Hence, the most popular changes, such as the change towards an import or agent model or an own subsidiary, are explained in depth. Modes which have not actively pursued, such as franchising, or co-operatives are not discussed further. Next to the many different internationalisation mode changes, the data revealed that there are different reasons and motivation for change. The participants mentioned several intrinsic motivations and

extrinsic impulses as underlying reason for change. The following sub-section summarise the individual narratives behind the changes to a different internationalisation mode.

4.4.1. Export

Changing from any internationalisation mode to an export strategy was often mentioned in combination with other internationalisation modes. Hence, the breweries changed from one internationalisation mode to exporting or exporting in combination with other modes, such as license business. Here, several reasons for change were brought up. These are, for instance, the suspicion that a partner in a joint venture could have business issues, an internal reason which was based on the decision that employees in the countries do not fit the strategic orientation of the brewery anymore and the weak performance of agents. In one example, the participants mentioned the decreasing trust in the partner as major driver for the internationalisation mode change from a joint venture to import business.

'I think there were two major points. The first one was that there was no sustainable trust in the partner in the country. The second one was the control from Germany over the organisation or the joint venture was very difficult. We suspected that they worked unclean and in the worst case even embezzled something. Things got too complex, and the brewery did not want to carry the risk anymore.' (J. Korinna, Saphir Brewery)

Another example included the internal strategic decisions, which had an impact on the choice related to the internationalisation mode change from an own employee in the country (vanguard) towards export business.

'We decided in favour of the strategy change, because we had an internal restructuring in the international department and did not want to have an employee in the country anymore.' (J. Korinna, Saphir Brewery)

Further, the performance of existing stakeholder was frequently mentioned in relation to change. In certain cases, the partners, such as agents or joint ventures, were not able to satisfy market demand. Hence, the breweries looked for new ways in which business could be built up sustainably over the next years.

'We had an agent in the US, who helped us to coordinate all the importers. However, the business was not profitable, and growth of some importers was not equal to market potential. So we analysed the market. At the end we came to the conclusion that an agent was only little effective and decided to go another way.' (T. Kredler, Saphir Brewery)

'Actually, nobody knew anything about it and nobody managed it. And we actually did not get any money from this joint venture, because the company did not have any profit. Yet, the company had the exclusivity for the brand in the country. This really was bad for our success in the market. So we made some trouble and added import business as well.' (P. Heines, Comet Brewery)

4.4.2. Agent

An agent model is a very frequently pursued internationalisation mode and there are subsequently multiple reasons for change towards this mode. On the one hand, a brewery was approached by a potential employee/freelance agent. In other examples the reason

for change was the difficulty to properly handle the on-trade market because of the competitive pressure of local breweries.

'Well, the potential agent approached us and I thought, let's use the chance. For me it was a strategic choice because the seasons are the opposite of ours. So, in our low season, we have the chance to increase sales in another region. In addition, the per capita consumption in the region was quite interesting. Hence, we decided to work together.' (F. Schwarze, Saazer Brewery)

Further, agent models are perceived as low risk strategies by the participants. The financial commitment is very limited and the processes in the background are handled by the agent. Thus, effort compared to other collaborative structures are lower. Further, the agent mode was perceived as easier way to access the market efficiently. According to the participants, this is related to better access to the market, market knowledge, decreasing language barriers and the knowledge of local business practices.

'We had an importer but always had the problem in on-trade that there were many strong local breweries which created a highly competitive environment. Then one of these breweries approached us and wanted to include us in their sales portfolio. We agreed because it was a good deal for us. However, we wanted to keep our former importer and made him an agent, because he had all this know-how.' (T. Tirol, Hallertauer Brewery)

'It was very difficult to understand the mentality and the business practices. So we decided that we need to have someone in the country who is our extended arm. And at the end it is also a language barrier. Fortunately, we found some who was

able to represent our interests as an agent. So we were able to work more efficiently. (K. Hohenfinower, Comet Brewery)

4.4.3. Vanguard

A number of participants mentioned the vanguard mode as possible internationalisation mode change. This vanguard model offers the advantage to be close to the market without establishing an entire sales subsidiary under local conditions. However, it was still mentioned as a challenging mode as it requires to hire a local under local work conditions in a mostly distanced market.

'German beers had a very positive image in China and demand was high. So we thought we could also grow in the market. We already had four strong partners in the market and thus, decided to take the next step in our internationalisation efforts. So we hired an employee in the market and planned to hire another two to three employees in the near future. But then the situation arose, which arises in all markets with high potentials, all the cheap brand flooded the market. The Chinese were not able to differentiate between the different beers. And so, our project failed.' (R. Rimpaus, Herkules Brewery)

Yet, the interview data has also shown that many breweries perceive it as crucial that a person who is in charge of a market lives in the country.

'In the past we had an employee who was in charge of this and another market as well. However, he lived in the other market. That might have made sense in the past, but last year we decided to change our strategic focus. Now it is important for us that the people in charge also live in the country. We also had the situation

in another market. But it really does not make sense if you fly in the person in charge on Monday and fly him out again on Friday. These people need to see what actually happens on the streets and in the industry.' (B. Janetzki, Millenium Brewery)

4.4.4. Strategic alliances and collaborations

Engaging in strategic alliances was also one of the rarely used internationalisation mode changes. In the cited case, the reason for a strategic alliance was the request of the foreign off-trade partners to decrease the number of partners in the value chain and the subsequent need to have employees who speak the local language. Only few of the participants spoke about strategic alliances at all. In some cases, the strong conglomeration in the foreign market was mentioned as cause. Cooperations with strong international brands and partly competitors is actively rejected by many breweries.

'I had to make sure that the communication through the agent was discontinued, because companies in the industry did not want it anymore. I have quite a few people who speak many languages, but no one who speaks Spanish or Italian. We than found someone who spoke Spanish, fortunately. And in Italy we made a cooperation with a distribution company. Thus, a strategic alliance. We still have this partner, and it works well. And that is simply what off-trade wants.' (F. Schwarze, Saazer Brewery)

'Today it is difficult to walk the way alone you really need cooperations and strategic alliances in order to succeed.' (P. Heines, Comet Brewery)

Collaborations on the other hand, were perceived as useful and innovative tool to pursue internationalisation.

'I think innovation is an important topic and a huge challenge for German breweries. Many breweries think it works against their core products. But actually, it can complement them. So we looked for a large craft brewery in the US and made a collaboration. Sounds a bit strange, but we are kind of a free rider on a larger brewery.' (J. Korinna, Saphir Brewery)

4.4.5. License business

License business was the most cautiously mentioned internationalisation mode and subsequently internationalisation mode change. In very few situations, a license business was pursued. Generally, this rarely used mode was most frequently mentioned in internationalisation efforts in the 1980's. More recent examples show that license business is rarely considered by the largest breweries in Germany.

,It was all management by coincidence. At least that is what I felt, because there was not strategy or people who dealt with it professionally. So we were probably the first once to have a cooperation in China. Some smart people said we were crazy to establish a license business. But we always invented new ideas, such as the support in increasing quality and on-going trainings. So the business was successful. It was not called license business, but that is actually what it was.' (J. Francks, Cinook Brewery)

In an example from the 1980's, which was recalled by T. Kredler from Saphir Brewery, license business was less successful. Here the license led to a weakening brand perception

the US market and forced the licensee to exit the market. Nowadays the largest German breweries tend to exclude license business entirely. Some due to complexity or quality and others due to brand perception. Thus, any participants mentioned similar reasons for the exclusion. Most of them are related to decreasing brand perception in foreign markets.

'It was for strategic reasons, why we have never considered license business. The philosophy of the company was always that all breweries need to be brewed and bottled in Germany. And we are also not big enough, like competitors such as Heineken, to engage in license business.' (F. Schwarze, Saazer Brewery)

For those breweries, which consider license business, it has shown that current sales volumes and environmental uncertainty were perceived to be the driver for change.

'Currently, exporting to Russia is easy. But it could be that the government restricts foreign imports from one day to another or increases the customs fees too much. Thus, then you have to produce locally. So you have to be prepared.'
(P. Heines, Comet Brewery)

4.4.6. Joint venture

Most participants reported joint ventures in the past and the present in one way or another. Most of the time, joint ventures were perceived as low risk ways to gain a deeper access to the market.

'Canada is one of our strategic countries, in which we have almost half the volume of our US sales. If you consider that Canada has 32 million and the US 320 million inhabitants, which is one tenth, we really did a good job in Canada. Here we work

with a distributor, who performs well. But we also see further potentials. The market is also changing because of the improvement in regulations for beer. So, the importer should now invest in key account activities. At the moment he does all the work himself, which leads to discussion between us and him. So we very much like take the next step in the market and create a joint venture. So he could use the capital increase to improve processes and invest in the channels which open up. ' (R. Rimpaus, Herkules Brewery)

Another example shows that the reason was the more professional access to market. Yet, the company needed to rely on the decisions of the partner abroad.

'So we closed the subsidiary to engage in a joint venture with a local partner. They were very professional, had project managers and lower logistics costs due to the high volumes. However, at some point they perceived the cooperation as too expensive. There were also some issues with the warehouse in Europe and so on. So they decided to terminate the partnership.' (G. Berkner, Citra Brewery)

4.4.7. Subsidiary

Most participants have revealed experiences related to foreign subsidiaries. Yet, all of them reflected on many different reasons for change. The reasons varied from increasing regulations to take-overs which imposed entirely new situations, the urge to become stronger in a market, emotional decisions of one or few individuals and past experiences related to partners or regulations in the markets. Clearly, participants provided the richest portrayal of reasons for change towards foreign sales subsidiaries.

'We see in China and other Asian countries, that new regulations come up every year. They change, for example, labelling regulations and increase barriers for breweries to access markets.' (H. Bernburger, Citra Brewery)

Closely linked to these increasing regulations are liability issues for foreign subsidiaries. Whereas the brewery was experienced in exporting to the country, the sudden take-over of a new brand brought an entirely new situation. Here, the risk of going into bankruptcy was higher than a capital injection into the newly acquired subsidiary.

'When we took over the brewery, we also had to take over its daughter company in Italy. However, it was basically bankrupt, because it was really strong in off-trade, but not in on-trade. And that is a real price war in Italy. So the subsidiary was bankrupt... but handling the bankruptcy and taken over the full liability would have been too expensive and too risky. So we decided in favour of a capital injection.' (R. Rimpaus, Herkules Brewery)

Similarly, R. Rimpaus also stated a similar situation for another market, where a partner cancelled a contract, and the brewery was forced to establish and organise a subsidiary. In other examples, the desire to take over more control was the decisive factor.

'The subsidiary was founded in the 90's and was an emergency birth, because the former distributor cancelled the contract. We had a very successful business back than with our alcohol-free brand. Then we had only two or three months to secure distribution in the country. As we didn't find a new partner, we were forced to organise the distribution ourselves.' (R. Rimpaus, Herkules Brewery)

'At that point in time, we reached a huge volume and wanted to become stronger in the market, we wanted to sit on the driving seat and get to know more about the market. And of course, we wanted to sell more and earn more money.' (Mr. H. Bernburger, Citra Brewery)

Further, some of the changes to an own sales subsidiary were recalled as emotional actions. These were the desire of an individual based on past experiences or the perception of one or more participants that change is necessary. Often, only a small number of individuals was involved in the final decision.

'I think that it is always partly an emotional decision. Person X wanted to found the subsidiary as fast as possible, based on his record and his past employments. He was the trigger, and he was certainly driven by emotions.' (Mr. H. Bernburger, Citra Brewery)

'The employee who was in charge of the country, presented it as absolutely important measure... the customers expected personal proximity and thus, someone who represents the brand in the country.' (R. Rimpaus, Herkules Brewery)

'We were at a seminar about the country when the idea came up. Afterwards I told my colleagues that we had to talk. I know what we do. We hire a local who can prepare the foundation of our own subsidiary.' (E. Amsel, Citra Brewery)

Lastly, participants also revealed that past negative experiences also played a role in the choice for a foreign sales subsidiary. Here, the brewery found to have a disadvantage

compared to importers when it comes to trademark rights and hence, decided to establish a subsidiary.

'In the US, we decided to found a subsidiary. It was not purely driven by financials or market potential, but by the negative experiences we made in the past, where we have worked with independent importers. The three-tier system in the US is really complex and only beneficial for the distributors, but not the brand owners. But we wanted to have the maximum in independence and own all the trade rights.' (B. Janetzki, Millenium Brewery)

4.4.8. Others

In some cases, participants mentioned that direct business is indispensable. Especially in close markets, such as the EU markets, off-trade businesses require breweries to remove any intermediaries in order to save costs. Hence, to remain in business, breweries do not have any other choice than pursue direct business. However, a change towards direct business in more distanced markets was not considered by any of the participants, mainly due to high complexity.

'The closer the target market in Europe, the higher the demand for deconstruction of the value chain, which is mainly influenced by off-trade. Off-trade focused companies demand the reduction of partners in the value chain and thus the exclusion of importers.' (F. Schwarze, Saazer Brewery)

The change towards an own production facility was only mentioned by one participant. Hence, next to franchising it is the least pursued internationalisation mode and subsequently the mode that is least found in the internationalisation processes of German

breweries. Here, the driver was the current success in the market and the desire to establish an even more solid business and brand in the foreign market.

'Long time ago, we started with the classic import model. It later developed into an import and (own) sales and marketing structure. Business developed well and so we decided to invest more money in marketing. And at some point, we wanted to access the market directly, which was mainly driven by tax reasons. We reached a critical size and decided to found a mini-brewery. The products were a little cooler... the problem was, the project didn't work. The competition in the market was too strong and really tried to protect its territories.' (B. Chevalier, Amarillo Brewery)

4.4.9. Synopsis

The preceding section has shown that there are many different reasons for internationalisation mode changes. Independent of the individual mode change, and the previous or new mode, there was a variety of intrinsic motivations, and extrinsic impulses for change. Whereas some choices were entirely driven by the breweries, hence by intrinsic motivations, some choices were impacted by determinants, such as the cancellation of contracts or the bankruptcy of a stakeholder, thus extrinsic impulses. Further, the data has shown that breweries underwent similar mode changes, independent of their size and the particular strategic aim. The following sections now summarise which influences the interviewees perceived as beneficial and disadvantageous for change. Thus, it highlights possible positive and negative influences on change as recalled by the interviewees.

4.5. Perceived determinants on (un)successful outcomes of change

The interviews have shown that most participants had very clear opinions on the particular positive and negative determinants or influences on internationalisation mode change processes. All participants recalled a number of different internal and external influences. The two headings, internal influences and external influences, are the two themes, which emerged from 9 categories. These in turn, arose from a total of 49 distinct codes. The categories are used as sub-heading for the section (e.g., culture). The following sub-sections give an overview over the different influences as perceived and recalled by the participants.

4.5.1. Internal determinants

All of the participants perceived internal influences as main contributor to positive and negative outcomes of strategic change. At the same time, suitable internal influences were most frequently mentioned in connection with causes for positive outcomes of internationalisation mode changes. The participants considered various aspects related to culture, organisational structure, stakeholders, marketing and market research, and financials as impactful on internationalisation mode changes.

4.5.1.1. Culture

The most frequently mentioned factor which was perceived as impacting on strategic change is the knowledge about the culture and different aspects around it. In this context, culture of the target market and company culture are gathered. The participants recalled and agreed that these aspects are seen as highly important. Employees or partners who possess cultural or language knowledge of the particular market facilitated change. The data has shown that locals were frequently involved in many of the strategic change processes.

'Why should one not listen to a South-American when it comes to the culture in South-America? Everything else would not make sense. His family lives there and he travels there a couple of times every year. We Germans also understand Europe much better than an American or an Asian.' (R. Rimpaus, Herkules Brewery)

'He speaks seven languages! And especially Russian is very helpful for all countries in the East. He really has a very solid understanding of how countries work.' (R. Rimpaus, Herkules Brewery)

'...language barriers are often very problematic.' (J. Korinna, Saphir Brewery)

'Foreign language knowledge is indispensable.' (G. Berkner, Citra Brewery)

'Knowing Taiwan and the Chinese mentality was a huge advantage for us. In this way we could pursue change very efficiently... Instinct for the market and the international cultures is most important to be successful.' (K. Hohenfinower, Comet Brewery)

Hence, the data showed that participants perceived international experience and intuition for international markets are a large benefit. Here however, it was mentioned once more that proper control from Germany is indispensable. Even though control was mentioned frequently, participants also perceived trust in local partners as essential. On the other hand, management from distance was mentioned as one of the major obstacles.

'You have to hire a local manager, but you have to control really well from Germany.' (P. Heines, Comet Brewery).

'We gave each of the five distributors exclusivity for the areas. They build the brand and they have the resources. It is so important to work close with them. This is how we reached efficiency.' (E. Amsel, Citra Brewery)

Besides the culture of the target market, the internal culture of the brewery was seen as one of the crucial influences on positive outcomes of internationalisation mode changes. Here, the term 'internal perception' arose frequently in connection with strategic change. Most participants perceived it as crucial to make the entire brewery aware that international change has taken place. In doing so, all departments worked in the same direction and support each other.

'It is not enough to have a good strategy that makes sense and works. You also need to guide the internal change process.' (R. Rimpaus, Herkules Brewery)

Some participants termed the awareness creation 'internal marketing'. Only if everyone in the breweries is aware of the major tasks in the international department, the value creation becomes visible, and the department accepted in the brewery. This is, because the international activities happen in physical distance and are not as tangible as the local business in the home-market.

4.5.1.2. Organisational structure

As highlighted above, participants mentioned the importance of close management of operations in the market. However, data has also shown that close management and organisational structures abroad are two separate issues. As cultures differ, the structures of the foreign operations were often slightly separated and often almost independent of

the German structures. The data has shown that the structure of foreign subsidiaries often arose due to differences in the work culture between the home-market and market abroad.

'We really organised everything decentral in the market. There was a link to the German structure, especially IT, but at the end there was a general manager in charge of the entire sales, production and logistics issues. So an entirely independent subsidiary.' (B. Chevalier, Amarillo Brewery)

'It was difficult to build up the organisation. The market works totally different and organisations have entirely different structures. They are much more hierarchical and have an entirely different work culture. People are used to take orders... and it was all about building up know-how. So I have put a cheese cover on top of both of them and told everyone to leave them alone to settle. When I left, they took the cheese cover away. And all of a sudden they were flooded with question and were not able to sell beer anymore because the Germans had too many questions.' (E. Amsel, Citra Brewery)

As part of organisational structure, the strategy process was frequently brought up as contributor. Here, the collection of relevant data, and limited focus played a role. Preparation for change and information collection before initiating the change process was perceived to be difficult and a major criterion for disappointment. Thus, structure and professional processes were considered to be obstacles. The lack of strategic approaches and organisational ideas were mentioned along with the failure to create proper structures.

'It was not really based on facts. I think this could have been done better.' (Mr. H. Bernburger, Citra Brewery)

'There was no real strategy paper, because it was just a spontaneous reaction to market conditions. So we just hoped for luck and that the project would work out in the sense of a soldier of fortune.' (R. Rimpaus, Herkules Brewery)

'They were not managed professionally. They were all lone fighters and there was not strategy or organisation.' (J. Francks, Cinook Brewery)

'I didn't recognise that they aimed at a proper strategy or structures, such as hiring employees, who deal with the process.' (R. Rimpaus, Herkules Brewery)

4.5.1.3. People

A very frequently mentioned criterion to positive outcomes of change is good relationships with local partners and other stakeholders. Good relationships were associated with establishing trust and proximity, frequent contact and especially much direct contact with customers as well as long-lasting reliable partnerships. An overall very stable and solid network in a market was mentioned as enormous advantage.

'I think it turned out very well, because we managed to establish trust and proximity to the partners. And even if there is an external employee or so, you have to treat him like your own. If I manage a team or a partner, it is most important for me to be in direct contact with the partner' (F. Schwarze, Saazer Brewery)

'... he frequently travelled to several countries in order to remain in touch with the partners and establish new contacts. And it worked, we see the first successes.'
(R. Rimpaus, Herkules Brewery)

'The consistency and the proper development of a good partnership, which is in the second generation here and there already, is a point which is really helpful when you pursue change.' (T. Tirol, Hallertauer Brewery)

'So you don't need a large amount of money. You just need the right people.' (P. Heines, Comet Brewery)

The relationship to other external stakeholders, such as suppliers, agents and distributors, was found to be important in general. However, it was also mentioned that a good relationship with internal directly or indirectly involved stakeholders is of utmost importance as well. The participants strongly emphasised the significance of the right people, the acceptance of different cultures, cultural diversity, and the importance of foreign languages. These considerations were mentioned as key driver for the successful set up of an international business unit. T. Tirol from Hallertauer Brewery states the following when it comes to internal stakeholders.

'You really have to work close with managers in the country. If they do a good job, changes are easier.' (T. Tirol, Hallertauer Brewery)

'You really need the right people' (M. Engelens, Cinook Brewery)

'So why not listen to someone from South-America how the culture in South-America works? It is great to have these people in the team. Diversity is always an important tool to generate high quality.' (R. Rimpaus, Herkules Brewery)

'So you don't necessarily need to invest a lot of money, but you need good people who establish the business [...] you don't have to make huge investments. But you need to have the right people.' (P. Heines, Comet Brewery)

'The second thing you have to do is to take along your employees. Hence, they need very clear guidelines and high loyalty. If you haven't managed to build this up, a subsidiary cannot be successful.' (R. Rimpaus, Herkules Brewery)

Here, the formulation 'right people' frequently arose. The definition of 'right people' in the process varied amongst the candidates though. When it comes to another perceived positive impact, namely the freedom of managers to act independently, two opinions appeared. On the one hand there are participants who find it useful to involve as many people as possible in international changes. On the other hand, a small number was perceived as more efficient. Thus, when it comes to preparation for internationalisation choices, data also showed that it is important to gather the right team. Participants agreed that choices need to be made quickly. However, the definition of the 'right' team differed amongst the respondents. On the one hand was the perception that choices are made quickly if a larger number of stakeholders are involved.

'Our meetings took place with all responsible parties from the international department, the export director, the sales manager for Asia, and the management board – so we are were able to make quick choices.' (Mr. H. Bernburger, Citra Brewery)

'At the end you have to get as many people as possible involved in order to back up the choices. Otherwise you don't get the support, whether it works out or not.' (T. Kredler, Saphir Brewery)

Rarely, it was perceived as better if choices could be made by a small group of people.

'We would have never been that successful with the small means we had, if I hadn't been given a free hand.' (T. Tirol, Hallertauer Brewery)

A further stakeholder, namely employees, were also seen as crucial contributors to the final outcomes of internationalisation choices. Hence, sympathy for employees and partners and the right choice of experienced employees for a position were defined as essential.

'It was semi-productive I would say. The guy might have been good at the beginning, but later, working with him became a catastrophe.' (T. Tirol, Hallertauer Brewery)

'So the development in the country was an example where the emotions matched.'
(M. Engelens, Cinook Brewery)

'Mistakes were made when setting up the organisation. The employee selection was a major one. He just didn't perform the way we wanted.' (R. Rimpaus, Herkules Brewery)

'We did not manage to find the partners who had good access to the markets in order to grow fast and profitable.' (B. Janetzki, Millenium Brewery)

4.5.1.4. Marketing and market research

Further, participants emphasised the importance of knowledge about the market and market data. Many respondents find it very important to have a solid knowledge about relevant market data and information before pursuing change. The acquisition of it takes place through proper market research and travelling to the country, according to the interviewees.

'We gathered a lot of data through Euromonitor or through the Verband der Ausfuhrbrauereien (association of export breweries)... so I would say we did have all the information we needed.' (J. Korinna, Saphir Brewery)

'You really have to know the markets and been there at least once. Some people just travel to the markets very naively and open just one eye. When they are courted there by the local partners they forget to open the second eye. So you need to know the market beforehand, by carrying out market research, consumption behaviour, off-trade or on-trade focus, competition. But all of this only works with traveling to a country.' (P. Heines, Comet Brewery)

'... I think it is necessary to have an idea of how to operate in a market and which steps to take and which prerequisites there are. For example, there should be a solid business case before you start. But you still have to monitor the markets closely.' (R. Rimpaus, Herkules Brewery)

In addition, marketing was mentioned as one of the main influences on change. For changes to high commitment modes, marketing was perceived as crucial to establish solid business and thus, successful change. Focusing only on sales and logistics was perceived as issue.

'They are oriented towards sales and logistics. Hence, no more marketing, which would actually be crucial.' (E. Amsel, Citra Brewery)

Another marketing topic which was a perceived contributor to positive outcomes was the occupation of a niche abroad. This, however, has shown to imply cost intensive marketing activities. One of the niches was mentioned as restaurant business abroad by a number of respondents.

'If you manage to occupy a niche in a market, you have a good base for change. But you have to remain authentic.' (F. Schwarze, Saazer Brewery)

'When I was in Beijing some time ago, I stayed at the Kempinski hotel and there was the Paulaner Bräuhaus right next to it. Amazing how they transport 'home'. The micro-breweries really push the brand perception. That all started in the gold diggers phase with their home-brewed lager beers, when the Chinese couldn't handle the cloudy wheat beers.' (F. Schwarze, Saazer Brewery)

It was not only competitors which had negative impacts on the breweries, but also consumer acceptance and perception in the market.

'All license businesses I know failed because of wrong assumptions about the markets and the related volumes.' (B. Janetzki, Millenium Brewery)

Especially for distanced markets, incomplete data collection resulted in failure, due to the legal and cultural difficulties (J. Korinna, Saphir Brewery). The infrastructure also played a role in negative outcomes. B. Chevalier, Amarillo Brewery mentioned in an example from overseas, where:

'Management from distance was not possible. That was too large for our dimensions, but on the other hand also too small.'

4.5.1.5. Financials

The proper management of financial resources was mentioned as one of the important influences as well. Yet, actual financial resources were not necessarily mentioned as the most important factor for positive outcomes of change. Data has also revealed that proper controlling systems and a close analysis of the market are seen as indispensable. Hence, markets and current situations need to be monitored in order to make choices. In addition, data revealed that management capacities can only be allocated when looking at the broader perspective. Hence, the financial situation of the brewery as a whole needs to be analysed.

'If you don't have the transparency in your controlling, you wonder how the numbers look like once you make a calculation.' (B. Janetzki, Millenium Brewery)

'You really have to try to find the necessary resources in the brewery. You have to be ready to use management capacities, which might be needed in another place too.' (R. Rimpaus, Herkules Brewery)

'Our reporting is very transparent, so we can calculate our margins exactly. It is important that managers don't only look at their own department.' (R. Rimpaus, Herkules Brewery)

'In our regular meeting with the management board we worked out volume forecasts and sales targets. And there we saw that we need a new partner.' (H. Bernburger, Citra Brewery)

Despite the perceived limited importance of financial resources, the data showed that financial resources are necessary to build up brands in the long run. Hence, the capacity to take the next step in the internationalisation process was given, however, the support in the long run was not. Without investing in marketing activities breweries were not able to build up brands and thus have an overcommitment in the market. Hence, the commitment is high, but the brand cannot be built up because there are no resources for marketing spendings.

'The brand is not established yet and actually I also don't have the money to invest.' (B. Janetzki, Millenium Brewery)

'... but they never had the necessary financial resources to succeed in the market.' (J. Francks, Cinook Brewery)

In a different example, R. Rimpaus from Herkules Brewery mentioned that a brewery built up a huge organisation in China with more than 20 employees. However, the volumes did not suffice. Hence, there were high fix costs, and the brewery buried millions of Euros. He assumed that it is not visible in the overall cost structure, because the

brewery does not have a proper cost management and thus does not know how profitable the individual markets are. When it comes to other equity modes, such as joint ventures, P. Heines from Comet Brewery further states that:

'Either you have 51% of the shares and the structure and the people to do it or you don't do it! I mean why should you have a brewery somewhere in the Ukraine or so. A very typical mistake of German brewers.'

The data has shown that a factor which decreases costs in most cases was complexity reduction. In this context, it is related to shortening processes and eliminating unnecessary steps. The data revealed that complexity reduction is not only a measure of success, but also a factor that facilitated positive outcomes of strategic change (T. Tirol, Hallertauer Brewery; G. Berkner, Citra Brewery; J. Korinna, Saphir Brewery).

'At the end, the complexity reduction was a major factor. Now they take care of sales, yearly joint business planning and marketing and it works very well.' (M. Engelens, Cinook Brewery)

'It is crucial that someone helps you to reduce complexity.' (F. Schwarze, Saazer Brewery)

'Most people look at the problem from the bottom or the side. But actually, the problem has its origins in a much higher place, which is complexity etc.' ... 'They were struck by the complexity.' (E. Amsel, Citra Brewery)

4.5.1.6. Processes

The organisation of processes connected to internationalisation mode change was brought up in some of the recalled change decisions. Data has shown that participants perceive preparation for change as crucial factor in the process. Most of the candidates found it of utmost importance to pursue changes only when they are well prepared. Preparation was defined in terms of the right number of resources (e.g. number of employees) and market knowledge. The data has shown that well prepared change turned out more favourably than less prepared change processes.

'Am I prepared? Do I have the money and the resources for change? Yes or no? If yes, do it! If not, please don't!' (P. Heines, Comet Brewery)

'Before we started the process, the managing director hired two trainees from that country who were in charge of the company foundation from here (Germany), before they move to the market.' (H. Bernburger, Citra Brewery)

Finally, there are three more factors, which were perceived to play a minor role in only a few internationalisation mode changes. These are the improvement or the set-up of a proper supply chain, innovation, and an early 'plan B'.

'We worked on our distribution network and tried to build it up across the relevant states of the US. This really helped to establish a solid key account business.' (R. Rimpaus, Herkules Brewery)

Building up a supply chain facilitated a proper establishment of an additional key account business in the country. Whereas another mode change, namely a cooperation with a local brewer, resulted in success due to the innovative approach.

'...if you bring an innovative product to the market, which does not compete with your core product. Pilsener is not a very innovative product, so we made a cooperation with a local craft brewer.' (J. Korinna, Saphir Brewery)

J. Korinna, Saphir Brewery also stated that:

'Actually, we were a free rider on a large national company... and national distribution really benefited from it.'

A topic which hardly arose during the interviews was the searching for a 'plan B', even though the current strategy works well.

'So, now you have a nice strategy, but all of a sudden it does not work anymore. Then you have to start calling you former license partner and ask him whether he can produce again, because you would lose all volumes otherwise. So always be prepared for change.' (P. Heines, Comet Brewery)

The quote of P. Heines, Comet Brewery underlines the importance of good preparation in countries which are politically unstable, in order not to lose volumes due to political decisions or new restrictions. In addition to that, markets demand different containers. Whereas the products are commonly sold in 0.66 litre bottles in some countries, others demand 385 millilitres (ml). Hardly any German brewery is able to fulfil these demands.

In the example of R. Rimpaus from Herkules Brewery the container size was a major criterion for positive outcomes in the market.

'It was a major issue that we were not able to fill a 0.66 litre bottle.' (T. Kredler, Saphir Brewery)

It was also mentioned as mistake or obstacle when a brewery only offers one product in the market. A number of different products are needed to be offered in order to be an acknowledged partner in the markets. Many distributors prefer to purchase more products from a smaller number of partners.

'The problem was, the only made one SKU, no portfolio.' (P. Heines, Comet Brewery)

Financial resources for obvious costs, such as employees, marketing or rent, are not the only financial obstacles. The data revealed that less obvious costs, such as costs for the set-up of IT systems, were perceived to be a major hurdle as well. In addition, some of the IT systems breweries used were perceived as unsuitable for the international market.

'It was huge fight with the IT department. Our software was not even able to recognise zip codes with more than five digits. So it just did not work' (T. Tirol, Hallertauer Brewery)

The IT infrastructure is one part of the overall supply chain, which appeared as additional obstacle to mode changes. Hence, the implementation of proper sourcing and distribution networks in the market is important.

'We did not manage to get the right distribution networks. So there were only small, regional successes. But it was not enough.' (R. Rimpaus, Herkules Brewery)

Besides that, T. Tirol from Hallertauer Brewery states that warehouses as part of the entire supply chain were underestimated.

'The warehouse was simply too expensive, so it didn't work anymore'

When it comes to the particular choice whether to establish a license business or a production facility in a country there were two different opinions. On the one hand respondents mentioned that license business does make sense when a certain volume is reached. On the other hand, there was the opinion that license business is not suitable at all, as it leads to a decrease in brand perception.

'Brewed and bottled in Germany was always our strategy. We decided to stick to it, in order for value creation to remain here, at home.' Further, F. Schwarze from Saazer Brewery states, that: *'We wouldn't have the manpower for it anyways.'*

A very contradicting topic amongst the participants was the license business. Very few participants stated that license business is suitable for countries where the import business is successful already. However, most of the participants had the opinion that license business is not suitable under any circumstances.

'When the import business is large enough, then you should move to license business.' (P. Heines, Comet Brewery)

Further, data reflected that breweries have different opinion on mode changes for higher commitment modes. Whereas some participants find that a certain number of hectolitres is a measure for change, other made it entirely dependent on the overall situation and the type of beer. Whereas Pilsener and Lager beer are seen as more suitable for sales in international markets, due to their more common taste, wheat beer is often to be perceived as speciality with limited volume predictions.

'I don't really see subsidiaries for German breweries. Many have tripped over the decision and didn't manage to establish a profitable subsidiary because the volume per country is too small.' (T. Tirol, Hallertauer Brewery)

'Of course, you can make a few hundred thousand hectolitres!... But not with wheat beer.' (T. Tirol, Hallertauer Brewery)

4.5.2. External determinants

Besides the many internal determinants, a number of external influences had impacts on the outcome of internationalisation mode changes, according to the participants. These can be summarised as competition and pricing in the market, COVID-19, and others, such as lobby work of German brewers.

4.5.2.1. Competition

Pricing, which resulted from the market entrance of cheaper brands or beers was also listed as major issue for mode changes. Generally, participants mentioned the decreasing value perception of German beers as one of the most threatening factors for the internationalisation efforts of German breweries.

'And all of a sudden the market was flooded with Billigheimers and they started to reign.' (R. Rimpaus, Herkules Brewery)

In addition, participants stated that the competition in foreign markets is extensive. The competitors include local and international brands. Both of which actively work their ways into the market. B. Chevalier from Amarillo Brewery adds that the competition is often underestimated by stating that:

'They really fought for their territory and tried to make our lives as difficult as possible. So we decided to quit.'

Further, the competitive position of German beers was generally perceived as too weak in many markets. Hence, German breweries did not establish brands, which achieve high prices in the markets. Rather, cheaper foreign beers are sold under German names for very low prices.

'The competitive position of the German brands in the market is limited and the price structure is very low.' (T. Kredler, Saphir Brewery)

'... all in all, that led to a collapse in the market and the consumers thought that the beer was cheap.' (R. Rimpaus, Herkules Brewery)

'Now, our brand is positioned in off-trade. Here and there we had to pull the rip cord because business was not profitable enough.' (J. Korinna, Saphir Brewery)

Regulations in the country were also mentioned to be contributors to failure. Tax laws and new regulations made it difficult for breweries to pursue change in a market because local companies are given an advantage.

'We had an employee in the country, but it didn't work because of the tax law. So we had tax issues that arose again and again.' (T. Kredler, Saphir Brewery)

4.5.2.2. COVID-19

A large number of internal and external influences on change was revealed during the data collection. One additional factor was frequently mentioned when it comes to external or macroeconomic influences, namely, COVID-19. However, it was not connected to a single change process in the past as all change process occurred before the COVID-19 outbreak. Hence, this section merely outlines opinions on the impact of COVID-19, but will not reappear at a later stage in the findings or discussion chapter.

In regard to the impact of COVID-19 on internationalisation choices three notions stood out. The predominant ones are the increasing importance of off-trade and e-commerce business and the impact of bankruptcies on the brewing industry. The last one is the opinion that COVID-19 will only have a very limited impact on the industry.

Due to restaurant closures and restrictions of movement, the on-trade volumes declined dramatically. Some of the respondents stated that on-trade will not be able to fully recover over the course of the next years because people will tend to be very cautious until the pandemic situation eases.

'... we really have to see how the restaurant landscape develops. The problem gets even more tangible when you look to the US market, with more than 3,000 craft breweries. Analysts say that only half of them will survive after COVID. They were fully focused on on-trade, like taprooms. A colleague from another brewery had a statistic from Euromonitor, which said that restaurant business in 2024 will be down by 15% vs. pre-COVID.' (F. Schwarze, Saazer Brewery)

,You can clearly see that breweries that focused on on-trade over the past years have issues with their volumes. Restaurants are closed, revenues are down and they can't sell their products anymore. There is so much pressure on the industry. All the TV beers try to use low-price strategies to increase their volumes in off-trade. But that is not smart in the long run because their brand perception will decrease. And the international business is certainly something that you can't just build up overnight by selling the overcapacities.' (K. Hohenfinower, Comet Brewery)

One of the reasons that was mentioned for the limited recovery of on-trade business are the many bankruptcies, which take place due to COVID-19 (T. Kredler, Saphir Brewery). In addition to that, the large conglomerates will try to compensate their loss in on-trade volume with low-price strategies in off-trade. The quote of F. Schwarze from Saazer Brewery highlights the current impact of this strategy already.

'I lose large volumes with a discounter in the UK and the Netherlands because a conglomerate takes over. They put several hundred thousand Euros on the table! Even though we had 35% plus in both countries. I delivered good quality, but still they cut me out. There are sometimes discussion between the German breweries

because some really offer their products very cheap. But what happens if the large conglomerates now take the spots?’ (F. Schwarze, Saazer Brewery)

T. Tirol, Hallertauer Brewery further adds that:

‘E-commerce is a channel that needs to be attacked urgently because consumption behaviour will be different after COVID-19!’

Further, opinions pointed towards the desperate situation of smaller breweries. It shows already and will continue to show that many of the smaller ones will not be able to overcome these difficult times.

‘This is mainly caused by the on-trade focus of the smaller breweries.’ (H. Bernburger, Citra Brewery)

Yet, some participants again see an advantage for the large conglomerates, whereas others see benefits for all other breweries.

‘COVID will change the landscape. Positively for the ones that have a solid position and negatively for the smaller one. Thin ice for the smaller ones.’ (B. Janetzki, Millenium Brewery)

‘We believe that many smaller breweries will step back from the international business, so there will some more air to breath for the larger ones. Because they will remain in the international business.’ (R. Rimpaus, Herkules Brewery)

Hence, when less breweries export their products there is more space in the markets for the remaining ones.

Only few participants think that there will be no impact of the pandemic on the brewing industry.

'Zero! From my point of view. Breweries were very cautious before already and the only thing that changes is that the one that were anxious before, will be even more anxious. But with the preliminary remark: they were anxious before already!' (J. Francks, Cinook Brewery)

4.5.2.3. Others

Generally, the respondents revealed several other facts at different stages of the interview, which they perceived as impactful in the internationalisation process. These are indirectly linked to change in international markets. The factors are lobby work, communication, and brand building. Hence, they are not directly connected to one of the internationalisation mode change examples mentioned by the participants.

'We didn't manage to build up a lobby for the Purity Law or any quality seal. We never managed to do that. Especially the older managers have spoken a lot about it, but at the end they didn't do anything.' (F. Schwarze, Saazer Brewery)

'And to be honest, we were too arrogant and did not see that the Chinese build electric cars. We were well-fed. And same applies to German beers.' (F. Schwarze, Saazer Brewery)

'We really have to learn to create brands amongst the German products out there'

(F. Schwarze, Saazer Brewery)

'We, the German brewers, made a collective mistake. We only tried to increase

our sales volumes, without establishing brands.' (R. Rimpaus, Herkules Brewery)

It was also mentioned that German beer brands are often connected to clichés in the minds of the target markets.

'People immediately think about Sauerkraut and sausages. That is a niche and

very difficult to get out of there.' (J. Korinna, Saphir Brewery)

4.5.3. Synopsis

The data has shown that internal determinants were perceived as the most crucial influence on change processes. These are culture, people, organisational processes, marketing and market research, financials and other processes, according to the participants. Generally, the examples as recalled by the interviewees, illustrated the importance of the afore mentioned influences. International orientation as part of culture and organisational processes was emphasised clearly. The external influences were perceived as minor influence. Here, the participants mentioned competition and several other smaller influences. Both of which only seemed to have little impact, according to the participants.

4.6. Positive vs. negative outcomes of internationalisation mode changes

Clearly, data revealed that all internationalisation mode changes had different outcomes and thus impacts on the brewery or the international business. Most of the outcomes were

perceived as positive by the participants. Depending on the particular new internationalisation mode, participants had different opinions on the definition of a positive or negative outcome of change. Similar to the preceding chapter, this chapter outlines the perceived outcomes of the most relevant internationalisation mode changes as recalled by the interviewees.

Overall, the definition of a positive or negative outcome differed slightly amongst the participants when it comes to the different internationalisation modes. Whereas some defined only mode changes with a subsequent increase in profitability or revenue as beneficial for the brewery, others also mentioned further factors, such as brand awareness or good partnerships. On the other hand, there were a number of changes, which were perceived as negative or less successful. Hence, processes which did not lead to the desired outcome and thus, needed to be reversed or cancelled entirely. The respondents mentioned a number of definitions for negative outcomes on the internationalisation efforts of the brewery. Generally, participants named three factors, which were perceived as indication of a negative impact on the overall internationalisation efforts. These are insufficient volume growth, decreasing value perception of a brand and increased risk perception in a foreign market. Especially for high-commitment modes, the volume expectations were very ambitious.

4.6.1. Export

The analysis of a change process to an export model, revealed different definitions of positive and negative outcomes. The definitions ranged from profitability, over independence, to control. An increase in the three factors was generally associated with a positive outcome of a change and vice versa. Most participants mentioned that increased profitability is their first definition of a successful strategy change. Profitability is not

always closely connected to volumes. Some of the participants managed to increase the profitability by reducing volumes. Especially private label business brings large volumes with very limited margins, because the sales prices for partners and subsequently the end consumers are lower than for branded products.

'One of the major issues when I started here was the low profitability, because 60% of our business was private-label. Here, the volume is secure, but the margins are very low.' (P. Heines, Comet Brewery)

'It has proven to be successful, because we increased profitability and are now able to invest in the market without much risk.' (J. Korinna, Saphir Brewery)

'We didn't make ourselves dependent on the agent! And so, our keg business developed really well.' (T. Tirol, Hallertauer Brewery)

When changing to a multiple-importer mode, participants also defined higher control, but also higher commitment as positive result of change.

'So we took another commitment step into the market. One more step in our route-to-market model to have more control.' (T. Kredler, Saphir Brewery)

4.6.2. Agents

When it comes to outcomes related to a change to an agent model, participants revealed that positive outcomes were cases in which volumes and visibility of the brand increased. An increase in volume was defined in the increase in hectolitres sold in the market.

Whereas the general availability of the products or brand in the foreign market was linked to availability in on-trade, off-trade, and e-commerce.

'He has to work different than before. You have to control that, but he has to control the market for you. When volumes came, everyone was very happy.' (P. Heines, Comet Brewery)

'We did really well in the market. If you travel to the country, there is no way to get around our brand. Not in off-trade nor in on-trade.' (T. Tirol, Hallertauer Brewery)

However, data has also shown that a positive outcome is also defined as independence related to the different channels. The focus on one channel, such as off-trade, was perceived as difficult over time. Rather, participants stated that a sales structure, which is split amongst the different channels (on-trade, off-trade, e-commerce), is a success.

'...to develop on-trade business in order to be independent of off-trade customers.' (R. Rimpaus, Herkules Brewery)

Further, risk minimisation was mentioned as positive outcome of a change process to an agent structure. Risk was defined as financial and liability risk, when operating in a market.

'Africa is a really difficult country. How do you get your money there? You really need a professional partner who buys the products in Germany and pays you here. But that does not work, so we now let an external company take care of that, which feels much better' (P. Heines, Comet Brewery)

The volume of the brewery as compared to the total market share of German beers was also mentioned as major definition of a positive outcome. At the same time, it is a sales goal in the market for current, potential, and future partners. Negative outcomes in relation to agent structures on the other hand, were mainly associated with trust issues and the perception that the agent does not perform as expected.

4.6.3. Subsidiary

The analysis of change process to an own subsidiary abroad has shown that participants link positive outcomes to volume growth, increasing profitability, higher control, and independence. An increase in volumes, however, was the most dominant determinant of a positive outcome.

'... now, after three or four years we see a result. We earn more money, and we increased our sales volumes.' (H. Bernburger, Citra Brewery)

'The business was built up in the following years and now it is the strongest market for us. We sell a large number of products with a team of about 35 employees.'

(R. Rimpaus, Herkules Brewery)

'And then we additionally earned what the former importer previously earned.' (T. Kredler, Saphir Brewery)

'Now we have much better control over our brands, as we can prioritise the products much better and try new products' (R. Rimpaus, Herkules Brewery)

Thus, on the contrary, the absence of expected sales volumes led to the negative definition of a change process.

'Anyhow, we did not generate additional sales volumes by establishing the subsidiary.' (B. Chevalier, Amarillo Brewery)

Further, participants stated that decreasing value perception was different from the expectations the brewery had before the internationalisation mode change. Here, the reason was the cheap German beers, which were brought to the market by other (not only German) breweries. Thus, increasing brand perception was another major determinant for positive outcomes of change processes.

'I would not say that anyone cared about the brand, hence no marketing dynamics were visible.' (B. Chevalier, Amarillo Brewery)

4.6.4. Joint venture

In connection with joint ventures, the data revealed that insufficient volume growth or even the decline in volumes was perceived as major negative factor. In addition, the loss in trust towards partners in the market was mentioned as well.

'... and all of a sudden the volumes have halved and the outlook for the coming year was not much better.' (R. Rimpaus, Herkules Brewery)

'Several times we had the suspicion that the business he was doing is not very clean.' (J. Korinna, Saphir Brewery)

Commonly, joint ventures also involve substantial financial investments in a market. However, due to the distance to a market, the operations are not necessarily very controllable. Hence, the breweries need to rely on the local partner and trust that the partner acts in the best interest of all shareholders. This, however, has not always been the case.

4.6.5. Others

When it comes to the vanguard mode, participants revealed that positive outcomes were associated with closeness to the market and control. Control was mentioned in connection brand portfolios and control over activities in the market. The sales in the country can be controlled much better through own employees and the focus on products and brands in the portfolio can be increased. Hence, a brewery is more in control about what is being sold in a market.

'...this does not happen anymore when you have an employee in the country, because you are in control.' (B. Janetzki, Millenium Brewery)

As the change to an own production facility was one of the least recalled processes during the data collection, the subsequent positive and negative outcomes are very limited. In the mentioned example, the change did not result in the expected volume growth and brand perception as expected. Hence, the initial plans of the brewery failed.

'Then we would have had to show that we export all the volumes to the other country. So that was some kind of risk protection.' (B. Chevalier, Amarillo Brewery)

'We sold all the stuff because it didn't work really well.' (J. Francks, Cinook Brewery)

Collaborations were seen as particularly positive when it comes to PR activities and marketing.

'It really gave us a huge boost in terms of marketing. Consumer perceptions changed from a regular German beer to a premium brand. And we acquired new target groups because of the craft aspect. So many doors opened.' (J. Korinna, Saphir Brewery)

4.6.6. Synopsis

Clearly, the section has shown that the definition of a positive and negative outcome depends on the individual change process, the participants or the brewery itself. Whereas an increase in profitability, revenue or hectolitre volume was most frequently mentioned, participants also revealed that other factors, such as good partnerships and increased brand awareness in a market are of major importance.

'The goal is always volume, profit and brand. Thus, selling well but also security!'
(P. Heines, Comet Brewery)

4.7. Conclusion

Generally, the chapter has shown that breweries pursue a large variety of internationalisation modes. A total of 23 modes and 28 internationalisation mode changes were recalled by the participants. Not all modes are actively used anymore. Whereas exporting, agents, cooperation's and subsidiaries are very common, franchising and co-operatives are not used actively.

Even though all have been engaging in international business for many years, the approach to international strategy making differs. While many breweries find it important to incorporate the international business as vital part of their overall strategy, some have almost independent planning processes. Similarly, the importance of international business differed. Most of the participants agreed though, that international business is crucial for German breweries. However, the commitment to international markets differs. Most are very cautious whereas only a few opt for higher risk strategies. Nevertheless, most breweries decided in favour of at least one high commitment strategy in one of their markets. The data has shown that international departments within breweries with a high focus on international business have a high acceptance amongst all employees. Independent of the international or national focus, most of the breweries generally have a solid and regular strategic planning process. Generally, participants perceived a careful way into the market as most suitable. The individual narratives of the interviewees have, however, proven otherwise. A large variety of intrinsic motivations, such as increasing profits, and extrinsic influences, such as the cancellation of contracts by a third party, were named as reasons for strategic change in international markets. None of the two resulted exclusively in positive nor in negative outcomes. Instead, the participants mentioned a large number of different internal and external determinants on outcomes of change processes. Amongst the internal determinants, data revealed culture,

organisational processes, people, marketing and market research and financials as crucial. A vast international orientation as part of the overall company culture and organisational processes was emphasised strongly. Whereas the external ones were made up of competition and other, smaller determinants. Clearly, the internal determinants were perceived to be most important. External determinants only played a subordinate role.

Further, the chapter has shown that the definition of a positive and negative outcome depends on the individual change process, the participants, or the brewery itself. Whereas increasing profitability, revenue or hectolitre volume were mentioned most frequently, participants also revealed that other factors, such as good partnerships and lower risk in a market are of major importance.

Concluding on the collected data, there is no 'right way' to approach strategy or strategic change. The approaches, the focus and the definition of the outcomes differ amongst all breweries and participants. Yet, many of the internationalisation mode changes were perceived as good achievements. This leads to the conclusion that at first sight no 'one size fits all'-approach to international strategy making can be derived from the gathered data. Thus, the following chapter discusses the findings and their subsequent meaning in more depth and compares them to the literature review.

DISCUSSION

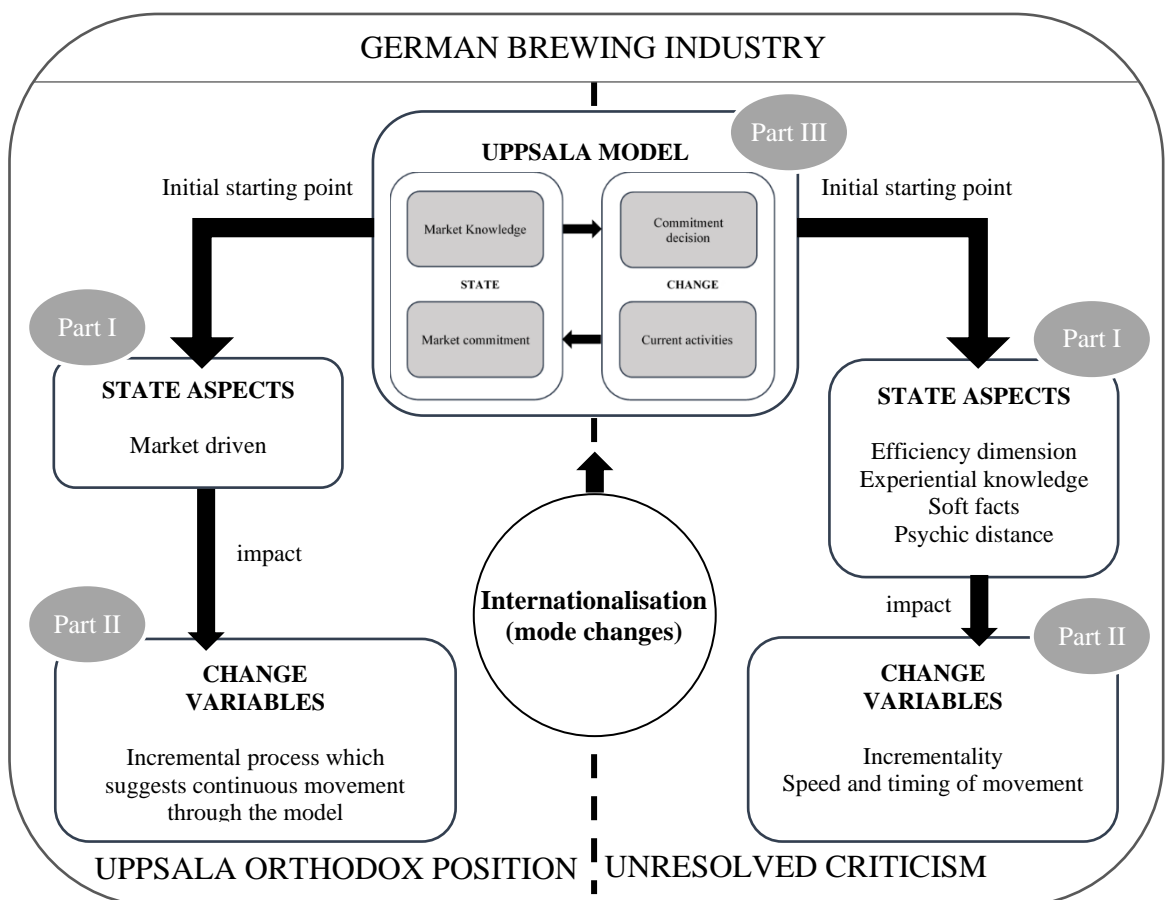
5. DISCUSSION

The critical evaluation of the gathered data in contrast to the existing literature has revealed several intertwined facts, which stretch throughout the previously identified research gap. The gap is comprised of the impact of the identified state aspects on the change variables and subsequently a company's overall movement through the Uppsala model. The discussion of reasons and motivations, successes and failures, and underlying determinants has shown that the internationalisation behaviour of German breweries largely differs from the existing state of the literature. The major difference lies in the fact that internationalisation mode changes of the breweries are primarily influenced by internal determinants, rather than market factors, which are considered as the main driver in the Uppsala model. Each of the discovered internal and external determinants can be attributed to one of the state variables. Hence, experiential knowledge, the efficiency dimension, soft facts, and psychic distance are the main determinants for positive outcomes of internationalisation mode change within breweries. This however, it not considered in the current literature. Subsequent impacts on the change variables, namely the incrementality and the timing and speed of movement, which are impacted by the state aspects, were not addressed. In then adding the many identified internationalisation modes, the actual movement of breweries through the internationalisation process largely differs to the static nature of the current state of the Uppsala model of internationalisation.

5.1. Chapter outline

This chapter now discusses the findings in the relevant context of the research and the literature review in more depth. It critically points towards the similarities and differences between the literature and the actual findings in the gathered data. The first and second parts of the chapter discuss findings in the relevant context of the research gap, which resulted from the literature review. Hence, it focuses on the state aspects and the change variables of the movement of firms through the Uppsala-model. The structure is drawn up based on the individual critique points as identified in the literature review. The third part of the chapter discusses general assumptions related to the Uppsala model. In order to discuss the relevant findings, a short version of the conceptual framework is presented in figure 17.

Figure 17 - Conceptual framework (short)



Source: own graphic

As opposed to the Uppsala model, the literature review suggests that several state aspects have a much larger impact on the internationalisation mode change process than solely the market factors. The model depicts the development dynamics of internationalisation process, by differentiating between state aspects and change variables. State aspects are current conditions, which are only related to the market. Market knowledge corresponds to market commitment. Change variables on the other hand, define the new state of the process. The basis for decision making is current market knowledge (1977). Hence, the first part now compares the findings to the consideration in past literature.

Before turning to the individual discussion points it is important to highlight the constructivist nature of this study again. As reality is constructed and different perceptions of reality exist, there are different ways to structure data and make sense of findings. Hence, the discussion around the data in all of the following sections is not meant to imply causality or static meaning. Instead, apparent causality is used as a means of structuring the gathered data. Depending on the researcher and the underlying research topic, however, this could have been executed differently.

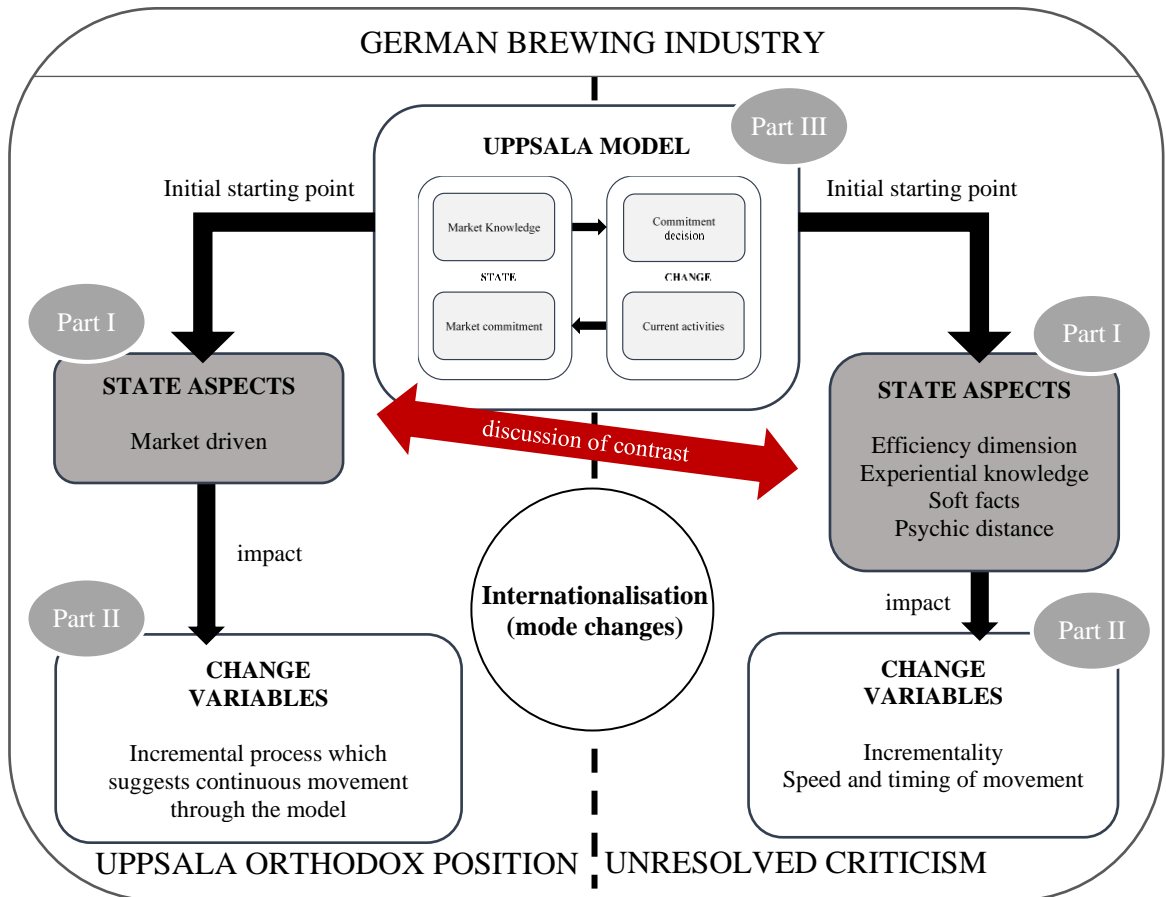
5.2. Part I: Discussion of state aspects

The literature review revealed that four themes have not been entirely addressed in past research. These are the efficiency dimension, experiential knowledge, the impact of soft facts, and psychic distance. Figure 18 highlights these state aspects and the contradictory finding as identified in literature, namely the market driven approach of the movement through the Uppsala model of internationalisation.

The first part of the chapter now discusses the practical findings of the research in comparison to the theoretical approach of the Uppsala model. In addition, it draws a

connection between the previously identified (and most dominant) internal and external determinants and the different state variables.

Figure 18 - Discussion part I



Source: own graphic

5.2.1. Efficiency dimension

In the early versions of the Uppsala model the financial investments for internationalisation choices were not taken into consideration. As the literature review has shown, various studies subsequently dealt with the investment which is necessary for foreign markets. Ultimately, studies have shown that a firm's internationalisation experience has a large impact on the perceived costs (Barkema, et al., 1996; Beamish, 1990; O'Grady & Lane, 1996).

However, the actual costs have not been fully addressed in the past (Eriksson, et al., 1997). Regarding the cost components associated with internationalisation choices, data has shown that marketing costs are often associated with the largest share of financial commitments in a market. Marketing has shown to be an important aspect in order to succeed in international markets in the long run, for those breweries which do not focus on the entry-level price segment, such as Citra Brewery and Herkules Brewery. Hence, it can be added to the actual resources, which need to be considered in the model. Besides that, management capacities, IT systems and proper controlling systems were associated with costs of internationalisation mode changes. Hence, as opposed to the original Uppsala model, which was drawn up based on the internationalisation process of manufacturing firms, the brewing industry defines resources and resource commitment and subsequently costs in a market differently. The only internationalisation mode which requires actual resource commitment as defined by the Uppsala model is the own production facility which is rather uncommon for privately-owned German breweries and was only pursued by Amarillo Brewery. Above all, the data has shown that the actual monitoring of financial resources and the transparency of data is of utmost importance in the process, as the remarks of B. Janetzki of Millenium Brewery and R. Rimpaus of Herkules Brewery have shown several times. Thus, if successful movement through the stages is defined by increased profitability, numbers need to be monitored actively and closely. As German breweries have smaller finance departments compared to the large manufacturing firms considered in the original Uppsala model, this imposes a challenge. Hence, as stated by Calof and Beamish (1995) financial considerations have an impact on the outcomes of internationalisation mode changes.

Further, the findings of this study have shown that cost assessments and choices differ amongst the breweries. Breweries with high international commitment and larger sales

abroad, such as Comet Brewery and Citra Brewery, tend to pro-actively invest into markets, or overinvest, as some of the participants termed it. Investments also include efforts of employees and management next to actual financial resources. Breweries with lower sales abroad, such as Millenium Brewery, rather reject high commitments, even though resources are available. In addition to that, breweries with smaller volumes abroad tend to be more careful and prefer low risk strategies, such as exporting and agents, as depicted by the examples of Nugget Brewery and Saphir Brewery. Whereas breweries with larger sales abroad tend to higher commitment strategies, such as subsidiaries or joint ventures, as the examples of Cinook Brewery showed. Based on this pattern, it would be valuable for breweries with smaller international commitment to carefully work the way into the market by taking smaller steps.

Further, the data has shown that breweries with a high international focus, thus high orientation towards increasing international business, tend to have the highest sales in the international markets. Table 12 outlines a number of higher commitment modes of the researched population.

Table 12 - Total international sales volumes vs. high-commitment internationalisation modes

Volume vs. mode	VANGUARD/ FREE- LANCER	ALLIANCE/ COLLABO- RATION	SALES SUBSIDIARY	LICENSE BUSINESS	JOINT VENTURE	PRODUCTION FACILITY
above 15% international sales of total sales						
Amarillo			X			X
Comet				X	X	
Saazer	X	X				
Citra			X		X	
Cinook			X	X		
Hallertauer						
0 - 15% international sales of total sales						
Herkules	X		X			
Millenium	X		X			
Saphir		X				
Nugget						

Source: own table

Overall, the international sales amongst the breweries differ between 5% and over 50% of total volume. An enormous gap, which, in most cases resulted from early exporting activities (about 20 years ago). Millenium Brewery and Saphir brewery, for instance, started to internationalise later show smaller international sales volumes. It could be said that this is due to the early mover advantage. Hence, breweries that started to internationalise early had an advantage compared to those who started later.

Eventually, the data has shown that a firm's experience has a major impact on the perceived costs, as stated in previous literature (Eriksson, et al., 1997). Hence, the choices seem to be based on the general internationalisation experience of firms, rather than on the availability of resources. Generally, however, the data has shown that financials were not perceived to be the most determinant for positive outcomes of change. Here, the data has again shown that culture, and the subsequent acceptance of the international department, have major impacts on the internationalisation behaviour. The higher the acceptance, the higher the willingness to place substantial financial and physical investments in a market.

5.2.2. Experiential knowledge

The original state of the literature proposes that the gap of experiential knowledge between the beginning of a stage and the next step is incrementally acquired by managers in the particular foreign market over time (Johanson & Vahlne, 1977). Here, it was claimed that knowledge cannot be transferred to other markets. Later studies have shown that there are different strategies of knowledge acquisition, such as the 'grafting approach' (Huber, 1991), hence the collaboration with local partners in the market, new distribution channels in the market, such as e-commerce, or the hiring of local employees. The data has shown that all of the above were applicable to the internationalisation process of

German breweries, with different results. Nevertheless, the transfer of knowledge from one market to another was clearly given, which reflects Erikson et al. (1997).

Past studies have shown that cross-border activities move faster nowadays, due to increased globalisation (Ribau, et al., 2015). This fact reduces the time available to collect knowledge for internationalisation mode changes. The findings have clearly shown that many of the change processes were initiated very unexpectedly, either through internal or external stakeholders. The bankruptcy of a foreign subsidiary of a brewery, which was acquired by Herkules Brewery, is just one of the examples. Subsequently, there was limited time to collect knowledge for the upcoming change. However, data does not indicate that this had a particularly negative effect on the outcome of change due to a number of short-cuts, such as acquisitions, which were partially addressed in previous literature (Barkema & Vermeulen, 1998).

The cooperation with local partners, such as brewing collaborations, distribution agreements or joint ventures are actively pursued by German breweries. Here it has shown that these collaborations are valuable when it comes to low commitment modes, such as collaborations. The cases of Hallertauer Brewery in Asia and Saphir Brewery in the US are examples for positive outcomes of change processes when acquiring local partners. Here, the partner has proven to be valuable in the change process because marketing and distribution effects were perceived as very beneficial for the breweries. Whereas collaboration with local partners for high commitment modes, such as joint ventures, were rather associated with negative impacts, due to trust issues and high-risk perception. This was highlighted in the case of Saphir Brewery in the Chinese market, where a joint venture with a local partner had to be reversed. Hence, the findings are two-fold. Knowledge acquisitions through grafting for high commitment modes corresponds to the

original proposal of the Uppsala model. Whereas knowledge for low commitment modes seems to be transferable from one market to another.

Literature also suggested further options, such as to hire experienced people or rely on consulting firms (Nordström, 1991). The most important consideration, which arose in the data collection process is the hiring of local employees though. Data has shown that 'people' were perceived as the most important factor in connection with positive outcomes of internationalisation mode changes. Employees who know the local culture and speak the language were mentioned as main contributors to these changes. One of the most illustrative examples is the freelancer of Saazer Brewery in South America. Here, the employee was able to establish substantial business thanks to local language and cultural knowledge. As opposed to later studies on experiential knowledge, in which researcher suggest that the transferability of knowledge is not necessarily an advantage (Delp, 2019), because there is blindness for prior knowledge, the data has shown otherwise. This is mainly because individuals who involve their own prior knowledge in the decisions were the main driver for changes in German breweries. In many cases, the profound experience of these managers when it comes to changes has contributed positively to the internal culture and subsequently to the positive outcomes of change. One of the most impressive examples was the change of Citra Brewery from export business to a local subsidiary. In this case, one manager with prior experience in the Chinese market was the main driver.

Consulting firms in general were, on the other hand, seen as critical. These firms impose high costs and limited usefulness in the process. Instead, the data has shown that German breweries perceive necessary data and information as readily available.

Notably, the Uppsala model does not draw any connection to the company culture of a firm in general. The data, however, has also revealed that most breweries with a high international focus, experience a high acceptance of the international department, such as the Amarillo and Comet Brewery. Further, many of the participants stated that it is important that the international strategy need to be part of the overall company strategy, but that the department cannot be located 'under' the same department head or managing director as the German sales department. This would lead to the perception that the international department sells 'the left-overs'. Hence, it can be concluded that culture is a critical factor for international success. An international culture has two effects. First, the international strategy is part of the overall company strategy and breweries work in one direction rather than to establish competition between national and international teams. Second, it leads to higher acceptance of the international departments as a whole and to higher engagement in foreign markets.

Further, current literature around the Uppsala model also does not take new distribution channels, such as e-commerce, into account. However, e-commerce was another frequently identified aspect in the gathered data. Citra Brewery and Comet Brewery are vital examples, as they have established large e-commerce sales in important markets, such as China. E-commerce amongst the other modes was also seen as valuable way of gathering knowledge and market development, especially in times of COVID-19. The data has shown that e-commerce business is pursued differently amongst the breweries. Whereas some breweries directly approach the e-commerce platforms, others offer their products through local partners, next to the on-trade or off-trade business. Thanks to the experience of local partners who implement the business, e-commerce has mostly developed positively for the breweries.

Another new distribution channel for breweries is the change to direct business. Hence, products are directly sold to the head offices of supermarket chains for instance. Here, breweries do not rely on intermediaries anymore and thus save costs. At the same time, complexity is reduced as less stakeholders are involved in the process. For Saazer Brewery the stepwise change towards direct business with supermarket chains in Europe has developed positively. Hence, as opposed to the original state of the literature, this study has shown that knowledge related to distribution channels can be transferred from one market to another. Here, it can be concluded that the foreign business knowledge, as identified in the current literature (Eriksson, et al., 1998) can be extended by distribution knowledge. Thus, distribution knowledge leads to the transferability of distribution channels across market.

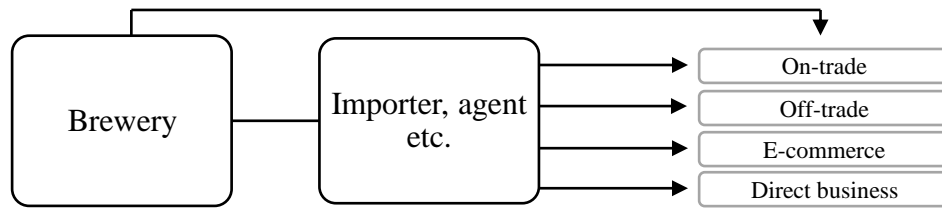
Interestingly, researchers have highlighted that learning by searching for knowledge is not an explicit part of the Uppsala model (Forsgren, 2002). This underlines the reactivity of the model as a whole. Opposing to this fact, data has shown that German breweries actively search for new ways to expand in existing markets – mostly with the aim to grow and reduce uncertainty. Hence, German breweries pro-actively move through the Uppsala model. This can be underlined by the regular and strategic planning processes as outlined by B. Janetzki from Millenium Brewery and R. Rimpaus from Herkules Brewery. A detailed outline follows in more depth in part III. Figure 19 now outlines the relevant components of experiential knowledge.

Lastly and most importantly, literature suggests that experiential knowledge includes market knowledge and general knowledge, which is a summary for various terms, such as foreign business knowledge or internationalisation knowledge (Eriksson, et al., 1998). Even though much research was carried out, the current state of the literature suggests

that market knowledge is the main driver for change. However, the data has clearly shown that general knowledge is the main driver for change and should be seen separately. Company culture, people and internationalisation knowledge in general have had large impacts on the positive change process of the breweries. Through the transferability of general knowledge, change processes can be initiated faster and more efficiently. Gathering market knowledge still is a time-consuming process, which has not proven to succeed in the fast-moving brewing industry.

Hence, internationalisation literature around the German brewing industry should make a clear distinction between the different types of knowledge which have so far been identified, namely the two types of experiential knowledge: market knowledge and general knowledge. Here, it needs to be emphasised once more that market knowledge plays a subordinate role in internationalisation mode changes. The determining knowledge is general knowledge. Clearly, the data has shown that this valuable general knowledge is for the most part transferable from one market to another. Further, there should be a definition of general knowledge. The earlier identified foreign business knowledge (Eriksson, et al., 1998) can be extended by distribution knowledge, which relates to the particular ways of distributing products in a market, such as e-commerce. This is, because there is knowledge about several distribution channels, which can be transferred from one country to another. Figure 19 outlines possible distribution channels, which can be pursued through an importer, agent etc. or directly through the brewery if the partner in the country has an import license. These distribution channels can be pursued similarly in different countries.

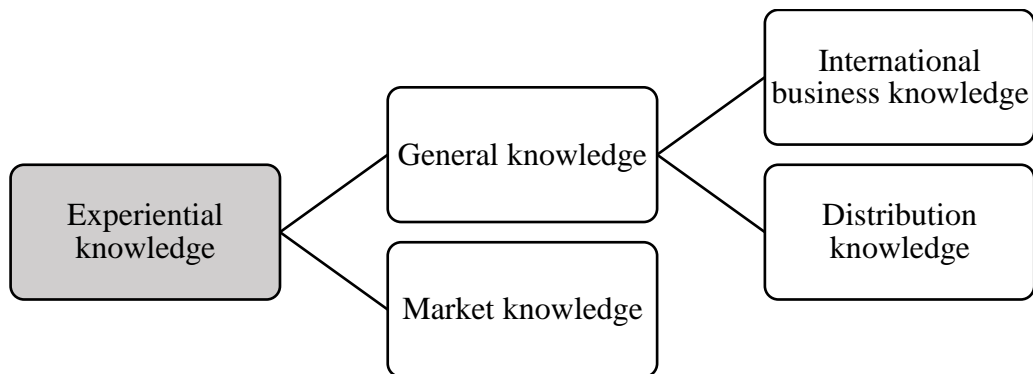
Figure 19 - Distribution channels



Source: own graphic

Past research has not identified which type of knowledge is most important in the process. This study, however, has shown that general knowledge as a whole is the main driver for positive outcomes of internationalisation mode changes. Figure 20 highlights the two types of knowledge, which are part of general knowledge.

Figure 20 - Types of experiential knowledge



Source: own graphic

5.2.3. Impact of soft facts

The early versions of the Uppsala model treat the organisation as a black box (Andersen, 1993). Subsequent studies have focused on the decision-making style of managers. However, individuals, internal experience, management commitment and personal networks were left unattended. Further internal and external impulses as well as the subsequent reaction to these impulses were not considered. Thus, as admitted by a

publication of Johanson and Vahlne (2015), the decision-making style of managers is omitted. Here, data has shown that there is no pattern related to decision-making styles.

Generally, data has shown that the above-mentioned individuals, internal experience, management commitment and personal networks are the most valuable resources of German breweries, which is similar to the conclusion of Axxin and Matthyssens (2005). The internal internationalisation experience and overall commitment to the international department were perceived to be major contributors to positive outcomes of change processes as well. Similarly, individuals were perceived to be main contributors. These individuals were not necessarily employees or managers of the breweries, but also external stakeholders. The data has also shown that good relationships and personal sympathy contributed positively to a large number of change process. One example is the cooperation of Cinook brewery with a distributor in the US market. Here, personal sympathy initiated the process and led to a positive outcome. Generally, good relationships have shown to be crucial in the change process. Certainly, the current state of the literature also neglects the importance of business networks in the internationalisation process.

As opposed to Hadjikhani et al. (2014) who state that new managers often blame former managers and then pursue new courses of action, data has shown that there are a variety of internal influences and external impulses, which determine new courses of action. These are outlined in more detail below. Further, the clarification of whether leveraging international opportunities as compared to pre-established processes remains unclear in the literature around the Uppsala model (Morais & Ferreira, 2019). Here, data has shown that both approaches can result in positive outcomes.

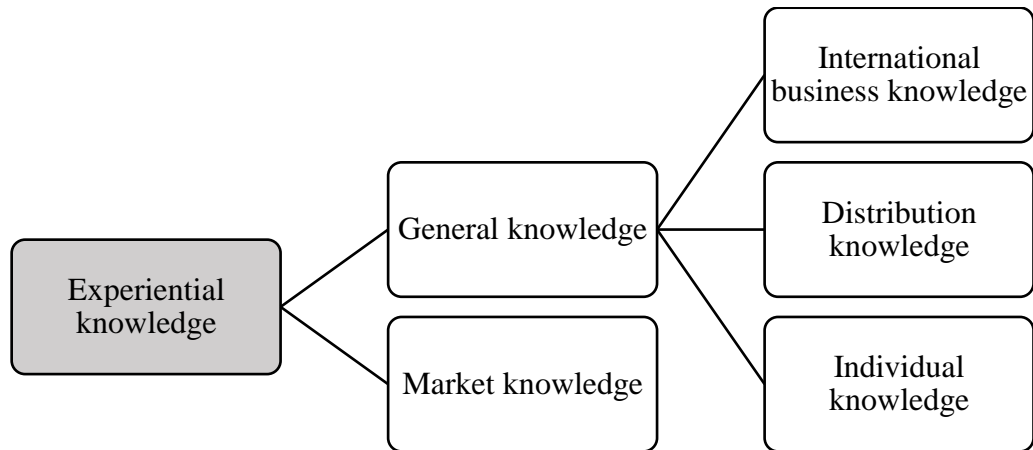
When looking at the different examples brought up by the interviewees, it becomes apparent that there are no clear patterns. Hence, strategic reaction did not always result in a perceived positive outcome, nor did opportunistic reactions. Generally, participants emphasised good preparation and strategic considerations as important though. However, many of the overall changes were based on the emotional approach and thus the knowledge and experience of individuals within and around the breweries.

In the literature, the firms' dependency on individual knowledge in the internationalisation process was rather criticised (Forsgren, 2002). However, it was also partially acknowledged that individuals play a major role in the process. Certainly, data has shown that individuals (people) do have a major impact on the process, which confirms Knight and Cavusgil (2004), who stated that individuals should (amongst others) be placed in the focus of the internationalisation process. As opposed to previous assumptions, however, choices are not only made at top level. Instead, managers and employees have the power to influence strategic change. In the case of Citra Brewery in the US market, for instance, it has turned out to be a positive influence.

Additional knowledge types

These findings lead to a further adaption of knowledge types within the Uppsala model. So far, three different types of knowledge were identified as part of general knowledge, as illustrated in figure 21.

Figure 21 - Extension of experiential knowledge



Source: own graphic

The previous sections have identified that general knowledge is a summary of distribution knowledge (e.g. knowledge about distribution channels and how to make most efficient use of them) and international business knowledge (e.g. knowledge about cultural circumstances and languages). This can now be extended with one further type of knowledge, namely individual knowledge, as summarised in figure 21. The identification and importance of individual knowledge, which relates to experience of individuals who impact the change process, was already addressed in the concluding remarks of the literature review. Thus, current literature provides a simple term for a so far rather underestimated aspect of firm's internationalisation behaviour, namely general knowledge. However, this study shows that general knowledge cannot only be split into three different types of knowledge but that it is also the main driver for internationalisation mode changes of German breweries. Figure 24 than summarises the components of soft facts.

5.2.4. Psychic distance

Lastly, the concept of psychic distance remains to be addressed. Research to date has shown that psychic distance, which is made up of linguistic, institutional, cultural, and political factors (Benito & Gripsrud, 1992), strongly depends on the industry (Ekman, et al., 2014). Data has shown that psychic distance plays a major role in internationalisation considerations, as culture is one of the dominant determinants and contributor to positive outcomes of changes.

The data has shown that the brewing industry in the early days of internationalisation has moved from geographically close to more distant markets. However, in the current situation the distance of markets is not the crucial factor for internationalisation mode change. Instead, the approach of partners and the perceived market potential (by individuals) were the initiating factors. Interestingly, most of the examples of internationalisation mode changes were all executed in the largest markets for German beer abroad, namely Italy, China, France, US, Netherlands, UK, Switzerland, and Spain (Statista, 2020). Hence, distance is not perceived as obstacle nor beneficial for internationalisation mode change. The gathered data seems to reflect the suggestions of Forsgren (2002), who stated that higher commitment is less risky than not investing at all, because of the possibility to miss valuable opportunities. The case of Hallertauer Brewery in the US reflects this fact. At the beginning, the brewery was insecure whether to invest in the market at all, mainly due to competition of other German breweries. However, the market potential was too large to not invest.

On the other hand, pursuing internationalisation mode changes in more distant markets is perceived as riskier by the German breweries. This is mainly due to the lack of control and other regulations than in the home-market. Thus, institutional factors play a role in

internationalisation processes of German breweries. Similarly, linguistic and political factors impact the process. Foreign language knowledge was perceived as crucial factor within the international departments of the breweries, as the remarks of G. Berkner from Citra Brewery, J. Korinna from Saphir Brewery and R. Rimpaus from Herkules Brewery have shown. Political developments were monitored closely in order to react quickly if situations change unfavourably, as the case of Comet brewery in Russia showed. Culture of the foreign countries was seen as major obstacle. Thus, cultural knowledge was perceived as beneficial in the internationalisation mode change process. Data has shown that it is highly important to hire locals and to employ people at the breweries who have a large cultural knowledge about a number of markets. Figure 25 summarises the components of psychic distance.

5.2.5. Synopsis

As opposed to the current state of the literature, it can be identified very clearly that internal factors are perceived to have the highest impact on the state aspects and subsequently on the internationalisation mode changes. Table 13 briefly summarises the internal and external determinants as outlined in the findings chapter once more. Culture, people, organisational structure, and financials were the most dominant components of the different state aspects. Whereas marketing and market research, processes and external influences played a minor role

Table 13 - Influential components of state aspects

COMPONENT	EXAMPLES
Culture	Language knowledge and mentality
Organisational structure	Company structure and strategy papers
People	International focus and employment of locals
Marketing & market research	Marketing activities and research prior to entering a market
Financials	Financial resources and proper controlling systems
Processes	Proper preparation, 'plan B', supply chain
Ext. influences (others)	Competition and brand perception
Ext. influences (COVID-19)	Pandemic situation ⁷

Source: own table

Efficiency dimension

The data reflects the current state of the literature by stating that firm's experience has a major impact on the perceived costs and subsequent investments. Thus, as stated by Calof and Beamish (1995) already, financial considerations have an impact on internationalisation mode change. Past studies, however, have not addresses the concrete costs (Eriksson, et al., 1997). For German breweries, these costs include marketing expenses, management capacities, IT systems and proper controlling mechanisms, amongst others. Generally, however, this study has shown that internationalisation experience and company culture have a larger impact on internationalisation choices than the actual costs. Hence, breweries with high international commitment tend to make proactive investments.



Thus, the dominant components of the efficiency dimension are culture, marketing and market research, financials, and processes.

⁷ Not considered in further detail since COVID-19 was not mentioned as active part of a past change process

Experiential knowledge

Barkema and Vermeulen (1998) suggested several short-cuts for faster internationalisation choices. These have shown to be valuable for German breweries related to low commitment modes. Whereas short-cuts for higher commitment modes, such as JVs, were associated with negative outcomes and high risk. Short-cuts, such as the suggestions of Nordström (1991) were in fact valuable tools for German breweries in the past. As opposed to Delp (2019) the transferability of knowledge between markets seems to be beneficial. An additional short-cut, which did not receive much attention in the brewing industry in the past is e-commerce and direct business. Both of which have proven to be valuable distribution channels, which show that knowledge is transferable. This leads to the conclusion that foreign business knowledge, as identified in the current literature (Eriksson, et al., 1998) can be extended by distribution knowledge. Further, individual knowledge, defined as the experience of individuals, needs to be added to complete the types of knowledge, which are grouped under experiential knowledge. Moreover, learning by searching for knowledge is not an explicit part of the Uppsala model (Forsgren, 2002). This fact underlines the current reactivity of the model. Opposingly, the findings have shown that German breweries actively search for new ways to expand in existing markets. Hence, the process is pro-active. Lastly, there should be a clear distinction between the different knowledge types and their respective importance. Experiential knowledge includes market knowledge and general knowledge. The latter is most dominant and can be split into internationalisation knowledge, which was already identified by Eriksson et al. (1998), distribution knowledge and individual knowledge.



Thus, the dominant components of the efficiency dimension are culture, people, organisational structure, processes, and external influences.

Soft facts

As admitted by a publication of Johanson and Vahlne (2015), the decision-making style of managers is omitted. Here, however, data has not revealed clear patterns. Instead, data has shown that individuals, internal experience, management commitment and business networks have impacts on the change process. Further, decision-making styles of managers were not necessarily the main contributor. Instead, there were opportunistic and strategic reactions, based on the particular situations. As opposed to current literature (Forsgren, 2002, p. 18), the influence of individuals on the processes were beneficial. In addition, data has shown that choices are not necessarily made at top level. Eventually, this leads to a third component of knowledge, namely individual knowledge.



Thus, the dominant components of the efficiency dimension are culture, people, and organisational structure

Psychic distance

In the early days, breweries have moved from less distanced to more distanced market. When it comes to current internationalisation mode changes, however, distance plays a limited role. Most of the gathered mode changes took place in the largest markets for German beer (e.g., US and China). The gathered data also shows what Forsgren (2002) claimed, namely that no further investment in a market is often riskier than no investment at all. Culture is not seen as major obstacle, but cultural knowledge was still perceived as very valuable. Similarly, foreign language knowledge and political factors were perceived to be influential.



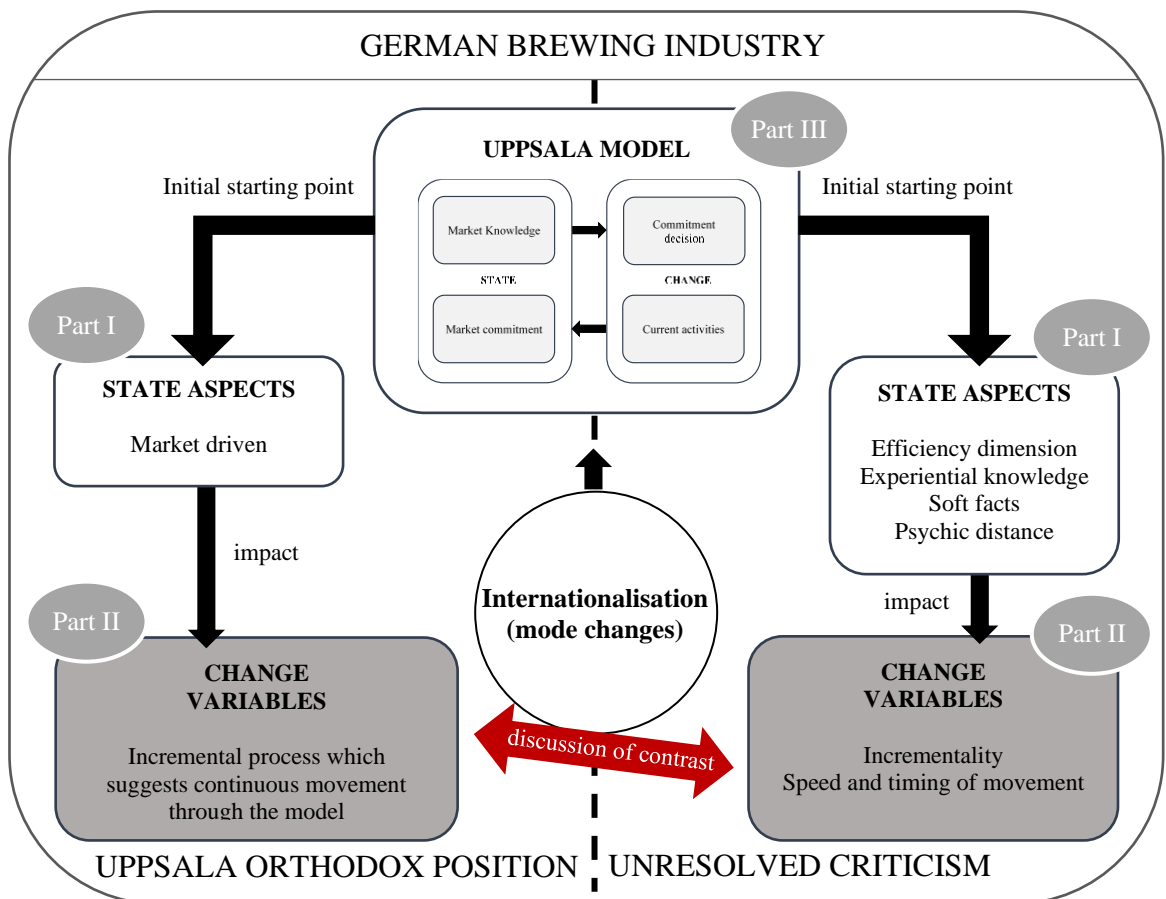
Thus, the dominant components of the efficiency dimension are culture, people, organisational structure, financials, and external influences

The valuable outcomes of this part of the discussion are addressed in chapter 6 again in order to outline the contribution to practice and theory.

5.3. Part II: Discussion of change variables

This section now discusses the findings related to the change variables as identified in the literature review to the findings of this study. The change variables are the incrementality of the internationalisation process and the timing and speed of movement of German breweries through the Uppsala model, as depicted in figure 22.

Figure 22 - Discussion part 2



Source: own graphic

5.3.1. Incrementality

The literature suggests that the Uppsala model provides a linear pattern of internationalisation activities with constantly increasing commitment (Eriksson, et al., 1997). However, the research has shown that internationalisation in the German brewing industry is not necessarily an incremental process. Rather, it moves actively through different internationalisation modes, from lower to higher commitment and vice versa. Subsequently, the circumvention of modes is very likely. This was only addressed in few studies in the past, such as the publication of Turnbull (1987). Despite its limited attention in the past, the reversal has shown to be a usual process for German breweries. The research has revealed that many breweries moved directly from importing to joint ventures or own sales subsidiaries, such as Citra Brewery in China. On the other hand, some examples also showed the movement to lower commitment modes, as part of the overall strategic orientation due to risk minimisation or increased profitability. One example was the change from a joint venture to export business pursued by Saphir Brewery in China. Most changes resulted in increased commitment in a market, namely either higher financial commitment or higher operational efforts.

Interestingly, two topics, which were addressed in past research, were not considered by any of the German breweries. These are de-investments (Franco, 1989) and re-internationalisation (Welch & Welch, 2009). Instead of de-commitments, breweries moved back to the original internationalisation mode, when the new mode did not bring the expected success. Similarly, re-internationalisation was not addressed at all.

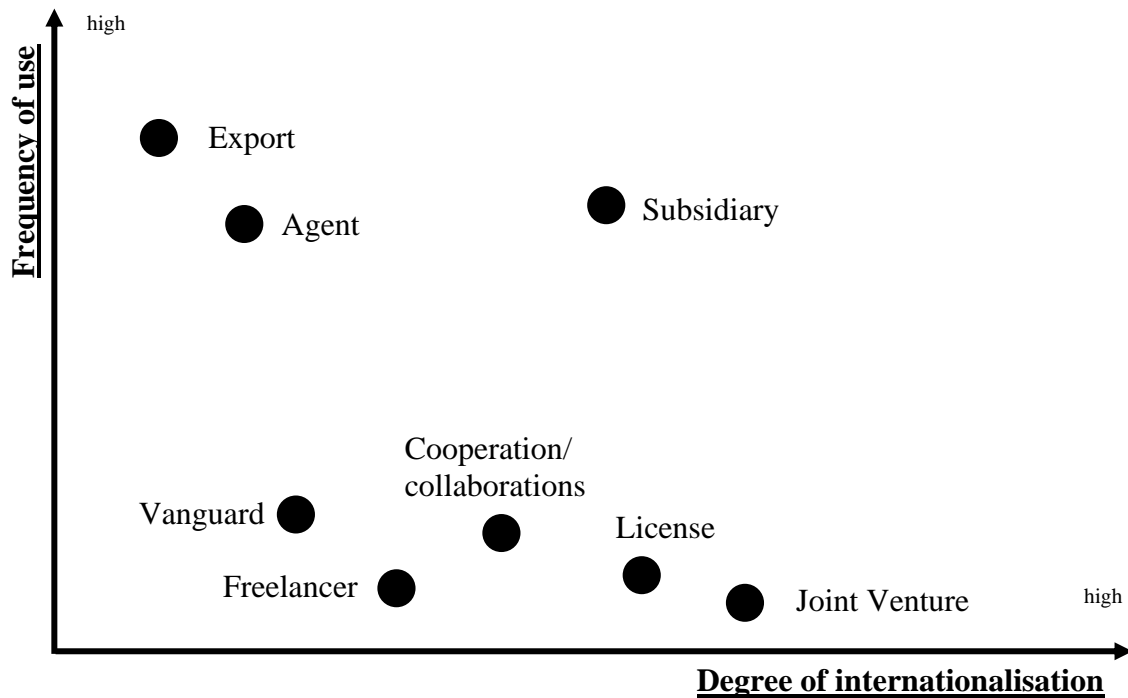
Further, the current state of the literature has not indicated pathways for dealing with environmental uncertainty or how external influences impact the movement through the Uppsala model (Figueira-de-Lemos & Hadjikhani, 2014). Clearly, the research has shown

that environmental uncertainty was perceived as a driver for change, yet it played a rather subordinate role. Here, data has shown that external factors only have limited influence on the change processes. These external influences were, for instance, political instability (e.g., Comet Brewery in Russia), currency devaluations (e.g., Cinook Brewery in Italy) and changing regulations in a market (e.g., Hallertauer Brewery in the US). The most frequently mentioned external factor though, was COVID-19. Even though it did not have any impact on changes in the past, due to its recent emergence, the research has shown that it leads to change within breweries. However, it rather converts to an internal driver and the aspiration to pursue change to remain successful in foreign markets. Overall, internal aspects and influences remain the main perceived driver for internationalisation mode change. Thus, environmental uncertainties have in the past been overcome by internal motivations to initiate change and minimise risk in the markets.

Another important finding, which needs to be highlighted in contrast to the existing model is the number of micro steps, which guide internationalisation in the brewing industry. The variety of actual internationalisation modes available compared to those suggested by the Uppsala model differs greatly. Meckl (2010) expanded the four original stages of internationalisation, namely (1) no internationalisation activities, (2) frequent exporting, (3) sales subsidiaries and (4) wholly owned foreign subsidiaries to seven more concrete steps. These include indirect export, direct export, licensing and franchising, joint ventures, sales subsidiaries and wholly owned foreign subsidiaries. However, the research has revealed that there are as many as 23 different internationalisation modes, 21 of which are actively pursued by the largest German breweries. Hence, 17 more modes were identified in the data. These modes are multiple importers, direct business, different agent models, vanguards, freelancers, central distribution through co-operatives, strategic alliances, collaborations, and the purchase of trade rights. Hence, almost no single step in

the internationalisation strategy can be categorised as one of the four distinct internationalisation modes of the Uppsala model or any of its adaptations. Rather, there are several smaller steps that can be taken to approach a larger or major step. This offers breweries a much larger variety of internationalisation modes and thus more strategic routes than evident from the literature, which was a major point of criticism made by Mintzberg (1991). This also addresses the boundaries and micro-steps, which have frequently been subject to criticism, as the work of Ford and Leonidou (2013) showed. One mode, however, has not proven to be suitable for German breweries, namely wholly owned foreign production subsidiaries. The data revealed only one brewery, namely Amarillo, which established a production facility. The project did not prove to be a success and the choices was reversed. Interestingly, sales subsidiaries are established very frequently by German breweries, even though it requires high commitment. One interesting mode, which should be addressed is the collaboration of Saphir Brewery in the US market. Here, a partnership with a large local brewery led to a variety of seasonal beers for the local and the home-market. An innovative mode, which was described as ‘free-rider’ approach by J. Korinna.

Figure 23 - Internationalisation modes of German breweries



Source: own graphic

Further, the original Uppsala model entirely neglected contractual expansion methods even though there are perceived as important modes (Sherman, 2011). The data has shown that contractual expansion modes are indeed the least frequently used modes of German breweries. Franchising is currently not pursued by any of the breweries. At least not for sales activities. Licensing contracts do exist. Yet, in a very limited number. Here, the data clearly reflects notions. Breweries which expand through low price strategies rely on high current volumes in a market in order to establish license business (e.g., Comet Brewery). Breweries, which position themselves through brand perception rather than low price strategies do not pursue license business at all (e.g., Citra Brewery). Figure 23 outlines the degree of internationalisation in relation to the frequency of use by the breweries.

5.3.2. Speed and timing of movement

One of the main issues, which remains unaddressed in the current literature certainly is the question about speed and timing of movement through the Uppsala model (Andersen,

1993; Malhotra & Hinings, 2010). This is mainly because of the absence of knowledge related to the influences of internal and external determinants. The data has shown that there are several indications. The current state of the Uppsala model assumes that internationalisation is a reactive process. Hence, companies react to current market situations. This study has shown otherwise. First, internationalisation is a proactive process rather than a reactive process in German breweries. Second, the proactive internationalisation process in German breweries, which in some cases is opportunistic and in others strategic, is mostly influenced by internal drivers rather than external drivers, such as market factors.

German breweries have clearly made the internationalisation process a proactive process. Hence, as opposed to the assumption of the Uppsala model, breweries do not react to problems in the market because they rather proactively seek for improvements, opportunities, new commitment, and route-to-market steps. Literature around the Uppsala model suggests that firms tend to use existing strategies rather than to pursue new ones (Cyert & March, 1963). Here again, the findings have shown that internationalisation processes of German breweries work differently. The data has revealed a large number of different and often innovative internationalisation modes (e.g., collaborations in the case of Saphir Brewery), which contributed to positive outcomes of internationalisation mode changes. As opposed to the literature, which suggests that firms search for modes which are close to existing ones (Cyert & March, 1963), the research has shown that the opposite is the case. Breweries tried to work out new ways, which differ from current modes, or the ones determined by internationalisation literature. Hence, breweries worked their way into markets by inventing and trying new internationalisation modes, which increase their commitment, but not necessarily their risk. In fact, data has shown that participants perceived the suggested linear movement through the modes as most suitable.

However, it is still not always the case. When potential partners approach them, for instance, the choices are made differently. Priority is then given to higher commitment modes. Out of 28 changes as recalled by the participants, 20 resulted in higher commitment in the market, but not necessarily in higher risk.

Further, and most importantly, the internationalisation process of privately-owned German breweries is not driven by the markets abroad or market knowledge. Instead, a number of intrinsic motivations extrinsic influences initiate changes. So far Casillas and Acedo (2013) have only analysed the relationship between different variables of speed, but not the underlying factors. The reactions to these change choices are either strategic or opportunistic, as set out before. In order to succeed with the choice, a variety of mostly internal influences need to be taken into considerations. So do, for example, a suitable culture and the ‘right’ people outweigh external factors. A main contributor to positive outcomes of change is knowledge. In the case of German breweries, general knowledge, which includes foreign business knowledge, distribution knowledge and individual knowledge, is most important when discussing the timing and speed of movement through the Uppsala model. This also in parts contradicts Langseth, O’Dwyer and Arpa (2015), who state that technology, entrepreneurial actor perceptions, foreign market knowledge and network tie strength. Hence, timing could not be determined in existing literature, because the determinant for the underlying cause of change was not suitable. Instead of the widely acknowledge market knowledge, breweries need to look at the general knowledge in order to determine the optimum moment for change. Hence, if state aspects are sufficiently available and adequate general knowledge (international business knowledge, distribution knowledge and individual knowledge) is available within a brewery, the next step in the internationalisation process can be taken pro-actively.

Further, the outcomes of change are largely impacted by the underlying internal factors, such as culture and people.

5.3.3. Synopsis

Clearly, the findings of this study gave indication related to the incrementality of the internationalisation process and the speed and timing of movement through the Uppsala model of internationalisation.

Incrementality

As opposed to current literature (Eriksson, et al., 1997), German breweries move actively back and forth between the different internationalisation modes. Whereby the circumvention of modes is a common task. Even though criticised in the current literature (Figueira-de-Lemos & Hadjikhani, 2014), pathways of dealing with environmental uncertainty are not the most urgent consideration, as external factors only play subordinate roles. A major finding, however, adds on to Meckl (2010), namely the number of internationalisation modes available to German breweries. Here, contractual expansion modes were seen as least important for the breweries which is opposing to Sherman (2011).

Speed and timing of movement

First, the gathered data highlighted that the internationalisation process is a pro-active process in German breweries. Current literature rather suggests a re-active process. New modes were used frequently, whereas literature suggests that firms tend to use modes which are closest to existing ones (Cyert & March, 1963). Similar to previous suggestions, most mode changes resulted in higher commitment, but not necessarily the closest possible internationalisation step, as suggested by Meckl (2010). Further,

literature was not explicit about factors which impact the speed of change and the timing for the next step. The findings have, however, shown that there is a variety of internal and external initiators and influences.

Similar to the first part of the discussion, incrementality and speed and timing of movement are addressed again in chapter 6 in order to reflect on the contribution to theory and practice.

5.4. Part III: General discussion and strategic considerations

Part I and II of the discussion related to state aspects and process variables have shown that internationalisation mode changes in practice largely differ from the considerations of the Uppsala model. In addition, there are several other points around the Uppsala model, which remain to be addressed. These are the ‘strategic approach to strategy’, the ‘portfolio logic’, and the term dynamic model of internationalisation related to the Uppsala model.

Johanson and Vahlne (1990, p. 12) assume that steps in the internationalisation process are not primarily the consequence of strategic planning but tend *‘to proceed regardless of whether strategic choices in that direction are made or not’*. Data has shown that this applied in several situations, namely in those in which opportunistic change reactions were pursued. In these situations, breweries did not establish clear strategic aims for the new step. Instead, an opportunity was taken as it arose. This also reflects the necessity openness and spontaneity in the internationalisation process. Clearly, not all steps can be accurately planned ahead. The opportunistic approach has led to many positive outcomes in the long-run and should therefore be considered in the Uppsala model.

Moreover, the literature around the model does not address the professionalisation of the strategy process. Some breweries with low international commitment still have very sophisticated and standardised strategy processes, as the statements of B. Janetzki of Millenium Brewery clearly showed. The brewery invested almost an entire year for the creation of a solid international strategy. Generally, the data reflected the importance of the international business. Even in breweries with small international sales volumes, compared to national sales, such as Nugget Brewery and Herkules Brewery, there have been extensive strategic considerations.

This is evident from the frequency of strategy meeting, the classification of the markets and the solid financial consideration of the international business. Hence, it cannot be concluded that high international commitment is related to the most professional strategy processes. Yet, one pattern emerges. Breweries with the largest national sales have the most standardised processes, which involve several departments, such as marketing, controlling, supply chain and production. The name of the department in turn, cannot be directly linked to the size of the brewery or its national or international sales volumes. Some breweries still call the department 'export department' whereas other call it 'international markets'. Clearly, it shows that the renaming did not only take place in breweries with high international commitment. Also, the first larger internationalisation steps were taken earlier in in breweries which place a high focus on international business. Whereas the Amarillo Brewery and Cinook Brewery started their internationalisation efforts early, other breweries only followed over the course of the past 20 years. Subsequently, overall sales volumes of the 'early movers' in relation to the national sales are higher. Overall, however, the data has shown that the size of the breweries is thus not relevant for the application of the Uppsala model.

Further, the findings have shown that the international strategy needs to be closely connected to the national one, and certainly be part of the overall company strategy. This fact can be traced to the identified internal factors, mainly culture and organisational structures. Clearly, the data has shown the importance of awareness for the international business and the acceptance in the brewery. Besides that, the need for actual strategy papers was stressed. Thus, the Uppsala model cannot be seen as a purely international ‘tool’. Instead, it needs to be seen in the overall context of a brewery. Closely linked to this fact is the ‘portfolio logic’. Current literature around the Uppsala model suggests to look at a single market only, when analysing the movement through the model. Hence, it does not address a portfolio logic, as criticised by Axxin and Matthyssens (2002). The findings around the German breweries have not shown, however, that this is the case. Most participants stated that each market is evaluated individually in terms of growth potential. This can be illustrated by the quotes of E. Amsel from Citra Brewery, F. Schwarze from Nugget Brewery, and P. Kapuze from Saazer Brewery. All participants have clearly emphasised that markets are grouped into different categories, assigning different importance to them. Certain markets are even excluded entirely, due to market size, competition and so on. Thus, as suggested by Hakenson and Kappen (2017) internationalisation mode changes cannot be seen as isolated decisions. This is the case for the individual market and the overall context of the brewery.

In addition, the importance of the Uppsala model in the general internationalisation context needs to be addressed. The findings have shown that international business is important for German breweries. Even though some participants declined the fact that German brewers need to establish business abroad, data has shown otherwise. Each of the breweries directs substantial efforts to the establishment of international business. This highlights the need for internationalisation models even more – however, a more

practical focus needs to be established. As international business goes hand in hand with high risk, especially in times of COVID-19, it demands courage. This was shown by a number of examples.

In this context, the general term 'dynamic model of internationalisation' needs to be addressed. The findings have shown that the model in its current state is of very static nature. Related to the brewing industry, it does not take the most relevant influences into account and only allows for movement within one direction, that of increased commitment. Nowadays, breweries need flexible ways to internationalise and many more than those previously aimed at in the Uppsala model. In this way, breweries are able to react more efficiently and actively to the fast-moving consumer goods markets. Further, models such as the 'dynamic view of internationalisation' should be adjusted to fit more accurately in the framework of the Uppsala model. Here, micro steps should be considered, and new distribution channels highlighted. These micro steps and micro level actions have only been considered in few studies in the past. The subsequent conclusions were that choices are based on individuals and intuition. As opposed to Calof and Beamish (1995), earlier studies only investigated one particular mode change. They, however, have investigated why individuals made choices. Yet, the Uppsala model was not applied as theoretical basis and the subsequent outcomes of change were not evaluated. This study considered both points. Many of the choices were indeed pursued due to the motivation of individuals. However, it cannot be stated that either of the reasons resulted exclusively in positive or negative outcomes. Instead, underlying internal influences impacted the change.

Lastly, the strong management focus of previous studies remains to be addressed. As Forsgren (2000) stated, market knowledge mostly develops at the unit where operations

are carried out. Here, the study has shown that market knowledge, however, is not the determining knowledge for positive outcomes of change. Instead, general knowledge is the crucial factor. As recognised by Forsgren (2001) in a later study, general knowledge develops through current activities and is acquired by people involved in internationalisation processes. Thus, the strong focus on research in the executive levels, as criticised by Rialp et. al (2005), is indeed a major mistake. This study has shown that positive outcomes were also driven by employees at a non-executive level. Lastly, the research has shown that privately-owned German breweries act differently than global manufacturing firms or born globals, which have been subject to a number of studies. This is because several internationalisation modes are irrelevant for breweries with a particular size. WOS, franchising and licensing, as well as joint ventures, are often perceived as high-risk strategies which demand too much commitment.

Eventually, the discussion around general internationalisation aspects is taken up again in chapter 6 in order to outline contributions to theory and practice.

5.5. Limitations of the study

The study and the subsequent data contributed to solid and practice-oriented findings, as well as a discussion which clearly highlighted the difference between the existing state of the literature and strategic consideration in German breweries. Nevertheless, it remains to address the limitation of the research, which are mainly to be found in relation to the retrospective data collection method, the limited generalisability, the narrow market, and COVID-19.

Clearly, the data collection method aimed at retrospective data of past internationalisation mode changes to identify why and how changes happened. Analysing actual data of

current internationalisation mode changes could introduce even further findings and actual data on why and how choices are made in the current international environment of breweries. Changing consumption habits, internal and external influences on management behaviour and the COVID-19 situation could have impacts on internationalisation mode changes and internationalisation in general.

Besides that, the data only has limited potential to be generalisable, as it only focuses on a narrow, yet important, part of the industry. The analysed situations do not necessarily apply to other parts of the industry, such as conglomerates, craft breweries and smaller independent breweries in Germany. In addition, other European and Non-European markets were not subject to the research. Hence, it is difficult to predict whether breweries in other countries act similar to German breweries. Even though, circumstances seem similar, and many foreign breweries act in the global market, behaviours might differ.

Lastly, many industries change due to the persistent pandemic. Here, findings related to internationalisation mode changes, including successes and failures arising from and in the pandemic, might have a severe impact on German breweries. Since the pandemic was just at its beginning when the study was carried out, predictions towards impacts was almost impossible. Nevertheless, these might be important for German breweries in their future international endeavours.

5.6. Conclusion

All in all, the discussion has shown that the internationalisation behaviour of German breweries in practice differs from the original considerations of the Uppsala model of internationalisation. Only some considerations are in line with the original perspectives or subsequent literature or studies around the model. Based on the discussion of these

partially contradicting facts, a modified conceptual framework can be derived. The framework is introduced in figure 24. The upper left form depicts the influences on the state aspects. The larger the font size, the higher their impact. The state aspects in turn impact the change variables and include the knowledge types, which are necessary to determine the next step in the internationalisation process. These knowledge types are market knowledge and general knowledge (internationalisation knowledge, distribution knowledge and individual knowledge). The change variables in the lower right form are impacted by the state aspects in the upper right form.

Figure 24 - Adapted conceptual framework



Source: own graphic

First and foremost, it is important to highlight the most dominant finding, which is largely opposed to current knowledge. This is the fact that breweries' movement through the Uppsala model is largely impacted by a number of other state aspects than solely market knowledge. Market knowledge is only one minor influencing factor, which in turn impacts other state aspects. This contradicts the original idea, which suggests that market knowledge and subsequently market factors are the dominant driver for change. There are several reasons which provide evidence for this statement. First, the data of this study has shown that outcomes of internationalisation mode change are perceived to be largely impacted by internal determinants, such as culture, people, organisational processes, marketing and market research and financials. External factors, such as competition or the current pandemic, were perceived as subordinate determinants. Second, criticism around the Uppsala model of internationalisation, as outlined in the literature review, has brought up several points, which were so far neglected or insufficiently addressed in internationalisation considerations. These are the efficiency dimension, experiential knowledge, soft facts, and psychic distance. The identified internal determinants can to a certain extent be attributed to one of the four points of criticism. The efficiency dimension covers financials and marketing, general knowledge includes culture and organisational processes, and soft facts include people and the subsequent strategic choices. Psychic distance also plays a major role in internationalisation mode changes of German breweries.

This leads to the conclusion that some of the most important determinants, which impact the internationalisation efforts of German breweries, are neglected in the current version of the Uppsala model. This is a crucial finding and largely impacts the theoretical considerations around internationalisation models in general. In accepting these considerations, the incrementality of the model and the timing and speed of movement

through the model can be predicted more closely. In adding the many identified internationalisation modes to the Uppsala model, breweries have more options to internationalise or find a suitable alternative to a current internationalisation mode. This would also lead to a less static and indeed dynamic internationalisation model. Further, it would increase the speed and timing of movement through the model. By evaluating the state aspects, including the knowledge types, a brewery can determine a suitable moment for internationalisation mode changes, with increasing or decreasing commitment.

For the above reasons, the final chapter outlines the possible adaptations and additional considerations, which could lead to a more practical applicability of the Uppsala model in the German brewing industry.

CONCLUSION

6. CONCLUSION

Based on the findings and discussion chapters, the four research objectives can now be addressed in detail. Previous internationalisation modes and mode changes were analysed in the findings chapter. Similarly, reasons and motivation behind change were outlined. The assessment of the motivations and the perceived success and evaluation of the influences on change were subsequently considered in the discussion chapter. Objective four remained unaddressed so far and can now be outlined in more detail. Generally, it suggests an adaption of the Uppsala model towards a model which is more dynamic and considers various state aspects and change variables, rather than the previously considered market factors. All in all, this study contributes to practice and theory. Due to the outline of real-life examples from the industry, the breweries benefit from the knowledge of a large variety of possible internationalisation modes and subsequent influences. Further, the adapted model can contribute to increased success of German breweries in international markets, as it serves as guideline for strategic change. The contribution to knowledge is made by suggesting a more dynamic internationalisation model, which allows for more strategic routes by outlining a wide range of traditional and innovative internationalisation modes. In doing so, breweries can move more flexibly and pro-actively through the internationalisation process, which is largely impacted by internal determinants and general knowledge as part of experiential knowledge.

6.1. Chapter outline

The last chapter critically discussed the current state of the literature around the Uppsala model of internationalisation and the findings of this study. This chapter now addresses the research objectives, followed by an outline on the contribution to practice and the contribution to theory. It is then rounded off by a conclusion and a discourse on potential for further research, which is followed by the references and the appendices.

6.2. Research objectives

The research objectives were drawn up based on the aim to identify when and how breweries pursue internationalisation mode changes in foreign markets. The data analysis and the subsequent discussion of the findings related to the current state of the literature around the Uppsala model now allow to address the research objectives below. In order to provide a comprehensive overview, table 14 summarises the achievement of this study in response to the individual research objectives.

Table 14 - Research objectives and their achievement in this study

OBJECTIVE	CORRESPONDING RESULT
<p>To critically analyse how previous internationalisation mode changes were developed and continued to evolve.</p>	<p>The elite interviews have shown that German breweries pursue a much wider range of internationalisation modes and subsequent changes than considered in existing literature. Especially low commitment modes and innovative approaches are targeted by the breweries.</p>
<p>To assess the reasons and motivation behind internationalisation mode changes and the extent to which they were perceived to be successful.</p>	<p>The data analysis has shown that many choices were driven by a variety of intrinsic motivations and extrinsic impulses. The subsequent choice was either strategic or opportunistic. Neither of the two resulted in solely positive or negative outcomes. Instead, there were several influential determinants, which were perceived to be the main contributor.</p>
<p>To evaluate the perceived influences on internationalisation mode change processes of German breweries.</p>	<p>The perceived influences on change were internal determinants. Each of these determinants can be attributed to one of the major points of criticism around the Uppsala model, which were identified in the literature review. Namely, the efficiency dimension, general knowledge, and soft facts. Hence, the identified points of critique were perceived as dominant influence on the internationalisation process.</p>
<p>To make recommendations to senior executives of German breweries related to the ongoing process of internationalisation and internationalisation mode changes.</p>	<p>In adapting to the Uppsala model to a less market driven, reactive model to a more proactive model, which is driven by the internal influences and subsequently the efficiency dimension, experiential knowledge (mostly general knowledge and its components), soft facts, and psychic distance, German breweries gain a useful instrument for their on-going internationalisation efforts. In considering the sufficient availability of state aspects and the subsequent knowledge, a suitable timing for the next step in the internationalisation process (with increasing or decreasing commitment) can be derived.</p>

Source: own table

The individual objectives are now discussed in more depth.

O1: To critically analyse how previous internationalisation mode changes were developed and continued to evolve.

This study has shown that there is large variety of different internationalisation modes available to German breweries. The data has revealed 23 different modes. Not all modes are equally popular amongst the breweries. Whereas each brewery pursues some form of exporting and agent structure, franchising and co-operatives are not pursued at all (anymore). Overall, the breweries pursued 28 different internationalisation mode changes. Some of the modes have been in place for many years, other evolved more recently. The subsequent mode changes moved from low to high commitment modes and vice versa. Hence, all of the breweries pursue low commitment and high commitment modes in several markets. However, high-commitment modes are more popular amongst breweries with more experience and higher sales in foreign markets. Interestingly, there have also been new and very innovative modes and distribution channels, such as a cooperation with local breweries or the establishment of substantial e-commerce business. Even though the breweries show high experience in internationalisation, their approaches to strategy making differs. Most of the breweries incorporate their international strategy in the overall company strategy. Only some have partly independent planning processes. Internationalisation in general was mostly seen as crucial for German breweries, due to the difficulties in the home-market. Generally, the overall international commitment differs amongst the German breweries. Most of them are very cautious and only few actively opt for high-risk strategies. Overall, international departments within breweries with a high focus on international business have a high acceptance amongst all employees. Independent of the strategic focus, most of the breweries have a solid and

regular strategic planning process and pro-actively seek for new opportunities in existing markets.

O2: To assess the reasons and motivation behind internationalisation mode changes in German breweries and the extent to which they were perceived to be successful.

This study has shown that independent of the existing or new mode, there were a number of intrinsic motivations and extrinsic impulses for changes. Some choices were entirely driven by the breweries, hence by intrinsic motivations. Other choices were impacted by factors, such as the cancellation of contracts or the bankruptcy of a third party, thus extrinsic impulses. Besides that, the data has revealed that breweries undergo similar mode changes, independent of their size and the particular strategic aim. Interestingly, the data has shown that the definition of a positive or negative outcome of change depended on the particular mode change and the participant or the brewery. Some perceived an increase in profitability, revenue or hectolitre volume as 'success'. Other participants also mentioned the good partnerships, increased brand awareness and control in foreign markets were perceived to be positive outcomes. Nor of the two motives, whether intrinsic or extrinsic, was solely perceived to result in positive outcomes or negative outcomes. Instead, internal and external determinants were perceived as crucial influences on the outcomes of change. Hence, no 'one size fits all' approach can be derived from the gathered data and the subsequent evaluation. Instead, a number of determinants need to be influenced in order to achieve positive outcomes.

O3: To evaluate the perceived influences on internationalisation mode change processes of German breweries.

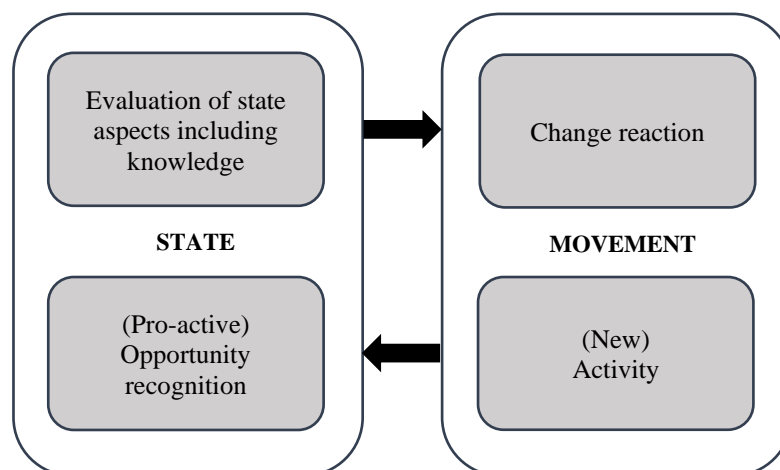
Data has revealed that there were several internal and external determinants, which had a perceived impact on change. Clearly, internal determinants were the most dominant determinants. Overall, suitable of culture, people and organisational structures were perceived the main drivers for positive results of internationalisation mode changes. Culture can be summarised as the knowledge about target market cultures and language. People imply the experienced and dedicated stakeholders in the process. Organisational structure can be linked to strategic considerations, organisational processes, and structures of foreign operations. Clearly, the opinions and experiences of individual stakeholders played a large role in almost each of the individual narratives. Each of these perceived influences can be attributed to one of the major points of critique from the literature review. Financials and marketing can be assigned to the *efficiency dimension*, culture and organisational processes to *experiential knowledge*, and people and the subsequent choices to *soft facts*. *Psychic distance* also plays a major role in internationalisation mode changes of German breweries, as culture is perceived as one of the main determinants for positive outcomes of change. Therefore, it can be concluded that state aspects have the most dominant impact on internationalisation mode changes. This is entirely opposed to the current state of the literature, which suggests that market factors are the dominant determinants for change. These state aspects subsequently have a major impact on the *incrementality* and the *speed and timing of movement* through the model. The many available modes certainly suggest a less incremental movement through the model. Instead, they contribute to a more flexible movement through the model and the pro-active choices for more suitable internationalisation modes. Depending on the previous experience and size of the brewery, a more cautious movement needs to be

pursued. Certainly, the knowledge about the large number of available modes and the pro-active organisation of the strategy process leads to faster choices and thus a more active movement through the model.

O4: To make recommendations to senior executives of German breweries related to the ongoing process of internationalisation and internationalisation mode changes.

As set out above, one of the most crucial findings of this study was the strong impact of state aspects on the internationalisation mode change process. Thus, breweries' internationalisation is not mainly influenced by the market factors, as suggested by the Uppsala model. Instead, the valuable experiential knowledge, efficiency dimension, soft facts and psychic distance guide change in the breweries. In order to address this remaining issue and suggest suitable movement of breweries through the different internationalisation modes, the model could be adapted to suit the detected influences.

Figure 25 - Adaption of the Uppsala model



Source: own graphic

Despite the long existence, the many critiques and much further research, the Uppsala model is still applied and taught in its original version. It remains one of the most

important internationalisation process models. However, in order to represent internationalisation from a more practical perspective, the model demands reconsiderations. In line with previous criticism the aim should not be to inflate the model. Yet, the individual determinants should be reconsidered. For this reason, the figure 25 illustrates the adapted model for the German brewing industry.

The suggested model starts with the current internationalisation mode in the market, in the lower right quadrant. It depicts the current state of the brewery in a particular market. During the current operation of the brewery, an intrinsic motivation or extrinsic impulse leads to the recognition of a new opportunity. Generally, data suggests that breweries should pro-actively seek for new opportunities by evaluating markets and internationalisation modes on a regular basis. This step is followed by an evaluation of the brewery's state aspects (experiential knowledge, efficiency dimension, soft facts, and psychic distance). If these are sufficiently available, the internationalisation mode change can be carried out. If not, the appropriate internal determinants are not sufficient, and the change cannot be carried out. Once the change is carried out, the state of the (new) activity and thus the beginning of a new cycle is reached.

In following the model and the suggested influences, the movement through the model could be predicted more closely. By adding the large number of possible internationalisation modes to the model, breweries would be able to choose from a larger variety of internationalisation modes and have a greater chance of choosing a suitable new internationalisation mode in an existing market. In adding the different identified modes, the model would lose its static character, which it has at the moment.

In order to achieve a practical applicability of the model, the following sections introduces a number of recommendations. These can be implemented in order to positively impact the state aspects including the different types of knowledge.

6.3. Possible implementations in practice and recommendations

Besides the adaption of the Uppsala model in theory, there are several practical implications, which can be considered in order to improve internationalisation mode changes. Considering these and their subsequent relevance as well as possible challenges, could contribute positively to future changes and the international business as a whole. Subsequently, several suggestions and possible challenges in the implementation process are outlined in the following section.

6.3.1. Practical implications

Based on the gathered data and the subsequent discussion, a number of practical implications can be developed. These suggestions shall contribute positively to internationalisation mode change processes of German breweries. As the foregone chapters have shown, internal factors are perceived to have the highest impact on the positive outcomes of change processes. Therefore, these are addressed in greater depth in the following sections. They are followed by a shorter outlook on possible suggestions related to external influences.

6.3.1.1. Internal influences

Internal influences, which impact change processes, are culture, people, organisational structure, financials, marketing and market research, and processes. These influences impact the state variables, which are experiential knowledge, the efficiency dimension, soft facts, and psychic distance. In order to make improvements to the internal influences, a number of recommendations are made and discussed in the following sections.

Although, only the most crucial recommendations are elaborated and discussed. A full list of recommendation can be found in Appendix 4.

Culture

Recommendations related to culture can be summarised as language courses, cultural awareness trainings, involvement of employees with foreign backgrounds and the establishment of a proper company culture.

Culture has shown to be the most determining factor for internationalisation mode change and subsequent positive outcomes of change. Therefore, German breweries should dedicate effort towards improving cultural influences on relevant stakeholders. There are two suggestions, which can be implemented in the short run. These are language knowledge and cultural knowledge amongst employees. Foreign language knowledge amongst employees can be increased by offering or subsidising foreign language trainings/courses. Additionally, foreign language skills can be added to the list of requirements for new employees. Cultural knowledge and awareness in turn, can be increased by providing trainings for all employees who are involved in international activities. In addition, employees with foreign backgrounds can be involved in cultural trainings by providing a stage to speak about their experiences and cultural knowledge.

Further, there is one recommendation, which demands strong efforts and is therefore only feasible in the long run, namely the development of a strong and internationally oriented company culture. Here, several recommendations can be established to increase cultural awareness as a whole within the entire company. Possible activities can be intranet articles about the international departments, presentations, flyers, internal company events, in order to sensitise other departments for the international activities and the relevance of the department as a whole.

Finally, cooperations with local partners and experiences of individual employees related internationalisation should be considered. This is, because the valuable individual knowledge, which is part of general knowledge and therefore one of the main drivers of movement through the Uppsala model, is only gathered by individuals.

Organisational structure

Similarly, there are also a number of recommendations related to organisational structure. These can be summarised as the consideration of new internationalisation modes and distribution channels, separate structure of foreign units, creation of strategy papers, and the consideration of opportunistic business.

One of the main recommendations related to organisational structure is the consideration of a larger variety of internationalisation modes. The data has shown that there are at least 23 different internationalisation modes available. If required, smaller steps can be taken to carefully work the way into markets.

Equally important is the consideration of a larger variety of distribution channels and subsequent organisational restructuring. Here, channels can be increased where possible and useful. In doing so, losses due to external factors (such as COVID-19) can be compensated more easily. Naturally, additional sales volumes can be generated. However, department structure needs to be adjusted in order to have experienced employees in the right place.

Moreover, breweries should aim at separate structures for foreign units (e.g., foreign sales subsidiaries), instead of mirroring the German structure. Additionally, foreign managers can be trained in the German breweries in order to increase their awareness for the German culture and work mentality to decrease misunderstandings in the future cooperation. In doing, so both parties, the local and the foreign unit, develop an understanding for each other's work culture and mentality.

In addition, jointly created strategy papers can be used to communicate strategic intent well to internal teams, other departments, and external stakeholders in order to streamline the understanding of the international business. Nevertheless, opportunistic business should not be left unattended but evaluated on a case-to-case basis. Data has shown that opportunistic steps can achieve very positive results. By increasing the awareness for the international department and international business, the acceptance of opportunistic choices can be easier understood and supported by other stakeholders.

People

There are a number of recommendations related to people as well. These are good relationships, which is positively influenced by frequent contact to partners, good networks in the markets and the contribution of individuals in the process.

First and foremost the importance of good relationships needs to be highlighted, such as those amongst business partners and stakeholders. Additionally, good relationships between the competing breweries should be maintained in order to get support in situations that require help from experts (e.g., filling of SKU's/containers for which a brewery does not possess the adequate filling machines and resources, i.e., can filling machines). An important contribution to good relationship is made by frequent contact. COVID-19 has led to less frequent travel activities in 2020 and 2021. Nevertheless, it should be kept in mind that the beer business is an emotional business, which relies on individual people. Hence, travelling should not be precluded. Regular online and offline meeting should be established.

Naturally, networks in the markets needs to be maintained and built up. This is not solely the task of the partner in the market, such as an importer or an agent, but also of the brewery and the international department as a whole. Hence, wherever possible, breweries need to identify new network partners and foster the relationship amongst the

entire networks. Dependent on the general structure of the brewery, the relevant stakeholders need to be involved. The stakeholders should be chosen in order to enable competent but fast decision-making. Decision-making structures, including decision trees can facilitate the process.

Lastly, the contribution of individuals remains to be addressed. Generally, experienced employees with the relevant profession background or cultural knowledge are a valuable source of information. Data has shown that several employees have facilitated decision-making with positive outcomes. Hence, employees should be involved in the decision processes and the subsequent implementation.

Marketing and market research

Recommendations related to marketing and market research are mainly related to sources of information. Nowadays, many sources of information are available for proper market research. These include various information channels, such as market research agencies (Canadean), platforms (Euromonitor, Statista) and specialised agencies. Hence, many sources are available and provide the necessary information about a country. Certainly, the knowledge of individuals about a market should not be neglected. As set out earlier, individuals and individual knowledge play a crucial role in the internationalisation mode change process.

Financials

There are also a number of recommendations related to financials. These are close monitoring of numbers, including individual markets and SKU's, 'destruction of the value chain', the evaluation of partners and standardised reporting systems.

A key requirement for strategic changes in internationalisation modes is the close monitoring of financial figures. Unless the choice is marketing-driven (e.g., brand

building in the short-run), correct numbers are indispensable. Additionally, the analysis of individual countries and SKU's needs to be possible in order to calculate accurate margins. Implementing standardised reporting systems can facilitate the evaluation of individual partners and markets. These systems can also facilitate comparison and thus the identification of potential in the markets. The reporting system can also include self-evaluations of external stakeholders. Next to the self-evaluation, partners should be evaluated on a year-to-year basis in order to identify potentials and implement measures for improvement. In doing so, relevant actions can be determined as early as possible. Lastly, the term 'destruction of the value chain' was brought up when it comes to the acceleration of the internationalisation mode change process. Wherever feasible unnecessary intermediaries should be excluded from the process (incl. internal stakeholders). In doing so, time and costs for changes can be reduced.

Processes

Processes can be enhanced by recommendations related to solid preparation, a larger portfolio, a pro-active, opportunity seeking, approach and a solid IT infrastructure.

Clearly, solid preparation is required when taking steps, especially larger steps, in a foreign market. Amongst the preparation there is not only the preparation of all relevant legal and product requirements but also the preparation for a new culture or work mentality. Preparation is also related to changes in the market. If there are any signs of severe changes in the market, such as political or regulatory changes, these need to be monitored closely. A 'plan B' needs to be developed at the earliest date possible.

Clearly, the research has shown that a larger portfolio in a market (different products and different SKU's) contribute positively to change situations. Unexpected withdrawals of partners in the market (e.g. an off-trade partner) does thus not lead to a collapse of the

entire business in the market. This, however, requires the necessary capacities in the brewery.

Certainly, the pro-active search for opportunities related to new modes in the market is crucial. The fast-moving consumer goods industry demands strategy adaptations and innovative steps on a frequent basis to remain competitive. This can be supported by a contemporary IT-infrastructure, which allows to make closer evaluation of new and existing markets. In a more and more digitalised world, an up-to-date IT infrastructure is indispensable. However, it is important to remember that different countries require different infrastructures. Hence, similar to the different organisational structure in foreign markets, the IT infrastructure needs to be adapted as needed.

6.3.1.2. External influences

External influences comprise competition, COVID-19, lobby work, communication, and brand building. Set against the internal influences, which have a large impact on the state aspects, external influences impact market factors and thus, subsequently only have a smaller impact on the change process of privately-owned German breweries as a whole. External factors, as opposed to internal factors are, however, difficult to steer from within a firm. Subsequently, the possible actions are very limited.

Competition, brand building, communication and lobby work are closely related to each other. Yet, these are difficult to influence. Generally, there are two types of breweries amongst the top-10. These are wheat beer and lager producers. Only few offer both. Breweries which specialise on wheat beer commonly occupy a niche and lower volumes in individual markets due to smaller market demand. Naturally, brand building strategies need to differ from those who offer lager beer or beers at an entry-price level.

Thus, the subsequent and rather smaller recommendations are the maintenance of high quality standards and the proper communication of 'German beer' as unique product. One

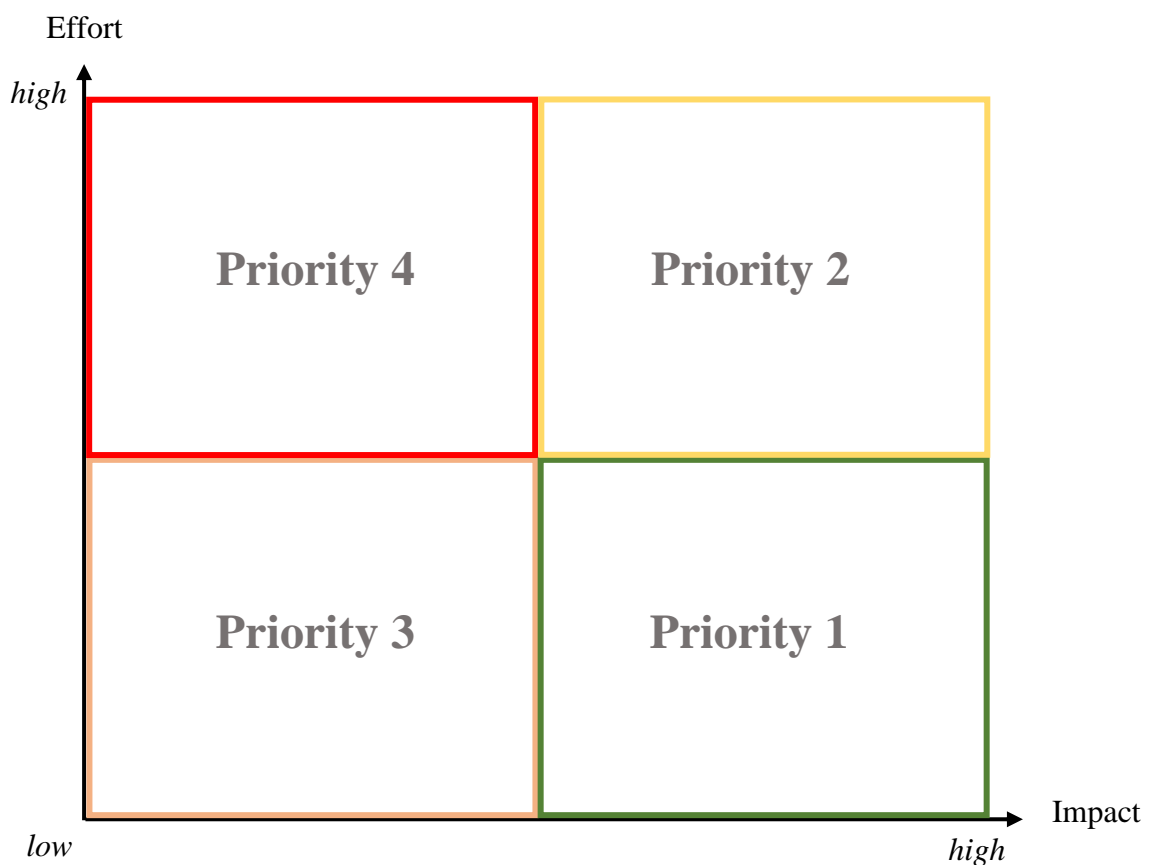
recommendation related to COVID-19 is the earlier mentioned introduction of new distribution channels, such as e-commerce.

In order to efficiently contribute to international success and an immediate effect, the different suggestions should be prioritised. This is done in the following section.

6.3.2. Prioritisation

Dependent on the individual brewery, several recommendations are more feasible than others in the short and in the long run. In order to guide the implementation, the suggestions can be grouped according to their impact vs. their efforts/effect. In order to do so, the following matrix groups the individual suggestions in four quadrants, as illustrated in figure 26.

Figure 26 - Prioritisation matrix



Source: own graphic

Priority 1: Low effort, high impact

Recommendations, which have a high impact on the internationalisation mode change process and can be implemented in the short-run and demand low efforts (e.g., low financial investments, low manpower)



Implementation can be carried out as soon as possible, in order to contribute to improvements in the short run.

Amongst the recommendation, which can be carried out in the immediate future, are language classes and cultural workshops or trainings. These can be provided to employees and management through external parties in order to implement these as soon as possible. As an alternative, these can also be provided through internal parties, such as other employees in order to involve employees from other cultural backgrounds and obtain their valuable knowledge.

Other suggestions, such as frequent contact to partners (abroad) in order to maintain good relationships, the search for specialised partners and the involvement of the right stakeholders demand low efforts as well and can therefore be implemented directly. Similarly, market data and general knowledge about foreign markets can be gathered through a number of sources in a short amount of time.

Slightly more demanding is the consideration of a larger variety of internationalisation modes, as these are mostly part of strategic papers. Nevertheless, small steps do not necessarily need to be incorporated into a long-term strategy paper.

Lastly and most importantly, a pro-active view on internationalisation and subsequent behaviour can be applied instantly.

Priority 2: High effort, high impact

Recommendations, which have a high impact on the internationalisation mode change process but also require high efforts.



Implementation can be carried out in the medium or long run, in order to contribute to major improvements, if resources are available.

There are a number of suggestions, which demand high efforts but have a high impact at the same time. First and foremost, a proper and international company culture are the key to long term international success. The aforementioned language classes and cultural knowledge are the first steps towards this culture. Similarly, the pro-active internationalisation behaviour in *priority 1* can be seen as the first step towards a more (international) strategic focus and a more innovative approach towards internationalisation.

Cooperation with local partners demand considerable efforts as well. The consideration of a larger number of internationalisation modes sets the corner stone for a variety of cooperation modes already. The implementation itself, however, requires higher efforts. Similarly, the setup of separate structure of foreign units demands high efforts. These are cultural efforts (e.g., convincing other stakeholders of the suitability of these different structures) and organisational efforts (e.g., setup of other IT systems).

The consideration and implementation of new distribution channels also requires extensive endeavours. Here, new products might be required, and new regulations considered (e.g., requirements for e-commerce business). Thus, it is also related to a change in the portfolio, which is not an easy task for breweries.

Similarly, the implementation of sophisticated controlling systems and the subsequent monitoring of partners is a challenging and time-consuming task, which also require financial resources.

Priority 3: Low effort, low impact

Recommendations, which have a low impact on the internationalisation mode change process and can be implemented in the short run.



Implementation can be carried as soon as possible, if sufficient resources are readily available in order to contribute to minor improvements.

Only a few suggestions demand low efforts and have low impacts at the same time. One of the is the maintenance of networks in the market and the introduction of standardised reporting systems.

Priority 4: High effort, low impact

Recommendations, which have a low impact on the internationalisation mode change process but require high efforts.



Implementation should be well considered and carried out in the long run, if resources are available.

Amongst suggestions with low impacts are solid preparation for internationalisation mode change, the reduction of complexity and a solid IT infrastructure, which is capable of covering the international business.

The aforementioned points are only part of the suggestions, which can be implemented in practice. Certainly, there are many more. Realistically, however, not each of the suggestions can be implemented in each brewery. This can be due to financial constraints or company culture, for instance. Considering some of the recommendation though, can possibly have a slight impact on the internationalisation behaviour in the short run already, especially those mentioned in priority 1.

6.3.3. Challenges

Theoretical recommendations with practical implications can be helpful at the first sight but require subsequent action in the second step. Hence, the actual challenge lies in the implementation of the suggestions. Here, a number of challenges might arise, which are not outlined based on the different internal and external influences. Notably, the listed challenges are only a small slice of the overall challenges related to the implementation of all suggestions. However, they do give an overview over the most important challenges and obstacles and how these can be overcome.

First and foremost, the behaviour of a company and subsequent choices strongly depend on the individual company culture. A large part of the culture is determined by the behaviour of owners or shareholders and their values and beliefs. Many studies in the past have focused on privately-owned business and the large impact of owners and shareholders on company culture (Sánchez Marína, Carrasco Hernández, Danvila del Valle, & Sastre Castillo, 2017). This means that final choices largely depend on the cultural norms of the owners. This study has shown that the opinions of owners on strategy differ largely. Ultimately, however, it is employees at the operational level, who are responsible for the everyday effort and the final performance, even though only few of them take strategic choices (Kucharska & Kowalczyk, 2018). Thus, employees at all

levels impact the business and thus need to be aware of the desired company culture. Hence, company culture needs to be communicated well and built up over time and thus, is a time-consuming process. Nevertheless, by constantly communicating and acting upon the desired culture, management can positively influence cultural changes.

Similarly, organisational structures of German breweries have been built up over decades. In an ever faster moving environment, organisational change can be a challenging task. Here, McKelvey (2014) states that humans have to be taken in the midst of the organisational change process. Again, the human component plays a crucial role in the change process. By involving employees in change and manifesting change and subsequently innovation in the company culture, some challenges can be overcome.

The study has shown that approaches to marketing and market research certainly differ amongst each brewery. Hence, no uniform recommendation can be made. However, the challenges related to marketing and market research are shared. First and foremost it is difficult to get access to accurate market data. Further, market data can be expensive, depending on the source of information. Hence, next to the common online and offline sources, the knowledge of individuals (these can be internal and external stakeholders) can be used as source of information. Commonly, partners in the market have access to a much larger amount of information. One example is the knowledge about volumes sold through different distribution channels, such as on-trade, off-trade, and e-commerce. This is valuable information for future operations in a market and difficult to evaluate from distance.

Another costly aspect can be the implementation of proper controlling systems. Unfortunately, these are indispensable for precise cost management and strategic choices. Additionally, the implementation and utilisation require additional manpower. In case, the manpower is not available the implementation can be outsourced, whereas the

utilisation cannot. Nevertheless, the investment is necessary in order to successfully operate a firm in the long run. Several studies have emphasised the importance of these systems for small and medium sized enterprises (Pavlak & Pizar, 2020).

Finally, processes need to be addressed. Only few breweries are able to offer a portfolio of different brands, products, and SKU's in foreign markets. This is mainly due to the lacks in production infrastructure. In addition, some breweries are only specialised in one type of beer, such as wheat beer. Others in turn, only offer bottles rather than cans. Certainly, production and filling lines cannot be extended unless it can be economically justified. Thus, partnerships with other breweries, including competitors, can be considered. Some breweries still have capacities to fill different SKU's for other breweries. Whereas contract brewing for competing breweries is rather difficult to justify. Eventually, the challenges highlight the necessity for people and breweries to co-operate in an ever faster moving and difficult international environment. Hence, fostering teamwork amongst the national and international teams, external stakeholders, and even other breweries, could contribute positively to the performance and perception of German brewers in international markets.

6.4. Contribution to practice

There are three key themes, which emerged from this study and contribute to internationalisation mode changes in practice. These are the variety of available internationalisation modes, the adaption of the Uppsala model of internationalisation for the practical application in the German brewing landscape and a number of recommendations, which can be implemented in order to facilitate internationalisation mode changes in practice.

First, this study provides a contribution to privately-owned German breweries, which aim at increased internationalisation activities. Generally, the industry can profit from the best and worst practice examples identified in this study. It must be emphasised that this study investigated the entire part of the industry, namely ten of the largest (former) privately-owned German breweries, and subsequently provides a broad overview of 28 internationalisation mode changes. It also offers 23 strategic routes, which can be implemented by German breweries in international markets. Here, each can benefit from experiences on innovative internationalisation modes from low to high risk and commitment. By considering these options and subsequently evaluating the gathered state aspects including the different types of knowledge, breweries can then determine the movement and subsequently the next step in the internationalisation process at a particular point in time.

In addition, the adapted version of the Uppsala model serves as useful tool for decision-makers, as it provides a strategic orientation to breweries in practice. The research has shown that internationalisation in practice needs to be more flexible, or dynamic, than considered in the past. The up and downward movement through different internationalisation modes is common in breweries. By following the suggested process of the model, breweries can move faster and more efficiently through the internationalisation process. Hence, the model can contribute to the success of German breweries in international markets in the future.

Ultimately, the recommendations offer a rich collection of actions which can be taken in order to enhance internationalisation mode change and the subsequent outcomes. The recommendations range from softer suggestions, such as the increase in cultural and language knowledge amongst employees, to more complex suggestions, such as the

implementation of controlling systems. Here, the relevant challenges and obstacles were highlighted and ways to overcome these were proposed. Lastly, the prioritisation matrix offers a possible guide and timing for action and hence the implementation of the suggestions. Eventually, the recommendations aim at the improvement of internationalisation mode changes in practice and the long-term success of privately-owned German breweries abroad.

6.5. Contribution to knowledge

In addition to the previously outlined contributions to practice, distinct contributions to knowledge were made in this thesis. The unique contributions were largely influenced by the perspective of the study and the context in which the research was carried out.

The perspective

The basis for the contribution to knowledge was established by analysing and evaluating existing literature in the field of strategic management with a particular focus on internationalisation and subsequent internationalisation mode changes. The generated research gap led to a research approach from a strategic perspective. This differs from other studies in the field, which mainly address market entry modes or decision-making. Besides that, a particular part of the industry, namely privately-owned breweries and breweries groups were analysed in more depth.

The context

In order to address the gap in the particular part of the industry, the study has applied a qualitative, inductive approach, based on a constructivist philosophy, in which interviews were used for data collection. As opposed to earlier studies on the Uppsala model, which were predominantly of quantitative nature, this approach allowed to analyse few

processes in great depth. The very unique context was established by choosing a unique sample. Eventually, the sample comprises the largest part of the industry, namely ten of the largest (former) privately-owned German breweries and brewery groups. To date, no research project incorporated data from such a broad sample in the industry. Earlier studies in the industry focused on smaller samples or other parts of the industry, such as craft breweries or the larger conglomerates. General research around the Uppsala model, however, has even placed an entirely different focus, namely on manufacturing, banking and IT-services.

Having examined almost the entire population, a much deeper insight into the field of the research could be gained. In addition, the previously outlined recommendations were derived from a large variety of practical examples and are therefore suitable for the entire part of the industry. Moreover, participants from different hierarchical levels were part of the sample. In doing so, in-depth data from different perspectives was gathered.

Generally, the narratives of the individuals allowed reflection on the individual change processes within the breweries and the subsequent motivations for change. Further, they allowed for a more flexible definition of success or failure in the particular context. By studying the events from the experts' perspective, the study allowed to gain a contextual understanding of how and why internationalisation modes changes took place in contrast to the Uppsala internationalisation model. It also allowed to address when change happens and that it should be a pro-active opportunity seeking approach. Here, the discussion addressed the points of criticism as identified in the literature review.

The perspective in combination with the unique context of the research lead to six distinct contributions to knowledge. These are the number of identified internationalisation modes and their different adequacy for German breweries, the summary of best- and

worst-practice examples, the identification of components as part of experiential knowledge, the driver for change in the model and the nature of the model.

Table 15 summarizes the unique contributions to knowledge this thesis has made.

Table 15 - Contribution to knowledge

Knowledge	Existing	Contribution
Number of internationalisation modes	Traditional modes, such as exporting, licensing, wholly owned foreign subsidiaries	Innovative internationalisation modes, such as brewer collaborations
Summary of best- and worst-practice examples	Does not exist	Established through gathered data
Components of experiential knowledge	Market knowledge and general knowledge	General knowledge is comprised of international business knowledge, distribution knowledge and general knowledge
Driver for change in the Uppsala model	Market	Internal determinants
Nature of the Uppsala model	Static nature	Dynamic nature and proactive opportunity seeking
Adaption of the model	Traditional model	Uppsala model adapted to the German brewing industry

Source: own table

The individual contributions to knowledge are now discussed in more detail below.

The number of internationalisation modes

This study complements current internationalisation literature by outlining a comprehensive overview of existing internationalisation modes. As opposed to current

literature, the variety is much larger and more innovative rather than the 'classical' modes were established. A total of 23 different modes was identified. Additionally, the research has shown that several internationalisation modes are not suitable for privately-owned German breweries. These are contractual expansion modes, such as licensing and franchising, and wholly owned foreign production facilities.

The summary of best- and worst-practice examples

In addition to that, the findings provide a rich portrayal of best- and worst-practice examples of past internationalisation mode changes. This composition cannot be found in this breadth elsewhere in literature related to the brewing industry. The gathered literature does not only outline the examples, but also highlights the impulse for change and the reasons and motivation behind it. Subsequently, it allows to draw conclusion related to the suitability of an internationalisation mode change for a particular context of a different brewery.

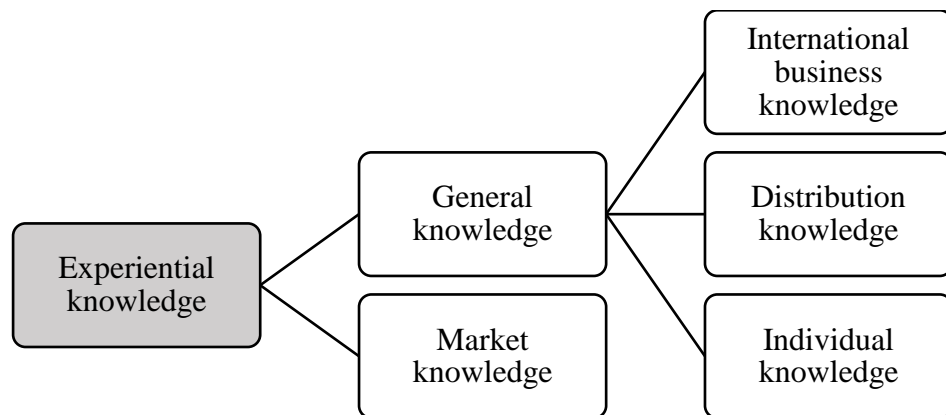
The driver for change

The gathered data also highlighted major factors which had an influence on change. As opposed to the Uppsala model, these were not market factors, but state aspects, which subsequently impact the change variables. This insight brings theoretical consideration around the model to an entirely new level because it impacts speed and timing of movement through the model. In addition to that, the identified variety of internationalisation modes contribute to knowledge related to the non-linearity of movement. Both combined make contributions to a new type of dynamic internationalisation models. In adapting the model to suit these parameters, breweries could benefit from more guidance in their international strategic developments.

The components of experiential knowledge

Another contribution to knowledge was made by identifying different knowledge types which impact the movement through the Uppsala model. These knowledge types are closely linked to experiential knowledge. The original version of the model stated that market factors are the driving influence on internationalisation mode change. This study, however, has shown otherwise. Internationalisation mode change in German breweries is largely influenced by general knowledge, which includes international business knowledge, distribution knowledge and individual knowledge, as illustrated in figure 27.

Figure 27 - Extension of experiential knowledge



Source: own graphic

As opposed to current knowledge, general knowledge is transferable across markets, in particular the individual knowledge. Hence, strategic change can be pursued much faster than evident in the literature, as important knowledge components can be transferred from one market to another.

The nature of the model

As addressed earlier, the Uppsala model provides a rather static framework for internationalisation mode changes of organisations. Even though, it is labelled a dynamic model it provides limited flexibility in terms of potential choices for internationalisation

mode changes. In adapting the model to by considering its potential drivers and a larger variety of internationalisation modes, its flexibility was enhanced. Also, the suggested pro-active movement through the model and the pro-active change initiation, allow for a more efficient movement through the various internationalisation modes.

The adaption of the model

Lastly, the adaption of the model to match the fast moving and dynamic environment of German breweries adds on to current literature. It provides a theoretical as well as practical orientation for today's internationalisation efforts. In line with criticism and previous considerations, the model is not inflated. Rather, the adaption maintains its original simplicity. In addition to that, it benefits from the above-mentioned options and choices between a large variety of internationalisation modes.

In summary, the contribution to knowledge was made by creating a dynamic internationalisation model, in which change is impacted by internal determinants and different knowledge types, and that allows for flexible and pro-active movement through various traditional or innovative internationalisation modes.

6.6. Reflection on the research

Unquestionably, the research was carried out during a global pandemic leading to an unforeseen environment in the German brewing industry. COVID-19 led to severe damages in the industry, leaving hardly any brewery unaffected. Subsequently, the approach towards breweries was a challenging task. Most breweries were busier than ever, arranging internal processes and adjusting to the new market situation. Nevertheless, a unique sample could be gathered. Despite a few obstacles, participants from ten of the largest (former) privately-owned and internationally operating breweries and brewery

groups could be acquired. A huge opportunity and constellation, which has not been part of any prior research.

Even though each expert has seen the pandemic as immensely challenging by the time of the data collection already, most stated that the implications are of short duration. By the time this study was handed in, almost nine months later, the situation has changed and the effects in the year 2020 on the German brewery became visible, namely severe volume losses and slow recovery of global markets. As the pandemic is still present, the consequences are certainly not predictable yet. Logistics costs increased tenfold, raw materials became scarce and prices for components, such as cans, increased immensely. Hence, global trade and internal business will remain challenging for the near future – at least.

Due to the challenging times and the strong competition amongst the largest privately-owned breweries, data collection demanded ultimate anonymisation amongst the participants and the breweries. For this reason, information about the breweries was reduced to a minimum in the findings chapter. However, most relevant data for a comprehensive discussion and consistent recommendations was outlined in as much depth as necessary. Regardless of the strong demand to remain anonymous, most breweries were eager to engage in the research project. Generally, breweries with high international sales and high international commitment and focus were easier to attract than others. This shows the need and interest in studies around internationalisation of the brewing industry. For this reason, the final section of the thesis outlines suggestions for further research in the area.

6.7. Outlook and potential for further research

This study has shown that the German brewing industry pursues its internationalisation activities differently than literature around the Uppsala model suggests. Whereas market knowledge is suggested to be the main driver for firms' internationalisation activities and internationalisation mode changes, privately-owned German breweries are largely impacted by internal determinants when it comes to strategic change. These valuable findings contributed to an adaption of the Uppsala model in order to provide an orientation for the internationalisation process of German brewers. However, in line with the limitations set out in section 5.5., there is potential for further studies. Four themes are suggested for research in closely connected areas, as follows.

Instead of a retrospective data collection method, field-based research could contribute to analysing current internationalisation mode changes in breweries. In doing so, a different part of strategic management, namely decision-making, could be investigated more closely. Further, the gathered internal and external determinants could be evaluated in the context of decision-making and how significant their influence is on decision-makers.

Moreover, the market focus could be shifted in order to analyse other parts of the industry, such as conglomerates and craft brewers. In doing so, a broader picture of the entire German brewing industry could be established. Large scale data from breweries could be used to generate a large sample, which is representative for others, than only the largest privately-owned German breweries. In doing so, combined data could increase the generalisability of the findings.

Further, internationalisation mode changes of other European and non-European breweries could be researched in depth. Here, future research could aim at identifying

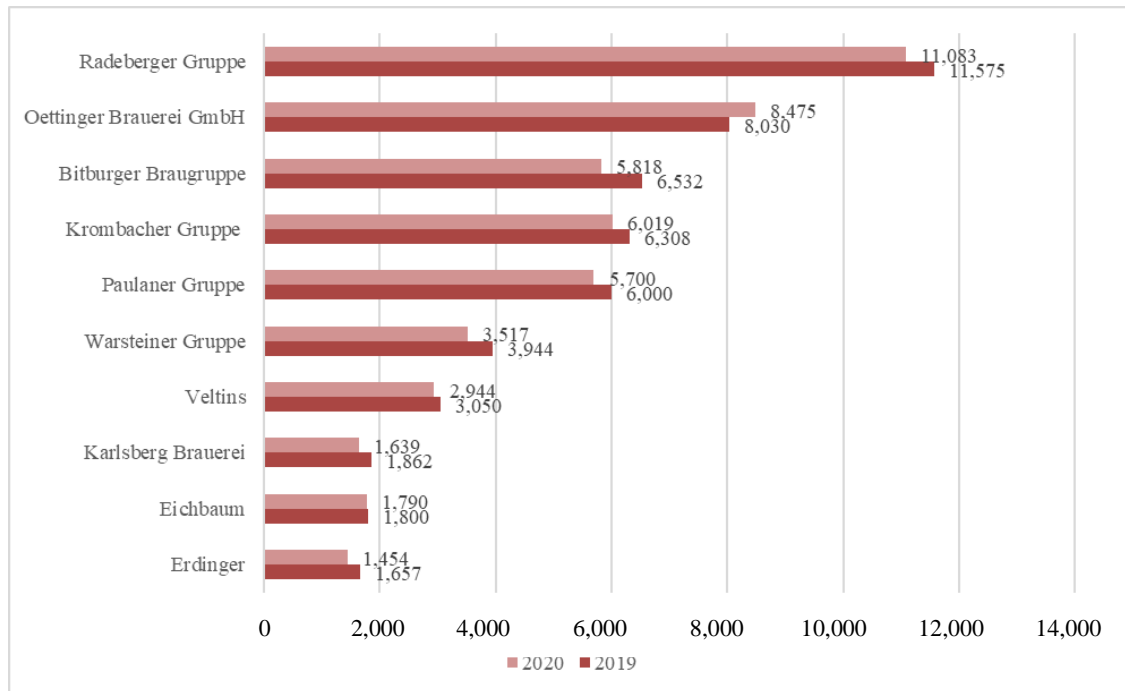
whether internationalisation mode changes of these breweries are impacted by similar determinants as the German ones. Subsequently, cultural similarities and differences of breweries in other countries could be compared to one another. As culture remains one of the most dominant impacts on change of German breweries, this should be addressed as central aspect.

As this study suggested a modified version of the Uppsala model for the German brewing industry, the model could also be tested for suitability in other industries. Hence, use a deductive approach for theory testing, instead of the inductive approach of theory creations as followed in this study.

Due to the current situation a last point remains to be addressed. The current challenging times of COVID-19 were mentioned several times throughout the research. As the researched processes were all completed before the pandemic, the statements related to its impact were very hypothetical. Future research could thus also focus on the actual influences of the pandemic on the brewing industry. A brief best practice example from one of the ten largest privately-owned German breweries, shall highlight the need for different strategic approaches. These have proven to be a valuable tool in the difficult year 2020.

Figure 28 - Sales of the leading privately-owned German breweries and brewery groups in 2019 and 2020 in 1,000

hl



Source: (Statista, 2021)

During the year 2020, nine out of the ten largest privately-owned German breweries and brewery groups have lost substantial volumes due to the pandemic. Figure 28 depicts the changes in volumes from 2019 to 2020 in 1,000 hl.

Noticeably, only one brewery did not only manage to retain stable volumes but even increased sales by more than 5%, from 8,030 hl to 8,475 hl. Whereas other breweries have lost between 1% and 11% of total sales. This can be mainly attributed to the strong off-trade focus of the Oettinger Brewery. As compared to other German breweries, Oettinger almost entirely rejects on-trade business. In addition, Oettinger offers a large variety of products and brands, including a range of private labels. Besides that, the brewery increases direct business with, for instance, national and international retail chains (Maack, et. al, 2011). Despite the low-price strategy of the brewery, its brand perceptions abroad is perceived similar to other German breweries (Brenner & Misu,

2015). Hence, these facts show that different approaches to brand strategy, product range and distribution channels can be beneficial in difficult times, such as the COVID-19 pandemic. Moreover, it shows that brand perceptions differ in the national and international market. In practice, the combination of these strategies is a difficult task.

6.8. Conclusion

Finally, it remains to conclude on the research and the results of this study. Thanks to its focus on the practical research objectives, which were established at the beginning of the research, the subsequent findings and discussion allowed to address each objective in detail. The data collection has shown that breweries engage in a large amount of different, innovative, internationalisation modes. The internationalisation mode changes thus vary as well. Reasons and motivation for change were made up of intrinsic motivations and extrinsic influences. However, choices based on either of them were not perceived as solely positive nor negative. The subsequent influences, which were established in objective three, were, however, mainly of internal nature. These internal determinants can be summarised culture, organisational processes, people, financials, marketing, and market research, as well as other processes. Each of them impacts one or more of the state aspects, which are the efficiency dimension, experiential knowledge, soft facts, and psychic distance. This is entirely opposing to the original considerations around the Uppsala model, which considered market knowledge as determining factor for change. Finally, a recommendation for internationalisation of German breweries in practice was made. In adapting the model, it can guide internationalisation in a more practical manner. Subsequently, the pro-active movement of German breweries through the model can be enhanced.

These findings lead to the contributions to practice and knowledge. The contribution to practice is made up of the variety of available modes and the practical ability of the adjusted model, which can be implemented by decision-makers to guide change, and the subsequent recommendations.

The perspective in combination with the unique context of the research lead to six distinct contributions to knowledge. These are the number of identified internationalisation modes and their different adequacy for German breweries, the summary of best- and worst-practice examples, the identification of components as part of experiential knowledge, the driver for change in the model, the nature of the model and finally, its adaption to match the internationalisation environment of the brewing industry.

Due to the current situation and the severe damages to the beer market caused by COVID-19, much more (internationalisation) research in the brewing industry is necessary in the future. In doing so, valuable contributions can be made to the long-term success of German (and other) breweries in national and international markets.

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APPENDICES

Appendix 1: Project overview for interviewees (in German)

Internationalisierungs- und Entwicklungsstrategien deutscher Brauereien im internationalen Markt

- Projekthalte

JANUAR 2021

Julia Seiss

Hochschule Management München

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VORSTELLUNG



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Berufsbegleitende Promotion an der Edinburgh Napier University in Schottland seit Oktober 2018.

2

BERUFLICHER WERDEGANG



Geschäftsführerin
The Hosts Group GmbH



Director of Operations
Paulaner Franchise & Consulting GmbH



Promotion
Edinburgh Napier University (berufsbegleitend)



Consultant & Projektmanagerin
Paulaner Brauerei Gruppe GmbH & Co. KG aA



F&B Management
Verschiedene Positionen in Frankreich, China und den Niederlanden



3

FORSCHUNGSINHALTE DER PROMOTION

Der Titel der Arbeit lautet:

„Exploratory Investigation into Internationalization and Development Strategies of privately-owned German Breweries“

(Untersuchung von Internationalisierungs- und Entwicklungsstrategien von inhabergeführten Brauereien in Deutschland).

Hier konzentriere ich mich insbesondere auf den Prozess des Strategiewechsels (z.B. vom direkten Export zu indirektem Export oder von einem Agentenmodell hin zu einem Joint Venture) in einem bestehenden Markt oder in bestehenden Märkten. Markteintrittsstrategien sind nicht Teil der Forschung.

ZEITPLAN

September/Oktober/November 2020
Durchführung der Experteninterviews

November/Dezember 2020
Transkription und Aufbereitung der Daten

Januar/Februar/März 2021
Datenauswertung

April/Mai 2021
Zusendung der Zitate an die Teilnehmer der Studie

Juni/Juli 2021
Fertigstellung und Abgabe (Veröffentlichung Ende 2021)

4

DATENERHEBUNG

Ziel der Datenerhebung

Das Ziel der Datenerhebung ist die genaue Betrachtung von Strategiewechselprozessen deutscher Brauereien in internationalen Märkten (Beispielsweise die Entscheidung von einem Agenten zu einem Joint Venture oder einer Vertriebsniederlassung zu wechseln). Dies soll aus der Perspektive von unterschiedlichen ‚Teilnehmern‘ geschehen.

Die Datenerhebung

Die Forschung besteht aus mehreren Experteninterviews. Hier werden (ehemalige) Mitarbeiter und (ehemalige) Geschäftsführer zu vorangegangenen oder gegenwärtig stattfindenden Strategiewechsel-Prozessen befragt. Die Erfahrungen der Mitarbeiter in diesen unterschiedlichen Positionen sollen dabei helfen eine 360-Grad Perspektive auf die Prozesse zu bekommen.

Zeitaufwand

Jedes Interview nimmt ca. 1 - 1,5 Stunde(n) Zeit in Anspruch.

Aufzeichnungen

Alle Interviews werden aufgezeichnet, um eine akkurate Auswertung der Daten zu ermöglichen. Selbstverständlich habe nur ich Zugang zu den Aufzeichnungen sowie den Transkriptionen, die auf einem sicheren Server der Edinburgh Napier University gespeichert werden. Interview Teilnehmer und Firmen werden in der Arbeit nicht namentlich genannt. Die Tonaufnahmen und die Transkripte werden ebenfalls nicht in die Arbeit aufgenommen. Alle Materialien werden anonymisiert gespeichert.

5

Fragen und Inhalte

In jedem Interview werde ich eine Anzahl an Fragen zu spezifischen Entscheidungsprozessen, den Strategiewechsel in internationalen Märkten betreffend, stellen. Ich würde mich daher sehr freuen, wenn Sie sich vorab Gedanken zu erlebten Prozessen machen würden. Zum Abschluss des Interviews werde ich noch einige generelle Fragen zu Strategiewechsel-Prozessen stellen und natürlich zu Erfolgen und Misserfolgen in vergangenen Prozessen (siehe Seite 7).

Wichtige Information

Ich möchte an dieser Stelle nochmal darauf hinweisen, dass alle Daten, die zum Zwecke meiner Promotion gesammelt werden, nach der Veröffentlichung gelöscht werden. Somit ist sichergestellt, dass keine anderen Personen Zugang zu den Daten bekommen.

6

ÜBERSICHT INHALTE

- 1) Welche Internationalisierungsstrategien wurden erlebt/beliebt?
- 2) Wie sieht der Strategiewechselprozess aus (anhand eines oder mehrerer konkreter Beispiele)?
 - a. Phasen
 - b. Teilnehmer
 - c. Initiator
 - d. Ziele
 - e. Kriterien
 - f. Herausforderungen
 - g. Informationsquellen
- 3) Wie sieht der Strategiewechselprozess generell aus? Gibt/gab es Standards?
- 4) Erfolge und Misserfolge in vorangegangenen Strategiewechselprozessen
- 5) Mögliche Empfehlungen an andere Unternehmen in ähnlichen Situationen
- 6) Der Einfluss von Covid-19 auf Internationalisierungsstrategien

7

Ich würde mich sehr freuen, wenn Sie sich bereiterklären an meiner Promotion mitzuwirken und möchte mich jetzt schon herzlich für Ihre Bemühungen bedanken.

Für Fragen stehe ich jederzeit gerne zur Verfügung

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Appendix 2: Interview guide

I. Introductory Questions

- (1) Can you please tell us a bit about yourself and describe your history and position in the company?
 - a. How long have you been with the company?
 - b. How many years of experience do you have related to internationalisation processes of breweries?

- (2) In which ways does your company internationalise its business (e.g. exporting, WOS)?

- (3) Where there any modes of internationalisation that your company pursued in the past, but does not pursue anymore?

II. Specific questions

Speak about your strategy changes in a particular situation as you recall it.

- (1) Can you talk me through one specific example where strategic change happened?
 - a) The phases of the strategic change process
 - i. What was the trigger for the change?
 - ii. How was the change in strategy initiated?
 - iii. What was the initial phase?
 - iv. How long did the overall process take?
 - b) ‘Participants’
 - i. Who was involved in the process?
 - ii. Why were the people involved? Was there a purposive selection?
 - iii. Who took the final choice?

- iv. Were external partners involved?
- c) What was the aim of starting the strategic change?
- d) The criteria
 - i. Which criteria were relevant in the process?
 - ii. How were they determined?
 - iii. Was market research involved?
 - iv. Any other factors that had an impact on strategic change?
- e) What was most difficult about the process?
- f) Sources of information
 - i. Which information sources did you use?
 - ii. Was any information missing?
- g) Driver for strategic change
 - i. Was one person or a group of people the driver for change?
 - ii. Was growth opportunistic, strategic or... ?

(2) Thinking about the specific example again, why was the change successful or not?

- a) Which ones did you perceive as successful?
 - i. Why was it successful in your opinion?
 - ii. Would you still change something about the processes?
- b) Which ones did you perceive as not successful?
 - i. Why was it not successful?
 - ii. What would you change about them?

(3) Can you think of another example?

- a) What was the aim of the strategy change?
- b) How was the process initiated?
- c) Was the process identical? If so why/why not?
- d) What would you change about the process in general?
- e) Was the length of the process the same?

- f) Did you perceive the change as successful? If so/not, why?
- g) Did you have all relevant information for the choice?
- h) What was most difficult in this situation?

Speak about strategy changes in general as you recall them (this can also be a different company you worked for in the past)

- (4) Can you think of the general processes you experienced in the past?
 - a) What is your general aim related to strategic change?
 - b) How often do you consider changes?
 - c) How are processes initiated?
 - d) Are processes in general the same? Each time/in each market?
 - e) Were most of the processes successful? If so/not, why?
 - f) What is most difficult in general?
 - g) Is strategic growth or opportunistic growth more important?

- (5) What is the right moment to consider strategic change in the internationalisation mode in your opinion?

- (6) What is your recommendation for other breweries that are in the same situation?

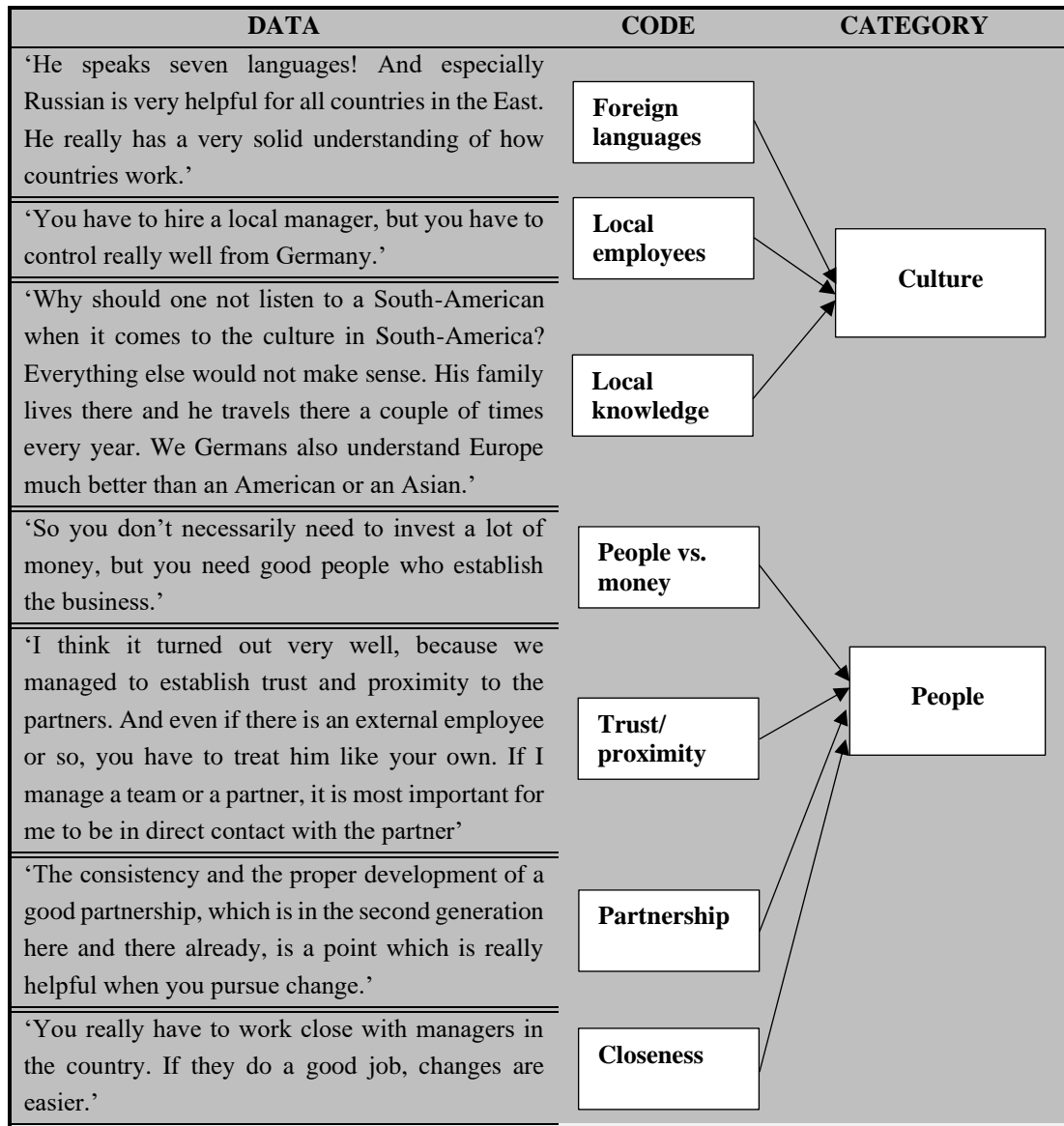
- (7) Which impact does Covid-19 have on your internationalisation processes or on internationalisation of breweries in general?

III. Closing questions

- a) Would you like to add anything?

Appendix 3: Coding process

Figure 29 - Coding process of internal factors (example)



Source: own graphic

Table 16 - Codes and categories

THEMES	CATEGORIES	CODES
Internal determinants	Culture	Foreign languages, foreign employees, cultural background, locals, international experience, control, management from distance, trust in local partners, international awareness
	Organisational processes	Awareness, structure of foreign operations, independence, information collection, strategic approach
	People	People vs. money, trust, proximity/closeness, frequent contact, travelling, long-lasting partnerships, networks, acceptance of culture, 'right people', short ways
	Marketing & market research	Marketing costs, information sources, brand building, marketing for high-commitment modes, niche
	Financials	Financial resources, controlling systems, monitoring, cost structure, complexity
	Processes	Plan B, IT systems, supply chain issues, preparation, resources, innovation, SKU, measurement
External determinants	Competition	Pricing, position of German beers, regulations
	Brand building	Lobby work, 'German beer' as brand
	COVID-19	Pandemic

Source: own table

Appendix 4: List of recommendations

Culture

- **Language knowledge**

Increase foreign language knowledge amongst employees by offering or subsidising foreign language trainings/courses. Additionally, foreign language skills can be added to the list of requirements for new employees.

- **Cultural knowledge**

Increase cultural awareness by providing trainings for all employees who are involved in international activities. Involve employees with foreign backgrounds in cultural trainings and let them speak about their experiences and cultural knowledge.

- **Company culture**

Establish activities to increase awareness of international units/markets departments (i.e., intranet, presentations, flyers, internal company events) in order to sensitise other departments for the international activities and the relevance of the department as a whole.

- **Cooperation with local partners**

Foster cooperation with local partners for low-commitment modes, such as agent agreements, collaborations, and distribution agreements, where relevant.

- **Employees**

Consider individual experiences related to internationalisation mode changes of current and potential employees in more depth. The valuable individual knowledge, which is part of general knowledge, is only gathered by individuals.

Organisational structure

- **Internationalisation modes**

Consider a larger variety of internationalisation modes including more innovative modes. If required, smaller steps can be taken to carefully work the way into markets.

- **Distribution channels**

Increase number of distribution channels where possible and useful. In doing so, losses due to external factors (such as COVID-19) can be compensated more easily. Naturally, additional sales volumes can be generated.

- **Separate structures**

Allow separate structures for foreign operations, as common in the particular country or market, instead of mirroring the German structures. Additionally, foreign managers can be trained in the German breweries in order to increase their awareness for the German culture and work mentality to decrease misunderstandings in the future cooperation.

- **Strategic focus**

Create strategy papers and communicate strategic intent well to internal teams and other departments in order to streamline the understanding of the international business. Nevertheless, opportunistic business should not be left unattended and evaluated on a case-to-case basis.

- **Specialised partners**

Rely on the expertise of specialised partners in the foreign markets as well as the home-markets. These partners can also be internal partners, such as the international marketing department, controlling, supply chain and others.

People

- **Good relationships**

Foster good relationships amongst business partners and stakeholders. Additionally, good relationships between the competing breweries should be maintained in order to get support in situations that require help from experts (e.g., filling of SKU's/containers for which a brewery does not possess the adequate filling machines and resources, i.e., can filling machines).

- **Frequent contact**

COVID-19 has led to less frequent travel activities in 2020 and 2021. Nevertheless, it should be kept in mind that the beer business is an emotional business, which relies on individual people. Hence, travelling should not be precluded. Regular online and offline meeting should be established.

- **Network in the markets**

Naturally, networks in the markets needs to be maintained and built up. This is not solely the task of the partner in the market, such as an importer or an agent, but also of the brewery and the international department as a whole. Hence, wherever possible, breweries need to identify new network partners and foster the relationship amongst the entire networks.

- **Involve the right stakeholders**

Dependent on the general structure of the brewery, the relevant stakeholders need to be involved. The stakeholders should be chosen in order to enable competent but fast decision-making. Decision-making structures, including decision trees can facilitate the process.

- **Involve employees**

Generally, experienced employees with the relevant profession background or cultural knowledge are a valuable source of information. Data has shown that several

employees have facilitated decision-making with positive outcomes. Hence, employees should be involved in the decision processes and the subsequent implementation.

Marketing and market research

- **Market data (especially for distanced markets)**

Nowadays, many sources of information are available for proper market research. These include various information channels, such as market research agencies (Canadean), platforms (Euromonitor, Statista) and specialised agencies. Hence, many sources are available and provide the necessary information about a country.

- **Knowledge about the market**

Certainly, the knowledge of individuals about a market should not be neglected. As set out earlier, individuals and individual knowledge play a crucial role in the internationalisation mode change process.

Financials

- **Proper controlling systems**

A key requirement for proper decision-making in internationalisation mode changes is the close monitoring of financial figures. Unless the change decision is marketing-driven (e.g., brand building in the short-run), correct numbers are indispensable. Additionally, the analysis of individual countries and SKU's needs to be possible in order to calculate accurate margins.

- **Complexity reduction**

In order to accelerate the internationalisation mode change process, the term 'destruction of the value chain' was brought up. Wherever feasible unnecessary

intermediaries should be excluded from the process (incl. internal stakeholders). In doing so, time and costs for changes can be reduced.

- **Monitoring**

Partners can be evaluated on a year-to-year basis in order to identify potentials and implement measures for improvement. In doing so, relevant actions can be determined as early as possible.

- **Reporting systems**

Implementing standardised reporting systems can facilitate the evaluation of individual partners and markets. These systems can facilitate comparison and thus potential identification. The reporting system can also include self-evaluations of external stakeholders.

Processes

- **Solid preparation**

Clearly, solid preparation is required when taking steps, especially larger steps, in a foreign market. Amongst the preparation there is not only the preparation of all relevant legal and product requirements but also the preparation for a new culture or work mentality.

- **Innovation**

In the past, German breweries have only shown little innovative capacities. Considering new and innovative internationalisation modes could contribute positively to the perception of German beer brands and breweries as a whole. This would also facilitate higher commitment modes in foreign markets.

- **Early plan B**

If there are any signs of severe changes in the market, such as political or regulatory changes, these need to be monitored closely. A plan B needs to be developed at the earliest date possible.

- **Portfolio**

Clearly, the research has shown that a larger portfolio in a market (different products and different SKU's) contribute positively to change situations. Unexpected withdrawals of partners in the market (e.g. an off-trade partner) does thus not lead to a collapse of the entire business in the market.

- **IT infrastructure**

In a more and more digitalised world, a solid IT infrastructure is indispensable. However, one should keep in mind that different countries require different infrastructures. Hence, similar to the different organisational structure in foreign markets, the IT infrastructure needs to be adapted as needed.

- **Pro-activity**

Certainly, the pro-active search for opportunities related to new modes in the market is crucial. The fast-moving consumer goods industry demands strategy adaptations and innovate steps on a frequent basis to remain competitive.