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Innovative Entrepreneurship and International Development Strategies: The case of the Dairy Company FAGE S.A.

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Abstract

Technology has an important role in innovation and business growth. However, expansion on an international scale may be a result of other factors rather than technological development and innovation itself. The most typical case is where a firm already controls a very large share of a domestic market and, unable to grow further, turns to a foreign market. FAGE in the United States is studied as a relevant case. Based on the SWOT analysis which was carried out, the following can be considered as strong points of the company 1) Previous investments leading to a highly productive unit 2) Know-how & knowledge diffusion 3) Small share of sales per customer 4) Several suppliers 5) Tax decrease during the last years. The major weak point of the company regards the absence of company-owned farms. Exports to South America and Southeast Asia are the major opportunities. The COVID-19 pandemic, an increase in freight rates, a general downturn of the US economy, new firms in the US market, climate change and lawsuits are the major threats. The EBITA increased from \$ 81.270 thousands in 2019 to \$ 115.545 in 2020. The first six months of 2021 the EBITA was \$ 51.622 thousands, while in 2020 the related EBITA was \$ 53.904 thousands. While the strategic position of the business in the United States is strong, it is necessary to address the associated threats and exploit opportunities to ensure the future profitability and sustainability of the business.

1. Introduction

Undoubtedly, the opportunity for international business expansion is now easier than ever. The period since the Fall of the Berlin Wall has led to a globally interconnected society and economy, with little or no barriers to expanding business activities from one country to another. This study focuses on this issue, first examining the role of innovation and business expansion. It then examines the reasons that lead to international expansion and the strategies that are followed in this regard. Next, the case of FAGE, which initially operated in Greece and subsequently developed a production unit in the United States, is analyzed. In this context, a SWOT analysis is carried out for FAGE in the United States and subsequently relevant financial indicators are overviewed. Finally, some practical suggestions and some relevant conclusions are drawn from the aforementioned analyses.

2. Innovation & global expansion

Innovation refers to the applied use of knowledge for the purpose of producing and/or providing new or substantially improved products, processes and/or services that have direct productive, utility and/or commercial application. Innovation refers to the production, assimilation and successful exploitation of new achievements or ideas in the economic and social field (Goffin & Mitchell, 2016). Innovation is different from creativity, since the generation of new ideas and solutions is an essential step towards innovation, which refers to the application of these developments (Dawson & Andriopoulos, 2021).

An innovative action can be radical, or incremental (depending on changes to existing functions of a firm) and can refer to a new product or service, their modes of production or the technology used, as well as the management structure of an organization (internal or external in relation to customers or consumers) (Hugner & Wheelen, 2004).

Human evolution is strongly associated with innovation. From the discovery of fire and the wheel to new technologies, the historical evolution and development of humanity is linked to innovation (Frankelius, 2009).

At present, in most sectors of the economy it is difficult to differentiate due to the ability of firms to change their tactics and strategies quickly and also to copy the tactics of competitors. This means that in order for a business to gain the coveted competitive advantage, it must be able to invest in innovation and to achieve differentiation from its competitors. In fact the companies that give special emphasis to differentiation are the ones that have invested in innovation. For example, Apple's ipod and later the iphone, Microsoft's windows, and many other applications that are widely regarded as significant innovations are the cause for an organization to be able to gain a competitive advantage. In general, innovation is considered necessary even in non-profit sectors such as public administration and culture (Salge and Vera, 2012).

Innovation has many aspects and applications. Innovation can be applied in different sectors, such as shipping, new technologies, society (culture), industry, public administration, etc. (Griffin, 2008). We can mention many aspects of innovation such as:

- New methods of manufacture production.
- The use of new environmentally friendly materials.
- Use of new materials with better characteristics than the previous, leading to better products
- New energy production technologies.
- Bio-based medicines.
- New diagnostic methods in medicine or production.
- Sensor technologies such as measurement and control of processes and product quality.
- Products to provide user or environmental protection.
- Total waste or waste management and recovery systems.
- Reduction of energy consumption per unit of product/service.
- Integration of "green" technologies in production/service provision.
- Systems that measure and control the stock of products
- Introduction of methods based on digital technologies for the development of production (e.g. automated production line)
- Introduction of simulation programmes to control and optimise final and/or intermediate production and product processes

From the above it is clear that innovation has many uses and aspects and cannot be easily categorised. On the contrary, in modern society innovation is almost everywhere, in every form of social and economic activity (Salge and Vera, 2012).

As for the types of innovation, Shilling (2005) has categorized innovation based on the following:

- Radical innovation, which refers to innovation that aims to provide solutions to immediate problems. It is the innovation that differs from the previous ones and can radically change the way the organization operates.
- Incremental innovation refers to the innovation that involves some marginal changes or even in many cases more adaptations than changes to enable the organisation to absorb changes in its environment.
- Reinforcement innovation, which refers to innovation related to the concept of enhancing the skills and knowledge that the organisation has. In many cases innovation can either build on existing knowledge or replace existing knowledge. Innovation relates to ways of improving the performance of the organisation through the upgrading of relevant skills.
- Segmental innovation refers to innovation that relates to one or more parts or functions of the firm but not to the firm as a whole. In this case it is the production of innovation that is aimed at improving one part of the organisation's function but does not affect the whole of the organisation.
- Finally, architectural innovation refers to innovation that relates to changes in the design of the systems that an organization has or even the design of some systems and not the whole systems. It can also refer to innovation related to the interaction that systems have with each other.

The reasons that may make innovation necessary in an organisation are many and may vary depending on the organisation. But there are certainly some particular reasons that may necessitate an innovation. An important factor that pushes towards innovation is none other than the change imposed by developments in new technologies. It should be mentioned that it would be particularly difficult to identify any industry or economic activity in general that has not been affected by technological developments that force innovations.

Also, parameters related to organizational needs, the strategy of the firm, the culture of the firm and the country it operates in relation to innovation, and the trends in the market might also lead to innovations (Shilling, 2005).

All of the above contribute to the diffusion of innovation. So we could state that the reasons that make innovation necessary are two, technological and organizational. Yet, it could be supported that without technological innovation any organizational drivers would have limited effect. Technological innovation is defined as (Hugner&Wheelen, 2004):

- a. The introduction to the market of a new or significantly improved in terms of its basic characteristics, technical specifications, embedded software or other non-material components, preferred uses or user-friendliness, product (material good or service), or,
- b. The introduction into the enterprise of a new or significantly improved production process, method of supply and distribution or support process for the goods or services. The result (of the process) should be significant in terms of volume of production, quality of products or cost of production and distribution. Purely organisational or administrative changes are not included in technological innovation.

In addition, technological innovation is based on the results of new technological developments, new combinations of existing technologies or the use of other types of knowledge acquired by the enterprise. Changes of an aesthetic nature are not considered technological innovations. Technologies are used in a wide range of human and organisational activities. This also means that innovation in technology brings about drastic changes affecting all branches of production (Hugner&Wheelen, 2004).

3. Reasons that lead to international expansion and related strategies

It's critical to investigate what motivates companies to look for opportunities to expand their earnings and operations outside of their own country. According to Porter (1985), there are a number of factors that contribute to organizations' externalization, including:

- The national markets are unable to support any additional competition. There is no room for further expansion, and enterprises on the local market must expand into new markets in order to stay up with the speed of growth.
- In many markets, the rising volume of imports relative to exports is prompting local businesses to look for solutions elsewhere. The trade deficit may force local enterprises to internationalize in order to compete with their overseas competitors while also assisting their country in reducing the trade deficit.
- Foreign competition is another element to consider. Foreign competitors are increasingly challenging national enterprises in a variety of industries. One strategy for dealing with foreign competition is to enter the rivals' market or some new markets in order to recoup what the firm lost due to foreign competitors' entry.
- The emergence of new markets is another factor. In recent years, we've seen a number of emerging markets, such as China, Brazil, and Turkey, have a significant role in international trade. New opportunities and difficulties arise as a result of these marketplaces.

Apart from the above reasons mentioned by Porter, a few additional reasons could also be mentioned. According to Doole and Lowe (2004), the globalized market automatically and eventually has an inner driving force leading to externalization. This process is strongly related to technological development. Technology's rapid advancement has resulted in standardization in a number of high-profile markets, including the food industry. Standardized products such as the iPhone and the BicMac are aimed at the so-called "global consumer". Product standardization has been fostered, according to Albaum et al. (2005), not only by the shape of the global customer and the standardization of consumer preferences, but also by the standardization of business procedures on a global level.

Rugman and Collinson (2006) identified some other factors that may also cause a firm to externalize, including factors such as low taxes and production costs in developed countries, as well as factors related to special treatment of foreign investments, such as free-trade zones and so on. It is crucial to note that while a corporation may need to externalize in order to enter new markets, it may also choose to externalize only portion or all of its production processes in order to lower the price of its products (Hugner&Wheelen, 2004). In general, a company may go abroad for a variety of reasons.

While entering a new market can open up new opportunities for a company, it can also expose it to new challenges. Many businesses have failed to penetrate new markets due to a variety of factors. Many countries tout their advantages for new investors, such as low taxes and inexpensive labor, but they fail to mention that there may be challenges that create a hostile environment for newcomers. Corruption and hostile culture are two factors that can work against a potential investment (Borensztein, et al, 1998).

Culture has a central role and it may become a criterion for determining whether or not a newcomer can adapt into the existing market. Culture, according to Geertz (1993), is a potential landmine for anyone trying to break into a new market. Hofstede (1997) analyzed culture and created a map of the various cultural clusters. There are nations that share similar cultural components, but there are other countries that have distinct cultures, and a corporation looking to engage in a new market must be aware of the cultural aspects of the target market.

Yet, it is difficult to identify culture without any prejudice. There are cultural influences that are prevalent in some nations, such as religion in the Islamic world, that influence not only how individuals live but also how businesses operate (Doole & Lowe, 2004). McDonald's, for example, cannot sell pork in Islamic nations because Muslims believe eating pork to be a sin. This is only one example of how a company's culture can influence not only whether or if it enters a new market, but also how it does so.

A key question is the appropriate strategy a company should choose to expand into a new market. Based on the Ansoff Matrix there are four sub-strategies to enter a new market (Ansoff, 1957): 1) market penetration, which involves increasing sales of current products within an existing market 2) product development, which involves producing new products for an existing market 3) market development, which involves entering a new market to sell current products 4) total diversification, which involves developing new products and a new market at the same time. It is obvious from the above that expansion into a new market almost exclusively refers to the third case, given that a firm has developed sufficiently in an existing market and that its products have been successful enough to seek a new market at international level to channel its already successful products. This is in line with Porter's (1985) first criteria leading to expansion.

4. Analysis of FAGE

4.1 FAGE in Greece

FAGE is a dairy company, which started operating in 1926 as a small dairy shop on Patisision Street in the centre of Athens in Greece, selling mainly yoghurt, a product that made the company famous. In 1954, the first wholesale network for yoghurt was created in Athens and 10 years later the first yoghurt production plant was inaugurated in Galatsi. The company became well-known and in 1974 the current FAGE factory was built. The yogurt's taste gradually improved, while new flavours were added and the allowed time from production to consumption considerably. Yoghurt became an integral part of the daily diet of the Greeks and the sells of the company kept rising. The first exports of Greek yoghurt started in 1981 in Europe and TOTAL yoghurt, a product of FAGE, was exported and consumed in several European countries, firstly in the United Kingdom and Italy. In 1991, the company turned to the production of cheese. Gradually, production and packaging kept evolving, offering consumers high quality and a wide variety of cheese (Smardas & Karavias, 2020).

The company became involved in the fresh milk market, which led to the creation of new facilities exclusively for the processing of pasteurized milk. Pasteurisation, homogenisation and packaging units were rebuilt in order to offer fresh milk to consumers on a daily basis under the brand name 'Fresh Milk FAGE'. Following this, the financial investment in research by FAGE has brought a new product, high pasteurisation milk, to the market (Smardas & Karavias, 2020).

The company's facilities are not only limited to the complex of facilities located on the Athens-Lamia National Road as it has set up new facilities in Northern Greece in order to supply the company and reduce transportation costs. In fact, the company has also acquired several cheese dairy facilities around the country, which it has modernised in order to combine its know-how with the experience of traditional cheese makers. The collection, processing and quality assurance of raw materials is carried out at the company's 11 milk collection stations covering the whole country (Smardas & Karavias, 2020).

FAGE collects 17% of the total production of Greek milk, which is processed using the most advanced methodologies and strict specifications to provide consumers with high quality products. The effective and organized distribution network that the company has developed contributes to this, with its products being found in every supermarket, bakery, kiosks and small shops almost all over the country (Smardas&Karavias, 2020).

More than 100 branded products bear the company's signature with many of them being top consumer preferences over similar products from other companies. The company's policy of specialization and training of its workforce have led it to the top of the Greek dairy industry. With a sense of responsibility towards the consumer, continuous efforts are made to maintain appropriate hygiene conditions in its facilities (Smardas&Karavias, 2020).

4.2 FAGE in the United States

Over the years, FAGE's extroversion has not only focused on exports, but also on the development of production infrastructure abroad. Since 2012 the international FAGE group has been headquartered in Luxembourg. FAGE's expansion to the United States took place in 2005. FAGE's main activity in the United States is the production and distribution of milk products. The year 2008 can be considered as a milestone. In April 2008, FAGE developed its own plant in Johnstown, New York, which produced yogurt and received approval for the marketing of its products from the FDA. This plant was intended to meet the needs of the United States market, but also to export the products to other countries. In the following years, FAGE continued to grow in the country. FAGE's activities in the United States were considered central to the overall expansion of the business. Between January 1, 2016 and December 31, 2020, a total of \$96.5 million in capital was invested to develop the company's manufacturing facility in Johnstown, New York. It is worth mentioning that this amount was higher than the corresponding amount invested for the company's production units in Greece, as the corresponding amount in the same year was \$84.5 million. In total, \$463.5 million has been invested in this unit since 2008. This plant can produce 160 thousand tons of yoghurt on an annual basis. As a function of the group's policy of expanding its activities in the United States, annual sales of FAGE products in the country quadrupled between 2009 and 2020 (FAGE Annual Report, 2020).

4.3 SWOT Analysis for FAGE in the United States

Based on the operation of the company in the United States, several strong points, weaknesses, opportunities and threats could be noted. The following can be considered as strengths of the company:

- 1) The existence of a capable production facility in the United States. Indeed, as indicated above, the amounts invested in recent years in the firm's production unit in the United States are comparatively larger than those invested in the production units in Greece. The emphasis on the technological development of the production of the products in this plant constitutes a strong point of the company.
- 2) Know-how and knowledge diffusion: operating for tens of years, with production units both in Greece and in the United States, and with exports to numerous countries around the world, the FAGE group is distinguished by its considerable know-how and experience. The diffusion of knowledge on the part of the group to the executives of the production unit in the United States is another strong point for this company.
- 3) Another strength of FAGE in the United States relates to its extensive network of customers in a way that none of them have a large share of the company's sales. Specifically, the firm's largest customer held just 6.5% of sales in 2020, and it is estimated that more than 300 companies supply FAGE's United States products (FAGE Annual Report, 2020). As no individual customer therefore has a very large share, the bankruptcy of any of them or finding a new supplier would not significantly threaten the viability of the business.
- 4) Similarly, a key advantage of the business is that it does not rely on a small number of suppliers. The firm's suppliers are numerous and in different geographical locations from each other (FAGE Annual Report, 2020). In this way, the firm can demand lower prices from suppliers and not be significantly dependent on them.
- 5) Another strong point of the case in the United States is the considerably low taxation. Until December 22, 2017, the tax rate for businesses in the country was 35%, a rate that is too high compared to other countries in the developed world, which significantly hinders the competitiveness of the business, given the high wage costs. However, from that date onwards, the Tax Cuts and Jobs Act was implemented, under which the tax was reduced to 21% (FAGE Annual Report, 2020). This is certainly now a strength of the business, as there is a fairly profit-friendly tax rate.

As for the related weaknesses, a key weakness of the business in the United States is that it FAGE doesn't own farms (FAGE Annual Report, 2020). Although, as mentioned above, it is certainly an advantage to have multiple different suppliers, if the company owned farms it would certainly reduce the cost of supply. In Greece, FAGE has taken similar actions, as it has acquired several small suppliers in order to reduce product costs. However, similar actions have not been taken in the United States. This is not a weakness compared to other companies in the sector, since Nestle, the largest company in the sector in the United States, also rarely makes acquisitions of suppliers. However, this does not negate the fact that such an action could lead to a significant reduction in FAGE's operating costs and an improvement in its strategic position, as has been the case in the Greek market. Given that FAGE in the United States currently has no farms on its control, this is a disadvantage not allowing the company to reduce its production costs and improve its competitiveness. No other major weaknesses are noted.

Regarding the opportunities, the following could be considered as major opportunities for the expansion of the company:

1) A significant opportunity for the company can be seen in the expansion into the developing countries of the American continent. From a sociological and anthropological point of view, the transition from agricultural economy to industrial society and eventually to information society has led to an increase in people's consumption tendencies, given that people participate to a much lesser extent in the production chain of the products they consume. Thus, expanding a business in a country that relies to a significant extent on the agricultural economy is quite difficult, since on the one hand there are not so many consumer desires, and on the other hand consumers to a significant extent produce themselves the products they consume (Hylland-Eriksen, 2007). Undoubtedly, countries in the developing world are making a shift to the model of the developed Western world. This will soon lead to new markets for marketing the company's products in countries in South America. It is important to note that now many countries that could be potential markets for FAGE have more friendly governments towards the United States than in the past, when many Latin American countries had radical governments. It is thus quite possible in the future that agreements will be made that will allow for the complete liberalisation of trade between North and South America. Such a potential prospect could lead to an even greater opportunity for FAGE to increase its exports to South American countries. Overall, the South American market represents an opportunity for exports.

2) A second opportunity for FAGE of the United States involves commercial expansion through exports to Southeast Asian countries. During the past year a significant shift in consumer trends in Southeast Asia took place, as while consumers in these countries have been systematically biased toward consumption of related products from China, it appears that this trend has begun to reduce significantly (EMR, 2021). Thanks to a shift towards Western dairy products by residents of Southeast Asian countries, a relative opportunity is created for the United States' FAGE, as this is a market where the relevant scope for exports now exists and is certainly easier than in the past. Therefore, a second opportunity is for commercial expansion of the company through exports to Southeast Asia.

Concerning the upcoming and potential threats, the following could be noted:

1) Undoubtedly, the most central threat concerns the significant consequences of the current pandemic. The pandemic has led to a deregulation of production processes in many business sectors and a reduction in consumer spending and demand for products (Pantano et al., 2020). Since it is doubtful that the pandemic can be contained in the foreseeable future, this prolonged situation poses a significant threat to the FAGE of the United States.

2) A second key threat to the FAGE of the United States has to do with the increase in freight rates observed in August and September 2021 (Konings&Luman, 07.06.2021). The sharp increase in freight rates makes it much more difficult to shift business to exporting overseas. A further increase in freight rates or a prolongation of this situation could certainly pose a significant threat to the firm's outward-looking nature.

3) A third threat to FAGE in the United States concerns a general slowdown in the U.S. economy. At present it can be argued that there is no such threat in the near future, given that domestic stock market indices have returned to their pre-pandemic levels, which also demonstrates the significant economic recovery of the country's economy. However, the growth of the American economy was historically associated first with a bipolar world of the United States and the Soviet Union and then with a unipolar world, as after the fall of the Berlin Wall the United States was the only superpower in the world. The transition now to a multipolar world with many different superpowers, perhaps most notably China, may lead to a slowdown in the growth rates of the US economy as a function of international developments.

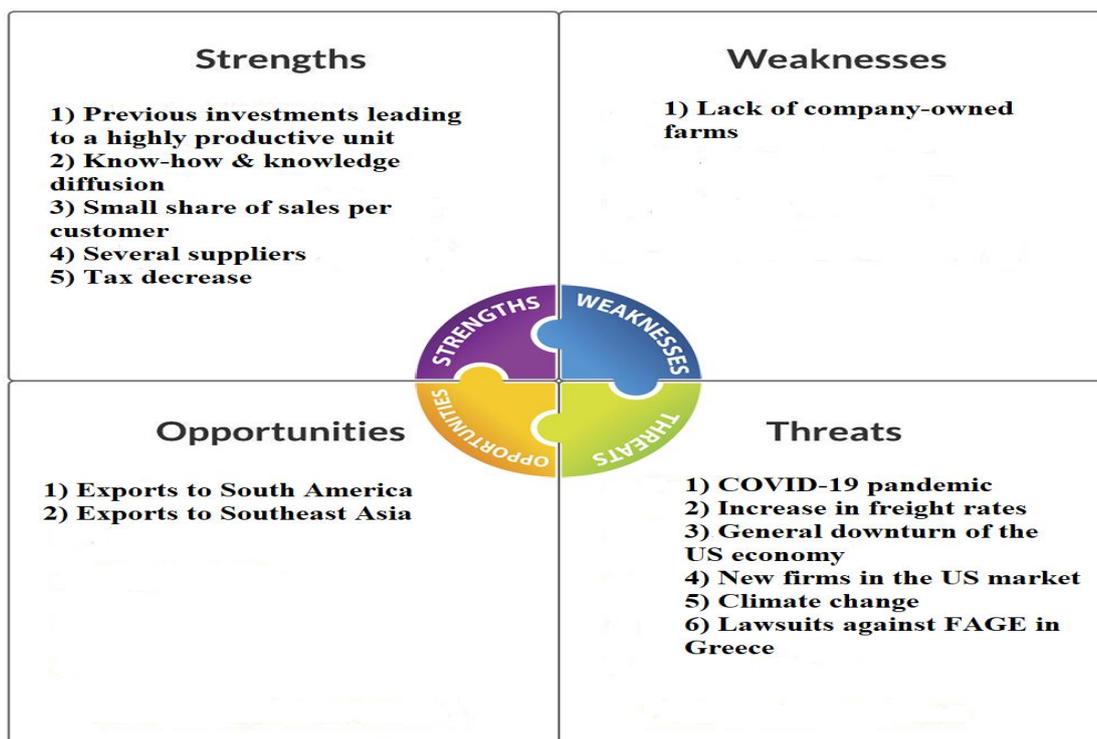
Indeed, it is estimated that the arrival of the pandemic will lead to the international position of the United States being weakened, as China's GDP will overtake that of the United States much more quickly than anticipated (Cheng & Lee, 2021). Therefore, a general slowdown in the US economy that would also result in a reduction in the consumption power of the citizens poses a threat to the business.

4) A fourth threat to business is the entry of new firms into the domestic market, which will be based in countries in the developing world and will expand their exports to the United States. This threat has been under scrutiny for decades, since firms in developing world nations lacked the expertise to be able to compete with firms in developed world nations. Thus, despite low wage costs, the considerable productivity of firms in the developed world created significant obstacles to the commercial expansion of firms in the developing world into the developed world. This situation is expected to change in the near future due to the fact that in developing world countries, such as India for example, there is now a very strong emphasis on knowledge and skills-oriented education (Kalantzis & Cope, 2013). As the developing world countries are therefore shifting to a knowledge-based economy, the advantage that developed world companies had in defending their markets is being removed. Therefore, if dairy firms in developing world countries take advantage of the knowledge now available to the domestic workforce, a dynamic entry into the United States dairy market with comparatively lower product costs than FAGE is quite possible.

5) Another related threat is climate change. The achievement of the 2030 climate goals set by the United Nations seems to be impossible now due to the pandemic, which has hindered the progress that had been made on the issue of addressing climate change and sustainable development in general (Srivastava et al., 2020). Restricting the rearing of cattle is a policy for managing the issue, since they impose a significant burden on the environment. In addition, the change in climatic conditions may lead to a change in the price of animal feed used for the production of dairy products. Furthermore, given the change in temperature, new diseases could emerge which could significantly affect the animals producing the dairy products. Thus, climate change poses a more general threat to the global dairy industry, thus affecting the United States' FAGE.

6) A key threat to the company is the existence of a legal dispute with certain suppliers in Greece, who claim that FAGE breached their contracts between 2001 and 2007. These cases have not come to court yet (FAGE Annual Report, 2020). Similar cases are not found in the United States, where there are no such legal disputes. However, in the event that FAGE Greece loses the relevant lawsuits, it is expected that FAGE's credibility in the United States towards its suppliers will be affected. Therefore, this represents an additional threat to the company.

Image 1. The SWOT analysis of FAGE in the United States



5. Related economic data

Based on the quarterly and annual reports provided by the company itself, no separate analysis is performed for the financial indicators relating to FAGE in the United States, as the analysis is aggregated for the FAGE Group. The annual report for the year 2020 was issued on March 24, 2021. The table below summarizes the most significant data for the group's operations over the last three years. As can be seen from the table, the company's sales decreased from 2018 to 2019 and increased again in 2020 without reaching the 2018 level. At the same time, there is a very significant reduction in the firm's costs, which also led to an increase in profitability. The liquidity of the business improved over the course of these three years, while total debt decreased in 2020 compared to the corresponding debt in 2019. In addition, the EBITA ratio showed a significant decrease from 2018 to 2019, but the subsequent increase was quite large, leading to much higher values even compared to 2018 (FAGE Annual Report, 2020).

Table 1. Economic data for 2018, 2019 and 2020

	Year ended December 31,		
	2018	2019	2020
	(\$ thousands)		
Statement of Income Data:			
Sales	551,879	494,266	521,296
Cost of sales	(320,313)	(310,596)	(308,889)
Gross profit	231,566	183,670	212,407
Selling, general and administrative expenses	(173,246)	(132,996)	(131,858)
Other income	1,632	998	620
Other expenses	(1,311)	(922)	(10,347)
Operating profit	58,641	50,750	70,822
Financial income/(expenses), net	(23,822)	(24,103)	(23,544)
Foreign exchange gains/(losses), net	(2,536)	(2,888)	8,365
Profit before income taxes	32,283	23,759	55,643
Income tax benefit/(expense)	(10,148)	(2,334)	(12,262)
Net profit	22,135	21,425	43,381
	December 31,		
	2018	2019	2020
	(\$ thousands)		
Consolidated Statement of Financial Position Data:			
Cash and cash equivalents	129,787	156,683	230,255
Trade and other receivables	69,998	51,334	58,651
Inventories	39,163	40,538	41,029
Net property, plant and equipment	450,306	428,848	384,928
Total assets	776,936	770,282	802,142
Short-term borrowings	-	-	-
Trade accounts payable and due to related companies	24,315	24,403	24,522
Total debt	411,781	412,662	406,054
Net debt ⁽¹⁾	281,994	255,979	175,799
Total equity	267,043	267,876	297,306
	Year ended December 31,		
	2018	2019	2020
	(\$ thousands)		
Other Financial Data:			
Cash flow from operating activities	94,262	86,315	114,635
Cash flow from/(used in) investing activities	(35,292)	(14,875)	12,692
Cash flow from/(used in) financing activities	(56,493)	(45,030)	(52,455)
EBITDA	86,929	81,270	115,545
Capital expenditures	(36,620)	(19,833)	(23,255)
Selected Ratios:			
Ratio of net debt to EBITDA	3.2x	3.1x	1.5x
Ratio of EBITDA to financial income/(expenses), net	3.6x	3.4x	4.9x
Net profit	22,135	21,425	43,381
Income tax (benefit)/expense	10,148	2,334	12,262
Financial (income)/expenses, net	23,822	24,103	23,544
Depreciation and amortization	30,824	33,408	36,358
EBITDA	86,929	81,270	115,545

Recently FAGE published its half-year report. As presented at Table 2, there was a small decrease in EBITA, comparing data from the first six months of 2021 with related data from the first six months of the previous year (FAGE Half-yearly Report, 2021).

Table 2. The half-year report of 2021

	Six months ended June 30,	
	2021	2020
	(\$ thousands)	
Net profit	22,802	19,826
Income tax (benefit)/expense ..	(1,020)	5,513
Financial (income)/expenses, net	12,080	11,284
Depreciation and amortization	17,760	17,281
EBITDA	51,622	53,904

6. Conclusions and implications

Based on the above, FAGE currently appears to show stability in its financials and has a significant presence in the United States. It is, however, concerning that multiple threats to the business are listed in the future. Some of the relevant threats, such as that of the current pandemic and climate change, are dependent on policies made at the state and international level. Indeed, the challenges related to the control of the pandemic and climate change certainly cannot be dealt with by the company, as they concern general issues related to the global political scene. However, it is necessary for the company to be well-prepared for possible changes in its internal and external environment due to these challenges. Therefore, it is necessary for the company to be able to adapt against possible future threats. For example, it is necessary for the company's management to ask itself to what extent its staff are capable of working from home in the event of a new lockdown and to what extent it can replace suppliers whose ability to support the firm may be affected by climate change. Thus, it is quite difficult for the business to develop a comprehensive response plan against these two key issues that we face today. However, it is possible to develop strategies to optimally respond to these threats after studying the preparedness and resilience of the business.

Moreover, the company can focus on further exploiting its strengths, addressing the weakness of not having owned farms and exploiting the opportunities that are present, specifically planning an export expansion to Southeast Asian and South American countries. Indeed, it can be considered that in the scenario in which other companies become aware of the markets of the developing world and in particular Latin America, they will enter to the markets faster, making FAGE's subsequent entry into much more difficult. Therefore, the management of the company is necessary not only to understand the importance and necessity of the moves to be made, but also as focus on the optimal time that determines their success.

In any case, although the currently significant market position of the company could possibly lead to complacency on the part of the company's management, this could be seen as a quite significant mistake, especially in today's ever-changing business environment. The speed of change in the markets is such that it is not only necessary for the company's management to reflect on how it can respond to these challenges, but also to understand the need for constant evaluation of the internal and, mainly, the external environment of the company, so that new challenges can be rapidly detected and dealt with.

Finally, given that we live in the information society and the knowledge-based economy, even a primary sector activity such as dairy production is under the strong influence of knowledge. At the business level, it can be said that there are two forms of knowledge, that which is overt, i.e. based on the academic education and training received by managers, and that which is tacit, i.e. relating to the best possible practices of communication, production and interaction between managers. It can be argued that the influence of the factors in this second category is not necessarily evident, although it undoubtedly influences and determines to a significant extent the indicators of financial success of a company. Although this is beyond the scope of this report, studying the case of FAGE one can see the significant progression over the decades that has led to increased skills for the human capital staffing the firm. Being active on both sides of the Atlantic certainly constitutes a very important advantage, since the executives of the firm have acquired considerable knowledge from different markets. Therefore, it is necessary for FAGE of the United States, and for FAGE in general, to develop channels of communication between its executives in order to be able to transform itself into a learning organization and multiply the productivity and efficiency of the firm's executives and ultimately improve its productivity and efficiency.

7. Epilogue

Technological progress has an important role in business growth and expansion. While this is undeniable and has led to the development of the most successful and profitable companies worldwide, it seems that the situation may be quite different when an existing firm with a strong strategic position in a local market attempts international expansion. In this case, a type of its own strategy imitation and re-adaptation of the new environment can guarantee a similar result. Although this is certainly not granted, in the case of FAGE in the United States it seems to be the case, since no significant differences in the structure and development of the firm in Greece and in the United States are found. This study examined the strengths, weaknesses, threats and opportunities currently faced by the company. The analysis that was carried out should not only be seen as an attempt to arrive at useful recommendations for the management of the specific firm, but generally as an indicative case of determining the policy that it is necessary for firms to follow in the future through a SWOT analysis.

Indeed, this is even more important in this particular case, since the generally stable financial situation of the firm, as determined by the EBITA indicators, may lead to complacency. Therefore, taking into account the recommendations of this study, exploiting the opportunities and addressing the threats may lead to an even greater improvement in the profitability of the company and ensure its sustainability in the United States market.

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