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# Product Innovation As A Competitive Advantage For Emerging Multinationals: The Case Of *The Judge* Revolver In The USA

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## ABSTRACT

This paper aimed to evaluate the product innovation as a resource in the internationalization process of an emerging multinational (EMN), the Brazilian company Taurus in the North American market. Through the lenses of the Resource Based View (RBV), we discuss the role of product innovation, the case of The Judge revolver, as a resource for competitive advantage in the internationalization process of an EMN. In-depth interviews were conducted with managers involved in the development and introduction of the product into the USA market, as well as document analysis and direct observation. The results indicated that an innovative product can be vital for an emerging multinational entering a developed market. Other result points out that an innovative product of an EMN is capable of provoking competitive responses in developed markets where the product was introduced.

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## 1. INTRODUCTION

The multinational companies from developed-economies have increasingly faced challenges such as the competition from emerging multinationals (EMN) and the slowdown of their economies. Such competition is building on the interaction of new opportunities, the ability to create innovative value propositions, and the ability to mobilize and manage these resources globally. This new global economic scenario requires that a firm use the innovation resource to the internationalization process. In this sense, many researchers argue that internationalization and innovation have been the two main motives for achieving business growth (Lecerf, 2012; Zucchella & Siano, 2014).

In the context of innovation, Monreal-Pérez, Aragón-Sánchez and Sánchez-Marín (2012) consider product innovation, specifically, a key issue for the economic development of the country and its

companies. In the same way, the Resource Based View of the Firm (RBV) has been identified as one of the main lines of research on the innovation as a resource of the internationalization process (George & Bock, 2011; Peng, 2001). According to Barney (1991), one of the main diffusers of the innovation as a resource does not derive from the ability to exploit external technologies easily accessible to competitors and insufficient to sustain a lasting competitive advantage. For him, the acquisition and use of key resources of the organization is one of the main factors that influence competitive advantage.

In the internationalization process the use of distinctive resources such as innovation is fundamental to the success of a firm (Pinkwart & Proksch, 2014; Prashantham, 2005; Ruzzier, Hojnik & Lipnik, 2014). For Knight and Cavusgil (2004), knowledge, such as the ability of the company to learn and use the relationships between internal information factors, brings significant impacts on the

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degree and speed of the internationalization of companies. Thus, it is possible to argue that product innovation, based on internally generated knowledge, can generate a strategic value in the international activity of an organization (Costa & Cabral, 2010).

In this way, both the process of internationalization of companies and the RBV theory share elements linked to the generation of innovation. One of the notorious theories of the internationalization process, known as the Uppsala Model, describes that when a company decides to internationalize to more advanced stages of involvement abroad, there is a process of learning and using knowledge in internationalization decisions (Johanson & Vahlne, 1977; 1990). For Hagen, Denicolai and Zucchella (2014), innovation plays a central role in the internationalization of companies. The RBV clarifies how a company uses its resources to generate a competitive advantage. Among these resources, innovation is currently consolidated as one of the most important for the conquest of new international markets (Monreal-Pérez et al., 2012).

In this context, this study aimed to evaluate product innovation as a resource in the internationalization of a Brazilian firm, according to RBV's perspective with the intention of discussing the role of these company resources in the generation of competitive advantage in the internationalization process. The arguments discussed had an empirical counterpart, a case study in the company Taurus, whose focus was to verify if the product innovation, represented by the development, production and commercialization of the double-caliber revolver called "The Judge". This generated a competitive advantage in North America for Taurus, according to RBV criteria. When The Judge was released in the U.S., it was the only one in its shape and also the only double-action revolver capable of firing two different ammunition calibers.

The contribution of this article was to discuss the extent to which product innovation could fill theoretical gaps in the studies on the internationalization of EMN with a focus on the RBV. When it assumes that emerging economies have less sophisticated innovation systems (Cuervo-Cazurra, 2012), this paper seeks to provoke a reflection and debate regarding the importance of resources that generate innovations and how they are implicated in the internationalization of EMNs. At the same time,

the present study tried to bring together two routes to firm growth that have been studied separately, innovation and internationalization, and only recently are seen as being interrelated (Hagen et al., 2014; Kyläheiko et al., 2011).

## 2. THEORETICAL BACKGROUND

### 2.1 The Innovation in firm internationalization

The studies of the concept of innovation began with Schumpeter (1934), who gave the foundations of what can be called "innovation theory", which was later expanded in neoclassical theory by Arrow (1979), reaching its current concept through Nelson and Winter (1982). Next, Dosi (1984) defined the basis of the fundamental concepts of the current technological innovation; Pavitt (1984) analyzed the innovation process at the international level and Archibugi and Michie (1995), the globalization of technological innovation processes.

Innovation was classified as being supportive or disruptive (Christensen, 1997); Incremental or radical (Afuah, 1998); Instituted or emerging (Day & Schoemaker, 2000); and an ability to destroy or to perfect (Tushman & Anderson, 1986). To De Propriis (2002), who evaluates the impact of cooperation between firms on innovation, classifications of innovation fall into four types: product; process; incremental; and radical. Freeman and Perez (1988) define radical innovation as a discontinuous event from certain level of research and development activities.

The Oslo Manual (OECD, 1997) defines innovation as a process that is driven by the perception of a new market or a technology-based invention that incorporates the creation, production and marketing assignments for its commercial success. The importance of the OECD concept is twofold because it recognizes that innovation encompasses not only the idea or its development, but also the introduction to the market and its dissemination through customers. In this way, the innovation process is, of course, repetitive and includes the reintroduction of a novelty in the market.

Lecerf (2012) shows that innovation activities are conditioned by limitations of resource. In this sense, internationalization may allow the increase of multinational company's (MNC) resources, which can free up internal financial resources. The development of new products may provide an equalization process of products and production for EMN to their

competitors (Bell & Figueiredo, 2012). Kyläheiko et al. (2011) has concluded that technological capabilities had a positive impact on the innovation and internationalization of the firm.

However, to Ruzzier, Hojnik and Lipnik (2014), not all companies involved in international activities have the same benefits of innovations, in that firms have to achieve a certain level of internationalization in order to exploit the benefits of innovations, considering that internationalization strengthens the company's ability to use innovation. The concept of asset-seeking has been used within the MNCs literature traditionally to highlight the companies that have a particular internationalization process aiming at the upgrade of their technological assets, but this could be the cause of EMN too (Cuervo-Cazurra, 2012; Luo & Tung, 2007; Ramamurti, 2009).

Hagen et al. (2014, p.114) posited that internationalization and innovation can be affected by the interpersonal connections developed by the firm in the new market and suggest that “the cognitive distance with respect to the market in which the entrepreneur considers entry supports a different view on business opportunities”.

## **2.2 The Resource Based View in the internationalization process of the firm**

It is possible to verify the integration of the theoretical perspective of internationalization of companies with the RBV approach. Networks, learning, commitment and trust favor the understanding of competitive advantage, and are difficult aspects to be copied by competition (Peng, 2001). Sharma and Erramilli (2004), in turn, perceived a very close relationship between the RBV and the choice of the entry mode of firms in their process of internationalization.

The resources and products of a company are opposite sides of the same coin. While according to other paradigms, the company strategies are developed from the market-based perspective, the RBV looks at the company strategies from the allocation and the development of its resources. The strategic choice is inevitably resource-based, since the least-cost competitive strategy depends on technologies for economies of scale, raw materials, and low-cost labor (Erramilli & Rao, 1990). RBV was adopted in the analysis of the determinants for internationalization since this view determines that internal conditions and resources are the main

drivers for international activities (Pinkwart & Proksch, 2014).

The work of Edith Penrose, in 1959, began the discussion on the theme that would later become the RBV theory. According to the author, when facing external forces to the organization and to maintain the rate of growth, it is necessary to have expressive resources and capacities. Later, Penrose's work would inspire Wernerfelt (1984) to continue research on the subject. The resources of the firm are linked to the manufactured products and are tangible advantages, in such a way, being strengths or weaknesses. The strategy could, therefore, cover the exploitation of existing resources and the development of new ones. Once a resource is obtained before competitors, and if it maintains or improves its position relative to the late purchasers, then it will have the advantage of the first to move, and, consequently, it will result in a resource position barrier (Wernerfelt, 1984).

The theories of Penrose (1959) and Wernerfelt (1984) were expanded by Barney in 1991, whose contribution was to assess whether resources needed to be more than heterogeneous and immovable, as well as valuable, rare, irreplaceable and inimitable (VRIO). The premise of being irreplaceable was changed to the need to organize resources, generating the acronym VRIO (Barney, 2002; Barney & Hesterly, 2007). Such resources are categorized as financial, physical, human and organizational capital. Diversity and the deficiency of resource mobility underpin the scope of competitive advantage. Peteraf (1993) and Barney (1991) share this concept, integrating in this way, the classical basis of RBV.

According to Monreal-Pérez et al. (2012), resources need to be protected from the potential threat of being copied by competitors as they are the main source of competitive advantage of the company enabling them to be in a prime position in the market. Consequently, inimitability is the key factor that makes a resource a source of sustainable competitive advantage. From this point of view, inimitability may explain the superior strategic value of innovation as it operates through its integration into the routines of the organization, which makes it more difficult for competitors to imitate that capability (Barney, 1991; Grant, 1991).

According to the RBV, companies are heterogeneous in relation to their resources,

capabilities and attributes. In the view of Dierickx and Cool (1989), this condition comes to exist because the development of the company is seen as a very complex process and, therefore, companies do not have the organizational capacity to develop new skills quickly. In the judgment of Teece et al. (1997), some assets are not ready to be traded. However, the RBV is intensely focused on the internal perspective and

tends to neglect connections of the environment, which as are important in creating value (Peng, 2001).

So, it's possible to verify in the literature that technological resources, as a source of competitive advantage, could influence the internationalization of firms even if this resource *per se* does not provide the basis for sustainable competitive advantage in international markets (Kyläheiko et al., 2011).

**Table 1**

Theoretical foundation

Construct	Contribution	Concepts	Authors
The innovation in the internationalization of firms	Innovation as a resource for internationalization	Innovation processes and strategies; Concepts and typologies of innovation; Innovation and internationalization relationship.	Afuah, 1998; Archibugi & Michie, 1995; Arrow, 1979; Christensen, 1997; Costa & Cabral, 2010; Day & Schoemaker, 2000; Freeman & Perez, 1988; Hagen et al., 2014; Kyläheiko et al., 2011; Lecerf, 2012; Nelson & Winter, 1982; Prashantham, 2005; Propriis, 2002; Ruzzier et al., 2014; Tushman & Anderson, 1986; Zucchella & Siano, 2014.
<i>Resource Based View</i> – RBV in internationalization process	How product innovation may represent a resource toward internationalization; Innovation as a source of competitive advantage	The RBV concept; The VRIO framework; The RBV in internationalization strategy.	Barney, 1991; Barney, 2002; Barney & Hesterly, 2006; Dierickx & Cool, 1989; Erramilli & Rao, 1990; Monreal-Pérez et al., 2012; Peng, 2001; Penrose, 1959; Peteraf, 1993; Pinkwart & Proksch, 2014; Sharma & Erramilli, 2004; Teece et al., 1997; Wernerfelt, 1984.

Sharma and Erramilli (2004) argue that it is necessary to develop a resource-based explanation on the choice of the entry mode. The RBV strengthens the explanation of choices based not only on exploiting existing advantages, but also on those modes developed to generate new advantages. Therefore, we can see a link between the process of internationalization of firms and RBV.

Table 1 has the purpose of summarizing the main subjects referenced in the literature review as well as the alleged contributions related, synthetically. Also through it, it was possible to have an overview of the main concepts and the corresponding bibliography consulted.

### 3. METHOD

In order to accomplish the objective of this study, we understood that a case study would be the most suitable strategy due its flexibility in the data collection process and, at the same time, because it allows changes during the research process (Eisenhardt & Graebner, 2007). The case selection was the critical phase of this study because the selection must represent a case where the theoretical interest would be more evident than

others, according to the choice of "extreme cases" recommendation (Eisenhardt, 1989).

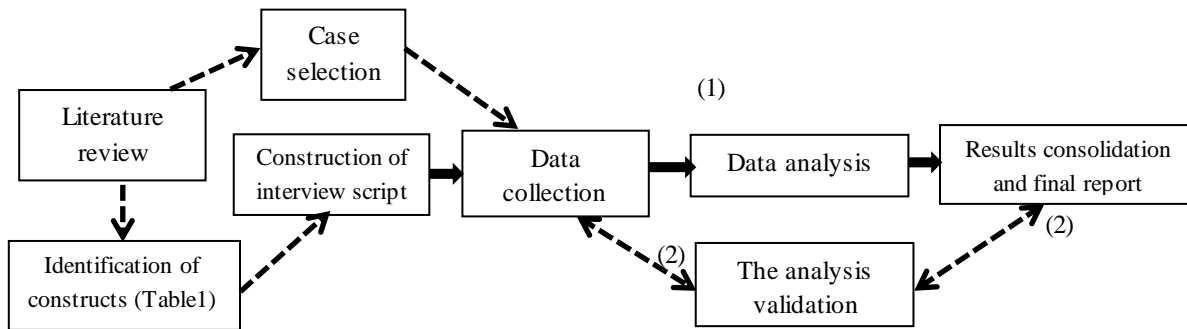
The first decision in the planning of the case study was regarding the selection of the case. It was necessary that the selected company had used product innovation as a resource related to its internationalization process, and it could not have any resources in common with the other Brazilian companies in the U.S.A.

According to Miles and Huberman (1994), the process of collecting data in qualitative research demands decisions regarding the case selection and the construction of data collection instruments. Figure 1 shows the methodological trajectory of this study.

After a long period looking for Brazilian multinationals that had developed new products for international markets, we found more than 300 firms in national directories and business websites. The next phase consisted of contacts by phone in order to discover one or more firms that were suitable for this study. The case of the Brazilian arm company Taurus and its subsidiary Taurus International Manufacturing Inc., in the USA, was chosen due to its agreement to

participate in this study and to the full data access provided. According to Eisenhardt e Graebner (2007), in a single case study, the presentation of consistent qualitative data is performed through relatively complete narration of the facts within the text. Narrative is then interwoven with the theory to

demonstrate the close relationship between empirical evidence and emerging theory. The innovation process of the Judge revolver could represent an extreme case as one of the most innovative products of Taurus in the U.S. market.



**Figure 1.** The methodological track.

(1) First round of interviews.

(2) Second round of interviews.

The access provided by Taurus Company and the relevant sources of evidences were essential for the development of this case study.

Document analysis and direct observation inside Taurus occurred in parallel to the interviews. The data collected through documents, direct observation in the firm, and in-depth interviews provided the necessary support for the triangulation of data. According to Stake (2005), the validation of qualitative research lies in the triangulation routines. The selection of the respondents impacts on the quality of the data collected since the proximity of the subject with the phenomenon researched is a relevant factor in the research process (Yin, 2010). According to this, the strategic and tactical levels of the organization were accessed, represented by directors and managers involved in the process of internationalization. People who were involved in the process of internationalization of the Judge revolver from the R&D phase until the last stages of its commercialization in the USA were interviewed.

It is possible to use as a strategy to define the number of informants the saturation or redundancy criteria. This is based on the researcher's evaluation regarding his experience of similar cases and when there is no need for new informants and contributions (Eisenhardt, 1989).

In the course of the data collection, the number of subjects was satisfactory since we noticed that the information was repeated, so, by the redundancy criteria, the number of seven interviews was considered sufficient.

Managers from the international trade office, marketing and product engineering departments of Taurus were interviewed. Table 2 lists the interviewees and their roles within the company.

The in-depth interviews aimed to understand the meaning that interviewees gave to the topics addressed and the circumstances in a given context (Eisenhardt and Graebner, 2007).

**Table 2**

List of interviewees

Interviewees
International Sales Manager – Brazil
International Sales Manager – Europe
International Sales Supervisor – Brazil
Marketing Manager – Brazil
Product Engineering Director – Brazil
International Sales Director – Brazil
Taurus International Inc. Manager – USA

The interview script and the content analysis were carried out based on a set of two categories and three subcategories identified, previously defined and guiding the process of reducing the data collected and allowing the data organization and the analysis of the case, according to Table 3. In order to analyze the data generated during the data collection phase, the content analysis was used to reinterpret the messages and to arrive at an understanding of their meanings (Kolbe & Burnett, 1991). After the content

analysis, a second round of in-depth interviews with the seven respondents was conducted. The purpose was to validate the interpretation of the first round of data collection and analysis. The two categories and three subcategories were sufficient to understand and describe the product innovation adopted by Taurus Company in the USA market and, considering the support of RBV lenses, the competitive advantage for Taurus in its internationalization.

**Table 3**

Analysis categories used for the interview script and content analysis

Categories	Subcategories	References
Innovation as a resource for internationalization	Internationalization process; Innovative types and process.	Costa & Cabral, 2010; Kyläheiko et al., 2011; Lecerf, 2012; Prashantham, 2005; Ruzzier et al., 2014; Zucchella & Siano, 2014.
RBV in the internationalization process	The VRIO framework: Value; Rarity; Imitability; and Organization.	Barney, 1991; Barney, 2002; Peng, 2001; Peteraf, 1993.

#### 4. THE JUDGE REVOLVER CASE

Taurus began its internationalization process into the U.S. by sporadic exports in the 1970s, according to reports obtained through conversations with senior employees of the company. In 1981, Taurus established its U.S. subsidiary to commercialize products manufactured in Brazil and to manufacture some products only sold in the North American

market (Taurusarmas, 2014). Taurus is the fourth largest arms distributor alongside major competitors in the U.S. armaments industry, such as Smith & Wesson (USA), Pietro Bereta (Italy) and Sturm, Ruger & Co (USA). Its subsidiary Taurus International, which began its activities in the 1980s, has imported from Brazil and distributed the revolver Judge to the U.S. market since 2006.



**Figure 2.** The Judge revolver (<http://www.taurusarmas.com.br>).

The Judge is a five-shot revolver conceived and produced by the Brazilian company Taurus, in .41 and Colt .45 calibers (Figure 2). Taurus promotes the Judge revolver as a self-defense tool against car theft and for home protection. The revolver was named "The Judge" in 2006, when it was found that judges in

high-crime areas in Miami, Florida, purchased this model for self-defense (Shootingtimes, 2014). Table 4 attempts to provide a historical sequence of the major events that marked the trajectory of The Judge revolver in the North American market.

**Table 4**

The main events regarding *The Judge* revolver in USA

2006	2008	2009	2010	2011
Product launch and name creation: <i>The Judge</i> .	"The gun of the year" award, in U.S.A.	New product models as the <i>Public Defender</i> series.	The three calibers version launch: <i>Judge Raging</i> ; The <i>Judge</i> top of sales.	The <i>Circuit Judge</i> version launch.

The Judge does not qualify as a "short-barreled shotgun" under the American National Firearms Act of 1934, as its barrel is scratched and it becomes a regular weapon. The striation of the barrel is smaller than normal, resulting in a less stable shot than in other revolvers. As a result, Taurus developed the ideal scoring after numerous experiments to find the one that worked well with both types of ammunition. Taurus was the first company to produce and commercialize in scale in the world a revolver capable of firing with ammunition of two different calibers (Shootingtimes, 2014).

#### 4.1 The product innovation as a source of competitive advantage

It is believed that one of the biggest differentials of the Judge revolver was the set of technological and innovation resources that enabled scale production and commercialization of the product in the largest consumer market for light weapons in the world. In this way, it can be seen that Taurus, when introducing the revolver the Judge in the North American market, uses a product that originated from a process of innovation to allow its internationalization into a developed market.

The revolver the Judge, shortly after its launch, presented the need for technical adjustments precisely related to the aspect that made it a differential: the possibility of firing with ammunition of two calibers. However, the difficulty was solved by the company's engineering in a short time, which determined the rapid adhesion to the product by arms buyers.

Technology is a determining factor in changing environmental conditions. In this sense, the technological advance creates an evolutionary system interspersed by the discontinuous change (Afuah, 1998; De Propriis, 2002; Tushman, & Anderson, 1986). Consequently, there are periods of incremental change where innovations refine existing projects and further develop existing technology, increasing efficiency (Costa & Cabral, 2010; Filipescu et al., 2013).

Nonetheless, older companies are more competitive with the amount of innovation they have, compared to younger companies. These firms are less resistant to innovation since they rely heavily on continuous process improvements (Bell & Figueiredo, 2012). Thus, companies that are able to simultaneously develop existing projects and initiate radical innovations obtain significant advantages in internationalization over their competitors (Ruzzier et al., 2014).

Likewise, the contributions of the respondents imply that the innovation resources that the company has would be enough to maintain the competitive advantage of the revolver the Judge in the North American market. However, it is perceived that there are substitute products and competitors to the Judge revolver in the U.S. market that can offer the same attributes.

The growth and sustainable competitive advantage over time of innovative and international ventures are closely related to the business model adopted. A business model varies depending on the configuration of business value generated and on the target markets (Onetti et al., 2012). A sustainable business model, proposed by strategists such as Teece et al. (1997), implies that innovation and value are created by a company for its clients (Hagen et al., 2014).

Therefore, it can be seen in the contributions of the interviewees that the business model adopted when the development, production and commercialization of the Judge revolver in the U.S. was assertive. According to Pinkwart and Proksch (2014), the areas of technology, management, support and information network have a significant impact on the innovation of the business model, thus highlighting its importance.

The RBV attaches great importance to the technological capacity of the company, as far as intangible resources are concerned. According to Barney (1991), the innovative capacity does not come from the ability to exploit external technologies, easy access to competitors and insufficient to sustain competitive advantage, but to develop itself. When



we asked Taurus's marketing manager and product engineering manager what the strategy for inserting the Judge revolver into the U.S. market was, the answers relate the innovation to the product development and marketing strategy.

When asked what the difference was in the Judge revolver that allowed Taurus to maintain significant participation in the U.S. market since its launch, it was clear that the technological innovation was the main attribute perceived in the target market. In the responses of the interviewees, it became clear that product innovation as an internal resource of Taurus influenced the internationalization process of the Judge revolver in the U.S. market due to its ability to develop, to scale up and market a unique product in the world of small arms market. Costa and Cabral (2010) assert that innovation is influenced by several dimensions of the company that produce impacts on its performance. Thus, innovation research encompasses not only the study of its sources, determinants, mechanisms or processes, but also its consequences.

During the research of the extent to which the innovation of the Judge revolver generated a competitive advantage in the U.S. market, significant answers were obtained and they agree that the sales success of the revolver the Judge was due to its innovative features. Other companies had already

invented a revolver that fired projectiles with two different calibers, but none of them demonstrated the technical ability to develop it or produce it on large manufacturing lines and market it at attractive consumer prices.

The analysis of these facts indicates that internationalization and innovation are two related strategic activities, in which this basic relation can be understood as internationalization already being a form of innovation. In order to achieve a successful internationalization process, superior product knowledge, represented by innovation, can be a decisive competitive advantage (Hagen et al., 2014; Ruzzier et al., 2014).

Thus, the interviewees generally admit that the innovation of the Judge revolver generates competitive advantage, proving to be a valuable, rare, inimitable and organized product. Table 5 presents the VRIO framework, with the objective of evaluating whether product innovation generates competitive advantages by evaluating four attributes of the resource: value, rarity, costly to imitate and organizational (Barney & Herterly, 2006). The aim here was to validate the argument that innovation, represented by *The Judge* revolver, is capable of generating competitive advantage to Taurus in the U.S.A. market.

**Table 5**

The VRIO analysis of the resource represented by *The Judge* revolver

VRIO	Evidences from interviews
Value	"... most firearms enthusiasts say: 'I have to have one' ..."
Rarity	"At the time of launch and even today, it is an innovative product that is unique in the market ..."
Inimitability	"Sometimes a Smith & Wesson Governor is bought and they say they're going to buy a Judge ..." Ps.: Governor is the name of the revolver similar to the Judge later released by the American competitor Smith & Wesson.
Organization	"... the great merit of Taurus was not the creation of the concept [...] but rather the popularization in the form of an industrial product, at a reasonable cost and with an extremely good performance ..."

## 5. MAIN CONTRIBUTIONS OF THE CASE ANALYSIS

By evaluating innovation as a resource in the internationalization of the Judge revolver in the U.S. market, it can be said that the revolver the Judge is an innovative product.

Regarding the authors studied and referenced throughout this work, and based on data obtained through in-depth interviews, direct observation and documentary analysis, it is possible to offer some contributions from the Taurus case. They are shown below, followed by some excerpts from interviews.

**Contribution 1 - The introduction of an innovative product of an EMN is capable of provoking competitive responses in markets where the product was introduced.**

"... Judge's differential would be to be the pioneer. It's the first. The moment you are the first, you become reference."

"... Judge has achieved all these successes and, moreover, managed to create a different culture ..."

"... When Judge was released he was the only one in its format ... after many years Smith & Wesson

*launched the Governor [...] It could be said that it's a copy, but it was inspired by Our idea [...] But the initial idea of a multi-caliber double-action revolver began with us. "*

A research contribution that emerges from the analysis of the Taurus case results is that the introduction of an innovative product into a new market provokes the response of the main local competitors, usually through the development of products similar to the innovative product (De Propriis, 2002; Dosi, 1984; Tushman & Anderson, 1986).

**Contribution 2 - Innovation is a necessary element to the successful internationalization of EMN in sectors of great competition abroad.**

*"I [...] work at Taurus with product development, which involves research, product design including innovations, design itself, [...] the great part of the products that we develop here are products targeted to the market internationally, basically to the U.S.... "*

*"Innovation is the key [...] Judge had a huge success in the U.S. market because it was an innovative revolver, which created a different revolver line ..."*

According to Monreal-Pérez et al. (2012), there is ample evidence that export markets not only pre-select companies that have been able to differentiate themselves, but that they also choose the most productive and, therefore, the most competitive companies internationally. The performance of innovative companies arises from the fact that innovation generates competitive advantage through the development of new and more efficient processes and products (Filipescu et al., 2013). But, at the same time, Cuervo-Cazurra (2012) points out that EMNs could reach better results when entering in advanced economies with resilient innovations.

**Contribution 3 - The innovation capacity of an EMN is a source of competitive advantage only when the results of innovation are unique, inimitable and used by the company in its internationalization.**

*"... the great merit of Taurus [...] was the popularization in the form of an industrial product, at a reasonable cost and with an extremely good performance ..."*

*"... Judge delivers a product with a perceived quality and a perceived price much lower than the competition ... the combination of these technical*

*characteristics versus competitive price is ... a differential of this product."*

*"The resources that Taurus has today are certainly sufficient to maintain a sustainable commercialization of this product line. The Judge revolver [...] because of its unique multi-application characteristics, remains as a leader in US market. "*

We noted that sales success of The Judge revolver in the North American market was due to its innovative character: having the ability to shoot two calibers (cartridge of small arms and carbine cartridge). There were arms in U.S. market with this characteristic, but their manufacturers did not have the capacity to produce them in large scale, with quality and with competitive prices. This result is consistent with Kyläheiko et al. (2011) which concluded that technological capabilities had a positive impact on innovation and internationalization. As a response, the U.S. competitors launched a similar product, years after the release of the Judge, when Taurus had already demonstrated market dominance.

In conclusion, when evaluating the revolver Judge by Taurus it is perceived that the product innovation is a resource of competitive advantage in the U.S. market, bringing impact to its internationalization process. This means that this result suggested here is consistent with evidence from other studies, according to Zucchella and Siano (2014) and Pinkwart and Proksch (2014). To Lecerf (2012), the ability of companies to develop and launch new products, services or innovative processes that are superior to their competitors confirms a competitive advantage.

## 6. CONCLUSION AND FURTHER RESEARCH

The purpose of this paper was to evaluate if innovation as a resource in the process of internationalization of the revolver Judge generated a competitive advantage in the U.S. market for the Brazilian firm Taurus, from RBV's point of view. For this purpose, the research made use of a descriptive qualitative approach adopting the single case study to try to apprehend the complexity of the subject and reach the depth determined by its objectives.

It also approached the relation of the theories of internationalization of firms with the approach of the RBV in order to verify the possibility of integration of such theoretical perspectives, with the purpose of examining their relation with the competitive advantage in international markets. Also, concepts of

innovation were deployed, their relationship with the internationalization of companies and with the RBV approach.

By conducting the in-depth interviews we could find the company's resources to maintain a sustainable competitive advantage in the marketing of the revolver in U.S.A. The Judge revolver was studied as an innovative product that made Taurus a leader in its segment in the U.S. market.

From the managerial point of view, the present paper identified an important implication in the internationalization process of Taurus with the Judge revolver: even in the face of research limitations, it can be understood that innovation as a resource in the process of internationalization of the Judge generated a competitive advantage in the U.S. market to Taurus. The company's ability to develop, scale and market a double-caliber revolver awards innovation as a key aspect for the internationalization of this product primarily in the U.S.A.

Many firms can achieve growth by launching new products or by getting new customers. A combination of both strategies represents a challenging opportunity for companies (Lecerf, 2012). But, according to Grosse (2016), the ability of an EMN to serve distinctive markets, one with high income and the other with low income, could be a source of competitive advantage. This seems to be the case of Taurus in Brazil and in the USA.

This paper sought to bring a reflection on how the experience in the commercialization of an innovative product by an EMN was a fundamental factor in the

internationalization success into the U.S. It was evident, both through the responses obtained from the managers interviewed and the data and documents collected during the research, that product innovation was the main strategic resource in the process of internationalization of the Judge revolver in the U.S. market.

From a theoretical point of view, it is suggested that this research could fill some gaps in the studies about product innovation as resource in the internationalization process of EMN. It was verified that the VRIO analysis can be used to prove whether a product innovation is a source of competitive advantage in a new market abroad. In this sense, the RBV approach can originate a reflection to find the right and important resources involved during the internationalization process. It is hoped that the discussion on the contribution raised in this paper could add to recent studies on the subject, following up the development of its analysis.

As propositions for future studies, we broaden some possibilities that could attenuate the constraints of current research. Among them, it could deepen the studies on EMN that also introduced innovative products to other markets, comparing the results. Another possibility of study would be the empirical test with a representative sample of EMN regarding the contributions raised in this article. In this way, it would be possible to better understand both the theoretical foundations of RBV and the impact of innovation on the internationalization of EMN, providing the continuity of discussions and advances on such theoretical fields.

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