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*Research Paper*

## **Strategies of Marketing in the Internationalization Process of SME: A Case Study on B2B Context.**

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### **ABSTRACT**

Business tourism is one of the international marketing and relational, B2B, and services marketing strategies used in the internationalization process of SMEs, with a focus on the success of firms, concerning mainly intangible economic activities. It intends to manage the client relationship to benefit the firms and their stakeholders. However, there is a gap in the literature in this area of research, not only in business tourism but also in the combination of business tourism with SMEs' internationalization process. As such, this paper aims to understand and identify business tourism in an SME's internationalization, contributing to a little-explored area. The study includes a descriptive and exploratory approach, set in a case study highlighting business tourism in a SME, integrated in a B2B context. The results suggest that business tourism has a strategic role in the internationalization processes of SMEs, providing a higher performance level and degree of satisfaction and loyalty to its international clients.

**Keywords:** International Strategic Marketing; Business Tourism; Internacionlization; SME; Relational Marketing; B2B Marketing; Services Marketing

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## 1. INTRODUCTION

With globalization, the internationalization of SMEs has been intensified, looking for opportunities in international markets to achieve their goals, as well as to preserve their market position and their survival (Young et al., 1989; Ribau et al., 2015; Ribau et al., 2017; Ribau et al., 2018). The studies that analyze the factors affecting the business performance of firm's internationalization in emerging economies are few (Xie et al., 2009; Ribau et al., 2018; Rissanen et al., 2020; Gerschewski et al., 2020; Navaia et al., 2023). Most studies on corporate performance tend to focus on the profitability of the firm, neglecting other relevant subjective aspects (p.e. Pattnaik & Elango, 2009; Francis & Collins-Dodd, 2004; Xie et al., 2009; Mahmudova & Kovács, 2018). At the same time, little is known about the effects of internationalization on SME performance (Covin & Slevin, 1991; McDougall & Oviatt, 1996; Coviello & McAuley, 1999; Ribau et al., 2018).

Literature on business tourism is relatively minor (Ballantyne et al., 2009; Swarbrooke & Horner, 2012; Unger et al., 2016). When we relate business tourism to SMEs' internationalization gets even less substantial; few studies focus on the role of business tourism in internationalized firms. All this becomes more difficult when business tourism integrates into a firm's internationalization process and influences its performance. Clarke (2009) stresses that the connection between tourism and business was lost, especially in the development of studies on international business. Plus, Coles & Hall (2008) state that there is limited work in tourism and international business. Swarbrooke & Horner (2012) claim that studies that combine business and tourism are needed. Harris & Pressey (2021) advocate that the definition of business tourism and other forms of tourism (for instance, leisure) is unclear in the literature.

Based on this literature gap, with the need for research in business tourism and their combination with SME's internationalization process (Ballantyne et al., 2009; Clarke, 2009; Swarbrooke & Horner, 2012; Swarbrooke & Horner, 2012; Unger et al., 2016; Harris & Pressey, 2021), the objective of this study is to identify the role of business tourism in the internationalization of SME and their performance indicators, studying the reality of a Portuguese SME, through a case

study. This research is purely exploratory, but it's expected to contribute to the deepening of an academically underexplored subject. Thus, this study had an impact on both academia and the business community. It allowed us to understand business tourism better in the internationalization process of a real case. It also contributed to reflection behaviors in the definition of strategic actions in business tourism integrated into the internationalization processes of SMEs, providing essential aspects to be considered in similar processes.

This paper is structurally based on two components: a) a theoretical approach, as a result of a brief literature review; b) and then it is proposed an exploratory operationalization by the case study of a Portuguese SME, which for confidentiality will be called this paper by ALFA. It is a qualitative methodology, through the presentation of a case study developed in three phases: 1) first, we describe the history of the firm; 2) second, we describe the internationalization process of ALFA; 3) in the last phase, we presented the case study on business tourism.

Based on an exploratory nature, the methodology used in this paper is a brief review of the literature on business tourism in SMEs internationalization and the presentation of a case study.

This article is structured as follows: after the introduction, a brief literature review is carried out, and the methodology is identified. The fourth part presents ALFA and the case study. This paper ends with the conclusion, limitations, and future research.

## **2. LITERATURE REVIEW**

### **2.1 Internationalization of SMS and export performance**

The increase in competitive intensity on a global scale has led firms to look for opportunities in international markets. Exporting has been the most common international entry mode, especially for SMEs (Young et al., 1989; Ribau et al., 2017). Exports are synonymous with firms' gradual involvement in international markets (Johanson & Vahlne, 1977; Ribau et al., 2015, 2018).

For an international adventure it is necessary internal stimuli (characteristics of the firms) and external stimuli (associated with the external environment), proactive and reactive strategies (Pavord & Bogart, 1975; Wiedersheim-Paul et al., 1978; Czinkota, 1982; Johnston & Czinkota, 1982; Silva et al., 2018). Proactive strategies are applied when firms internationalize their activities to increase profit, economies of scale, and technological advantages; reactive strategies are applied when there are external threats, such as competitive pressure, a saturation of the

domestic market, an exploration opportunity in an external market that implies access to strategic resources (Springer & Czinkota, 2009).

When SMEs start their internationalization process, they intend to achieve a positive impact on their export performance. Performance is an essential indicator for any firm to examine its level of success, either domestically or in international markets. Generically, the international marketing literature considers three indicators to measure the export performance of the firm: (1) financial ratios; (2) strategy indicators; and (3) satisfaction with performance (Zou et al., 1998).

Identified in the literature both objective and subjective indicators to measure export performance, we can conclude that performance is a multi-dimensional construct that is difficult to measure. Hence, for measuring internationalization performance, it is recommended to use a methodology that includes multiple performance measures (objective and subjective indicators) because the performance of firms is a complex issue (Westhead & Cowling, 1997; Lu & Beamish, 2004).

## **2.2. Definitions and main differences between leisure tourism and business tourism**

Tourism is part of services marketing strategies which usually refers to business-to-consumer (B2C) and business-to-business (B2B) services. Services marketing strategies intend to deliver value to clients and manage the client relationship, focusing on the benefits of the firms and their stakeholders. Services are related to intangible economic activities (AMA, 2023; Lovelock & Patterson, 2015).

Although there are different meanings for the term tourism (Tribe, 1997), the World Tourism Organization of the United Nations (UNWTO) (2022) suggests that tourism is an economic and social phenomenon that has known, for decades, continued growth and is even considered one of the fastest growing and more resistant economic sectors in the world, able to play a strategic role in economic recovery, particularly in Europe. Modern tourism is closely linked to development and covers many new destinations and new tourism formats, products, and contexts. This dynamic has transformed tourism into a critical driver for socio-economic progress. Today, the tourism industry comes to be equal or even superior to oil exports, food products, or automobiles. Tourism has become a significant player in international trade and represents, at the same time, a primary source of income for many developing countries.

Tourism comprises the activities of traveling persons and their stay in places outside of where they daily live context, for a period of less than one consecutive year for purposes of leisure,

business, and others; distinguishing three tourism forms: (a) inbound tourism (involving non-residents received by a destination country, from the viewpoint of the destination); (b) outbound tourism (involving the residents moving to another country, from the point of view of the origin country); and (c) domestic tourism (involving the residents of a particular country traveling within at country) UNWTO (2022).

Tourism, in its broadest sense, involves several interdisciplinary areas with a complex, yet still tenuous relationship, mainly within the social sciences (Tribe, 1997; Walton, 2009), so it has appeared among the disciplines of social sciences and business or associated with the last one (Hall & Page, 2009).

Most studies on tourism focus on leisure activities. However, tourism can also ally business relationships (Shaw & Williams, 2002). Researchers in international tourism have observed a link between tourism geography, international business, and economic geography, and there is even a natural link between international business and tourism (Hall & Page, 2009). Suppose tourism is defined in terms of overnight stays. In that case, international business tourism has existed since the very first international business initiatives, so the growth of business tourism is parallel to the globalization of the economy (Shaw & Williams, 2002). Thus, economic globalization, which requires changes and typically enhanced frequency in business travel, is reflected in business tourism. The internationalization of trade worldwide has particular relevance in tourism and vice versa (Shaw & Williams, 2002).

The internationalization of the economy involves several sequential forms of mobility: (a) of the capital goods (trade) to (b) capital money (investment), through (c) capital-productive (direct foreign investment as part of multinationals' global strategy). Each step generates several forms of business tourism (Shaw & Williams, 2002).

In contrast to leisure tourism, the term 'business tourism' describes people who visit a destination for business meetings, incentive events, conferences, and exhibitions (Hankinson, 2005). Thus, the segment target of business tourism comprises executives and business people who travel to private meetings to discuss the transactional databases, establish alliances and partnerships, conduct business functions, and negotiate strategies and operations (Vaz, 2001). Andrade (2006) refers to business tourism, technical tourism, and business travel as a group of travel activities, lodging, meals, and leisure practiced by business travelers (within the various business sectors ranging from the commercial to industrial), who simultaneously wish to get to

know the markets, establish contacts, make arrangements, see new technologies sell or purchase goods or services. The United Nations (2022) refers to business travelers as tourists, not because of the nature of their trips but because of the requirements of entrepreneurs and executives about tourism goods and services. Business travelers may have a similar experience to leisure travelers (Unger et al., 2016; Willis et al., 2017).

The clients of this type of tourism are also called 'firm clients', and the range of activities and operations they perform is business tourism (Ansarah, 2000). Unlike leisure tourism, which is an active business-to-consumer (B2C) market, business tourism acts in the business-to-business (B2B) context; therefore, the corporate vision takes more of a business orientation, focusing more on price and needs for specialized facilities (Hankinson, 2005).

Directed to professionals in several areas, business tourism can be undertaken any time of the year and offers a range of services that include trips, travel, accommodation, and activities related to leisure tourism. Quality hotels, international fairs, multipurpose pavilions, and conference centers are usually the establishments used by these tourists. The natural heritage, the destination's history and traditions, sports and cultural activities are an additional essential element to business tourism, providing a good combination between leisure and business (Unger et al., 2016).

Business tourism has grown substantially since the 19'80s, despite the economic recession (Wootton & Stevens, 1995; Davidson, 1993). Due to the nature, value, and extent of business tourism, there was a change in business travelers, who are more cost-conscious, i.e., when flying; they are to be found increasingly in economy class; many are self-employed; one in four is female (Owen, 1992). Some countries even aim to build a stronger image associated with business meetings, as in Mexico (Alisau, 2004).

The per capita spending of the business tourist is considerably higher than that of the leisure tourist (Lawson, 1982; Suh & McAvoy, 2005). The total volume of international business tourism occupied around 18% of all international tourism (UNWTO, 2000). However, these data could be more accurate since they were established by reason that led people to make tourism, with great relevance for business tourism (Shaw & Williams, 2002). However, there has been significant growth in the business travel sector of tourism (Lawson, 1982; Nicula and Elena, 2014). Despite all these encouraging numbers, Ballantyne et al. (2009), Unger et al. (2016), and Harris & Pressey (2021) indicate that this tourism domain is the less published topic in tourism.

Business tourism is a significant development in Portugal, stimulated by market globalization and business expansion worldwide. It was the kind of tourism that has grown most rapidly, contributing to the economic success of many tour operators, hospitality, services, and commercial aviation (Turismo de Portugal, 2022). The International Congress and Convention Association (2009) included Lisbon in the worldwide top ten of the most visited cities to host international association congresses in the business tourism field, so Portugal has the necessary conditions for the growth of business tourism and has been considered in the National Strategic Plan of Tourism as one of the ten strategic tourism products, taking into account the significant trends in international demand and potential growth (Turismo de Portugal, 2022). All this dynamism stagnated in the last two years due to the COVID-19 pandemic.

### **2.3 Business tourism in the internationalization of firms**

International business tourism is one of the international and services marketing strategies used in the internationalization process of SMEs, and it became, by the end of the XX century, a sophisticated industry that involves three elements: (1) travel; (2) conferences; and (3) business travel (Shaw & Williams, 2002).

Business tourism strongly reflects the economy's globalization, so travel, and tourism are among the many causes and outcomes of the globalization process (Hjalager, 2007). Business tourism differs from leisure tourism and is closely related to international trade (Garrod, 2012; Walker, 2017). There is a strong relationship between business trips and business operations within and between enterprises (Shaw & Williams, 2002; Walker, 2017). There is, in fact, an extension of social relations, in the globalized economy, to interpersonal relationships, which are essential in business practices. Therefore, business tourism initiatives are used in firms' industrial (B2B) marketing and relational marketing strategies. There is also the interpretation that travel in the business context brings different business cultures into contact, multifaceted scenarios per se, in which pure leisure tourism interests can be joined to the primary business purpose (e.g., the companion of the business tourist goes along for leisure or another form of tourism), with implications in the interpretation of a complex area such as tourism.

In the tourist behavior literature, Murphy (1985) defends three components of demand: (a) motivation; (b) perception; and (c) expectations. Murphy (1985) identifies four primary motivations in travel, of which the social motivation is highlighted, such as socialization, opportunities, also in the context of business meetings, conferences, and activities associated

with status and prestige; in perception, the choice of trip destinations is conditioned by three elements, with emphasis on the experience of previous trips, if satisfactory a temptation to repeat results. Motivation and perception are central elements of the destination image (Suh & McAvoy, 2005), which mirror the satisfaction of tourists (Lichrou et al., 2008; Chon, 1991), whose demands have focused on experience, which is a challenge for tourism. The experience-based tourism seeks to exploit intangible assets in contrast to materially based conventional tourism by assuming more significant participation of tourists, and greater interaction, making the experience unique and targeted (Stamboulis & Skayannis, 2003). Business travelers focus their experience between work and tourism, which includes ‘moments of relaxation’ perceived as ‘time off’ (Unger et al., 2016).

Given the above, the business tourist who has, at the base of his/hers business trip, a business meeting, apart from a professional purpose, a social motivation, which also should enhance the business itself, as the relational marketing literature would suggest, when moving to a destination (inbound tourism) is influenced by both the destination image and the image of firms with which they will interact, in negotiations. A good corporate image is essential in export performance, triggering client responses and favorable judgments about the product, specifically in business to business (B2B) context (Spyropoulou et al., 2010).

The export market operations are characterized by a geographical separation between the exporter manufacturer and foreign distributor or client (Spyropoulou et al., 2010), so the development of a close relationship with the foreign client requires a severe effort of interaction and socialization (Samiee & Walters, 2003; Skarmeas et al., 2008). The distance between partners in international markets makes personal contact difficult and expensive (Bello & Gilliland, 1997; Samiee & Walters, 2006). Understanding and satisfying the foreign distributor’s requirements is time consuming and intensive task (Bello et al., 2003; Skarmeas & Robson, 2008). Thus, export managers need explicit activities to build a positive corporate image (e.g., advertising, sponsorship, and promotional efforts) with foreign clients (Fombrun, 1996; Schuman et al., 1991).

The importance of social relationships in the internationalization of firms has been recognized in international business and relational marketing literature. These relationships need to develop interpersonal trust relationships, achieved through intensive social interaction (Walter et al., 2000; Harris & Wheeler, 2005). In the industrial marketing literature (B2B), the relationships



allow the involved parties, a connection with their activities, the union of resources and development of bonds between people, building trust between parties, which results in success (Hakansson and Snehota, 1995; Lyons and Mehta, 1997). The relationship development is motivated by several factors, essentially: (1) time (Harris & Dibben, 1999); (2) trust (Leonidou and Kaleka, 1998); (3) communication (Leonidou, 1995); and exogenous events and entrepreneurial activities (Hakansson & Snehota, 1995).

Given the features of modern tourism, bringing people together in extraordinary and memorable socializing settings, typically creating experience value (Stamboulis & Skayannis, 2003), business tourism help in the before mentioned relationship-building efforts of B2B firms in international business contexts and correspondingly support the firm's performance in its internationalization processes, through the careful design and delivery of tourism experiences connected to the firm's relational marketing strategy. Business tourism activities add value to clients and improve client relationships, focusing on the benefits of the firms and their stakeholders as the objectives of services marketing strategies.

### **3. METHODOLOGY**

In the research method, a qualitative approach was used since it allows insight more related to the applicability of the literature and leads to a greater understanding of the phenomena. This is a more interpretive and descriptive approach to reality, where a case study analysis was carried out using a convenience sample. Yin (1994) supports this conjecture and defends using case studies to analyze complex social phenomena. In this approach, the researcher is seen as an instrument (Cassell & Symon, 2004), so the method's validity depends on its capacity, skill, and rigor when using it in the field. The resulting limitations concern the prejudice and subjectivism that came from the researcher. However, to eliminate possible uncertainties and deviations, the information obtained was always critically reviewed and validated (namely through new interviews and crossing with secondary data collected).

To evaluate the qualitative analysis, the concept of trustworthiness, proposed by Denzin and Lincoln (2011), was followed, often implemented using terms such as credibility, reliability, conformity, transferability, and authenticity (Denzin & Lincoln, 2011). The first step towards research credibility is the selection of the firm.

Based on the objective initially outlined, the choice of the firm to be analyzed was based on the following criteria: a) being SME; b) an internationalized SME; c) integrated into the B2B context; d) already practicing business tourism strategies for several years (above ten years to longitudinally analyze the results); e) with a relational marketing plan with defined strategies.

All processes and analyses used during the research were described to ensure reliability. The main instruments used in data collection were identified, such as the interview script, which had three parts. The first part identifies the company's evolution at a corporate level (sales volume, main products, historical perspective, main local and international competitors, main entry modes to international markets, and relationships with clients and their branches). The second part identifies the business tourism strategies in the relational marketing plan. The third part analyzes these strategies' impact on the firm's performance indicators (objective and subjective indicators).

The primary method for data collection was the semi-structured interview, using open-ended questions (Lune & Berg, 2017; Lichtman, 2013; Fisher, 2007), with which the presented case study was built. The interviews were conducted in the first phase with the marketing manager, the export and commercial manager (developed individually), and the general manager. Open-response questions guided the interviews to more significant interaction with the interviewees. The interviews lasted between 1h30 and two h and were developed in May 2022. The information obtained was later validated by comparing it with secondary data, namely in firm documents, triangulating it with the data obtained from the interviewees, and crossing it with the interview with the person in charge of marketing at ALFA in the second phase (Table 1).

**Table 1.** Characterization of the Interviewees

	headquarters	headquarters	headquarters	headquarters
Interview time	2h17 (2 times)	1h40	1h55	1h56
Position in the firm	Marketing Manager	Export manager	Commercial manager	General manager
School education	Master in Marketing	Degree in Marketing	Secondary education	Degree in Management
Years of career	24	22	36	15

The primary secondary data sources collected information from internal documents and available publications and commercial works about the firm. This study used these data through documents provided by the firm and the information on its website. This method of collecting data from multiple sources aided in data triangulation. It helped researchers gather more comprehensive relevant information and verify its consistency to increase the robustness of the results. For confidentiality reasons, we will not reveal the firm's name. In this study, the firm will be called ALFA.

The objective of this study is a) first identify the role of business tourism in the internationalization process of ALFA and b) the impact of these business tourism practices on performance indicators of ALFA, namely sales volume (as an objective indicator) and level of client satisfaction (as a subjective indicator). These indicators were selected for two reasons: 1) they are the most critical indicators to ALFA, and 2) both indicators cross subjective and objective indicators, the most recommended by the literature (Zou et al., 1998; Westhead and Cowling, 1997; Lu and Beamish, 2004).

#### **4. ALFA CASE STUDY**

Existing since 1969, ALFA is integrated into the chemical industrial sector.

ALFA acts in a business-to-business context, connected to large wholesalers and distributors and the segment of large specialized companies in DIY, garden, and building materials, which offer products with the ALFA brand and client brand.

##### **4.1 Alfa internationalization**

For 53 years, ALFA always had an international culture. However, since 2007 ALFA focused its strategy on international markets. This opening culture to external markets, not only the domestic market, is based on the entrepreneurship of the top managers regarding the growth and apparent profit and the extension of the product's life cycle (declining in some markets but in others growing). The specialization in technical products for specific segments that are not readily available in the domestic market and their search in foreign markets was another cause of the firm's interest in internationalization, explicitly justified by the smallness of the domestic market.

The beginning of the firm's internationalization was with countries geographically the closest to ALFA. Currently, ALFA acts on several markets internationally, in the five continents, for 62 countries.

The ALFA internationalization strategy focuses on growth and expansion, which involves the creation of subsidiaries (whether commercial or industrial); partnerships with clients (with no formal exclusivity contracts but with evident respect for geographic commercial exploitation areas); representatives who hold control of the distribution channel and understand the country specificities, working on commission bases.

#### 4.2 Business tourism in the ALFA internationalization: results

Due to the international market's growth, ALFA's total sales remained above 14 million euros/year. According to Table 2, in the domestic market, the sales volume has dropped significantly since 2006, a trend not recovered until 2021.

Analyzing Table 2, the data show a particular dichotomy between ALFA participation in domestic/internal sales volume and the growing willingness to migrate to international markets as a strategy. Since the 1970's ALFA has followed the evolution and performance of its core business, with an incessant struggle for its insertion in international markets. Initially, ALFA exports are characterized by developed businesses, usually representing a low sales volume and focused on business opportunities. Spain and Morocco have historically been the main markets of ALFA, with loyal customers; the efforts were concentrated mainly in those two countries, which were joined shortly after by Angola, Mozambique, Cabo Verde, S. Tomé e Príncipe countries, where working conditions may be facilitated due to language and cultural links.

**Table 2.** Sales volume

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
National Market	69,84%	58,13%	56,14%	56,20%	53,20%	46,10%	45,58%	50,90%	48,87%	49,04%	40,20%	46,24%	46,18%	46,26%	46,21%	43,39%	43,68%
International Market	30,16%	41,87%	43,86%	43,90%	46,90%	53,90%	54,42%	49,10%	51,13%	50,96%	59,80%	53,76%	53,82%	53,74%	53,79%	56,61%	56,32%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

**Note:** Values presented in percentage.

The 2022 values included are projections.

Source: ALFA, downloaded on 14/09/2022, 11:57.

Over 53 years, ALFA acquired technical know-how and independence in polymer processing in a diverse range of segments, together with the desire to evolve technically. These were the requirements for safe entry into the international markets. The sales volume is undoubtedly the most direct and immediate effect of an internationalization strategy and one that most retains the attention of the ALFA decision-makers in analyzing performance. However, ALFA soon realized that being market-oriented, the client had a vital role in the economic-financial fluidity of the firm, so knowing the level of client satisfaction becomes essential, stressing the adage that a satisfied client comes back to buy.

Considering the results presented in Table 3, there is a consecutive increase in the average level of client satisfaction, both overall (the national market and with the international market) and even just the international clients. It is also observed that only after 2006 a sector analysis begins to be important, with particular attention to the international market.

**Table 3.** Level of client satisfaction

Year	Mean level (National)	Level medium (nat.+int.)	Level medium (int.)	% Answers		
				National	International	General (nat.+int.)
1998	78,8% Satisfied 21,2% Very Satisfied			10%		
2001		73%				19%
2003		72%				22,5%
2006		75,8%	69,2%		8,6%	18%
2008		78%	71,4%		12,6%	19,4%
2010		80%	76,5%	26,71%	5,5%	11,77%
2013		87,6%	88,4%	10,5%	16,67%	23,97%
The questionnaire layout has changed						
2016-2017		54,41%	57%	29,57%	22,97%	27,59%
Mobile app introduction: CRM						
2018-2019		92%	93%	50%	62%	50%
2020-2021		90,4%	93,4%	52%	61%	51%

Source: ALFA, downloaded on 15/09/2022, 14:57.

Since 2001, ALFA has started with regular biennial surveying of their clients, between November-December, with the almost final closing of the annual turnover. The analysis is made taking into account the characterization of the client (client type – A, B or C – and antiquity), by salesman (in the domestic market) and market manager (in the international market), and by functional areas (as can be seen in Table 4).

**Table 4.** Level of client satisfaction by area

Year	Areas (national+international)					Areas (international)				
	Financial/ Administrative	Salesman (nat.+int.)	Commercial/ Distribution	After-sale assistance	Marketing	Financial/ Administrative	Market manager	Commercial/ Distribution	After-sale assistance	Marketing
1998										
2001	72%	82%	73%	69%	68%					
2003	72%	79%	73%	70%	66%					
2006	78%	79%	75%	78%	69%	67%	76%	70%	80%	53%
2008	75%	83%	77%	75%	72%	65%	81%	72%	78%	61%
2010	80%	84%	80%	80%	76%	65%	82%	74%	75%	72%
2013	88%	92%	87%	89%	86%	75%	88%	85%	84%	77%
2016-2017	68,38%	65,44%	62,50%	60,29%	60,29%	58,82%	55,88%	58,82%	47,06%	78,88%
2018-2019	92%	100%	93%	87%	88%	82%	100%	93%	87%	91%
2020-2021	89%	98,2%	93%	87%	89,9%	81%	100%	92%	86%	88%

Source: ALFA, downloaded on 15/09/2022, 14:57.

Since 2006 the type A international clients who had purchased from ALFA for over ten years represented an average of 68% of responses, followed by type B clients with 1 to 5 years of ALFA.

Since 2001 the most associated attributes with the ALFA image by clients' respondents to the questionnaire are prestige and efficiency.

2016 ALFA shortened the questionnaire to increase the response rate and used a mobile application linked to the CRM to calculate the customer satisfaction index.

To achieve a percentage above 70% in the international clients' satisfaction level (an evolutionary rate is expected, especially in the international market), many factors are combined: technological, socio-cultural, image, competitiveness, infrastructure, logistics, skills, R&D, etc. Factors that have an impact on a firm integrated into an internationalization process. Highlights deserve the business tourism strategies, which began to be more practiced in 2008, with a clear relationship to enhanced socio-cultural images and skills factors.

This case study only focuses on inbound business tourism (from the perspective of external clients that ALFA receives). It considers that the client goes to an 'unknown zone' outside their comfort zone. ALFA assumes the hosting of international clients as an essential factor of differentiation in its international business. Always when international clients visit ALFA, the Export and Marketing Department offers a specific cultural tour to the region where ALFA is based, either in terms of gastronomy culture (regional sweets and cuisine), history, or leisure, intending to create a stronger bond with the clients, encouraging the creation of positive

interpersonal relationships. Of course, parallel to this more cultural aspect is the clear intent of doing business and visiting the factory.

Since 2008 ALFA has organized meetings with international clients, involving in 2 days 75% of the total program on a tourist side, to solidify the firm's corporate image, increase the client's satisfaction level and loyalty to the brand, and practice relationship marketing strategies. The ALFA Export and Marketing Department believes that with these initiatives, the knowledge of the international clients' profile becomes substantially improved and that simultaneously, interpersonal relationships are promoted, enhancing the proximity and degree of familiarity between the business partners, resulting in more incredible difficulty of exchanging business partners and in purchasing behavior reflected in a sales increase by average 46,7% of the total number of clients present at these meetings. This figure represents, on average, 29,3% of total sales in the ALFA international market since 2008. Of the total number of these clients, 20% increased their level of sales on average by about 76% in the year of the meetings or the following year. Clients with more irregular behavior in sales are located in the Spanish market, which might reflect the economic retraction since 2008 in this country. Since these meetings began, international customer satisfaction has increased, specifically in marketing. These meetings were interrupted in 2020 and 2021 because of the Covid-19 pandemic.

#### **4.3 Exploratory Scheme of the business tourism impact on ALFA Internationalization**

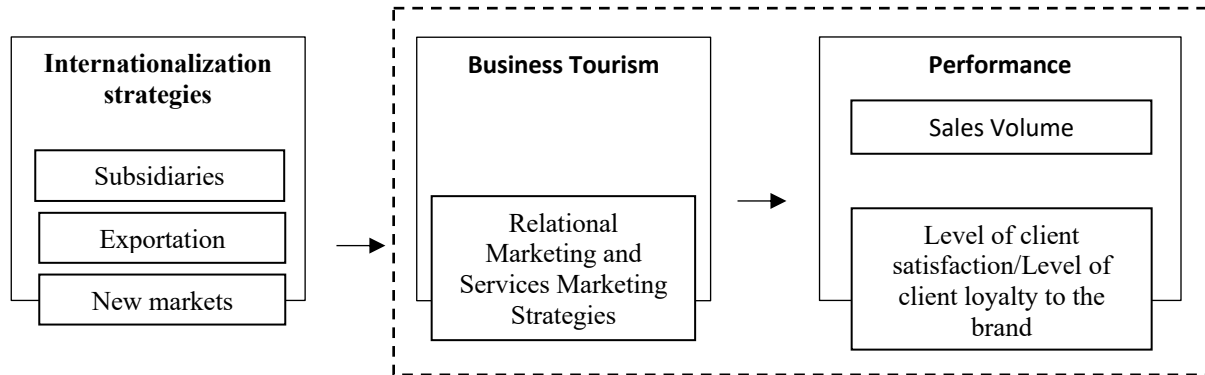
Purely exploratory and based on the presented case study, Figure 1 attempts to illustrate a synthetic form of business tourism as a relevant driver of the success of the ALFA internationalization strategy.

Business tourism is put in more excellent evidence with the ALFA opening to new markets, with implications on the client's satisfaction level and international sales, which are seen as ALFA's most important performance indicators.

The initiatives developed by ALFA provide a unique experience to their international clients in a scenario where they play an interaction role, which allows more excellent proximity to clients, reducing the physical distances, as a way to fortify the bonds of trust and commitment between client and supplier, increasing corporatism and the brand reference.

Business tourism initiatives, the sustainable strategy of international marketing, relational marketing, and services marketing are the trilogy of Figure 1, which intends to reflect the impact of business tourism strategies in the closing of the business and later on the ALFA's

performance, which we can conclude from Table 1, since 2006 until 2021. A long period allows us to reach a sustainable numerical conclusion, mainly when ALFA refers to closing the business in international markets in three years, on average. There is a reciprocal stimulation, i.e., ALFA's internationalization process stimulates business tourism, and business tourism strategies have stimulated internationalization. Plus, resulting from these meetings, international clients repeat the visit for leisure, involving only personal issues.



**Figure 1.** ALFA Exploratory Scheme

## 5. CONCLUSION AND DISCUSSION

This paper relies on the assumption of the need to deepen knowledge about the role of business tourism in SMEs' internationalization process, suggesting that more attention should be devoted to exploring the positive or negative effects of business tourism initiatives on international business performance, particularly of SMEs. Therefore, this exploratory research provides some insights into this issue, as reported in the literature and concrete business reality.

Any SME, for its particularities, struggles to survive, especially in international markets, where the competitiveness level may be intense. Therefore, activities focused on client satisfaction are central to SMEs that act in a B2B context. They bring differentiation and brand value to SMEs at the expense of their competitors. These activities are included in relational, B2B, and services marketing strategies. ALFA's vision includes business tourism activities in these strategies to increase the sales indicator and the level of client satisfaction.

The intensification of ALFA's internationalization process seems to have brought substantial impacts and changes to daily routines in the firm, translated into more positive aspects than negative, which stimulate the leaders of this firm to continue to believe in these strategies.



Business tourism initiatives, resulting from applying the sustainable strategy of international, relational, and services marketing, have assumed a vital role in the relationship with international clients.

In this sense, suppliers must move from a suspicious relationship to a relationship of trust with their clients, providing them with a strength of commitment, so managers should build their strategy based on trust. Clients appreciate loyalty and tolerance with their business partner, investing in long-term cooperation; thus, suppliers should create value to achieve a competitive advantage based on the products and services performance as well as on the social benefit of the experienced trust (Walter et al., 2000; Harris & Wheeler, 2005). Trust is most important in the negotiation and effectiveness of business-to-business contracts (Lyons & Mehta, 1997), while exogenous events and entrepreneurial activities can cause relationship changes (Hakansson & Snehota, 1995; Lyons & Mehta, 1997).

Thus, the relationship established with clients in a B2B context is crucial for sales success. For ALFA, business tourism practices stimulate these close relationships even more in clients from international markets, where distance (geographical and psychological) influences these relationships. Taking into account the objectives of this research, we can conclude that business tourism practices have a vital role in the internationalization process of ALFA, impacting the performance indicators of the firm. Client satisfaction had evolved by an average of 78% since 2008, when business tourism activities began. The sales volume has increased by an average of 46,7% of the total number of clients present at the business tourism practices, representing an average of 29,3% of total sales in the ALFA international market since 2008. Of the total number of these clients, 20% increased their level of sales on average by about 76% in the year of the meetings or the following year. In this way, we conclude that business tourism practices positively impact ALFA's performance indicators. As the literature recommends, these indicators cross objectivity and subjectivity in performance indicators (Zou et al., 1998; Westhead & Cowling, 1997; Lu & Beamish, 2004).

The theoretical framework allowed a brief review of the theme. It opened a future line to follow since the literature on the connection between business tourism and the internationalization of SMEs is insufficient. The present paper provides a fundamental reflection on the subject. It aims at developing a sensibility to the integrative and mutually beneficial approach. At the same time,

the actual issue seems most relevant for improved business praxis at the national and international organizational levels.

### **5.1 Limitations**

The study is exploratory and presents limitations that can and should be seen as starting points for future research.

The existing literature on the impacts of business tourism on business performance in international markets and, consequently, on the internationalization process, particularly of SMEs, needs to be more clearly adequate. This paper becomes restrictive when considering the complexity of the topic under review; the enrichment of the theme would be to approach and develop a deeper literature review in all domains appointed in this paper which are related (relational marketing, business to business marketing, business tourism). Further exploratory studies permit additional insights that support our results and contribute to its deepened understanding.

The case study and reflections presented aim at opening doors to potential studies in the area and, exceeding the barrier of purely exploratory studies, it would be interesting to validate specific criteria of the suggested links between the SME's internationalization, business tourism, and its influence on performance.

This study only focused on external markets and SMEs, which restricts the reality under consideration, but may serve as a basis for future extrapolations.

### **5.2 Future research**

The case study developed, although allowing the convergence between the literature analyzed and one existing reality in a particular SME, is reductive because it only approaches a single firm, which only allows for generalization. Similarly, it would be interesting to further explore the relationship between business tourism and the SME's internationalization and measure the relationship between business tourism and other impacts resulting from internationalization and performance. Developing a conceptual model that considers the interrelationship between well-defined variables (especially business tourism) and constructs is crucial for understanding the subject under review.

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