MASTER`S THESIS

ZOOVET: INTERNATIONALIZATION PROCESS. STRATEGIES AND ENTRY MODES (2004-2020).

OPPORTUNITIES AND CHALLENGES FACED BY AN ARGENTINEAN SME GOING ABROAD.

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ZOOVET: Internationalization Process. Strategies and entry modes (2004-2020).

Opportunities and challenges faced by an Argentinean SME going abroad.

Abstract

This Master's thesis explores and discusses the strategies and entry modes used for the internationalization process of ZOOVET, an animal health company from Argentina. The main objective of the research is to analyze and understand the firm's internationalization from the perspective and context that involves being a small and medium enterprise (SME) from a developing country.

Different theories and stakeholders' perspectives were gathered, and firms' management, employees, academics, public practitioners, and experts in the field were consulted to carry out a pluralist perspective that contributes to understanding the process from an integrated approach and a contextualized explanation.

The discussion between stakeholders brings exciting debates about the most used entry strategies, opportunities, and challenges SMEs face in their internationalization adventures. In addition, the importance of challenges that are particular to the region and affect the companies' reasons to start an internationalization process, such as import and currency exchange restrictions, can be a highlight of the debates that fill a gap in the existing traditional literature.

The company's different entries across markets in Latin America, the Middle East, Asia, and Eastern Europe are reviewed, identifying continuities and particularities. They show the efforts and achievements but also the pitfalls and failures of the company to increase its presence in current markets and develop new ones. Some findings to be outlined are the importance of the registration process of the products as the main limitation to entering highly demanding markets. It was also why Zoovet continued its expansion process in the Middle East after Latin America and not in North America or Europe, which are closer in terms of distance, cultural similarities, and trade flows.

Another remark is the profound implications that context has on SME development, particularly in the case of developing countries, where macro conditions can represent severe obstacles to firms' internationalization. One of the research contributions is based on the

notion that a process of internationalization cannot be explained without a deep understanding of the context. Context is understood as the influence of public policies, macroeconomic conditions, and institutional support on SME performance. Even if the world is highly globalized and companies follow international standards, context still matters and adds particularities and complexities for firms willing to expand across borders. Being aware of those differences and planning according becomes crucial for companies' international adventures' success.

Valuable suggestions and takeaways for the company, and SMEs in general, are highlighted along with the research. The suggestion to the company to include R&D investment in the field of market research and international business development through partnerships with universities, consulting labs, and internships can represent an opportunity for students and graduates in the field.

Developing a clear strategy is the primary consideration firms must focus on. The case study and the discussions can enlighten and provide alternatives that could be revised by SME firms from Argentina that are willing to start an internationalization process.

To carry out thorough market research, increase involvement, professionalization, and development of the company registration capacities must be part of a long-term strategy that aims to constantly arrive in more demanding markets and grow in the existent ones.

ZOOVET: Internationalization Process. Strategies and entry modes (2004-2020).

Opportunities and challenges faced by an Argentinean SME going abroad.

1- Introduction

1-a: Topic Delimitation:

This Master's thesis explores the strategies and entry modes used for the internationalization process of ZOOVET, an Argentinean animal health company, between 2004 and 2020. Analyze how the learning developed in Latin America was used to carry out the internationalization processes in the Middle East. Investigate the similarities, differences, and particularities of each market entry and how previous steps and learning outcomes were considered in the further entries.

Looking through this case will help practitioners understand the main opportunities and challenges faced by Small and Medium Enterprises (SMEs) from developing countries along with their internationalizing process and generate some suggestions and alternatives to improve their internationalization path. However, the previous objectives cannot be achieved without a deep understanding of the context in which Argentinean SMEs are immersed. Context is understood as the influence of public policies, macroeconomic conditions, and institutional support on SME performance.

1-b: Research design:

The research problem elaborates on a contextualized explanation to understand the internationalization process of Zoovet. An SME from Argentina. The study aims to analyze the case in context and identify opportunities, challenges, and suggestions based on the discussions from stakeholders and existing theories. The objective is to analyze the entry strategies and modes used by an Argentinean company considering different stakeholders' points of view that complement and fill the gaps in the traditional literature (Uppsala model, SMEs definitions, and entry modes and strategies for internationalization). Companies' management, employees, academics, public practitioners, and experts in the field were

consulted to carry out a pluralist perspective that contributes to understanding the Argentinean SME's internationalization process from an integrated approach. This integration seeks to reconcile explanation and context elements by combining contextual richness and explanatory rigour (Welch et al., 2011).

The case choice was also reinforced by the work experience of the researcher, who was part of the company as a regional commercial representative in the Middle East region (2016-2020). The mentioned participation allowed the student to develop knowledge about the company and its internationalization process. Furthermore, the wide networking generated with different stakeholders can collaborate with valuable information for the research.

Through the review of different theories studied, the researcher tried to find suitable explanations and confront and criticize them for proposing a contextualized explanation that explores principal elements of the study case.

Investigating the similarities, differences, and particularities of each market entry in Latin America and the Middle East becomes relevant for the research process.

It is essential to understand the legal framework. Product registration within national regulatory affairs authorities is necessary to commercialize animal health-related products. First, the products must be registered in Argentina through the National Service of Agri-Food Health and Quality (SENASA) to sell inside the country and later export. Furthermore, the products must be registered among the different animal health authorities in each country targeted as a new market, as it is a common requirement worldwide (with a few exceptions that will be mentioned throughout the research).

Zoovet has been developing and acquiring more technical inputs, better equipment, building facilities, and factories, incorporating more professional and English-speaking personnel. However, despite all those efforts, the company cannot yet achieve the high requirements, lab tests, and other technical features required to register products in many developed countries. This situation is still an issue in more demanding markets such as the United States, Canada, European Union, Switzerland, Norway, Morocco, Algeria, Turkey, etc. The development of the dossiers for registrations is the main limitation to entering highly

demanding markets. It is also why Zoovet continued its expansion process in the Middle East after Latin America and not in North America or Europe, which are closer in terms of distance, cultural similarities, and trade flows.

An internationalization process is considered a continuous learning process. According to the leading defenders of the Uppsala model (Johanson and Vahlne (1977, 2009, 2013), Johanson and Wiedersheim (1975), Cyert and March (1963), Forsgren (2015), Sylvie Chetty, Eriksson, and Lindberg (2006), a company increases its experiential knowledge through the different entry attempts and can develop a more substantial presence in current markets and to penetrate new ones. Experiential knowledge can only be gained incrementally through previous experiential learning, and it cannot be taught. (Whitelock, 2002). Therefore, flexibility and resilience were crucial to overcoming failures and obstacles to extend Zoovet's international profile.

The Case Study approach was chosen, among other options of research designs, because the student strongly believes that applying the theoretical content to practical cases is beneficial. Furthermore, to prove that a practical understanding of the theory can provide valuable and valid tools to explain processes affecting companies' internationalization path. Theorizing from a case study is understood from a pluralist approach that emphasizes the ability of the case study to generate contextualized explanation by combining contextual richness and explanatory rigour. Explanation and context are two elements that were historically segregated by the positivist approach in International Business literature but can be combined and reconciled, as Welch et al. (2011) suggested.

By analyzing the case and its context, the student can discuss the identified theories and generate conclusions and recommendations that could be suggested to the company. The research can also be an essential contribution to understanding the main opportunities and challenges SMEs face from developing countries in their internationalizing attempts. Finally, this research will help the student get familiar with consulting practices and apply the knowledge obtained through the studies to a company where he has worked before and could be a potential target for further consulting services.

The philosophical perspective chosen is critical realism. The student believes that social structures condition people's actions and they (re-)produce social conditions through actions. That is the main reason why explanatory accounts need to encompass human intentionality and an actor's position in the social structure (Welch et al., 2011).

1-c: Research questions:

In order to fulfill the mentioned research objectives, the following questions were generated, divided into general research questions relative to the Argentinean SMEs context and specific questions focused on Zoovet's internationalization process. As a way to provide answers that explain and analyze in-depth companies' internationalization path (specific questions) articulating the main findings of the company with the challenges, opportunities, and alternatives (general questions) that the firm faces in its position as an SME from a developing country.

General Research questions:

- Which are common entry strategies used by Argentinian SMEs in their internationalization process?
- What are the main challenges and opportunities Argentinean SMEs face when going abroad?
- What alternatives and suggestions can improve their internationalization path?

Specific questions to the case:

- What are the differences between the first entry modes and the following market entries along Zoovet's internationalization process?
- Are there any differences in the approach used in Latin American markets and the Middle East?
- What are the main learnings developed along with the different entry modes?

1-d: Overview of the structure

After the previous introduction, the research explains the methodology applied, where the design, approach, and information collection will be described.

The literature review will present an understanding of the existing research and debates relevant to the case. In addition, main contributions to topics such as internationalization strategies and entry modes, Uppsala model theories, and SMEs definitions will be reviewed. In the findings section, some general context will be pointed out by going through Latin American and Argentinean SMEs' situations, opportunities, challenges, used entry modes strategies, and some suggestions for SMEs. In addition, inputs from experts in the field will enrich findings.

Once introduced the company and its context, the particular internationalization process of Zoovet will be analyzed in-depth, taking into account its characteristics, scope, and a detailed timeline. In addition, contributions and statements from firms' management will be highlighted. Finally, an application of the Uppsala model to the case will be developed by identifying the gradual character of the process and showing the stages carried by the firm. As part of the discussion, all the information gathered on the findings will be used to answer the research questions by contrasting literature, data, statements of experts interviewed, and Zoovet's staff. This procedure will be done considering Zoovet's internationalization and the context in which the company is immersed. Furthermore, a constant flow and dialogue between the diverse sources will be carried out to show the importance of the triangulation of information for the case.

Implications, limitations, and recommendations will be developed directed to the different stakeholders that can be affected by this research.

In the end, conclusions will be presented to summarize the main results and the suggestions for the company.

2- Methodology

The methodological design for the current thesis is based on a contextualized explanatory case study grounded in the critical realist paradigm. The student used a qualitative approach (Gioia et al., 2013; Tashakkori & Creswell (2007). The research was developed by gathering detailed qualitative data to analyze the research problem comprehensively. The data collected is based on primary and secondary sources. Some semi-structured interviews were carried out inside the company to understand the firm's internationalization process and

with scholars and local authorities to put the company's situation in context. The interviews inside the company were carried out among five members of the management. Three of them are from the Foreign Trade Department (two Managers from the Latin American division and one in charge of the markets in Asia, the Middle East, Africa, and Europe). The interviews with experts aim to gather statements and contributions from different points of view, involving stakeholders that have a crucial role in the development of SMEs, coming from the academic, public, and entrepreneurial sectors. Two of them have roles in the local public agencies promoting foreign trade and investments. A third one is specialized in public-private articulation and is currently working on a relevant entrepreneurial project. The last interviewee is a recognized economist within development topics who has occupied significant roles in the United Nations Economic Commission for Latin America and the Caribbean (CEPAL). The interviews were carried out to provide answers that explain and analyze in-depth companies' internationalization path (specific questions), articulating the main findings of the company with the challenges, opportunities, and alternatives (general questions) that the firm faces in its position as an SME from a developing country. The data analysis techniques applied are document and content analysis-based.

To gather data about the company and SMEs' context many resources were used, as shown in Figure 1.

Type of data	Description	Quantity	Use in the analysis
Company data: Interviews	5 semi-structured interviews; written interviews by e-mail questions and answers.	5 interviews	Analyzing the firm's internationalization process, the status of the subsidiaries, and particularities of the entry modes in different markets.
Internal documents	Zoovet´s plant map, organization chart, organigram, product brochures and catalogs.	230 pages	Understand the firm`s structure, size, infrastructure, business model, organization, human resources, main markets, and products
Newsleters and reports	Quarterly reports, data and statistics	13 quarterly reports (190 pages)	Number of registered products per country, number of products under registration, sales figures, distributors map.

Business Press	Articles about the company in newspapers website and social media.	7 articles in the news and 6 videos in youtube.	Media coverage of the main achievements of the company. Story of the company and its creation. Launching of unique products and public-private articulated projects.
Data about SMEs context: Interviews	4 semi-structured interview; between 45 and 70 mins each.	4 interviews	Discuss Argentinean SMEs context, used entry strategies, challenges, opportunities, and suggestions with experts in the field.
Documents and academic papers	Academic papers about SMEs context in developing countries, Latin America, and Argentina. Data and statistics.	19 academic papers; 600 pages	Importance of SMEs as the engine of development. Diffculties for the companies to internationalize and build a long term-strategy.

Figure 1: Overview of data sources

2-a: Thematic analysis

A thematic analysis was developed to analyze the semi-structured interviews conducted. As Braun & Clarke (2006) state, this tool was selected because the thematic analysis is the 'foundational method for qualitative analysis. It aims to discover themes, patterns, and relationships in the collected data¨. Moreover, the mentioned analysis offers an accessible and theoretically flexible approach to analyzing qualitative data.

Some advantages of thematic analysis can be mentioned: it reflects its independence from any particular theoretical approach or epistemology persuasion, and, for this reason, it is helpful for researchers who position their work within either realist or constructionist paradigms within the social sciences (Braun & Clarke, 2006; Evans, C., & Lewis, J. (2018). Moreover, as this research is grounded in the critical realist paradigm fits the objectives of the study.

Thematic analysis is the process of identifying patterns and themes within the data, and that purpose was taken into account at all stages of the process. At the stage of data collection and continuing throughout transcribing, reading and re-reading, analyzing and interpreting

the data collected through the interviews was constantly contrasted and trying to find relations with the research questions. (Evans & Lewis, 2018).

To find those patterns, the five interviews done inside the company were analyzed and compared to see how each of the company managers and employees provided elements that could be used to answer the specific questions. Tables, where the statements of each interviewee were related to the elements of the specific research questions, were configurated and can be reflected in figure 9. Figure 14 highlights how a gradual approach across the internationalization process could be identified after the conversations with the interviewees from the company. That is the main reason why the statements provided by the interviewee were contrasted with the different stages of the Uppsala model, trying to find similarities and differences between the theory and the actual case.

The relations with the general research question were interpreted according to the interviews with local authorities, scholars, and practitioners who are considered experts in the field. Figures 2, 3, 4, and 5 can prove how their declarations were reviewed and analyzed to find the connections with the general questions aimed to answer during the research. This interpreting effort was constantly revised and complemented by traditional theories such as entry modes, internationalization strategies, and the Uppsala model. All the results were presented in the findings section. After that, a thorough discussion based on triangulation between traditional theories, data, figures, and interviews, was carried out (Figure 15), and all the research questions, including general and specific ones, were explained in their relationship with the firms' internationalization path and its context as an SME from Argentina.

3- Theoretical framework – Literature review

Some key concepts and theories must be defined and reviewed to answer the research questions. Before discussing the entry strategies used by Argentinean SMEs, there is a need to review what several scholars and theories have said about it and how concepts such as strategies and entry modes can be defined.

The general research questions try to understand the entry strategies, challenges, opportunities, and suggestions that could be provided to Argentinean SMEs; that is why

defining what is understood by SMEs and their role in Argentina and the region becomes relevant.

After analyzing the firm's entries in different markets through data and interviews, a gradual approach across the internationalization process of the firms was identified. The process was contrasted with the different stages of the Uppsala model, trying to find similarities and differences between the theory and the actual case. The theoretical framework was a helpful tool for understanding the various stages Zoovet followed in their process to acquire knowledge and position in different markets. The internationalization process was done gradually by constantly evaluating the different regions' potential and characteristics. The progressive nature of the approach enabled the firm to develop its businesses without involving high risks or over-dimensioned investments. This last point becomes crucial for SMEs that do not have the financial resources that large companies have.

Concepts such as Internationalization strategies, entry modes, the Uppsala model, and SMEs will be defined as they are considered crucial for answering the research questions that guide this research.

3-a: Internationalization strategies and entry modes

In the ever-present pursuit of constant growth and profit-making, companies need to go global, not because they voluntarily choose to take that strategic step, but more often because it is a strategic imperative (Gupta & Govindarajan, 2000).

However, going global comes with enormous efforts and resource allocations that companies need to plan strategically. This consideration becomes even more critical when referring to SMEs, companies with limited resources and financial capacities.

When planning to expand internationally, companies must deal, eventually, with entry strategies to “specify the objectives and how to achieve them” (Meyer and Peng, 2011). Following a thorough analysis of the attractiveness of foreign markets, the elements that define the entry strategy must be analyzed closely. These elements stand in an interdependent relationship and therefore influence each other.

Scholars that have researched the field of entry strategies like Lasserre (2018), with his global strategy framework, or Meyer and Peng (2011) with the Jigsaw Puzzle, narrow down the following elements as crucial factors of any entry strategy: The objective and the

market. They define the initial stages of the expansion project and heavily influence the following elements of the overall entry strategy. The next element to shed light on is the entry mode that could be strategically the best fit for the company. Timing is a crucial but complicated element to anticipate. Figuring out whether to be a first or a late mover can make a difference in overall success. Other secondary elements such as which product mix to choose, how to integrate the corporate identity in the unfamiliar environment, and how to tackle the competition need to be considered and are highlighted especially by Gupta and Govindarajan (2000).

The works of Lasserre (2018) and Meyer and Peng (2011) identify four different objectives that motivate companies to expand internationally:

- Aiming at growth by adding customers in new markets
- Gaining access to critical resources for their business
- Reducing their overall cost structure by placing their operations in cost-efficient locations
- Pursuing learning objectives by moving to locations to access knowledge and technology in innovative areas

These four objectives are not mutually exclusive, meaning that companies might combine several of those interests while keeping in mind the internal resources and capabilities. When the objectives are clear, the choice of location is automatically narrowed down as only locations that satisfy the company's objective, and relevant location-specific advantages get into the smaller collection of alternatives. For example, Meyer and Peng (2011) distinguish between the country level and site level that need to be considered. However, Gupta and Govindarajan (2000) focus on distinguishing between market potential and the learning potential associated with that market.

The element that many scholars place much weight on is the element of the entry mode. This strategic choice must be made with all previous elements and especially the company's competitive advantage in mind. According to Lasserre, Meyer, and Peng deciding which entry mode to choose lies somewhere along the grid of cost vs control. The more control a company wants over the foreign subsidiary, the more financial risk it must take. Therefore, the different entry modes vary from owned subsidiaries – "equity modes" (Meyer and Peng,

2011) to non-equity mode entries, executed through exports and contractual agreements that require small commitments in foreign markets.

Once the entry mode is decided, the company must choose the best strategic timing to enter a foreign market. Commonly asked questions in that context usually address whether the company is a first or a late mover in that market and the advantages or disadvantages. Further considerations especially highlighted by Gupta and Govindarajan (2000) are the degree to which the corporate identity should be reflected in the new market unit, the strengths of the local competition, and the speed of the expansion project(s).

Gupta and Govindarajan argue that, despite all strategizing and planning, the internationalization process often involves some opportunistic and random moves. For example, sometimes, an unforeseeable opportunity arises that a company instantly pursues to exploit. Nevertheless, the best approach for companies is to have a balanced mix of both strategy and the flexibility to react ad-hoc to sudden opportunities; the authors call this "directed opportunism."

3-b: Uppsala Model

Regarding the Uppsala model, an evolution of the theory along the time and many revisions could be identified. It was developed by Johanson and Vahlne (1977) as a model that shows that companies tend to follow an incremental approach when entering foreign markets, allowing them to benefit from learning effects (Dominguez & Mayrhofer, 2017). Johanson & Wiedersheim-Paul (1975) could also be considered a relevant contribution to the theory's origins by presenting the concept of psychic distance, which includes differences in language, education systems, managerial practices, culture, and industrial development across different markets. Johanson and Vahlne (2009, 2011) revised their model to consider significant changes in the global business environment and the criticism made by other scholars. In the updated version of their model, Johanson and Vahlne (2009, 2011,2013) consider the growing importance of business networks and strategies for companies' international expansion. Markets are considered networks of relationships where companies are linked to each other. The theory related to learning development and experiential knowledge (Forsgren, 2015; Whitelock, 2002) and the concept of liability of foreignness (Zaheer, 1995) were considered.

Some works that aim to discuss the Uppsala model according to developing economies' situations were revised to apply the theory to a particular case of SMEs from Argentina. Poblete, C., & Amorós, J. E. (2013), Oliveira, R. H., Figueira, A. R., & Pinhanez, M. (2018), Fernández, V. R., Alfaro, M. B., & Brasca, F. (2011), Torrens, E. W., Amal, M., & Tontini, G. (2014) and Vinsennau, L. D., & Marconi, H. E. (2016) were helpful examples of applying and discussing the model in cases of companies from Argentina, Brazil, and Chile.

The Uppsala Model is one of the main internationalization theories that pursues the understanding of firms' foreign market entry strategies. The core element in this theory is how a foreign market entry is successfully achieved when passing through distinct stages if contributing experiential knowledge is obtained throughout each stage. Four main stages can be identified within this model: sporadic export activities, exporting through an independent agent, establishing a commercial office in the foreign location, and lastly, establishing production units in the foreign location.

Through this model, the firm gradually increases the resources invested in a particular country simultaneously as it acquires experience from its activities within the market. These activities occur along with several phases, representing a higher degree of implication in the firms' international operations. (Johanson & Wiedersheim, 1975).

By applying the Uppsala model approach, a firm develops over time its activities abroad based on knowledge development. This development can be explained by the psychical distance, where a firm first expands to a market close to physical distance. Once they acquire experiential knowledge, they broaden the expansion to more distant markets. Experiential knowledge can only be gained incrementally through previous experiential learning, and it cannot be taught. (Whitelock, 2002). This process had its origin in the liability of foreignness, which means that a foreign firm needs to have a specific advantage to offset its liability when entering a foreign market. (Zaheer, 1995).

The Uppsala model was a helpful tool for analyzing the gradual expansion carried out by Zoovet. However, it is essential to mention that the theory has shortfalls that can be complemented by other elements, where the context is considered crucial. In this research, context is understood as the influence of public policies, macro-economic conditions, and institutional support on SME performance. The lack of these elements in the analysis of the stages, is considered the main shortfall of the Uppsala model. During the last 60 years, some

reviews criticized and tried to update the Uppsala theory to the economic and global conformation changes. The addition of the importance of Networks (Johanson and Vahlne, 2009, 2013) was a valuable aspect to consider. However, the emphasis on particular contexts and the inclusion of the differences in the environments that developing and developed countries present for SMEs must be reviewed. Explanation and context must be articulated to find better answers to companies and management performance, as suggested by Welch (Welch et al., 2011)

3-c: Small and Medium Enterprises (SME)

SMEs need to be defined as a way to frame the concept. However, it is also essential to present the role that these companies have as engines of development in the region. Different Institutions consulted, such as: the Production Studies Center (CEP), Fundación Observatorio Pyme, United Nations Economic Commission for Latin America and the Caribbean (CEPAL), Interamerican Development Bank (BID), Confederation of Medium-sized Enterprises (CAME), and Secretariat of Small and Medium Enterprises and Entrepreneurs (SEPYME) working within SME studies use several definitions when trying to frame SMEs categories. For example, most of the definitions those organizations use accept that number of employees is a typical measurement; others prioritize enterprise turnover as the main parameter.

As Hernandez and Alba (2007) point out, the definition based only on the number of employees presents limitations. Furthermore, other factors that currently affect the SMEs' competitiveness, such as the use of technology, innovation process, and efficient use of the resources for production processes, are not considered. This limitation affects the framing of non-traditional sectors, such as software, biotechnology, and nanotechnology. In these industrial sectors, the number of employees would not be the only criterion that would help define the firm's size. (Hernández and Ramirez, 2014).

The definition of SMEs and their size criteria is a controversial subject. (Keskġn et al., 2010) Even though there are several studies and literature about Argentinean and Latin American SMEs' performance, the lack of a standard definition from regional integration frames as MERCOSUR is considered a deficiency. It is hard to analyze, compare and suggest

alternatives for the region and find an articulated work between the different institutions if each country has different parameters to measure and quantify the data.

As MERCOSUR does not have a standard definition and allows its members to have their interpretation, this research will use one of the most common definitions, the one taken by the European Union. This integrated block has devoted many resources to investigating SMEs and their importance for development.

In the European Union, the updated definition of SME includes those companies with fewer than 250 employees. The group is further disaggregated into: micro enterprises (fewer than 10 employees), small enterprises (10-49 employees) and medium-sized enterprises (50-249 employees). The umbrella definition from the European Commission includes not just employee numbers but also annual turnover and total balance sheet:

¨The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million and/or an annual balance sheet total not exceeding EUR 43 million. ¨ (European Commission, 2020)

To understand the importance of SMEs as the engine of regional and national development, a vast amount of literature was consulted, Van Hoof & Gómez (2015), Frohmann, et al. (2016),

Thorrens (2020), Fernández et al. (2011) can be mentioned as some articles that highlight SMEs' relevance in Argentina and Latin America. As a summary of the main elements of the SMEs literature and statistics in the region, some highlights are: SMEs represent a high percentage of the total companies, are responsible for a significant amount of the employment, and are not highly internationalized due to the lack of financing and support from the governmental policies, among other reasons that will be developed in the following section in detail.

4- FINDINGS

4-a: SMEs context in Argentina

As was mentioned before, the research aims to explore the case study as a contextualized explanation, seeking to understand the context in which Argentinean SMEs are involved. An

analysis of the institutional context will cooperate in pursuing answers to the general research questions. The mentioned questions are related to common strategies applied by Argentinian SMEs to carry out their internationalization process; the main challenges and opportunities faced by the firms when going abroad; and the alternatives and suggestions that can improve their path.

In Latin America and the Caribbean, SMEs make up 99% of all companies and are responsible for more than 60% of employment. However, they account for just 6% of regional exports, which clearly shows that the internationalization process is not an effortless process to carry out (Herrera, 2020). Moreover, SMEs' low degree of internationalization, which results in reduced participation in regional exports, may respond to internal or external barriers to the company that restrict its access to international markets (Thorrens, 2020).

In Argentina, there are 856,300 companies, 99% of which are considered SMEs. Regarding the sizes by group, exists a significant predominancy of micro-enterprises with 83%; followed by 16.8% other small and medium enterprises, and only 0.2% large companies. In addition, firms with up to 200 employees represent 66% of formal private employment in the country (Belacín & Arnoletto, 2019).

Exporting is one of the most challenging activities for a company and involves several challenges. For this reason, in general, only a small group of enterprises export. The number of companies that made foreign operations in 2015 only represents 1.5% of the total, while SMEs account for 89% of exporting companies. Only one out of fifty SMEs that send products abroad exports consistently, according to the Argentine Confederation of Medium-sized Enterprises (CAME). The lack of continuity is emphasized by Vicente Donato, director of the SME Observatory, who states that firms often do ¨in and out moves" related to exports; they get into foreign markets when the local possibilities are not attractive and leave the internationalization process aside when the domestic market appears more attractive. (Fundación Observatorio PYME, 2022). It is relevant to highlight that the number of firms exporting from Argentina has been significatively reduced in the last few years. In 2007, 14,444 Argentinean companies exported, and only 9,845 did it in 2019. Decreasing to 9,066 in 2020. (CEP, 2020)

As Vinsennau and Marconi (2016) state: ¨Argentinean SMEs have inherent and unique characteristics that are also a reflection of their culture and society. They are sensitive to

conjunctural changes, whether domestic, regional, or international. (…) certain obstacles (which could be considered structural), such as lack of staff training, access to financing, cultural distance from potential FDI destinations, family and conservative traditions, and lack of public promotion instruments, directly undermine the possibilities of growth or international insertion of SMEs. ¨ Some of the mentioned challenges were highlighted by the experts interviewed and will be developed in other sections.

It is essential to mention that SMEs involve various sectors with distinctive characteristics and potential. This research will focus primarily on the biotechnology and animal health-pharmaceutical sectors, where Zoovet can be framed. Argentina has significant scientific-technological capacities and excellent availability of natural resources. It has more than 200 local companies producing biotechnological products. They invoice 2100 million dollars, export 400 million dollars and invest more than 90 million dollars a year in research and development. Regarding the areas of application, the area of Human Health concentrates 54% of the efforts, followed by applications in Agricultural Biotechnology (37%); Animal Health (35%); Bioinformatics (29%); Environment (23%) and Industrial Processing (18%). With a small percentage, some applications aimed at creating tools and methodologies to develop R&D activities are also identified (Anlló et al., 2016).

Four semi-structured interviews with experts with deep experience in the Argentinean SMEs field were carried out. Two of them with roles in the local public agencies in charge of promoting foreign trade and investments: Carlos Braga (Former President of the Santa Fe investment agency ¨Santa Fe Global¨ and Secretary of Foreign Trade and Investments, Government of the Province of Santa Fe) and Lucas Candiotti (Former Sub-Secretary of Foreign Trade and New Technologies of the Ministry of Production of Santa Fe). The third expert, Francisco Buchara, specializes in public-private articulation and currently working on a project called SF500, that seeks to promote the development of 500 Argentine scientific-technological startups. The fourth scholar consulted is Bernardo Kosacoff, a recognized Argentinean economist, writer, and University professor. He was a senior economist at the United Nations Economic Commission for Latin America and the Caribbean CEPAL (1983-2002) and director of that institution in Argentina (2002-2010); author of more than 20 books, he is a specialist and consultant on issues of competitiveness and development of various

sectors. The experts were asked about topics related to the general research questions, and the findings will be presented and compared:

4-b: Opportunities

Interview	Carlos Braga	Lucas Candiotti	Francisco Buchara	Bernardo Kosacoff
Argentinean SMEs opportunities	-All SMEs have opportunities. Depending on whether their sector is growing (Fintech, Biotech, knowledge-based service, AGRO-TECH, Software development, video games, etc.) or declining (furniture, food, and other traditional sectors). -CONICET is highly active, companies should take more advantage of it.	-Opportunities by sectors. Argentina has enormous potential in the scientific-technological sector. -Possibilities of working together with universities, technology centers and access to financing from Venture Capitals. -Possibilities of more direct internationalization through E-commerce. -Cultural variable: The tenacious Argentinean business community, very enterprising. Used to swings, and this is key to solving problems in foreign trade.	-It is always valuable for an SME to have a foreign sales experience because it makes them reach global standards. -Argentina has an opportunity with biotechnology, which is a growing industry and can be considered one of the main sectors of the future. -Argentina is among the world´s top 15 of countries that have critical mass, scientists, laboratories, and industrial capacity to be able to generate products and services in the field of life sciences. Industries that have higher margins.	-Argentina has a good internal market. Within the ten most important markets of developing economies. With economies of specialization and variety of suppliers. -Companies need to internationalize at some point to remain dynamic. -In Argentina there are domestic capacities in the biotechnology sector. Where the key is not focused on large scales, but in innovation and qualified human resources. -Argentina has a remarkably heterogeneous productive apparatus, and 20% of the production of products and services is done under organizational models that are on the international technical frontier.

Figure 2: Argentinean SMEs opportunities to Internationalize (own elaboration, 2022)

The four experts mentioned that there are opportunities for Argentinean SMEs, even though it depends on sectors; all agreed that there is a bright future related to biotechnology and the scientific-technological sector. They affirm that it is a growing industry (Braga, Buchara) with enormous potential (Candiotti) that can be considered a sector of the future (Buchara). Kosacoff emphasizes that Argentina has promising capacities as it is a sector that is not focused on large scales but innovation and qualified human resources. Argentina has some advantages in the field. It is among the world's top 15 countries with critical mass, scientists, laboratories, and industrial capacity (Buchara). It has a remarkably heterogeneous productive apparatus, economies of specialization, and a variety of suppliers (Kosacoff, 2022).

Buchara and Kosacoff highlighted the importance for SMEs to get involved in internationalization processes as it will help them to reach global standards and maintain their production and sales dynamic.

Braga and Candiotti pointed out the importance of articulating the companies with universities and technological centres to generate innovative projects and products. Partnerships with CONICET are recommended as ¨It is an active research institution constantly working on potential innovations suggested by the scientific community that the firms can support and carry out by the firms¨ (Braga, 2022). Candiotti (2022) also emphasized the importance of innovative technologies, ¨E-commerce can represent possibilities of a more direct internationalization, as an alternative where the distributors are not needed, and

conflicts with them are avoided¨. Another suggestion from the public practitioner is finding alternative financing sources from the traditional ones (government and banks). Candiotti believes that private funds (venture capitals) can generate resources as a financing tool that responds to current trends in the sector.

According to Buchara (2022), the biotechnological field, and those activities that can be framed as ¨life sciences¨, are part of the future. Therefore, Argentinean SMEs should pay attention to them as they have high margins.

According to Kosacoff (2022), Argentinean SMEs often settle in the local market as it is an exciting playground within developing economies' ten most important markets. However, the recognized economist emphasizes that the local market sooner or later gets saturated, and it becomes the main reason companies must go out and develop an internationalization expansion. Going abroad will allow firms to remain dynamic, generate additional demand for production, and accelerate innovation capacities.

4-c: Challenges

Regarding the challenges that Argentinean SMEs face while developing an internationalization process, they can be distinguished into two groups: macro challenges and challenges within the SMEs. The first ones are related to the macro conditions that involve the national economic situation, governmental policies, geography, and infrastructure. The second group is related to the company's internal factors like resources, strategies, and continuity in their policies.

All the interviewees know the physical distance that represents Argentina's geographical location, in the South of South America, far from many significative markets. This distance represents high costs for logistics added to other characteristics that make the situation even more complex: volatility and instability of the Argentinean economy, low development of ¨hard¨ infrastructure (ports, routes, means of transport), centralization of customs approval and infrastructure in Buenos Aires, expensive and time demanding bureaucratic procedures (Braga, Candiotti, Buchara, Kosacoff). Braga gives two examples as a graphic way to refer to the onerous and slow bureaucratic procedures: The first explains that in Argentina, it takes an average of fifteen days from the moment that a deal is done to proceed with the export.

The exact process in Chile only takes two days. The second example pointed out is the centralization of customs approval in Buenos Aires. A road shipment from Santa Fe, Argentina, to Asuncion, Paraguay, must pass through Buenos Aires to get export approval. The more efficient way would be to do it directly from Santa Fe to Asunción, as it is closer geographically. However, this bureaucratic procedure that implies going first to Buenos Aires doubles the number of kilometres that the shipment has to go through and notably increases the delivery time and costs.

The other challenges unanimously mentioned are the currency exchange and import restrictions. These protectionist measures adopted by Argentinean governments in the last decades go against the principles of free trade and integration, considered pillars for a country's insertion into the global value chains (Candiotti). As Braga adds, Argentinean companies are sometimes disregarded internationally because of governments that have not generated trust or open market policies. Because of dealing with currency exchange protectionism and import restrictions policies, Argentinean firms have lost credibility with international suppliers and buyers.

A lack of continuity in the policies carried out by the state to promote and support the internationalization process is mentioned by Braga and Kosacoff. The discontinuities can be observed within financing, public and private sector coordination, and institutional framework. According to Kosacoff, Argentina has institutional support for SMEs' internationalization, but it is often poorly articulated, with discontinued policies and institutions over time. The economist also states that the lack of continuity responds to a significant issue: Argentinian governments could not identify a clear development strategy for the country.

Buchara highlighted an issue relevant for scientific-technological companies and that affects Zoovet. Registration processes and regulatory requirements are different in each market. Furthermore, it is a barrier to companies` internationalization, as they know that each process can be costly and take time. Adapting production processes, translating documents to other languages, and receiving international audits and particular market requirements can be discouraging for SMEs.

	Carlos Braga	Lucas Candiotti	Francisco Buchara	Bernardo Kosacoff
Macro challenges	-Hard infrastructure in general: ports, routes, means of transport. -Institutional infrastructure (soft): Expensive procedures and bureaucracy. -Lack of framework agreements (an Argentina more integrated into the world, ease of access to markets, zero tariffs, integration process, etc.) -Lack of continuity in state policies. -Centralization in Buenos Aires of customs and approvals. -Low financing. -Low coordination between universities and companies -Exchange protectionism and import restrictions. -Physical distance. Argentina is far from many markets.	-Logistics problem. Physical distance. -Delayed exchange rate for certain products. -imports restrictions. - The country is too centralized in Buenos Aires.	-We are in the south of the world (expensive logistics) -Regulatory issue (registrations in national bodies and in destination markets, different requirements in each market) and intellectual property.	-Crises often not only weaken the internal market, but also question the internationalization process. -Lack of access to financing (pre, during and post-export) -Argentina has institutional support, but it is often poorly articulated, with a lack of continuity in its policies and institutions over time. -Instability and volatility in Argentina. -Currency restrictions. -Lack of a clear development strategy.
Challenges within SMEs	-¨Swallow policy¨ (without continuity) depending on the moment they decide to activate or set aside foreign trade. -Lack of strategy. -Lack of knowledge of internal processes and deadlines that companies must carry out to internationalize.	-	Companies must have a strong strategy in intellectual property and regulatory affairs. Registration processes are long and expensive.	-The internationalization of SMEs is not an effortless process and it is difficult to maintain a long-term strategy, both from the companies and from the accompaniment of the state and institutions.

Figure 3: Argentinean SMEs challenges to Internationalize (own elaboration, 2022)

When discussing internal challenges within SMEs, scholars emphasize that it is not easy to carry out an internationalization process. Companies must develop a thorough, long-term strategy. SMEs must understand that allocation of qualified human resources, investment, and time must be made. Support and financing by the state and institutions are relevant. However, companies must understand that they need to be compromised with the process and cannot take a "swallow policy," starting and stopping the internationalization process depending on the moment of the domestic market. (Braga and Kosacoff)

As Braga states, not all Argentinean SMEs have the basic knowledge of internal resources and capacity development needed to carry out an internationalization process. However, public support can be generated by increasing training, technical assistance, specific financing for exports, and promotional actions focused on SMEs.

4-d: Most used entry modes for Argentinean SMEs

The main objective of going abroad highlighted by the experts is related to the pursuit of increasing sales. Expanding to new markets generates more demand and seems to be the first reason Argentinean SMEs decide to internationalize. It can be an attempt to cover the falls and crisis of the domestic market, as mentioned by Braga, or an "anti-cyclical tool", in the

words of Kosacoff. The latest scholar also mentions that companies usually look outside when saturation of the internal market slows down their growth rate. Exporting allows them to recreate the growth rate of production and, at the same time, exposes them to greater competition abroad.

Another reason mentioned by Kosacoff is strictly related to the previously criticized import and currency exchange restrictions. Companies export as it gives them access to stable international currencies. At the same time, it allows them to import raw materials. For several years Argentinean companies had to export to be able to import.

Interview	Carlos Braga	Lucas Candiotti	Francisco Buchara	Bernardo Kosacoff
Most used entry modes for Argentinean SMEs (objectives and characteristics)	-In general, companies seek to increase sales. -Always as late-comers. With some exceptions (direct seeding method). -Internationalization is often used to cover falls in the domestic market, without a clear or sustained strategy. -In most cases, a distributor is sought, in the simplest way possible. Few cases of franchises, mergers, subsidiaries, strategic partnerships in destination, etc.	-Search for opportunities, expand markets and sales. -Lack of a common thread, long-term planning, or sustainability over time (response to spasmodic government policies). -I think we are late comers. The Argentinean businessman tends to copy, rather than impose trends. -In general, the first step is through distributors.	-Most Argentinean SMEs, I would say 80%, seek to expand sales by opening new markets. -The first exports occur by chance, more related to someone who is willing to buy the product/service rather than due to company strategy. -Other companies are prepared to go out and compete with the main world players (Bio Ceres case) but for this they must have a defined strategy and the resources needed to do so, such as trained personnel, money, and time.	-Argentine SMEs access new markets through exports. Being the first export more a casual event, they come to buy from the company instead of going out to sell abroad (it is known as “infant export"). -Generally, companies go abroad when their growth rate is slowed down by a saturation of the internal market. Exporting allows them to recreate the growth rate of production and at the same time exposes them to greater competition abroad. -The foreign market often functions as an anti-cyclical tool for crises in the domestic market. It balances the availability of foreign exchange and the trade balance. Export to be able to import.

Figure 4: Most used entry modes for Argentinean SMEs (own elaboration, 2022)

Regarding the characteristics of the entry modes chosen by Argentinean SMEs, an "opportunistic" style can summarize the different commentaries of the experts. Opportunism to cover local market failures without a clear strategy (Braga) that lacks a common thread, long term planning or sustainability over time (Candiotti) that occurs by chance, as a casual event and that is originated from the intention of the buyers and not from a company strategy (Buchara and Kosacoff).

According to Vinsennau and Marconi (2016): ¨In general, most Argentinean companies (especially SMEs) begin their international insertion process based on the theory of internationalization in stages or the "Uppsala model". Braga and Candiotti also affirm that the gradualist model is the most used. The first practitioner explains that many companies start their internationalization without a plan, taking advantage of opportunities. However, only

some of them manage to move forward in the subsequent stages of a gradualist model. Other firms do not achieve continuity and keep doing sporadic exports. Candiotti adds that SMEs find difficulties to move on to further stages of the gradualist model based on the spasmodic government policies, which do not allow them to follow a plan and develop gradual learning. Braga and Candiotti also added that Argentinean SMEs arrive as late-comers to markets already atomized with many competitors. Usually, finding distributors is the first step. Braga explains that it is not common to find SMEs that enter new markets using more complex partnership models such as franchises, mergers, subsidiaries, or other types of strategic collaborations on their first moves in a new market.

Without long-term planning, opportunistic behaviour is frequent among Argentinean SMEs going abroad. However, there are exceptions, companies that understand that the internationalization process needs a strategy, resource allocation, investment, partnerships with other community members, a learning development process and time. Those are prepared to go out and compete with the world's leading players, as Buchara highlights.

4-e: Suggestions to SMEs to improve their internationalization processes

The suggestions from the experts are pretty diverse. However, Braga and Kosacoff underline that having a defined long-term strategy is determinant. Economic and human resources must be identified in advance (Braga). Even though some things can be planned, the companies must be flexible and understand that it is a “learning by doing” process, where there will be successes and some failures that are part of the knowledge development (Kosacoff). The previous assumptions could be linked with Whitelock (2002) and the Uppsala model defenders, that believe that Experiential knowledge can only be gained incrementally through previous experiential learning, and it cannot be taught.

The internationalization process is a complex process for SMEs. Firms must understand that it cannot be done by themselves; they need to cooperate with other community actors such as the government, universities, and scientific and research organizations (Braga and Buchara). Braga explains that the public sector should not only direct the cooperation within the governmental offers. Firms also must identify their needs and ask for help. They should not only accept the support that the government offers but suggest ways to be assisted with their internationalization plans.

According to Buchara, SMEs should participate in activities within their sector at the international level. Take part in expos, exhibitions, fairs, and congresses and develop a geographically more comprehensive network. He proposes that companies must think of themselves as global from the beginning. Incorporating international partners that provide global standards, a different vision and knowledge of other markets could be a strategic move. Other recommendations include having a physical presence in key markets through representatives or subsidiaries and looking for strategic partnerships and complementation (Braga). Candiotti suggests the advantages of E-commerce. It allows companies to export without dealing with all the issues involved in relationships with distributors. SMEs must invest more in R & R&D. Buchara agrees with Candiotti that R&D is crucial for innovative projects. However, Buchara adds that sometimes it is more effective for companies to do a spin-off, support and invest in new startups as it could be faster and less bureaucratic than investing in in-house R&D.

Companies must understand that internationalization can provide them with answers to the Argentinean volatility and the difficulties of the domestic market; it also can provide them with an additional income for their current assets, as Kosacoff clearly explains. Firms need to know that the internationalization adventure is not easy. That it takes time and requires investments and resources, but also that in the long term, it will give them more sustainability and growth potential that, in the end, it is what most the companies are looking for.

Interview	Carlos Braga	Lucas Candiotti	Francisco Buchara	Bernardo Kosacoff
Suggestions to SMEs to improve their internationalization processes	-Have an approach strategy accompanied by internal development. -Understand that internationalization is a medium-long term process and not opportunism. -Identify the economic and human resources involved in this process. -Develop cooperation in the governmental sphere. -Have a physical presence in the markets considered attractive and from there look for strategic partners and complementation. -Generate synergies with universities and researchers.	-invest more in R&D. -Be trained and informed on logistics issues, strategies, and available resources. -The case of E-commerce presents an alternative, where the distributor is not needed and conflicts with them are reduced.	-Think themselves as global from the beginning (companies dedicated to biotechnology) -Participate in activities of the sector at international level (fairs, exhibitions, congresses, networking, etc.) -Work together with multiple actors (universities, scientific and research organizations). Understand that the community must be part of the project. -Carry out spin-offs and generate support and investment in startup projects. -Incorporate international partners that provide other standards, another vision and knowledge of the markets.	-Have a long-term strategy that contemplates the possibility of "learning by doing", where there will be successes, but also failures. -Understand that internationalization can provide answers to Argentine volatility, the depletion of the domestic market and how to obtain additional income for their current assets.

Figure 5: Suggestions to SMEs to improve their internationalization processes (own elaboration, 2022)

4-f: Introduction to the company

After analyzing the context in which Argentinean SMEs are immersed and before presenting the company's internationalization process findings, it is essential to know how it all started for Zoovet.

Enrique Ariotti is a 59 years old (2022) veterinary doctor who graduated from the Faculty of Veterinary Sciences of the National University of Rosario (UNR). After finishing his studies, he created a small veterinary clinic called ¨Ariotti & Lupotti¨ in partnership with his mother as an investor. The small clinic was dedicated to the attention, care, and sale of medicines for animals. Later, the clinic expanded to a new activity, becoming a distributor for other laboratories. In 1998, Ariotti founded Zoovet, his laboratory, and began producing his brand. At that time, the company had five of its products and only 20 employees. (Otálora, 2021)

Zoovet is an Argentinean animal health company created to provide veterinarians with products to solve their problems effectively and at reasonable prices. The company has 169 products in Argentina and 600 products registered in more than 30 countries over 4 continents. Zoovet is considered a medium-sized enterprise, as it has 180 employees and an annual turnover of USD 25 million (2021). (Ariotti, 2021a).

The unique formulations and combinations of innovative assets offered in their products are vital to the company's success. Their products are available in countries in America, Africa, Asia, and Europe. In addition, the company has developed a distribution organization that allows them to cover national and international markets. (Torres, 2021).

Zoovet currently owns six production plants, segregated. Five of them are located at Center Litoral Technological Park (PTLC) in Santa Fe city: divided into Hormonal, Beta Lactams, General Drugs, External Antiparasitic and Intravaginal Devices by Dipping. The sixth plant is in San Martin, Buenos Ares province, and is devoted exclusively to manufacturing intravaginal devices by thermofusion. All the plants have been Good Manufacturing Prices (GMP) certified since 2012. The production policy under GMP standards implies a permanent investment in research and development of innovative formulas and easy-to-use presentations for products with high therapeutic performance. Zoovet continuously invests a large part of its resources in researching new products. Those investments allow them to launch innovative, unique formulas globally and drive them to launch between 5 or 6 new products every year (Ariotti,

2021a). Five of the facilities of the company are in a technological park (PTLC) in Santa Fe, developed by governmental initiatives with the National Scientific and Technical Research Council (CONICET) and Litoral National University (UNL). This project aims to serve as an incubator to create an urban ecosystem where the industry, the government, and the science-technology sectors partner to support the growth of highly innovative technology-based companies (PTLC, 2022). As a requirement to be located at the PTLC, companies must allocate 5% of their income to research and development (R+D) activities. Zoovet has surpassed the requirements, and it is investing around 15% in research and development projects. The company has an in-house R&D department that supports the constant development of unique formulations and new products. (Ariotti, 2021b).

Zoovet seeks to generate links and cooperation with researchers and the scientific community. One of the results of this cooperation is the technical collaboration agreement with a research group of the Biotechnological Development Laboratory of the Faculty of Biochemistry and Biological Sciences of the UNL. The company had invested in providing technology and facilities to the researchers to support them. Together they have created a new company, called Biotecnofe, that works in the biotechnology area and develops a production system with technology based on recombining animal cells. The first product created by this partnership is FOLIREC, the only equine chorionic gonadotropin (eCG) of recombinant origin globally, based on a hormone used in the livestock industry to induce ovulation of the animals. It is applied in fixed-time artificial insemination (IATF) to reproduce cattle. The second outcome of this private-public cooperation is the creation of RHABDO-LIKE RECOMBINANT, an innovative rabies vaccine, the first one in the world produced by recombinant cell culture technology modified by genetic engineering. (Ariotti, 2021a; Diario Uno, 2022).

4-g: Business Model

To explore Zoovet's internationalization process, it is crucial to understand how the company works, and it could be well represented with the use of the Business Model Canvas (BMC). A business model is what a firm sells, the markets it targets, how it produces and delivers its product/service, and controls and coordinates all these activities (Fjelstad & Snow, 2018).

Massa and Tucci (2013) affirm that through the analysis of the Business Model, we can get a "systematic and holistic understanding of how an organization orchestrates its system of activities for value creation".

Figure 6: Business Model Canvas (Own Elaboration, 2021)

The Value Proposition Canvas (VPC) will be used to provide an external overview and find if there is a correspondence between market needs and what Zoovet can offer.

Zoovet offers a range of innovative veterinarian products for small and large animals, well balanced between price and quality. Furthermore, their products are bundled with exclusive services such as technical support, training, and consultations to strengthen the relationship between Zoovet and its clients. Also, to third-party companies or laboratories, Zoovet offers to produce under their brands on Zoovet's premises.

Figure 7: Value Proposition - customer segments (Own elaboration, 2021)

Figure 8: Value Proposition Canvas (Own elaboration, 2021)

Source of the infographics: Own elaboration based on interviews and secondary data collection, 2021. Further detailed analysis of the BMC and VPC can be found in the annexes section.

4-h: Internationalization process

After getting to know the firm`s origin and business model, it is relevant to focus on the internationalization process. First, the objectives and reasons for entry into new markets will be analyzed.

The company decided to go abroad due to several reasons. Some of them are based on generic theoretical ideas of internationalization identified along with the literature (Lasserre, 2018; Meyer and Peng, 2011), while others are more related to the context of the company and the country. After a thorough discussion with Lucas Garione (2021), Zoovet's Foreign Trade Manager for the LATAM region, some elements are highlighted in the following table as the main reasons why they decided to export:

Main entry objectives (Lasserre, 2018; Meyer and Peng, 2011)	Zoovet reasons for internationalization (Interview with Lucas Garione (2021))
Growth by adding customers in new markets, increase sales	"Internationalization means expanding the company's markets, increasing sales and therefore allows for a higher turnover. This has a series of positive effects derived from growth, both for the company and for society in general: higher production, more employment, more investment, more taxes and, predictably, if the company acts efficiently, higher business profits. In short, internationalization makes it possible to increase the company's turnover by expanding its advantages in other markets."
Gaining access to key resources	"Gain competitiveness and relevance in the local market: Going to the international market will make your business acquire a series of new skills (technology, know-how and management capacity) that will provide it with a differentiating element." "Internationalization is a way to gain competitiveness."
Reducing costs	"Internationalization can favor a reduction in costs. The company can find cheaper supplies in international markets." "The increase in the volume of production facilitated by the exports demand can allow the company to take advantage of economies of scale, producing with lower unit costs. For example, by producing a greater volume, and therefore needing a greater volume of inputs, the company has greater negotiating capacity to obtain better prices from its suppliers. Producing in large batches can allow the introduction of technology and machinery that would not be profitable in small production series, and that make the company's production process more competitive."
Access to knowledge and technology	"… gain experience and alliances with foreign companies." "Update with innovations in your sector at a global level." "Internationalization means submitting to the discipline of international markets, which encourages improvements in efficiency. The internationalized company does not have to compete only with companies from its own country, but with companies from all over the world. This forces the company to seek improvements in its operation, to innovate in its management procedures, to look for cheaper inputs, to train and improve its human resources. It is not the same to compete at a national level as it is to compete with companies from all over the world. The pressure to innovate, to be more competitive, to improve organization and management, is much greater." "The company that enters international markets has the opportunity to learn how companies from very diverse areas of the world work, and can draw useful lessons from this knowledge." "There is a lot to learn from competitors: what are their marketing strategies, production, local alliances, in short, from countless aspects. Even in failures, in contracts lost to international competitors, lessons and learning can be gained and contributes to success in the future."
Others	"Diversify markets and not depend exclusively on the local economy" "Greater coverage in adverse situations" "In addition, the positioning of your business in different countries will mean that the economic ups and downs of one country have less repercussion on the business, being supported by the benefits from other areas." "Companies that are not internationalized depend on their domestic market. If it suffers a crisis, and it is prolonged, companies can suffer serious consequences, and even the risk of disappearance. If a company's sales are spread across a number of international markets, in addition to the domestic market, this risk is reduced." "In countries like Argentina, that have severe restrictions to access to foreign currencies and to import, it is important to export to be able to obtain permits and international currencies for importing raw materials".

Figure 9: Entry objectives and reasons for internationalization (Own Elaboration, 2022) Four objectives that motivate

companies to expand internationally can be summarized in the works of Lasserre (2018), Meyer and Peng (2011). Garione also mentions the four objectives in his quotes. However, Zoovet's Foreign Trade Manager adds other elements that complement the traditional theory due to the context of Latin American uncertainty, volatility, and currency exchange restrictions.

The Diversification of risk and independence from the local market is considered a key factor. Being in a single market can entail many risks at the level of clients, competition, and economic fluctuations. Greater coverage in adverse situations can be generated from positioning a business in different countries. This aspect is essential considering the fragile stability of Latin American economies, where the company's primary business is carried out. Going global means building a solid foundation to ensure the long-term durability of the business. (Garione, 2021).

Gaining experience and alliances with foreign companies is another point mentioned by Garione. Having strategic alliances abroad will allow the company to learn from other

business ways. It will also open the door to new opportunities, diversify products and services, save costs and improve efficiency. This reason mentioned by Garione can be related to a combination of two of the objectives distinguished by Meyer and Peng (2011) pursuit of learning, in this case, other companies and market knowledge. At the same time to reduce the cost structure. The last can be obtained by getting suppliers abroad that offer more competitive prices than the local market. ¨The networking created by interacting with partners, suppliers and clients abroad can become a virtuous circle that opens new opportunities in potential future markets and enhances the business possibilities. ¨ (Garione,2021)

The LATAM Foreign Trade Manager highlighted keeping up to date with innovations in the sector at a global level. When competing in the international market, the company must adapt to the technologies used in other regions. Technological advances allow the company to grow and follow or set trends. Going abroad allows companies to acquire new skills (technology, knowledge, and managerial capacity) that will provide them with a differentiating element. It will boost competitiveness and add relevance to the local market. What forces the company to seek improvements in its operation, innovate in its management procedures, look for more economical inputs, to train and improve its human resources. Pursuing learning objectives by moving to locations to access knowledge and technology in innovative areas is more effective than competing nationally (Garione, 2021).

Zoovet needs to sell to customers abroad to get revenues in foreign currencies. It is relevant to understand that due to the continuous devaluation of the Argentinean Peso and the high inflation rates in the last decade, getting income in more stable currencies can be a good asset for the company. Those incomes are allocated to source and pay for raw materials that must be imported from other countries (competitive in terms of prices and sometimes offering products not available in the local market). Due to the Argentinean Peso instability, access to foreign currency can be considered a critical resource. It is also considering that for many years there were import restrictions in the country as a protectionist measure. One of the ways to get permits to import was to export and generate a positive trade balance. (Garione, 2021)

4-i: Internationalization scope

Zoovet has been developing its internationalization process since 2004 by generating agreements with distributors, starting from neighbouring countries and reaching the whole Latin American region. Since 2013 the company has decided to extend their scope and started exporting to other countries in the Middle East, Eastern Europe, and Africa (Ariotti, 2021b).

The local market represents 50% of their revenue, while export represents 30%, and third parties' production is the rest (20%). Latin America provides 80% of the income from foreign trade, with Mexico and Brazil as the most important markets outside of Argentina (Ariotti, 2021a).

Exports are made to all major countries in Latin America besides Chile. Chile follows more strict regulations for veterinary product registration, in line with those implemented in the United States. In Chile, the high requirements from the regulatory affairs authorities for the submission and registration of products make the process more expensive and time-consuming compared to other markets of the same magnitude in Latin America (Garione, 2021; Fiorentini, 2021).

In the Middle East, Zoovet exports to UAE, Qatar, Kuwait, Bahrain, and Oman. Eastern Europe is covered through a distributor in Ukraine and one in Russia covering Kyrgyzstan, Belarus, and Kazakhstan. South Korea and Singapore represent the company's markets in Asia. Despite some unsuccessful attempts to develop business in Africa, Zoovet only managed to export to Ethiopia as part of a tender process for the United Nations Development Programme without generating any continuous flow of export to the region (Ariotti, 2021b).

Figure 10: Internationalization scope (Own elaboration, 2021)

Zoovet uses the figures of distributors in foreign markets in more than 30 countries worldwide and several countries in the LATAM region. The company finds some advantages in working with distributors abroad as they have experience and knowledge in the local market and an already developed network and an operative distribution system. On the other hand, if the firm had to carry on these procedures by itself in the destination markets, it would mean a costly, time consuming and ineffective procedure. (Fiorentini, 2021).

It is essential to distinguish between agents and distributors to understand its distribution network better. While the agent represents a company in the local market, a distributor buys and sells under its name and does not legally represent the manufacturer. Zoovet works with distributors instead of agents. Based on its experience, the company supports and guides them with marketing and sales activities. Still, the local partner carries out key account management, operational system, and warehousing tasks. (Raffa, 2021).

However, the creation of subsidiaries in three of its main markets in Latin America (Brazil, Mexico, and Colombia) is already part of its short-term plans.

As Raffa (2021) states, it is relevant to differentiate between "subsidiary" and "branch" to understand the company's objectives since they are two different things and often generate misunderstandings. The main difference is that the subsidiary used by Zoovet is a different and independent legal entity from the parent (which would be Zoovet). It is an extension but with a different legal personality. However, control of the subsidiary rests with the parent company, which is the owner of the highest percentage of shares and capital. On the other hand, it operates in the market at its own risk and expense, considering the country's regulations where it is established. Furthermore, branches are not independent legal persons but secondary to a parent company established in another territory. In other words, there is a subordination relationship since the branch only makes sense together with the parent company (Raffa, 2021).

The subsidiaries that Zoovet is aiming to develop are in their initial stage and not fully operative, according to Augusto Raffa, Zoovet's Legal Representative. They have created and registered the entities with the local authorities, but they are waiting for the final approvals, taking longer than expected due to bureaucracy and miscommunications. Zoovet is developing subsidiaries in those countries because they are among the most critical markets In South America. By having a company operating in those countries, they will be able to register the products under their name and not through distributors. This move will increase the speed of the process and generate more presence and control in those significant markets. (Raffa, 2021).

4-j: Internationalization Timeline

T To understand better Zoovet's internationalization process, interviews were carried out with Ignacio Ariotti, Fernando Fiorentini and Lucas Garione from the Foreign Trade area, Augusto Raffa from the Legal Department and Nadina Baudino, Manager of Regulatory Affairs at Zoovet. In addition, Enrique Ariotti, President of the company, provided some input and data about the process.

The findings of the process will be represented in chronological order to understand better how this expansion was done following steps and what are the similarities and differences between the different entries in new markets:

2004- Paraguay: As Fiorentini (2021) mentioned, the first export to this country was in 2004, but negotiations began long before. Buyers were looking for superior quality veterinary products favoured by the currency exchange. After receiving an important number of queries from several potential buyers, Zoovet decided to explore the feasibility to start exporting to that market. Contacts with distributors were made, conditions established, and the registration process started. It was a new process for the company; there was no regulatory affairs team qualified for that operation. However, registration requirements were simple, and Zoovet managed to do it within their available staff (Fiorentini, 2021). That was the first time that Zoovet was exporting and registering products abroad, and everything started from an opportunity coming from the buyer's side. Nowadays, Paraguay is the country where Zoovet has more products registered, with a significant amount of 117 registrations. (Baudino, 2021).

2005- Bolivia: Export drive to Paraguay opened the way for Zoovet's regional growth. Bolivia and Paraguay are countries that need to import products, as the quality of their animal health industry is far below Argentinean standards. After working with a distributor in the country for several years, Bolivia became a constant market for the company, registering 85 products there. (Baudino, 2021)

2006- Uruguay has a strong market for bovine products and high and inflexible registration requirements. Zoovet had to take internal measures, incorporate staff, and invest resources to keep up with it to enter the market. Fiorentini (2021) expressed that registering products represented a challenge for the company: "Uruguay showed us a different phase when submitting registrations, compared to what we were used to, being extremely demanding and inflexible in some cases. Far from intimidating us, Zoovet took internal measures, incorporating suitable personnel and investing resources to live up. We knew what would happen in other countries, more demanding than Uruguay."

2007- Nicaragua- Panama- Peru: In Nicaragua and Panama, Zoovet had to change representatives until they found the distributor who best identified with the company's culture. In Peru, they still have the same distributor, with whom they evolved together, overcoming obstacles and staying in permanent communication to strengthen personal and commercial growth. Part of that solid relationship was registering 47 products within the local authorities (Baudino, 2021). Both situations related to the challenging work that means

finding a distributor aligned with the company's plans are clear examples of learning processes for the Zoovet. It is not easy to find a distributor with the same business vision and priorities. It is a tedious and complicated exercise that sometimes implies changing distributors with all the consequences and investments involved. However, it is also about improving and working together to build up the current relationship in other situations.

2009- Costa Rica- Guatemala: in Central America, the possibilities appeared simultaneously. Product registration difficulties were primarily the reason for the delay. Costa Rica was more demanding than Guatemala. However, lower requirements from Guatemalan authorities accounted for a fast and successful registration process. As a result, Zoovet has 81 products registered in Guatemala and is in the top 3 countries with more products, after Paraguay and Bolivia (Baudino, 2021).

2010- Mexico- Honduras: Mexico was always on Zoovet's radar due to the considerable cattle population and pet density per inhabitant. The company concluded a commercial agreement with a distributor that only deals with large animals. Over time, Zoovet made other alliances with Mexican companies interested in producing small and large animal products with their brands (outsourcing) (Fiorentini, 2021). These outsourcing agreements became crucial for developing Zoovet's presence in Mexico. The company produces on its premises in Argentina for two Mexican firms that are regional leaders and with a wide multinational presence. (Ariotti, 2021a). Mexico is considered a key market in Latin America, one of the reasons why Zoovet wants to have a more active presence in the country through the subsidiaries model. (Raffa, 2021)

2011- Brazil- Colombia- Ecuador:

Brazil was the trigger for a transformation in Zoovet. It is a tempting market due to the volume. To meet the demand for a specific product for this country, it was necessary to build a whole plant, hire more than ten employees and import a machine from China to elaborate and ingredients of the product and not depend on third parties. A 473 square-meter production plant was built because of the registration of the product Pro Ciclar in Brazil. In the first year of production, two million devices were made only for the Brazilian market at Zoovet's new factory, which brought together the same amount of the product consumed in Argentina, bringing all the brands available on the market together. The volumes show the Brazilian market's exponential demand (Fiorentini, 2021).

Colombia is another important country where Zoovet entered through a partnership with a distributor. The reproductive line for bovines is highly demanded. Therefore, 2011 was a crucial year for the company as Zoovet started exporting to the two most important markets of South America. In those countries, the firm will host the other two subsidiaries. (Raffa, 2021).

However, not all the entry attempts of that year were successful. For example, in Ecuador, Zoovet started with a setback; after a lot of work and effort to register the first product, their contact person there disappeared. As a result, the company had to look for a new representative, generating a considerable loss of valued resources such as time and money. (Fiorentini, 2021).

2012- Venezuela: There were two partners, one of them acted as a distributor for Zoovet products and the other hired Zoovet as a third-party manufacturer. Even though Venezuela is a country with good commercial possibilities, there are significant problems with transferring foreign currency abroad, making commercialization difficult. The currency exchange restrictions are a common issue in some countries of Latin America (Argentina, Bolivia, Venezuela, and Cuba, among others). Fiorentini (2021) insists that this is a point that must be considered when planning an entry attempt as it can be a significant difficulty for foreign trade: ¨Unfortunately, Zoovet had to stop working with some partners in Venezuela due to these international payment issues. ¨

Figure 11: Internationalization timeline (Own Elaboration, 2021)

2013- Zoovet decides to expand to other markets outside of Latin America by opening the Foreign Trade Department for Asia and Africa. According to the Regional Manager of the region, Ignacio Ariotti (2021b), it was challenging as practically no one spoke English at Zoovet. In addition, there was no documentation in English, and everything had to be translated (packaging of the products, catalogues, and registration dossiers).

After researching secondary sources and contacting distributors, they decided to go to the Middle East and start meeting them face to face. Zoovet went on its first commercial mission to the Middle East.

2014: UAE, Qatar, Singapore. In 2014 the first export operation was made to Singapore; this country does not need registration of products.

Regarding the first export to United Arab Emirates (UAE), Ariotti (2021b) explains: "The first exports were small and with many products. Everything was exceedingly difficult as we did not have packaging in English, and all the products were full of stickers with the translations

on the boxes. As the products were sent without registration, with a special trial permit, the distributor chose many products and small quantities. The importer was a small and unprofessional company."

Zoovet had to change distributors twice in UAE. The second distributor started registering products and selling fewer products in higher volume. Zoovet had an unpleasant experience regarding the credit they had granted, and the trust in that partner was lost. It meant that they had to change distributors again. With the current partner, German Standard Group (GSG), Zoovet has more than 15 registered products, and the business keeps growing (Baudino, 2021). It took time to find the right partner to understand better how the market works and how it is to do business in a country with significant cultural differences from Latin America (Ariotti, 2021b).

In Qatar, the start was smoother than in UAE. From 2015 to 2017, the company worked with the same distributor. Since it was a minor player, Zoovet changed to their current distributor. Qatar is a country that does not require product registration. As a positive aspect, it facilitates entry. However, on the negative side, there are many players representing colossal competition. Ariotti (2021b) highlighted the importance of the higher margins obtained in the Gulf area: ¨Neither the Emirates nor Qatar are low price markets; on the contrary, they are the most expensive markets we sell. ¨

2015: South Korea: In 2015, samples were sent to register a product, and in 2016 the first operation was carried out. Further attempts to register more products were made, and files were sent, but the requirements from the Ministry were higher than expected, and only one product could be registered and commercialized in that country. It does not represent an essential volume of exports.

2016: According to Ariotti (2021b), there was a break in the vision of the Middle East region when they began to see that those markets were growing and they could sell significant amounts. Internal capacity was built to fulfil the demand and exploit possibilities. ¨Zoovet started to incorporate more professional staff who spoke English to work as a team to develop all the necessary documentation to register the products in each country of destination. In addition, everything happened in conjunction with the generalized growth that the company had, where the company invested in new offices and the incorporated staff. The regulatory

affairs team began to be consolidated, the quality control laboratory was built, and many personnel were incorporated into the management and quality control departments. ¨

Due to the cultural differences, geographical distance, and time zone constraints, the company hired a Regional Commercial Representative for the Middle East region. It was a move to be closer to distributors, follow up on the market and competitors' behaviour; be present and travel around different countries; develop new business opportunities and follow up on the registration processes and the relationship with local authorities. One of the achievements of the Representative was related to field research and understanding of local and regional needs. After thorough conversations and surveys carried out among distributors, veterinary doctors and customers, the company decided to develop an innovative tailor-made product line for falcons. These animals have been used historically for hunting and exhibitions and are considered a potent symbol of the region's strength and heritage.

Kuwait: After the region representative identified potential partners and visited their facilities, Zoovet started working with a distributor in 2016, which remains the same nowadays. Four products were registered, and five were under the registration process (Baudino, 2021). The Representative's presence in the country was crucial to meet the local regulatory affairs authorities, be in direct contact and improve the communication flow.

Ukraine: In 2016, after a visit to Kyiv, Zoovet started working with a distributor specialized in pet lines (without an agreement for the large animal line). It was not a simple or economic registration. Ukrainian Authorities travelled to Santa Fe to audit Zoovet's factory. That was a basic requirement to start the registration processes, and of course, all the costs had to be covered by the firm (Ariotti, 2021b). After two years, the distributor did not comply with the minimum sales agreed, and Zoovet decided to end the contract and work with another partner. Currently, Ukraine is aligned with the requirements of registration of the EU, which makes product registration extremely complex for Zoovet. The registration process in this country is stuck. (Ariotti, 2021b)

2017: Bahrain: This country does not require registration to commercialize the products. After the visit of the Regional Representative and signing a contract with a distributor, Zoovet had a fast entry into the market. However, it is not easy to generate big volumes due to the open competition with several brands worldwide.

Russia: It is an important market for Zoovet due to its high potential. Since 2017, ten products have been registered, and the distributor delivers to other countries such as Belarus, Kazakhstan, and Kyrgyzstan.

2018: Oman: Comparable situation to other countries of the region that do not require registration, atomized market with many competitors. The distributor covers it from the United Arab Emirates as an extension of the partnership. (Ariotti, 2021b)

Ethiopia: Zoovet only managed to export to Ethiopia once as part of a tender process for the United Nations Development Program. ¨It was an isolated shipment. Furthermore, achieving continuity and volumes in the exports to Africa is on the company's bucket list. ¨ (Ariotti, 2021b).

Figure 12: Number of products registered abroad (Own elaboration based on information provided by the company)

As observed in Figure 12, there was a constant increase in the number of products registered by the firm in its foreign markets. It clearly shows the gradual approach that the company had, starting with neighbouring countries and moving further out when most of the Latin

American market was covered. This gradual characteristic will be further analyzed in the Uppsala model application section.

Regarding the main obstacles to developing new markets outside Latin America, Ariotti (2021b) stated that the most significant issues were always related to complex and expensive registration requirements.

"There are countries that are productively aligned with Europe because the multinationals produce in those countries to supply the first world (Europe), so they have production plants in Turkey, Morocco, Egypt, and market their products in Europe, managing to reduce costs. On the other hand, it generates that by having agreements between those countries and the EU, the registration and manufacturing requirements rise in those countries. For example, Ukraine is now aligned with the EU requirements, which now does not allow us to register new products."

Other barriers were highlighted by the regional Manager (Ariotti, 2021b) "In some countries, it is not only that the product registration is complicated, but they also require to audit the production plants, which implies high costs. These types of audits can cost, depending on the country, about 100,000 American Dollars and are prior to being able to sell any product. First, they audit the plants and then the company starts the registration process of the products. In addition, the plant and building requirements are often higher than those required by our regulatory body, which is SENASA."

The mentioned barriers have generated some of Zoovet's attempts to enter new markets failed. For example, the cases of Chile in Latin America and some countries from the north of Africa.

Zoovet exports to all major countries in Latin America besides Chile. The high requirements from the regulatory affairs authorities, the bureaucratic processes, and the costly audits that are required made the process expensive and time-consuming. Fiorentini (2021) refers to it as an "unsuccessful attempt" and states: "In general, we have not had unsuccessful attempts to enter other countries in Latin America, except Chile, a country that does not allow the registration of medicines for veterinary use that contain more than one active ingredient in their formulas and, precisely, this is one of the strengths of Zoovet, that lies in the combination of assets to obtain better results in treatments. To register this type of product, tests must be carried out at remarkably high costs in that country. Despite this limitation,

some records of single active ingredient's products were presented, but the tariff barriers in the Control Agency were excessive, preventing the process from continuing." However, entering Chile is still part of Zoovet's plans, and the company is not willing to give up on this challenge: "Year after year, we try to enter Chile again, without a doubt we will achieve it, and with this country, we will have the full spectrum of markets in Latin America." (Garione, 2021)

Similar was the case for the North African countries such as Egypt, Algeria, and Morocco. In those countries, Zoovet had contacts due to their distributors in the Middle East (most distribution companies are managed by North African staff). The distributors have offered their network to find distributors for Zoovet in the Maghreb in several opportunities. However, those countries have higher restrictions on registering animal health medicines as their business is strictly related to the European Union market. Even though Zoovet keeps on obtaining new technological machinery, adding more professional staff, and investing larger amounts in R&D., There are still some requirements that cannot be fulfilled. The money and time required for registering in those countries are only available for the top multinational laboratories. The availability of resources allows those companies to be present in Europe, North America, and other key markets. (Ariotti, 2021b)

Certain vital elements allowed Zoovet to increase its presence in current markets and establish itself in new markets, developing and acquiring more technical inputs, better equipment, and buildings, incorporating more professional and English-speaking personnel and more presence in key markets through subsidiaries and regional representatives. Before, Zoovet could not develop the required studies because they were expensive or did not have the equipment to do so. The situation continues with more demanding markets such as Europe, Morocco, Algeria, Turkey, Chile, United States, Canada, etc. Therefore, the dossier development for registrations is still the main limitation to entering highly demanding markets.

4-k: Uppsala model application to the case

The previous timeline showed that Zoovet's internationalization process was not an overnight event. It required several years of continuous effort and internal development. It was done

step by step, from simple registration processes and closer countries (geographically and culturally speaking) to countries with higher requirements and greater distances. The gradual dynamic of this process can be explained under some of the Uppsala model's main elements. The following lines will present how Zoovet's internationalization can be interpreted according to distinct stages developed by that theoretical model.

In the case of Zoovet, the first expansion wave into LATAM was initiated by coincidence around 20 years ago. The company was spontaneously contacted by buyers from Paraguay who came to Argentina looking for superior veterinary products. Thus, Zoovet started contacting companies interested in importing their product line. Consequently, sporadic exports have started to Paraguay. This move could be related to achieving the first stage of the Uppsala Model. According to the authors Johanson and Vahlne (1977, 2009), companies are confronted with a lack of resources and market-specific knowledge when they start their internationalization.

Similar requests from Bolivia followed the first move to Paraguay. Both markets allowed Zoovet to export to neighbouring countries with low registration requirements. When Zoovet wanted to enter Uruguay, they realized that registration requirements were high. They needed to hire experts in regulatory affairs and invest in lab testing technology. This professionalization will allow them to fulfil the requirements of other countries, expand their market and generate a continuous flow of exports through distributors, which represents the second stage of the Uppsala model. Zoovet selected local partners in LATAM to acquire experimental and institutional knowledge. The company started regularly exporting into new markets through those agreements, taking advantage of their local representatives' already developed distribution channels and knowledge. Zoovet constantly chooses the distributor model in its internationalization process, with a presence in more than 30 countries worldwide. As Fiorentini (2021) emphasized, in agreement with Whitelock's (2002) concept of psychical distance proximity, most companies that are not born as exporters begin internationalization of their products in neighbouring countries, Zoovet was not an exception. The first three markets were countries linked by geographical and cultural proximity to Argentina: Paraguay, Bolivia, and Uruguay. In 2013, the company decided to expand to other destinations in the Middle East, Asia, Eastern Europe, and Africa. However, they went through almost ten years of learning through success and setbacks in the Latin American region.

As mentioned before, Zoovet is investing resources in creating subsidiaries in Brazil, Colombia, and Mexico to consolidate their presence in the region, register products under their subsidiaries' names, expand the brand, and have more control in those key markets. Although this is still under development, as Raffa (2021) explains, they will be active and legally registered soon. However, they are not operative now, and the company in the Headquarters still carries out activities such as accounting, human resources, sales, and marketing. Even though the subsidiaries are not fully operative yet, it can be linked with an effort to achieve another incremental step into the third stage of the Uppsala Model, which aims to establish commercial offices in foreign locations. Another step that should be considered in developing foreign market knowledge and presence can be the position of the Regional Commercial Representative in the Middle East. Even though it does not account as a commercial office in a foreign location (as the 3rd stage establishes), it generates linkages with the local market and authorities. In addition, it can give the company insider updates, which is valuable when trading with countries with physical and cultural distances.

The fourth and last stage of the Uppsala model includes establishing production sites in foreign locations. However, this is not a priority for the Zoovet due to the high investments in these operations.

Figure 13: Zoovet Uppsala stages (Own elaboration, 2021)

As described in previous paragraphs, the Uppsala framework provides us with a helpful tool to understand the various stages Zoovet followed in their process to acquire knowledge and position in different markets. The process was done gradually by constantly evaluating the different regions' potential and characteristics. Naturally, there were achievements and pitfalls on the way, but the progressive nature of the approach enables firms to develop their businesses without involving high risks or over-dimensioned investments. Avoiding risk and making gradual investments becomes crucial for SMEs that do not have the financial resources that large companies have.

Uppsala Model	Zoovet
1st stage: sporadic exports activities	"Most of the companies that are not clearly exporters begin the internationalization of their products in neighboring countries, and Zoovet was not an exception." (Fiorentini, 2021) "Paraguay: the first export to this country was made in 2004, but the negotiations began long before, with the intention of some buyers who came to Argentina in search of good quality veterinary products and favored by the currency exchange. It was thus that we contacted companies interested in importing our line, but previously the registrations had to be made in the Paraguayan Control Body." (Fiorentini, 2021)
2nd stage: exporting through and independent agent.	"Zoovet continually chooses the export model through distributors in the destination markets, which has allowed it to sell its products in more than 30 countries." (Fiorentini, 2021)
3rd stage: establish commercial offices in foreign locations	"In terms of the general reasons for creating subsidiaries, it is obviously a territorial and commercial issue to cover more countries and expand the brand." (Raffa, 2021) "The reasons why Zoovet created the subsidiaries, was almost entirely (at least initially) to be able to register the products in the name of the subsidiary (and therefore Zoovet)." (Raffa, 2021) "…we believe that it will serve to expand the international market for Zoovet in Latin America." "... What we will do with the subsidiary is to have a stronger brand presence." (Raffa, 2021) "However, to date and as a result of its short existence, practically all tasks are carried out from here." (Raffa, 2021) "Accounting, human resources, sales and marketing are still carried from Zoovet's HQ as we do not have active employees in those countries." (Raffa, 2021) "The idea is that we will soon have the 3 subsidiaries active and registered in the regulatory bodies" (Raffa, 2021) "Already two out of three are practically authorized legally and accounting. Once the commercialization of the products begins and they have regular income, I understand that we will be in a position (and need) to hire people in each of the places." (Raffa, 2021)
4th stage: Establish production sites in foreign locations	Currently not a priority for the company

Figure 14: Uppsala model application (Own elaboration, 2022)

5- Discussion

Figure 15: Discussion structure (Own elaboration)

Through the different sections of the findings, this thesis aimed to collect the needed information via data analysis, narratives, statements, articles, and other sources to answer the research questions. Those answers will be explained and contrasted with the literature, data, statements of experts interviewed and Zoovet's staff as part of the discussion. Considering the case of Zoovet's internationalization and the context in which the company is immersed. A constant flow and dialogue between the diverse sources will be carried out to show the importance of the triangulation of the information for the case.

5-a: Which are common entry strategies used by Argentinian SMEs in their internationalization process?

Regarding the main objective of going abroad, Zoovet chases firstly the one highlighted by the experts, the pursuit of increasing sales. Nevertheless, the firm also aims to gain competitiveness, acquire new skills, produce in higher volumes, reduce costs, gain alliances

abroad, and keep up with global innovations, as Garione, Zoovet's LATAM Foreign Trade Manager, stated.

The literature reviewed through the works of Lasserre (2018), Meyer and Peng (2011) identify four different objectives or reasons that motivate companies to expand internationally. Firms are either aiming at growth by

adding customers in new markets,

gaining access to key resources for their business,

reducing their overall cost structure through placing their operations in cost-efficient locations, or

pursuing learning objectives by moving to locations to access knowledge and technology in innovative areas.

These four objectives are not mutually exclusive, meaning that companies might combine several of those interests while keeping in mind the internal resources and capabilities. Zoovet considers all those reasons, as mentioned by Garione, except for placing their operations in other locations to reduce costs, which is not in Zoovet's short-mid plan according to management statements (Ariotti, 2021a & Raffa, 2021).

It is significant to point out another reason mentioned by Garione that is particular to the company's context, and it is not highlighted in the traditional literature. Zoovet is a company from Argentina and must deal with the macro-economic conditions of the country. Currency exchange and import restrictions have been part of government protectionist measures in the last decade. Those restrictions generate another reason to export that was mentioned by the experts interviewed (Kosacoff, Braga and Candiotti) but were not considered by the scholars analyzed from developed countries as Meyer and Peng (2011), Lasserre (2018) or Gupta and Govindarajan (2000). The lack of references to this topic in traditional theories can be linked to the context of the scholars. They are mostly writing from developed countries, where currency exchange restrictions, dual or multiple currencies and firms import restrictions are not common issues.

Regarding the timing factor of the entry mode, Zoovet can be considered a latecomer. As Fiorentini explains:

¨the global veterinary drug market is quite fragmented; most countries have the presence of local producers, leading multinationals and other international producers seeking to

consolidate their presence either by differentiating themselves by price, quality, or innovation. Therefore, it is difficult to find a market where there is not much competition from this various actors¨.

For this paper, a latecomer firm is defined as a manufacturing company that faces three sets of competitive disadvantages in competing in export markets. Hobday (1995) mentioned two of them, and the third one was added to relate the concept to the Argentinean SMEs context. The first is technological. Located in a developing country, a latecomer is dislocated from the leading international sources of technology and research and development (R&D). It operates in isolation from the world centres of science and innovation and is behind in engineering, technical skills, and R&D. (Hobday, 1995)

The second disadvantage concerns leading-edge markets and demanding users. To add to its technological difficulties, the latecomer firm is dislocated from the mainstream international markets it wishes to supply. These are in the advanced countries. (Hobday, 1995)

The third disadvantage is the demotivating and unsupportive macro-economic environment that companies must face in their local markets. That environment includes high costs for logistics, economic volatility and instability, low development of infrastructure and customs processes, currency exchange and import restrictions, and lack of financing, as some examples.

To succeed, the latecomer company has to devise ways to overcome market barriers to entry and then forge the user-producer linkages that stimulate technological advancement.

Latecomers are different from leaders. Technology leaders generate new products and processes to gain advantages in the marketplace. Unlike a latecomer, a leader typically has a large R&D department capable of generating innovations and contributing to the world technology frontier and its competitive edge. A leader may also enjoy solid and valuable connections with universities and other parts of the surrounding technological infrastructure. (Hobday, 1995)

The overall challenge confronting the latecomer is how to devise and implement corporate strategies that enable them to overcome initial market and technological barriers to entry, systematically build internal capabilities, and increase export sales.

Zoovet has carried out many measures to overcome the market and technological barriers, such as building R&D facilities and laboratories in-house, developing coordinated projects with universities and research institutions, importing high-tech machinery, and hiring qualified personnel. In addition, the firm has carried out a continuous internationalization process that helps to overcome the instability and volatility of the local macro conditions. Even though these efforts allowed the company to develop a comprehensive international profile, with a presence in more than 30 countries, the company is still far behind leaders' standards. Due to registration limitations cannot be present in mainstream markets such as the European Union, United States, and Canada. In conclusion, Zoovet is not an exception to the affirmation of Braga and Candiotti, which consider that Argentinian SMEs usually arrive as latecomers. Braga states that Argentinean SMEs are more about reaching existing and atomized markets with some exceptions (like the direct seeding method) and not coming first as leaders. Candiotti emphasized that Argentinean management tends to copy and be followers or late comers instead of imposing trends.

The type of entry related to control and ownership used by Zoovet is through the relation with distributors that can be identified with a non or low equity mode according to Meyer and Peng's (2011) classification. According to the authors, the more control a company wants over the foreign subsidiary, the more financial risk it must take. Therefore, the different entry modes vary from owned subsidiaries, "equity modes" to non-equity mode entries, executed through exports and contractual agreements that require small commitments in foreign markets. The company uses other alternatives that involve increasing investment and risk and can be considered higher equity modes. Zoovet offers the service of producing for third parties on its premises to companies from Mexico, Venezuela, Colombia, and Brazil, representing another type of strategic partnership or cooperation with foreign markets as suggested by Braga and represents around 20% of the firms' revenues. Zoovet is also developing subsidiaries (equity mode) in three key markets in Latin America, which proves that the company is working on new alternatives that provide more control and presence abroad, as a clear example of an upgrade in the Uppsala Model's third stage. However, to move to the four-stage and start producing in foreign countries is not a priority for the company as it involves high investment and risks that the company is averse to facing.

Looking at Zoovet's internationalization process under the opportunism or planned strategy dichotomy, it is relevant to point out that it all started as a casual first export, pushed by the Paraguayan buyers, but later became a serious and convincing effort expand. The unintentional nature of the first export process was mentioned by Fiorentini from the foreign trade department of Zoovet and highlighted by the experts interviewed as a typical characteristic of Argentinean SMEs' first steps in internationalization. According to Buchara and Braga, many companies start exporting by chance as a casual event that originated from the buyers' intention and not from a company strategy. The Uppsala model authors do not specify if the first steps of internationalization are done by chance or as a part of a strategic move from the firm. Johanson and Vahlne (1977, 2009) only mention the sporadic character of the first exports and the lack of commitment that it represents in foreign markets as part of the first stage.

Zoovet allocated resources, hired qualified personnel, and built factories and infrastructure in a clear commitment to developing a solid internal capacity and a sustainable internationalization career. It is true that Zoovet's internationalization strategy was not lean from the beginning and that some readjustments and changes of paths were done after failures and setbacks. However, there was a clear management convincement that internationalization must be continued. As Gupta and Govindarajan (2000) argue, the best approach for companies is to have a balanced mix of both strategies and the flexibility to react ad-hoc to sudden opportunities. The authors call this "directed opportunism". According to Zoovet Foreign Trade Manager Fernando Fiorentini (2021), Zoovet used the mentioned balance between strategy and flexibility in its internationalization process:

¨We did not have a significant change or a break in our internationalization plan. One of the advantages we had initially was the flexibility and adaptation to the market's demands. This adaptability allowed us to meet the demand in each country, adapting uses and customs. We changed and adapted packaging, presentations, and even product names to register products according to market needs. Flexibility was part of our strategy. ¨

5-b: What are the main challenges and opportunities faced by Argentinean SMEs when going abroad?

Zoovet is part of a sector that is considered to have opportunities for Argentinean SMEs by the four experts consulted. Biotechnology and scientific-technological sectors are considered promising for many reasons. Argentina counts capacities and associated benefits for the companies of the industry. Zoovet could take advantage of qualified human resources, scientists, laboratories, and various suppliers available in the country. Another relevant note is that the company generated articulated cooperation with universities and technological centres to develop innovative projects and products. The decision to locate the company in the PTLC and the creation of Biotecnofe in partnership with CONICET and the National University (UNL) are clear examples. It allowed them to produce two unique products globally and have significant commercial potential. When consulted about the importance of this private-public articulation Enrique Ariotti, Zoovet´s Founder and President, stated:

¨For us (Zoovet) is very important to participate in the culmination of a project of these characteristics since we traditionally manufacture pharmaceutical products, and now we are entering another area, which is biotechnology. We are finishing a successful project, which took almost two years.¨

The scholars highlighted the opportunities involved in the cooperation between companies, universities, and research centres. Braga and Candiotti pointed out that joint efforts could generate innovative projects and products. Buchara mentioned that working together with multiple actors (universities, scientific, and research organizations) is necessary for successful internationalization. According to him, SMEs must understand that the community needs to be part of the project. Hobday (1995) also emphasized the importance of generating innovations and developing valuable connections with universities and other parts of the surrounding technological infrastructure to overcome initial market and technological barriers and increase export sales.

Regarding the challenges, Zoovet, as an Argentinean SME, faces all the obstacles that are part of the macro environment in the country: physical distance due to Argentina´s geographical location, high costs for logistics, and the mentioned volatility and instability of the Argentinean economy. Furthermore, the low development of ¨hard¨ infrastructure (ports, routes, means of transport) and the centralization of the customs approval and infrastructure in Buenos Aires become two significant issues for the company. Zoovet is in Santa Fe, more than 450 kilometres away from Buenos Aires, the capital city. When exporting, its products

must travel by road (in trucks, as the Argentinean train system was dismantled due to lack of maintenance) to Buenos Aires, to use the port or the airport from that city, as the local airport and port of Santa Fe are not operative for exports. These challenges generate high costs and delays that make Zoovet products less competitive, as these costs must be covered by the firm or reflected in higher prices for their products.

Buchara highlighted an issue relevant for scientific-technological companies and that affects Zoovet. Registration processes and regulatory requirements are different in each market. Even though the company makes continuous efforts to mitigate this issue, it can still not export to markets with enormous potential due to the high requirements and the investment needed to surpass the registration process. The resources in machinery, laboratories, testing capacity and regulatory affairs development needed for registering in countries such as the United States, Canada and the European Union are available for the top multinational laboratories but are still prohibitive for Zoovet´s budget. The achievement of registration requirements is the main limitation to entering mainstream markets and why Zoovet continued its expansion process in the Middle East after Latin America, not in North America or Europe.

5-c: What alternatives and suggestions can improve their internationalization path?

Some suggestions from the experts were already mentioned by existing literature and can be redundant or already acknowledged. By analyzing Zoovet's case, some suggestions become irrelevant as the company has already considered them and is reflected in the foreign market development achieved by the firm. As mentioned before, Zoovet has a long-term strategy in its internationalization process and has allocated economic and human resources to that end. The company has a plan, is flexible and has developed a "learning by doing" process since it started its internationalization process in 2004, with some relative success but also failures that are part of the experiential knowledge mentioned by Kosacoff (2022) and Whitelock (2002). Zoovet's management understands that they cannot reach a successful internationalization without strategic partnerships and alliances. They have developed significant agreements with other community actors such as the government, universities, and scientific and research organizations. Zoovet is already working on the idea of physical

presence in critical markets proposed by Braga through the figure of the Middle East representative and the project of subsidiaries in Brazil, Colombia, and Mexico.

Other pieces of advice from the experts are included in the following lines. Those suggestions were reformulated according to the current firm situation. Therefore, this can be a valid contribution to Zoovet's management and other companies in the sector. Some recommendations are not part of Zoovet's current strategy and could be considered. For example, the company is not using the e-commerce sales channel proposed by Candiotti as an alternative way to increase sales and reduce issues and conflicts with distributors. On the company's website (Zoovet.com.ar), there are possibilities to identify where to find the closest distributor, according to the buyer's location, but the possibility of buying online is not available.

Despite the projects of subsidiaries and the presence of commercial representatives abroad, the company can develop another type of strategic presence abroad. Of course, production sites abroad are one of the most advanced stages of internationalization and the last stage of the Uppsala model progression. However, it also involves an investment that the company is not ready to face now. Having warehouses in regional key markets becomes an option for another type of presence that does not involve such an economic effort. The warehouses can have minimum stock and be an efficient method to avoid contingencies such as shortages or long waits due to logistics or bureaucratic obstacles and a way to keep all the markets of the region better and constantly served. The creation of warehouses and storage locations abroad can also generate a better knowledge of the dynamics of the market, a closer and more fluent communication with distributors and the possibility to develop a network of suppliers and buyers.

The company already has generated a spin-off, supporting and investing in new startups, as suggested by Buchara, with the Biotecnofe creation. Therefore, the results of the project are auspicious. Biotecnofe has its production plant in the PTLC, next to Zoovet's premises, and has two world unique products registered and in the commercialization process.

Based on that successful cooperation, investing in this type of project has enormous potential. Identifying other startups from the biotechnological field can be an asset. An exciting opportunity to look at is the mentioned SF500 initiative that aims to match entrepreneurs with venture capital to support the growth of 500 Argentinean biotech startups. Zoovet can

be part of the process as an investor, developer, or consultor to support projects based on their vast experience.

Zoovet carries out a significant amount of its income to R&D, more than 15% (Ariotti, 2022b). Most of this budget is assigned to research related to new products and innovation. It would be interesting to allocate some funds to research focused on market intelligence projects and data gathering about international markets. The projects can be done in partnership with universities in foreign trade, international economy and international relations through consulting labs and internships. Further research on these topics and consulting by external partners could add extra value to their strategic planning. By offering neutral support, with deep research on industry, sector, and market conditions, third parties can identify potential opportunities in new markets and avoid involving resources in markets that do not represent a good fit for the company.

5-d: What are the differences between the first entry modes and the following market entries along Zoovet internationalization process?

Regarding Zoovet internationalization, we can find several differences between the first entry to a new country, in Paraguay 2004, and the different ones carried out later. The first attempt was a casual event that originated from the intention of the buyers and not from a company strategy. It could be called an ¨infant export¨ (Kosacoff, 2022) or a sort of ¨directed opportunism¨ (Gupta and Govindarajan, 2000) to start sporadic exports. This first entry to Paraguay can be linked with an incipient first stage of the Uppsala model. A comparable situation occurred in Bolivia. It was not until the company had to face higher registration requirements in Uruguay that they realized that investment in qualified human resources, dossier formulations, control, and quality are required to carry out a sustainable internationalization plan.

Zoovet first started with neighbours' countries based on the physical proximity and cultural similarities. Then, however, the management decided to embark on a process to reach other countries in South America and cover the whole Latin American market, accepting the challenges associated with the required resources and the possible pitfalls involved. For example, to deal with a variety of distributors.

With its volumes and requirements, Brazil was a test for the company to prove if they were ready to play in the ¨major leagues¨. However, after reaching demanding markets such as Colombia, Mexico, and most countries in Central America, the company decided to expand to further horizons and created a new Department of Foreign Trade that targeted markets outside Latin America.

5-e: Are there any differences in the approach used in Latin American markets and in the Middle East?

In 2013 a new episode started in Zoovet´s internationalization career, going to new markets where many transformations needed to be done. The language barrier became a new challenge; all the documentation, product presentations, information and marketing tools had to be translated into new languages (English, Arabic, Russian, Ukrainian, etc.). A significant transformation and internal capacity building were required at the firm. The investment was made in new offices for the regulatory affairs team, a quality control laboratory built, and foreign trade, regulatory affairs, and quality control staff were hired. The company understood that qualified human capital was required. The new joiners need to be English speakers as most existing employees were not. The language barrier is not a minor issue when thinking about internationalization in a company from Argentina. The country counts on highly qualified scientists and professionals. However, not all of them are fluent in English; this can be an obstacle if they are willing to export to countries outside Latin America. The way of entering the markets was not significative different from the one used in Latin America. Working with distributors was also the modus operandi. However, the approach must be adapted to the cultural particularities and the needs of the markets. Therefore, Zoovet hired a Regional Representative that was close to their distributors in the area and was attentive to their needs. In that way, they have developed a tailor-made line of products and could expand in the region through a better knowledge of the regional opportunities.

5-f: What are the main learnings developed along the different entry modes?

The main learnings obtained by Zoovet through the different entries were:
The development of the dossiers for registrations is the main limitation to entering highly demanding markets. It is also why Zoovet continued its expansion process in the Middle East after Latin America and not in North America or Europe, which are closer in terms of distance, cultural similarities, and trade flows. Zoovet keeps on obtaining new technological machinery, adding more professional staff, and investing more significant amounts in R&D. Despite those efforts, some requirements still cannot be fulfilled, and some markets cannot be reached (Ariotti, 2021b).

Being closer to key markets becomes a significant reason for potential success, as Zoovet learned after many misunderstandings and failed partnerships with distributors. It is essential to know as much as possible from the destination market and about the potential distributors there. Conducting a thorough assessment before entering a market could save crucial resources like money, time, and companies' reputation in the new markets. Even though changing distributors was a resource used by the company in several markets, if distributors do not perform well or provide poor service to their customers, the brand's reputation can be damaged, which represents a stain hard to remove.

Choosing the right distributor needs previous research and analysis. Having a presence in the market represents a viable alternative to gathering market information and getting to know the different distributors available. As a learning outcome, Zoovet decided to create subsidiaries in Brazil, Colombia, and Mexico and to have a representative in The Middle East. As Kosacoff clearly explains, failures and setbacks are taken as part of a learning process or can be considered part of a process of ¨knowledge development¨, as the Uppsala model proclaims. Knowledge (Johanson & Vahlne, 1977) can be acquired mainly through operations abroad by following two directions of internationalization: increasing firm involvement in an individual foreign country and successive establishment of operations in new countries. Zoovet has carried out both directions over almost 20 years of its internationalization. Successive entries were developed in more than 30 countries. Some of them with initiatives clearly show an increasing involvement, going from sporadic exports to continuous export flows through distributors and evolving into subsidiaries or increasing presence through a commercial representative in the market.

5-g: Implications

The implications of this research will be divided among stakeholders to show how it can contribute to diverse groups. The findings, discussions, and recommendations can be suggested to Zoovet's management. In addition, they can be considered by students, consultants, and public-private practitioners from the region as a business case to discuss and reflect on.

Researchers: The study of the context of Argentinean SMEs, their opportunities and challenges to internationalize, and potential suggestions can contribute to a growing research

agenda on the profound implications that context has on SMEs development, particularly in the case of developing countries, where the macro conditions can represent severe obstacles to SMEs internationalization. Emphasis on research coming from developing countries is needed as the importance of SMEs can have a significant effect on those countries' development. As an example of the importance of SMEs for development, in Argentina, SMEs represent 89% of the companies and employ almost 60% of the workforce. SMEs are the productive engine of the country (Herrera, 2020).

A contribution from this thesis can be related to the mentioned extra reason to export, which could be identified in statements of the experts and Zoovet's staff as an issue that affects developing countries. However, this motive is not highlighted by scholars from the developed world. Macroeconomic measures such as currency exchange and import restrictions can trigger companies to go abroad as an imperative need to get inflows in stronger currencies needed to import and to equilibrate their trade balance. However, this is not considered a priority in developed countries, as issues with dual and multiple currencies do not represent a frequent situation.

Another contribution is based on the notion that a process of internationalization cannot be explained without context. It is a complex process where determinants of the firms' internal and external factors must be considered. Context is understood as the influence of public policies, macroeconomic conditions, and institutional support on SME performance. The lack of these context elements is considered the main shortfall of the Uppsala model. As it was created a long time ago, it was the first genuine attempt to describe an internationalization process. During the last 60 years, some reviews tried to update the theory to the economic and global conformation changes. It goes from an introspective view of the firm and its actions (Penrose 1959, Cyert & March 1963) to the gradualist approach of Johansson & Vahlne to a more network-based approach in the different reviews. Networks are a valuable aspect to consider. However, the emphasis on particular contexts and the inclusion of the differences in the environments that developing and developed countries present for SMEs must be reviewed. Explanation and context must be articulated to find better answers to companies and management performance, as suggested by Welch (Welch et al., 2011).

The suggestion to the company to include Research and development investment in the field of market research and international business development through a partnership with

universities, consulting labs, and internships can represent an opportunity for students and graduates in the field.

Consultants: Through Zoovet's internationalization process and expert recommendations, the need for long-term strategies for firms is clear. Consultants should be aware of it and offer their services proactively to companies willing to start or deepen their internationalization process and want to follow a plan led by qualified professionals.

Management and practitioners in firms: The need for a strategy is the primary consideration that firms must consider. The case study and the discussions can enlighten and provide alternatives that could be revised by SME firms from Argentina that are willing to start such an internationalization process. Then, from another company's experience, they can avoid failures and save resources like time and money. In the coming years, many Argentinean firms will go through internationalization processes. Some will fail, while others will succeed. Some will be able to plan the outcomes and define a clear long-term strategy. Others will be less prepared and take a more opportunistic approach. In either case, this research aims to help managers and researchers of strategy in developing countries see the potential in doing business and developing knowledge abroad.

This thesis was developed considering different stakeholders' points of view. Companies' management, employees, academics, public practitioners, and experts in the field were consulted, aiming to carry out a pluralist perspective that contributes to understanding an Argentinean SMEs internationalization process from an integrated approach.

Practitioners in the public sector should pay attention to the macro challenges Argentinean SMEs face and how it makes internationalization development difficult. Measures to generate more stability and support firms must be carried out, and possibilities of public-private articulation should be deepened. Supporting SME companies is essential, given their role in the Argentinean economy as employers and as entrepreneurs with multiplier effects in economic matters. Policymakers need to be aware that currency exchange and import restrictions have a significant negative impact on participation in global value chains for Argentinean SMEs. Public initiatives such as training on basic knowledge about foreign trade processes, technical assistance for SME projects for export development, specific financing for exports, and promotional actions could be potential policies to support SMEs' capacities to export.

The research confronts and criticizes theories and aims to complement them through interviews inside the company and with the experts in the field, performing a contextualized case analysis. The characteristics of Zoovet's internationalization and the context of SMEs from Argentina show that traditional theories have shortfalls when applied to situations faced by SMEs from a developing country, where the situation differs from those existing in developed countries, where mainstream theories usually come from. Even if the world is highly globalized and companies follow international standards, context still matters and adds particularities and complexities for firms willing to expand across borders. Being aware of those differences and planning according becomes crucial for companies' international adventures success.

5-h: Limitations

There are many internationalization theories, and it is impossible to go through all of them to find the most suitable for this case. Moreover, the current selection of theories seemed to be an accurate match for the researcher, but other theories were left behind due to time and extension constraints.

The concept of Argentinean SMEs includes more than 800 thousand companies; even if the research focuses on a particular sector, it is hard to theorize about them as a group without generalizing. Consequently, it is impossible to provide detailed accounts of each case, opting for a certain degree of generalizability instead of depth.

Another limitation is only to have five expert interviews. By increasing the number of interviews, the universe would be more comprehensive and have more valid findings.

Regarding the suggestions proposed by the researcher to the company, they are carried out after thorough research and study of the case. However, they may lack accuracy as the researcher is not aware of the budget that the company is willing to allocate to that end.

5-I: Recommendations

Further research on the Argentinean Biotechnology sector opportunities and development seems to be an exciting project. The already started project (SF500) to incubate 500 biotech startups in Argentina can significantly impact the industry.

A follow-up to the company's future steps in its internationalization process should be done. The development of the current subsidiaries' opening project could define the company's consolidation as a regional leader in the field.

6- Conclusions

This Master's thesis aimed to explore the strategies and entry modes used for the internationalization process of ZOOVET, an Argentinean SME going abroad. For that purpose, three general and three specific research questions were formulated. Then, information was gathered, contrasted, and findings were obtained to answer those questions. Finally, the questions were answered after a thorough discussion based on triangulation between traditional theories, data, figures, and interviews inside the company and with experts in the field. The main conclusions coming from the answers will be highlighted and summarized in the following lines.

Regarding the first general research question, which points out the entry modes carried out by Argentinean SMEs, the literature identifies four different objectives or reasons that motivate companies to expand internationally. Zoovet considers all those reasons, except for placing their operations in other locations to reduce costs, which is not in Zoovet's short-mid plan according to management statements. The reason highlighted by the experts as the most important for Argentinean SMEs is to increase sales, and it was Zoovet's primary motivation.

It is significant to mention a different reason, particular to the company's context, that can be highlighted as a gap in the traditional literature. In this case, the need to export is pushed by macroeconomic measures by the government, such as currency exchange and import restrictions. The protectionist measures trigger companies' need to internationalize to get inflows in stronger currencies that are needed to import and to equilibrate their trade balance.

Regarding the entry timing, Argentinean SMEs are identified primarily as latecomers. Zoovet has carried out many measures to overcome the market and technological barriers. Consequently, those efforts allowed the company to develop a comprehensive international profile, with a presence in more than 30 countries. However, the company is still far behind leaders' standards and cannot be present in mainstream markets due to registration

limitations. These characteristics prove that Zoovet is still a latecomer and does not represent an international market leader.

As per the equity mode used, Zoovet predominantly chooses the low-equity option that involves working with distributors in foreign markets. As most Argentinean SMEs do when internationalizing. However, the company has increased investments in key markets through new higher equity options such as subsidiaries and commercial representatives located abroad. The company understood that presence in crucial markets must be part of the plan.

In the ¨planned strategy¨ versus ¨opportunism¨ dichotomy, Zoovet is considered well organized compared with most of the internationalization efforts carried out by Argentinean SMEs, which usually take an opportunistic and discontinuous behaviour towards foreign trade. Zoovet allocated resources, hired qualified personnel, and built factories and infrastructure with a clear commitment to developing a solid internal capacity and a sustainable internationalization career.

The second research question elaborates on Argentinean SMEs' main challenges and opportunities when going abroad. Zoovet is part of a sector of scientific and technological developments that have great opportunities in the country, according to the experts. At the same time, the company has started a spin-off in articulation with universities and researchers that allowed the company to enter the sector of biotechnology, considered one of the future sectors, and with exciting projects happening in the country. The results are already paying off, and Biotecnofe has launched two innovative products, through recombinant technology, unique in the world.

Regarding the challenges, Zoovet, as an Argentinean SME, faces several obstacles that are part of the macro environment in the country; these challenges were explained before and generate high costs and delays that make Zoovet products less competitive. However, registration processes and regulatory requirements represent the main limitation to entering mainstream markets and one of the reasons Zoovet continued its expansion process in the Middle East after Latin America and not in North America or Europe.

The third question is about the suggestions and alternatives for SMEs in their internationalization process. Some recommendations from the experts were already mentioned along with the existing literature or were already visible when analyzing Zoovet's achievements. The focus here will be on those alternatives that do not seem to be part of

Zoovet's current strategy and could be considered. For example, the e-commerce sales channel can be an alternative way to increase sales and reduce issues and conflicts with distributors. Also, a new type of strategic presence abroad can be developed. Having warehouses in regional key markets with minimum stock can be an efficient method to avoid contingencies such as shortages or long waits due to logistics or bureaucratic obstacles and keep all the markets of the region better and constantly served. It can also generate a better knowledge of the dynamics of the market, a closer and more fluent communication with distributors, and the possibility to develop a network of suppliers and buyers. This suggestion can be added to the markets where subsidiaries will be operative.

Based on the successful cooperation done for the creation of Biotecnofe, trying to identify other startups from the biotechnological field can be an asset. SF500 project can be an interesting opportunity. The initiative aims to match entrepreneurs with venture capital to support the growth of 500 Argentinean biotech startups. Zoovet can be part of the process as an investor, developer, or consultor to support projects. The last suggestion would be to allocate some funds to research focused on market intelligence projects and data gathering about international markets. These projects can be done in partnership with universities in foreign trade, international economy, and international relations through consulting labs and internships. By offering neutral support, with deep research on industry, sector, and market conditions, third parties can add value, identify potential opportunities in new markets and suggest avoiding involving resources in markets that do not represent a good fit for the company.

The first specific research question is the differences between the first entry modes and the following market entries along the Zoovet internationalization process. The differences to highlight are that the first attempt was a casual event that originated from the intention of the buyers and not from a company strategy. Later, the company had to face higher registration requirements. Finally, they realized that investment in qualified human resources, dossier formulations, control, and quality were required to carry out a sustainable internationalization plan. Zoovet first started with neighbours' countries based on the physical proximity and cultural similarities. However, the management decided to embark on a process to reach other countries in South America and cover the whole Latin American market. After reaching demanding markets such as Colombia, Mexico, Brazil, and most

countries in Central America, the company decided to expand to further horizons and created a new Department of Foreign Trade that targeted markets outside Latin America.

The differences in the approach used in Latin American markets and the Middle East, the second specific question, meant that an internal transformation was needed in the company, and investment was made to adapt. The language barrier became a new challenge, and the company understood that qualified human capital was required. The new joiners needed to be English speakers, and most of the existing employees were not. The way of entering the markets was not significative different from the one used in Latin America. Distributors figure was still the most used. However, the approach has to be adapted to the cultural particularities and needs of the markets. The company needed more presence in the region. Zoovet hired a Regional Representative that was close to their distributors in the area and was attentive to their needs.

The last specific research question is about the main learnings developed along with the different entry modes. A list of the main takeaways include:

The importance and complexity of the registration process is the main limitation to entering highly demanding markets.

Being closer to critical markets becomes a significant reason for potential success. In addition, the presence and thorough previous research of markets and distributors can save companies money, time and reputation abroad.

Learning by doing and experimental knowledge is part of the process; pitfalls and failures will happen when going to markets with particularities. However, thorough market research, increasing involvement, professionalization, and development of the company registration capacities must be part of a long-term strategy that aims to constantly arrive in more demanding markets and grow in the existent ones.

After the previous summary of the main elements that provide the answers to the research questions is relevant to remark some conclusions. The Uppsala model, which was applied to analyze the evolution of Zoovet's internationalization, provides a helpful tool for understanding the gradual approach Zoovet followed to acquire knowledge and positions in different markets. The process was done gradually by constantly evaluating the different regions' potential and characteristics. Naturally, there were achievements and pitfalls on the way, but the progressive nature of the approach enables firms to develop their businesses

without involving high risks or over-dimensioned investments. Avoiding risk and making gradual investments becomes crucial for SMEs that do not have the financial resources that large companies have. Of course, the model has shortfalls and can be complemented by other and more modern theories. However, it is still helpful as many SMEs go through this learning development process starting from incipient casual moves before going to a more mature internationalization plan. Zoovet's case can be a graphical example.

This research emphasizes that companies are immersed in a context. We indeed live in a globalized world where people, information, goods, and services flow as fast and smooth as they have ever done before. It is a fact that companies' structures and organizations tend to be standardized and similar across the world. However, context still matters. Suppose firms take that affirmation into account. They will allocate all the possible resources to understand the context and grasp all the particularities of the markets they are willing to expand to. Following that procedure, the possibilities of success will be higher.

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8- Annexes

Annex 1: Value proposition Canvas

The Value Proposition Canvas will be used to provide an external overview and to find if there is a correspondence between market needs and what Zoovet is able to offer.

Customer jobs:

B2C

- *Farms: They buy several types of medicines and products related to the wellbeing of the animals that they have. They try to increase the productivity of their cattle by using the most effective products based on a good balance between price and quality.*

B2B

- *Vet doctors/clinics: They check up on animals to keep them healthy, cure and heal if they have any diseases or discomforts.*

- *Distributors: They purchase diverse types of products from laboratories to sell them to retailers and wholesalers. They carry on some marketing activities to consolidate the brand reputation of the products that they commercialize.*
- *Vet shops: They buy the products directly from the sales teams or from the distributors to sell them to final customers to take care of their animals.*
- *Laboratories: third parties that hire Zoovet to produce under their brands in Zoovet's premises.*

Gains:

- *Good balance between price and quality*
- *Innovative products that cannot be supplied by the competitors*
- *Good sales and post sales service*
- *Valued and recognized brand in the market.*
- *Product that can give them profits when commercializing it (distributors)*
- *Personal satisfaction in case of positive impact in the animal health (vet doctors)*
- *Increase in productivity of the animals that are used for business (farms)*
- *Improvement in the sport performance of the animals (horses and camels in case of the sport line)*

Pains:

- *Results from products usage that do not reach their expectations.*
- *Side effects from the products.*
- *Damaged/mishandled products which lose their usage value due to logistics.*
- *Delays in the delivery are due to political/economic restrictions in the country of origin or host markets.*
- *Misuse of the products due to cultural/language barriers.*

Product & Services:

- *Wide range of quality and innovative products for small and large animals*
- *Add value through commercial advice from Zoovet representatives*
- *Technical support provided from representatives to customers*
- *Assistance in case of complaints*
- *Various training and consultations*
- *Producing for third parties*
- *Decorations of Zoovet Full POS (Loyalty program for Vet Shops)*
- *Providing educational and advertising materials (brochures, magazines, posters, etc.)*
- *Develop tailor made line of products for the needs of a particular market (Falcon line in Middle East)*

Gain creators:

- *Constant development of unique formulations and new products through investment in R&D.*

- *Creation of a unique product in the world (FOLI-REC)*
- *Competitive prices constantly monitored and checked.*
- *Flexibility to adapt the prices, presentation, and formulations to market needs.*
- *Use of state-of-the-art technology in production.*
- *Partnerships with researchers and academic institutions*
- *Production is under high quality standards due to GMP approval of the factories.*

Pain relievers:

- *Zoovet has customs authorization to export from its own premises, what helps to avoid Delays in the delivery and mishandling of the products that could cause damages.*
- *High investment in safer and high-tech packaging.*
- *Constant improvement in product effectiveness.*
- *Offer manuals, instructions, and explanations of how to use the products in several languages.*

Business Model Canvas

The analysis of the value proposition is aimed to determine the value that the company is delivering with its products. By carrying on the Business Model Canvas the focus will be on the key aspects necessary for the success of the business model.

Annex 2: Business Model Canvas

Value Proposition:

Thanks to the previous Value Proposition Canvas it is possible to draw some key points about the value delivered to customers.

Zoovet offers a range of innovative veterinarian products for small and large animals, well balanced between price and quality. Furthermore, their products are bundled with a series of exclusive services such as technical support, training, and consultations to strengthen the relationship between Zoovet and its clients. Also, to smaller, third-party companies or laboratories, Zoovet offers to produce under their brands in Zoovet's premises.

Key partners:

- *Investor partner who is a local businessperson and a friend of the owner who bought out the family percentage of the company (20%) in 2016. His name is Daniel Della Schiava and he is not involved in daily operations. Profits and reinvestment amounts are agreed upon in contractual clauses.*

Ariotti's mother was an investor since she contributed the initial 20% of the budget with which the company started. When his mother died, that 20% was divided between the three brothers, Enrique, and his two brothers (a man and a woman). Since they were not in the business, it was agreed to sell their part. That´s when Ariotti gets an investor who bought the part that belonged to his family.

- *Regulatory agencies in all the countries where a company sells. Product registrations are necessary to be able to commercialize the products. The most important one is SENASA, Argentinian regulatory agency. To export products, they must be registered in Argentina first.*
- *Researchers and scientific community – Zoovet have a technological collaboration agreement with a research group of the Biotechnological Development Laboratory of the Faculty of Biochemistry and Biological Sciences of the UNL (Universidad Nacional del Litoral). The company had invested in, provided technology and facilities to the researchers to support them. Together they have created a new company, called Biotecnofe, that works in the biotechnology area and develops a production system with technology based on the culture of recombinant animal cells. The first product created by this partnership is FOLIREC, the only eCG of recombinant origin in the world, based on a hormone that is used in the livestock industry to induce ovulation of the animal. It is applied in fixed-time artificial insemination (IATF) for the reproduction of cattle. The second outcome of this private-public cooperation is the creation of RHABDO-LIKE RECOMBINANT (VLPs), an innovative rabies vaccines produced by recombinant cell culture technology modified by genetic engineering.*
- *Marketing & sponsorships – Zoovet carries out a loyalty program, Zoovet Full POS (Points of Sale), for their vet shop clients based on minimum purchasing amount and provide them with personalized attention, differential service, and comprehensive advice (technical and commercial). This program includes revamping the design of the shop, training and continuous updates and zone exclusivity. There are 38 ¨Punto Zoovet¨ (Zoovet Point) in Argentina. There is only one abroad, located in Qatar. The idea of exporting the loyalty program did not prosper and only the one from Qatar remained, which was created in October 2019 (Fiorentini, 2021).*

- *Distributors – in some markets there are exclusivity agreements with distributors. Currently Zoovet is working to open three new subsidiaries in partnership with exclusive, local distributors (Brazil, Mexico, and Colombia).*
- *Vet doctors – as main users of the products there is continuous consulting and feedback to reach their expectations, constantly improve products and respond to their needs.*
- *Banks – Loans and financial providers for the development of the company as well as export and import operations*
- *Government – The facilities of the company (5/6) are in a technological park in Santa Fe developed by governmental initiatives. The goal of this project is to serve as an incubator to promote innovation and to support the growth of technologically based companies with highly innovative profiles.*
- *Suppliers – raw material suppliers considering chemical products and enzymes which are coming from China, Brazil and India, machinery from Germany and Spain and other consumable goods from Argentina.*

Key activities

- *R&D – besides collaboration with researchers and scientific community company has in house R&D department that supports constant development of unique formulations and new products.*
- *Manufacturing Zoovet products – variable portfolio for small and large animals with more than 170 registered products in Argentina, 595 products are registered abroad while 74 are under registration process and 85 dossiers under development.*
- *Manufacturing for third party companies – Zoovet produces for the four most important multinational companies of the industry (Virbac, Ceva, Chinoin, Sanfer)*
- *Quality control - all the plants are complying with GMP standards, certified since 2012 and constantly monitored and renewed*
- *Procurement – the purchasing department of the company is constantly researching and analyzing the international market prices to get an optimum balance between price and quality of raw materials*
- *Networking – research for partnerships and collaborations with financial and governmental institutions*

- *Marketing – active participation in all the events related to the field, presence in points of sale, media, and internet advertising to increase brand recognition*
- *Sales & export – Increase sales and consolidate Zoovet as the fastest growing Argentinean vet lab. As part of the company's continuous growth there is an aim to develop business in new markets. The expansion started in 2004 with the first market in South America (Paraguay), managed to reach the whole Latin America region, and since 2013 Zoovet started operations across three target areas: Eastern Europe, Asia, and Africa.*

Key resources:

- *Manufacturing and research facilities – five production sites are in Santa Fe, and one is in Buenos Aires with a new lab for quality control and R&D area.*
- *Employees and corporate culture – highly qualified employees. Many of the current employees have been part of the company since its beginnings, feel part of the project and are proud of the fast growth experienced. The staff takes part in training and social gatherings which makes employees feel like a part of the "family."*
- *Technology – state of–the–art technology necessary for carrying out operational activities and innovations*
- *Zoovet knowledge – unique formulations because of combination of actives which enhance the performance of products.*
- *Brand – well-known brand, recognized in Latin America for its balance in between price and quality. Increasing presence in the Middle East, where it is considered as a premium brand.*

Revenue streams

- *Foreign distributors need to present an annual forecast for the following three years, once agreed the forecast is split in periodical order. For each order 30% of the total price must be paid before production and the remaining 70% before shipment.*
- *Argentinian market is split by 13 sales representatives, each with an assigned coverage area. They oversee dealing with orders and clients within their area and achieving sales goals and targets.*

Cost structure:

Fixed costs represent most of the costs, the main items are:

- *R&D*
- *Employees*
- *Production equipment and facilities*
- *Advertising*

Main variable costs are:

- *Raw materials*
- *Logistic costs*
- *Packaging*

Channels:

- *Local retailers – Zoovet Full POS*
- *Distributors – network of international distributors*
- *Website*
- *Social Media*
- *Publications – Info Zoovet published every three months, containing new, plans and figures about the business*
- *Events – social events, veterinary field, local, regional, national, and international level expos, and fairs*

Customer relations:

- *Personalized attention, differential service, and comprehensive advice (technical and commercial support) for loyalty program clients*
- *Follow up and assistance in case of product complaints*
- *Constant training, field visits and tutorials on product usage for vet doctors*
- *Online consultations with Zoovet partner doctors*
- *Exclusive promotions to retain current customers and gain new ones*