

# **CASE STUDY NARRATIVE**

## **Abstract**

Two young, French entrepreneurs, Louis Marty and Roland Jais Nielsen, founded Merci Handy in 2014 with the objective of revolutionizing everyday cosmetics and internationalizing quickly. The case discusses the first steps of their international development and addresses the internationalization process of born-global companies. It also questions the benefits and opportunities of start-ups when addressing a global target.

## **Keywords**

International entrepreneurship, Start-up, SME, Born-global, Internationalization, Millennials.

## **Introduction**

The Merci Handy case study deals with small business internationalization and the growing field of international entrepreneurship that “highlights recent technological advances and cultural awareness that appeared to open previously untapped foreign markets to new ventures” (Oviatt and McDougall, 2005, 537). Research into SME’s internationalization is often divided into the ‘Uppsala’ model (Johanson and Vahlne, 1977) and the ‘International New Venture (INV)’ model (Oviatt and McDougall, 1994). The ‘Uppsala’ model sees internationalization as a step-by-step process, whereas the INV model contradicts this approach as some firms are born global and experience rapid expansion at the global level. The journey into the story of Merci Handy’s birth and internationalization encourages students to review and discuss both theories to isolate their distinctive features. As illustrated in the case, being young and resource-poor, most born-global firms employ exporting as their main international entry mode (Cavusgil and Knight, 2015). They also from the start can use social media to accelerate their internationalization (Maltby, 2012) and reach a worldwide

clientele easily and at a low cost (Leeflang et al., 2014). The Merci Handy case enables students to better understand the internationalization strategies of start-ups. In order to fully apprehend this INV's philosophy and products, students are advised to consult the company website: <https://www.merci-handy.co.uk>. Its founders have revamped the concept of hand-cleansing gels. After an increased demand of the usage of such gels following the 2009 flu pandemic (H1N1 influenza virus) and the consequent distribution of these gels in supermarkets and newsagents, Merci Handy decided to revolutionize hand-cleansing gels. This young start-up reduced the alcohol content, redesigned the packaging and improved the user experience by providing smaller, portable bottles of hand-gel. Having experienced rapid international development within Europe, they are now ready to expand to Asia and the US. We, firstly, provide a brief overview of the start-up prior to highlighting the main elements of their strategy. We then outline Merci Handy's international development. Finally, we offer an overall conclusion that leads to several questions.

## **Learning Outcomes**

This case study enables students (1) to understand the antecedents of rapid international development; (2) to appraise the most adapted models of international development for start-ups; (3) to justify the most appropriate modes of entry for start-ups to develop abroad; (4) to discuss and determine the potential existence of targets at a global level; and (5) to evaluate the role of social media in enabling internationalization.

## **The Merci Handy Story**

It is February 2017 and in the Paris underground, Louis and Roland, two freshly graduated business school students in their mid-twenties, were contemplating their very first advertising campaign of Merci Handy, all the while celebrating their rapid expansion over the past few years. Their turnover had increased from €300,000 in 2014 to €900,000 at the end of 2015,

finally ending up at €3m in 2016. Their concept was to revolutionize basic beauty and personal care products by giving them a makeover and making them a bit more fun. They were proud of their success on the French market and their development in Europe, and intended to expand into Asia and the United States. Their challenge was to become ‘the’ world's leading brand of everyday cosmetics.

### ***The Birth of Merci Handy***

In September 2010, Louis and Roland met in their first year of business school and quickly became friends. They were inseparable as they both shared an unstoppable energy and the desire to seek out entrepreneurial ventures. They decided to use their respective talents to find an idea that would solve a future problem as well as satisfy their entrepreneurial curiosity.

Like many young people of their generation, Louis and Roland were fans of finger food.

Louis recalled:

“We often had lunch on the go, mainly burgers, sandwiches. The problem with this delicious food was that we ate with our fingers. Our mothers always told us to wash our hands before and after eating but it was not always possible. When we ate fajitas at the top of the Eiffel Tower, we had a problem. So, we bought water-based antibacterial gels. The bottles were often too big and impractical to carry around. By shopping around, we found smaller bottles that slipped neatly into our pockets. But it was a real disappointment when you first opened them as you had the funny feeling that you were pouring vodka onto your hands. And your hands became as dry as a bone! What’s more, our friends thought we were hypochondriacs as soon as we took out our medical-looking bottles of gel. So, we had an idea: we decided to redesign the hand-cleansing gel by making it more pleasant, fun and trendy, more like a fashion accessory, and above all to make it more pleasurable to use.”

In February 2014, Merci Handy, the Parisian start-up was born with the objective of dusting off the dull old image of personal care products and everyday cosmetics and bringing fun, design and pleasure to these products. The start-up first redesigned the concept and then distributed the product differently.

*Revolutionizing the concept of hand gel.* Merci Handy positioned their innovative product within this hyper-competitive environment, where there was an unlimited choice of hand-cleansing gels in ‘medical-looking’ bottles such as Dettol, Johnson, Purell, Sanytol, Germ X, to name just a few (see website references), with no major differentiation. Roland and Louis wanted to transform the unglamorous gesture of washing your hands into a lifestyle gesture. The distinctive competitive advantage of Merci Handy was built on imagination and a sensory experience with the aim of creating an affective and emotional connection with the consumer, as Roland emphasized:

“What came out of our first launch was that the gel was good, that people appreciated it, and they made the difference between our gel and what existed on the market. This was the reason why we decided to thoroughly rework all the elements of the product, and to deepen our differentiation even further.”

Merci Handy revolutionized hand gels from a basic, sanitized product into an everyday cosmetic that is beautiful, fun and essential (see images of the product on Merci Handy’s Instagram account: <https://www.instagram.com/mercihandy/?hl=en>). Merci Handy created an exotic product that incorporated delicate perfumes such as chamomile elixir and Japanese incense. They integrated small emollient beads enriched with vitamin E and moisturizing virtues to combine both a feeling of cleanliness and softness. They packaged the gel in cheerful and colourful bottles and associated the labels with each fragrance. They labelled the bottles with words such as ‘tenderness’, and finally, designed a portable format in a mini-bottle that was handy, easily transported and easy to use.

*Distributing the product.* In order to differentiate themselves further from competitors, Merci Handy decided to start selling online and delivering by post. In May 2014, they also opened a pop-up store in Paris at Studio Beaumarchais. This enabled them to meet clients in their own neighborhood, and ensure that people start talking about the brand. The second step involved distributing in unusual places such as concept stores. Merci Handy sold an exclusive special edition at Colette, the Parisian landmark for trends. The brand opted for humorous communication via social media in order to boost and strengthen advertising, memorization and recognition. The company made a very daring video where they asked pedestrians on busy Parisian streets to touch the intimate parts of strangers in exchange for a €10 donation to an association fighting against male cancer. Louis explained:

“The girls who did this washed their hands with our antibacterial gels. I would like to specify that they were all friends of ours (Laughs). We made an ad that was more general and more offbeat. We made some bets on our potential success. I said we would have 7,000 views. Roland said 3,000. When we woke up the following morning, we had almost 700,000 views! It was impressive. A few weeks later, we exceeded 2 million views. So we were really happy with that.”

### ***Developing Merci Handy's offer***

Throughout 2015, the entrepreneurs developed a strategy to expand their concept.

*Extending the product range.* Staying true to their philosophy of offering freshness and tenderness to everyday personal care products, Louis and Roland decided to launch new products approximately every three months. Merci Handy further extended their range to include lip balms, hand creams, refreshing face mists, oral personal care products and a teeth-whitening treatment in 14 days called ‘Smile Detox’.

*Broadening distribution.* Beauty and personal care products are sold in perfumeries, pharmacies, chemists, beauty institutes and branded stores. To extend the distribution of the

brand, Louis and Roland opted for a selective distribution strategy and had Merci Handy referenced by major groups such as Sephora, Douglas, Le Bon Marché and Urban Outfitters (which gave them direct access to English-speaking countries).

*Expanding Communication.* Brand communication was mainly developed via relationship marketing, as Roland, who incidentally called the Merci Handy end-users “our kittens”, commented:

“We had the possibility to continually interact with our community using social media without spending a lot, but we also used customer relationship marketing that was close, loyal and very engaged.”

In March 2016, the brand developed their presence on Instagram (see website). Their objective was to recruit new influencers to whom they offered products in exchange for audience exposure. As a result, Merci Handy products had attracted YouTubers such as Enjoy Phoenix, Clara Channel and Elsa Make-up for a special limited edition. More than 350 influencers had been activated resulting in 500 YouTube videos and 1100 photos on Instagram, with more than 6 million views and 1 million likes. In February 2017, the company portrayed a unicorn crying with laughter, whose tears constituted the different perfumes, in their first advertising campaign in the Paris underground.

Louis, while looking at the company’s results, recalled the challenges experienced at the beginning of the venture:

“In the beginning we used our imagination, not our wallets. We started off without any money. We were students living in Paris and we struggled to pay our rent. We still managed to collect €10,000 from our relatives. We also applied to some competitions, which offered to finance a project designed by budding young entrepreneurs. We won the 2013 award of the #Cent1Projets contest, which allowed us to have some legitimacy, and approach banks for financing. That is how we managed to become a viable company and to develop our offer.”

### ***Merci Handy's internationalization 2016 -2017***

Self-financed since its creation, the company closed the fiscal year in 2015 with a turnover of €900,000. It was Louis and Roland's aspiration to ensure that the brand went global quickly. In early 2016, they firstly concentrated on Europe due to their geographical location and brand development via its partners in France. This first experience of international development, although successful, was not without challenges:

“The United Kingdom and Germany were two major cosmetic markets and we had a lot of sales opportunities through entities with whom we already worked in France (Birchbox, Urban Outfitters, and so on). The company tried to replicate what it had done in France. We tested and we learnt. We modified things when necessary, the product claims mainly. We exported directly without a distributor. We harmonized the product offer as much as possible. The most difficult thing to do was to rewrite the story. In France, we had our early adopters, we watched them grow up with us and write our story little by little. Abroad, you had to be able to tell the story in a language that was not your own, and this was the toughest challenge.”

The ambition was to expand into Europe within 2 years. The creators clarified their strategic choice:

“We had two options. Either we could target one different country at a time every 6 months or we could raise funds to target them all at the same time. We opted for the latter solution.”

In September 2016, for the first time, Merci Handy floated the company in order to continue its international expansion, and to become an internationally renowned personal care brand. Already sold in 1,800 stores worldwide, the brand was expected to grow to 3,000 by the end of 2016. €3 million were injected into the company by Otium Capital, the Pierre-Edouard Stérin (Smartbox) fund. This investment helped the company to employ 20 people (compared to only nine at the end of 2015). Country managers were recruited to seek new partnerships

on the ever-growing international beauty and personal care market. Louis attributed the growth of the start-up to three variables; 1) the number of products available, 2) the growth by store, and 3) the number of outlets where the product was sold:

“For the number of products and the growth per store, everything was going really well. We brought out new products every three months and made 99% sell out growth on the YTD. For the number of outlets, we decided not to go into supermarkets, except Monoprix, a distributor that we felt was somehow different from the others. As a result, the number of outlets remained limited. We had the desire to build a global brand both in Europe and in the world right from the start.”

At the end of 2016, the brand was present throughout Europe at Sephora Europe (which involved expansion into 15 countries at once), H&M Sweden and Norway, Lagardère duty free Europe, Monoprix, Di Beauty, Selfridges. Roland justified this:

“In Europe, we believed in a shower approach that was facilitated by the Internet, which caused snowball effects between countries and, as a result, between retailers. A German distributor who saw that you were very strong in the United Kingdom, in Spain and in Italy, would look at your brand with more interest.”

Early 2017, Merci Handy was referenced in 17 countries, i.e. 15 EU countries, and 2 countries in the Middle East (Dubai and Qatar). A third of revenues were made outside of France. The start-up had achieved a 90% distribution presence in France and 30% in Europe. 70% of Merci Handy’s turnover was made in France, 30% via exports. Even if the product sold was the same as in France and at a similar price, the company adapted their communication to their potential customers in each country throughout 2017 via social media and ensured that the messages were communicated in the languages of the target countries. Their intention was to achieve 50% turnover in France and 50% outside of France. Success in the European market and sales in the Middle East gave impetus to their ambition to go global, as Louis insisted:



“We needed to strengthen our distribution in Germany with a solid business partner such as Douglas for example, whom we were in contact with and who already distributed our products on their website. The same in the UK, because even if we were already distributed at Topshop, the Disney Store or the Conran Shop, we were aiming for a partnership with Boots. Our ambition was to go faster, but also further afield. We wanted to develop in Asia and the United States. The US is the showcase to the world. We wanted to show that Merci Handy could speak to millennials all over the world.”

By the end of 2017, the creators of Merci Handy had already researched ways to expand in the US and in Asia, thus trying to reach much bigger markets. Their plans for Asia were to adopt a test and learn attitude, Asian culture being so different from Western culture. Roland and Louis knew for example that fragrances would need to be adapted. They intended to develop in Hong-Kong via online resellers, and to also reach China via WeChat so as to get initial feedback from customers. Their refusal to test products on animals as required in China would surely cause problems. The US still represented a dream for them. The possibilities of potential partnerships were numerous via outlets such as Sephora, Amazon, or Wholefoods. Louis’s intention was to seize any opportunity. He was conscious that the main challenges would be how distribution was organized differently in each US state, as well as the cost of being referenced with big retailers. But he had his own idea on how to tackle these issues:

“1% of the US market represents so many people compared to any European country. We wanted to create a real desire for our brand so that retailers would ask to reference our products.”

Louis envisaged moving to the US in 2018 to manage the launch of Merci Handy there.

## **Conclusion**

The challenge that Louis and Roland now faced was how to continue their international development especially in Asia and the USA. They had many challenges ahead and some strategic decisions to make. This case study is useful in the sense that it offers a unique insight

into a young entrepreneurial venture that has initially revolutionized hand-cleansing gels and then extended its range to other related products on an extremely competitive market. Being part of the millennial generation, they communicated through social media and leveraged influencers to promote their products. They developed internationally by first of all establishing a French base, then rolling the concept out to European partners and then internationally. One of their main challenges was whether their offer would reach the Millennial target globally.

The main question was: had they chosen the right strategy? Discuss the questions below in order to ascertain Merci Handy's intended strategy.

### ***Questions***

- (1) Which internal and external factors encouraged the start-up, Merci Handy, to develop internationally?
- (2) To what extent does Merci Handy follow a 'born-global' internationalization model?
- (3) Evaluate Merci Handy's choice to enter international markets via their network of business partners.
- (4) Discuss Merci Handy's choice to prioritize a relatively homogenous target at a global level in their quest to expand in the US and Asia.
- (5) In what ways did social media contribute to the rapid international expansion of Merci Handy?

### **Notes**

1. Throughout the case study, we refer to the entrepreneurs by their names, Roland and Louis, and to the business venture as 'Merci Handy' (<https://www.merchiandy.com>). The case was written in collaboration with the two aforementioned entrepreneurs and developed based on in-depth interviews with the same. All the quotes in the case study are from those interviews and all other information in the case study were provided by the entrepreneurs.

## Website references

*Merci Handy's website:*

<https://www.merci-handy.co.uk>.

*Merci Handy's Instagram account:*

<https://www.instagram.com/mercihandy/?hl=en>

*Amazon search for hand sanitizers:*

[https://www.amazon.com/s/ref=nb\\_sb\\_ss\\_c\\_1\\_6?url=search-alias%3Daps&field-keywords=hand+sanitizer&srefix=hand+s%2Caps%2C235&crd=1HYWUT221DC8](https://www.amazon.com/s/ref=nb_sb_ss_c_1_6?url=search-alias%3Daps&field-keywords=hand+sanitizer&srefix=hand+s%2Caps%2C235&crd=1HYWUT221DC8)

[https://www.amazon.co.uk/s/ref=sr\\_pg\\_4?rh=i%3Aaps%2Ck%3Ahand+sanitizers+pocket+size&page=4&keywords=hand+sanitizers+pocket+size&ie=UTF8&qid=1536051321](https://www.amazon.co.uk/s/ref=sr_pg_4?rh=i%3Aaps%2Ck%3Ahand+sanitizers+pocket+size&page=4&keywords=hand+sanitizers+pocket+size&ie=UTF8&qid=1536051321)

*Online sanitizer shop:*

<http://www.sanitizers.co.uk>

## **TEACHING NOTE**

### ***Learning outcomes***

This case aims at exposing entrepreneurship students to the challenges faced by international expansion of start-up companies. By tracing the narrative of how an international new venture was created and developed, students are able to appreciate the steps of its internationalization. The Merci Handy case highlights key topics related to understanding (1) the antecedents of rapid international expansion for a company; (2) the most adapted models of international development for start-ups; (3) the most appropriate entry modes for start-ups to develop abroad; (4) the potential existence of targets at a global level; (5) the recent role of social media in enabling internationalization.

### ***Case positioning***

This case can be used at postgraduate and undergraduate level programs. It is particularly suited for courses such as entrepreneurship, international business, and management of small businesses. The case can be used to help students discuss and understand the born global model of internationalization as well as the preferred choices of entry modes for SMEs. It can also help discuss the benefits and opportunities of addressing a global target and of using social media to internationalize.

### ***Discussion questions and analysis***

(1) *Which internal and external factors encouraged the start-up, Merci Handy, to develop internationally?*

Globalization can be a source of opportunity for all businesses, regardless of their size. The common reasons and circumstances leading to the distinctive early internationalization of start-up companies are well covered in the literature (Baronchelli and Cassia, 2014; Cavusgil and Knight, 2015; Ciravegna et al., 2018). The instructor can highlight that the reasons start-

ups wish to internationalize will first be internal to the firm, but that external and facilitating factors will play a part in this decision.

Among internal factors, students will identify founders' international vision, as well as take advantage of additional market opportunities as the main reasons why Louis and Roland wished to expand Merci Handy internationally. Much is played out in the mindset that drives the company and its manager. The role and contribution of Louis and Roland to the success and growth of the start-up can also be emphasized during discussions. The entrepreneurs' personality, their experience, and their international vision on developing an international business network played a key role here. The case, in developing the history of the nascent entrepreneurship, illustrates well how the aspiring entrepreneurs Louis and Roland had high levels of confidence in their own abilities to start the venture and engage in subsequent activities to successfully bring it to life (Carsrud and Brännback 2011). Therefore, here we can insist on entrepreneurship as an economic behaviour in which new venture organizing activities are contingent on characteristics of the nascent entrepreneur (Hopp and Sonderegger, 2015). The fact that Louis and Roland decided to move ahead in the face of daunting obstacles of a highly competitive cosmetics market suggests that they are highly passionate and indeed, literature indicates that passion is very important and prevalent among entrepreneurs (Cardon et al. 2009; Cardon et al. 2012; Thorgren and Wincent 2015). It has also been argued that passion facilitates creativity and the exploration and exploitation of entrepreneurial opportunities (Baron, 2008), attracts investors to finance businesses (Mittness, Sudek and Cardon, 2012), and drives higher-level entrepreneurial effort and growth (Drnovsek, Cardon and Patel, 2016; Murnieks, Mosakowski and Cardon, 2014). Creativity is moreover linked with identification of opportunities that lead to the establishment of new firms (Ko and Butler 2007; Biraglia and Kadile, 2017). Scholars who draw from the entrepreneurship literature underline among internal factors the importance of

entrepreneurs' attitudes —whether they perceive foreign markets to be risky or profitable— as well as the resources a firm can deploy to go abroad in shaping decisions on when to internationalize (Ciravegna et al., 2018).

Among external factors, students should argue the case that the international as well as competitive nature of the cosmetics industry; the required economies of scale; the small size of the domestic market (the number of outlets/stores is limited in France due to the strategic choice of distribution made by the brand); and the homogeneity of the international market will have played a role in making Merci Handy go global. They will realize that targeting a niche market as well as influencing the firm's network partners (following its clients, such as H&M or Sephora, who present a source of business opportunity abroad) acted as catalysts for rapid internationalization. More generally, market-based antecedents of early internationalization include size of the domestic market, availability of opportunities in other markets, capturing a key market before competitors, preventing competitors from acquiring a dominant position in a market, receiving unsolicited orders, market knowledge, product innovation, and operating in a niche market (Baronchelli and Cassia, 2014; Ciravegna et al., 2018). The instructor will lead a discussion on whether it is easier to internationalize when young and small, and whether internationalization can bring a competitive advantage. In the life of a start-up, the question of international development is often crucial and difficult to solve. But it has become unavoidable. Nowadays, to create a start-up means to offer a solution to a problem that has been identified which is often not only national. As soon as you begin to formulate a value proposition, you must therefore fit into the international ecosystem. Integrating an international dimension within a start-up corresponds directly with the start-up DNA. For innovative projects, it is a way to win new customers, accelerate the growth of the company and position itself as a leader. Growth requires significant resources and continuous innovation of the offer, so as to remain at the forefront of what can be achieved at a global

level. Therefore, the number of people to whom the product or service is offered should be as large as possible in order to generate significant profits, making it possible to finance innovation. An international new venture (INV) will indeed derive competitive advantage from the use of specific resources and the sale of outputs in multiple countries (Oviatt and McDougall, 1994, 2005). It would be dangerous to wait for profitability in one country before extending into another, because you would be leaving markets to other players, given that the "first mover advantage" is crucial on several markets.

(2) *To what extent does Merci Handy follow a 'born-global' internationalization model?*

Literature on SMEs' internationalization is often divided into the 'Uppsala School' and the 'Born-Global School'. The Uppsala School operates with a gradual process of commitment in which experienced-based learning grows out of actions and relations developed in domestic and foreign markets. On the contrary, the key point in the Born-Global School is that firms do not rest on, or learn from, their home market. Instead, a growing number of entrepreneurs are committed to international activities from their very first years of existence, if not inception (Klyver et al., 2012). With this question, instructors will first encourage students to review both theories of internationalization to isolate their distinctive features, as extensively developed by Chetty and Campbell-Hunt (2004).

In the 1990s, seminal paper by Oviatt and McDougall (1994) identified an emerging phenomenon: 'international new ventures' (INVs, new ventures internationalizing at or near inception). Also often named 'born-globals' (BGs) (Rennie, 1993), these young firms experience an accelerated internationalization process. While traditional start-ups generally originated as domestic firms and gradually evolved into multinational enterprises, contemporary start-ups increasingly begin as international firms and make the world their garden. The primary differentiating characteristic is the age of the firm when it becomes

international. Hardly created, they go abroad to reach larger markets. What could be considered the privilege of large multinational groups has become the development model for these agile and ambitious entrepreneurs. Nowadays, companies with international status from their inception are found in abundance in many countries (Cavusgil and Knight, 2015). This early and rapid process of internationalization is disruptive and calls into question the universality of traditional models of a step-by-step internationalization, often referred to as ‘stages models’. The main model used is the Uppsala model (Johanson and Vahlne, 1977), that suggests the mastery of current business activities first, the acquisition of certain know-how on its own birth market perimeter before exporting, and a good knowledge of the foreign market before deciding to engage in it. According to this model, it is recommended to start exporting to nearby countries in terms of distance, language and culture, to gradually gain experience beyond its borders. Only then will the organization be ready to expand to more distant and more complex country markets. The Uppsala model of internationalization is widely used because of its simplicity and applicability. However, the literature shows that company strategies (targeting for example a niche market) and its resources (for example, an excellent brand image) can reduce barriers to entry, thus facilitating faster international development. Lynn Childs and Jin (2014) showed that, after a cautious expansion at the beginning of internationalization, fast fashion retailers experienced a period of rapid expansion.

The instructor can ask students to research BG model and INVs in the literature in order to initiate a class debate to differentiate them. Based on Crick (2009), BGs could, for example, be judged to have a level of commitment in the triad markets of North America, Western Europe, and South-East Asia including Japan, within their first three years and demonstrate commitment to each market by having a turnover within three years of at least 10 per cent in each region. INVs in comparison would only need to have outward internationalization within



three years of business start-up, representing in total 30 per cent of turnover to at least three overseas markets, irrespective of their geographic location. The instructor will then ask students to list out elements of Merci Handy's case study that support the BG model, as well as those that contradict the model. If development was initially in Europe, towards countries with a close cultural distance (as suggested by the Uppsala model) it was achieved very quickly thanks to the support of trading partners, which opened several countries to the brand at the same time. Sephora opened 14 and Marionnaud three European countries to the brand. Almost from its creation, the company also sought to build competitive advantage by using resources located abroad (production laboratories in Italy and China) and marketing its products in several countries. The case that Merci Handy follows a BG model of international development could be argued, as few early internationalizing firms develop 'global' footprints; rather they limit their export activities to a limited geography. Most BG firms internationalize on a regional basis, at least in their early years (Cavusgil and Knight, 2015). Students could conclude, based on the company's story, that Merci Handy was truly "born" with the intent to serve multiple foreign markets quickly (Coviello, 2015).

*(3) Evaluate Merci Handy's choice to enter international markets via their network of business partners.*

Entry mode, the operational form used to enter foreign markets, is a key issue in international business research. Firms may choose to enter foreign markets alone through direct exports, in partnership with other companies via contracts with distributors, or by making a direct investment in a foreign country. Choice is a complex process and a matter of compromise between the different modes. The decision is necessarily a trade-off between the resources available and the support requirements of the customer. Literature points to clear differences in entry mode strategies between SMEs and large firms. Many factors will influence this

choice. A complete review of antecedents to entry mode choice by SMEs can be found in Bruneel and De Cock (2016). Students should be encouraged to discuss which antecedents of Merçi Handy can explain choices made in this case. Being young and resource-poor, most born global firms employ exporting as their main international entry mode (Cavusgil and Knight, 2015). The Merçi Handy case illustrates this quite clearly. Export is the least risky and cheapest way to enter the international market, thus often the preferred choice of entry mode for SMEs abroad. The benefits of direct export (via commercial partners or not) are: (a) Access to local market experience, a contact with potential consumers, which enables the acquisition of market knowledge; (b) A shorter distribution channel and better control of the marketing-mix (in comparison with indirect export via an agent). The main limitation of this mode of entry, in comparison with more expensive modes such as the establishment of a subsidiary or a joint venture, is the lack of control over prices (customs duties). With this question, students will learn about benefits and risks of different entry modes.

Exporting directly through its trading partners allows Merçi Handy to overcome the constraints of limited resources that do not allow the opening of subsidiaries in each market. Networks are influential in helping SMEs to overcome these resource constraints and isolation, and in enabling rapid internationalization from inception or at an early stage of start-up. New ventures that achieve instant internationalization have tended to demonstrate higher levels of strategic pro-activeness in networking (Coviello, 2006). SMEs can offset limitations of their small size if they foster a positive attitude and enhance their networking skills. They can formulate and manage strategic network relationships more effectively to compensate for their constraints in developing international business (Tang, 2011).

*(4) Discuss Merçi Handy's choice to prioritize a relatively homogenous target at a global level in their quest to expand in the US and Asia.*

Homogeneity of the targets is a condition of standardization of the international offer. If international targets are similar, for example adolescents in Western countries, standardization is easier than if, as well as cultural differences, there are also differences in age, income or family situation. According to Cavusgil and Knight (2015), a worldwide clientele for their innovative, differentiated and unique offerings motivates the leadership of born-global firms; they discover that reaching a transnational profile of customers around the globe is now feasible. This question is particularly interesting to discuss when students are part of the 'Millennial' segment that Merci Handy targets. The Millennials, or Generation Y, were born between 1978 and 1994. Today, they represent a third of the global population. They have often benefited from higher education, are comfortable with technology and creative. These commonalities identified in the Millennial consumer behaviour around the world seem to confirm that they are a force to be reckoned with for companies. A debate can be organized with students on the homogeneity of the Millennial target in the world. Euromonitor International (2015) see talking about Millennials being a homogeneous target as restrictive, as Millennials' behaviour in different regions of the world may vary. Significant differences also occur between Millennials in developed and developing countries. Although this group is more homogeneous than its elders, because of a stronger exposure to the world (linked to the internet) and a familiarity with social networks, Euromonitor has nonetheless classified Millennials into different segments, with expectations and different behaviours. The discussion could include incursion into the beauty/personal care market more specifically. While it cannot be considered as global, the cosmetics market still shows similar consumer trends among Millennials (Euromonitor International, 2017). According to Louis, *"Millennials mainly consume quite generally in the beauty sector. There is no major country specificity"*. The discussion will highlight the essential advantage for Merci Handy to address this global target, which is reactivity, advantage of start-ups to overcome established brands.

As Louis insisted: *"We have neither the time nor the means to adapt: 1) our tone, 2) our brand or 3) our products for each of the markets where we are launching. If the market responds, we invest and develop. If the market does not respond, we change our strategy, and eventually we abandon the country: a kind of A/B testing on a very large scale"*. The discussion will also mention the essential risk, namely launching the brand too soon, without understanding the real expectations of consumers on the market, at the risk of depreciating brand image.

(5) *In what ways did social media contribute to the rapid international expansion of Merci Handy?*

Among facilitating factors, students will recognize that advances in international communication will have reduced barriers to internationalization for Merci Handy. The instructor will highlight that the social media environment in which contemporary firms nowadays operate has changed the way firms act and relate to customers and providers. Social media is henceforth embedded in today's internationalization strategy. Companies extend their reach into foreign countries by posting and tweeting. Social media networks provide founders with immediate access to a large international community of potential customers, partners, employees, and competitors. They offer opportunities to create trust and to reach a large audience easily and at a low cost (Leeflang et al., 2014). Students can discuss how using social media as communication channels can enhance SMEs' business performance in different ways, among which, as reviewed by Wang et al. (2016): SMEs can communicate their brand to reach wide audiences, display the latest information for current customers, and gain new customers, communicate with suppliers and identify prospective partners in the distribution channel, gain clear insights into customer needs, identify new business opportunities and new product ideas, develop their products, and improve their services.

More specifically Louis and Roland used social media (mainly Instagram) to reach their Millennials/Generation Y target customers. Students can easily argue that being digital natives, often described as technologically savvy, with a need to interact with others, Gen Y makes great use of social media. They are more likely to value others' opinions in social media and to feel important when they provide feedback about the brands or products they use (Bolton et al., 2013). Millennials are defined by an Internet and media landscape that permeates nearly every facet of their daily lives, thus shaping their perspectives and views by a global community (Howe and Strauss, 2009). Instructors will insist that brands that are successful in capturing the short attention span of Millennials are those that engage them and provide something to stand for. Instagram is considered a particularly good medium for this. It is one of the fastest growing social media vehicles with more than 300 million users worldwide and 73% of those are Millennials (Clasen, 2015). This makes Instagram the right choice for Merci Handy to internationalize. Instagram has become a medium for visual storytelling where Millennials enjoy interacting with brands and following them. Picture-based vivid interaction with brands creates high brand engagement. Recent Millennial-focused research in the US shows that 81 percent of respondents agree social media is the most effective way to reach them. Of those, 40 percent feel Instagram is the best and most effective social media outlet to connect to brands (Richards, 2017). Discussion with students will insist on how, in the case of Merci Handy, use of humour attracted international influencers, who passed the message exponentially towards their followers, which fostered rapid international expansion. Brand fans tend to have positive effects on a firm's word-of-mouth and loyalty (Leeflang et al., 2014). So, as analyzed by Maltby (2012), using social media is a good way to accelerate the internationalization of a start-up from inception.

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