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Go Natural Case Study:

Internationalization of the Healthy Food Concept

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Abstract

Dissertation Title: Go Natural – Internationalization of the Healthy Food Concept

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Go Natural is a Portuguese Healthy Food Concept founded in 2004 by two entrepreneur siblings, Diogo and Joana Martorell. With a selective and distinctive offer of high-quality food, Go Natural managed to create a new niche segment: Healthy Food in Shopping Centres, in a time characterized by a market offer based on international fast-food chains and traditional Portuguese cuisine.

This dissertation aims to evaluate a real challenge that Go Natural experienced in 2013. Being in the market for a decade, the company is facing a strategic decision that may influence its future growth: to internationalize or not to Brazil, a growing and potential market. After suffering with the effects of the economical crisis affecting Portugal and changing consumers' eating-out habits, Go Natural performed a category extension project named Kitchen, in order to reach the new emerging Fast Casual segment that was attracting more and more consumers, downgrading from full-service restaurants.

Go Natural's goal is not only to re-conquer consumers by offering them an added-value, but at the same time stabilize the company's growth and strengthen its position in the national market. The internationalization process requires an extensive analysis of the Brazilian partner, market and consumer, in order to evaluate if this is the right timing for Go Natural to go abroad. To address the key success factors and differentiation basis that sustained Go Natural through its ten-year existence is also another objective of this study.

The Literature Review section of this dissertation approaches pertinent topics such as brand revitalizing strategies through product and brand extensions and the analytical aspects of the decision making for the successful internationalization process. The Go Natural case study intends to give an extensive perspective of the Portuguese and Brazilian fast-food market and related future challenges.

The main conclusion from this study is that Go Natural is ready to go to Brazil, as it has gathered the required experience in Portugal, as well as a stable basis to continue on growing and is now ready to expand into a new market with an experienced partner.

Resumo

Título: Go Natural – Internationalization of the Healthy Food Concept

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Go Natural é um conceito português de comida saudável, fundado em 2004 por dois irmãos empreendedores, Diogo e Joana Martorell. Com uma oferta selectiva e distinta de comida de elevada qualidade, o Go Natural criou um novo segmento de nicho: Comida Saudável em Centros Comerciais, numa altura caracterizada por uma oferta de Mercado baseada em cadeias de *fast-food* internacionais e cozinha tradicional Portuguesa.

Esta dissertação tem como objectivo analisar o desafio real que o Go Natural enfrentou em 2013. No Mercado há uma década, enfrenta agora uma decisão estratégica que poderá influenciar o seu crescimento futuro: internacionalização para o Brasil, um mercado crescente com potencial. Após ter sofrido com os efeitos da crise económica que afecta Portugal e que alterou os hábitos de consumo fora de casa, o Go Natural realizou um projecto de extensão de categoria, de forma a aproximar-se do novo segmento *Fast Casual* que atrai cada vez mais consumidores.

O objectivo do Go Natural é reconquistar os consumidores ao oferecer-lhes um valor acrescentado e estabilizar o crescimento da empresa ao reforçar a sua posição no mercado nacional. O processo de internacionalização requiere uma análise extensiva do sócio Brasileiro, do Mercado e do consumidor, de modo a avaliar se esta é a altura certa para o Go Natural se expandir. Avaliar os factores críticos de sucesso e as bases de diferenciação que sustentaram o Go Natural durante os seus dez anos de existência é outro dos objetivos deste estudo.

Na secção *Literature Review* desta dissertação são abordados tópicos pertinentes tais como estratégias de revitalização de marca através de extensões de produto e marca, e também aspectos analíticos da tomada de decisão para um processo de internacionalização bem sucedido. O *case study* Go Natural pretende oferecer uma perspectiva extensiva dos mercados Português e Brasileiro de *fast-food* e os seus futuros desafios.

A conclusão principal deste estudo é de que o Go Natural está preparado para ir para o Brasil, uma vez que reuniu a experiência necessária em Portugal, bem como uma base estável para continuar a crescer e está agora pronto para se expandir para um novo Mercado com um sócio experiente.

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List of Acronyms

DM – Diogo Martorell

GN – Go Natural

JM – Joana Martorell

KSF – Key Success Factors

NPD – New Product Development

QSR – Quick Service Restaurant

1. Introduction

Go Natural is a Portuguese healthy food concept founded in 2004 by Diogo and Joana Martorell, two entrepreneur siblings who decided to do something different in the traditional Food & Beverage market: to fulfil the needs of consumers who looked for a fast meal with a twist: a quality-based fast-food.

“In 2004 we decided to revolutionize the national market with an innovative offer: meals filled with taste, but at the same time healthy and convenient. For that, we created Go Natural and gathered chefs and nutritionists, to guarantee all the quality, taste and nutrition standards in a quick meal, ready to take.”

During the past decade, the market has suffered some changes that have influenced GN’s path. Recently, the economical crisis felt in Portugal has affected consumers’ eating-out habits and triggered their consciousness for this type of expenses. Motivated by new consumption patterns, the emergence of the Fast Casual segment in the market is attracting consumers that are now more demanding in terms of quality combined with a full experience that matches the price paid.

GN has developed a category extension, the Kitchen Project, in an attempt to reach this new segment and, consequently, consumers who were moving away from the concept, by serving freshly made recipes in a different way. It is important to understand if the goal of adding a new value to GN is being positively perceived by its customers, as it may influence GN future strategic decisions.

The company is now being challenged to expand to Brazil for its first internationalization. After being in the Portuguese market for almost a decade, this may be the right time for the brand to take this ambitious step and establish itself in a new growing and potential market.

By assessing if the investment on Kitchen Project was well succeed in terms of consumer perception and return to the store, this may be the appropriate product category to take to Brazil and offer to this demanding consumer. Nonetheless, the entry in the Brazilian market is dependent on an extensive analysis regarding this foreign market.

1.1 RESEARCH PROBLEM

To understand if the most appropriate Strategic Expansion for GN is the internationalization, by assessing the value of the Kitchen Project and comprehending the main drivers and future challenges, the following key research questions are the basis of this study:

KRQ 1: Which were the KSF that contributed for the ten-year existence of GN?

KRQ 2: How does GN maintain the differentiation from its competitors and adapts to new consumer trends?

KRQ 3: Do consumers perceive new projects like Kitchen as an added value for GN?

KRQ 4: How would GN enter the Brazilian market and which marketing challenges it would face?

2. Methodology

To gather the appropriate information that would allow answering the four key research questions, both primary and secondary data were used.

Qualitative research, using primary data, was conducted in the form of an in-depth interview to DM, GN's founder, which allowed gathering important and accurate information to the development of the case study, based on a reliable source that has been involved in the main strategic decisions of the company since its beginning.

The quantitative research, also based on primary data, granted the collection of information regarding consumption patterns, preferences and brand perception. This method allowed reaching different age ranges due to the accessibility to different participants through the online survey, in a more flexible and faster data collection process. By not having an inhibiting intermediary, more reliable answers were reunited. This research was also important to understand the impact of the Kitchen Project in consumers' perception and habits.

Secondary data was used in form of articles from top journals and publications, which were useful for the construction of the Literature Review section of this dissertation, offering an overview of the most applicable concepts for the Case Study and backing the Teaching Notes. Other information sources were used as internal data of GN, websites, reports and market studies conducted by market research companies that allowed enhancing the Case Study.

3. Literature Review

In this chapter of the present dissertation, the following Literature Review is introduced in the belief that it will offer a better understanding and framework for the Go Natural Case Study.

Therefore, the following three topics have been selected and analysed in detail: **Influence of Positioning in the Fast Food Market; Leveraging Brand Strategies; and Internationalization: Critical Success Factors and Entry Modes.**

3.1 INFLUENCE OF POSITIONING IN THE FAST FOOD MARKET

3.1.1 New Challenges on Positioning Strategies

Kotler (2006) defines positioning as “the act of designing the company’s offer so that it occupies a distinct and valued position in the target consumers mind”. Keller (2002) defines it as the establishment of key associations in the minds of consumers and other important elements that differentiate the brand from its competitors. Keller and Lehmann (2006) stress that not only tangible product attributes are important for brand positioning, but also brand intangibles – such as personality, relationships and experience – and corporate images combined with reputation. Different branding and marketing activities may be performed in order to achieve the desired brand positioning, which ultimately builds brand equity (Keller and Lehmann, 2006). Maggard (1976) defended that more than product attributes, positioning involves external concepts like brand company image and “positioning within the prospect’s mind”. The same author stresses promotional efforts as a tool that may realign product characteristics like price, quality, reliability, durability, flavour and colour to have a clear and distinctive position concerning the brand in the mind of the consumer.

The focus for the development of the company’s marketing program is based on its strategic positioning. It constitutes a crucial strategic decision for the company due to the importance in building customers’ perception and its influence on their decision making process (Aaker and Shansby, 1982). The same authors identify different ways to define and implement a positioning strategy; nonetheless, positioning by attribute is the most frequently used, being based on the association of a product with an attribute, feature or benefit. When conceiving a positioning strategy, companies tend to adjust the tangible characteristics of its products with the intangible perceptions of the same product offered by its competitors in the market, ultimately achieving its differentiation by communicating their desired position (Blankson, Kalafatis, Cheng and Hadjicharambous, 2008). Defining a positioning strategy requires a market research and

segmentation that goes through different steps of analysis of the market, identification of product attributes and determining the desired position of the product (Ostasevičiūtė and Šliburytė, 2008; Aaker and Shansby, 1982).

3.1.2 Halo Effect of Health Positioning

The global perception regarding fast food has changed and consumers attribute the excess calorie intake and/or lack of physical activity as the main reason for obesity and overweight (US Department of Health and Human Services Study, 2001).

In order to make conscious decisions, consumers need to have information about the nutritional values of the products they eat, otherwise they will just be making assumptions based on different factors that may or may not be valuable for the brands. Regarding this matter, Wanskink and Chandon (2006) pointed that calorie estimation is influenced by not only different consumer internal factors, such as consumption goals, feelings of guilt or self-presentation motives, but also by external factors such as the health positioning of the restaurant's brand. The authors admit that the health claims influence calorie estimations, which lead consumers to make inferences about the caloric value of a food based on the restaurants' positioning or in other food provided by the same restaurant. This consumer inferential mechanism can be explained by different scholars' models, such as (1) selective accessibility (Mussweiler, 2003), which defends consumers will spontaneously test if the target food is similar to the healthy standards or the calorie anchor advertised by the restaurant, and consequently lead the assimilation of calories to the restaurant's anchor; (2) the Brunswikian model (Fiedler, 1996) that also explains that consumers aggregate both intrinsic and extrinsic cues that can affect its estimation; and (3) conversational norms (Johar 1995) which is based on the truthfulness that consumers assume advertising and health claims have, due to the legal requests to only advertise truthful information.

In a four studies research, Chandon and Wansink (2007) have found that there is a biasing effect of Health Halos in fast-food: consumers are influenced by the positioning and health claiming of the restaurant. In their research, where consumers were asked to estimate the calories of sandwiches and hamburgers, it was shown that consumers considered a product to contain 35% fewer calories when it came from a healthy claiming restaurant such as Subway, than when it was from a non-healthy claiming such as McDonalds.

Having this in mind, companies have started to focus on the nutritional value of the food, promoting it in commercials and through information available on its websites, however they

should bear in mind that the information should be easy to understand by consumers (Gregory, McTyre & DiPietro, 2006). Nonetheless, it was shown that if consumers do not want to end with their old habits, they would simply ignore the nutritional information, including professional nutritionists (Zuge, Saupe and Felix, 2003).

3.1.3 Paradigm Shift: Growing of “Healthy Fast Food”

Not only the perception about the relational cause between obesity and fast food has caused a change in the industry, but also the criticism of some groups of consumers regarding the industry’s maximum emphasis on taste and minimum on the healthiness has caused a paradigm shift of Fast to Healthy Food (Gregory, McTyre and DiPietro, 2006).

Siemering (2004) defended that not only in the United States, but also throughout the world, the trend of eating better and healthier became an obsession and Quick Service Restaurants were led to add new healthier options to its menus, in order to remain competitive and attract the health conscious consumer (Gregory, McTyre and DiPietro, 2006). In parallel, the emergence of an independent social movement defending lifestyles of health and sustainability – known as LOHAS – became more and more important to this industry, leading QSR to include healthier menu items that have been dubbed by the LOHAS members as “slow food”, resulting in a new way for the industry to distinguish itself from the negative “fast food” connotation (Gregory, McTyre & DiPietro, 2006).

The same authors defend that the next challenge for fast-food companies is to follow this trend by introducing healthy menu combos that are attractive in price, variety and profitability, but also in taste, since it is the most valued factor by consumers when deciding food and beverage consumption (Datamonitor, 2010). The authors state that organizations need to be conscious of this new paradigm and its implications on the long-term goals of the company: they should maintain the healthy options in their menu offerings, reaching more groups of consumers than only the mass market; despite the lower margins, it is the diversity that will make the consumers return to the restaurant.

Recently, the economic downturn has proved that the fast food market is not recession proof. To save money, more and more consumers are preferring to eat at home, rather than going out. To enhance its growth, two strategies have been flourishing in the market: offering cheaper menus to encourage consumers to eat out of home; and at the same time creating more premium style

menus to take people to downgrade from full-service restaurants and attract them to their segment (Datamonitor, 2010).

3.2 LEVERAGING BRAND STRATEGIES

3.2.1 Rebranding as a Way of Differentiation

As part of a strategic imperative that is critical for growing the brand, Merrilees (2005) defends the need for its revitalization on a regular basis, allowing it to be kept fresh, vital and relevant. The author considers it as a continuous process over time of brand evolution, “rather than an one-off minor change”. In the same line of reasoning, Kapferer (2001) has also defended that in order for a brand to retain its aspirational qualities, it is mandatory to continue on changing and reinventing itself.

Merrilees (2005) proposes a Rebranding Trilogy that includes three existing constructs into one single framework: brand vision, brand orientation and brand strategy implementation. According to the author, a successful rebranding starts with the brand vision, that is, the (re) formulation of the brand, by highlighting distinctive features and values and evaluating its competitive positioning. The process of including the organization in the creation, development and protection of brand identity to achieve competitive brands (Urde, 1999) is what defines the second stage in form of brand orientation, which should be fully accepted in the company before the rebranding launching. Finally, the implementation of the new brand strategy, through the variables of marketing mix, including advertising, is what concludes this process. Managers should not only build these three components, but more importantly, they should assure that they are tightly linked and coordinated (Merrilees, 2005).

3.2.2 New Products and Brand Extension

In terms of strategically managing a brand, the optimal design of brand architecture is one of the general strategic issues that arise. Keller and Lehmann (2006) identify two main fields through which brands grow: product development (line and category extensions) and market development (new channels and geographic markets).

Regarding brand architecture, Aaker (2004) has defined different areas, namely line extensions, vertical extensions, multiple brand extensions, sub brands and brand portfolios. Lomax and McWilliam (2001) defend that the familiarity of the parent brand encourages line extension strategies that are used by companies to reduce costs and minimise risks. However, at the same time that the existing brand encourages consumers’ trial purchase, it may also be at the expense

of the parent brand, through cannibalisation, but it is the existing brand name that is likely to contribute to the high success of line extensions when compared with other new products (Sullivan, 1992). The authors stress that the challenge for managers is to ensure that the line extension is an addition to the portfolio, rather than a substitution of parent brand's existing lines. Concerning vertical extensions, regarding lower or higher price points, Keller and Lehmann (2006) showed that there are more favourable responses of owners when compared with non-owners for both upward and downward stretches of non-prestige brands. However, it is also shown by the same authors that in prestige brands, downward stretches are not well received due to the sense of brand's exclusivity that its owners desire. The authors point the best strategy as creating a sub brand to protect the parent brand from attitudes of dilution, protecting it from unwanted negative feedback. Multiple brand extensions are a form to introduce a set of closely but increasingly distant extensions stressed by Keller and Aaker (1992) as a successful way for a brand to enter new categories, rather than doing it directly. Anand and Shachar (2004) point brand portfolio as a way of increasing loyalty to a multiproduct firm.

It is important for consumers that the extension makes sense (Keller and Lehmann, 2006) and the key determinant for its success depends on the fit that consumers' perceive to exist between a new extension and the parent brand (Aaker and Keller, 1990). Brand extensions evaluations are based on the quality of the original brand and the fit between the parent and its extension categories (Bottomley and Holden, 2001). They impact positively the parent brand in case of success, but only negatively if the extension is closely related to the parent brand and if it has poor quality (Keller and Lehmann, 2006).

3.2.3 New Product Development in New Markets

Kapferer (2005) showed that for many scholars a brand is considered to be global when it is sold everywhere in the world. However, the author defends that nowadays it is more appropriate to define it as a selective globalisation. The scholar stresses that brands should remember that the business must also be local, announcing the post-global brand: "the brand that no longer tries to adhere unreservedly to the model of total globalisation, which is no longer perceived as ideal". The development of specific products by geographical regions has caused a downstream from global to local, in an attempt for global brands to become closer to the consumers.

Despite some brands not recognizing the need for local adaptations – the case of luxury brands – others acknowledge the need for important product adaptations (Kapferer, 2005). Although a

global-standardization is a good strategy when introducing products in new markets, some fast-food chains have realized that it does not mean that consumers will want solely globalized products. There is a need for the Glocalization of the products that may represent an adaptation of existing products, introducing line extensions or new locally developed products (Rarick, Falk and Barczyk, 2012)

Yamada (2010) points three strategic options that may be selected when introducing products in a new market: Adaptation, Aggregation and Arbitrage. The author defends that a global brand may chose to adapt its existing products to the local market needs, which will be more effective when the globalization of the market has not yet progressed. Nevertheless, creating aggregated clusters of different countries' local needs is an opportunity to overcome differences, that enables the company to reach wider economies of scale and it is suitable if the process of globalization has already started. In order to seek for absolute economies, companies can adopt an arbitrage strategy that explores the differences as opportunities, and not as constraints.

One way for firms to remain competitive is through the development of new products for a variety of markets (Wang, Solan and Xu, 2014). However, in order for the new product development to be successful in a global company, it is necessary to guarantee a cross-functional and cross-cultural integration. National culture is one of the major influences in this process (Nakata and Sivakumar, 1996) and teams that are created to develop these new products create its own "task-team subculture" (Wang, Solan and Xu, 2014). What intermediates the national culture and the NPD process is the combination between the corporate culture and the task-team subculture (Nakata and Sivakumar, 1996). Wang, Solan and Xu (2014) defend the direct influence of the different nationalities and cultures of the team members in the NPD process and that it should be purposefully managed to facilitate it.

For the authors, the NPD passes trough two main steps: (1) the idea generation and concept testing; and (2) implementation with product development, test marketing and ultimately the product launch.

3.3 INTERNATIONALIZATION: CRITICAL SUCCESS FACTORS AND ENTRY MODES

3.3.1 Internationalization

Internationalization has been discussed by many scholars since some decades ago.

Knowledge development regarding the foreign market and its increasing commitment to this new market is proposed by Johanson and Vahlne (1977) has a model of explanation for firms' internationalization. The authors defend that the extension of the organization boundaries – with the extending scale of operations – combined with the acquiring market knowledge and experience result in uncertainty-reducing commitments for the firm. The company takes a series of steps that gradually increase its interaction and integrations in the new market environment. Internationalization may be seen as the process of taking steps in order to become an insider in meaningful networks in the foreign market (Schweizer, Vahlne and Johanson, 2010).

Context is extremely important when explaining internationalization factors such as choice of country or entry mode, as well as if a relevant actual or potential partner is located across national borders. (Schweizer, Vahlne and Johanson, 2010). Due to the severe competition and the increasing globalisation environment, companies are pursuing new forms to internationalize, in order to contribute to the economic development of productivity and industries, and consequently, its nations (Korsakiené and Tvaronaviciené, 2011).

To define and implement the appropriate market mode of entry in an international context is a complex task, needing the company to have aligned internal strategic objectives (Hill, Hwang and Kim, 1990). The small scale of the domestic market and competitive environment – from both national and international players – are the main external reasons for companies to internationalize (Korsakiené and Tvaronaviciené, 2011).

3.3.2 – The New Framework for Internationalization

Changes in business practices, combined with theoretical advances have led different authors (Oviatt and McDougal, 1994; Schweizer, Vahlne and Johanson, 2010) proposing changes in the original Uppsala Model (Johanson and Vahlne, 1977). The original model not only defends the commitment to foreign markets and market commitment, but also the decisions of committing to resources and the performance of the firm's current business activities, being defined as a dynamic process, but also risk-averse and reluctant to environmental changes (Johanson and Vahlne, 2009).

According to Johanson and Vahlne (2009), the market is no longer seen through a neoclassic view – with many suppliers and customers – but as web of relationships, a network.

The dramatic changes in the both economic and regulatory environments have taken the authors to focus on two core areas, leading to the reformulation of their initial model: (1) the business network view of the environment that surrounds an internationalizing firm, proposing the authors internationalization as “a by-product of a firm’s efforts to improve its position in its network”; the “insidership” in relevant networks is necessary to perform a successful internationalization process; (2) the establishment of relationships, which offer the potential to learn, constitute means for the company that allow to fulfil preconditions of internationalization such building trust and commitment.

This new Uppsala Model revisited is also based on two set of variables - State and Change - that affect each other:

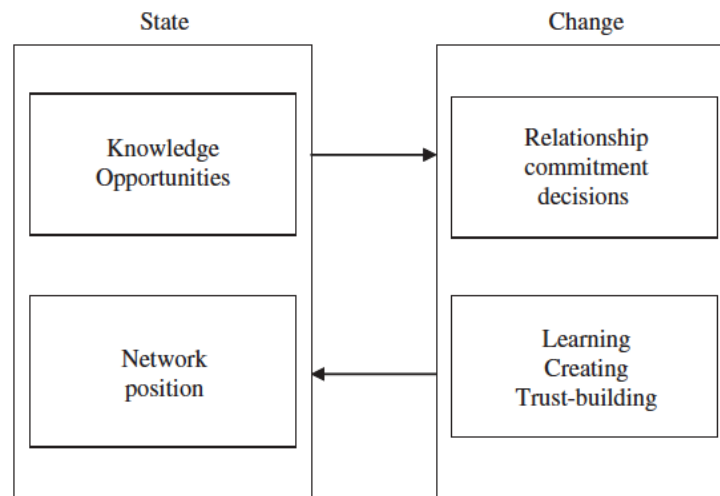


Figure 4 - 2009 Version of the Uppsala Model

Based on this new model, the authors defend that internationalization is focused on developing opportunities, rather than overcoming uncertainties. The identification of opportunities is at the forefront of this new model (2009): that is possible because of the existing firm’s network. According to the authors, some types of knowledge are not accessible to everyone, and the way to get access to it is through network insiders – a strong commitment to partners will make possible for the firms to discover and create opportunities. The main highlight of this model is that it is the existing relations of the company that make possible to identify and exploit opportunities, and so it is the company itself that needs to establish and grow its own network, in order to build trust and commitment with its partners and become successful in its internationalization process. The firm internationalizes in order to strengthen its position in its networks, which is traditionally known as “improving or protecting its position in the market”.

In the same line of reasoning of revisiting the Uppsala Model, Schweizer, Vahlne and Johanson (2010) have also considered the entrepreneurial actions of the company, stating the internationalization as “a by-product of a firm to improve its position within its networks” but explaining it to be “a result of an entrepreneurial action”. International entrepreneurship may be considered to be a consolidation of innovative, proactive and risk-seeking behaviour that basically crosses national borders with the intention to create value for the organizations (McDougall and Oviatt, 2000). The entrepreneurial effort is designed to improve firm’s effectiveness and make it grow (Schweizer, Vahlne and Johanson, 2010) and may be seen as the basis of foreign market entry (Korsakiené and Tvaronaviciené, 2011). However, it should always be considered the fact that working outside the firm’s national or regional zone is important and it takes time and company effort to build and strengthen international networks (Schweizer, Vahlne and Johanson, 2010).

Autio, Sapienza and Almeida, (2000) propose that for the internationalization process of the firm it is important to have a combo of both organizational knowledge – the “capacity to apprehend and use relationships among critical factors in such a way as to achieve intended ends” – and organizational learning – “the process of assimilating new knowledge into the organization’s knowledge base”. The same authors defend that to grow and compete internationally with little or no previous knowledge of the new foreign market, firms must apprehend and assimilate the new knowledge, in order to become internationally successful.

3.3.3 Internationalization Knowledge and Market Entry Modes

Fletcher, Harris and Richey Jr. (2013) defined Internationalization Knowledge (IK): a specific organizational knowledge, based on organizational learning processes that the firm undertakes when acquiring new knowledge and transferring it for other countries, helping it being successful when entering new markets. In accordance with the concepts of the authors, it helps companies achieving sustainable competitiveness and may be divided into three categories:

(1) Market Entry IK: the knowledge needed by companies to develop new market entry strategies and implement it in new territories, having in mind the cultural differences and organizational features in different countries; “it informs the company how to establish initial market positions”. To consolidate this type of knowledge, companies need to integrate the external country expertise in the internal firm specific knowledge, developing strong relationships and knowledge transfers with its partners, in order to assess the risks and the potential of strategic partners and

distributors: this will enable companies to externalize operations rather than internalizing it, facilitating the market entry.

(2) Localization IK: it give companies competitive knowledge in developing strategies for a sustainable competitive position, by evaluating the necessary and available capabilities to develop competitive strategies. It is necessary to ensure that the defined strategy reflects the local market conditions and implement competitive and collaborative synergies.

(3) International Enterprise IK: it is focused on turning international market locations into one international company, by rearranging management systems and internal policies to serve the different international locations and, at the same time, giving the firm the ability to manage its internal organization across various countries to ensure international business performance.

Hill, Hwang and Kim (1990) have proposed three distinct modes of entry in foreign markets: (1) licensing or franchising, (2) joint-venture, and (3) wholly owned subsidiary. Each of the entry modes have different levels of control, resource commitment and dissemination risk, summarized in the following table (Figure 2):

| Entry Mode | CONSTRUCTS | | |
|-------------------------|------------|---------------------|--------------------|
| | Control | Resource Commitment | Dissemination Risk |
| Licensing | Low | Low | High |
| Joint-Venture | Medium | Medium | Medium |
| Wholly Owned Subsidiary | High | High | Low |

Figure 5 - The characteristics of different entry modes (Hill, Hwang and Kim, 1990)

The authors propose and define a decision framework based on three sets of variables that impact the optimal mode of entry decision, since each one of the sets assess one different construct from the three stated previously:

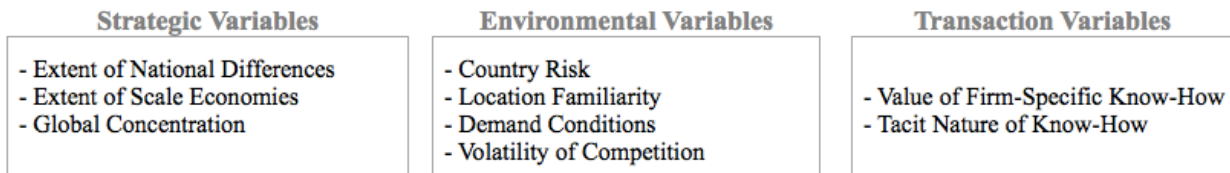


Figure 6 - Sets of Variables of the Decision Framework (Hill, Hwang and Kim, 1990)

(1) Strategic Variables: Firms must decide if they want to adopt a global or a multi-domestic strategy, which requires different control requirements and ultimately different modes of entry in the market. Multi-domestic strategies favour joint-ventures or licensing.

(2) Environmental Variables: it influences primarily through the influence on resource commitment and strategic flexibility. The higher the levels of country risk, perceived distance, demand uncertainty and volatility of the competition in the host market, the more companies will favour low resource commitment entry modes.

(3) Transaction Variables: it affects the decision regarding dissemination risks and appropriate control level. If transaction costs are absent, it favours licensing. However, if the company just grants a license to use the licensees' know-how, it takes the chance that the licensee may use its expertise for other purposes rather than manufacturing the original product. If the company assumes the partner to take any opportunistic advantage of the situation, the higher the transaction costs, and in that case, the optimal mode of entry will be through a wholly owned subsidiary.

4. Case Study: Go Natural – Internationalization of the Healthy Food Concept

The beginning of 2013 announced itself as a year of great decisions for Go Natural.

It had been almost ten years since Joana and Diogo Martorell had opened its first GN Store in 2004. Their vision was to develop from scratch an innovative healthy food concept and implement it in a Portuguese market that was filled with international fast-food restaurants and some traditional Portuguese cuisine. Based on quality and selected food, it stirred the market and created a new niche segment that did not exist: Healthy Food in Shopping Centres. With a refined image and a different presentation of its products - in convenient grab&go packages - the partners believed that consumers were ready to receive a healthy food concept, conceived on a first stage to Portugal, but also to go abroad, as its international name suggests.

After performing a category extension by the name of Kitchen Project that extended its product offer to recipes made on time, GN was now being challenged to expand its brand for the first time to Brazil.

Triggered by an economic global crisis affecting Portugal and consumer eating-out habits, the Fast Casual market segment was gaining more clients as consumers were downgrading from full-service restaurants, to search for a quality full-experience at more affordable prices.

In an attempt to reach the growth from this market segment, GN redefined its strategy in Portugal and developed the Kitchen Project, with the goal of re-conquering its consumers who were migrating to other food concepts, by offering them an added value in GN.

At the same time, an opportunity for GN's external growth was set in the horizon. For the third time, a new partner was challenging the team to enter Brazil, an exciting growing market combining consumers' high purchase power with healthy concerns.

Martorell knew it would be crucial to have the national market stabilized with a constant growth in order to take the Brazilian chance. Additionally, it was decisive to have a strong and established partner, due to the different tax policy and labour laws, with the required expertise and know-how in the Brazilian F&B industry, combined with a meaningful network.

In order to sustain GN's decade of success, Martorell needed firstly to assess the value of the recently implemented national strategy in strengthening its position among the competition. Furthermore, the Kitchen Project represented the ideal product category to offer to the Brazilian

consumer, so it was required to analyse its impact on consumers' perception and habits. Not only the evaluation of the partner was needed to decide on the internationalization, but also the food industry context, consumer profile and timing, in order to make a great entrance and not harming the brand.

Martorell needed to weight the pros and cons of the future strategic move and start defining the alternative strategies for National and International Markets.

4.1 GO NATURAL

GN is a Portuguese Healthy Food concept, mainly located in shopping malls. It offers an extent variety of high-quality healthy food in form of salads, pastas, wraps, sandwiches, sushi and soups, combined with light snacks and deserts, using a total of 250 highly selected ingredients.

DM challenged JM to join him in this new project in 2004, when the shopping malls business was reaching a peak in Portugal, having performed an international benchmarking to conceive it. The two siblings combine different background experiences in management and multinational companies, including shopping centres operations, that proved to be crucial in the success that GN managed to achieve. **(Exhibit 2)**

Diogo is responsible for Expansion & New Business and Joana is responsible for Operations, being both involved in other departments. This shared mission has made possible for GN to expand through different channels: shopping malls, gyms and corporate.

Their goal was to fulfil the gap that existed in shopping centres, by offering healthy solutions, based on distinctive quality ingredients. They wanted to associate healthy eating, with pleasure-giving food and an innovative and sophisticated image.

GN concept is designed for shopping malls, which are well located, with a target composed by mid and upper-mid class, combined with a good location in the food court.

In DM words, GN has a "poli-fractionated offer", based on an extent variety of healthy meals for any time of the day. All of GN recipes are designed in partnership with a nutritionist and a guest Chef, throughout the year. Salads, sandwiches, wraps, pastas and soups have a fixed price, regardless of the ingredients used in each. Sushi, pastry and deserts have a variable price range. **(Exhibit 3 and 4)**

4.2 GROWTH & EXPANSION

Since its launch in June 2004, GN was very well accepted in the market and in the same year two more stores were opened. The expansion was made in a sustained way, testing the concept in each new shopping centre that GN kept adding to its network, having reached a total of 27 stores by 2012: 22 stores in shopping malls (including 2 Sushi Bars), 2 street stores and 3 gym's stores, spread all over Lisbon and the North region.

The value chain of GN is composed by Costs of Goods Sold (32,5%), Staff Costs (35%), Other Costs (25%), Marketing and Innovation (2%) representing a Margin of 5,5% (**Exhibit 5**). GN ended 2012 with a turnover of 7.8M€ with 222 employees.

The growth and expansion of GN in the market was based on the combination of its KSF and sustained competitive advantage, by being a healthy food generalist provider, in a market with a growing trend of specialized food concepts. Also, its products' quality has added credibility to the brand, sustaining its positive and recognized quality-price relation.

GN resources and capabilities that guarantee this competitive advantage are based on:

- Each store having its own kitchen, being able to prepare fresh daily meals to the clients and sustaining the quality of its products;
- Partnerships with different recognized Chefs;
- "GN's healthy food platforms" created by nutritionists that list the ingredients allowed on recipes and reassures the quality, generating consumers' credibility.

GN positioning has remained the same since day one: offering healthy and pleasant meals. The company respects these brand values, having the concern to guarantee that each action is in line with those principles. This consistency has allowed for GN to keep on evolving and build a decade of history.

4.2.1 Quick Service Concept With A Twist

The Fast-Food market is divided in four segments: Quick Service Restaurants, Takeaways, Mobile & Street Vendors and Leisure Locations. The QSR segment represents 66,4% of the Fast-Food market, which in its turn is expected to rise to 310,5\$B in 2016¹. Its strong and accelerating growth follows along the modern life pace of consumers, who demand for quick service solutions, and which may be seen as an opportunity for this segment.

¹ Source: Marketline Report: "Global Fast Food – 2012"

Quick Service can be defined as chain restaurants that combine a fast service with average food quality. It is characterized by a takeout business, with pre payment, limited or no wait staff and quickly prepared meals. It relies on a narrow menu and caters to an extremely price sensitive target. Consumers demand for accurate orders, clean locations and food served at the right temperature in a compressed time frame. In a nutshell, Quick Service concept is usually known by Fast-Food concept. This is a business that works with low margins, making its profits through its high turnover rates.

This concept was well accepted by Portuguese consumers, as it provides an economic alternative to full-service restaurants. Despite food quality not being the same, consumers still enjoy eating out in one of these concepts, since they have the opportunity to do it more often.

GN not only created a new market segment, but also reinvented the classic Quick Service Concept. By analysing the fast-food market, DM was able to take some of its best practices and adapt it to the GN concept:

The quickness in a food court is extremely important, since consumers do not intend to wait quite long and want to eat at the same time. GN offers a fast service – by having the majority of its product in the grab&go display, one simply needs to choose its product and pay. However, this fast service comes with a twist: GN offers healthy meals, conceived with high quality products and designed from scratch by a team of Chefs and nutritionists, while the remaining players of the fast-food industry serve average quality food at low prices, consequently having low margins that do not allow them to even consider having high quality ingredients.

On top of this, GN is concerned about having a polished image and products well presented, and some GN stores offer the opportunity for the clients to enjoy their meal in the same space.

4.3 GO NATURAL'S EXTENSION PROJECTS

4.3.1 Previous Experience: Sushi Bar

During its existence, GN performed some brand extension projects that contributed to boost sales and keep on growing in the market, such as the Sushi Bar in 2010.

This extension represented GN response to the Japanese trend invading Portugal that simply required combining GN's long-time expertise and recipes to offer an Asian experience to clients, with a sushiman preparing freshly sushi specialities on time. This was a successful move for GN, which increased its sales and consequent development in the market.

4.3.2 New Fast Casual Concept: The Kitchen Project

In 2012, the market was changing again, motivated by the aggravation of the economic crisis and also due to the VAT increase². Consumers decreased their frequency of eating out and were becoming more demanding with the money they wanted to expend.

The fast-food industry had managed to record some positive growth, since consumers started looking for alternative places to eat out, offering quality food but not at a premium price, contrarily to full-service restaurants.

Fast Casual was a fresh and rapidly growing concept and started arising as a global trend, especially in Portugal: it was positioned between fast-food and casual dining restaurants – it provided counter service and offered a more customized, freshly prepared and high quality food, having an inviting and upscale ambiance. H3 and Prego Gourmet were clear examples of GN's successful competitors that were positioned in this segment.

Martorell knew that GN had already been successful in the past by following a market trend: the Sushi Bar. He also knew that GN had already well-established brand awareness in the market, which could allow him to once again develop a new extension project.

Until now, GN had always been positioned in the convenience segment. Although Joana and Diogo had already thought about adding new features to GN to position it in the Fast Casual growing concept, it was the migratory movement of the consumers to other concepts that turned out to be the final push to change the path of GN in Portugal.

The new Fast Casual segment seemed like a given-proof trend to push GN's core business of providing healthy meals a little bit further.

Based on the combination of GN offer and Fast Casual, The Kitchen Project was born (**Exhibit 6**). After studying the alternatives in the market, DM and JM knew that they would have to offer an even better meal to consumers, in order for them to be completely satisfied with the money spent. They concluded that GN was lacking an offer of hot meals, cooked live and on time, in front of the client. Although the main time slot sales were accounted by lunchtime, introducing hot meals served on china plates would allow the company to reach more consumers outside the “convenience peak”, at different times of the day, or in other days, besides working days. By

² 2012: Change in VAT from 13% to 23%

bringing the Kitchen into the front of the store, GN would be adding value to its offer and reaching its consumers in a new way, at the same time positioning itself in the Fast Casual Segment. On top of this, a new pricing strategy was introduced in GN: for the first time, GN was now offering combo prices to its customers, with a price range from 7,55€ to 7,95€, including main dish, soup and a drink.

An investment of nearly 50.000€ was made to implement the Kitchen Project and some stores were selected to test the concept. Was this the right move to sustain GN growth in Portugal? Did consumers perceive this new project as an added value? Was GN re-conquering them?

4.4 INTERNATIONALIZATION TO BRAZIL

Brazil has a population of 193.7M inhabitants and it is the 6th largest economy in the world, with a GDP of 2,263,7\$B, which represented a growth rate of 1,2%³. It is the largest economy in Latin America. Its unemployment rate has been decreasing since 2010, presenting a rate of 5,5% in 2012 (**Exhibit 7**), due to political and economic measures that have created 2,4M formal jobs in 2011 and 1,3M jobs in 2012. There are high expectations regarding Brazil since it has a high long-term economic growth track and a lot of unexplored natural resources.

By entering Brazilian market, this would be the first internationalization of GN and several key points would have to be taken into consideration, in order to assure a successful experience for the brand.

Brazil has a growing middle class, which constitutes a large domestic market with strong demand and increasing amounts of disposable income. Although it is a bureaucratic country, it has supportive government policies when it comes to foreign direct investment, with the simplification of licensing procedures and its regulatory framework. In cultural terms, Brazil is very diversified since it has the combination of European and Latin cultures.

However, Brazil represents some challenges for the private investors who wish to enter that country. To start, it has shortage of qualified workers, which means that it will take more time in finding the right qualified personnel and a demanding training process. It also has a strong fiscal policy with high interest rates and a complicated tax system. The process for granting licenses for food exportation is slow, making some companies give up on the process. On top of this, there are high import product taxes that can go up to 80% of the product value, plus the state taxes.

³ Source: The Venture Capital and Private Equity Country Attractiveness Index, 2013 - IESE Business School

Regarding cultural barriers, even Brazil and Portugal sharing the same language, there are still some problems in having an efficient communication, based on cultural differences and geographical distance with different time zones.

Nonetheless, it is considered a wonderland of opportunities for foreign companies that wish to enter this market.

Brazil is considered to be the largest fast-food market in the Latin America region. The fast-food market in this country has set record sales of 21,7\$B in 2012, up by 82% since 2008. Due to the emerging middle class, international food chains want to establish themselves earlier than other players. In fact, the top region for foreign direct investment in Brazil is the Southeast, with São Paulo representing 26% of this type of investment and, in second place, Rio de Janeiro accounting for 8%.

Two major events will take place in Brazil in the next one to three years: The 2014 World Cup and the 2016 Olympic Games. These events are expected to have social and economic impacts, in areas such as civil construction, food & beverage, services and tourism. In parallel, the tourism inflow will boost spending. These events will also contribute to increase the disposable amount available for the working class, meaning that they will have a higher purchasing power.

4.4.1 São Paulo: Eldorado

Latin America is the top region concentrating countries with the highest density of fast-food restaurants. This index is taken as an indicator that shows that this region's population enjoys eating out. This type of establishments is largely concentrated in metropolitan cities, such as São Paulo.

São Paulo – or *Sampa* – is the largest city in Brazil with more than 11M inhabitants living here, being among the top 10 of the most populated cities in the world. In 2012, São Paulo ranked as the second most attractive city for foreign direct investment in Americas and as the 6th city globally. It constitutes the top Brazilian destination for business tourism and the third for leisure trips and holds 75% of Brazil events. Annually, the city receives in average more than 10M tourists.

Its consumer market is one of the largest in Brazil, due to its population's socioeconomic status and its GDP per capita that is 50% higher than the national average.

The entertainment market of the city is one of the main attractions contributing to its “cultural effervescence”, pushing a lot of tourists who look for fun times and shopping, having the largest shopping centre of Latin America.

There are 53 shopping centres in São Paulo, being Eldorado the first location to open a GN store. It is based in the west area of the city, where there is a high index of purchasing power and that has easy accessibility. More than 160.000 people live in the surrounding shopping area, predominantly from A and B classes, with average monthly income of 2100\$, plus 17.000 companies with nearly 140.000 employees.

Due to the multiculturalist component of the city, here are represented 52 types of cuisine in the gourmet market: restaurants, steakhouses, Japanese restaurants, bars, bakeries, pizzerias and food-delivery services. There are more than 15.000 restaurants in São Paulo. At any time of the day, it is possible to find an open restaurant to serve you some food specialty, that can go from 5\$ to 500\$.

It is a cosmopolite city, with consumers with sophisticated tastes, that does not allow room for “amateur” players. Although there are some international players entering and gaining its market share, the city still privileges proudly its Brazilian traditional food specialities.

4.4.2 Brazilian Healthy Food Consumer Profile

Being a tropical country with good weather conditions, the concerns regarding physical condition of Brazilian is combined with an increase healthy concern of eating right.

In 2009, the consumption of healthy food in Brazil accounted for 11,3\$ B, having a growth rate of 82%⁴. The forecast indicates that by 2014 the consumption will increase in 39%, reaching 15,3\$ B. This increase is the reflex of a change in the behaviour of Brazilian who now look for healthier snacks and drinks, which provides them a wellness sensation.

According to a Mintel research about Brazilian healthy eating habits, the majority of Brazilian tries having a balanced diet looking for nutritive options: 66% of the population is eating fruit & vegetables daily and 22% follows a low-fat dieting.

The 16-24 years range is not so concerned with this dieting, in comparison with the 45-54 range. Having a healthy and balanced diet is the third main factor to have a healthy lifestyle, after

⁴ In comparison with 2004 values

exercising and sleeping. There is a growing demand for the improvement in life quality that may be perceived by the increase in consumption of light and diet products in Brazil, over the past years. **(Exhibit 8).**

Another research, conducted by Shopper Experience in Brazil, reveals that 74% of the respondents prefer fast-food instead of full-service restaurants, mainly due to the convenience, quickness and agility of the process. It also concluded that 28% of the respondents eat in a fast-food restaurant more than once a week; 27% at least once a week; 20% once in two weeks; and 13% at least once a month. One of the important conclusions of this research is that 70% of the respondents prefer to eat at shopping centres, compared to 25% that prefer street locations.

Being GN a food concept oriented for people who are concerned in having a healthy diet, the Brazilian consumer seems to be ready to embrace it in the market, since there is a positive growing demand for this type of products, and considering the fast-food research conclusions.

4.4.3 Brazilian Competition

In 2012, the Brazilian market for eating out totalled 122\$ B, with the fast-food segment accounting for 21,7\$B, registering an increase of 11% when compared to 2011.

Of the 978,006 total outlets registered in Brazil in 2012, only 1,6% are chain restaurants, representing 16.235 stores; within this range of chain stores, 63,1% are Fast-Food Chains, translating this number into 10.259 stores. The remaining 960.000 outlets are independent stores, proving this is a very fragmented market.

Due to its competitiveness, the emergence of multi-brand fast-food groups is contributing to its consolidation, through acquisitions.

This consolidation of the fast food market is proved by the 53% of total sales belonging to top five leading groups:

Arcos Dorados (McDonald's), Brazil Fast Food Corporation (Bob's, KFC and Pizza Hut), Doctor's Associates (Subway), Al Saraiva (Habib's Ragazzo, Box 30) and Restpar Alimentos (Giraffa).

The advantages of operating in multi-brand groups are the cost sharing and scale economies that result from the synergies made with different stores. The real estate and distribution costs are examples that contribute to increase efficiency, offering more competitive prices than the

remaining operators. Withal, the market is not only made of multi-brand groups, existing single brand operators, as such as the Brazilian group 3G Management that acquired Burger King worldwide franchise.

In terms of fast food market share in 2012, it can be made a distinction between national and international players operating in the same market (**Exhibit 1**). The top players are McDonald's (28%) followed by national fast food chains Haribs (8,4%) and Bob's (7,1%).

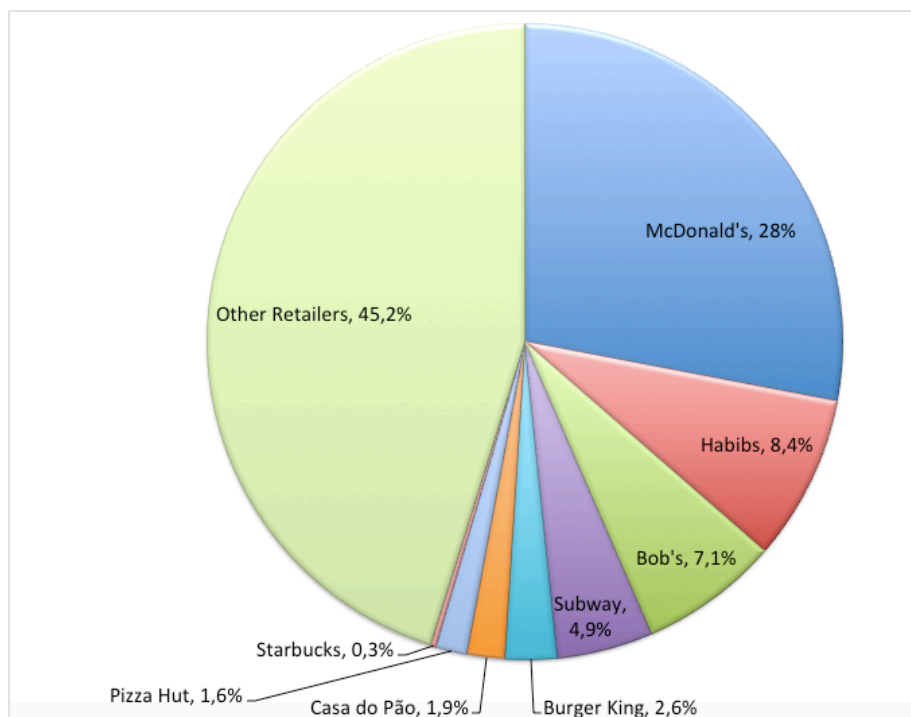


Exhibit 1 - Fast Food Market Brazil 2012

GN's possible future Brazilian partner already operates in the food industry, so it is possible to have some synergies in terms of suppliers and external partners to keep the operation running efficiently – offering the advantages of working in a multi-brand group.

4.4.4 Entry Mode and Strategy

The most appropriate strategy to enter the Brazilian market is through a joint-venture with a local partner, which will ease the upcoming challenges.

Another important aspect to consider is that GN still needs to control all the final decisions, regardless of the equity participation in the joint-venture. It is necessary to guarantee the respect of brand's guidelines, principles and criteria to assure that the brand remains equal and that every consumer will recognize GN, despite being in Portugal or Brazil. In a first stage, it is important to guarantee that GN is solely operated by the joint-venture company, without franchisees. This will contribute to consolidate GN's network of suppliers and operational expertise in Brazilian land, before giving away franchise licenses. In such a wide territory, the best strategy to franchise a

food concept is to attribute Regional Master Franchisee Licenses, in order to reassure the quality standards of all concept store service and products offered.

The local partner will be the responsible for Brazilian operations and all its implications: in agreement with GN, it will evaluate new store locations, handle all suppliers' network and legal requirements, hire staff and guarantee that Brazilian stores are following GN guidelines. It will also be responsible for the communication, namely social networks, accordingly to Portugal's communication strategy.

4.5 TROPICALIZING GO NATURAL

To be successful in Brazil, GN needs to “tropicalize” its concept.

Brazil has a diversified gastronomy with specific food & flavours. In terms of product range, it is important to introduce GN bestseller products, since these are star products that turned GN into the successful concept that it is. Also, this market is not quite sophisticated and since GN products use European ingredients such as Linguinni or Rigatoni, it will automatically attract consumers' attention. Similarly to what was done in Portugal, GN may consider finding a local Chef to prepare new recipes – locally adapted to the Brazilian taste. It would also seem important to take emblematic Brazilian products such as “*pão de queijo*” (Cheese bread) and adapt it with more healthy ingredients.

By entering Brazil with a grab&go concept, GN would risk to be misunderstood by consumers, since Brazilian do not adopt that well a store with no kitchen and only packaged & ready to go products. In fact, Brazil has a lot of popular kilo-restaurants⁵ and may not accept a store similar to a supermarket, with only food displays.

One way that DM thought that could solve this problem would be to include the Kitchen Project in the Brazilian GN stores.

Pricing is another important factor to consider.

In the early stage of GN in Portugal, the food concept was considered by consumers has high-price, but the consequent scale economies provided by the expansion of GN led DM to work on a

⁵ restaurants in which consumers chose what they want in a food buffet, which normally includes a hot meat station with preparation live in front of the client

more competitive pricing policy. Even with more balanced prices, the average consumer has a high-price perception, being an on-going work for the company to change it.

Considering this experience, DM does not want to repeat in Brazil. The company would benefit by having an entry price, in line with its competition. Plus, Brazilian receive a company daily food-ticket with a variable value accordingly to the company and the neighbourhood, so this would be a factor to consider when establishing the pricing policy.

GN communication strategy in Portugal is based on social networks and word-of-mouth. Occasionally, the company hires an external media relations' agency to promote and communicate new projects or special partnerships. Although GN does not invest in paid advertising, DM considers they have been successful and people talk about GN. The company also has a client card that offers a free meal when the client has gathered seven meal stamps.

Even though Brazil and Portugal share the same language, both countries have very different ways of speaking. By entering Brazil, GN would have to consider having locally adapted communication messages, both in-store and in social networks. It would be important to have Communication Strategic Guidelines that ensure the brand would still be communicating in the same tone-of voice in both countries.

4.6 CHALLENGE

DM knew he had an important decision to make that would influence GN's following years. With a decade of existence, he was now facing the challenge of internationalizing the brand to Brazil.

Firstly, DM needed to analyse market's reaction to his effort of revitalizing GN offer in Portugal: was the Kitchen Project valued and positively perceived by customers?

He knew it was important to guarantee the stabilization of the brand in Portugal by re-conquering consumers and offering an added value to choose GN, before going to Brazil. This was also the opportunity to test the concept in Portugal that could be a key-differentiating characteristic to take to Brazil, at the same time that it could freshen up the brand in Portugal.

Martorell decided to perform a Market Research to assess both GN and Kitchen Project consumers' perceptions, combined with a consumer eating out profile.

This would give the final piece of information needed for Martorell to decide on whether or not to enter the Brazilian market. Would the third time really be a charm?

4.7 - CASE STUDY EXHIBITS:

Exhibit 2: GN founders



Exhibit 3: GN Menu

| | | |
|-------------------|---------|--------------|
| Soups | | 2,20€ |
| Sushi | (since) | 4,95€ |
| Pastas | | 5,20€ |
| Salads | | 5,20€ |
| Sandwiches | | 4,60€ |
| Wraps | | 4,10€ |
| Deserts | (since) | 1,95€ |
| Pastry | (since) | 0,75€ |

Exhibit 4: GN Product offer



Exhibit 5: GN Value Chain

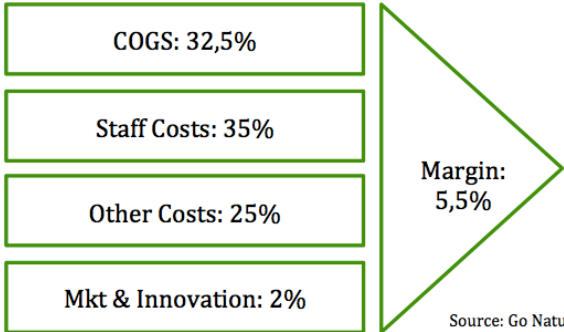
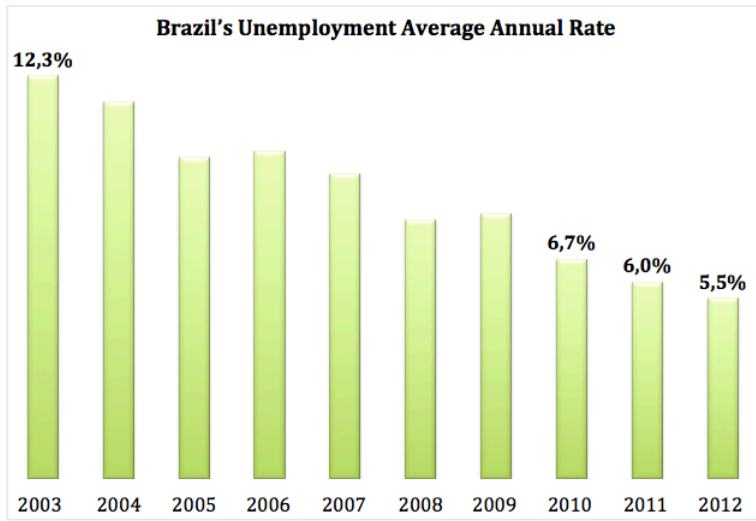


Exhibit 6: The Kitchen Project

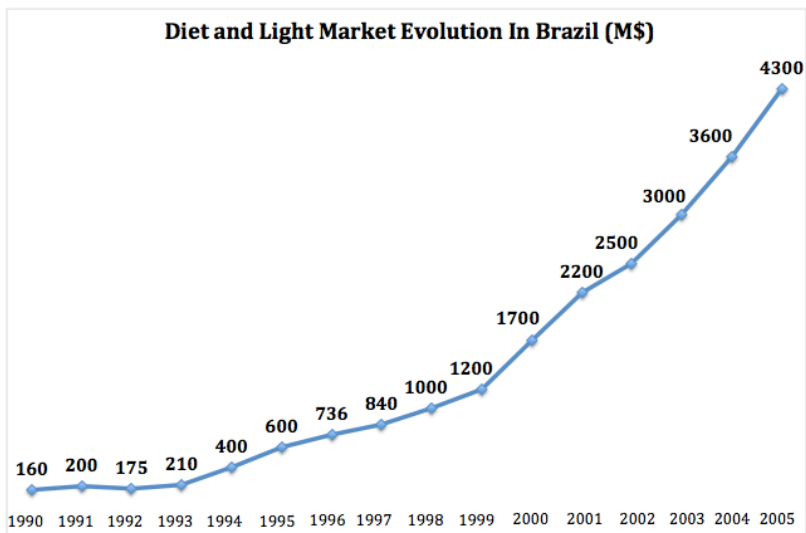


Exhibit 7: Brazil's Unemployment Rate Evolution



Source: PME - IBGE

Exhibit 8: Evolution of Diet and Light Market in Brazil



Source: ABIAD

5. Market Research

To internationalize GN to Brazil it is necessary to evaluate how national consumers have perceived the Kitchen Project, which will guarantee the stability of the brand in Portugal, and how their preferences and needs are being addressed. A national consumer profile needs to be traced, regarding its eating-out habits in shopping centres. It is also appropriate to understand how consumers perceive GN and if the Kitchen Project is adding value to GN by consumers' perspective. Additionally, understand the important factors that determine consumers' selection when choosing a fast-food restaurant is also important for GN's national strategy.

In order to gain a better understanding of the Portuguese Fast-Food Consumer, an online survey was performed (**Appendix 2**), approaching the following topics:

- Portuguese Consumption patterns
- Consumer Preferences when eating in a Shopping Centre
- Critical Factors to select a Restaurant in a Shopping Centre
- Perception about Go Natural
- Perception and Evaluation about Kitchen Project
- Competition

5.1 METHODOLOGY

An online survey built on Qualtrics constitutes the basis of this Research. Its distribution was made through social networks and email, reaching a random sample of 251 respondents, but with 230 completed surveys, representing an 8% dropout rate.

This survey is constituted by fourteen close-ended questions, divided into three main groups of analysis. The first group is focused on understanding Portuguese consumption patterns, the places where consumers normally have lunch and their frequency in eating-out at shopping centres. In this latter question, consumers who answered "I never eat at shopping centres" were redirected to the end of the survey, since this is a study based on shopping centres. On the second group, the main objective is to understand which are consumer preferences when eating in a shopping centre and critical factors when selecting a restaurant. The last group is focused on consumers' perception regarding GN and Kitchen Project, including also its main competitors.

All the answers were mandatory, having three questions to which respondents could select more than one answer, in order to not limit their choice. The survey aimed Portuguese consumers of different ages.

5.2 SAMPLE ANALYSIS

In terms of demographic variables, the sample may be characterized according to the following points:

- It is composed by 54,4% of females and 45,6% of males;
- Only one female respondent is under 18 years old;
- The age range 18-25 represents the largest share of the sample (46,84%), being 44,19% of the total female respondents included in this range and 50% of the total male;
- The second largest age range is 26-35, accounting for a quarter of the total respondents (25,32%). Female respondents in this age range represent 23,36% of women inquired and males 27,78% of this gender total;
- The age range 36-45 includes 11,39% of the sample, representing 10,47% of total female respondents and 12,5% of total males replies;
- The last age range +45 has a share of 15,82% in total sample replies. There are 20,93% of female respondents over 45 years representing 20,93% in the sample and 9,72% of male.

(Exhibit 5)

In terms of income, the sample is characterized as follows (Exhibit 6):

- The largest share of the respondents has an annual income of under < 14.000€, representing 58,23% of the sample. 71,74% of the respondents with this level of income have ages between 18-25;
- The income rang 14.000€–30.000€ accounts for 30,38% of total replies. 31,25% of respondents with ages of 26-35 have this level of income, as well as 27,08% of over 45 years and a quarter of the 36-45 years old participants;
- 6,33% of total replies are included in 30.000€–50.000€ annual income range. Both age ranges 26–35 and 36–45 account each for 20% of their own total respondents in this annual income, being the over 45 range the most meaningful accounting for 60% of its respondents in this income level.

5.3 RESULTS

5.3.1 Portuguese Consumption Patterns

To better understand Portuguese consumption patterns, two variables were firstly analysed: the places where respondents normally have lunch during the week and eating-out weekly frequency in shopping centres. Regarding regular places, the respondents could select a maximum of two options, so that the answer would not be biased. By observing **Exhibit 1**, it is possible to conclude that there are two preferred places where to eat: at home (58,26%) and in other places, such as canteens and workplace (56,52%).

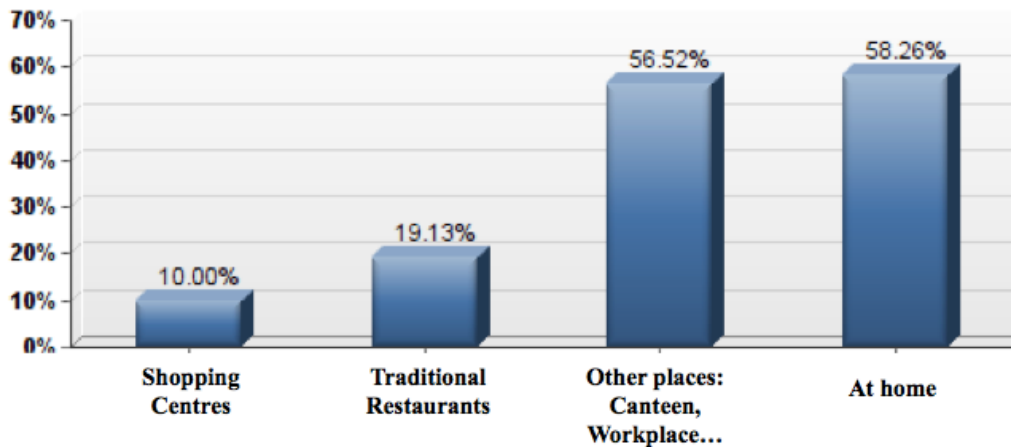


Exhibit 1 - Regular places to eat during the week

Shopping Centres represent only 10% of the respondents' preferences. If the emerging trend of bringing a home-made lunch to work and the economic crisis are taken into consideration, it may be stated that consumers have become more aware of their out-of-home expenses and prefer to eat at home or chose more economic options as bringing lunch to work or eating at canteens. In fact, regardless of the income level or age of the respondents, both later options are still preferred by the majority of the respondents (**Exhibits 8 and 9**).

Regarding weekly frequency of eating-out at shopping centres, the majority of the respondents admits to eat-out less than once a week (54,78%) and more than a quarter assumes to do it once or twice a week (26,09%). There is 14,35% of the respondents that never eat at shopping centres, who have ended their contribution to the survey at this point (**Exhibit 7**).

The rising healthy trend of consciousness regarding food and physical exercise is attracting more consumers, leading food concepts to reinvent new healthier product offers. As a matter of fact,

the respondents are in line with this tendency as 74,78% admits to be concerned about having a healthy diet, event though they do not always comply with it (**Exhibit 10**).

5.3.2 Consumer Preferences When Eating In A Shopping Centre

The Portuguese Fast-Food Market is suffering a specialization of food concepts, meaning that each restaurant is focused on one main product reinvented in different ways. For that reason, consumers select the preferred restaurant based on the food type. To better assess consumer preferences, respondents were asked to select two preferred food alternatives in a shopping centre.

Hamburgers is the preferred food type for the majority of the sample (51,69%), being followed by the International Cuisine (40,45%), which is in line with the new trend of eating international specialities like sushi.

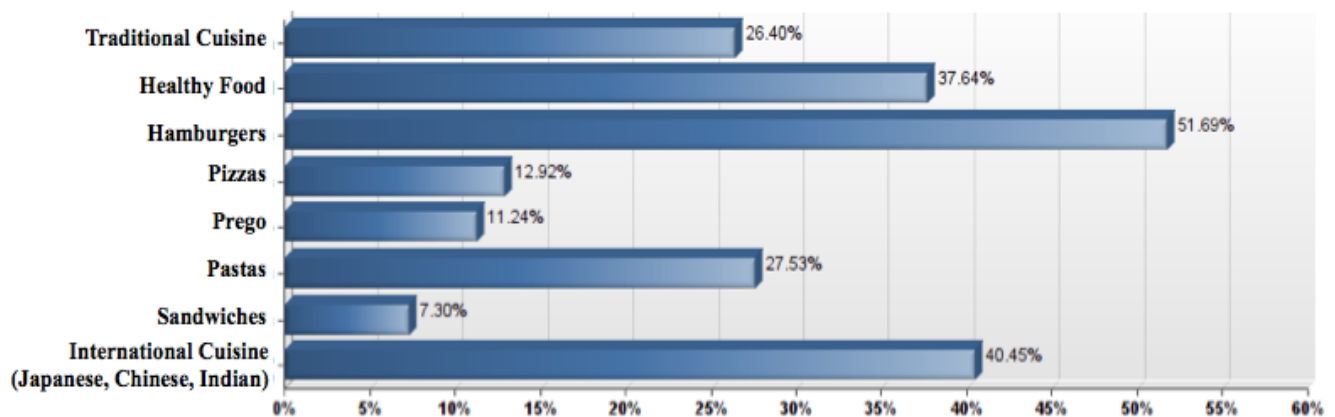


Exhibit 2 - Preferred Places to eat at a shopping centre

Healthy food is preferred by 37,64% of the respondents, which is the category in which Go Natural is inserted and represents the third preferred option of the sample. This means that the current healthy trend combined with the raising consumer consciousness is positioning this type of food ahead of Pastas (27,53%) and Traditional Cuisine (26,40%).

Pizzas (12,92%) and Prego (11,24%) represent a similar preference and Sandwiches (7,30%) are the least preferred by respondents.

The classic hamburger, being inserted in an international food chain or reinvented as slow food still dictates Portuguese choices when it comes to eating at shopping centres.

5.3.3 Critical Factors To Select A Restaurant In A Shopping Centre

Not only consumers select a restaurant in a shopping centre based on the type of food served, but also influenced by other important factors. To have a better assessment of these critical factors,

respondents were asked to select a maximum of three criteria of the following eight: Price, Quality, Flavor, Healthy, Hygiene, Variety, Quickness and Convenience.

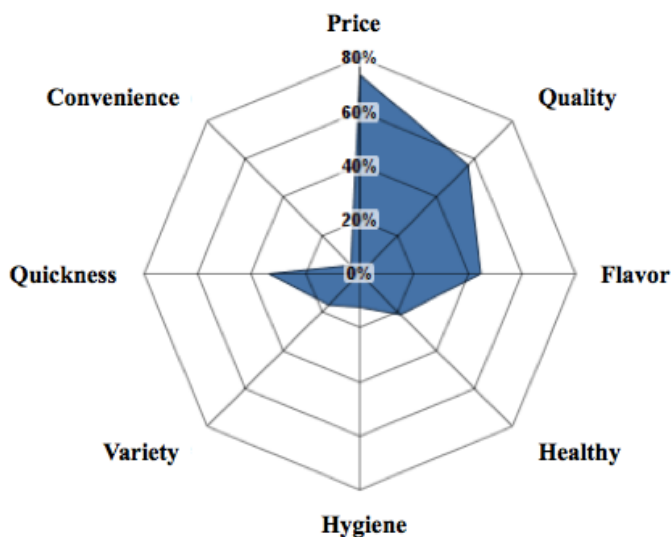


Exhibit 3 - Critical Factors when selecting a restaurant

Uncontestably, **Price** is the most important factor for great part of the sample, gathering 131 respondents that consider this as the priority when selecting a restaurant at a food court. Right after, **Quality** is the second most important factor with 101 responses, meaning that consumers do not neglect quality for price.

Taste is the third preferred criteria, with 80 replies, representing an important aspect for restaurants operating in shopping centres. This is the factor through which companies can differentiate themselves from competitors, since prices tend to be highly levelled among competitors, ultimately influencing the quality offered. **Quickness**, the core aspect of a fast-food restaurant, gathers 60 responses, being the fourth factor considered when selecting a place to eat.

Healthy is only considered by 38 respondents, which may lead to the conclusion that even though the healthy trend is expanding into this industry, still consumers tend to prefer price, quality and flavour, rather than choosing a meal by its healthy levels. This is consistent with the 75% of the respondents that assume to not always follow a healthy diet, explaining that although consumers are aware of healthy lifestyles and options, they do not always value that factor when eating out at a shopping centre.

Besides healthy products, GN also privileges Quality and Flavour, which means that it is aligned with consumers' preferences. Nonetheless, Price is a factor that may be not well perceived when

consumers think of GN, being the reason why it is important to assess brand's perception in the following point.

5.3.4 Perception About GN

To characterize GN, the respondents were asked to evaluate it in a scale from **1.Very Bad** to **5.Very Good** based on the same eight critical factors used previously. A report filter was applied when evaluating the results, so that the option "I do not have an opinion" would not bias the final means (**Exhibit 12**).

Convenience (4,39), **Healthy** (4,30) and **Hygiene** (4,22) are the three factors with higher scores for GN. Comparing these scores with the critical factors when selecting a restaurant, these are not the most important for consumers, occupying the bottom positions (Healthy in 5th, Hygiene in 7th and Convenience in 8th). Nonetheless, Convenience and Healthy are top characteristics of GN, since this is a healthy food concept that offers grab&go packages, meaning it is positive for the brand to be perceived in this way by consumers.

In terms of the most important critical factors for consumers, GN scores 3,97 in both Flavour and Quality, representing a positive perception regarding these criteria. However, when it comes to Price, GN has a poor score of 2,76, meaning that there is a low perception that may harm the company since this is the most important factor when selecting a restaurant.

GN is highly perceived by respondents as a Healthy food concept, and although there is 75% of the respondents concerned about having a healthy diet (**Exhibit 10**), it is surprising to conclude that 43,96% never select GN when eating at a shopping centre (**Exhibit 14**). Nonetheless, it is in line with the fact that Healthy factor occupies the 5th position of critical factors to consider when selecting a restaurant in a shopping centre (**Exhibit 11**). It can be concluded that regardless the fact that consumers perceive GN as being a healthy food concept, and even though they wish to follow a healthy lifestyle, when it comes to choose a restaurant in a shopping centre, other factors become more important such as Price, Quality and Taste.

To assess GN perception through consumers' perspective, different characteristics such as price/quality; trust; variety; pleasure/wellness; lifestyle; and taste were presented to the respondents, thus they could evaluate it in a scale from **1.Totally Disagree** to **4.Totally Agree**. A report filter was also applied in order for the option "I do not have an opinion" would not bias the final means (**Exhibit 13**).

More than 60% of the respondents tend to agree that GN offers a good price/quality relation, although it is important to take into consideration the remaining 40% of the sample that disagree, since these are the two most important critical factors when selecting a restaurant. As previously observed, the respondents have a negative perception of GN's price isolated, but when it is aligned with the quality offered, it is attenuated, meaning that it is important for GN to reinforce the quality of its products to overcome price negative perception.

Regarding offering diversified and trustful food for any occasion of the day, the respondents largely agree that GN fulfils these criteria. Pleasure, wellness and convenience are GN's core values and it is extremely positive for the brand that more than 85% of the respondents agree that it offers a sense of pleasure and wellness.

Another important aspect is the fact that the large majority of respondents disagree that this is a food concept made especially for people on diet (83,69%). On the contrary, 86,96% considers it as appropriate for people looking for a healthy lifestyle, which is in line with GN's positioning and offer. The large majority of the sample also agrees that GN offers healthy food, which is in concordance with the high score registered on the Healthy factor. An important observation is also the 91,3% of the respondents agreeing on the pleasant taste offered by GN, in line with the most important factors for a consumer in restaurant selection.

5.3.5 Perception And Evaluation About Kitchen Project

To assess how the Kitchen Project is being perceived and evaluated in the market, respondents were asked to classify in a scale from **1.Totally Disagree** to **4.Totally Agree** different criteria. Once again, a report filter was applied in order for the option "I do not have an opinion" to guarantee unbiased means (**Exhibit 15**).

It is relevant to highlight that 70% of the respondents agree that the existence of china plates has made them more comfortable when choosing GN, since they do not have to eat on take-away packages. Accordingly to this conclusion, it makes sense that more than 75% of the respondents agree that the service on china plate has positively changed their perception regarding GN, with a 90% agreement that this new food option adds value to the existing. This is an extremely important conclusion for GN, since these were part of the main goals when it was decided to perform this extension.

In terms of analysing if this new project had changed consumption habits, it was asked consumers if this new offer had not changed their consumption at GN, having reached really balanced results in both positive and negative agreement, with slightly more respondents in the agreement side. Nonetheless, when asking consumer if they still prefer GN based on its packaging convenience, 62,68% of the sample disagrees, meaning this new offer may have added a new reason to eat at GN. In evaluating if it has attracted consumers to start eating at GN, only 22,39% admits to have done it. The remaining sample was not influenced by Kitchen Project to prefer GN in a food court. Although nearly 45% have discovered new GN recipes thanks to Kitchen, the remaining majority of the sample does not recognize this new knowledge. Finally, when asking the respondents if the Kitchen Project had led them to start eating more often at GN in situations in which they would normally select a different restaurant, nearly 63% disagrees, leaving the remaining 37% of the sample that has started to select GN in different occasions.

5.3.6 Competition

When finishing the survey, participants were asked to select their preferred places to eat, in case GN was not available (**Exhibit 4**). The respondents were allowed to select as many alternative options as they would like.

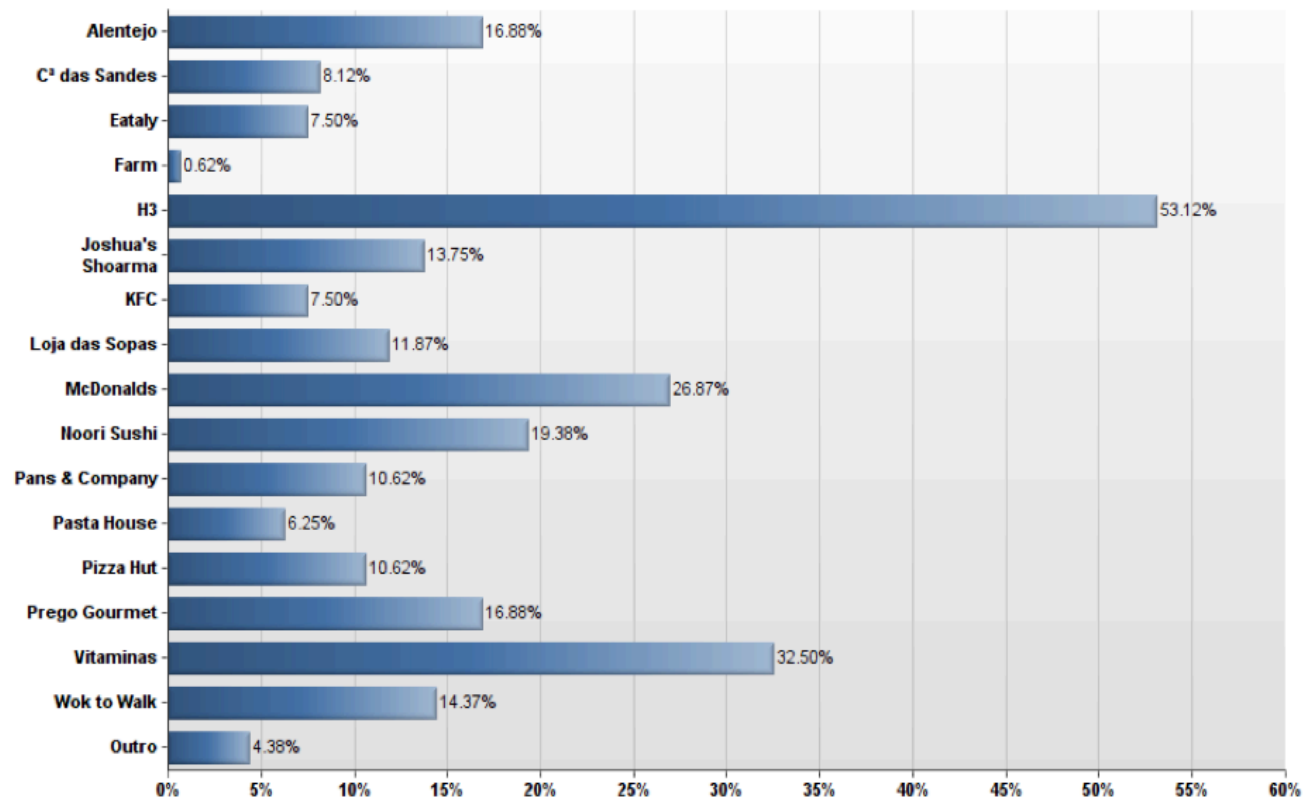


Exhibit 4 - Preference in selecting a competitor in the food court

Undoubtedly, the majority of the respondents prefer H3 (53,12%), which is in line with the preferred type of food of the sample (Hamburgers, 51,69%) and the emerging trend of transforming this classical fast-food core product, into a gourmet and healthier option. H3 is considered by GN as its top competitor, since both aim the same target, which is confirmed by this analysis.

Vitaminas is the second most preferred restaurant (32,50%), offering healthy food options to consumers, though with least quality and nutritional value as GN. Still, GN also considers this food concept as one of its main competitors, which is confirmed by this analysis.

McDonald's is the third choice of the respondents, gathering the preference of 26,87% of the participants. Noori Sushi is the fourth choice (19,38%) due to Japanese eating trend invading Portuguese food courts. Inserted in the Fast Casual Concept, Prego Gourmet and Alentejo gather each 16,88% of participants' preferences.

Taking into consideration the three most preferred types of food by participants, namely Hamburgers (51,69%), International Cuisine (40,45%) and Healthy Food (37,64%) it is possible to conclude that there is a positive correlation between the consumption habits and the restaurant selected in a food court, since H3, Vitaminas and Noori Sushi occupy the top preferences of places to eat at a shopping centre.

6. Conclusion

GN has been in the market for almost a decade. Due to changes on consumer habits motivated by an economical crisis, GN has invested in a category extension to strengthen its position in the Portuguese market.

The aim of this dissertation was to understand whether or not GN should internationalize to Brazil, based not only in the analysis of the Brazilian market and partner, but also in the success of adding value to consumers with the Kitchen Project, which would guarantee the stabilization of GN in the national market and its consequent growth.

By applying the assembled information of the previous sections, the key research questions will be answered, in order to reach a conclusion concerning what GN should decide.

KRQ 1: Which were the KSF that contributed for the ten-year existence of GN?

A combination of several different factors has allowed GN to penetrate and grow in the Portuguese market. The starting point for the success of the company was the combined expertise of the Martorell team, in both shopping centre operations and management, with the international benchmarking that allowed them to create a new niche segment in Portugal: Healthy Food in Shopping Centres. In fact, 97% of the participants in the survey confirmed its healthy food offer, reinforced by the highly participants' perception as Healthy (4,30).

The establishment of a consistent brand has been crucial for GN's growth. Its capability of remaining truthful to its core values – pleasure, wellness and convenience – during ten years has proved to be the recipe for success. The company has been well-succeed in transmitting it to its consumers, since respondents of the survey highly perceived GN Convenience factor (4,39) and 87% confirmed that it offers a sense of pleasure and wellness.

The brand's effectiveness in building a unique and innovative positioning as a healthy food generalist provider, focused on health, was the basis for GN "poli-fractionated" offer that constitutes its competitive advantage. Consumers do recognize this multi-varied characteristic, as 80% of the participants in the survey agreed that GN has a varied and diversified offer for any occasion of the day.

But GN's brand strength has to be complemented with other crucial factors that contribute for its success. The high quality products offered by GN constitute an important KSF, especially

because it is highly perceived by consumers, proved by the high score of 3,97 in the survey. It enhances consumers' credibility, sustained by the 96% of agreement in trustful food offered by GN, and a better perception of a good price-quality relation. As an isolated item, price is not positively perceived in GN, proved by the participants of the survey that gave it the lowest score (2,76). Nonetheless, when quality enters the equation, 62% of the participants recognized in GN a good price-quality relation. It may be stated that quality is an important KSF for GN, which ultimately influences another important factor for the company and that impacts its growth during the years.

GN has also been capable to respond to consumers' needs, which is proved by the high scores in Quality and Flavour (3,97), two of the most critical aspects when selecting a restaurant. In terms of Price, GN has adapted its pricing strategy, offering combo options and fixed prices in different product categories. A strong brand isolated does not constitute on its own a successful path, but also the capability of reading the market and respond to what consumers want.

KRQ 2: How does GN maintain the differentiation from its competitors and adapts to new consumer trends?

Even with the economical crisis and the consequent appearance of low cost alternatives in the food market, GN has always been able to adapt itself to the consumers' needs, without compromising its core values and its most important premise: the high quality offered in its healthy meals. The credibility generated towards its products is one of its important differentiating points, assured by the development of GN "healthy food platforms". The implementation of those guidelines guarantees the quality and selection of each new ingredient accordingly to the brands' healthy principles, contributing to enhance consumers' credibility.

This sustained consistency is visible since day one, through the maintenance of its unique positioning and core values in each action of the company, achieving at the same time the differentiation from competition. The specialized food concept trend that is coming to light with the emergence of new food concepts focused on one core product has led GN to manage another way to differentiate itself in the market, by preserving and improving its multi-varied offer, suitable for any period of the day. In fact, GN invites different chefs throughout the year to conceive new recipes to be included in the product range, adding differentiating variety to its offer.

GN is also really attentive to the industry and consumer trends, so that the brand remains current and not dated. This capability to reinvent itself, but with the concern to be truthful to the brand's origin, has been present in its latest extension projects. The Sushi Bar represents GN response to the increasing demand of consumers for international Japanese food. Although GN had already been selling sushi pieces in its stores, it was the arising of new Japanese restaurants in the market that led the company to take its sushi expertise a little bit further and dedicating spaces with its own sushiman in its stores, creating a new form of attracting consumers. Also, the implementation of the Kitchen Project that consisted in offering consumers' freshly made meals has represented a response to the growing trend of Fast Casual food concepts. By creating this new project, the brand once again respected its own principles and used its own expertise to create a new product category to respond to new consumers' needs. This extension has managed for GN to offer an even better experience to its consumers, that were now more concerned with having a really full experience for the same price, since they were cutting back in the number of visits to shopping centres and craving for that experience to be worth it.

The new extension projects developed by GN have not only managed to respond to new consumers trends, but also gave it new differentiating characteristics among competitors, consistent with the brand's DNA.

KRQ 3: Do consumers perceive new projects like Kitchen as an added value for GN?

The investment in the Kitchen Project had a goal of reconquering GN's old consumers that were moving away from the concept due to the economical crisis and the emergence of fast casual concepts. The objective of the company was to add a new value to GN by extending into a new product category of freshly made food. Most importantly, since the key determinant for the success of the extension success depends on the fit consumers' perceive to exist between the new extension and the parent brand (Aaker and Keller, 1990), the added value would have to be perceived by its clients and assure their comeback to its stores, otherwise the project would not comply with the expected return.

For the first time, china plates were introduced to serve this new freshly made food, with the intention of adding more comfort to the whole experience of eating at GN, at the same time softening the convenience factor of the grab&go packages. This proved to be a successful strategy, according to the 70% of the respondents of the survey that agreed that these new china plates had made them feel more comfortable, as a way of avoiding eating in the plastic

convenience packages, and confirmed by the 75% who admitted it had positively changed their perception regarding GN.

As a matter of fact, convenience packages are no longer the factor that leads consumers to the store, as only 37% agreed that they still preferred GN based on it. To classify the Kitchen Project as adding value to GN, it needs to ensure that it is an addition to the portfolio, rather than a substitution of the existing lines (Lomax and McWilliam, 2001), and this results represent that the Kitchen Project added a new reason for consumers to chose GN in a food court. Indeed, this category extension has started to lead consumers to select more often GN as the place to eat in situations they would normally select a different restaurant, like dinner time or during weekends, when convenience is no longer a primary decision factor. The 37% of the respondents that assumed starting choosing GN in different situations proved that this project is serving as the basis to leverage GN to distinct consumption occasions.

Due to the recency of the project and lack of paid advertising performed by GN, Kitchen is attracting some new consumers to the stores, but only 23% of the respondents admitted to be newly GN consumers and having started to eat there only because of this new offer. This means that Kitchen Project success is mainly based on GN previous existent consumers, which leads to the conclusion that its implementation reassured their return to the stores.

The Kitchen Project has definitely contributed to add a new value to GN, at the same time positioning the concept in a new market segment and responding to a consumer trend, with 90% of participants confirming that this new food option had added value to GN's existing one.

KRQ 4: How would GN enter the Brazilian market and which marketing challenges it would face?

To enter in Brazil, it is important for GN to assess the cultural and demographic differences that influence consumer acceptance, as well as analysing product adaptations required to fulfil this market needs and the best way to operationalize their food concept, which will ultimately influence the decision of internationalizing.

The most appropriate mode of entry for GN in Brazil would be through a joint venture, agreement with a local partner, allowing the company to share the business risk and the inherent responsibilities for its development. Each part would own a proportion of the company, being GN the main decision maker regarding the strategic component of GN brand, with a veto power

concerning every decision. Only in a secondary stage, after GN network being established and the business operating at its full potential, it would be possible to attribute Regional Master Franchisee Licenses, having one single operator with management and financial capability to assume the operations for an entire State.

This agreement would allow GN to overcome some local barriers, being its partner in charge of finding the qualified local staff and training them, searching the most suitable locations for GN stores and granting licenses, facilitating all the bureaucratic processes and legal requirements, including fiscal and tax policies. Due to the geographical distance between Portugal and Brazil, the local partner needs to have some autonomy, respecting all the guidelines defined by GN headquarters.

In terms of cultural and demographic differences, it is important to learn whether GN will be well accepted by Brazilian consumer. Since Brazil is a country known by its healthy lifestyle and regular sports practice, and having in mind Mintel research that showed that 66% of Brazilian population has healthy eating habits, combined with the Shopper Experience Study proving that 74% of their respondents prefer fast-food restaurants instead of full-service, it is clear GN will fulfil consumer needs, which will influence their consequent adoption of the concept.

Respecting marketing challenges, GN would have to ‘tropicalize’ the concept, so it would better fit local tastes and habits, having glocalization of its products in mind (Rarick, Falk and Barczyk, 2012), recognizing the importance of important product adaptations to become closer to the consumers (Kapferer, 2005). With regard to product offer, and in line with what GN has been doing in Portugal since the beginning, it is important not only to include emblematic Brazilian products adapted to the concept, but also hiring a local chef to develop specific recipes to be offered to Brazilian consumers. Further, including GN star recipes would leverage its competitive advantage in this country by offering Mediterranean recipes to consumers that so much appreciate the European culture and gastronomy, attracting their attention.

Alongside with product offer, it is important to design the Brazilian stores including the Kitchen Project, so that GN is not perceived as an arrogant brand that only offers grab&go packages on food displays, but as a trustful food concept that shows how their recipes are made, by offering freshly made food right in the front store. Furthermore, having the results of the market research that show the positive acceptance of the Kitchen Project and its perception of consumers as an

added value for the brand, GN may definitely introduce this category extension as part of this internationalization.

About pricing strategy, and having the previous Portuguese experience in mind, it is important for GN to enter in line with the remaining competitors present in the locations where it will operate, and also aligned with the daily food-ticket of those same neighbourhoods. In terms of communication, the speech would have to be adapted to the Brazilian culture, respecting GN communication guidelines, both in store and in social networks.

After completing this analysis and considering Brazil's market growth potential, it is clear that the internationalization is the next right strategic move for GN to grow over-boarders, after having successfully implemented an extension strategy in its home market that also granted stabilization and the return of GN to a growing path in Portugal.

7. Limitations and Future Research

During the writing of this dissertation, some limitations were faced, namely in the development of the Market Research. The online survey was distributed through social networks and personal email, starting by the researchers' network and friends of friends' contacts, which have influenced some sample characteristics. To start, the sample size cannot be considered to be representative of the Portuguese population, due to its size, and therefore its results cannot be generalized to the Portuguese consumer. Further, great part of the sample is located in the age range of 18-25, mainly due to the researchers' network influence, which does not correspond entirely to GN's core target, thus it would be more reliable for the general conclusions to have reached more respondents in the age range 30-40 years. The online distribution itself is also a limitation considering people tend to rush to finish it and may cease the questionnaire at any point without ending it.

The geographical distance of Brazil was also another constraint, as being this a case study focused on an internationalization to this country, it would seem important to observe the market conditions, such as shopping centres, and Brazilian consumer profile, namely needs and local preferences.

In a future research, it would seem applicable to additionally perform a qualitative research focused on the comprehension of the Portuguese consumer profile and its relation to GN preferences and perception, based on its core target, so it would enrich these previous conclusions. Moreover, assessing the Brazilian consumer perception regarding GN would also seem appropriate, now that the brand has been in this country for one year. It would be pertinent to understand how the brand is perceived by this consumer and how it may address their needs and preferences more accurately, offering important conclusions for the growth and success of the business in this country.

8. Teaching Notes

8.1 SYNOPSIS

Go Natural, a Portuguese healthy food concept, is facing the impasse of deciding its next strategic move: going to Brazil, representing the brand's first internationalization, or remaining in Portugal, sustaining its growth with the newly implemented category extension Kitchen Project.

Founded in 2004, GN operates solely in Portugal with a portfolio of 27 stores mainly located in shopping centres. The emergence of new consumer and industry trends, motivated by the economical crisis, have led GN to implement a new category extension project that intended not only to offer an added value to the consumer, but also to regain GN customers that were moving away from the concept. The Kitchen Project represents GN approach to the Fast Casual Concept, a new market segment characterized by accessible gourmet food concepts that is attracting a lot of consumers downgrading from full-service restaurants.

GN is now being challenged to enter Brazil and internationalize the brand for the first time. This would mean taking the opportunity to enter in a growing market, characterized by a high purchase power and healthy lifestyle driven consumers.

This case study aimed GN's international strategic move. Martorell needs to evaluate the growth stability in the national market, by assessing how the Kitchen Project is perceived, before deciding to enter the Brazilian market. That internationalization process also requires an extensive analysis of the foreign market to understand if this is the right timing to internationally expand the brand.

It is essential to understand the reasoning behind each decision, addressing topics like market expertise, consumer knowledge and consequent local adaptations.

8.2 THE REALITY

The Kitchen Project implemented in 2013 proved to be a success in Portugal and one year later the stores including this new offer were increasing its sales by 35% to 40%.

This was the main change in GN that defined its strategic path. GN entered Brazil in 2013, with a joint-venture agreement (GN owns 40%) but with equally made decisions and with a reserved veto right. The first store opened in Eldorado, and a year later it was growing by 10% to 15% in a like-for-like comparison, in counter cycle with the market. The implementation of the Kitchen

Project in Brazil proved to be the adjusted decision for this market, considering that it represents 90% of the sales. The great acceptance and faster adoption of the Brazilian consumer led to the opening of a second store. It surpassed all the expectations with a selling rhythm of 250 to 270 meals/day, exceeding the initial forecast of 200 units. GN has now an ambitious growth plan for Brazil with projections of opening five more stores until the end of 2015 in São Paulo, and intending to build a business model composed by Shopping Centres, Office Centres locations, gyms and a food truck.

In terms of local adaptations, GN hired a local chef, who developed ten new recipes, but the GN original star recipes proved to be more successful, and currently only three of the local recipes are part of the product range. Nonetheless, GN also included local products with adaptations to fit the concept. Currently, there is a synergy between both countries and some Brazilian recipes will be added to Portugal, such as detox juices and desserts. The internationalization proved to be a winning situation for GN that made the brand grow further and with synergies for both partners and countries.

8.3 TARGET AND AUDIENCE OF THE CASE

GN Case Study may be approached in Marketing and Strategic Management Courses and is suitable to be used by undergraduate and master students. It addresses the decision making of a company regarding internationalization, with the selection of the appropriate mode of entry, adaptations required and new product development, as well as the assessment of the added value of a category extension and consequent consumers' perception.

8.4 TEACHING OBJECTIVES

The aim of this case study is to present students a real decision making dilemma and consequent challenges that a manager faces, in order to reach to the appropriate recommendations. It has the objective to encourage students applying their theoretical knowledge and analytical skills in a real business situation, addressing relevant marketing concepts to reach a final decision. By analysing the case study and exhibits, students should develop an analysis based on their own perspective in order to back the decision making process. The intention of this analysis is to better prepare students to face challenges such as the one presented.

The main teaching objectives of this case study are the following:

- Introduce students to the importance of strategic decisions and its influence in the strategic path of a company;
- Highlight the key points considered in the decision making process of an internationalization strategy;
- Elucidate students regarding new products and brand extension concepts and its implications;
- Present students the dilemmas faced on the evaluation of foreign market entry modes and consequent strategies;
- Draw the attention to the importance of analysing consumer profile and eating habits, as well as the competition in the considered foreign location;
- Enhance a critical thinking regarding new product development and local adaptations to product portfolio, based on cultural differences;
- Selecting the most fitted marketing research methodologies.

8.5 TEACHING PLAN

Students should be given GN case study a few days before its discussion, in order to prepare in advance case and article readings that complement its further analysis. An individual report should be prepared with answers regarding the assignment questions and delivered in the beginning of the class. During the class, students should be given 15 minutes to solve the group assignment and prepare its presentation (Groups of 4 recommended).

At the end of the class, a brief explanation regarding GN's real strategic move may be given to the students.

In order to complement students' knowledge in the analysis of the case study, the reading of the following articles is recommended:

- Keller, K. L., & Lehmann, D. R. (2006). Brands and branding: research findings and future priorities. *Marketing Science*, 25(6), 740-759.
- Schweizer, R., Vahlne, J. E., & Johanson, J. (2010). Internationalization as an entrepreneurial process. *Journal of International Entrepreneurship*, 8(4), 343-370.
- Kapferer, J. N. (2005). The post-global brand. *The Journal of Brand Management*, 12(5), 319-324.

8.5.1 In Class Discussion

So that GN case study may be introduced and all the students reach the same level of knowledge, it is useful to start by asking students to make a brief description of the case and comment on the challenge that Martorell has in hands. The instructor may introduce themes like positioning and market analysis, with the discussion of the Portuguese fast food market and consumer profile, as well as internationalization and the debate of the most appropriate modes of entry and consequent challenges in this process. After this initial discussion, the analysis of the assignment questions is suggested to take place.

8.5.2 Assignment Questions

1. GN had previously performed an extension project and decided to implement the Kitchen Project to enter in the Fast Casual segment. Define the main challenges brands face with an extension and explain the reasons why performing an extension was important for GN's growth.

To make a brand grow, a manager may choose between performing a product development – through line and category extensions – or a market development – selecting new channels and geographic markets (Keller and Lehmann, 2006).

Line and category extensions are encouraged due to the familiarity of the parent brand –in this case, the GN brand – so to minimise risks and costs of creating a new brand with no awareness (Lomax and McWilliam, 2001). Nonetheless, it is important to keep in mind that the brand faces some challenges when performing an extension, namely cannibalisation, that may occur at the expense of the parent brand (Sullivan, 1992) and so GN must ensure that the category extension is an addition to the portfolio, rather than a substitution of the existing lines (Lomax and McWilliam, 2001), to avoid having GN clients preferring the freshly made meals instead of the grab&go packages. Another important point is to guarantee that the extension makes sense for consumers (Keller and Lehmann, 2006), since that is the key determinant of its success (Aaker and Keller, 1990): the fit that consumers perceive to exist between the Kitchen Project and GN.

By performing a Category Extension in the form of the Kitchen Project, GN was able to conquer the clients it has been losing due to the changes in eating-out consumption patterns, and at the same time entering in an emergent and growing market segment in the Portuguese fast-food market. With this implementation, GN managed to approximate to some of its competitors, namely H3, by offering meals that customers believed to be an appropriate solution to eat out of

convenience peaks and that enhanced the full experience of eating out. The Kitchen Project contributed for GN to continue on being perceived as a modern concept.

2. Which were the most important key direct and indirect drivers contributing for GN success in the market? Analyse the market environment and the internal critical points of GN in a SWOT analysis.

Key Direct Drivers:

- Diogo and Joana Martorell management expertise and know-how;
- Expertise of shopping centres operations to create a unique and innovative concept in Portugal.

Key Indirect Drivers:

- The will of wanting to create an innovative healthy food concept in Portugal;
- International benchmarking and selective criteria to enter Portuguese shopping centres (location/target);
- Pioneers and creators of a new niche market segment in Portugal;
- Healthy Food in Shopping Centres;
- Innovative and poli-fractionated offer;
- Resilience and dynamism of all of the team;
- Price-quality relation positively perceived by consumers;
- Consistent brand based on the same core values since day one.

SWOT Analysis:

Strengths:

- Brand value;
- Brand Awareness;
- Perceived Value and Quality; Credibility;
- Fresh and Quality Ingredients;
- Well-structured business present in the market for ten years;
- Great variety of healthy options;
- Poli-fractionated offer;
- Know-how and expertise;
- Healthy Platforms Guidelines that ensure the brand remains truthful to its core values.

Weaknesses:

- Complex Operation having each store its own kitchen;
- Complex In-Store Communication;
- Negative price perception;
- Difficulty to communicate to client all product alternatives available in store.

Opportunities:

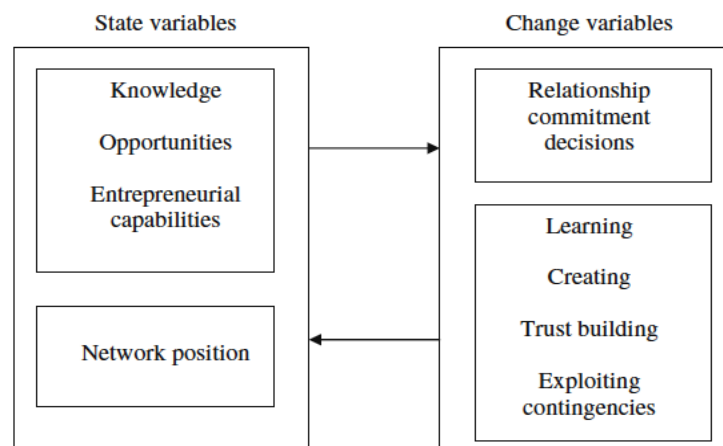
- Consumer more optimistic;
- Consumer more concerned regarding having a healthy lifestyle;
- Tourism growth;
- International expansion; Increase of fast casual consumption;
- Trend towards healthy food;
- Consumers downgrading from full-service restaurants to fast casual, but seeking for the same quality.

Threats:

- Consumer changing eating-out patterns;
- Economical crisis;
- 23% Tax for restaurants;
- Trend of bringing a home-made lunch to work;
- Substitutes;
- Fast Casual Competitors.

3. Schweizer, Vahlne and Johanson introduced new variables to the revisited Uppsala Model. Indicate the two variables newly included in the model and explain it briefly. Also, consider yourself to be Martorell’s assistant and prepare your final recommendation regarding whether or not should GN internationalize?

According to the authors, the environment of a firm is dynamic, non-linear and laced with networks, and so the state variables influence the change variables and are also affected by the change variables. These authors add two new variables to the model, entrepreneurial capabilities in the state variables and exploiting contingencies to change variables. They defend internationalization as “a by-product of a firm to improve its position within its networks” but explaining it to be “a result of an entrepreneurial action”. The authors defend the entrepreneurial effort designed to improve firm’s effectiveness and make it grow and seen as the basis of foreign market entry (Korsakiené and Tvaronaviciené, 2011). However, it should always be considered that working outside the firm’s national or regional zone is important and it takes time and effort to build and strengthen international networks. The existing network of the company is what makes possible to identify and exploit opportunities, and so it is the company itself that needs to establish and grow its own network, in order to build trust and commitment with its partners and become successful in its internationalization process.



The second part of this question is intended to generate discussion among the students, since some will prefer to internationalize and other to remain in Portugal. It is important to encourage the debate and the justification of each point of view regarding the next strategic move for GN. It is relevant to make the students realize that GN has been in the Portuguese market for ten years and has gathered the experience and conditions to finally expand its brand internationally. Furthermore, given the market conditions and the Brazilian consumer profile, it is clear to understand that GN will be successful in this new country. It is crucial to highlight that the

company needs to make its own network grow by taking this opportunity, consolidating its position in a new market.

Students must justify their choice, regardless of risking in internationalization or staying in Portugal. The option of going abroad may have Schweizer, Vahlne and Johanson model advantages as a basis for the arguments, combined with the data given on the case study concerning consumer profile and market conditions in Brazil. Having the market research results, the students have one more evidence as the right strategy for GN is to implement this project abroad, as GN position is already established and consolidated in the Portuguese market.

Moreover, students defending GN remaining in Portugal and expanding Kitchen Project should be confronted with the growing opportunity for GN abroad and with the positive results of the Market Research that prove that GN has already been well-succeed in Portugal and has been able to regain its consumers and is now ready to grow abroad, having the basis of a stable Portuguese market. The option of expanding Kitchen Project does not invalidate the internationalization of GN that will grant the brand a higher growth than the mature Portuguese market.

4. What are the main attractive points in the Brazilian market? Which main challenges and adaptations will the food concept will be dealing with?

It is important for students to have a complete vision of the internationalization process of GN to Brazil, being for that reason fundamental the analysis of Brazilian environment and the required adaptations to be successful in this market.

Brazilian market attractive points:

- Brazil was a former Portuguese colony, having a proximity relationship with Portugal;
- Growing middle class, representing a large domestic market with strong demand and increasing amounts of disposable income;
- Supportive government policies regarding foreign direct investment with the simplification of licensing procedures and its regulatory frameworks;
- Largest fast-food market in the Latin America region;
- Brazil will host two major events: The 2014 World Cup and 2016 Olympic Games that are expected to boost tourism spending and the disposable amount available for the working class;
- Consumers value a healthy lifestyle;
- Forecasted of healthy food consumption to reach 15,3\$B in 2014;
- Brazilian fast-food segment is growing, having accounted for 21,7\$B in 2012.

Challenges GN will be facing:

- Shortage of qualified workers, meaning an increase amount of time in finding the right qualified personnel and a demanding training process;
- Strong fiscal policy with high interest rates and a complicated tax system;
- High import product taxes combined with state taxes;
- Cultural differences and geographical distance;
- Competitive market with 53% market share divided among five multi-brand groups;
- Lack of market knowledge and network;
- Product adaptations to local needs.

Adaptations required to be successful in this market:

- Product: hire a local chef to develop new recipes adapted to Brazilian taste and include Brazilian emblematic gastronomic products, since this consumer still values its traditions. Besides, implement Kitchen Project and offer freshly made food to consumers, in order to gain their trust to enhance grab&go sales.

- Price: establishing an entry price, in line with competition, and according to the food-ticket received in the neighbourhood where the store is located.

- Promotion: based on Facebook and Social networks, tropicalizing the Portuguese communication speech to the Brazilian way of speaking, following the strategic guidelines defined by GN. An initial investment may be required due to the lack of GN awareness in this new location.

- Placement: adopting the same strategy as in Portugal, by opening stores in shopping centres and located near office centres.

8.5.3 Group Assignment

After ten years in the market, Martorell has decided to perform a rebranding to reposition GN in a different way. To assess the effectiveness in this change and the correct perception by costumers, which market research method do you consider being the most appropriate and which are its main advantages and disadvantages?

In this assignment, students are expected to identify the most appropriate research method in order to analyse consumers' perception regarding GN new positioning. The research design must be defined having in mind that is fundamental to understand if the new brand associations are being well transmitted to consumers and what are their impressions concerning this change. To comply with this objective, students need to define which will be the research target – only GN consumers or not –, the sample size and the needs for quantitative and qualitative information. Having these previous points in consideration, it is important to decide between quantitative or qualitative research methods and further implications of the decision.

Selecting a qualitative research method such as Focus Groups or In-Depth interviews is accepted, as it will give a qualitative understanding of the underlying reasons and motivations, nonetheless the sample will be constituted by a small number of non-representative cases and might be more susceptible to social pressure, but the outcome might offer information to develop an initial understanding. Opting for a quantitative research method like surveys based on a questionnaire is also accepted as it guarantees a larger number of representative cases of the population, but it is less flexible and it may not address important issues not considered by the researcher and offer a lower level of richness in information. Students are expected to justify their choices and provide an overview of the research design.

The example of the research methodology used in this case study may be provided to the students at the end of the assignment.

9. Exhibits

Exhibit 5 - Cross Tab between respondents' age and gender

| | | Gender | | Total |
|-------|-------|--------|--------|--------|
| | | Female | Male | |
| Age | <18 | 1 | 0 | 1 |
| | | 1,16% | 0,00% | 0,63% |
| | 18-25 | 38 | 36 | 74 |
| | | 44,19% | 50,00% | 46,84% |
| | 26-35 | 20 | 20 | 40 |
| | | 23,26% | 27,78% | 25,32% |
| | 36-45 | 9 | 9 | 18 |
| | | 10,47% | 12,50% | 11,39% |
| | +45 | 18 | 7 | 25 |
| | | 20,93% | 9,72% | 15,82% |
| Total | | 86 | 72 | 158 |
| | | 100% | 100% | 100% |

Exhibit 6 - Cross Tab between respondents' age and annual income

| | | Indicate your level of annual income | | | | Total |
|-------|-------|--------------------------------------|-------------------|-------------------|----------|--------|
| | | < 14.000€ | 14.000€ - 30.000€ | 30.000€ - 50.000€ | +50.000€ | |
| Age | <18 | 0 | 1 | 0 | 0 | 1 |
| | | 0,00% | 2,08% | 0,00% | 0,00% | 0,63% |
| | 18-25 | 66 | 7 | 0 | 1 | 74 |
| | | 71,74% | 14,58% | 0,00% | 12,50% | 46,84% |
| | 26-35 | 21 | 15 | 2 | 2 | 40 |
| | | 22,83% | 31,25% | 20,00% | 25,00% | 25,32% |
| | 36-45 | 2 | 12 | 2 | 2 | 18 |
| | | 2,17% | 25,00% | 20,00% | 25,00% | 11,39% |
| | +45 | 3 | 13 | 6 | 3 | 25 |
| | | 3,26% | 27,08% | 60,00% | 37,50% | 15,82% |
| Total | | 92 | 48 | 10 | 8 | 158 |
| | | 58,23% | 30,38% | 6,33% | 5,06% | 100% |
| | | 100,00% | 100,00% | 100,00% | 100,00% | 100% |

Exhibit 7 - Cross Tab between frequency of eating at shopping centres and regular place to eat

| | | During the week, in which of these places do you usually eat? | | | | Total |
|---|-----------------------|---|------------------|-------------------------|--------------|-------|
| | | At home | Shopping Centres | Traditional Restaurants | Other Places | |
| How many times per week do you usually eat out at shopping centres? | Everyday | 1 | 1 | 3 | 0 | 5 |
| | | 0,75% | 4,35% | 6,82% | 0,00% | 2,17% |
| | 3-4 times/week | 2 | 1 | 3 | 3 | 6 |
| | | 1,49% | 4,35% | 6,82% | 2,31% | 2,61% |
| | 1-2 times/week | 31 | 12 | 12 | 37 | 60 |
| | 23,13% | 52,17% | 27,27% | 28,46% | 26,09% | |
| | Less than once a week | 76 | 8 | 23 | 73 | 126 |
| 56,72% | 34,78% | 52,27% | 56,15% | 54,78% | | |
| I never eat at shopping centres | 24 | 1 | 3 | 17 | 33 | |
| 17,91% | 4,35% | 6,82% | 13,08% | 14,35% | | |
| Total | 134 | 23 | 44 | 130 | 230 | |
| | 100,00% | 100,00% | 100,00% | 100,00% | 100% | |

Exhibit 8 - Cross Tab between income and regular place to eat

| | | During the week, in which of these places do you usually eat? | | | | Total |
|--------------------------------------|-------------------|---|------------------|-------------------------|--------------|--------|
| | | At home | Shopping Centres | Traditional Restaurants | Other Places | |
| Indicate your level of annual income | < 14.000€ | 50 | 9 | 18 | 60 | 92 |
| | | 59,52% | 47,37% | 58,06% | 62,50% | 58,23% |
| | 14.000€ - 30.000€ | 21 | 7 | 10 | 28 | 48 |
| | | 25,00% | 36,84% | 32,26% | 29,17% | 30,38% |
| | 30.000€ - 50.000€ | 7 | 3 | 1 | 5 | 10 |
| | | 8,33% | 15,79% | 3,23% | 5,21% | 6,33% |
| +50.000€ | 6 | 0 | 2 | 3 | 8 | |
| 7,14% | 0,00% | 6,45% | 3,13% | 5,06% | | |
| Total | 84 | 19 | 31 | 96 | 158 | |
| | 100,00% | 100,00% | 100,00% | 100,00% | 100% | |

Exhibit 9 - Cross Tab between age and regular place to eat

| | | During the week, in which of these places do you usually eat? | | | | Total |
|-----|-------|---|------------------|-------------------------|---------------|---------------|
| | | At home | Shopping Centres | Traditional Restaurants | Other Places | |
| Age | <18 | 1 1,19% | 0 0,00% | 0 0,00% | 0 0,00% | 1 0,63% |
| | 18-25 | 42 50,00% | 10 52,63% | 16 51,61% | 49 51,04% | 74 46,84% |
| | 26-35 | 19 22,62% | 3 15,79% | 6 19,35% | 21 21,88% | 40 25,32% |
| | 36-45 | 9 10,71% | 2 10,53% | 2 6,45% | 14 14,58% | 18 11,39% |
| | +45 | 13 15,48% | 4 21,05% | 7 22,58% | 12 12,50% | 25 15,82% |
| | | Total | 84 100,00% | 19 100,00% | 31 100,00% | 96 100,00% |

Exhibit 10 - Q.1: Do you worry about having a healthy diet?

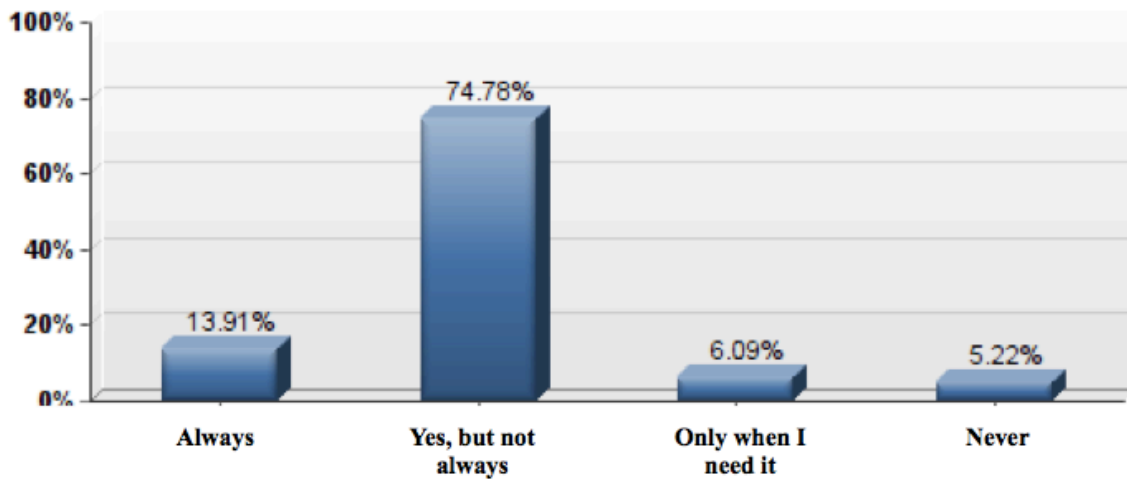


Exhibit 11 - Critical Factors when selecting a restaurant in absolute values

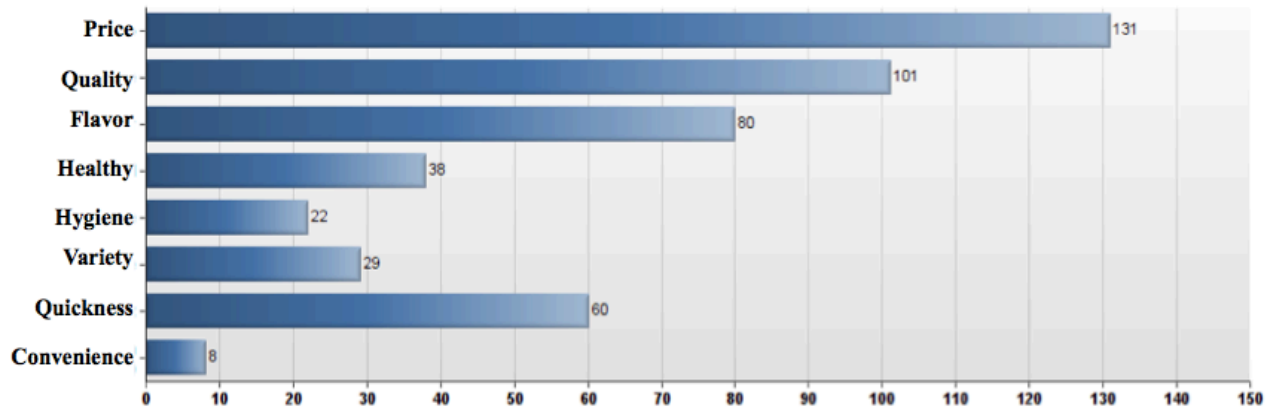


Exhibit 12 - Quantitative Results regarding GN characterization based on critical factors

| | Very Bad | Bad | Reasonable | Good | Very Good | Mean |
|-------------|----------|--------|------------|--------|-----------|------|
| Price | 6,38% | 29,79% | 46,81% | 15,96% | 1,96% | 2,76 |
| Quality | 0,00% | 3,19% | 22,34% | 48,94% | 25,53% | 3,97 |
| Flavor | 0,00% | 2,13% | 23,40% | 50,00% | 24,47% | 3,97 |
| Healthy | 0,00% | 0,00% | 11,70% | 46,81% | 41,49% | 4,30 |
| Hygiene | 0,00% | 1,06% | 10,64% | 53,19% | 35,11% | 4,22 |
| Variety | 1,06% | 0,00% | 41,49% | 42,55% | 14,89% | 3,70 |
| Quickness | 0,00% | 1,96% | 23,40% | 46,81% | 28,72% | 4,03 |
| Convenience | 0,00% | 0,00% | 12,77% | 35,11% | 52,13% | 4,39 |

Exhibit 13 - Quantitative Results regarding GN perception

| | Totally Disagree | Disagree | Agree | Totally Agree | Mean |
|---|------------------|----------|--------|---------------|-------------|
| It offers a good price/quality relation | 6,52% | 31,52% | 52,17% | 9,78% | 2,65 |
| It offers trustful food | 0,00% | 4,35% | 60,87% | 34,78% | 3,30 |
| It has a varied and diversified offer for any occasion of the day | 2,17% | 18,48% | 58,70% | 20,65% | 2,98 |
| It offers a sense of pleasure and wellness | 1,09% | 11,96% | 61,96% | 25,00% | 3,11 |
| It is only for people on diets | 27,17% | 56,52% | 11,96% | 4,35% | 1,93 |
| It is made for people looking for a healthy lifestyle | 0,00% | 13,04% | 64,13% | 22,83% | 3,10 |
| It offers healthy food | 0,00% | 3,26% | 61,96% | 34,78% | 3,32 |
| It offers food with a pleasant taste | 1,09% | 7,61% | 59,78% | 31,52% | 3,22 |

Exhibit 14 - Frequency of choosing GN

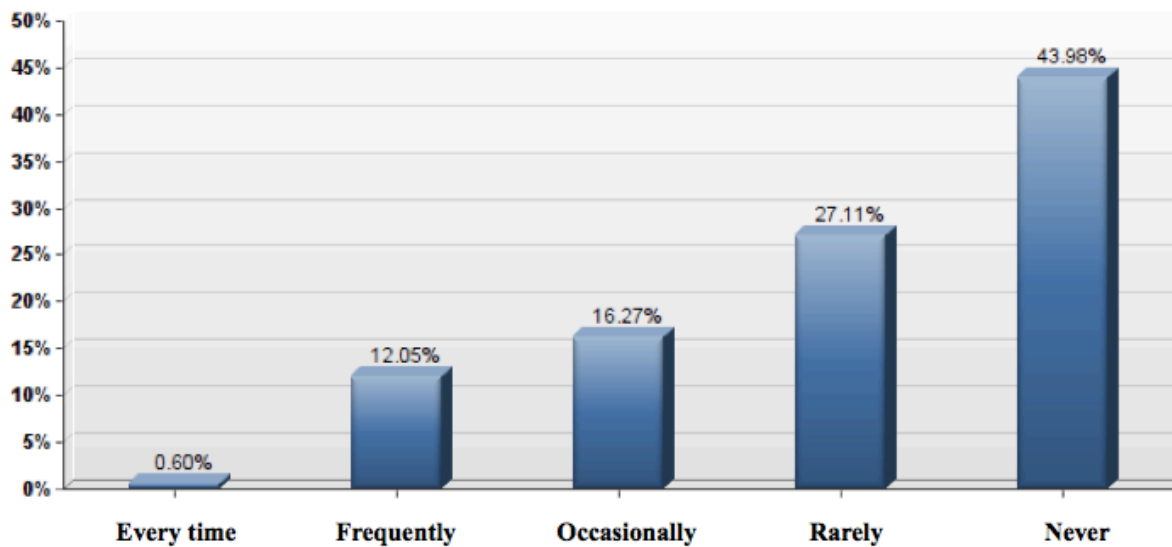


Exhibit 15 - Respondents' perception regarding new Kitchen Project

| | Totally Disagree | Disagree | Agree | Totally Agree | Mean |
|---|-------------------------|-----------------|--------------|----------------------|-------------|
| I do not like eating on take-away packages and I feel more comfortable with new offer when choosing GN | 7,46% | 22,39% | 49,25% | 20,90% | 2,84 |
| Service on china plates has positively changed my perception about GN | 4,48% | 19,40% | 55,22% | 20,90% | 2,93 |
| I believe this new option of food made on time adds value to the existing offer of GN | 1,49% | 8,96% | 47,76% | 41,79% | 3,30 |
| The introduction of food made on time did not change at all my consumption in GN | 4,48% | 43,28% | 32,84% | 19,40% | 2,67 |
| I still prefer GN based on its grab&go packages convenience | 7,46% | 55,22% | 32,84% | 4,48% | 2,34 |
| I started to eat at GN due to the offer of food made on time | 17,91% | 59,70% | 19,40% | 2,99% | 2,07 |
| I discovered new GN recipes thanks to this new offer of food made on time | 16,42% | 38,81% | 43,28% | 1,49% | 2,30 |
| With food made on time, I started to eat more often at GN, even in situations in which I would normally choose another restaurant | 16,42% | 46,27% | 32,84% | 4,48% | 2,25 |

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Appendixes

APPENDIX 1 – Interview Guide to Diogo Martorell

The following interview has the goal of collecting data to the development of a Masters Degree final dissertation, regarding Go Natural and Cases on Marketing Strategies. The data will be used to develop a case-study and will be treated in a confidential manner.

GO NATURAL CONCEPT

- How did Go Natural was born in the market?
- How did the business opportunity arise?
- What were the main challenges Go Natural faced back then, in order to become a preferred concept for consumers?
- What were the selection criteria for the new stores?

CURRENT SITUATION - PORTUGAL

- How many stores does GN currently owns? And outside of Portugal? Are there any Master Franchising Licensees?
- Relative to suppliers, do you privilege Portuguese origin? What is the type of contracts used?
- How are the stores' operations managed?

MARKETING & STRATEGY GO NATURAL

- What are GN main Key Success Factors? What is its main competitive advantage?
- What are GN main competitors? And its differentiation points?
- What is the current positioning of the brand? How was the evolution until this point?
- What is the communication strategy in Portugal? Do you use paid advertising?
- What is the promotion strategy in Portugal?
- And pricing strategy?
- What are GN's main strengths? And weaknesses?
- What were the main threats in the last years for GN? And the rising opportunities?
- Which are the main strategic goals for GN to the future?

NEW TRENDS

- How do new consumption trends influence GN's offer?
- Do you regularly perform market researches? And international benchmarking?

INTERNATIONALIZATION - BRAZIL:

- Which were the main obstacles and challenges in the internationalization process?
- How is the operation managed?
- Are there any locally adapted products? How do you adapt to the Brazilian consumer needs?
- Which are the main differences regarding marketing and communication?
- An in promotion? And pricing strategy?

Closing comments. Thank you for your time!

APPENDIX 2 – Online Survey

The following questionnaire aims the development of a Masters Degree final dissertation of Católica Lisbon School of Business and Economics.

This project has the main goal of studying a healthy food concept present in the Portuguese market and its impact in satisfying consumers' needs and market trends.

The gathered data will be treated confidentially for this purpose only. Thank you for your collaboration. We kindly ask you to honestly reply to all the answers. The total duration of the questionnaire is of five minutes.

1. Do you worry about having a healthy diet?

Yes

No

2. During the week, where do you usually have lunch? (please select two options)

Home

Shopping Centres

Traditional Street Restaurants

Other Places: Workplace, Canteen...

3. How many times per week do you usually have lunch or dinner at Shopping Centres?

Everyday

3-4 times per week

1-2 times per week

Less than once per week

I never eat at shopping centres (End of the questionnaire)

4. What is your preference when you decide to eat at a Shopping Centre? (please select two options)

Portuguese Traditional Cuisine

Healthy Food

Hamburgers

Pizza

Prego

Pasta

Sandwiches

International Cuisine (Japanese, Chinese, Indian)

5. Please indicate which are the factors that determine your choice at Shopping Centres? (please select a maximum of three options)

Price

Quality

Flavour

Healthiness

Hygiene

Variety

Convenience (taking the meal with you)

Go Natural is a healthy food Portuguese concept present in different Shopping Centres since 2004.



6. When you eat at a Shopping Centre, do you choose this concept?

- Every time
- Frequently
- Occasionally
- Rarely
- Never

7. How do you characterize Go Natural according to the following factors:

| | Very Bad | Bad | Reasonable | Good | Very Good | Don't have opinion/ Don't know GN |
|-------------|----------|-----|------------|------|-----------|-----------------------------------|
| Price | () | () | () | () | () | () |
| Quality | () | () | () | () | () | () |
| Taste | () | () | () | () | () | () |
| Healthiness | () | () | () | () | () | () |
| Hygiene | () | () | () | () | () | () |
| Variety | () | () | () | () | () | () |
| Quickness | () | () | () | () | () | () |
| Convenience | () | () | () | () | () | () |

8. In relation to GN, how do you characterize it according to the following points:

| | Totally Disagree | Disagree | Agree | Totally Agree | Don't have opinion |
|---|------------------|----------|-------|---------------|--------------------|
| It offers a good quality/price relation | () | () | () | () | () |
| It offers trustful food | () | () | () | () | () |
| It has a varied and diversified offer for any occasion of the day | () | () | () | () | () |
| It offers a sense of pleasure and wellness | () | () | () | () | () |
| It is only for people on diets | () | () | () | () | () |
| It is made for people looking for a healthy lifestyle | () | () | () | () | () |
| It offers healthy food | () | () | () | () | () |
| It offers food with a pleasant taste | () | () | () | () | () |

Recently, Go Natural introduced in some of its store an offer of freshly made food, served in china plates



9. Considering this new offer, please indicate your level of agreement:

| | Totally Disagree | Disagree | Agree | Totally Agree | Don't have opinion |
|---|------------------|----------|-------|---------------|--------------------|
| I do not like eating on take-away packages and I feel more comfortable with new offer when choosing GN | () | () | () | () | () |
| Service on china plates has positively changed my perception about GN | () | () | () | () | () |
| I believe this new option of food made on time adds value to the existing offer of GN | () | () | () | () | () |
| The introduction of food made on time did not change at all my consumption in GN | () | () | () | () | () |
| I still prefer GN based on its grab&go packages convenience | () | () | () | () | () |
| I started to eat at GN due to the offer of food made on time | () | () | () | () | () |
| I discovered new GN recipes thanks to this new offer of food made on time | () | () | () | () | () |
| With food made on time, I started to eat more often at GN, even in situations in which I would normally choose another restaurant | () | () | () | () | () |

10. If Go Natural is not present in a Shopping Centre, which restaurant do you choose?

Alentejo
C^a das Sandes
Eataly
Farm
H3
Joshua's Shoarma
KFC
Loja das Sopas
McDonalds
Noori Sushi
Pans & Company
Pasta House
Pizza Hut
Prego Gourmet
Vitaminas
Wok to Walk
Other

11. Gender

Feminine
Masculine

12. Age

<18
18-25
26-35
36-45
+45

13. Nationality

Portuguese
Other

14. Annual Income Level

<14000€
14000€ - 30000€
30000€ - 50000€
+50000€