Suplementary materials

Appendix 1 – Questionnaire

**Barriers to Entry**

**Section I – Some Basic Information**

1. **The firm's main activity falls into which of the following categories?**
* Food industry
* Beverage industry
* Textile and clothing industry
* Manufacture of wood and wood and cork products, except furniture
* Manufacture of pulp, paper and paperboard
* Manufacture of coke, refined petroleum products and agglomerates of fuels
* Manufacture of chemicals and synthetic or artificial fibers, except pharmaceuticals
* Manufacture of basic pharmaceutical products and pharmaceutical preparations
* Manufacture of articles of rubber or plastics
* Basic metallurgical industries
* Manufacture of electrical equipment, machinery or equipment
* Manufacture of motor vehicles, trailers, semi-trailers and components for motor vehicles
* Development of projects and construction of buildings
* Specialized construction activities
* Wholesale trade (including agents), except motor vehicles and motorcycles
* Retail trade, except of motor vehicles and motorcycles
* Financial services activities, except insurance and pension funds
* Insurance, reinsurance and pension funds, except mandatory social security
* Other (Please, specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **How many employees does your firm currently have?**
* Less then 10
* 11 - 49
* 50 - 249
* 250 or more
1. **Is your firm part of a group?**
* Yes
* No
* I don’t know/don’t want to respond
1. **Your firm’s turnover comes mainly of which type of sales?**
* Business-to-business (B2B)
* Business-to-consumer (B2C)
1. **Where are the majority of clients of the firm’s main activity located?**
* Locally
* Regionally
* Nationally
* Internationally
1. **How would you classify your firm compares to the rest that belong to the same sector?**
* A large firm already established.
* A not very big but already well-known firm.
* A relatively small firm.
* A small but growing firm.
* A new firm.
* Other (Please, specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **Which of the following options best describes the main goal of your firm?**
* Gain the highest possible return in terms of capital.
* Gain the highest possible return in terms of sales.
* Maintain the market share the firm has in the market where it operates.
* Maintain the firm's position in the market where it operates.
* Get the highest absolute profit possible.
* Other (Please, specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **In the firm's attempt to achieve its primary goal, which of the following policies does it adopt? (***Please check all that apply***)**
* Developing the existing products.
* Developing the existing production processes.
* Introduction of new products or improved ones in the same area.
* Adopting competitive strategies/actions against new rival products (or new rivals).
* Other (Please, specify): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **Suppose that a new firm of similar size to yours wants to enter the main market in which your firm operates. What are the three most important entry barriers that this firm has to overcome?** *(Please indicate the barriers from the most important to the least important)*
* Economies of scale
* Product differentiation
* Capital necessity
* Switching costs
* Access to distribution channels
* Cost disadvantages in relation to the installed firms
* Government regulation (licenses and policies)
* Publicity
* Lost costs in case of market exit
* Access to knowledge/Know-how/R&D
* Competitors' price lower than expected
* Input assurance / Control under resources
* Excess capacity
* Other (Please, specify):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
1. **What kind of new firm would want to enter the market?** *(Please indicate at least one)*
* An existing firm that does not yet offer similar products/services.
* A similar firm active in another region of Portugal.
* A new foreign firm.
* A similar firm such as a supplier or customer who already offers other products/services.
* A firm that is not at all related to this market.
* A Start-Up that does not yet operate in other markets.

**Section II - Conditions/Circumstances of market entry
To what extent does a new firm of similar size to yours have to face the following competitive aspects in your firm's main market?** *(Take into account the followingscale: 1 - Very strongly 2 - Strongly 3 - A little 4 - Rarely 5 – Never)*

1. It is difficult to have access to distribution and/or sales channels in the main market (potentially gaining access to customers).

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1. It is difficult to raise enough capital.

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1. It will be difficult to perceive the optimal scale of production (where the costs per product/service are lower).

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1. It is not easy to comply with industry-specific regulations (such as specific licenses, environmental requirements, etc.).

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1. It is difficult to get enough profit (to survive as a firm).

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1. It is difficult to gain access to specific technologies (possibly protected by patents).

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1. New entrants have a cost disadvantage compared to the establish firms.

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1. The market is characterized by significant product/service differentiation.

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1. The switching costs that consumers have to bear when switching to new business products/services are high.

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1. Firms in this market have high R&D expenditures.

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1. Firms in this market have high expenses in advertising and promotional campaigns.

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1. New entrants have a cost disadvantages to obtain capital compared to the established ones (high interest rates, more guarantees, etc.).

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1. New entrants have a greater financial risk (they are more likely to lose a lot of money).

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1. The firms within the main market have a significant overcapacity. A new entrant will realize that the established firms can increase their sales by lowering the price. This may force them out of the market.

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1. The firm’s products/services within the market are heavily supported by advertising and promotional campaigns. This will make entry to the market less attractive to new entrants.

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1. Established firms offer many different products/services. It will not be easy for new entrant to create a new market (there are no more niches).

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1. There is a lot of investment in R&D and the creation of patents. This will make entry to the market less attractive to new entrant.

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1. Established firms create the impression that they will have a reaction against the entry of new entrant in the market through the media and other means, with the intention of discouraging entry.

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1. Established firms set a lower price than the one that would be more profitable, to discourage the entry of new entrants in the market.

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1. Established firms try to prevent the profitability of their activities from becoming visible, which makes the attractiveness of the market less visible.

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1. Established firms patent their knowledge and discoveries which allows them to obtain exclusivity.

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1. Established firms ensure access to raw materials and intermediate products. They also restrict and make it difficult for new entrants to access these resources.

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1. Established firms ensure access to sales channels (access to customers) and restrict new firms' access to those channels (for example through exclusive contracts).

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1. Established firms make price agreements and other strategies with their competitors.

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**Section III - Description of the market**

1. **How would you describe the main market where your firm operates?**
* It's getting started: Many of the potential consumers of the product/service are not yet familiar with it.
* It is growing: annual demand is growing 10% or more and technology and/or the competitive environment are still changing.
* It is a mature market: most potential consumers are familiar with the product/service and the technology and/or the competitive environment are stable.
* It is a declining market: products/services are seen as commodities and weak competitors are coming out of the market.

**NOTE: Do you wish to receive any feedback regarding the relationship between your answers to this questionnaire and the answers in general?** *(If yes, please leave an e-mail address so that you can be contacted later)*

* YES \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* NO

*Note: This questionnaire was sent to the sample in Portuguese.*