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INTERNATIONALISATION PLAN. PRACTICAL CASE: MIGUÉLEZ SL
(PLAN DE INTERNACIONALIZACIÓN. CASO PRÁCTICO: MIGUÉLEZ SL)

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ABSTRACT

This essay focuses on the study of the importance of internationalisation for companies nowadays and how to develop a plan to use this strategy in real life.

In the first part of the project, it will find a brief introduction to what internationalisation is and its growing importance currently. Subsequently, each part of the internationalisation plan will be discussed theoretically in depth.

After having carried out a theoretical analysis, the information previously researched will be analysed in an empirical and real approach. For that reason, an internationalisation plan will be drawn up for an existing company: *Miguélez SL*.

In order to implement this plan, research on the company analysed and its international history will be carried out beforehand. Finally, an internationalisation plan will be formulated for Miguélez. The objectives of this plan will be to find a new country where the company can access and to develop the steps to follow for this internationalisation to be successful.

Keywords: internationalisation plan, Miguélez, copper cables, Morocco, commercial delegation.

RESUMEN

El presente trabajo se centra en el estudio de la importancia de la internacionalización para las empresas y el cómo se debe elaborar un plan para realizar esta estrategia en la vida real.

En la primera parte del proyecto, se podrá encontrar una breve introducción de qué es la internacionalización y la importancia que está tomando en la actualidad. Posteriormente, se profundizará teóricamente sobre cada una de las partes del plan de internacionalización.

Después de haber realizado un análisis teórico, se analizará de una forma empírica la información investigada previamente. Para ello, se realizará un plan de internacionalización de una empresa ya existente: Miguélez SL.

Para poder elaborar dicho plan, previamente se realizará una investigación sobre la empresa analizada y su historia internacional. Finalmente, se elaborará un plan de internacionalización para Miguélez. Los objetivos de dicho plan serán encontrar un nuevo país al que compañía pueda acceder y desarrollar los pasos a seguir para que esta internacionalización sea exitosa.

Palabras clave: plan de internacionalización, Miguélez, cables de cobre, Marruecos, delegación comercial.

INTRODUCTION

Nowadays, internationalisation is an increasingly expansion strategy whose use is rising among companies. This strategy is not only used by large companies, but also by small and medium-sized enterprises (SMEs). Today, many of the start-ups are created with a global vision of the world, but also many of the more traditional companies have had the need to implement this strategy. Although some companies did not initially consider internationalisation as a strategy to use, they have been obliged to access to new markets due to our dynamic and globalised society. In other words, now internationalisation is a part of everyday business. This trending strategy has gone from being a risky growth strategy to one of the most used strategies.

This internationalisation's boom has been caused by several factors. International agreements between different countries have considerably stimulated this strategy. The signing of the GATT (The General Agreement on Tariffs and Trade, 1947) was the beginning of negotiations between different countries. The aim of the GATT was to guarantee a stable trade environment with a liberalisation of trade between the member countries, thus achieving the growth and development of the world economy. Due to the increased of international trade during the second half of the 20th century, different international organisations were created such as the WTO (World Trade Organisation), the UNCTAD (United Nations Conference on Trade and Development) or the IMF (International Monetary Fund), among many others.

Another agreement with a great importance for Spain is the European Union (EU). Thanks to this agreement, Spain opened its borders to Europe. This caused that trade barriers were removed between member countries, allowing the free movement of goods, services, people and capital. This, together with the existence of a common currency in most of the members, exponentially facilitated trade operations between countries (European Parliament, 2022).

Furthermore, the development of technology has allowed to connect different parts of the world, where commercial transactions and negotiations are carried out with different countries. Thanks to this development, these activities are faster and easier than a few decades ago.

These reasons have enabled the take-off of numerous economies by allowing the concentration of resources in order to benefit from economies of scale and scope and diversification of risks.

Due to the various reasons mentioned above, many companies no longer only operate in their domestic market, but also have transactions with various countries around the world. This has led to the study and research on business internationalisation because of the internationalization process can vary significantly depending on the sector and the target countries.

Despite being a common phenomenon nowadays, internationalisation is a complex process with many nuances that require attention. It is also a process that must be adapted to each company and each destination country. Therefore, it is necessary to draw up a plan by experts in order to identify business opportunities and avoid making an investment in a country where it is not viable.

Planning access to a new market takes time and money since the characteristics of the company itself and the country must be analysed. This analysis aims to find a suitable way to establish in the new market. Due to the high costs that a detailed study of the internationalisation process can entail, many companies decide to eliminate this expense and, therefore, enter the market without carrying out a prior study of the project's viability. The failure of the internationalisation strategy would mean the loss of the investment, thus carrying out this analysis could substantially reduce the chances of failure.

In this thesis, firstly, the concept of internationalization will be explained. Secondly, a theoretical analysis of each of the parts to be developed in an internationalization plan will be carried out. After realizing this analysis, a plan for accessing a new market will be elaborated. But this plan will be adapted to the characteristics of the chosen company. Initially, research about the company and on its international history will be carried out in order to find the key points of its successful internationalisation. The main objective of this internationalization plan is to find a viable internationalisation process in the long term and that this new country becomes part of its network of delegations.

GOALS

The objectives of this project could be divided into two parts: the theoretical objectives and the case study objectives. Both parts are necessary as they complement each other.

In order to be able to elaborate the practical part, a prior theoretical analysis will be carried out with the aim of finding out the reasons why companies decide to internationalise. In addition, another objective of this first part is to analyse the importance of creating an internationalisation plan and its main parts.

Moving on to the practical part, the first objective is to find out why the analysed company decided to start its internationalisation process and the key points that led it to choose certain countries.

Finally, the main objective of this project is to develop a real internationalisation plan. Therefore, the sub-objectives of this analysis are to find out the current internal and external situation of the company and the determining factors which cause the choice of a certain country. After choosing the new target country, other sub-objectives will be to analyse how the company is going to penetrate this market and which are the steps to follow for its internationalisation to be successful.

METHODOLOGY

As far as methodology is concerned, this project will be divided into two parts: a theoretical part and a practical part which will be supported with the previous part.

In order to carry out a detailed analysis of what internationalisation is and its current importance, a bibliographical review of this term will be realised. Subsequently, a theoretical analysis of each of the parts of the internationalisation plan will also be effectuated.

The second part of the paper will focus on an empirical methodology. Due to the scarcity of information on the Internet about the chosen company, it was decided to realise an interview with the logistics director of the company. This made it possible to obtain detailed and real information about the company and its current international situation.

In addition, both quantitative and qualitative data were used to analyse each part of the internationalisation plan. In terms of quantitative data, those have been obtained from databases such as Comtrade, World Bank, World Trade Organisation, etc. To better understand this information, graphs and tables have been made with the data obtained. Quantitative data has also been utilised. Some examples of them are the investigation about other international cable producers or news to know the latest actuality. Apart from this, some information is shown in figures to make it easy to understand both the theoretical and the empirical part.

EXPLANATORY NOTE: all graphs related to imports and exports are in kilograms. This has been done in order to prevent that copper price increases affect the figures.

1. THE CONCEPT OF INTERNATIONALISATION

Nowadays, the boundary between domestic and international markets is blurred due to we live in a totally globalised world. This situation means that internationalisation is a key element in the business world (Cámara de Comercio de España, 2020).

Internationalisation has changed the competitive business environment for large companies and small and medium-sized enterprises (SMEs). This growth strategy has allowed access to new markets in which companies can develop and expand their business activity (Santos Álvarez & Uribe Arévalo, 2009). This makes possible to diversify risk, avoiding total dependence on national demand (Xifré, 2018).

There are a variety of theories of international trade but only some of them define the concept of internationalisation. Older theories such as the classical theory (developed by Ohlin in 1933) or the product life cycle theory (created by Vernon in 1966) focus more on international trade as a nation, not as a firm. However, more current theories explain how and why the firm conducts business activities abroad.

Due to the youth of this concept, there are few definitions of the concept of internationalisation. Authors such as Piercy (1981) or Turnbull (1985) define internationalisation as a movement of business operations abroad. (Morgan & Katsikeas, 1997).

Years later, Welch and Luostarinen (1988) defined internationalization as “*A dynamic phenomenon conceptualized as a process in which a firm gradually increases its level of involvement in foreign markets*”. Welch and Loustarinen agreed that the foreign component was necessary but that there should be both inward and outward involvement and emphasized that internationalisation is a dynamic concept (López Morales, 2020). According to these authors there are also a wide range of patterns that a company can use during its internationalisation process.

The Upsala model also provides a definition of internationalisation. This model is advocated by several authors such as Johanson and Valhne in 1977 or Olson and Wiedersheim-Paul one year later. This model defines the concept of internationalisation as a gradual process in which companies increase their presence abroad. This is because the company has to face a completely new environment and therefore requires knowledge. Therefore, companies usually start with lower-risk entry modes such as exporting and

later incorporate forms that require greater market knowledge such as joint ventures, subsidiaries, etc (Galán Zazo et al., 2000).

In the second half of the 1980s, a theory called strategic theory was developed. This theory argues that internationalisation is the result of a series of strategic decisions that have taken into account both the company's resources and the situation of the environment. Therefore, this theory not only takes into account the characteristics of the company itself, but also takes into account the characteristics of demand, competition and countries (Galán Zazo et al., 2000).

In 1990, Porter also tried to provide an answer to the where and why of internationalisation by means of Porter's paradigm. Porter defined that there are four factors that influence the competitive advantages of a company's internationalisation. These factors are: *"the endowment and conditions of productive factors of the countries, the strategy, structure and rivalry between national companies, the conditions of demand for quality and innovation, and the existence of related and auxiliary sectors to the object of analysis"* (Galán Zazo et al., 2000).

The theory of internationalisation is based on the economics of transaction costs. It argues that internationalisation should only be undertaken when the costs of internationalisation are lower than the benefits of such a strategic operation (Galán Zazo et al., 2000).

After a review of the different definitions of internationalisation, it could be defined as a process by which companies progressively increase their presence in foreign markets, adapting to the characteristics of their own company and to external market factors.

This internationalisation process is clearly evidenced by two factors: the commercial transactions with international buyers and the investment that the company has to make in order to operate in this international market (Santos Álvarez & Uribe Arévalo, 2009).

Internationalization's phenomenon can be caused and encouraged by different motives, which can be classified into pull and push motives. Despite being seemingly opposite motives, the factors that lead a company to internationalise are usually both.

- Push motives are those for which the company must internationalise due to problems in the domestic market. Therefore, the company decides to internationalise as a way of alleviating or eliminating these problems by diversifying risks and seeking new business opportunities abroad.

- Pull motives are those in which the internationalisation strategy is a way for the company to grow due to the lack of domestic market niches and/or the discovery of business opportunities abroad (Tiitto, 2015).

The detailed study of this phenomenon is due to the heterogeneity of companies and markets (Rubio Bermúdez, 2021). Therefore, it is an activity that needs to be adapted to the characteristics of the firm and to each new market. Besides, this strategy includes from regular export activities to direct investment in the target country (Santos Álvarez & Uribe Arévalo, 2009).

Many companies make a big mistake when they want to enter a new country: not prepare an adapted internationalization plan. Each company and each market are different, so internationalization must be adapted to the characteristics of both.

Therefore, internationalisation should be a progressive process with detailed planning and adapted to the needs of the market and the company. This is because it is a very broad and varied process (Santos Álvarez & Uribe Arévalo, 2009).

Due to the aforementioned, in the following section a theoretical review of each of the parts of an internationalisation plan will be carried out in order to find out what the key points of this plan are.

2. INTERNATIONALIZATION PLAN

Any company which wants to access a new international market must elaborate a strategic document called an internationalization plan. It is realized with the aim of analysing and discovering the optimal way to access the new market and how to carry out the activity successfully in the new country.

The internationalization plan can be divided into six major stages: diagnosis of internationalization, selection of the new market, entry mode, international marketing-mix, financial plan, and implementation and control.

Figure 2.1. Internationalization process

DIAGNOSIS OF INTERNATIONALIZATION

- Company's description and its products
- External and internal analysis
- Competitors

SELECTION OF THE NEW MARKET

- Selection of preferred geographical areas
- Market selection
- Comparative analysis

ENTRY MODES

- Export entry modes: direct and indirect export
- Contractual entry modes: licensing and franchising
- Hierarchical entry modes: joint venture, acquisition and greenfield investment

INTERNATIONAL MARKETING-MIX

- Product
- Place
- Price
- Promotion

FINANCIAL PLAN

- International sales budget
- International operating account

IMPLEMENTATION AND CONTROL

- KPI's

Source: Own elaboration

2.1. INTERNATIONALISATION DIAGNOSIS

During this stage, a self-assessment of the company and the market is realised. The reason is that it is necessary to have a global perspective of the real situation of the company. The objective of this phase is to identify the company's competitive advantages in the new market compared to its competitors (Llamazares García-Lomas, 2017). These advantages will provide information on how to act in the target market.

2.1.1. Company and its products

This first section includes the company's description and its products, including its competitive advantage over its competitors. In addition, it should include whether it is already doing business in other countries (international experience) or whether its area of business is the domestic market only.

2.1.2. External and internal analysis

It is necessary to carry out an analysis of the current internal situation of the company and of the global market to know in detail in which position the firm is located. Therefore, both internal and external factors must be analysed.

Internal factors are those on which the company can influence as they are characteristics of it. However, external factors are the trends which affect business activity. Although, the firm cannot influence them, it is necessary to know what they are in order to adapt to them.

A SWOT analysis will be realized to analyse all these factors. Thanks to this analysis, it can be evaluated the competitive position of the company, and it can be used to develop future strategies. This analysis consists of identifying the weaknesses, threats, strengths and opportunities that the company has in relation to its sector (Llamazares García-Lomas, 2017). This is done with the aim of enhancing the strengths that the firm has and taking advantage of the opportunities that appear in its environment. In addition, possible threats from external factors that can affect the company can be known to predict how the company can face up to them. Also, the company can try to solve or alleviate its weaknesses to be more competitive in the market.

Figure 2.2: SWOT analysis

		IMPACT	
		POSITIVE	NEGATIVE
ORIGIN	INTERNAL	Strengths	Weakness
	EXTERNAL	Opportunities	Threats

Source: Own elaboration

2.1.3. Competitors

Knowing potential competitors can help to understand better the market and its needs. Thanks to benchmarking¹, knowledges of other companies about the market can be collected. This information on competitors must be updated since in the globalized world changes are becoming faster and faster. These data can be used to improve the company's activity (Llamazares García-Lomas, 2017). Besides, with this information, future actions by competitors can be foreseen in order to know how to proceed.

2.2. SELECTION OF THE TARGET COUNTRY

The second stage of the internationalization plan is based on the search and selection of countries with great potential for the company. The first step is to select favourable geographical areas. Subsequently it is been established different selection criteria with the aim of selecting those optimal countries. (Llamazares García-Lomas, 2017).

2.2.1. Selection of preferred geographical areas

A preferred geographic zone is a group of countries which have a similar economic and cultural situation. Therefore, identifying which geographical areas are better to internationalize according to the characteristics of the company can later facilitate the selection of possible markets to penetrate. This is due to the fact that the country to which

¹ Benchmarking is defined as the process by which a company is compared against its competitors with the aim of identifying possible improvements that can be made to improve its business activity and become/remain the market leader. (Oberlo, 2015).

it is decided to access will be within one of the preferential geographical zones selected in this phase of the internationalization plan.

2.2.2. Market selection

Depending on the preferential geographical areas selected in the previous point, potential countries to which to internationalize will be chosen.

In addition, the criteria to be used for the selection of possible destination countries must be determined. For this, both general and specific criteria must be specified. The general criteria are those that are valid for any product regardless of its nature, while the specific criteria are those related to the company's product.

Some of the most important general criteria to analyse are (Llamazares García-Lomas, 2017):

- Evolution of Spanish exports of the product. The purpose of this analysis is to know the export history of the product and if the product's exports are growing, stable or decreasing. Also, it can be known if the sale of that product from Spain is accepted in the market or not, that is, how is the effect made in.
- Evolution of the exports of the main competitor countries of the product. Thanks to this criterion, it is possible to evaluate if the imported products are accepted in that country.
- Potential demand. The objective is to try to analyse the import volume of each country and its market share in the destination country in order to know the main exporting countries and the size of the market.
- Economic situation. Evaluating the economy through various indicators such as GDP growth or inflation rate can provide relevant information about the economic stability of the country.
- Financial situation. Analysing the information related to the risk of non-payment in the destination country can provide information on which hedging instruments to use if the company wants to develop its business activity there.
- Access barriers. Access barriers can make the internationalization process significantly more expensive and difficult. These barriers can be tariff or non-tariff. Tariffs are those related to the payment of custom duties. In addition, non-tariff barriers can cause difficulties for entry into the country, such as required

certificates and/or approvals for the commercialization of the product, mandatory documentation to present at the customs office of destination, etcetera.

The specific criteria will be specific to the product to be exported. For these to be valid, it must be possible to find relevant information that allows their assessment in the different potential destination countries.

2.2.3. Comparative analysis

To select the final destination country, a management tool called the *Country Selection Matrix* is used. The matrix consists of the assessment criteria mentioned in the previous point, objectively evaluated using a scoring scale. In addition, each criterion will be assigned a weighting coefficient based on the degree of importance of the condition. The sum of the weighted evaluation criteria of each country will give a numerical result. The country with the highest result will be the country selected to access in, and therefore, the country on which the internationalization plan will be carried out.

2.3. ENTRY MODES

After having decided in the previous step in which country the company is going to enter, it is necessary to analyse which entry method is the most appropriate. During this stage, both the characteristics of the company and the new market must be taken into account in order to adapt properly to its needs (Carpenter & Dunung, 2012).

2.3.1. Export entry modes

Through these modes, internationalisation is carried out with a focus on outsourcing activities, assuming less risk and cost, but also less control over the activity carried out in the destination country (440 Industries, 2019; GK Education, 2022). However, tariff barriers have to be taken into account, as they can cause major problems in the entry of goods into the destination country.

Exporting is a quick and easy way to enter a new market. Nevertheless, due to the low risk involved, obtaining international market information is null; therefore, if a long-term relationship with that country is desired, it is not a suitable method (Cateora & Graham, 2014). Moreover, exported products will be differentiated from the rest only by price, as intermediaries focus mainly on this variable of the marketing-mix.

Therefore, these entry modes are a good option for starting international activity or for companies with limited resources as establishment costs in the destination country are

avoided. In addition, it is often used in trade between neighbouring countries as transport costs are lower.

This method makes it possible to test the acceptance of products in the new market without making a large investment. It also protects patents, goodwill, trademarks and other intangible assets (Carpenter & Dunung, 2012).

This entry mode is formed by two different types of exporting: direct and indirect exporting.

2.3.1.1. Indirect export

Indirect export involves selling the goods to an intermediary in the country of origin who then assumes responsibility for selling the goods abroad. This allows for an externalisation of risks, but also a loss of control over the goods (440 Industries, 2019).

The only risk is not being able to collect the order sent to the customer.

This type of export can be carried out in two ways. One is a domestic sale in which the buyer will export the product at a later stage. The second way consists of contracting trading companies². This form is often used in sectors with large production volumes and competitive prices (Cateora & Graham, 2014).

This option is the cheapest way to enter a country and the international activity can be completed immediately. Since the tasks related to the export of the products are carried out by the contracting company/national buyer, no knowledge in the field of international trade is necessary. However, the loss of control over the goods must always be taken into account.

2.3.1.2. Direct export

Direct export has a low cost, but it is higher than indirect export, as it assumes the customs duties and transport costs if the Incoterm used so specifies. Through this type of export, the company does carry out the export activity, but does not carry out any activity in the country of destination.

This mode of entry is carried out with the aim of benefiting from economies of scale, concentrating production in the domestic country and then sending the goods to the different countries in which the company is present (Carpenter & Dunung, 2012).

² Trading companies are intermediaries specialised in export/import. The company must pay the commercial, financial and/or logistical management costs of these intermediaries.

Direct exporting can be done in different ways: through agents or distributors, through the creation of a commercial delegation or through direct international sales.

This exporting is based on taking advantage of the market knowledge that agents and distributors may have. Agents and distributors are linked to the company by a commercial contract.

- Agents sell the goods on behalf of the manufacturer and receive a commission for their sale. In addition, the agent is like an employee of the company itself, so he does not take any risk and has to pass on the information gathered in the market to the company.
- The distributor acts on his own account by buying the goods from the manufacturer and his profit will depend on the sales and purchase price (440 Industries, 2019; Cateora & Graham, 2014).

When the volume of sales in the country is high, it is possible to opt for the creation of a commercial delegation that will transmit the orders to the parent company. The parent company will be responsible for invoicing the orders and thus for assuming the risk. However, the commercial delegation will not have legal personality, i.e., it is an extension of the company. The delegation can be used as a tool for communication in the country of destination and for information gathering. The latter will be useful if one wants to deepen the degree of internationalisation in the country (440 Industries, 2019).

Another form of direct export is direct sales to the customer. This sale is usually carried out with industrial products since, due to the technical nature of the product, direct contact with the end customer is necessary (Cateora & Graham, 2014). It is also used for orders with large volumes of goods or in markets where the number of potential customers is small.

2.3.2. Contractual entry modes

This type of mode consists of the company relying on contractual relationships with other components of the value chain. This allows internationalisation at a relatively low cost, but higher than export modes. Although the cost is higher, the degree of control over the goods also increases, giving the company greater decision-making power in certain areas. This is an entry model used by companies with a high degree of international competitiveness, by traditional exporting companies that want to increase their degree of internationalisation or by companies that need to invest abroad to benefit from the cost-effective value chains (440 Industries, 2019; GK Education, 2022)

2.3.2.1. Licensing

This mode of entry is based on a contractual agreement through a transfer of the company's trademark is made to the licensee in exchange for a commission. It is usually used when the barriers to entry are high or there is a lack of resources to use a mode which requires more investment (Saxena, 2019).

This mode allows you to obtain income from the transfer of the brand through canons, royalties, fees for services rendered and income from sales of complementary products (Cateora & Graham, 2014).

One of the drawbacks is that the bad practices of the licensee can seriously affect the global image of the brand. In addition, the licensee could in the future carry out the activity independently; Therefore, it would become a competitor that knows the market in depth, while the company would not obtain information about the market.

2.3.2.2. Franchising

The franchise consists of a contractual agreement through which the right to market the products, use the brand name and the "know-how" is transferred. This mode allows internationalization in a more unifying way than the license since the management and marketing processes are carried out according to what is established by the franchisor (Saxena, 2019).

However, due to this unification, knowledge must be transferred to the franchisee, which it could use in the future to carry out its activity independently, becoming one more competitor. To avoid this possibility, the company could sell directly to the franchise a key element for the manufacture of the final product to avoid giving up the complete knowledge about it.

2.3.3. Hierarchical entry mode

Through these entry modes, internationalisation is internalised. The company acquires greater control over the process, but at the same time assumes greater risks. Consequently, these entry modes are used by companies with a high degree of international experience (440 Industries, 2019).

2.3.3.1. Joint venture

This is a strategic alliance between two or more companies with the objective of collaborating in a common market. This strategic alliance is usually composed of a

company from the target country, which allows the other company to benefit from the local market knowledge of the domestic company (Saxena, 2019). This alliance can be developed through the creation of a new company whose capital is owned by both companies and through a contractual relationship only.

The different cultures between the companies can cause problems in the development of the joint activity. In addition, there is no total control of the activity as it will depend on all the parties that form the new company or have signed the commercial contract (Saxena, 2019).

It is usually between companies with complementary products, companies that want to access the market more quickly because one of the companies already knows the market, or in countries where the law requires that part of the company must be owned by a national entity/person (440 Industries, 2019). Some countries require foreign-owned companies to partner with local firm. This requirement is common in Asiatic countries.

2.3.3.2. Acquisition

It is a mode of entry into the new market whereby the company acquires control of a company present in the target market by purchasing a majority stake in the company. So, the cost of this entry mode is high but the entry into the market is quite fast. In addition, the company will be able to benefit from the infrastructure and know-how of the acquired company (440 Industries, 2019; Saxena, 2019).

However, changes in the company's culture and the way the company operates may be rejected by the employees; therefore, changes need to be introduced progressively (Saxena, 2019).

Acquisition can take place in different ways: acquiring a company with similar products (horizontal), acquiring a supplier or customer company (vertical), acquiring a company in the same market, but with different technology or vice versa (concentric) or acquiring a company without an existing relationship (conglomerate) (440 Industries, 2019)

2.3.3.3. Greenfield Investment

This mode involves the construction of a subsidiary, which makes it a costly option and therefore a high-risk mode of entry. However, that gives the company greater freedom to set its standards. Moreover, it can provide above-average returns in the long run.

Due to the creation of a new establishment in an unfamiliar market, it is necessary to acquire the necessary knowledge and experience to operate properly (Saxena, 2019). Therefore, previous experience in international markets is almost essential.

This method is often used in countries where there may be limits or restrictions on imports or to avoid customs duties. Additionally, greenfield investment is used in countries where labour/commodity costs are very low (Carpenter & Dunung, 2012).

After deciding on the mode of entry to be used, the end customer of the product and possible agents, partners or representatives should be defined. Also, if it is going to be established through a physical establishment, information about this establishment must be detailed.

2.4. INTERNATIONAL MARKETING-MIX

The marketing plan is based on defining the marketing strategies and actions that the company is going to carry out in the new target market. The objective is to know what adaptations will have to be made to satisfy the needs of clients. These adaptations can be made to the product, distribution, price and/or promotion.

2.4.1. Product

It will be necessary to analyse which product will have the greatest potential in the target market in order to find out whether or not the product can be standardised. In addition, it will be necessary to study which adaptations will have to be made, both obligatory (due to the country's regulations) and voluntary (to adapt to the needs of clients).

Furthermore, the external attributes will also have to be analysed, as the adaptation of the label, the container and the packaging will have to comply with the requirements of the country's legislation (Llamazares García-Lomas, 2017).

Branding, warranty and pre- and after-sales service are also elements that differentiate the product. A good brand position will influence sales significantly. Providing a warranty gives to the client an assurance of the quality of the product. This warranty must also meet the legislative requirements of the country. Pre-sales and after-sales service is a very important attribute, especially for foreign products, because clients could prefer to buy national products due to the proximity of the supplier will guarantee them more security (Cateora & Graham, 2014).

2.4.2. Place

The *place* variable refers to distribution. Distribution consists of the planning and development of an efficient system. This system provides the availability of the good at the right time, place and conditions. Distribution not only involves the transport of the good but also the packaging so that it arrives in optimal conditions and the delivery of the product.

This variable is highly relevant in international trade due to the complexity and costs involved (Llamazares García-Lomas, 2017). This is due to the fact that if the product has to be exported to the destination country, customs costs (depending on the Incoterm selected), national and international transport and insurance must be assumed.

In order to carry out this distribution task, there is the possibility of contracting different types of intermediaries to perform this task. However, there is a great variety of intermediaries. They can be distributors, wholesalers, retailers or agents. But distribution can also be done in a direct way where there are no intermediaries, that is, the manufactured goods are sold directly to the final buyer (Sonntang, 2018).

Furthermore, it is not only the intermediaries involved in the distribution process that have to be taken into account, but also how the distribution process is carried out. Distribution can be intensive, selective or exclusive. These three types are ordered from highest to lowest according to the number of establishments in which the marketed product is found. Intensive distribution is when the product is in all possible establishments, and exclusive distribution is when the product is only found in a very limited number of establishments (Peuter-Rutten, 2021).

Additionally, it is important to note that cross-border management is also involved in international logistics. Customs legislation in the countries of origin and destination must be complied with for goods to be transported from one country to another. This involves filling all the documentation and fulfilling conditions required by the corresponding state entity.

Because of all the variations that can succeed during this process, it is very important to define how the distribution is to be carried out in order to subsequently choose the most appropriate channel and the corresponding intermediaries. In addition, customs legislation must be considered in the case of cross-border distribution.

2.4.3. Price

Price is the only variable in the marketing mix that earns revenue and has a major influence on the company's sales targets and its profitability. The price is a variable that is easy for the company to control and can be changed quickly, but a poor price setting can have serious consequences (Cateora & Graham, 2014). Therefore, an analysis of market prices is essential to determine this variable.

In order to carry out this study, elements such as competition, costs and demand must be taken into account. Competition is essential in industrial products since buyers are usually professionals in the sector and have a close knowledge of both national and international supply. Costs do not only include the costs of manufacturing the product, but all the costs incurred until the product is available to the client (transport, customs, establishment abroad, etc.). Additionally, the price must be adapted to the economic and socio-cultural characteristics of the target market (Cateora & Graham, 2014).

In order to fix the price, a price study must be carried out by means of an export price survey. Once the cost price of the product is known, the commercial margin that the company wishes to obtain can be determined and, as a consequence, the final price of the product will be determined. To calculate the export price, different factors must be taken into account, such as the price of raw materials, the price of production, transport and insurance costs, tariffs and customs costs, financial costs related to export, intermediation margins, taxes, etc.

Not only must the selling price and its components be determined, but also how to handle the collection of payments from international clients. The choice of means of payment and payment term will be determined by the risk to be assumed in the transaction. In addition, in countries with a high risk of non-payment or with unsecured customers, it is recommended to have insurance cover in case of unforeseen payment issues (Llamazares García-Lomas, 2017)

2.4.4. Promotion

Promotion is one of the best-known variables of the marketing mix. One of the big differences between whether the buyer is a business or consumer is objectivity. This is because businesses are guided by more quantifiable criteria such as profitability and productivity (Didier, 2019). Therefore, this affects how the company promotes its

products. In the B2B marketing, the number of buyers is smaller, and the market niche is highly segmented, so customer service and product specialization in this niche are essential.

Due to the personalized treatment that must be offered to the customer, the best communication tools are personal sales, attendance at trade fairs and congresses, email marketing to potential buyers, etc. In other words, tools that allow the attraction of customers in a personalised and direct way with the aim of achieving loyal and quality buyers.

2.5. FINANCIAL PLAN

The financial plan has great relevance in the internationalization plan since the viability of that plan depends on it, and therefore, the approval by the General Management of the Company (Llamazares García-Lomas, 2017).

At this stage, the objectives to be achieved must be established. The objectives must be established by meeting certain requirements. Some of these requirements are:

- Geographic delimitation. Objectives must be set for each of the areas to which internationalization is desired.
- Precision. They should not be abstract goals. They must be easily quantifiable objectives so that it is easier to determine whether or not they have been obtained.
- The time. The objectives must determine the period in which they must be met.
- Realism. The setting of the objectives must be based on the analysis carried out previously.

In addition, a sales budget should be drawn up, including the expenses to obtain the necessary sales. Besides, in the international operating account, both the sales budget and expenses will be combined to obtain a forecast of profits or losses for each year of the internationalization plan.

2.6. IMPLEMENTATION AND CONTROL

The internationalization process does not end with the penetration of the new market, but this access to the new market must have as its objective the establishment in the medium/long term in the country. For all these reasons, it is necessary to control how the activity is carried out in order to be able to act as quickly as possible if unforeseen events arise. Because those issues could put business stability in the foreign country at risk.

The implementation of Key Performance Indicators (KPIs) allows us to know if the business is in a proper way. It is necessary to know the vital management metrics in order to implement adequate KPIs (Marr, 2012). This control is not only necessary to know how the business activity is developing in the new market, but also to guarantee the uniformity of the company.

3. MIGUÉLEZ SL

Miguélez SL is a company from Leon (Spain) founded in 1951. Its main activity is based on the manufacture of low voltage electrical cable. However, it has other business areas such as "*Miguélez seating*" (for the production of furniture) and "*Miguélez Confección*" (focused on the production of work uniforms).

Figure 3.1. *Miguélez's logo*



Source: Miguélez Cables, 2022

Currently, *Miguélez SL* is committed to centralised manufacturing at its headquarters in Trobajo del Camino (Leon). However, this company decided to create a logistics centre in Villadangos del Páramo (17 kilometres away from its production plant) with the aim of speeding up delivery times. With this logistics centre, it can have a permanent stock of products with a higher turnover rate (Miguélez, 2022).

Due to the technicality of the cables, the company must be subject to compliance with quality standards such as the IEC (International Electrotechnical Commission). But the firm must not only comply with international standards related to the product, but it must also know the regulations of each country since this is very specific and compliance with it is mandatory to be able to market the products.

For all these reasons, the firm must have different certifications or approvals to be able to market the product. Its products are certified by entities such as AENOR (*Asociación Española de Normalización y Certificación*). However, due to its international expansion, products must also meet the requirements of the countries where they are marketed. For that reason, certain certifications must also be obtained to be admitted in the destination country. *Miguélez* has specific certificates in different countries such as France (*Laboratoire Central Industries Electriques -LCIE-*), Portugal (*CERTIF: Associação para a Certificação*), United States (*Underwriter Laboratories -UL-*) or Chile (*Centro de Estudios, medición y certificación de Calidad -CESMEC-*).

Due to the search for excellence in the logistics area, *Miguélez Cables* has decided to establish different national delegations in order to guarantee a fast delivery of its international orders. Thanks to this investment, *Miguélez* has achieved a stable presence in eight countries located both on the European and American continents.

Figure 3.2. Countries where Miguélez SL is present



Source: Own elaboration

3.1. INTERNATIONALIZATION PROCESS OF MIGUELEZ SL

As it is mentioned before, its business activity is not only concentrated in the national territory. Miguélez has decided to set up different commercial delegations in several European and American countries in order to increase its international client base.

Before the process of internationalisation began, *Miguélez SL* had a high dependence on domestic demand. In addition, this decision to penetrate new markets was motivated by the saturation of the national market. National growth expectations in the late 1980s were low due to the presence of other competitors. Moreover, Miguélez already had a portfolio of stable clients throughout the Spanish territory. Other competitors had also decided to start the internationalization process due to similar reasons (Lombó Álvarez, 2022).

Also, the price of copper during the 1980s was falling due to technological improvements in extraction and the copper's oversupply (Pistilli, 2021). Therefore, the acquisition cost of this raw material was lower, thus allowing the product to be marketed at lower prices or to obtain a higher profit margin.

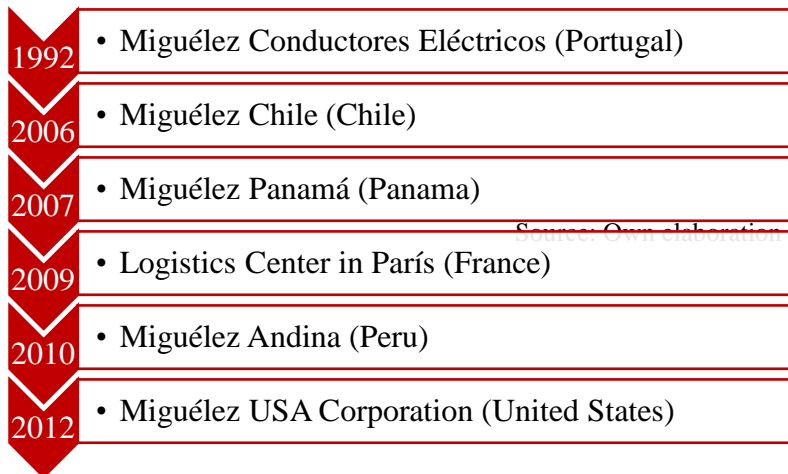
Graph 3.1. Evolution of copper price (1980-2000)



Source: Own elaboration based on data from Datosmacro.com (2022)

It was therefore decided to begin the internationalisation process by concentrating on nearby countries such as Portugal and France. For all these reasons, in 1992 it was decided to establish its first commercial delegation in Portugal.

Figure 3.3. Internationalization process of Miguélez SL



Source: Own elaboration

The second phase of the internationalisation process took place at the beginning of the 21st century. In this stage, the countries selected were Spanish-speaking countries in order to eliminate the language barrier. Therefore, the creation of international commercial delegations was concentrated in Latin America (Chile, Panama and Peru). Additionally,

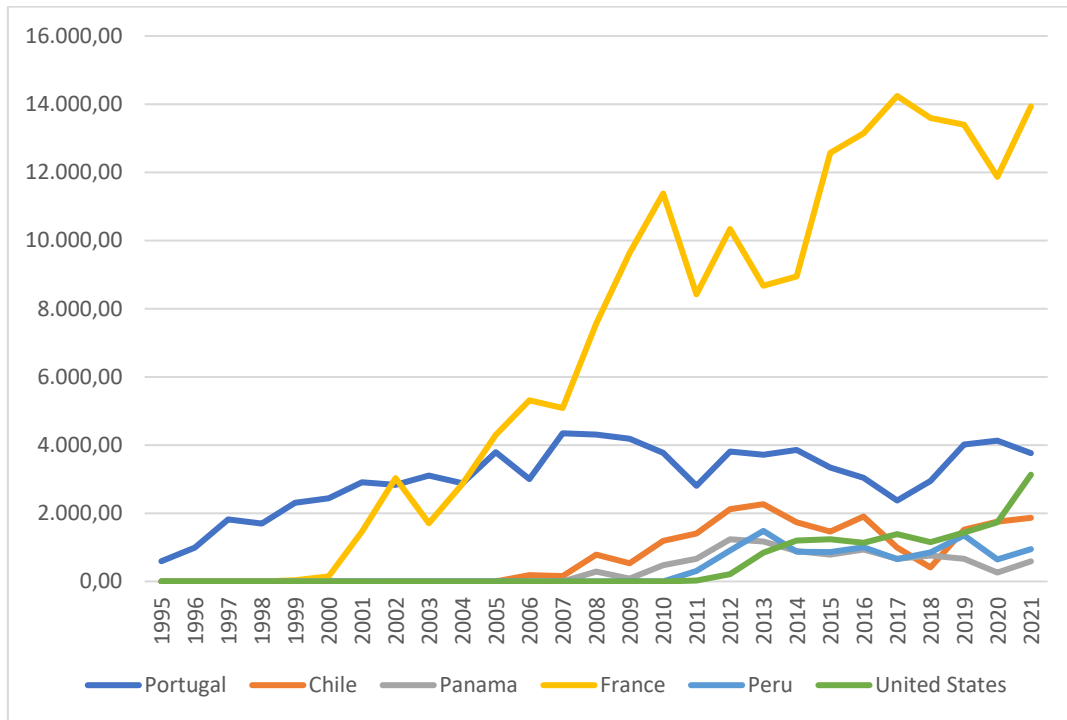
it was decided to establish a logistics centre in Paris due to the large volumes of exports to France.

The decision to enter in the US market in 2012 was driven by two factors: previous orders and the boom in new technologies. In the year prior to the creation of a commercial delegation in Miami, *Miguélez* had already had to send containers to the country due to orders that had been placed, so the company already knew that it had buyers in that country. In addition, the boom in new technologies in the North American country led to the demand for the creation of different infrastructures to provide the energy necessary to use them.

Related to the entry mode in short, *Miguélez* has decided to establish itself in most countries through commercial delegations, except in the Dominican Republic and France. Thanks to the establishment of different business delegations, the firm has been able to establish direct contact with clients but managing collections and billing from the headquarter in Spain.

The French market has a huge importance in the company's sales, but there is no commercial delegation in the country. During the access process to this country, it was decided that commercial relations would be delegated to the headquarters in Spain due to tax issues. However, *Miguélez* decided to establish a logistics centre in Paris in order to be able to supply its buyers in that area more rapidly (Lombó Álvarez, 2022). In addition, one of the largest clients in this market is an important company specializing in the retail sale of DIY products. This customer is supplied from the logistics centre in Leon, so a large part of French sales is supplied from Spain. In addition, the headquarter also handles large volume orders from French customers.

In the Dominican Republic, there is a commercial agent who is in charge of acting as an intermediary between the clients and the company. This commercial is also a distributor of other brands, so it does not have exclusivity with *Miguélez*. That decision was promoted by the low volume of sales in this country.

Graph 3.2: Volumen of Miguélez exports (in tons)³

Source: DataComex, 2022

As can be seen in the graph, the company's main international market is France. Besides, a fact to highlight is the important growth of exports to the United States in recent years.

Thanks to the international framework created both in Europe and in America, the company has managed to alleviate national dependence. This is because, according to Miguélez SL (2022), 55% of the operations carried out in 2020 were abroad. Hence, after three decades of international operations, it could be said that the objective for which it began to increase its presence abroad has been fulfilled.

³ The data obtained are from exports of heading 8544 “Insulated (whether or not enamelled or anodised) wire, 'incl. coaxial cable' and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors”. coaxial cable' and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors) in the province of León. It has been decided to attribute this figure to the company Miguélez as it is the only company producing this product in the province.

4. CASE STUDY: INTERNATIONALIZATION PLAN OF MIGUÉLEZ SL

4.1. INTERNATIONALIZATION DIAGNOSIS

4.1.1. Miguélez SL and its products

Miguélez SL is a Spanish company dedicated to the production of low voltage cables. Due to the high investment in equipment, manufacturing is concentrated in its main headquarter in Leon (Spain). Subsequently, the production is sent from its new logistics centre (located 20km from the factory) to the different delegations or clients.

Miguélez is characterized by being a company with 4295 types of low-voltage cable, adapting to the needs of its customers and the markets in which it operates, as the regulation of this product is demanding (Miguélez, 2022).

Due to the safety and quality controls to which this product is subject, the firm must have a detailed knowledge of the regulations of the countries where it markets its products. This is because it is obliged to comply with these requirements in order to avoid being denied entry and commercialised of its products.

Miguélez is a company with a large experience in internationalisation. This is due to its 30 years of activity abroad both in Europe and in America. France, Portugal, Chile, Peru, Panama, the United States and the Dominican Republic are the foreign countries where *Miguélez* is present. Even though *Miguélez SL* is internationalized mainly through the creation of commercial delegations, there are some exceptions. In France there is no commercial delegation since these tasks are delegated to the company's headquarter in Spain, but there is a logistics centre in Paris. In the Dominican Republic, its presence is reduced to a commercial distributor in the country due to the small size of the market.

A relevant fact for international operations is that *Miguélez* is registered as an Authorised Exporter, so in order to prove the origin of the goods, it is only necessary to make an invoice declaration, without the need for customs to issue an accreditation certificate (Guía Sobre Los Exportadores Autorizados, 2022).

4.1.2. Internal and external analysis

In order to identify the strengths and weaknesses of the company, a SWOT analysis will be carried out to identify the strengths and opportunities from which the company can benefit both in its national and international operations. In addition, it will be possible to determine those key negative points in order to eliminate them or mitigate their consequences.

4.1.2.1. Strengths

The strengths are those qualities that the company has. The following are the positive internal factors that *Miguélez Cables* owns.

The reduction in delivery times has been the consequence of the large investment made in the creation of different delegations throughout the Spanish territory and in the different countries where it operates. This strength is a characteristic that stands out from the own company. Being able to supply the merchandise to the customer in the shortest time possible is an advantage that can set it apart from its competitors.

Additionally, *Miguélez* has a great variety of products which are tailored to the needs of the different markets and clients. To manage the 4,000 references that the company has, *Miguélez* has had to invest in inventory management in order to optimize search time and storage space. For this reason, it has implemented two automated storage systems to efficiently store the pallets. This investment has given rise to the possibility of storing up to 6,504 pallets in an automated mode. (Mecalux, 2022).

Miguélez has 30 years of history in international markets, so there is knowledge about penetrating new markets. This allows the use of riskier entry modes to the new market than if it were a company whose sales were only in the domestic market.

The creation of various patented products provides the ability to offer a unique product to clients. The patented products have been developed thanks to the company's commitment to research and innovation (*Miguélez*, 2022). These patents can be a competitive advantage both in the markets in which it is already present and in markets that it decides to enter in the future.

Due to the high costs involved in the manufacture of the different cables and the large investment in machinery required, the centralisation of their manufacture allows to benefit from economies of scope. This allows that manufacturing costs are optimized

since there are references whose only distinction is the colour of the cable's plastic coating (regulatory requirements), hence the manufacture of this type of reference in the same centre optimizes manufacturing times and costs.

4.1.2.2. Weaknesses

These are negative factors that the company has within its own organisation. Identifying these weaknesses allows the company to take action to eliminate or reduce them, thus avoiding serious consequences for the firm.

Low voltage cable is a very specific and technical product. Moreover, the potential buyers for this product are companies whose business activity consists of carrying out electrical installations, as specific formation is required for the use of this product. Because of this, the market segment is quite small for two reasons: it is not a consumer product, and its installation requires a very specific training.

The cable manufactured by *Miguélez* is a product that requires a great degree of adaptation in each market in which it is commercialised, and this is due to the strict legislation that regulates it. Furthermore, the cables are certified by the different national entities in order to give customers confidence in the safety of the product. These adaptations, even if it is just changing the colour of the cable sheathing, entail an additional cost for the enterprise.

The machinery for the manufacture of this product requires a high investment due to its elevated costs. Therefore, the concentration of production is a necessity in order to obtain a lower production cost. This causes that the logistics cost increases due to the fact that the merchandise produced in Leon must be transported to different parts of the world.

Because of the wide variety of cables, it is necessary to have large warehouses where the different products can be stored. In addition, stock management must be exhaustive since there are more than 4,000 different references. Therefore, investment in stock control becomes a necessity.

4.1.2.3. Opportunities

Opportunities are those external factors that positively affect the company's activity. Knowing these opportunities related to the cable sector allows *Miguélez SL* to benefit from them.

The increase in the energy's demand has been caused by the growth in population and the rise of new technologies. New electricity transmission lines are being built to satisfy this demand. One of the main materials for the construction of these lines is copper cables. (Fortune Business Insights, 2020).

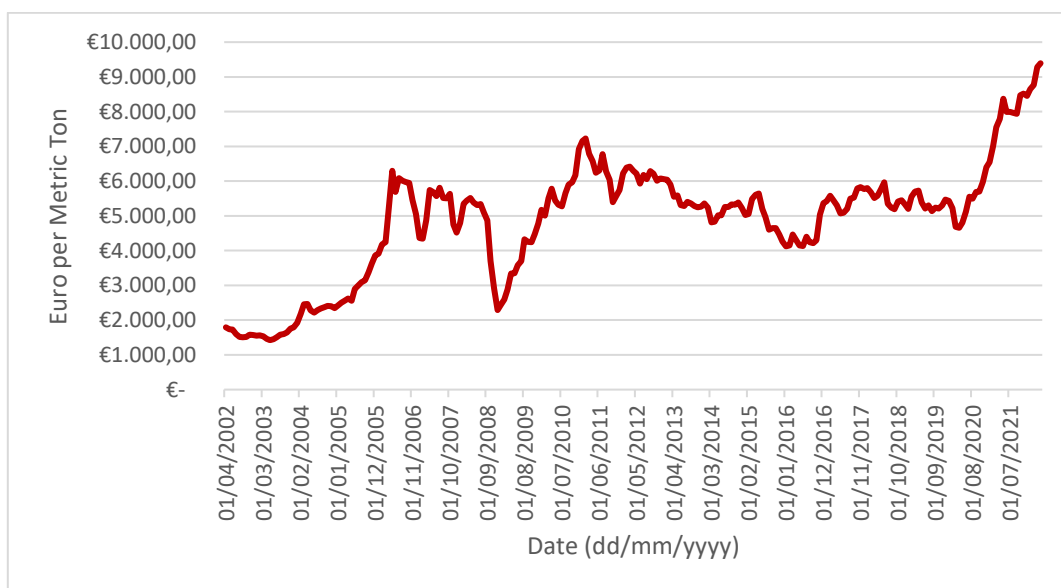
The daily use of the internet and the concern to improve the quality of the internet is an opportunity for the sector. Since cables are needed for its installation (Fortune Business Insights, 2020). Additionally, the ongoing transition from non-renewable to renewable energy requires the construction of new infrastructure in which cables are needed to transmit the electricity produced. The rise of electric vehicles is also an opportunity for this sector as not only is there demand from manufactures of this product, but cables are also needed for the construction of charging stations for these vehicles. (Material Eléctrico, 2021).

4.1.2.4. Threats

These are the external negative forces that *Miguélez* has to face because these factors affect its industry or society in general. Knowing about these threats allows the company to act to try to minimise their impact on the business.

The increase in the price of raw materials has led to an increase in the manufacturing costs of the industries. The main raw material used in the manufacture of *Miguélez* cables (copper) has become much more expensive in the last two decades.

Graph 4.1: Evolution of the copper price (2002-2022)



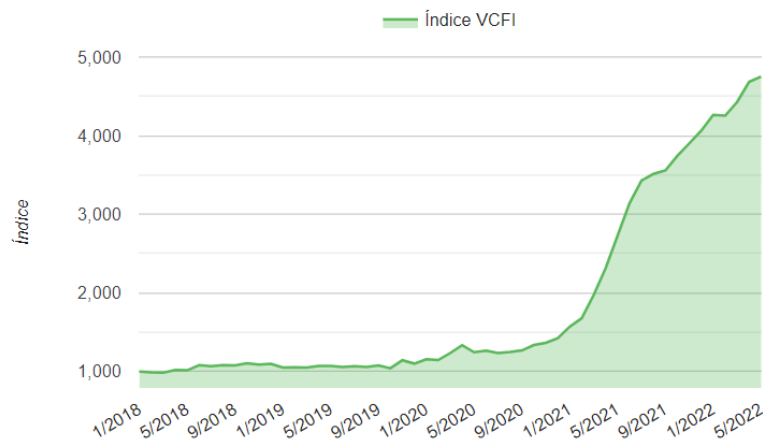
Source: Own elaboration based on data from IndexMundi (2022)

As it can be seen in the graph, in the last two decades the price of copper has been quadrupled, about a 423% increase (IndexMundi, 2022). This price's increase is due to the high demand of raw materials led by China and the United States. This high demand is caused by the commitment to rebuild the infrastructure of their countries. Plastic (from oil) has also been immersed in the increase in the prices of raw materials (García Muñoz, 2021). Plastic is another essential component in the manufacture of the cable since it covers the copper.

All this means an increase in costs, so in the terms of sale the company reserves a clause specifying that the seller may increase the price of the offer if a confirmation is not received within seven days. Even in countries like Spain, Portugal or Peru, *Miguelé* can modified the price indicated in the confirmation if the price of copper increases by more than 5% (Miguelé cables, 2021). Therefore, this increase in the price of copper is directly reflected in the final price.

Due to congestion in the shipping industry, shipping prices have skyrocketed in recent years. The high demand for these services has caused a shortage of both containers and personnel. This has caused that carriers demand higher wages and container rentals have also risen due to high demand. In addition, the increase in the price of oil is one of the main causes since both ships and trucks use this raw material as fuel, which makes shipping more expensive. These three factors have caused transport costs to skyrocket (Beaumont-Smith, 2021; Freightos, 2022). According to the Valencia Containerised Freight Index (2022), the price of container shipping has increased by more than 350% since January 2018.

Graph 4.2: Valencia Containerised Freight Index (2018-2022)



Source: ValenciaPort (2022)

This directly affects *Miguélez's* business activity, because one of its hallmarks is logistics. This has been a key point for the company as from its headquarter has to supply the different delegations (both in Europe and America) and send the merchandise to its buyers.

Another threat faced by *Miguélez* is fibre optic cables, as fibre is more efficient and consumes less energy than copper cables. As a result, telephone companies are replacing their copper cable networks with fibre optic cables (Muñoz, 2021). This leads to a decrease in demand in countries where there is a high degree of development and a high demand for a fast internet connection. Companies such as Telefónica have already decided to sell their existing copper cable network in Spain in order to avoid having to make a large investment in upgrading this obsolete copper cable network to fibre optic cables. (Bayón & Martín Simón, 2022)

4.1.3. Competitors

Analysing the main competitors of *Miguélez SL*, can be a source of knowledge. This is because you can analyse their competitive advantages or know their weak points. This will allow *Miguélez* to act with a better vision of the market.

4.1.3.1. Exporting companies in Spain

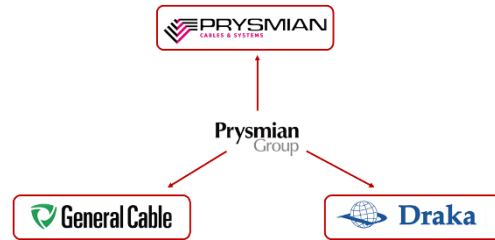
It will be based on the Cesce ranking (2022) to find out which Spanish cable production companies have exported the most. The companies at the top of the ranking will be analysed, as these companies will be competitors of *Miguélez SL*. The latest ranking published by the entity is of the exporting cable producers in 2020.

This ranking is based on data obtained from the Informa D&B S.A.U. database, which uses as sources “*BORME (Boletín Oficial del Registro Mercantil), Depósitos de Cuentas Oficiales, BOE (Boletín Oficial del Estado), Boletines Oficiales Provinciales y de CC.AA., Prensa nacional y regional, Investigaciones ad hoc y Publicaciones Diversas*” (Cesce, 2022).

This year, *Miguélez* had a turnover of €172,844,000 abroad. This places *Miguélez* in third place in the ranking, with exports accounting for 53% of the company's total turnover.

In the top positions are Prysmian Cables Spain SA and Grupo General Cable Sistemas SL. Due to the acquisition of General Cable by the Prysmian Group in 2018, it could be said that the top positions belong to the Prysmian Group. Their total foreign turnover amounts to €665,961,000, of which €246,290,000 belongs to General Cable (Cesce, 2022).

Figure 4.1. Prysmian Group



Source: Own elaboration

Prysmian was a company created by the Italian Pirelli group. It started its internationalisation

in 1902 by acquiring different companies. In 2007 it managed to leave the group after buying 46% of the company's shares. Then, in 2011, Prysmian merged with the Draka brand to consolidate its position as a world leader in the cable sector. And subsequently acquired General Cable (Prysmian Group, 2022).

The US company General Cable established itself in Spain in the 1950s. As a growth strategy, General Cable merged with other national manufacturers in 1988, and two years later it entered the Portuguese market. Subsequently, it acquired a French manufacturing company to increase its presence in Europe (Prysmian Group, 2022; Rosique, 2014).

General Cable is active in the production of low and medium voltage and telecom cables. Prysmian, however, focuses only on the production of low and medium voltage cables. As these two brands belong to the Prysmian group, the presence abroad is immense. They are currently present in more than 50 countries with 112 production sites on five continents. This results in the Prysmian Group being the world leader in the cable industry (Prysmian Group, 2022).

It could therefore be argued that both Prysmian and General Cable have used mergers and acquisitions as a strategy for growth and access to new markets.

In fourth place in the Cesce ranking (2022) is the company Acebsa (€137,524,061 in export turnover). Acebsa manufactures copper, aluminium and insulation cables. Its internationalisation process has been based on the creation of commercial offices in different European countries in order to have more direct contact with international customers. However, its only distribution centre is located at its headquarters in Gerona

(Acebsa, 2022). Its main international market is Europe with France, Italy, Germany and Belgium being the main buyers (DataComex, 2021).

4.1.3.2. *International competitors*

In the following paragraphs, some of the world's leading cable manufacturers will be briefly analysed to understand how they are accessing new markets and their business model.

➤ *Nexans*

Nexans is a French cable manufacturing company. *Société Française des Câbles Électriques* (1987) was acquired by *Alcatel*. Then, *Alcatel* created a subdivision called *Alcatel Câbles* which in 2000 became independent. *Nexans* is one of the largest producers in the industry. Today, *Nexans* produces in 38 countries around the world (Nexans, 2022). Its way of entering the different countries has been by acquiring national companies. In most countries it decided to acquire national companies by adding "Nexans" to its original name (Nexans AmerCable, Madeco by Nexans, Olex: A Nexans company, Liban Cables: A Nexans company). This strategy also benefits to the acquired company because it gains the prestige of being owned by one of the most important manufacturing companies in the sector. However, in China it also decided to enter the market by acquiring a domestic company (阳谷电□集团) but without changing its original name due to the national entity in this Asian country is very important.

➤ *Leoni*

Leoni is a German cable manufacturer, which was founded in 1917. It is currently operating in 28 countries. Its internationalisation process began in the 1970s with the creation of subsidiaries and sales offices due to its lack of experience in the international area.

Later, in 1990, *Leoni* opted for more risky entry methods, but allowing greater control of the company abroad, such as the acquisition of national companies in Italy, the United Kingdom or Belgium. Thus, it could control the facilities and customers of the acquired company. Due to Asian countries often require that one of the partners have to be a national company/person, *Leoni* entered in Singapore and South Korea through joint ventures. However, in subsequent years, *Leoni*

acquired the shares of its foreign partners in order to own the entire company (Leoni, 2022).

Leoni has also internationalised by setting up production plants in countries such as Hungary, Portugal and South Africa (Leoni, 2022). This is due to low labour costs. Additionally, in 1994, Leoni set up a production plant in the United States to satisfy the growing demand in the United States, having established a subsidiary there five years earlier.

➤ *NKT cables*

It is a Danish company which manufactures copper cables of different voltages (high, medium and low) (NKT, 2022b). The company's production is located in the Northern European area, although it also has sales offices in 14 European countries. Its main international markets are Germany and Sweden, countries bordering its headquarter (NKT, 2022a)

➤ *Southwire*

Southwire is a US company that manufactures cable and installation complements. After more than 50 years supplying the national market, in 2006 it decided to create an office in Canada with the aim of expanding its portfolio of buyers (Southwire, 2022). Likewise, in 2017, *Southwire* allied with *Electrocable* (an Ecuadorian company) in order to access the Latin American market more easily, as *Electrocable* exported to different Latin American countries (ElectroCable, 2022).

4.2. SELECTION OF THE TARGET COUNTRY

4.2.1. Selection of preferred geographical areas

In order to choose the preferential geographical areas, different factors will be taken into account such as the internationalisation process previously followed by *Miguélez*, the current demand of the manufactured product by the company or the access barriers to the countries in the chosen areas. Three possible areas where *Miguélez* could penetrate will be established:

➤ South America:

Miguélez is already present in different countries of this geographical area (Chile, Peru, Panama and Dominican Republic). It decided to access them due to the fact that the language barrier was non-existent.

In addition, in recent years, the increase in demand of internet has led to an increase in investment in the necessary infrastructure to provide this service. As a result, the demand for copper cables has also increased, as they are necessary to transport the electricity. In addition, in developing countries, copper cables are often used to provide these services due to they are cheaper than fibre optic cables (Jadhav & Mutreja, 2018).

Likewise, due to the *Miguelélez*'s network of commercial delegations in this area, it is possible to self-support each other in case of stock shortages. The transport time for an urgent order between the American delegations is shorter than sending it directly from the head office.

➤ Western Europe:

The creation of new sustainable infrastructures and renewable energies has led to an increased demand for cables, e.g., wind and solar farm constructions.

In addition, there are countries with a high international dependence on copper cables, such as Italy (The Observatory of Economic Complexity, 2022).

Miguelélez used proximity as a determining factor in its initial internationalisation process (Lombó Álvarez, 2022). This is due to the centralisation of its production, as it is necessary to transport all the goods produced in León (Spain) to the different national and international buyers. Therefore, transport costs between neighbouring countries are normally lower than between countries with greater distances.

According to a report by Arthur D. Little (2021), a major drawback of this geographical area is the plans of some countries in the region to progressively change the network from copper cables to fibre optic cables. Although fibre cables are more expensive, they allow for greater efficiency in energy transport. Thus, most Western and Nordic countries in Europe have concrete plans to switch from copper by 2030; others only have plans to reduce their use such as Portugal or the Netherlands.

➤ North Africa:

Currently, North Africa's emerging economies are booming. This progress is linked to the development of new technologies and the construction of new infrastructures. This means that there is a potential demand for copper cables to build the necessary infrastructures to satisfy the needs of its inhabitants.

In addition, due to the boom in renewable energies and the great potential of this continent to generate them, cables are needed to transport the energy produced (International Renewable Energy Agency, 2022). Furthermore, the importance of green energy has increased in Africa due to the EU green deal. Therefore, the cable sector is becoming increasingly important as the European continent is expected to be supplied with renewable energy produced in Africa (Hook, 2021).

4.2.2. Market selection

In order to be able to assess which market is appropriate for *Miguélez* to access, both general and specific criteria for the cable sector will be determined and analysed to the different countries in the previously chosen preferential geographical areas. These criteria will not have the same importance as each other. For that reason, they will be weighted from 1 to 5 according to the importance that they have in the internationalisation process of *Miguélez*, with 1 being of little importance and 5 being very important. The criteria used will be:

- The economic situation of the country. To quantitatively assess this criterion, the growth rate of the country analysed will be used. A stable or growing economic situation provides security for the future of business with that country (Appendix I). In addition, investment in infrastructure is made in periods of prosperity. Therefore, the weighting coefficient for this criterion will be 2.

To know the evolution of the last years, the growth rate of 2020 in relation to 2010 of each country will be taken. To calculate this rate, GDP data at constant 2010 prices have been used. The assessment of this criterion will be as follows:

Figure 4.2. Criterion score: Economic situation of the country

Score	Growth rate in 2020 (compared to 2010)
1	< 0%
2	0% - 9.99%
3	10% - 19.99%
4	20% - 30%
5	>30%

Source: Own elaboration

- The country's imports of copper cables. Thanks to the analysis of these imports, it will be possible to observe the foreign dependence on this good (Appendix II). Due to the importance of this criterion, the weighted coefficient will be 3, since this dependence represents a business opportunity for the company. The volume of copper cable imports in 2020 will be used for this analysis. The assessment of this criterion will be as follows:

Figure 4.3. Criterion score: Country's imports of copper cables

Score	Imports' volumen (in kg)
1	< 10,000,000 kg
2	10,000,000kg – 14,999,999 kg
3	15,000,000kg – 24,999,999 kg
4	25,000,000kg – 35,000,000 kg
5	> 35,000,000 kg

Source: Own elaboration

- The imports' growth of the product. This provides an indication of the trend in the destination country's foreign purchases of the product (Appendix II). If the growth is positive, it means that the volume of copper cable imports is increasing, which is an opportunity for the exporting company. Therefore, this criterion will have a weighting coefficient of 4.

To quantitatively assess this criterion, the growth rate of copper cable imports over the last 10 years will be taken into account, i.e., imports in 2020 compared to imports in 2010. The assessment of this criterion will be as follows:

Figure 4.4. Criterion score: Growth of imports of copper cables

Score	Growth rate of copper cable imports
1	< 0%
2	0% - 24.99%
3	25% - 49.99%
4	50% - 100%
5	> 100%

Source: Own elaboration

- Risk assessment. This criterion is important when doing international business since, if the risk is high, payment instruments with higher risk coverage should be used. These instruments will require an additional cost for the company, but greater security. In addition, if a country has a low level, *Miguélez* will assume a lower risk in accessing the country. Since these risks can be hedged with different hedging instruments, a coefficient of 1 will be given to this criterion. To assess this criterion, the study conducted by COFACE (2022) about risk assessment will be taken into account:

Figure 4.5. Criterion score: Risk assessment

Score	COFACE's criteria
1	D-E
2	C
3	B
4	A3-A4
5	A1-A2

Source: Own elaboration

- Copper cable customs tariffs. Production is centralised in León (Spain) because of the large investment in machinery required to produce copper cables. Therefore, it is very likely that an entry mode requiring the export of the product will be chosen. This results in the tariffs to be paid taking on great importance for the company, because the customs tariff will be reflected in the final selling price. This can lead to an uncompetitive price increase. Due to the relevance of this criterion, the weighted coefficient will be 5.

The assessment of this criterion will be as follows:

Figure 4.6. Criterion score: Customs tariff

Score	Customs tariff
1	>15%
2	10% - 15%
3	5% - 9.99%
4	0.01% - 4.99%
5	0%

Source: Own elaboration

- Non-customs barriers. Copper cables are highly regulated due to the technical nature of the product. For this reason, this product must comply with both quality standards and product form. Due to the quality standards that must be met, each country requires the product to have a certain type of approval. Also, there are countries where certification is almost compulsory for buyers to trust the product. As far as the product form is concerned, it is very important to know which cables are used in each country. Since there are cables whose interior is the same, but the colour of the covering is different, and in each country the regulations require certain colours.

Likewise, If the language of the destination country is different, there will be a cost in changing the language of the label. It will also be necessary to adapt to the measurements used by the country (metres or feet), and to the sales formats (25 metres, 200 metres, 1000 metres, etc.). In addition, for more specific products, such as bare copper (*terranax*), there are countries where it is sold in units of measurement and others in units of weight.

Compliance with legislation and adaptation to market needs is an additional cost for the company, and therefore the coefficient given to this criterion is 4.

Figure 4.7. Criterion score: non-customs barriers

Score	Legislation's requirements
1	Approval + certification + high product's adaptation
2	Approval + certification + medium product's adaptation
3	Approval + certification + low product's adaptation
4	Approval + certification
5	Approval

Source: Own elaboration

- Transport. Due to the centralisation of production, it is very likely that a mode of entry will be chosen that requires cross-border transport of the good. Therefore, the costs of both land and sea transport are of great importance, so the coefficient for assessing this criterion will be 4.

Figure 4.8. Criterion score: Transport costs

Score	Prices
1	> 4000€
2	3000€ - 4000€
3	2000€ - 3000€
4	1000€ - 1999€
5	> 1000€

Source: Own elaboration

- Creation of new infrastructures. For the construction of these infrastructures, cables are necessary as they are the ones that transmit electricity. Therefore, a country with a tendency to build new electricity grids or with a boom in the real estate sector will be preferable to a country where the creation of new infrastructure is stagnant. It is also necessary to consider the plans for the elimination/reduction of copper cables that exist in some developed countries like in some EU countries, since the demand in those countries is going to be reduced (Taga, 2021). Due to it is directly related to the national demand for the good produced by Miguélez, this criterion will be weighted with 3

Figure 4.9. Criterion score: Plans against and in favour of copper cables

Score	Potential demand of copper cables
1	Plans to eliminate network of copper cables
2	Plans to reduce network of copper cables
3	No plans against copper cables and no noticeable construction of new infrastructure
4	Construction of some new infrastructures
5	Construction of many new infrastructures

Source: Own elaboration

4.2.2.1. Western Europe

4.2.2.1.1. Italy

➤ Economic situation

According to World Bank data (2022), the GDP in 2020 at constant 2010 prices was US\$ 1,745,433,754,327.97, while the GDP in 2010 was US\$ 1.900,325,748,105.62. Thus, Italy has suffered a decrease of 8.87% in the last 10 years.

➤ Imports of copper cables

According to the Comtrade database (2022), Italian imports of cables in 2020 were 38,811,435 kg. Therefore, the score assigned to this criterion is 4. Furthermore, it can be observed that the Spanish market share is 6.57% (Italy having imported more than 2,500 tonnes of Spanish copper cables).

➤ Imports' growth of copper cables

Imports of copper cables in Italy have increased by almost 15% in the last 10 years (United Nations, 2022). This results in a score of 2 due to the low increased during these last years.

➤ Risk assessment

According to COFACE (2022), Italy is a country with a risk assessment of A4, in other words, the risk for doing business in that country is reasonable.

➤ Customs tariff

As Italy belongs to the European Union, like Spain, there is a free movement of goods without restrictions. Therefore, the tariff to be paid is 0 (World Trade Organisation, 2022).

➤ Legislation

Because of Italy is a member of the EU, it has to comply with the regulations and directives that the European Union creates, as well as the other member countries. An example of a regulation it has to comply with is the EU Regulation (305/2011) on the fire's reaction of copper cables.

In order to be able to market within the country, the requirements of the UNI (Italian Organization for standardization) must be met. For that reason, the products of *Miguélez SL* have to be homologated. This homologation will be necessary to be able to market the product in this country.

All the labels of the products sent to the country will also have to be adapted, as they will have to be in Italian. As far as measurements are concerned, no

adaptations will be necessary, as we use metres and kilograms as units of measurement (Certifico, 2022).

➤ Transportation

Regarding transport, the optimal route would be by road transport from the logistics centre in Villadangos (León, Spain) to the destination. Assuming a transport route, Villadangos - Rome, the cost would be €2,093.7 per FTL⁴. This figure has been calculated through a transport company, Eurosender, (2022), which estimates the cost to be €1.05 per kilometre.

➤ Creation of new infrastructures

In Italy there are plans to reduce the use of copper cables by 2030 (Taga, 2021). This is because the government want to prioritise the use of fibre optic cables over copper cables. However, in Italy the plan is to reduce their use, not to eliminate them.

4.2.2.1.2. Norway

➤ Economic situation

The Norwegian GDP in 2020 increased by 12.25% compared to 2010, the GDP in 2010 being US\$ 354,111,728,841.58 and the GDP in 2020 being US\$ 403.552.919.293,17 (World Bank, 2022).

➤ Imports of copper cable

Imports of cables from Norway in 2020 amounted to 35,593,639 kg, resulting in a score of 3. As in Italy, Spain has a market share of 4.29%, with 1,525,897 kg being imported from Spain in 2020 (United Nations, 2022).

➤ Import's growth of copper cables

The growth of Norwegian imports of copper cables has been similar to the Italian growth. The increased has been 14.90% (United Nations, 2022).

➤ Risk assessment

Norway is the country with the lowest risk assessment of those analysed. Its assessment is A1. Therefore, the risk is very low (COFACE, 2022).

➤ Customs tariff

⁴ Full Truck Load

The tariffs to be paid for exporting goods to Norway from Spain are 0 due to the EEA⁵ agreement between EFTA and the EU (World Trade Organisation, 2022).

➤ Legislation

The cables marketed in this Nordic country must comply with the regulations in force. Furthermore, as Miguélez occasionally exports to this country, it can be assumed that the goods already comply with the requirements.

➤ Transportation

The lowest cost route would be to ship a container from Vigo to Oslo. Assuming that the container is 40FT, the cost would be € 2,491.11 (IContainers, 2022) . In addition, it would have to add the cost of transport to the port of Vigo, which would be about € 424.20 (Eurosender, 2022). This sums a total cost of €2,915.31 to transport a container from León to Oslo.

➤ Creation of new infrastructures

Norway is a country with very concrete plans to eliminate the use of copper cables by 2030. To replace these copper cables, fibre optic cables will be used (Taga, 2021).

4.2.2.1.3. Ireland

➤ Economic situation

Ireland has suffered the highest GDP growth as the Irish GDP in 2010 was US\$ 209,457,102,131.55 , and in 2020 it rose to US\$ 392,534,844,061.954. This results in an economic growth of 46.64% (World Bank, 2022).

➤ Imports of copper cables

Ireland imported 27,662,459 kg of copper cables in 2020, being the country with the lowest imports of this product of the European analysed countries (United Nations, 2022). Therefore, the score for this criterion is 2. Moreover, the Spanish market share is significantly lower than in other countries (1.97%).

➤ Growth of cables' imports

Ireland has been the European analysed country with the highest growth since 2010. Imports of copper cables have increased by almost 80% (United Nations, 2022).

⁵ European Economic Area is an agreement whereby the EFTA countries (Norway, Iceland, Liechtenstein and Switzerland) accept European legislation and contribute to the EU budget. As a result, these countries have free access to the EU common market.

➤ Risk assessment

Ireland has a low risk rating since COFACE (2022) has given it a level A4, in other words, the existing risk is reasonable.

➤ Customs tariff

As Ireland is a member of the European Union, like Spain, customs tariff is zero, as the main objective of EU is the free movement of people, goods, services and capital (World Trade Organisation, 2022).

➤ Legislation

Ireland must comply with EU regulations and directives. Therefore, there is a high degree of similarity between the legislation of the different EU member states.

In addition, *Miguélez* must comply with the requirements of the National Standards Authority of Ireland (NSAI) for approving the products that *Miguélez* wishes to market.

In addition, the change of language has to be taken into account, as is the case with Norway and Italy. However, it is not necessary to change currency as the Irish currency is the Euro.

➤ Transportation

The goods will be transported both by land and by sea. From the logistics centre in Villadangos to the port of Valencia, the goods will be transported by land. According to company Eurosender (2022), this will cost €749.70. In addition, moving the 40FT container from the port of Valencia to the port of Dublin would cost €1,896 (IContainers, 2022). Therefore, the total cost of transport would amount to €2,645.70.

➤ Creation of new infrastructures

As in Norway, there are plans to replace copper cables with fibre optic cables by 2030 (Taga, 2021).

4.2.2.2. *North Africa*

4.2.2.2.1. *Morocco*

➤ Economic situation

Due to the growth experienced by the Moroccan economy in the last 10 years, the growth rate has been 21.32% (World Bank, 2022). This 21.32% is the result of calculating the growth rate with the data of the GDP of 2010 (US\$ 83,183,640,110.59) and the GDP of 2020 (US\$ 105,726,171,616.04).

- Imports of copper cables

Morocco imported more than 28,700 tonnes of copper in 2020, of which 8,650 tonnes were of Spanish origin (United Nations, 2022). This reflects the importance of the Spanish copper cable sector in Morocco as it has a market share of more than 30%.
- Growth of cables' imports

The growth of copper cable imports in Morocco is very remarkable. Since 2010, imports of this product have increased by 192.98% (United Nations, 2022).
- Risk assessment

Morocco is a country with a high risk of doing business. This is due to the fact that COFACE (2022) has qualified its risk assessment level B.
- Customs tariff

Due to the existence of an agreement between Morocco and the EU called Free-trade agreement duty rate for the European Communities, the customs tariff of copper cables manufactured by *Miguélez* is 0 (World Trade Organisation, 2022).
- Legislation

As in Norway, it can be stated that *Miguélez* already complies with the requirements of its legislation. This is due to the fact that the company has already made some exports in the past.
- Transportation

There are two possible ways to send the goods from Spain to Morocco: by land or by sea-land. In this case we have opted for a hybrid between via maritime and road transport. From Leon to Algeciras the goods would be transported by land (804.05€) (Eurosender, 2022), and then the container would be transported to Casablanca by ship (1,228€) (IContainers, 2022). This operation would result in a transport cost of 2,032.05€.
- Creation of new infrastructures

Morocco is a prosperous country due to investment in infrastructures to create and transport solar energy as the country has an abundance of natural resources to produce this type of energy. Therefore, there is a need of copper cables to create the infrastructure and transport the energy produced.

Due to the boom in renewable energies and the commitment to make them the basis of the Moroccan economy, growth is expected in the sector, but also in the country's overall economy (Ernst & Young Global Ltd, 2022).

4.2.2.2.2. Tunisia

➤ Economic situation

According to the World Bank (2022), the 2020 GDP at 2010 prices of Tunisia is US\$ 44,681,503,990.46 and the 2010 GDP is US\$ 42,282,852,743.28; which results in a growth rate of 5.37%.

➤ Imports of copper cables

Tunisia imported more than 7,000 tonnes of copper cables in 2019, with 185 tonnes being of Spanish origin (United Nations, 2022). This reflects that Spanish market share is very low in this African country (2.58%).

➤ Imports' growth of copper cables

Despite the low quantity of imported tonnes, the growth of imports has been remarkable (40.71%). This indicates the increased need for this product in the country (United Nations, 2022).

➤ Risk assessment

According to COFACE (2022), Tunisia is one of the countries analysed with a higher risk assessment. This is due to the fact that its risk assessment is type C, in other words, the risk of doing business is quite high.

➤ Customs tariff

According to the latest available tariff of this country (which is from 2016), the tariff to be paid for imports from Spain would be 20% (World Trade Organisation, 2022).

➤ Legislation

For cables to be marketed in Tunisia, both product characteristics and packaging requirements must be met. Copper cables must be approved by the Tunisian ministry of communication technologies. In addition, all characteristics must be specified on the packaging in Arabic (Ingenieurburo Lenhardt, 2022).

➤ Transportation

Transport from Spain to Tunisia will be by sea. According to the freight comparator Icontainers (2022), the cheapest route is Barcelona-Tunis (€ 2,325). In addition, we have to add the cost of transport from Leon to the port of Barcelona by land (€ 833.70) (Eurosender, 2022). The sum of the cost of these two transports is € 3,191.70.

➤ Creation of new infrastructures

Like other North African countries, investment in solar energy production has a great relevance. This investment in new infrastructures has led to an increase in demand for the necessary materials for their construction and for the transportation of the produced energy. Entities such as the African Development Bank (2022) are supporting these projects so that they can be the driving force behind the growth of the Tunisian economy.

The boom in this sector has a knock-on effect on the country's overall economy, increasing investment in other sectors such as health, local commerce, etc.

4.2.2.2.3. *Egypt*

➤ Economic situation

Egypt has been one of the countries with the highest growth rate (30.03%) only behind Ireland. The GDP of this country in 2020 was US\$ 412,246,049,856.46 US\$ and in 2010 it was US\$ 288,446,290,408.72 (World Bank, 2022).

➤ Imports of copper cables

Imports of copper cables increased to almost 7,000 tonnes in 2020. However, only 240 tonnes were imported from Spain (United Nations, 2022).

➤ Imports' growth of copper cables

Egypt is one of the few analysed countries that has a decreasing rate of copper cable imports (-42.55%) (United Nations, 2022). In other words, the need to import this product has been decreasing.

➤ Risk assessment

According to COFACE (2022), Egypt is a country with a risk assessment of B, that is, the risk of doing business in this country is fairly high.

➤ Customs tariff

Thanks to the Free-trade duty rates for EU agreement between Egypt and the European Union, the tariff for item 854449 (*Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors*) is 0 (World Trade Organisation, 2022).

➤ Legislation

Migueluez must comply with the requirements of the National Telecom Regulatory Authority (NTRA) in order to obtain an approval to market its products in Egypt. In addition, it must also adapt the label to the Egyptian legislation (Ingenieurburo Lenhardt, 2022).

➤ Transportation

Transport would be mostly by sea in a 40FT container. The naval transport would start in the port of Barcelona and end in Damietta (port of Egypt). The shipping of this container would cost €853 (IContainers, 2022). However, the cost of moving the container from the logistics centre in Leon to the Spanish port from which the ship departs (Barcelona) has to be added, the cost of this transfer is € 833.70 (Eurosender, 2022).

➤ Creation of new infrastructures

In Egypt since 2020 there are plans to reduce the use of copper cable and replace these cables with fibre optic cables (Pearce, 2019). Although the objectives are not being obtained within the expected timeframe, the reduction in the use of copper cable is taking place, but to a lesser extent (Entreprise Ventures LLC, 2021).

4.2.2.3. *South America*

4.2.2.3.1. *Ecuador*

➤ Economic situation

Ecuador has undergone a remarkable growth in recent years. The growth rate in 2020 compared to 2010 was 14.82%, with the GDP in 2020 being US\$ 93,820,098,898.98 and in 2010 US\$ 79,915,230,250.82 (World Bank, 2022).

➤ Imports of copper cables

Ecuador imported almost 6,000 tonnes in 2020, of which more than 360 tonnes were of Spanish origin (United Nations, 2022). This causes a Spanish market share of 6.12%.

➤ Imports' growth of copper cables

Ecuador has had a negative growth rate of copper cables' imports (-43.78%), like Egypt (United Nations, 2022). This shows the reduction of the need to import this product.

- Risk assessment

Ecuador is one of the countries with the highest risk assessment of the countries analysed in this report as its risk is rated as C level (COFACE, 2022).
- Customs tariff

The tariffs for the product to be exported from Miguélez are quite high in Ecuador. The current tariff for copper cables is 25% (World Trade Organisation, 2022). This is a major drawback for doing business in this country.
- Legislation

To obtain approval in Ecuador, the product must be accepted by *Servicio Ecuatoriano de Normalización* (INEN). as far as the packaging is concerned, the adaptation is minimal as the language is the same (Servicio ecuatoriano de Normalización, 2022).
- Transportation

The shipping of a container to Guayaquil (port of Ecuador) from Spain (port of Barcelona) would cost € 1,086.11 (IContainers, 2022). In addition, the cost of land transport (León-Barcelona) is €833.70 (Eurosender, 2022). Therefore, the transport of the goods from León to the port of Guayaquil is €1,919.81.
- Creation of new infrastructures

After the pandemic, investment in new infrastructure has been affected in a positive way. Therefore demand for copper cables is starting to increase again.

4.2.2.3.2. Paraguay

- Economic situation

Paraguay in the last 10 years has experienced a growth of 26.36%. This result has been obtained using the GDP of 2010 and 2020 (which are US\$ 29,786,033,372.52 and US\$ 40,446,808,660.99 respectively) (World Bank, 2022).
- Imports of copper cables

Paraguay imported more than 7,600 tonnes of copper cables in 2020 (United Nations, 2022). However, the presence of Spanish cables in this country is almost nil (1,138 kg).
- Imports' growth of copper cables

Paraguay has been the country with the highest growth in copper cable imports, with a growth of 402% in the last 10 years (United Nations, 2022).

- Risk assessment
Paraguay is also a country with a certain risk for doing business, but less than Ecuador. The grade given by COFACE (2022) to Paraguay is B risk.
- Customs tariff
The tariff to be paid for imports of copper cables of Spanish origin into Paraguay is 16% (World Trade Organisation, 2022).
- Legislation
As in Ecuador, the product must be accepted by the *Instituto Nacional de Tecnología, Normalización y Metrología* (National Institute of Technology, Standardisation and Metrology) (2022). As regards packaging, due to the language is Spanish, the adaptation is also minimal.
- Transportation
According to Icontainers (2022) , the freight Vigo (Spain) - Asunción (Paraguay) would cost approximately €4,086. In addition, the transport of the container from León to Vigo by land would cost €424.20 (Eurosender, 2022), so the total cost of the operation would amount to €4,510.20.
- Creation of new infrastructures
Investment in infrastructure was one of the driving forces of the Paraguayan economy after the pandemic. This has led to continued investment, but not an exponential increase (ICEX, 2021).

4.2.2.3.3. Brazil

- Economic situation
Brazil is the South American country studied with the lowest growth rate, but it is still on a positive trend (2.63%). This figure has been calculated using the GDP growth rate of 2020 (US\$ 1,749,104,722,085.75) compared to 2010 (US\$ 1,703,150,040,884.74) (World Bank, 2022).
- Imports of copper cables
Brazil is a major importer of copper cables (10,902 tonnes 2020). However, Spain's market share is almost zero in this country (0.46%) (United Nations, 2022).
- Imports' growth of copper cables
Like other countries such as Ecuador and Egypt, the growth rate of imports of copper cables is negative (-13.24%) (United Nations, 2022).

➤ Risk assessment

Brazil, like Paraguay, has a fairly high risk assessment (B); therefore it is not one of the countries with the highest risk (COFACE, 2022).

➤ Customs tariff

According to the World Trade Organisation (World Trade Organisation, 2022), the customs tariff on imports of Spanish copper cables into Brazil is 16%.

➤ Legislation

In Brazil you must obtain the approval of *Agência Nacional de Telecomunicações* (2022) to be able to market a product. In addition, Miguélez has to take into account that the language is Portuguese. However, the company already markets in another country with the same language (Portugal).

➤ Transportation

Transport by sea to Rio de Janeiro (Brazil) would cost €1,720 according to Icontainers (2022). This vessel would depart from the port of Barcelona. In addition, the transfer of the container to Barcelona would be an additional cost of €833.70 (Eurosender, 2022), so the total cost of the transport Leon - Rio de Janeiro (Brazil) would be €2,553.70.

➤ Creation of new infrastructures

The boom in infrastructure investment in Brazil is remarkable, even foreign companies such as Iberdrola are beginning to invest in the country (Cinco Días, 2022). The access of a large part of the population to new technologies is also increasing the demand for copper cables.

4.2.3. Comparative análisis

In the following tables, the values assigned to each criterion and country will be shown in detail, giving rise to a weighted sum to determine which of the countries analysed is the most viable for Miguélez for its internationalisation plan.

Table 4.1. Country Selection Matrix (Western Europe)

Criterias	Weighting coefficient	Italy		Norway		Ireland	
		Score	Total	Score	Total	Score	Total
Economic situation (Growth rate)	2	1	2	3	6	5	10
Imports' volume of copper cables	3	5	10	5	10	4	8
Imports' growth of copper cables	4	2	4	2	4	4	8
Risk assessment	1	4	8	5	10	4	8
Customs tariff	5	5	10	5	10	5	10
Non-customs barriers	4	2	4	2	4	2	4
Transportation	4	3	6	2	4	3	6
Creation of new infrastructure	3	2	4	1	2	1	2
			48		50		56

Source: Own elaboration

Table 4.2. Country Selection Matrix (North Africa)

Criterias	Weighting coefficient	Morocco		Tunisia		Egypt	
		Score	Total	Score	Total	Score	Total
Economic situation (Growth rate)	2	4	8	2	4	5	10
Imports' volume of copper cables	3	4	8	1	2	1	2
Imports' growth of copper cables	4	5	10	3	6	1	2
Risk assessment	1	3	6	2	4	3	6
Customs tariff	5	5	10	1	2	5	10
Non-customs barriers	4	2	4	2	4	2	4
Transportation	4	3	6	2	4	4	8
Creation of new infrastructure	3	5	10	4	8	2	4
			62		34		46

Source: Own elaboration

Table 4.3. Country Selection Matrix (South America)

Criterias	Weighting coefficient	Ecuador		Paraguay		Brazil	
		Score	Total	Score	Total	Score	Total
Economic situation (Growth rate)	2	3	6	4	8	2	4
Imports' volume of copper cables	3	1	2	1	2	2	4
Imports' growth of copper cables	4	1	2	5	10	1	2
Risk assessment	1	2	4	3	6	3	6
Customs tariff	5	1	2	1	2	1	2
Non-customs barriers	4	4	8	4	8	3	6
Transportation	4	4	8	1	2	3	6
Creation of new infrastructure	3	3	6	3	6	4	8
			38		44		38

Source: Own elaboration

As it can be seen, the country with the highest score is Morocco, which will therefore be the country chosen for this internationalisation plan.

4.3. ENTRY MODE

After carrying out an exhaustive analysis of the different factors that could affect *Miguélez's* access to a new market, it was decided that the country chosen would be Morocco. Morocco is not an unfamiliar country for *Miguélez*, as it has already exported occasionally to there.

An entry mode that requires the production of the product in the country would not be recommendatory in the first phase. The production of the cable in the country of destination by machinery completely owned by *Miguélez* would entail a large investment. Producing in the country by a joint-venture agreement or less risky methods such as franchises or licences would entail the transfer of knowledge and patents, as well as direct knowledge of the market.

Therefore, the most viable way at present would be to penetrate the market through a commercial delegation. This is due to the fact that tariffs are zero. Besides they are neighbouring countries, which means that the goods do not have to be transported many kilometres. Moreover, *Miguélez* would continue to centralise its production in León.

The choice of a delegation rather than a distributor is due to the fact that, if *Miguélez* wants to establish a long-term relationship with the country and build up a portfolio of its own customers, it is necessary to choose a commercial delegation. This is because the distributor has its own customers. Furthermore, the market knowledge for *Miguélez* would be nil.

In addition, this new delegation would join the whole of its network of national and international delegations, allowing to unify the internationalisation process.

The official language of Morocco is Arabic, so Arabic-speaking staff would be necessary. However, this recruitment need is relative, since French is spoken by 40% of the population due to the fact that it is a francophone country. French is often used in formal business and diplomatic settings. This would allow French commercials to be utilised as commercials in Morocco in the first instance. In other words, it would be necessary to hire sales representatives who speak fluently Arabic, but more with the aim of being closer to the national buyers, as this is not a prerequisite.

On the other hand, in order to be able to export the goods to its commercial delegation in Morocco, it will be necessary to carry out specific documentation. Firstly, the DUA export (*Documento Único Administrativo*) must be completed so that the goods can leave Spain under the export regime. Moreover, the Moroccan customs declaration is a requirement if the firm wants that the goods will enter in Morocco.

Other documents that must be attached are the commercial invoice and the packing list. In addition, as the international transport is going to be carried out by sea, the Bill of Lading transport document is necessary.

Although *Miguélez* does not use a letter of credit as a method of payment in its international operations, it would be recommended to use it in this country as, according to COFACE (2022), there is a considerable risk of non-payment in the country.

Normally, *Miguélez* operates with the incoterms CIF and CIP depending on the main means of transport. In this case the incoterm used would be CIF as the main transport is by ship. This incoterm obliges the seller to contract and pay the necessary costs and insurance until the goods arrive at the port of destination.

Regarding the documents to prove the origin of the goods in order to benefit from the tariff reduction, the FORM-A document should be attached. However, as Miguélez is an Authorised Exporter, it would be sufficient to make an invoice declaration (Lombó Álvarez, 2022).

4.4. INTERNATIONAL MARKETING-MIX

4.4.1. Product

Due to the wide range of cables that *Miguélez* manufactures, it will be able to easily adapt to the needs of its Moroccan buyers. In the first instance, *Miguélez* could analyse which cables have been ordered by the occasional Moroccan buyers that it has had in the past. This will be realised in order to supply the delegation with these types of products.

In addition, it will also have to take into account which formats are most in demand. This is because there can be different presentations of the same product (from 50-metre rolls to 2,500-metre reels). The customer can even order a specific number of metres. It is preferable for the company to sell the cable in the pre-established formats (as these are made by specialised cutting machines) and not by hand-cutting. Since the work of preparing the product is reduced to that carried out in Leon. If the customer demands a specific number of metres, the delegation will have to prepare this order manually, which means more preparation time, and therefore more costs.

As far as packing is concerned, it will be necessary to translate the labels. However, it would not be necessary to adapt the measurements, as they are the same as those used in Spain.

4.4.2. Place

Casablanca has been chosen as the location for the establishment of the commercial delegation. This choice was the result of the sum of several factors.

The first factor is its strategic location. Casablanca is a large city that is located at an intermediate point between the other major cities of Morocco such as Marrakech (250km away) and Rabat (88km away). This makes it possible to find clients in these important cities such as the country's capital (Marrakech) and the so-called Moroccan technological city (Rabat). In addition, its access to the sea makes it an ideal location for shipping goods by container.

It is also an important point that it is one of the cheapest maritime routes from the Spanish mainland, which results in lower transport costs. It is also one of the main ports in the country.

Figure 4.10. Morocco map



The last but not least reason is the boom in this geographical area. Casablanca is a city in full expansion. This is due to the major works carried out in the port to improve the port area for both people (cruise ships) and goods. This has led to an economic boom which is also reflected in the construction of new infrastructures.

In the first instance, distribution would be carried out directly with the client, either by collecting the goods at the delegation or by transporting them to the agreed location.

Source: (Google, 2022)

However, another possible complementary option to direct distribution would be the sale of the goods to a specialised establishment in the sector. This would allow for higher sales volumes and thus higher profits. Miguélez already does this in another country (France). The drawback of this option is that sales are obtained, but not buyers' loyalty, as these are customers of the establishment which buys the cables from *Miguélez*.

4.4.3. Price

As far as the price is concerned, it is rather difficult to determine a fixed amount. This is mainly due to two factors: the non-standardisation of the price and the increase in the price of raw materials.

Because it is an industrial product, the selling price is not the same for all buyers as it depends on the frequency of purchase and the purchase volumes they make. Therefore, the commercials have different rates set depending on the customer (Lombó Álvarez, 2022). Furthermore, it also depends on the negotiations between Miguélez and the purchasing company.

It is also worth mentioning the increase in the price of the used raw materials to produce these products. This has led to the existence of a clause in the terms and conditions of sale for these substantial variations. Such a clause exists in all the countries in which it operates. Some examples can be seen in the Spanish conditions of sale (2021), which

specify that *"the seller may increase the price indicated in the order confirmation if the increase is due to an increase of more than 5% in the acquisition cost of raw materials"*. Also, in the United States terms is specified: *"because copper is a commodity, prices for copper wire and cable may be subject to escalation, prices quoted by seller shall be valid for seven calendar days or as per indicated in each particular quote. Any products not delivered to buyer and/or picked up within seven days of buyer's purchase order shall be subject to any increase in market copper prices"* (Miguélez cables, 2021).

This means that the price is one of the least stable variables for *Miguélez* and must therefore be closely monitored as it is the only variable that generates revenue, but this revenue must be sufficient to cover costs and generate profits.

4.4.4. Promotion

Promotion in B2B sales is characterised by the fact that personal contact with the buyers is of great importance. Personal selling is therefore essential. This means that it is important to know the culture and the language in order to know how to deal with customers. Since *Miguélez* has already had Moroccan clients, it could try to build up clients loyalty and start building up a customer base.

Another very important form of promotion in this type of business is to attend trade fairs related to the sector, as they are a showcase in a very specialised field. Some of the most important fairs in the country are Elec Expo (International trade fair for electrical engineering), the Global Green Event by Pollutect (environmental equipment, technologies and service) or Photovoltafrica Marrakech (fair on renewable energies and their infrastructure) (EventsEye, 2022; Trade Fair Dates, 2022).

4.5. FINANCIAL PLAN

In order to draw up a financial plan, a large amount of numerical data is needed to calculate all costs and revenues. Due to the wide variety of cable types marketed by *Miguélez*, a specific type of cable will be used to simplify the calculations.

The product used will be Afirenas brown L H07Z1-K 1x2.5mm². This product currently has an average price of €0.40/m (ElectroMaterial, 2022; Masterled, 2022). Besides, a pallet containing 18,000 metres of this product. Consequently, it would have a market price of €7,200 (Miguélez, 2022).

It is also necessary to take into account how many pallets fit into a 40-foot container: 21 European pallets (42 pallets if they are assembled). This results in a container shipment of 756,000 metres of 1x2.5mm² brown Afirenas worth €302,400. As it is a container shipment, the weight of the goods must also be taken into account as it cannot exceed 27,600kg (DSV, 2022). The total weight would be 25,437.10kg; 42 pallets with a gross weight of 605.85kg (580.65kg of cable + 25kg of the weight of the pallet itself). Therefore, the weight requirement would be met.

The cost of shipping the goods from León to Casablanca (Morocco) must be taken into account. The cost amounts to €2,032.05 (Eurosender, 2022; IContainers, 2022), which breaks down into €804.05 for land transport from León to Algeciras and €1,228 for maritime transport of the container to Casablanca. As Morocco and the European Union currently have a signed agreement, the tariff to be paid would be 0.

To these costs should also be added the costs of personnel and maintenance of the delegation, along with the initial investment of the purchase or rental of the establishment where the commercial delegation will be located in Morocco.

Due to the large amount of variable expenses and income, the price scale must be very controlled in order to obtain a considerable profit to amortise the investment made.

4.6. IMPLEMENTATION AND CONTROL

It is not only sufficient to enter in a new market, but this market penetration must be viable in the long term. The opening of new markets must be carried out with the objective of incorporating them in a stable manner into the company's daily commercial activity.

For this reason, different KPI's must be established to determine whether they are being carried out in an adequate manner. In addition, due to the distances between the different delegations, this is a useful way of controlling from the head office how the activity is developing in each of them.

Some useful KPI's to establish are the efficiency of the delegation (turnover/number of employees), the percentage of customer retention, delivery times (as this is one of *Miguélez* qualities), the rate of returns, etc.

5. CONCLUSION

Internationalisation is currently one of the growth strategies most used by companies. This is due to the fact that we live in a globalised world where the borders between different countries are becoming smaller and smaller.

Due to the rise of this strategy, many companies choose to carry it out without elaborated a prior market research. This results in many of those international projects that have little or no viability in the target country. For all these reasons, the investment of time and money in the detailed analysis of the project is necessary to find the best business opportunities for the company. Moreover, it is not only enough to carry out this plan, but the plan must also be adapted to the characteristics of the company and the environment, as these can radically change the success/failure situation of the plan.

An internationalisation plan consists of different parts. The initial parts focus on analysing the specific situation of the company and the environment. Thanks to this preliminary study, a suitable target market and the most efficient entry mode can be chosen later on. After knowing where and how the company is going to internationalise, it is necessary to detail the different variables that may affect the company (marketing-mix). Finally, a financial plan has to be made to know if this investment is really profitable, and to establish some KPI's to control how the new activity.

In this thesis it has been analysed the situation of a specific company: *Miguélez SL*. *Miguélez SL* is a low voltage cable manufacturing company with previous international experience. The decision to internationalise was taken in the 1990s. This important decision was taken in order to alleviate the dependence on domestic demand, since the national market was starting to become saturated. The key factors in deciding to which markets enter were geographical proximity and the Spanish language. Its internationalisation strategy has been based on the creation of different commercial delegations (except in France and the Dominican Republic) to which *Miguélez* supplies from its production centre.

With regard to the negative factors that *Miguélez* is currently facing, it could be said that external factors are of great importance. The main threat to *Miguélez* is the uncontrolled increase in the price of copper (an essential raw material for the manufacture of its products), which has a direct impact on the selling price. In addition, there is also great

congestion in the logistics sector due to the Covid-19 crisis and the war between Ukraine and Russia. Consequently, this has also led to an increase in shipping prices.

However, *Miguélez* also stands out positively in other aspects. It has a wide product portfolio, which allows it to easily adapt to the needs of each customer. In addition, a large investment has been made in the automation of inventory management in order to be able to prepare orders more efficiently and ship them in the shortest period of time. The latter is a competitive advantage over other competitors. *Miguélez* also stands out for having numerous certifications and patents to offer its buyers high quality and unique products.

Regarding its main competitors, it can be concluded that they use two types of internationalisation modes. The international market leaders use acquisitions of domestic companies in the target market as a mode of entry into the new market. However, competitors of *Miguélez's* size use commercial delegations. This is due to the high investment required to acquire the machinery to produce this product. Therefore, producers with lower/medium sales levels centralise production in order to benefit from economies of scope.

After an exhaustive study of some countries in the preferential geographical areas for internationalisation, it has been concluded that the countries closest to Spain and with the lowest tariffs are the best for internationalisation. For this reason, European countries have obtained a high score. However, the best country for internationalisation according to the decision matrix is Morocco. This is due to three factors: geographical proximity, the non-existence of tariffs for Spanish cables and the economic development experimented by this African country in recent years.

It has been decided that the most appropriate mode of entry is through a commercial delegation due to the geographical proximity and the scarcity of customs tariff. In addition, this provides to the company an uniformity in its operations, as it has used this method of entry in most of the countries in which it operates.

Thanks to the wide variety of products which *Miguélez* has in the low-voltage copper cable sector, it will be able to adapt quickly to the needs of its clients. However, it will have to take into account the adaptation of the packing and export only those products which are most popular in order to avoid low stock turnover.

Casablanca is the ideal city to locate the delegation as it is strategically located: close to the main Moroccan cities and is a coastal city (ideal for receiving containers). It should also be mentioned that this city has experimented a great economic and technological boom that places it at the forefront of the country.

Due to the fact that the company analysed is a B2B company, the establishment of a fixed price is unfeasible since it depends on negotiations with buyers. In addition, the constant increase in the price of raw materials is forcing it to raise prices progressively. As far as promotion is concerned, the importance of direct sales could be highlighted, because it is a B2B situation. Moreover, fairs can also be a launching for making oneself known in the sector.

In order to draw up a financial plan, it must be taken into account that both income and expenses are highly variable and therefore directly affect the profits obtained. This is because prices (revenues) depend on negotiations as there are no predetermined prices. In addition, costs in this sector are currently on the rise due to the raw material crisis and maritime congestion. For all these reasons, it is necessary to have indicators that adequately evaluate the efficiency of the new delegation in order to prevent problems or solve them as soon as possible and optimise the benefits obtained.

In short, *Miguélez SL* used the internationalisation strategy with the aim of alleviating dependence on a single market. Three decades later, it can be asserted that it has achieved its objective, since currently more than half of its turnover comes from abroad. Therefore, the incorporation of Morocco to its constellation of commercial delegations may be the next step to further consolidate its purpose.

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APPENDIX I

To analyse economic growth in the decision matrix country analysis, the accumulated GDP growth rate (US\$ at constant 2010 prices) has been used. Being the growth rate:

$$\text{Growth rate} = \frac{GDP_{2020} - GDP_{2010}}{GDP_{2010}} \times 100$$

Table Appendix I. GDP by countries

Country	Brazil	Ecuador	Paraguay
2010	\$ 1.703.150.040.884,74	\$ 79.915.230.250,82	\$ 29.786.033.372,52
2011	\$ 1.770.840.429.187,27	\$ 86.203.073.182,79	\$ 31.062.773.330,72
2012	\$ 1.804.861.390.247,16	\$ 91.066.617.872,10	\$ 30.842.835.503,65
2013	\$ 1.859.094.274.468,60	\$ 95.571.238.385,53	\$ 33.400.655.443,47
2014	\$ 1.868.463.286.781,87	\$ 99.192.306.978,81	\$ 35.171.303.879,95
2015	\$ 1.802.211.999.538,68	\$ 99.290.381.000,00	\$ 36.211.372.702,81
2016	\$ 1.743.173.031.958,05	\$ 98.072.699.669,13	\$ 37.756.883.444,30
2017	\$ 1.766.232.928.553,89	\$ 100.395.440.274,11	\$ 39.573.019.311,37
2018	\$ 1.797.736.638.228,88	\$ 101.689.830.586,57	\$ 40.841.037.917,50
2019	\$ 1.823.105.452.462,95	\$ 101.702.140.245,14	\$ 40.676.916.123,46
2020	\$ 1.749.104.722.085,75	\$ 93.820.098.898,98	\$ 40.446.808.660,99
Growth rate	2,63%	14,82%	26,36%

Country	Ireland	Italy	Norway
2010	\$ 209.457.102.131,55	\$ 1.900.325.748.105,62	\$ 354.111.728.841,58
2011	\$ 211.695.207.096,46	\$ 1.913.767.385.824,26	\$ 357.587.103.441,15
2012	\$ 211.584.374.525,28	\$ 1.856.719.783.429,57	\$ 367.253.074.299,89
2013	\$ 214.265.179.571,61	\$ 1.822.536.356.977,15	\$ 371.050.738.865,35
2014	\$ 232.935.599.828,17	\$ 1.822.453.476.364,22	\$ 378.358.747.545,73
2015	\$ 291.580.037.584,33	\$ 1.836.637.711.060,55	\$ 385.801.550.067,17
2016	\$ 297.534.779.954,16	\$ 1.860.393.935.366,87	\$ 389.935.641.211,12
2017	\$ 324.134.427.282,66	\$ 1.891.422.683.817,38	\$ 398.994.977.782,37
2018	\$ 353.404.288.247,43	\$ 1.908.933.681.964,96	\$ 403.459.047.225,38
2019	\$ 370.781.201.762,17	\$ 1.916.765.622.508,59	\$ 406.468.037.614,96
2020	\$ 392.534.844.061,95	\$ 1.745.433.754.327,97	\$ 403.552.919.293,17
Growth rate	46,64%	-8,87%	12,25%

Country	Egypt	Morocco	Tunisia
2010	\$ 288.446.290.408,72	\$ 83.183.640.110,59	\$ 42.282.852.743,28
2011	\$ 293.536.132.737,95	\$ 87.547.202.071,66	\$ 41.579.186.123,13
2012	\$ 300.070.833.527,97	\$ 90.182.338.940,17	\$ 43.206.294.380,31
2013	\$ 306.628.779.734,82	\$ 94.272.490.564,63	\$ 44.132.233.102,35
2014	\$ 315.569.804.747,04	\$ 96.789.088.975,03	\$ 45.326.719.904,05
2015	\$ 329.366.576.819,41	\$ 101.179.808.076,36	\$ 45.780.069.046,66
2016	\$ 343.682.967.568,34	\$ 102.252.168.737,73	\$ 46.291.627.375,47
2017	\$ 358.053.111.984,86	\$ 106.602.592.855,81	\$ 47.330.504.525,10
2018	\$ 377.080.487.734,14	\$ 109.958.978.323,14	\$ 48.518.929.510,40
2019	\$ 398.037.429.245,42	\$ 112.826.637.548,36	\$ 49.199.153.585,80
2020	\$ 412.246.049.856,46	\$ 105.726.171.616,04	\$ 44.681.503.990,46
Growth rate	30,03%	21,32%	5,37%

Source: Own elaboration based on data from World Bank, 2022

APPENDIX II

To analyse imports of copper cables in the decision matrix country analysis, the data about the imports of the analysed countries has been collected.

Table Appendix II. Imports of "World" and "Spain" origin of subheading 854449 by country in kilograms (from 2007 to 2020)

	Brazil		Ecuador		Paraguay	
	Spain	World	Spain	World	Spain	World
2007	130157	9715904	2240	3510007	118	1384957
2008	227631	11591300	42739	8720481	19	1941815
2009	255121	8636350	46292	7372619	33	1609187
2010	481846	12566492	31313	10549150	207	1522538
2011	723906	16250501	36099	13257567	0	1015877
2012	198720	15676116	101869	10864577	607	1186647
2013	789196	19032167	51198	14154998	10	2044879
2014	268537	17680773	46641	7752099	745	2414952
2015	202207	14873868	66100	8938327	33	4046051
2016	142080	10115891	27542	7196699	760	4859925
2017	361757	12414619	161113	7021229	149	6538948
2018	58440	11773035	81313	8399624	3696	7943130
2019	64778	12721865	1061041	12313329	687	8421235
2020	49926	10902168	363167	5930490	1138	7644397

Growth rate	-13,24%	Growth rate	-43,78%	Growth rate	402,08%
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	Morocco		Egypt		Tunisia	
	Spain	World	Spain	World	Spain	World
2007	5486852	10221223	166303	4615886	18292	2361524
2008	6879132	14073711	177853	2159072	53709	4549431
2009	1188428	9569144	77635	3156574	123745	4379059
2010	317168	9798214	3175679	12123477	146516	5092862
2011	613362	10622235	29269	5470660	274458	7725542
2012	657874	12167806	39547	2568643	276155	6317799
2013	2575170	12636571	8621	5279206	265898	7194305
2014	3180883	18666552	229629	5018521	167554	7982085
2015	5638594	27811538	316531	7130415	163446	9223428
2016	6008926	35050736	93110	26296376	225253	8928774
2017	7628991	34064251	103890	19602525	402462	8719879
2018	10719502	34145758	1523740	9214211	459405	9424729
2019	13082932	36706979	216291	10182474	185175	7166073
2020	8650257	28706711	241153	6964935	209248	8097662

Growth rate	192,98%	Growth rate	-42,55%	Growth rate	59%
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	Norway		Italy		Ireland	
	Spain	World	Spain	World	Spain	World
2007	538477	25034447	3909023	46106424	247267	11232439
2008	521511	25527607	3948405	42842136	16513	11308350
2009	493261	26577433	3380553	32844295	335341	9806745
2010	712054	30976884	4426050	33851892	566365	15506004
2011	1016078	35642934	7687192	38384833	242076	10812954
2012	1879774	35974214	6119328	37208429	1734440	9996696
2013	1738050	36221963	7210272	35280456	1549080	12408718
2014	1321235	36222799	5607296	37999661	1182040	25875721
2015	1038455	32099027	6153034	38301725	1037290	25199755
2016	1758717	35535562	5637686	48504568	740664	18364482
2017	1753881	35697632	7763860	52340806	572605	34699126
2018	2709021	42179279	5576136	48130214	634270	26947167
2019	1300279	39904768	4284022	48066860	633876	26826528
2020	1525897	35593639	2548777	38811435	545516	27662459

Growth rate	14,90%	Growth rate	14,65%	Growth rate	78,40%
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Source: Own elaboration based on data from Comtrade, 2022



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Universidad de León

Grado en Comercio Internacional
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MEMORIA EN ESPAÑOL DEL TRABAJO DE FIN DE GRADO
(PLAN DE INTERNACIONALIZACIÓN. CASO PRÁCTICO: MIGUÉLEZ SL)

Realizado por la Alumna Doña Leyre Robles Álvarez

Tutelado por el Profesor Don José Luis Placer Galán

León, 13 de Julio de 2022

1. INTRODUCCIÓN

La internacionalización en la actualidad es una de las estrategias de crecimiento más utilizadas por las empresas. Esto se debe a que vivimos en un mundo totalmente globalizado donde las fronteras entre los diferentes países cada vez están más difuminadas. Además, esta situación se ha visto agravada por la negociación de acuerdos entre diferentes países y la creación de organizaciones supranacionales para incentivar el comercio internacional. Algunos ejemplos de ellos son la Unión Europea (UE) o la Organización Mundial del Comercio (OMT).

2. EL PLAN DE INTERNACIONALIZACIÓN

Debido al auge de esta estrategia, muchas empresas optan por llevarla a cabo sin realizar un previo estudio de mercado. Esto da lugar a que muchas de ellas se internacionalicen con proyectos con una nula o baja viabilidad en el país de destino en ese momento. Por todo ello, la inversión de tiempo y dinero en el análisis detallado del proyecto es necesaria para encontrar las mejores oportunidades internacionales de negocio para la empresa. Además, no solo es suficiente con la elaboración de este plan, sino que también el plan debe de estar adaptado a las características de la empresa y del entorno ya que estas pueden cambiar radicalmente la situación de éxito/fracaso de dicho plan.

Un plan de internacionalización se compone de diferentes partes. Las partes iniciales se centran en analizar la situación concreta de la empresa y el entorno. Gracias a este estudio previo, se podrá elegir con posterioridad un mercado destino adecuado y el modo de entrada más eficiente. Tras conocer el país al que la empresa se va a internacionalizar y cómo lo va a realizar, hay que detallar las diferentes variables que pueden afectar a la empresa (marketing-mix). Finalmente, se ha de realizar un plan financiero para conocer si esta inversión es verdaderamente rentable, y establecer unos KPI's para controlar como se desenvuelve la situación cuando se haga realidad.

3. ¿QUÉ ES MIGUÉLEZ SL?

En el presente trabajo ha sido analizada la situación de una empresa en concreto: Miguélez SL. Miguélez SL es una empresa productora de cables de baja tensión la cual ya tiene una amplia experiencia internacional previa. La decisión de internacionalizarse fue tomada en los años 90. Esta importante decisión tuvo un objetivo principal: paliar la

dependencia de la demanda nacional. Esta preocupación se debía mayormente a que dicho mercado estaba empezando a saturarse. Sus factores claves para decidir a qué nuevos mercados acceder fueron la proximidad geográfica y el idioma español.

La estrategia de internacionalización seguida por Miguélez SL se ha basado en la creación de diferentes delegaciones comerciales (excepto en Francia y Republica Dominicana) a las que abastece desde su centro de producción. Sin embargo, existen dos excepciones: Francia y Republica Dominicana. Debido a temas fiscales, la empresa decidió crear un centro logístico por el gran volumen de ventas que tiene en este país europeo pero las labores comerciales se realizan en León de manera telemática. En República Dominicana hay un agente comercial el cual comercializa con la mercancía de la firma. Esto se debe a que la facturación de ese país no es lo suficientemente relevante como para asumir los gastos que una delegación comercial puede tener. A pesar de existir dos excepciones, toda la mercancía que se suministra tanto a delegaciones como a clientes directamente es producida en León.

4. CASO PRÁCTICO:

PLAN DE INTERNACIONALIZACIÓN DE MIGUÉLEZ

Actualmente, Miguélez ya tiene muy interiorizadas las diferentes delegaciones en el extranjero ya que la última se fundó en 2012. Por lo que se podría realizar un plan de internacionalización para encontrar posibles nuevos mercados tras 10 de años con la misma cartera de países destino.

Analizando los diversos factores a los que se enfrenta la empresa, se podrían destacar los negativos. De estos factores se tienen una gran relevancia los factores externos. La principal amenaza de Miguélez es el aumento descontrolado del precio del cobre (materia prima esencial para la fabricación de sus productos). Además, también la subida del precio del petróleo aumenta de dos formas: el plástico utilizado para el recubrimiento proviene de esta materia prima y el aumento de los precios del transporte. Esto repercute de una forma directa al precio de venta. Además, también existe una gran congestión en sector logístico debido a la crisis del Covid-19 y la guerra entre Ucrania-Rusia. Lo que ha provocado que también aumenten los precios de los contenedores.

No obstante, Miguélez también destaca de forma positiva en otros aspectos. Esta empresa posee una amplia cartera de productos lo que le permite adaptarse fácilmente a las necesidades de cada cliente. Además, en los últimos años se ha realizado una gran inversión en la automatización de la gestión de inventario para poder preparar de una forma más eficiente los pedidos, enviándolos al cliente en el menor tiempo posible. Esto último es una ventaja competitiva frente la competencia que la propia empresa destaca. Miguélez también resalta por tener numerosas certificaciones y patentes para ofrecer a sus compradores productos de una alta calidad y únicos.

En lo relativo a sus principales competidores, se podría afirmar que utilizan dos tipos de modos de internacionalización muy diferenciados. Los líderes del mercado internacional utilizan las adquisiciones de empresas nacionales del mercado destino como modo de entrada al nuevo mercado. Sin embargo, aquellos competidores del tamaño de Miguélez utilizan delegaciones comerciales. Esto se debe a la elevada inversión que se requiere para adquirir la maquinaria para producir estos productos. Por ello, los fabricantes con menores niveles de ventas centralizan la producción para poder beneficiarse de las economías de alcance.

Tras analizar tanto la situación de la empresa como del entorno, se seleccionarán diferentes áreas geográficas con potencial para la internacionalización de Miguélez. La primera zona elegida ha sido Europa occidental esto se debe a las cortas distancias y la no existencia de aranceles que graven la entrada de mercancía al país. La segunda zona elegida ha sido África del norte. Al igual que en la zona anterior, las distancias son cortas ya que son países del mediterráneo. Además, estos países están teniendo un gran auge económico, lo que incentiva a la creación de nuevas infraestructuras. Además, de estar priorizando la producción de energía solar ya que son países con una gran abundancia. La tercera zona geográfica elegida ha sido Suráfrica. Aunque las distancias son largas, el idioma en la mayoría de los países es el español. Además, en esta zona geográfica es donde se encuentra gran parte de la red de delegaciones internacionales que posee Miguélez.

Los países seleccionados de cada una de las zonas geográficas han sido:

- Europa occidental: Italia, Irlanda y Noruega
- África del norte: Marruecos, Túnez y Egipto
- Suráfrica: Ecuador, Paraguay y Brasil

También cabe destacar los criterios seleccionados para analizar cada uno de los países: el crecimiento económico (mediante la tasa de crecimiento del PIB desde 2010 hasta 2020), el volumen de las importaciones de cables de cobre de cada país y la evolución de estas. También se han analizado factores como el riesgo de realizar negocios en el país destino o la legislación vigente para conocer los requisitos para poder comercializar el producto. En el ámbito logístico, se han tenido en gran consideración los costes en transporte y los aranceles aduaneros. Esto se debe a que existe una alta probabilidad de que el modo de entrada seleccionado requiera la importación de la mercancía producida en León debido a los altos costes de la maquinaria. Otros criterios han sido la creación de nuevas infraestructuras o los planes para sustituir los cables de cobre por cables de fibra óptica.

Tras un estudio exhaustivo de algunos países de las zonas geográficas preferenciales para internacionalizarse, se ha llegado a la conclusión que los países más cercanos a España y con menores aranceles son los óptimos para internacionalizarse. Por ello, los países europeos han obtenido una nota elevada. Sin embargo, el mejor país para internacionalizarse según la matriz de decisión realizada es Marruecos. Esto se debe a tres factores: la proximidad geográfica, la inexistencia de aranceles para los cables españoles y el desarrollo económico experimentado por este país africano en los últimos años.

Se ha decidido que el modo de entrada se realice mediante una delegación comercial debido a la proximidad geográfica y la escasez de aranceles. Además, esto proporciona a la empresa una uniformidad en el ámbito operativo ya que este modo de entrada lo ha utilizado en la mayoría de los países en los que está presente.

Gracias a la amplia variedad de productos que tiene dentro del sector de los cables de cobre de bajo voltaje, Miguélez podrá adaptarse rápidamente a las necesidades de los compradores. Pero, tendrá que tener en cuenta la adaptación del etiquetado y exportar solo aquellos productos que sean más demandados para tener disponible stock que es demandado en ese país.

Casablanca es la ciudad idónea para ubicar la delegación ya que se encuentra en una situación estratégica: cerca de las principales ciudades marroquíes y es una ciudad costera (ideal para recibir la mercancía vía marítima). También se ha de destacar que esta ciudad ha experimentado un gran auge económico y tecnológico que la sitúan en los primeros puestos del país.

Debido a que la empresa analizada es una empresa B2B, el establecimiento de un precio fijo es inviable ya que depende de las negociaciones con los compradores. Además, el constante aumento del precio de las materias primas está obligando a subir los precios progresivamente.

Se podría destacar en lo relativo a la promoción la importancia de la venta directa ya que es una situación B2B. También las ferias pueden ser una lanzadera para darse a conocer en el sector ya que son lugares donde se reúnen empresas y clientes de ese sector.

Para elaborar un plan financiero se ha de tener muy en cuenta que tanto los ingresos como los gastos son muy variables y, por tanto, afectan directamente a los beneficios obtenidos. Esto se debe a que los precios (ingresos) dependen de las negociaciones ya que no existen unos precios predeterminados. Además, los costes de este sector en la actualidad están en aumento debido a la crisis de las materias prima y al embotellamiento en el tráfico marítimo. Por todo ello, es necesario tener indicadores que evalúen adecuadamente la eficiencia de la nueva delegación para prevenir problemas o solucionarlos lo antes posible optimizando al máximo los beneficios obtenidos.

5. CONCLUSIONES

Miguélez es una empresa que tiene gran potencial en aquellos países con un auge económico en el que se está invirtiendo en la creación de nuevas infraestructuras ya que los cables es uno de los componentes que se necesitan para su construcción. Sin embargo, depende de un factor incontrolable por la empresa y que le afecta directa y negativamente a su actividad empresarial: las variaciones de precios de las materias primas (cobre y petróleo).

Esta empresa leonesa utilizó la internacionalización con el objetivo de reducir su dependencia de un único mercado. Tres décadas después, se puede afirmar que ha logrado su objetivo ya que actualmente más de la mitad de su facturación proviene del extranjero. Además, la incorporación de Marruecos a su constelación de delegaciones comerciales puede ser el siguiente paso para afianzar más su propósito inicial y seguir creciendo en los mercados internacionales.