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**‘Surfing on the wave of Digitalisation’ - Digital technology facilitating an
SME’s internationalisation process in the Fashion Industry**
- A single case study of Trendy AB -

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Abstract

Prior research has emphasised the importance of SMEs ability to compete on an international market alongside the retail giants currently dominating the fashion industry on a global level. Moreover, the entrance of digital technology has profoundly changed several aspects in various industries, including the fashion industry. Nevertheless, few studies have researched the link between implemented digital technology and how it may facilitate the internationalisation process for SMEs. To address the existing gap in theory, the authors have conducted a single case study of Trendy AB, an SME in the fashion industry, including 9 interviews with managers in possess of relevant knowledge of Trendy AB's international activities, resulting in three findings. Firstly, the findings conclude the level of implemented digital technology in each step of the supply chain of a fashion SME, where the highest level of digital technology implemented can be found in the supply chain step referred to as *Sales and Marketing*. Secondly, the findings imply that the digital technology implemented in the supply chain of Trendy AB facilitate the internationalisation process. The third finding relates to that an SME can achieve internationalisation as an effect of implementing digital tools and digital marketing channels, despite not actively seeking to achieve internationalisation.

Key words: Digitalisation, SMEs internationalisation, Fashion industry, Supply chain, Unplanned internationalisation, Digital tools, Digital marketing channels, E-commerce

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List of Abbreviations

B2B - Business to business

CEO - Chief Executive Officer

EC - European Commission

EUR - Euro

ERP - Enterprise Resource Planning

GPN - Global Production Networks

HR - Human Resources

PR - Public Relations

SEK - Swedish Krona

SEM - Search Engine Marketing

SEO - Search Engine Optimization

SME - Small Medium Enterprise

WGSN - World Global Style Network

1. Introduction

This chapter provides an introduction to the subject's background, which leads to the problem discussion where identified research gaps are outlined. Following the problem discussion and the identified research gaps, the proposed research question of the study is presented, and lastly, the delimitations of the study are outlined.

1.1 Background

The new technology, globalisation, combined with increasing difficulty to satisfy customers in a competitive and ever-changing marketplace, urge firms to restructure their business models and focus on an operational level (Carmignani & Zammori, 2015). The introduction of Internet has transformed the fashion industry (Marciniak & Bruce, 2007, p. 259; Blázquez, 2014) as it provides an opportunity for retailers to promote their new product lines through photos, videos and sound technology, combined with the opportunity of introducing websites, which has endowed retailers to sell directly to the consumers (Marciniak & Bruce, 2007, p. 259). Since 2000 the online sales has generated an increasing stream of revenue growth to retailers (ibid). The growing smartphone and mobile Internet penetration will continue to transform the retail industry as a result in years to come (Blázquez, 2014). More retailers have approached the multi-channel strategy, of combining e-commerce and a physical store, to achieve better profitability. Consequently, e-commerce has been adopted at a steady growth in recent years, pacing out the traditional retailing. In addition, the growth of other digital marketing channels, such as social media, contributes to the changing environment within the fashion industry as it is utilised by several customers. Thus, retailers within the fashion industry have to adopt several digital elements in their business offering today (ibid).

The clothing industry has been an important sector globally for several decades, through employing millions of workers worldwide (Dicken, 2015). Additionally, the industry has been a crucial force in the evolving process of developing economies and the more sensitive segments of the labour force, including females and the ethnic minorities (ibid). As the textile and apparel industry is becoming increasingly global, the demand from customers concerning value for their money, in combination with increased profit margins, have resulted in transferring sourced labour to low-cost

countries overseas (Bruce & Daly, 2010, p. 232). Further, the digitalisation and the emerge of low-cost communication technology and transportation has enabled new business opportunities in multiple countries and is no longer limited to large corporations, but rather provides access for smaller companies and new ventures with limited resources (Oviatt & McDougall, 1994). SMEs have played a crucial role in the past 30 years for national economies and are dominant in both job creation and employment (Daszkiewicz & Wach, 2012). The average company within the European Union employs approximately 6.4 people, thus indicating that SMEs are the most common employer and company size on the market (Daszkiewicz & Wach, 2012). This is also true in the fashion industry, where a large number of SMEs dominate the sector (Bruce & Daly, 2010, p. 232). As the globalisation increases and liberalisation of world trade continue, global competition increases. Consequently, SMEs that wish to get access to larger markets need to internationalise in order to strengthen the competitive position of the firm (ibid).

1.2 Problem discussion

The digitalisation has a fundamental impact on businesses and the entire supply chain (Porter, 2001; Bruce & Daly, 2010; Ramanathan et al., 2017). The business conducted through Internet technology is dynamic, rapidly growing, and highly competitive with nearly no geographic boundaries (Amit & Zott, 2001). Yet, one would expect that research within the digitalisation field would have caught a higher degree of attention of the entrepreneurial field and strategic management, however, the initial research was rather scarce (Amit & Zott, 2001). Nevertheless, as the field of digitalisation and market share of consumer spending has increased, the academic interest in fashion e-commerce followed (Marciniak & Bruce, 2007, pp. 259-260) and different subfields have emerged with specific focus on e-commerce and digital marketing tools, such as social media marketing (Tuten & Solomon, 2015, p. 5; Scuotto et al., 2017). However, the majority of research regarding e-commerce within retail has focused on purchasing behaviour (Goldsmith & Goldsmith, 2002; Goldsmith & Flynn, 2004; Goldsmith & Flynn, 2005), cross-channel shopping via online, store and catalogue (Lu & Rucker, 2006) and decision-making process when retailers decide to activate a website (Marciniak & Bruce, 2005). Nevertheless, research within this field is still in need of further expansion (Marciniak & Bruce, 2007, p. 260). Despite the growing interest from scholars of researching digitalisation, the majority of studies has focused

on e-commerce, although the impact of digitalisation in firms extend far beyond e-commerce, with the transformation of physical products to digital services and the impact of social media (Hagberg et al., 2016).

Social media marketing is becoming an integral aspect of the 21st-century business (Felix et al., 2017). Nevertheless, the researched field regarding social media marketing is fragmented and has focused on isolated issues, such as tactics for effective communication, purchase behaviour, brand management, thus leaving out a framework for social media marketing at a strategic level (ibid). The appurtenant complexity accompanying the social media-marketing field is acknowledged by both practitioners and academics. Nevertheless, existing literature does not provide a framework for social media marketing at a strategic level (Felix et al., 2017). Further, research in the marketing field has not addressed the responsibilities for employees managing the social media for a firm, including rules and governance of a firm's social media presence (ibid). Moreover, the advanced technologies introduced through digitalisation are argued to enable opportunities for smaller businesses to compete with larger firms on the global market (Oviatt & McDougall, 1994; Kariwi & MacGregor, 2007). However, although these technologies are argued to have remarkable impacts on business models, and the entire supply chain, few in-depth studies treating the extent of the impacts that implementation of digital tools, such as e-commerce and social media marketing, have on SMEs have been encountered. Thus, there is a need to study this area further.

In the coming years, projections indicate that 90% of global growth will occur outside of EU (European Commission, 2017). As a result of increased market integration, SMEs could act as a decisive role in global value chains (Daszkiewicz & Wach, 2012). Studies focusing on retail and internationalisation have found that the internationalisation process is significantly different compared to the globalisation of firms focusing on production, as a result of contrasting objectives and challenges (Dawson, 1994). One line of research relating to the internationalisation process has studied success and failure within the retail sector (Dawson 1994; Dawson, 2001; Dawson, 2003; Dawson & Mukoyama, 2006; Dawson, 2012). Another stream of research of internationalisation within the fashion industry has focused on internationalisation patterns and how these firms within the fashion sector may be

different from other industries (Childs & Jin, 2014). Research has implicated that fashion companies do not follow the gradual internationalisation process suggested through Johanson and Vahlne's Uppsala model (1977), but rather have a more rapid internationalisation process (Childs & Jin, 2014). Researchers have further analysed the development of international retailing between the 1990s and first decade of 2000 and concluded that since 2000 there has been an increase in international activity among retailers and a shift in the patterns of internationalisation (Dawson, 2012, pp. 361-383). Moreover, the phenomenon in existing research has been criticised as it is argued that there is a need to consider alternative ways of conducting theory within the subject (Dawson, 2012, p. 376). However, no examples of how to conduct any deeper analysis about alternative ways were presented. Consequently, the abovementioned research regarding the field of internationalisation process within retail has focused on large retail giants and their development in the past twenty years, but lesser attention is brought to SMEs within the industry.

Assessing the abovementioned literature concepts of digitalisation and internationalisation of SMEs, two gaps can be identified. The first gap refers to the digitalisation field, where research implicate that the adoption of digitalisation has a positive impact on the supply chain within the retail industry, however, there are few studies focusing on how digitisation takes place in each step of a supply chain within the fashion industry. Consequently, there is a need to further delve into how digitisation is used within each step of the supply chain of a retail company in order to form a better understanding of how digitalisation has changed the processes within the supply chain.

The second gap concerns the abovementioned lack of research linking the digitalisation phenomena with the internationalisation process of SMEs within the retail industry. The digitalisation is a phenomenon that has restructured the retail industry enabling lower costs, more efficient supply chain and enhanced access to information. Furthermore, the lower costs may provide opportunities for smaller firms to compete with larger corporations in a global environment. Evidence indicates that SMEs within the fashion industry is becoming more internationalised. However, despite these findings in the current literature, there is only vague research conducted on how the digitalisation has affected SMEs within the retail sector to go

international, and how a firm utilise these advanced technologies in an internationalisation process. Thus, there is a need to further investigate how the increased digitalisation has impacted the international aspect of an SME within the fashion industry.

1.3 Purpose and research question

The purpose of this study is to fill the identified research gaps of how SMEs within the fashion industry use digital tools within their supply chain and assess the link between digitalisation and internationalisation.

Research question

To fulfil the purpose of this study, following research question has been posed in order to lead the direction for this study:

‘How can an implementation of digital tools and digital marketing channels in a supply chain facilitate an internationalisation process for an SME within the fashion industry?’

To clarify what digital tools will be assessed in this study, the authors have defined and limited the term *digital tools* to; online tools used to enhance marketing and sales strategies and result in increased sales, including e-commerce.

Due to the two broad theory fields in this study’s research question, the focus of this study is on linking these two theory fields together, by using the supply chain of the SME as an ascending point, to identify how digital tools is integrated in the SME, and thereafter what impact the implementation of these tools have on the SMEs internationalisation process within the fashion industry. Subsequently, this study aim attention at following two aspects:

First, the authors will confer research treating digitalisation, with particular emphasis on research concerning digital marketing channels and digital tools used in retailing in order to identify what digitalisation elements that are specific to the fashion industry, and how they are used. The decision to use the supply chain when clarifying what digital elements there are in the SME rests on the assumption that the supply chain

covers all major processes within a firm. Consequently, the authors believe this could contribute to a better understanding of how digital tools is used within the SME when identifying all digitalisation elements in a company's processes.

Second, research treating internationalisation theories for SMEs will be consulted, and the link between the underlying effects of using digital tools in the supply chain will be connected and put in the context of internationalisation in order to determine the role digital tools and digital marketing channels have on the internationalisation of the SME. By performing a single case study on the company Trendy AB, an SME within the fashion industry, the authors will study how digitalisation is used and what impact it may have on internationalisation. As the case company wish to remain anonymous, the SME has been named Trendy AB in this study. Consequently, this study aims to contribute to insight in a relatively novel research field by investigating how digitalisation can contribute to internationalisation for SMEs, to provide a more thorough picture of the phenomena.

1.4 Delimitations

The authors have chosen a research approach that will be further explained in chapter 3. However, the applied approach of this thesis includes a couple of limitations, which might affect the reliability and validity of the study. Consequently, the first limitation applies to the case company called Trendy AB, meaning that only one firm has participated in this study. Subsequently, applying the findings from the case company in another context may affect the ability to use a generalisation of the findings, due to different industry characteristics and market situations. Secondly, another limitation applied by the authors relates to the digital tools included in the study, which may have resulted in other possible contributions in the field of digitalisation being neglected. Nevertheless, in order to enable a reliable and in-depth study, a limitation and clarification of the included digital tools had to be made. Thirdly, another limitation relates to the time constraints of the researching process, as well as the chosen time for studying Trendy AB. When performing a single-case study on the implementation of digital tools for a company that has only been active for a year, there is a possibility that not all effects of digital elements are detectable yet, considering the limited time active on the digital market. Lastly, another limitation relates to selecting the respondents of the case company. As the authors

predetermined criteria was that the respondents were involved in the internationalisation process, a choice was made to only include the managers from the case company, since all the managers have been a part of Trendy AB's organisation since the re-launch, thus likely to hold sufficient knowledge about this study's research focus.



1.5 Research outline

This thesis is composed of six chapters, including this first current chapter, where the study is introduced. In next section, a literature review is conducted, where the supply chain of a typical firm within the apparel industry is presented, followed by the concept of digitalisation, where a particular focus on e-commerce and digital marketing channels are discussed and how the digitalisation is impacting SMEs. In the literature review the subject of internationalisation theories among SMEs and how these two theory fields are relevant for the fashion industry are also presented, lastly, the theory field of unplanned internationalisation is discussed. The third chapter outlines the methodology applied to meet the purpose of this study, supplying information such as the analytical method applied and the data collection method. In the fourth section, the empirical findings of the case study are presented, which takes off by introducing the SME and its organisation structure. Moreover, the SME's supply chain is identified, thereafter the digital elements in each step of the supply chain are identified, together with the impact these digital tools and digital marketing channels have on the SME's internationalisation process. Last, a summary of the identified digital tools and digital marketing channels are presented, along with a specification of the internationalisation elements within the supply chain. Fifth, an analysis is conducted through applying the theoretical framework to the empirical findings. The outcome of the analysis is lastly presented through a revised version of the conceptual framework that was outlined in chapter two. The

analysis caves the way for the sixth chapter, the conclusion, where a summary of the thesis is presented. In section six the most pronounced findings are emphasised, subsequently answering the study's research question. Additionally, the research contributions and suggestions for future studies are presented in the sixth chapter.

2. Literature review and conceptual framework

The following chapter will start by discussing the theoretical contributions in three various research fields. Firstly, the field of digitalisation connected to business and the fashion industry is presented, which is divided into three subsections. Thereafter, characteristics of the supply chain within the fashion apparel industry are outlined. Following, the research made within the field of internationalisation is discussed, under three subsections. Lastly, a conceptual framework is presented, drawing together contributions from the three research fields, thus linking the theoretical findings together.

The literature review includes three separate broad fields that will be linked in chapter 4 and chapter 5. Due to the empirical findings in chapter 4, the authors have added a subfield in the last section of the internationalisation theories, that is, unplanned internationalisation.

2.1 Digitalisation

In this section, the first theory field of digitalisation will be presented. The term e-business was established by IBM's marketing and Internet team (Amor, 1999). E-business can be defined as a set of tools and processes that provide information technologies to conduct business for firms (Pilinkiene et al, 2013). Examples of e-business solutions include e-commerce, e-marketing, resource planning systems and customer relationship management (Čiarnienė & Stankevičiūtė, 2015). The effect and adaptation of using Internet technologies, including e-commerce, in business have been researched since the rapid expansion in the beginning of the new millennia (Porter, 2001; Amit & Zott, 2001). The present transformation of digitalisation is having a fundamental impact on traditional industries, labour and the global economy (Amit and Zott, 2001). Digital tools allow for lowered cost in terms of information processing (Oviatt & McDougall, 1994), as well as providing for profound changes in how firms operate, as well as how the economic exchanges are structured (Amit & Zott, 2001). Nevertheless, the transition creates opportunities for new and changing business models, resulting in digital performed actives with lower transition costs, enhanced speed to market and shorter lead times (ibid).

When studying the digitalisation of firms, most of the research focus has been emphasised on the immense implications of implementing Internet technologies into businesses, since the new technology affects the cost and quality of all activities

included in the value chain: logistics, operations, marketing and sales, after-sales services, human resources, management, technology development and procurement (Porter, 2001; Ramanathan et al., 2017). All of the activities mentioned are involved in creating, processing and communicating information, where the Internet can provide a linkage between data and these activities for internal use but is also available to suppliers, channel partners and customers (ibid). In line with Hagberg et al. (2016) digitalisation is defined as an integration of digital technologies into everyday life by the digitalisation of everything that can be digitalised.

2.1.1 Digitalisation in retail and fashion industry

The digital transformation has played an important role also in the retail sector, both as a driver for digitalisation within the sector, as well as being a recipient (Hagberg et al., 2016), and is gradually becoming a more common retail distribution channel including fashion goods (Marciniak & Bruce, 2007, p. 259). Digitalisation within the retail sector is not a new phenomenon, the development has a long history, (Salkin, 1964; Watson, 2011; Hagberg et al., 2016) however, the significance of the transition is becoming more evident (Hagberg et al., 2016). Retailing firms are adapting to digital service and product offering as a result of the utilisation of digital technologies (Hagberg et al., 2016). In the current era of digitalisation, customers are using Internet to visit websites to view retailers' products (Ramanathan et al., 2017). This has exhausted the traditional customer behaviour before the era of Internet when customers had to visit a physical store in order to gain an actual insight of the products available. However, since the introduction of Internet and social media, these technologies can provide information that guides the customer's decisions concerning shopping destinations (ibid).

Using technologies in the hypercompetitive market of the fashion industry through differentiation, customisation and quick response to demand is one way for firms to avoid failure (Tokatli & Kizilgün, 2009). Moreover, retailers are able to provide better customer service, where salespeople can help customers locate their wanted product and also creating a faster checkout process (Grewal et al., 2013; Ramanathan et al., 2017). Retailers that have successfully integrated information and communication technology (ICT) are able to keep track of goods and facilitate the efficiency of the supply chain, especially on a global basis, along with enhanced service offering that

can enable a competitive differentiation (Bruce & Daly, 2010, pp. 227-231; Grewal et al., 2013).

One aspect of digitalisation that has been researched in the field of retail is the integration of e-commerce (Marciniak & Bruce, 2007; Niranjnamurthy et al., 2013; Hagberg et al., 2016). E-commerce, or electronic commerce, relates to economic activity occurring online and in various types and sizes of businesses, e.g. retail, banking and investment (Marciniak & Bruce, 2007; Niranjnamurthy et al., 2013). The increased use of Internet is creating a pressure on textile firms to use the Internet for marketing and sales of their products, resulting in a booming of e-commerce in the apparel industry, and also a growing academic interest (Hu et al., 2015). Studies have shown that the use of e-commerce and thereby Internet technologies, enables businesses to reduce costs related to purchasing, distribution, along with an expansion of the customer base (Bruce & Daly, 2010, p. 231). Furthermore, the augmented presence of Internet and social media in the retail sector, in combination with usage of smartphones has awarded the customers easier access to information and a diversity of purchasing sources (Grewal et al., 2013; Ramanathan et al., 2017). The increased usage of Internet through smartphones has further resulted in a change in the shopping behaviour (Hagberg et al., 2016). These smartphone devices contribute to change the internet in the direction of an element in traditional stores, which affects the structure of retailers and the way the business take form today (ibid).

2.1.2 Social media

Another growing stream of research in the field of digitalisation and digital tools include digital marketing channels through social media, e.g. Instagram, Facebook, Twitter, Pinterest and blogs (Tuten & Solomon, 2015, p. 5; Scuotto et al., 2017). The evolution and usage of social media have become an element in the everyday life for a major part of the global population, resulting in altered customer buying behaviour (Ramanathan et al., 2017). This technology enables SMEs to collaborate with customers to create new ideas, but also in receiving feedback from its different stakeholders, including suppliers, employees and customers (Scuotto et al., 2017). Moreover, the social media used by firms can drive innovation and competitiveness in SMEs when companies are able to identify and understand the customer's needs

(ibid). Nevertheless, the social media marketing objectives and challenges will differ depending on industry and size of the company (Felix et al., 2017).

Furthermore, social media in combination with e-commerce has assisted in changing the retailer and manufacturers logistics, production and distribution planning through the increased streams of purchasing options available for the customer (Ramanathan et al., 2017). This has resulted in a new relationship between the buyer and retailer in the network, which has created a demand of interplay between operations and marketing activities for the retailer (ibid). Companies should aim attention at increasing the probability of people searching their websites as information search can be linked to several strains of designed apparel (Hu et al., 2015). Thus, strategies concerning sponsored links and better page ranks could be worth investing in (ibid).

2.1.3 Digitalisation in SMEs

The digitalisation provides an opportunity to reach global customers and compete with larger corporations as digital tools creates cost efficient methods (Kartiwi & MacGregor, 2007), along with the lowered overall costs from new technologies and transportation methods, providing an additional possibility for smaller companies to compete with larger corporations along with the opportunity to reach customers worldwide (Oviatt & McDougall, 1994; Amit & Zott, 2001; Kartiwi & MacGregor, 2007). When considering the large proportion of SMEs in the apparel industry, e-commerce provides the opportunity for SMEs to increase their competitiveness, enhanced customer relationships, faster product development and improved accessibility and quality of the offered service (Chapman et al. 2000; Chappell et al, 2000; Stockdale & Standing, 2004; Kartiwi & MacGregor, 2007). As the technology transforms the competitiveness in unprecedented ways, e-commerce has the ability to generate increasing wealth, especially to entrepreneurial start-ups and new ventures (Amit & Zott 2001). Further, e-commerce has, in combination with globalisation, organisational restructuring, information and communication technologies transformed how interactions in B2B are done at the market place today (ibid).

Nevertheless, Bruce and Daly (2010, p. 231) have also highlighted challenges connected to the adoption of digitalisation within firms, including both SMEs and larger corporations in the retail sector. The lack of skills and knowledge in-house,

funds and challenges connected to changes in work practices, time allocation and attitudes were found in the SME firms when adopting e-commerce (Bruce & Daly, 2010, p. 235). Normally, the smaller firms are not able to utilise the full potential of e-commerce, but rather use the digital tools as a communication medium through a website for the purpose to provide information regarding their product or services (Bruce & Daly, 2010, p. 232).

2.2 GPN in the fashion apparel industry

In this section, the second broad field in the literature review treating global production network (GPN) in the fashion industry will be presented. Looking into the GPN within the apparel industry, networks and circuits can be present at various geographical scales (Dicken, 2015, p. 54), however, due to the international focus of this case study, the emphasis will remain on global production networks (GPNs). A company's production networks including the distribution, along with consumption of goods and services, are often geographically dispersed, creating a complex system of production circuits and networks (Dickens, 2015, p. 54). The essence of the GPN is to transform inputs of a company to outputs, through interconnected functions, operations and transactions (ibid).

The apparel-textile industry is characterised by less sophisticated technology in the initial step of the supply chain, combined with the large retailers playing a dominant role in shaping the organisations and geography of industries (Dicken, 2015, p. 54). The fashion apparel industry has been complicit in the transformation of the last two decades with fast changing dynamics, resulting in an increasingly demanding market with declining mass production and high volatility (Bhardwaj & Fairhurst, 2010; MacCarthy & Jayarathne, 2010; Chan et al., 2017). Further, the increasing number of fashion seasons has resulted in a structural transition in the supply chain, in combination with industry changes through deregulation and removal of quotas (ibid). These underlying factors have forced retailers to strive for low cost while maintaining flexibility in design, quality, delivery and preserve speed to the market to maintain competitiveness (Bhardwaj & Fairhurst, 2010). Because of the immense size of the fashion industry, combined with being a highly globalised industry, it affects economic, political, social and financial sectors, thus increasing the pressure on the international players (Chan et al., 2017).

All the previously mentioned aspects, creates a complicated supply chain (Christopher et al., 2004) and logistics plays a significant role of a GPN, being the intermediate between buyers and sellers at all levels of the production network, including the physical movement of products and services along with information transmission (Dicken, 2015, p. 56). The clothing production circuit includes specific technological and organisational characteristics in a distinct geographical structure. Nevertheless, the clothing industry is highly fragmented in the organisational aspect combined with a lower technological involvement (Dicken, 2015, pp. 452-453). The industry is characterised by a large extent of outsourcing and subcontracting, and the growing trend of dominating large retailers shaping the organisational structures and geography of the industry results in a buyer-driven industry (Dicken, 2015, p. 453). A buyer-driven network in the clothing industry is also characterised by slack and more dynamic couplings of production located in developing countries answering to fashion demand in developed countries, thereby applying global sourcing strategies to meet demand (MacCarthy & Jayarathne, 2010). A traditional production circuit within the apparel industry is illustrated in figure 1 below and includes six steps: fabric production, design, preparation, production, distribution and consumption (Dicken, 2015, p. 452).

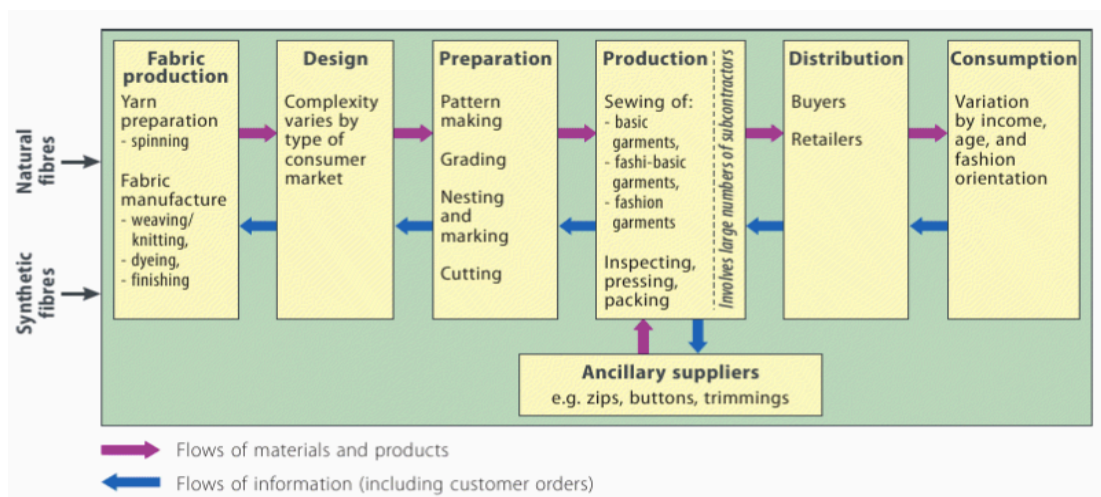


Figure 1: The clothing production circuit (Dicken, 2015, p. 452).

2.3 Internationalisation

In this section, the last broad field of the literature review is outlined, where theory treating relevant aspects of internationalisation for this study will be presented. The research field of internationalisation can be noted as a popular topic and has been studied for several decades, in order to understand how, when and why firms choose to internationalise into new markets (Johanson & Vahlne, 1977; Dunning 1988; Hill et al., 1990; Hwang & Kim, 1990). Nevertheless, these first theories focused on large enterprises internationalisation processes (Kartiwi & MacGregor, 2007). The theory field of internationalisation has developed in recent years where several approaches to internationalisation process theories provide new perspectives on how internationalisation process strategies take form today. Some examples are ‘The internationalization of Born Globals’ theory by Madsen and Servais (1997) and the concept of international new venture outlined by Oviatt and McDougall (1994).

2.3.1 Internationalisation of SMEs

The research field of SMEs internationalisation have gained academic recognition in the past four decades and are now separated from the research field of large firms internationalisation process (Hutchinson et al., 2006; Laghazoui, 2011). SMEs can be defined using criteria such as staff headcount, annual turnover or the annual balance sheet total (European Commission (EC) 2003/361). If an enterprise should be classified as an SME, the staff headcount should be less than 250, have an annual turnover of less than 50 million EUR, or a balance sheet total less than 43 million EUR (ibid). The authors have adopted the European Commission recommendation concerning staff headcount for this study.

Morrow (1988) implied that improved technology, reduced cultural barriers and heightened cultural awareness have created proximity to previously remote-foreign markets to not just established firms, but also to SMEs and new ventures. Technological advancements, reduced costs and methods of accessing information and communicating between countries have enabled SMEs to internationalise (Mtigwe, 2006). One early work treating the internationalisation aspects of an SME is Buckley’s article ‘Foreign Direct Investment by Small and Medium Sized Enterprises’ (Buckley, 1989). Buckley (1989) emphasized that problems facing SMEs

while internationalising relates to the high risks associated with the lack of international experience for first-time investors. Furthermore, Buckley argued that internationalisation requires a high concentration management force (ibid).

Traditionally, the internationalisation process of the SMEs has been defined as a process of increased involvement stepwise on the international market (Welch & Luostarinen, 1993, p.156; Laghzaoui, 2011). An additional research area within the internationalisation process of SMEs is the emphasis on the network relationships within the firm (Laghzaoui, 2011). The research regarding the internationalisation process of SMEs has also developed a field of consolidated entrepreneurship and international business since entrepreneurs have had an important impact on SMEs internationalisation process (McDougall & Oviatt, 2000; Ruzzier et al., 2006).

When describing SMEs internationalisation process, factors such as limited financial, operational, managerial and human resources, as well as lack of knowledge or experience from foreign markets, when internationalising have frequently been stressed (Penrose, 1995; Lu & Beamish, 2001; Hutchinson et al., 2006; Casillas et al., 2009). Moreover, lack of international experience among the management team in an entrepreneurial firm could cause issues since the manager is not comfortable in working outside of its regional or national 'comfort zone' (Schweizer et al., 2010). In the 21st century, the competition has increased, subsequently putting more pressure on SMEs to survive and evolve more agile than large companies due to their limited size and scarce resources of financial means, and lack of skilled or specialised employees (Spanikova et al., 2014).

2.3.2 Internationalisation of SMEs in the fashion industry

The change in the fashion industry has resulted in a development of national and international retail giants such as H&M, Zara and Mango but also exclusive brands in different price ranges, e.g. Armani, Louis Vuitton, Acne and Marlene Birger (Ekdahl & Lagerström, 2012, p. 345). Consequently, SMEs are facing challenges due to the fashion giants' domination on the domestic markets, which complicates SMEs ability to grow if they do not internationalise (Dawson, 2007; Ekdahl & Lagerström, 2012, p. 345). Thus, these firms tend to internationalise in an early phase (Ekdahl & Lagerström, 2012, p. 345). The fast expansion is a result of a strong brand image,

targeting a niche market and reduced geographic, economic and cultural barriers to entry (Dunning 1980; Moore & Burt, 2006; Childs & Jin, 2014). With an early internationalisation process, SMEs are enforced to address aspects concerning finance, organisation, management, marketing, accounting, sales, legal aspects and other, of which they have less experience than the large retail giants (Ekdahl & Lagerström, 2012, p. 345). Therefore, SMEs within the fashion industry needs to build abilities to alter design and innovation with the management and organisation of the SME (Ekdahl & Lagerström, 2012, p. 346).

2.4 Unplanned internationalisation

Another interesting theory stream within the field of internationalisation is what is referred to as “unplanned” internationalisation. Unplanned internationalisation can be a result of changing environmental circumstances, in combination with networking and resource-based analysis (Crick & Spence, 2005). For several firms, the initial internationalisation growth is unplanned (Cavusgil et al. 2012, p. 399). The term ‘unplanned’ is defined through international expansion of a firm, without a precise plan, although successfully engage in international activities (Kalinic et al., 2014). Several firms start its internationalisation process ‘by accident’ or due to serendipitous events (Cavusgil et al. 2012, p. 399). In recent years the pressure of becoming internationalised has increased, and there are improved circumstances of becoming internationalised (ibid). Empirical evidence has found that despite the lack of limited international experience, business plan and lack of information regarding the host market, companies may still go international (Kalinic & Forza, 2012).

The entrepreneurial field of internationalisation has also touched upon the unplanned internationalisation since entrepreneurs have the ability to accommodate to environmental changes through networking, resource-based analysis and serendipity, that leads to “unplanned” internationalisation (Kalinic et al., 2014). Schweizer et al. (2010) argue that internationalisation should be seen as a by-product of a company's efforts to improve its position in its network/networks. It may also be a result of managers trying to improve a company's result and thereby identify business opportunities that will increase the international engagement of the firm. In addition, internationalisation could also be seen as a by-product of entrepreneurial activities (ibid). Moreover, in cases where demand on the domestic market is limited,

international sales can become an unplanned bonus, especially when it is received occasionally (Crick & Spence, 2005; Spence & Crick, 2006; Crick & Crick, 2014). Thus, some entrepreneurial motives could be viewed as reactive or unplanned (Crick & Crick, 2014), however, despite the efforts being of a reactive character, these firms are not afraid of engaging in export when the possibility is given (Hooley et al., 2016, p. 13). Firms that have products or services that are possible to export are more likely to approve the challenge of exporting, in particular, if situated in small economies (ibid). Thereby, a common reaction when having a small domestic market could be to accept international orders via web presence (Crick & Crick, 2014).

A firm's commitment to internationalisation could be seen as a function of the scope of international sales (Crick & Crick, 2014). However, regardless of the extent of international expansion, internationalisation strategies are considered to be of importance to establish in order to decrease the risk of altering environments (Crick & Crick, 2014). Crick and Crick (2014) argued that the main internationalisation plan among firms is to focus on what is anticipated as the core market within a firm's specific industry, based on management experience and networks, whereas sales from other markets are viewed as a positive, unexpected side-effect. Unplanned events in a firm's international activities are more closely linked to firms with a low scale of international market involvement. Many firms of these characteristics endorsed spontaneous orders that are viewed as occasional events and a kept focus on planning the core market development (ibid).

2.5 Conceptual framework

To look into how an implementation of digitalisation can facilitate an internationalisation process for SMEs in the fashion industry, our conceptual framework is based on the literature review where important aspects of the three specific theory fields, digitalisation, supply chain management within fashion apparel industry and internationalisation within SMEs have been integrated and is graphically presented in figure 2. The conceptual framework is composed out of three major parts where the theory fields are linked together. The conceptual framework is based on a number of assumptions and anticipations, which will be elaborated on below.

Firstly, the basis for the framework has been formed by collecting inspiration from Dicken's clothing production circuit (2015, p. 452), where elements have been gathered from the clothing production circuit and a similar breakdown have been made by the authors, however with some amendments to fit this case study. Instead of taking a production circuit perspective, we take a supply chain perspective. This decision is based on the assumption that a supply chain covers the major parts of all processes in an SME, thus can act as guidance when investigating an SME's processes within the fashion apparel industry. The main adjustments relate to the supply chain step called *Sourcing*, where fabric, preparation and production have been integrated since the case company outsource this part of the supply chain. Furthermore, the authors decided to implement *Sales and marketing* as this was a more suitable choice for illustrating the reality of the case company's supply chain. Lastly, the step called *Distribution* in the conceptual framework also includes what Dicken (2015, p. 452) calls *Consumption*, as the case company has both consumption and distribution in this last step.

Secondly, drawing on studies exploring the impact of digitalisation in firms, the authors have integrated the digitalisation element at the top of the framework in figure 2, thereby illustrating the impact of implementing digitalisation in each step of the supply chain. The conceptual framework is based on the assumption that the new technology of digital tools and digital marketing channels affects the cost and quality of all activities included in the supply chain, such as logistics, marketing and sales, after-sales services, human resources, management, and technology development (Porter, 2001; Bruce & Daly, 2010, p. 231). Due to the limitation of this study in terms of the included aspects of digitalisation, the conceptual framework's top column includes digital tools and digital marketing channels. Subsequently, the digitalisation field represents the digital tools and digital marketing channels existing in an SME within the fashion industry, and the arrows pointing down towards each of the various parts of the supply chain represents the implementation of these digital elements in each respective part of the supply chain.

Lastly, in the conceptual framework, the dotted arrows pointing towards the 'Internationalisation of SMEs', refers to the ability the implemented digital tools and

digital marketing channels may have as facilitators on the internationalisation process of an SME within the fashion industry.

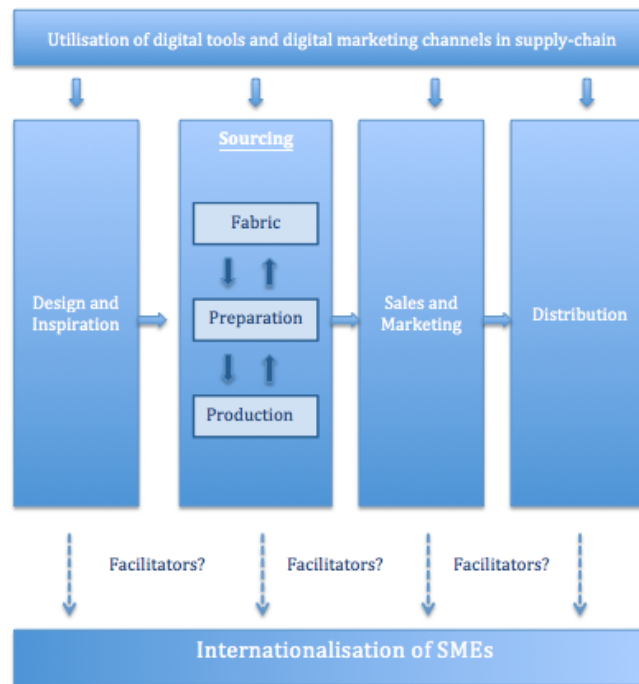


Figure 2: Conceptual framework. Inspired by 'The clothing production circuit' (Dicken, 2015, p. 452), compiled by authors.

Concluding, the conceptual framework outlines the processes performed in a fashion-apparel SME. The use of digital tools and digital marketing channels is incorporated into the processes of a firm's supply chain. Thereafter, the arrows pointing towards the internationalisation pillar represents what impact and role the implemented digital tools in each step of the supply chain may have as facilitators in an internationalisation process of an SME within the fashion industry.

3. Methodology

This chapter aims to outline and motivate the rationale behind the chosen methodology approach in this thesis. Firstly, the chapter will outline the reason behind the chosen research design. Following, the authors will present the research approach, combined with the motivation of conducting a single case study and the selected case unit. Hereafter, a discussion regarding the data collection will be discussed followed by ethical considerations during the thesis writing process.

3.1 Research Approach

This thesis aims to shed light on how digital tools and digital marketing channels are adopted in a supply chain, and how the implementation of digital tools and digital marketing channels can facilitate the internationalisation process of SMEs within the fashion industry. When referring to digitalisation, the authors have chosen to limit this definition to include digital marketing channels and digital tools used when conducting e-commerce for this study. Thereby, the authors of this thesis have examined a fashion company within the SME segment, contributing to a deeper understanding of the implementation of digitalisation elements in such a firm, as well as how the implementation of the digital tools and digital marketing channels facilitate the internationalisation process for such a firm. The authors have been inspired by ‘The clothing production’ circuit provided by Dicken (2015, p. 452) when conducting the research model for the case company’s supply chain. The underlying reason for using this model as inspiration is as it explains the production chain of a typical clothing company and can thus help identifying the processes of an SME in the fashion industry. With this starting point, the authors have defined what digital tools and digital marketing channels have been used in the various steps of the supply chain, and how this could facilitate the internationalisation process of an SME in the fashion industry.

The definition of research design is characterised by how authors conduct the study in order to answer the research question satisfactorily (Merriam, 2009). In line with Bryman and Bell (2015, p. 392), a qualitative research approach is chosen as it provides the authors the ability to understand and examine how the participants of the study interpret their social world. As this thesis aims to answer the author's research question of *‘How can an implementation of digital tools and digital marketing channels in a supply chain facilitate an internationalisation process for an SME*

within the fashion industry?’, a case study is particularly suitable since Yin (2014) argues that research questions involving *How* or *Why* are suitable for a case study.

Due to time constraints, another company would have been difficult to include to ensure a sufficient depth and quality, therefore the authors concluded that a single case study would be most feasible. This approach is strengthened by Yin (2014), arguing that a single case study provides a deeper understanding along with a description of the researched events in question and reflecting different contexts. Thereby, this qualitative single case study was conducted with interviews on-site including several managers with significant knowledge and experience of the fashion company. Additionally, a case study can be divided into three classifications depending its approach, including exploratory, descriptive and explanatory (Yin, 2014). Consequently, as the research and theory between the link of internationalisation process of SMEs and how digitalisation can facilitate this process are rather scarce, an exploratory approach is presumed to apply to this thesis.

3.1.1 Abductive approach

As the study mainly originates from a supply chain perspective within the fashion industry, and the field of digitalisation, two fields studied by many prominent scholars for several years, this theory was incorporated in the literature review and the conceptual framework. In accordance with Yin (2014), this structure is serving as a theoretical blueprint and will guide both the empirical data collection and analysis. This method correlates with a deductive method, as the research has its starting point in the theoretical framework and will guide and test the empirical findings of the study (Bryman & Bell, 2015). Furthermore, the theoretical framework has served as a guide as well as a tool for critical reflection upon the empirical findings through the interviews of the case company, which indicates that the study includes an iterative process and not exclusively a deductive method. An iterative method includes moving between the empirical data collection and theory to ensure that all parts of the included theoretical framework has been covered by the semi-structured interviews and thereby included in the literature framework. This structure of applying theory in the process of the study is called inductive reasoning. Subsequently, the methodological approach used in this thesis has been carried out through an abductive

approach, a method that has grown in popularity in business research, thus combining the inductive and deductive method (Bryman & Bell, 2015).

3.2 Research Unit and Design

The case unit of this thesis falls within the categorisation of an SME and is active within the fashion industry. Due to the company's wish to remain anonymous, the company will in the thesis be referred to as Trendy AB. The reasoning behind choosing Trendy AB as a single case study unit stems from several reasons.

Firstly, the company has an interesting history. Trendy AB has been active within the high-end fashion retailing on a national basis for more than 10 years, until 2014 when the store was closed due to unprofitable business. By the time of closing, the e-commerce was booming, especially for high-end fashion products, a development that had not been expected by Trendy AB. A new owner saw the potential of the company and purchased 69% of the ownership. The company re-launched in 2016 with a new business concept and focus on e-commerce combined with implementation of digital tools and digital marketing channels. Only two weeks after launching, the company had international customers in their order system without any active measures to reach international customers.

Secondly, despite the huge impact that digitalisation have had on various industries, few studies have investigated the link between implementation of digital tools and how it may facilitate an internationalisation process for an SME within the fashion industry. Moreover, the research treating the internationalisation processes of SMEs in the fashion industry is scarce compared to internationalisation process studies of larger firms, which makes this angle of study interesting in combination with the new business opportunities of e-commerce and digital marketing tools, and how it might facilitate the internationalisation process. As this study aims to research the internationalisation process of an SME within the fashion industry and how digitalisation can facilitate this process, Trendy AB was a suitable choice for the single-case study, as the firm is conducting e-commerce and experienced international orders shortly after their re-launch.

Thirdly, the location of Trendy AB in Gothenburg enabled the authors to conduct in-depth interviews, in combination with complete access to the management team and information regarding the history and operations of the firm, which provided favourable conditions to collect the empirical material. The reason behind the authors' criteria to conduct in-depth interviews will be explained in the part below called 'Data Collection'.

3.2.1 Data Collection and Sampling

The empirical data in this thesis has been collected through various primary and secondary data sources, where the former consists of semi-structured in-depth interviews and the latter includes the company's webpage. A beneficial aspect of utilising a qualitative single case study is the immense use of both primary and secondary sources of the single study unit, including the interviewed employees and internal documents of the organisation (Bryman & Bell, 2015). Additionally, some interviews have been complemented afterwards by e-mail or telephone for clarification or supplemented questions. To ensure the overall quality through capturing the reality of the phenomenon in this thesis, triangulation is used to assure the authors of the overall quality of the thesis (Merriam, 2009; Collis & Hussey, 2014, p. 71). Through triangulation, the authors can reduce bias in data sources and provide a broader picture of the phenomenon (Collis & Hussey, 2014, p. 71).

3.2.1.1 Primary Data

Due to the small size of the company, the authors have interviewed all five managers in the case company that are currently employed full-time and have participated in the internationalisation process of the firm, thus the freelancers or assistants were not included in the study. By including all managers in Trendy AB in the interview process, the outcome would provide a comprehensive picture of the organisation and how digital tools and digital marketing channels can facilitate the internationalisation process of an SME within the fashion industry. Thereby, the authors chose to utilise in-depth interviews on-site at Trendy AB's head office, where the store is also located, with the relevant employees to ensure that the empirical data collection would be relevant. What became evident during the first interview with the Business Manager and CEO, was that they were key persons in finding a lot of relevant information. As a result, four interviews were held with the Business Manager and

two interviews with the CEO, as highlighted in Table 1 in order to cover the questions provided in the appendix.

Consequently, choosing Trendy AB was the first step in the sampling selection and choosing in-depth interviews with selected employees of the case company is in line with Merriam’s (2009) argument of using a purposeful sampling is the most suitable way to make a selection. In Table 1 below, the conducted interviews are displayed, where each interview lasted between 40-120 minutes, during the time period between 8th of February and 23rd of March. By conducting all except one of the interviews, through face-to-face interactions, the authors were able to acquire a broader picture of the empirical findings through the respondents, as the authors could assess non-verbal reactions, including gesticulations and body language.

Interview Session	Area of Responsibility	Location	Interview Type	Interview Length	Reference in text (Date)
1	CEO, interview 1	Trendy AB, Gothenburg	Face-to-face	50 min	2017-02-08
2	Business Manager, interview 1	Trendy AB, Gothenburg	Face-to-face	60 min	2017-02-08
3	Vice CEO / Product Manger	Trendy AB, Gothenburg	Face-to-face	45 min	2017-02-10
4	Business Manager, interview 2	Trendy AB, Gothenburg	Face-to-face	60 min	2017-03-02
5	Business Manager, interview 3	Trendy AB, Gothenburg	Face-to-face	120 min	2017-03-09
6	Business Manager, interview 4	Gothenburg	Telephone	40 min	2017-03-14
7	Creative Director	Trendy AB, Gothenburg	Face-to-face	70 min	2017-03-15
8	Art Director	Trendy AB, Gothenburg	Face-to-face	60 min	2017-03-20
9	CEO, interview 2	Trendy AB, Gothenburg	Face-to-face	60 min	2017-03-23

Table 1: Interview sessions Trendy AB, compiled by authors.

3.2.1.2 Secondary Data

The secondary data was collected throughout the researching process and consists of the previously mentioned internal documents, web page and reports from the company. Moreover, the secondary data includes scientific articles collected from the University’s library. As previously mentioned, the usage of several sources in a case study research ensures a higher overall quality of the study (Collis & Hussey, 2014, p. 71). Through the multiple sources, the authors were able to augment the quality

regarding the questions asked in the interview, subsequently, the secondary sources supported the primary data.

3.2.2 Interview Process

The authors have utilised semi-structured interviews to provide a deeper understanding, which is in line with Collis and Hussey (2014, pp. 133-134), arguing that semi-structure interviews are appropriate when conducting a case study research. The semi-structured interviews can also provide additional information from the respondent since the structure contributes to flexibility and the authors may not need to ask all pre-planned questions (Collis & Hussey 2014, pp. 133-134). As the authors have chosen to conduct this thesis through an abductive method, semi-structured interviews go well in hand with the chosen methodology, as the authors move between the literature review and utilise the unexpected empirical findings to revise the conducted conceptual framework. Subsequently, the interview guide was created beforehand with the basis from the literature review but left the possibility for the respondents to answer freely.

The theoretical framework in combination with the empirical findings will be the foundation for the analysis, whereby the authors chose to transcribe all the collected empirical material from the interviews. In line with Jacobsen et al., (2002), the authors were able to ensure that the material would ensure high credibility and truthfulness, but also provided the possibility to add questions to the interview guide if the authors deemed it necessary. Furthermore, the authors chose to record the interviews after permission from the respondents, which was motivated by Jacobsen et al. (2002), arguing that recording interviews facilitate the transcriptions of the empirical findings, thus affecting the quality and objectiveness of the analysis. Lastly, the interviews were held in Swedish since this is the native language of all respondents, subsequently, the recordings assisted when the authors translated the respondents answers to English.

3.3 Analytical process

In line with what Merriam (2009) describes as data analysis, the authors have during the writing process moved back and forth between theory and empirical findings, combined with moving between deductive and inductive research approach, and also

between descriptive and interpretation of the collected material. Moreover, the data analysis involves the process of establishing relevant material out of the collected data, subsequently strengthen, reduce and interpret the theoretical literature and empirical findings (ibid).

To properly translate the gathered data during the empirical process, after the transcriptions the authors labelled the information received, directly after each interview in order to achieve as correct collection of what was discussed and retrieved during the interviews as possible. The empirical findings in the interviews were thereafter classified based on what potential factors that managers perceived as most influential in each step of Trendy AB's supply chain, as well as what factors potentially facilitating their internationalisation process. The purpose of classifying all factors was intended to contribute to the identification of facilitating factors for the supply chain and internationalisation process. Once all interviews had been conducted, the classification of digitalisation factors was compared to the other interviews. Simultaneously, all of the interviews were additionally documented with key findings of which digitalisation elements that facilitated the processes of the supply chain and internationalisation the most.

When all interviews and transcriptions, as well as triangulation between the interviews, had been executed, the authors identified the facilitating digitalisation tools and elements for all parts of the supply chain as well as the internationalisation process, which was done by using the conceptual framework outlined in section 2.5 to identify and classify the facilitators into the conceptual framework. This was executed in a chronological order, starting with the first step of the supply chain, thus by using the conceptual framework it was possible to assort the findings according to each process of the supply chain and assess the impact the digital tools and digital marketing channels had on the internationalisation process. However, as outlined by Bryman and Bell (2015), the researcher might neglect important information when categorising data, as a consequence of losing the case's completeness. To avoid falling into this trap, the authors collected all empirical material and classified the data into the most suitable category first after having assessed all available information, thus not excluding any information. Last, when the facilitating factors

had been identified, based on this analytical process, the conceptual framework was revised, advocating the adopted abductive research approach.

3.4 Ethical Considerations

To ensure the quality of the thesis, a common way to measure is by analysing a study's validity and reliability (Yin, 2014), especially in the case of quantitative studies (Jacobsen et al., 2002). The reliability deals with the subject of the possibility to replicate the study, but also the truthfulness (ibid). In the case of measuring quality in qualitative studies, truthfulness is a better criterion (Jacobsen et al., 2002; Bryman & Bell, 2015). Nevertheless, truthfulness also relates to writing in an ethical matter, which includes the usage and production of reliable and valid knowledge (Jacobsen et al., 2002; Merriam, 2009). In the case of a single case study, a high level of truthfulness can only have a significant impact on theory or practises within the field, if the case is conducted conscientiously (Jacobsen et al., 2002; Merriam, 2009; Bryman & Bell, 2015). To achieve a high level of truthfulness in this thesis, the authors have therefore followed recommendations by scholars in the methodology field.

Described in 'Data Collection and Sampling', the authors used triangulation by seeking coherency of the primary data (interviews) and the secondary data, subsequently ensuring enhanced reliability of this study (Jacobsen et al., 2002; Merriam, 2009; Collis & Hussey, 2014, p. 71, Yin, 2014). The authors' active decision to include all managers in the company with different knowledge and experience within the company consequently resulted in an augmented transferability and nuanced angles from the respondents to the authors findings (Merriam, 2009; Yin, 2014). The transferability is a form of external validity, which refers to whether the study can be generalised or applied to another social context, meaning if the findings are applicable outside the constraints of this case study (Yin, 2014). Moreover, another effort to strengthen transferability of this thesis, the authors have carefully described the different contexts and the participants, in combination with substantial theory underlining our empirical findings (Merriam, 2009; Bryman & Bell, 2015).

Another important part in increasing the truthfulness of this thesis has been achieved through sending all transcribed interviews to the respondents and enable them to review and make changes. This is in line Merriam's (2009) and Yin's (2014) thoughts of how to increase validity, as the objective is to achieve improved internal validity through respondent validation, resulting in augmented credibility. This became evident in the case of translating the interviews from Swedish to English, where some findings did not match what the respondents wanted to state; consequently, the authors were able to correct these misunderstandings.

When conducting the interview guides, the authors decided to create one general interview guide to collect all information regarding the history of the company along with an overall picture of the organisation. The second interview guide was designed with the aim to answer the authors' research question. The second interview guide was equal for all respondents. This action made it easier in the process of transcribing and to stay objective, unbiased and avoid errors, subsequently leading to improved reliability of this study, in line with the thoughts of Yin (2014).

4. Empirical Findings

This chapter presents the empirical findings of this study. The authors begin with an introduction to Trendy AB, its history and its organisation structure. Thereafter, the different phases of Trendy AB's supply chain are presented with the implementation of digitalisation in each phase. Following, the findings of how the implementation of digital tools and digital marketing channels in Trendy AB's supply chain facilitate the internationalisation process of the SME is presented. Last, an empirical chapter summary is presented, where the most findings are outlined.

4.1 Introducing Trendy AB

Trendy AB was founded 2004 in Gothenburg, Sweden. The SME started out as a traditional retail store, operating under the name Trendy AB, offering high-end luxury fashion for women in the city centre of Gothenburg (Vice CEO/Product Manager, 2017-02-10). The retail store was located on one of the busiest shopping streets in Gothenburg and was frequently visited in particular during the first 7 years. The aim during the first years of the business was to establish the company's branding towards exclusive suppliers in order to gain privilege rights to import and sell new exclusive brands that were not available on the Swedish market. These ambitions were time-consuming but successful. Consequently, the SME managed to create several agreements with high-end luxury fashion brands. However, after 2010-2011 a larger number of Trendy AB's customers started purchasing the same clothing pieces online as the high-end luxury fashion industry introduced e-commerce, thus providing opportunities for the customer to buy the same products online, with home delivery. As a result, the 'traditional customer' at Trendy AB decreased, which had direct negative impacts on their business. Trendy AB decided not to invest in e-commerce due to lack of knowledge and competence within e-commerce among the existing employees (Business Manager, 2017-02-08; Vice CEO/Product Manager, 2017-02-10). Consequently, due to unprofitable business, the retail store was forced to shut down in 2014 as a result of decreased customer flows to the retail store (Business Manager, 2017-02-08; Vice CEO/Product Manager, 2017-02-10).

In 2016 Trendy AB was re-launched, under a new name combined with a new business idea and concept. The company was incorporated with new owners and employees, although the brand name and heritage were kept (Trendy AB, 2017a). The

structure of the ownership consists of two larger owners and one minority. The shareholding is spread between the CEO of the company, holding 69% of the shares, Vice CEO/Product Manager, with 30% of the shares and a silent owner with 1% of the total shares. The company's ambition is to become the leading high-end fashion retail in-store and online company on the Scandinavian market and during 2016 the annual turnover was 3.2 million SEK. The strategy of Trendy AB is linked to product differentiation, by trying to provide exclusive brands, along with producing an own brand that was launched in the third quarter of 2016 (ibid). The share of total sales between the bought-in brands and Trendy AB's own brand is divided at 90% for the bought-in brands and 10% of Trendy AB's own brand (Business Manager, 2017-03-14). Consequently, the SME offers global fashion brands such as Marc Jacobs, Gianvito Rossi, TIBI and Isabel Marant and has during 2016 developed an own brand, with their own design and production through a supplier (Trendy AB, 2017b). Trendy AB has an in-house storage of 25 square metres where the products are stored at arrival (Business Manager, 2017-02-08). Their products include clothing apparel, shoes and some accessories (e.g. bags and jewellery) (Trendy AB, 2017a; Trendy AB 2017b). Moreover, Trendy AB has started creating a business network, through partnerships with various fashion brands, distributors, suppliers, ambassadors as well as a digital agency and e-commerce experts (Trendy AB, 2017a). Later in 2017, there are plans to open up a store in Stockholm similar to the showroom present in Gothenburg (Trendy AB, 2017a; CEO, 2017-02-08; Business Manager, 2017-02-08).

When Trendy AB was founded in 2004 the SME only had one physical store located in Gothenburg until 2014, when the retail store was closed (CEO, 2017-02-08; Vice CEO/Product Manager, 2017-02-10). Thus, there were little to no international customers in the first ten years of the operation of the company (CEO, 2017-02-08; Vice CEO/Product Manager, 2017-02-10). However, when re-launching in February 2016, Trendy AB had their first international sales after two weeks (CEO, 2017-02-08; Business Manager, 2017-02-08). At the re-launch in February 2016, Trendy AB introduced themselves on the digital market through e-commerce, combined with new digital tools incorporated in their strategy (CEO, 2017-02-08; Business Manager, 2017-02-08). An online webshop was launched, in combination with products available for purchase in a showroom that was opened in the city centre of Gothenburg, which is also used as head office. One year after the launch, the

international customers represented 10% of total sales. The international sales have occurred in 20 countries with customers from four different continents; Europe, Asia, North America and Oceania as illustrated in figure 3 below. The first market entry included several countries in the European continent as outlined under *1st market entry* in figure 3. The second market entry was the USA in North America, whereas the third entry related to several countries in Asia (see *2nd market entry* and *3rd market entry*, figure 3). The last market entry included two countries at the Oceania continent (see *4th market entry*, figure 3)(CEO, 2017-02-08; Business Manager, 2017-03-09). However, the dominating part of total sales still occurs on the Swedish domestic market. The major share of international customers stems from Belgium and the Netherlands, followed by Germany (CEO, 2017-03-23; Business Manager, 2017-03-09).



Figure 3: Sales coverage and order of international expansion Trendy AB, compiled by authors.

4.1.1 Trendy AB's Organisation

The company currently employs six people full-time and additionally three people are contracted as freelancers, all located in Sweden (Trendy AB, 2017a; CEO, 2017-02-08; Business Manager, 2017-03-02). Only one of the current employees was part of the old business from 2004-2014. The new management team has extensive experience in retail, design, marketing, media, e-commerce, journalism and the luxury services sector (Trendy AB, 2017a). Further, several of the employees have significant international experience and knowledge from previous employment. Externally, the SME have partnerships with some handpicked bloggers acting as ambassadors, digital marketing strategists who are contracted, as well as e-commerce specialists, professional fashion photographers, content specialists and art directors (CEO, 2017-02-08; Business Manager, 2017-03-02). In figure 4 below you find the organisation structure for Trendy AB.

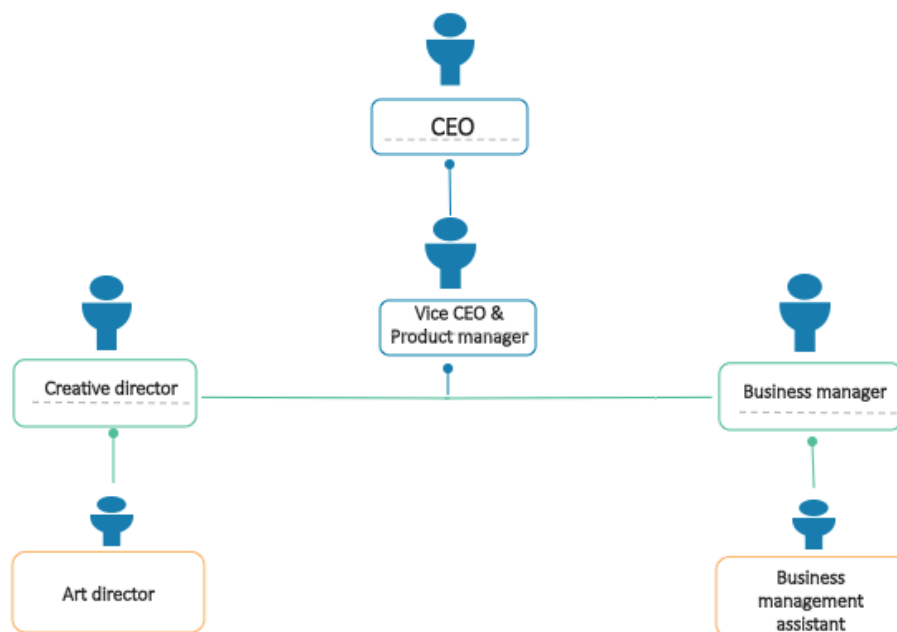


Figure 4: The organisation chart of Trendy AB, compiled by authors.

In the SME, the various functions have defined roles and responsibilities, however, due to the small size of the company and that the roles are not strictly defined, some roles are also shared and intertwined between the employees (CEO, 2017-02-08; Business Manager, 2017-02-08). Located at the top of the organisation chart in figure 4, is the Chief Executive Officer (CEO) who is responsible for the daily operations, but also engage in all areas of the company (CEO, 2017-02-08). The vice CEO is also

Product Manager, whose main responsibilities relates to the design of Trendy AB's own-produced clothes and the purchasing process relating to the bought-in brands (Vice CEO/Product Manager, 2017-02-10). Additionally, the vice CEO and Product Manager is responsible for the major part of the strategic focus of the SME, that is, sales analysis and business development (ibid). Human resources (HR) management, customer support, and e-commerce are responsibilities assigned to the Business Manager (Business Manager, 2017-02-08). The Creative Director is responsible for public relations (PR), styling, combined with handling the contact between customers, media and creative agencies, photographers and models (Creative Director, 2017-03-15). The Art Director is responsible for all graphic design and layout on the website, but also creates the newsletter and certifies unification of all graphic communication in line with Trendy AB's profile (Art Director, 2017-03-20). The web coordinator handles product descriptions for the website, is responsible for controlling stock levels and supplier complaints (Business Manager, 2017-02-08). The Business Management Assistant is assisting the art director in creating strategies regarding social media, such as Instagram (ibid).

4.2 Trendy AB's supply chain and implementation of digital tools

Trendy AB's supply chain can be divided into two different circuits as the SME both produces its own clothes (see figure 5, circuit 1), in combination with purchasing ready designed and produced clothes from other fashion brands (see figure 5, circuit 2) (CEO, 2017-02-08; Business Manager, 2017-02-08). Both circuits include step 1-4, *Design and Inspiration to Distribution*, as illustrated in figure 5. When Trendy AB re-launched their business, digital marketing strategies were added to the business strategy (CEO, 2017-03-23; Business Manager, 2017-03-09). Both digital tools and digital marketing channels were added in various steps of the supply chain.

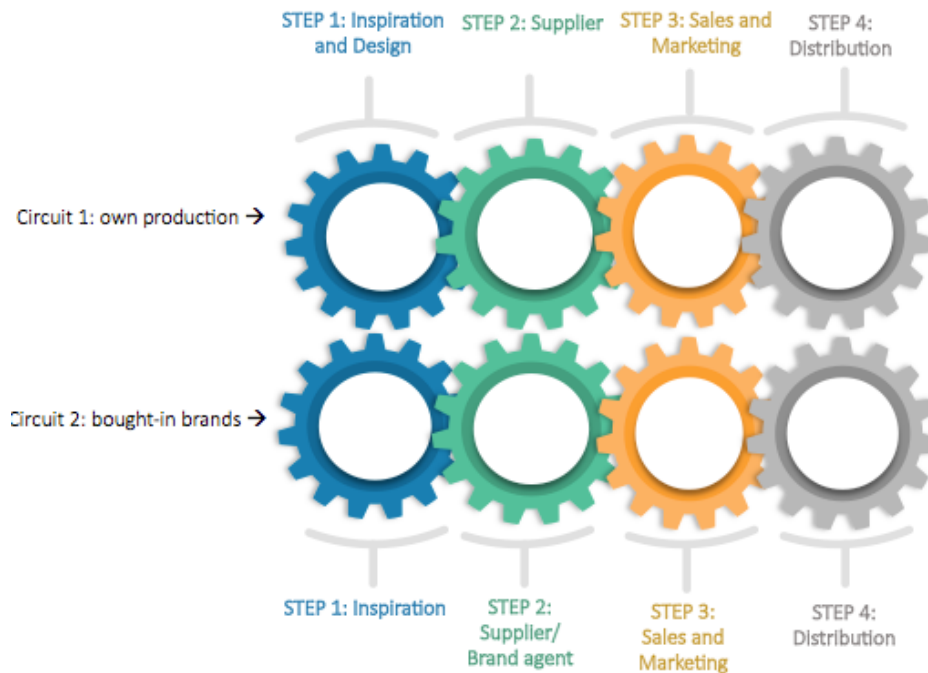


Figure 5: Trendy AB's supply chain: circuit 1 own production and circuit 2 bought-in brands, compiled by authors.

The authors have compiled table 2, outlined below, to highlight the most significant findings in the empirical chapter, found in section 4.2.3 *Sales and Marketing*. Trendy AB has implemented several different tools as the all have different implications for the firm. The effects of each digital tool and digital marketing channels in Trendy AB's supply chain will be elaborated on and discussed in each section under 4.2.3.

Trendy AB's digital tools and digital marketing channels								
Type:	SEO	SEM	Google analytics	Instagram	Bloggers	Facebook	Newsletter	Pinterest
Purpose of utilisation for Trendy AB	Increase traffic to website	Increase traffic to website	Statistical tool for analysis	Branding	Increase traffic to website and showroom	Information provider	Increase traffic to website and showroom	Information provider
Effect	Increased sales	Increased sales	Provides guidance for conducting strategies	Increased sales	Increased sales	Increased information of the firm	Increased sales	Increased information of the firm

Table 2: Summary of digital tools and digital marketing channels in *Sales and Marketing* and its utilisation, compiled by authors.

4.2.1 Design and Inspiration

The first step in the supply chain for both circuit 1, called *Design and Inspiration*, and circuit 2, called *Inspiration* have a similar purpose (see figure 5) (CEO, 2017-03-23; Business Manager, 2017-03-09). Firstly, inspiration is gathered through travels, inspiration trips, or trend analysis based on Internet flows or by using World Global Style Network (WGSN), an organisation providing trend forecasts within the fashion industry. The gathered inspiration relates to colour, shape and style, which later acts as inspiration for the Trendy AB's design for circuit 1 as well as the bought-in brands in circuit 2. For circuit 1 in *Design and Inspiration*, the outlined steps contribute to form a specific product's design. For circuit 2 in *Inspiration*, these travels provide the basis for the decisions to which pieces to purchase in the following step of the supply chain, *Sourcing* (CEO, 2017-03-23; Business Manager, 2017-03-09). The step of gathering inspiration for bought-in brands has not changed after the implementation of digital tools and digital marketing channels in 2016 (CEO, 2017-03-23; Business Manager, 2017-03-09).

After the implementation of digital marketing channels and digital tools in Trendy AB's supply chain, the company added their own designed products to their product range in the middle of 2016 (Business Manager, 2017-03-02). Nevertheless, for circuit 1 (see figure 5), no digital implementation has been identified. The Business Manager (2017-03-02), Creative Director (2017-03-15) and Art Director (2017-03-20) explains that Trendy AB can gather extensive information regarding trends by using WGSN, however, it is not a digital tool, but a website. Moreover, to some extent Trendy AB needs to be at the physical scene in Paris for inspiration gathering, resulting in little chance to implement digital tools and digital marketing channels in this step. Simultaneously, the same problem is identified related to step 1 in circuit 2 (see figure 5), and Trendy AB sees little chance to extend the implementation of digital tools for this step in the near future (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20).

4.2.2 Sourcing

4.2.2.1 Sourcing for Trendy AB's own production

Following, in step 2 for circuit 1, called *Sourcing* in figure 5, Trendy AB outsources the production process to a supplier and Trendy AB's involvement in the process will

be explained below. The majority of Trendy AB's suppliers have been part of a long-term cooperation that originates from the founding days of Trendy AB in 2004. The supplier for Trendy AB's own design and production is located in China where Trendy AB's design is sent to the supplier of the production. Thereafter the pattern design and grading is provided by the supplier in accordance with Trendy AB's initial design (CEO 2017-03-23; Business Manager, 2017-03-09). In addition, the supplier provides all material and trimming to suit the composition requirements from Trendy AB. The product material is provided by subcontractors from the Asian region to Trendy AB's supplier. Thereafter, the supplier produces a swatch material and swatch colour. Following, the supplier sends samples of material and colour to the head office in Sweden, where feedback is collected concerning the quality, colour and material, which is sent back to the supplier through email or Skype-calls. This continuous process includes feedback from Trendy AB to the supplier concerning enhancement and determination of the final material and colour (CEO 2017-03-23; Business Manager, 2017-03-09).

Following, the SME and the supplier negotiate prices and batch size (CEO, 2017-03-23; Business Manager, 2017-03-09). Depending on what type of material chosen, a tender is created by the supplier. Based on the tender, Trendy AB conducts an analysis that will conclude if the tender can be profitable. The analysis includes aspects such as price, quantity, profit margin and production costs, which will support whether to accept or reject the tender. When a tender is accepted, the supplier starts producing a reference sample. The reference sample is a pre-production sample used as a fitting sample to optimise grading. The reference sample is sent to Sweden for fitting, where feedback is given and adjustments are made until Trendy AB is satisfied and accepts the reference sample. Following, the supplier produces a shipping sample, which is the final sample before production will commence. If the shipping sample does not meet the requirements from Trendy AB, the production can be stopped. Normally the production is carried out after this part of the process. The duration of this process is estimated to 12 weeks, whereafter the finalised products are shipped to the warehouse and head office in Gothenburg, Sweden through airfreight. A last fitting is performed before the product is added and introduced in the showroom and on the webshop (CEO, 2017-03-23; Business Manager, 2017-03-09). In this step of the supply chain, no digital implementation has been identified in step

called *Sourcing* for circuit 1 (see figure 5). The Business Manager (2017-03-09) explains that being an SME using a large supplier result in low bargaining power related to the decision of implementing digital tools in this part of the supply chain as Trendy AB stands for a very small part of the supplier's income and is just one of many customers (ibid).

4.2.2.2 Sourcing/Brand agent for Bought-in fashion products

Following, in step 2 for circuit 2 (see figure 5), Trendy AB purchases ready-made fashion products in cooperation with some carefully chosen designers (CEO, 2017-03-23; Business Manager, 2017-03-09). Compared to the previous process with own production, Trendy AB enters the production circuit once the product is already completed by other designer brands, thus the process in this step of the supply chain differs from the own produced brand. For the *Sourcing/Brand agent* phase in circuit 2 (see figure 5), the process starts with sending two representatives who travel to Copenhagen or Paris on buying trips, 4-6 times a year at predetermined dates where fairs are held, presenting various brand's collections for upcoming season (CEO, 2017-03-23; Business Manager, 2017-03-09; Vice CEO/Product Manager, 2017-02-10). The purpose of these trips is to get an opportunity to see the brands and their products on sight and thereafter decide which ones they would like to purchase (CEO, 2017-03-23; Business Manager, 2017-03-09; Vice CEO/Product Manager, 2017-02-10). The buying trips duration varies between 1-4 days, where intense meetings are held with distributors of the various brands (CEO, 2017-03-23; Vice CEO/Product Manager, 2017-02-10). The two representatives from Trendy AB receive an order sheet to fill in what items they are interested in during the meetings. After having viewed all collections and pieces from the designers, the representatives fill out what items they wish to order. A picture is taken on all pieces, and the filled in order sheet is left to the distributor of the brand. Thereafter the delivery time is discussed, which varies depending on supplier (CEO, 2017-03-23; Vice CEO/Product Manager, 2017-02-10). In addition to bought-in fashion brands, Trendy AB also purchases vintage products from private people, which they sell in the showroom and on the webshop (CEO, 2017-03-23; Business Manager, 2017-03-02). For circuit 2 in figure 5, Trendy AB's bought-in brands, no digital implementation has been identified in step called *Sourcing/Brand agent*. As mentioned in 4.2.2, the problem of implementing digital

tools in this steps is a result of low bargaining power against the distributors/agents of the various bought in brands (Business Manager, 2017-03-02).

4.2.3 Sales and Marketing

As outlined in Table 2, the most significant findings in the empirical chapter will be highlighted and elaborated in the following sections. This step of the supply chain posses all but one of the digital tools and digital marketing channels identified in this study and will be discussed below.

The own produced clothes have together with circuit 2 (see figure 5) of bought-in designs been implemented with new digital technology, which has significantly changed the *Sales and marketing* step for Trendy AB (Business Manager, 2017-03-09). In the *Sales and marketing* phase for circuit 1 (the own produced clothing products), and in circuit 2 (the products of the bought-in fashion brand clothing) in figure 5, all products reach the warehouse in a similar manner (Business Manager, 2017-03-09). Thereafter, one person receives the batch and conducts a reconciliation of the packing list and order confirmation, as well as checking the products quality after the delivery (ibid). After delivery, Trendy AB organises a photoshoot with a model to add the new products to the webshop as soon as possible (Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20). The average time between the arrival of the product until the launch on the webshop and showroom is one week, as editing, product addition and similar administrative processes have to be executed first (Business Manager, 2017-03-09). Thereafter, the products are ready to be launched. The webshop is available in both English and Swedish, in order to be available for a wider customer base (Business Manager, 2017-03-09; Art Director, 2017-03-20). Trendy AB offers two different types of sales channels, either through the showroom or through an online shop (Business Manager, 2017-03-09; Art Director, 2017-03-20). New products are normally put in the front area of the showroom (Business Manager 2017-03-09).

In figure 6 the distribution of different revenue streams are presented and will be discussed in each of the following sections below (4.2.3.1 - 4.2.3.6). However, the revenue stream called *Direct Sales* is not elaborated on in this chapter, since it constitutes of sales from the showroom and when customers directly purchase from

webshop without entering via any digital tool or digital marketing channel, hence this revenue stream does not fall within the scope of this study.

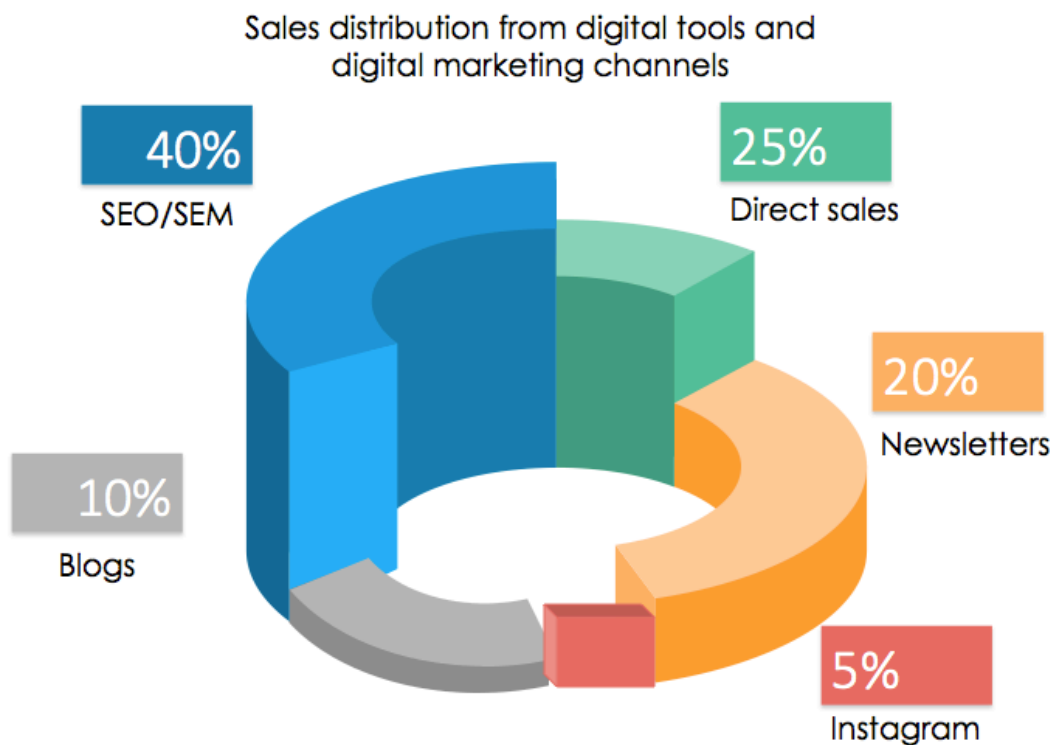


Figure 6: Sales distribution statistics between digital marketing channels and digital tools, compiled by authors.

4.2.3.1 SEO and SEM - Digital tools

In the *Sales and Marketing* step of both circuit 1 and circuit 2 (see figure 5), several digital technologies are implemented in this step and an important step when the product is ready for sales concerns how to enable accessibility for customers. Thus, Trendy AB has adopted a strategy of using particular digital tools to improve the accessibility, which assists in attracting both new, and recurring customers (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20). The most successful tools used are Search Engine Optimisation (SEO) and Search Engine Marketing (SEM), which are services the SME contracts from digital marketing experts. SEO is an algorithm used for optimising search engine results (Creative Director, 2017-03-15). Through the usage of SEO, Trendy AB can be ranked highest and occur at the top of search results entered on the internet in search engines such as Google, Yahoo and Bing as the visibility of their products are optimised (Business Manager, 2017-03-14; Creative Director, 2017-03-15; Art Director, 2017-03-20). By using SEO, Trendy AB can thus

be placed first in a search, consequently receiving more visits to their webshop, thus increasing the number of potential customers (Business Manager, 2017-03-14; Creative Director, 2017-03-15; Art Director, 2017-03-20).

The Creative Director (2017-03-15) further explains when using the digital tool SEO, Trendy AB has to categorise the products and create product descriptions in order to optimise the search engine result, which leads the customer to click on the link that directs the person to their webshop. Thus, the SME put emphasis on how to formulate product descriptions as choosing the right words become significant to attract customers (ibid). When adding the product to the website, it is categorised after product type, available colours and sizes, type of brand, and assorted under the news categorisation in order to be as visible and accessible as possible for the customers who visit the website (Business Manager 2017-03-14; Creative Director, 2017-03-15). Additionally, the product composition, i.e. what materials the product is composed of, whether the fit is small/medium/large and care instructions are added. Moreover, one of the digital marketing experts creates an inspiring text for each product. The inspiring text will include words to enhance the search optimisation resulting in another attempt to attract customers. When one product is presented, the webshop will identify the customers previous search history for similar products and thereby present suggestions for additional purchase. Consequently, creating more opportunities for additional sales. In addition to SEO, Trendy AB uses SEM as another digital tool to attract customers (Business Manager 2017-03-14; Creative Director, 2017-03-15). As outlined by the Creative Director (2017-03-15), the usage of both SEO and SEM is necessary to fully take advantage of these digital tools: *‘SEM is a broader digital tool than SEO. SEO is used to reach improved organic search results, such as optimising search engine enters, whereas SEM is used for paid ads in order to advertise Trendy AB’s website and guide a targeted customer group to the webshop, through e.g. Google adwords. Thus, it is important to use both SEO and SEM in order to take full advantage of accessibility on the Internet, both in advertisement and in organic searches’*. SEO and SEM currently represent approximately 30-40% of the total sales per week (see figure 6 above). Additionally, the use of SEO and SEM has increased total sales by 15% compared to when a physical store was Trendy AB’s only sales channel (Business Manager, 2017-03-14).

The company is able to collect sales information and statistics through the digital tool Google analytics, which will be elaborated last in this section.

SEM is particularly used for the bought-in brands through Google adwords, meaning that Trendy AB pays for ads that will make their bought-in brands appear in the search engine for the target group to direct them to the webshop (Creative Director, 2017-03-15). As soon as Trendy AB adds a new brand or type of product to their website, they contact the SEO and SEM experts, who arrange a prioritisation that makes Trendy AB more accessible in the search engine, as described above (Business Manager, 2017-03-09; Creative Director, 2017-03-15). This strategy is used for all products and brands, including vintage (Business Manager, 2017-03-09; Creative Director, 2017-03-15). SEO is scheduled to be used more frequently during 2017 as this tool has shown remarkable impact on the sales, in particular for upcoming events and experiences Trendy AB have scheduled in 2017 (Business Manager, 2017-03-09). Trendy AB could utilise SEO and SEM even further, however, the SME is limited in its utilisation due to financial constraints (CEO, 2017-03-23; Business Manager, 2017-03-14).

4.2.3.2 Newsletter - Digital marketing channel

Trendy AB has a member club, which is a recurring revenue stream (Business Manager, 2017-03-14; Art Director, 2017-03-20). To target this customer group, Trendy AB sends newsletters through email once a week. The newsletter aims to build a relationship with the customer in order to create loyal customers. Trendy AB has approximately 1000 subscriptions on the newsletters. The content of the newsletters usually relates to news on the webshop, upcoming products and collaborations, or when items are on sale or special offers. In line with SEO, the choice of words in a newsletter is of significant importance, as it affects whether the customer will click on the link that directs them to Trendy AB's webshop. This is especially important regarding the choice of words in the subject field of the email. The SME has identified increased traffic to the website when using words such as news, sales or a specific brand in the subject field. According to the Art Director (2017-03-20), Trendy AB has a high rate of customers opening the newsletters, about 40-50% of all sent from the firm. Following, approximately 30% of all subscribers click on the link of a product in the newsletter, which directs them to the webshop.

The Art Director (2017-03-20) further outline that a newsletter normally results in 100-500 clicks directed to the webshop. The clicks tend to be higher when Trendy AB have special deals and sale. Customers who receive the newsletters are more retentive, consequently, newsletters is a strong revenue stream for Trendy AB constituting approximately 20% of total sales per week (see figure 6). The purchasing statistics deriving from this digital marketing channel is gathered through Google analytics. Trendy AB is not limited in its utilisation of this digital marketing channel.

4.2.3.3 Facebook and Pinterest - Digital marketing channels

In addition to SEO and SEM, Trendy AB also uses digital marketing channels such as collaboration with bloggers, Instagram, newsletters, Facebook and Pinterest (CEO, 2017-03-23; Manager B, 2017-03-14; Creative Director, 2017-03-15). Facebook and Pinterest are not used as frequently as the other digital marketing channels at Trendy AB. These two digital marketing channels are mostly used in order to provide information on opening hours in the showroom, thus acting more as information providers for customers (CEO, 2017-03-23; Manager B, 2017-03-14; Creative Director, 2017-03-15). The reason for not utilising these digital marketing channels further is due to the limited human resources available combined with the underlying conclusion that these two digital marketing channels are not the most efficient tools to increase sales (CEO, 2017-03-23; Manager B, 2017-03-14; Creative Director, 2017-03-15). The company has therefore not identified increased sales due to the utilisation of these digital marketing channels (CEO, 2017-03-23; Manager B, 2017-03-14; Creative Director, 2017-03-15).

4.2.3.4 Bloggers - Digital marketing channel

A digital strategy generating sales for Trendy AB is the collaboration with bloggers, used to attract new and/or recurring customers (Business Manager, 2017-03-14; Creative Director, 2017-03-15). When collaborating with bloggers, Trendy AB establishes agreements after careful consideration of whom would best represent and match Trendy AB's profile and bring potential sales streams (Business Manager, 2017-03-14). The agreement stretches over a year and specifies how many blog posts that are required from the blogger as well as a time frame of when the blogger have to upload a post. When an agreement has been signed, Trendy AB sends selected clothing pieces to the blogger, which they receive as a gift or for lend for a specific

period. Thereafter the blogger post pictures on their blog of the clothes together with a describing text as instructed by Trendy AB within the required time frame. The collaboration with bloggers has generated approximately 10% of total sales per week (ibid). Trendy AB could utilise these collaborations with bloggers even further, however, the SME is limited in its utilisation due to financial constraints (CEO, 2017-03-23; Business Manager, 2017-03-14).

4.2.3.5 Instagram - Digital marketing channel

Instagram is another frequently used digital marketing channel used for marketing Trendy AB's product offering to create more traffic to the website or interest in visiting their showroom (Business Manager, 2017-03-14; Creative Director, 2017-03-15). Instagram is used in two different ways, firstly, Trendy AB has their own Instagram account with more than 10.100 followers, where they post pictures three times a day in an attempt to attract customers to visit their website. Further, this Instagram account is also used to inform customers and followers of news, upcoming collaborations with new brands and to promote Trendy AB's branding through inspiration pictures. The other way in which Instagram is used is through collaboration with carefully chosen Instagram profiles, also called influencers. The chosen Instagram influencer collaborations are made with a handful of women with successful fashion profiles, which have approximately 50.000 followers each. The collaborations between Trendy AB and the Instagram profiles are conducted similarly to the blogger collaborations. First, an agreement is established that stretches over a year and specifies how many posts that are required throughout this period. Following, Trendy AB sends specific clothing pieces that are donated or lend to the person responsible for the Instagram profile. Thereafter, the person responsible for the Instagram profile posts a picture wearing the clothes together with a text and specific hashtags that have been decided and instructed by Trendy AB within the required time frame. All Instagram posts are written in English, both hashtags and texts. Both the collaboration with the Instagram profiles and Trendy AB's Instagram profile results in more traffic to their webpage and thus creating another revenue stream. However, the usage of Instagram as a digital marketing channel creates more long-term impacts on sales, that is, the time between an Instagram post and sales normally has a longer time-span than e.g. SEO, SEM and newsletters. Instagram represents approximately 5% of total sales per week (see figure 6) (Business Manager, 2017-03-

14; Creative Director, 2017-03-15). The utilisation of their own Instagram-profile is not limited to any constraints. However, Trendy AB could utilise the Instagram influencer-collaborations even further, however similar to the constraints described with the abovementioned digital tools, the SME is limited in its utilisation due to financial constraints (CEO, 2017-03-23; Business Manager, 2017-03-14).

4.2.3.6 Google Analytics - Digital tool

Another digital tool used in Trendy AB is Google analytics, which is used for several purposes and has impacts on how the SME's business is conducted (Business Manager, 2017-03-14). Google analytics is used to analyse all revenue streams from the various digital marketing channels and digital tools used in the company. Additionally, Google analytics does not only provide statistics for sales but also enables the firm to collect information regarding customer behaviour on both on a domestic and an international level. However, presently, the SME does not separate information between international and domestic customers. Through Google analytics, Trendy AB can further collect information concerning customers interests, information that can be used in order to reform strategies and amend the business model to suit the customers need through observed tendencies in customer behaviour. Thereby, the SME is able to quickly respond and be dynamic in a changing environment, including trends and customer demands. Consequently, this knowledge is to a larger extent used to optimise their product offering and assist in staying innovative and to remain at the forefront among competitors, to minimise risks by excluding products that are not profitable and to assist in creating an amenable business model. Google analytics is used as a complement to reports from WGSN to form the SME's business strategies. This digital tool is able to collect information that the company can use to build strategies in term of sales and product offering. The Business Manager explains that Google analytics is an essential tool for the firm, partially because it is a tool free of charge, and it enables the SME to collect and provide crucial information concerning how to conduct its sales strategies and operations. Nevertheless, the SME would be able to utilise this digital tool even further, but as previously discussed, the SME experiences limitations in terms of human resources that affects the extent to which the SME can utilise Google analytics full capacity (ibid).

4.2.4 Distribution

The following step, *Distribution*, which constitute step 4 for circuit 1 (see figure 5, the own produced clothing products), and also step 4 in circuit 2 (see figure 5, the products of the bought-in fashion brand clothing) will be elaborated upon next (Business Manager, 2017-03-02). When a customer has completed a purchase, the product is withdrawn from the stock balance in Magento, which is the ERP system used in Trendy AB (Business Manager, 2017-03-09). Thereafter, Trendy AB dispatch all purchased products from the head office. Emphasis is on put on how the wrapping of the product is conducted as the SME wish to create a personal feeling contributing to a good customer experience. Silk paper is used to strengthen the customer experience and presentation of the product and a handwritten message is left in all packages. Trendy AB has an agreement with Postnord that pick up and deliver all packages to customers domestically and internationally. When the package is ready for delivery, Trendy AB prints a shipment label and the package is dispatched the same day if the order is received before 2.30 pm with a delivery time between 1-3 days domestically and approximately one week for international delivery (somewhat depending on which continent). All of the dispatched packages are traceable. The package includes a return form with instructions in case the customer wishes to return the product. For the domestic customers, the package is delivered to the closest postal service agent within 1-3 days, where the customer receives a text message and email once the delivery has reached the postal service agent. Once the customer has received a message of the delivery arrival, the customer has 14 days to collect the package. The delivery method for international customers is somewhat different to the domestic customers as the product is sent directly for home delivery. Thereafter, the process for international and domestic customers are equal, once the package is collected/delivered, the customer has an additional 14 days to return the package. If the customer wishes to return a product they fill in the return form and send the product back to Trendy AB, who check the product and make sure it is intact before adding it in Magento again.

For circuit 1 and circuit 2 in figure 5, little digital implementation has been identified for the step called *Distribution* (ibid). Nevertheless, one digital tool is used relating to payment options (Business Manager, 2017-03-09). Trendy AB has signed a new contract with Klarna AB, which will provide Trendy AB with a new payment option

called 'Klarna checkout'. Klarna checkout will speed up the payment process as the payment process is more automated, however, this payment option is only available for Swedish citizens. If the customer chooses the payment option 'Klarna checkout', the customer only have to fill in its birth date and all information will automatically appear in the payment window concerning contact details to the customer, such as postal address, phone number and closest postal service agent, which Trendy AB believes to have a positive effect for the customer. For international customers the possibility to use Klarna checkout is thus not available, the only payment option for international customers is limited to debit/credit card. As the goal for Trendy AB has been to achieve better possibilities for domestic customers in the distribution phase, the SME has not looked into any options to streamline the international payment or delivery options (ibid).

4.3 The digitalisation's facilitation ability on Trendy AB's internationalisation process

The share of international customers in Trendy AB increased from 0% to 10% of total sales between February 2016 and February 2017 (Business Manager, 2017-03-09). In the sections below, the impact of implementing digital tools and digital marketing channels in the supply chain and how it may facilitate the internationalisation process of Trendy AB will be discussed.

4.3.1 Internationalisation in Design and Inspiration

Trendy AB has some elements of internationalisation in all processes of their supply chain. In the first process, *Design and inspiration* in circuit 1 and *Inspiration* in circuit 2, the inspiration travels are made abroad in Europe in order to assist in creating an idea for a specific design in their own production, as well as collect inspiration and fashion-trends for the purchasing trips of the bought-in brands (Vice CEO/Product Manager, 2017-02-10). This has been implemented and conducted in the SME since 2004 (ibid). As described in 4.2.1, no digital tools have been implemented in the first step of the supply chain in Trendy AB. Consequently, no further internationalisation of this step of the supply chain has been identified for the SME (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20).

4.3.2. Internationalisation in Sourcing

The second stage in Trendy AB's supply chain, called *Sourcing* for circuit 1 and *Sourcing/Brand agent* for circuit 2, concerns the production process. This process is also internationalised as the production process, with the preparation of material and production takes place in China, with a number of other Asian subcontractors (Business Manager, 2017-03-02; Vice CEO/Product Manager, 2017-02-10). The international elements in the second stage of the supply chain have also been implemented since the SME started producing their own clothing brand (Vice CEO/Product Manager, 2017-02-10). Hence, all internal processes within the SME contain international components, however, it cannot be linked as an effect of implementing digital tools in Trendy AB's business. The internationalisation relating to the *Design and Inspiration* process for circuit 1 and *Inspiration* for circuit 2, as well as the *sourcing* process, have been planned with clear intentions by Trendy AB over a longer time-span (CEO, 2017-03-23; Vice CEO/Product Manager, 2017-02-10). As described in 4.2.2, no digital tools have been implemented in step called *Sourcing* and *Sourcing/Brand agents* for both circuits in the supply chain. Subsequently, this step in Trendy AB's supply chain has not resulted in any further internationalisation for the SME (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20).

4.3.3 Internationalisation in Sales and Marketing

The third step of the supply chain in Trendy AB, *Sales and Marketing*, has been the phase where the authors have identified the greatest share of digital implementation. Adding e-commerce in Trendy AB's sales channel through the website, in combination with using digital tools and digital marketing channels, has resulted in a stream of international customers finding their way to Trendy AB's website. As outlined in section 4.1, two weeks after the launch of the online website, the first international customer was realised (CEO, 2017-02-08; Business Manager, 2017-02-08). The largest contributor to the increased share of international customers stems from the implementation of SEO and SEM (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20). The main reason for the increased share of international customers as a result of SEO and SEM is that these digital tools are not constrained to geographical boundaries, the search engine optimisation will occur worldwide (Business Manager, 2017-03-14). This was

not a strategy used in order to target international customers, however, the SME accepted and appreciated the effect of the digital tools and consequently decided to follow through with the international sales when an opportunity was given (CEO, 2017-03-23; Business Manager, 2017-03-09; Creative Director, 2017-03-15; Art Director, 2017-03-20).

Furthermore, as a result of international inquiries, Trendy AB decided to offer the customer to choose currency between the EUR and SEK on the webshop. Moreover, the decision to use English as a language on Instagram has resulted in an increase in the number of international followers, which has contributed to the higher distribution of international sales (Business Manager, 2017-03-14). Additionally, Trendy AB has noticed that more international customers have subscribed to their newsletter, which is also composed in English (Business Manager, 2017-03-14; Art Director, 2017-03-20). Hence, the decision to implement a foreign currency, using English as a language both at the webshop and in their utilisation of Instagram was introduced after the first international customers were realised. However, the share of international customers has not increased since February 2017, it has been kept constant at 10% in the last couple of months between February 2017 and March 2017, and 90% domestic customers (Business Manager, 2017-03-14).

4.3.4 Internationalisation in Distribution

The fourth stage in Trendy AB's supply chain, called *Distribution*, concerns the shipping and payment process. The SME has implemented one digital tool in terms of digital payment method, resulting in a faster checkout process. This digital tool has only been provided for the domestic customers and the SME has not investigated possibilities to engage in international solutions. This step has therefore not increased the SMEs international activities (Business Manager, 2017-03-14).

4.4 An unplanned internationalisation

Despite not engaging in any international marketing campaigns or other active international efforts, Trendy AB has gained an increased share of international customers of 10% (CEO, 2017-03-23; Business Manager, 2017-03-09). The efforts taken when implementing digital tools and digital marketing channels were based on the decision to increase sales, however, the focus has been on serving the domestic market. Nevertheless, these efforts have resulted in inquiries from international

customers and therefore they decided to increase the accessibility for the international customers, through providing EUR as a currency and use English at the website, newsletters and Instagram (CEO, 2017-03-23; Business Manager, 2017-03-09). The reason why Trendy AB has not engaged in any active internationalisation efforts relating to the *Sales and Marketing* phase of the supply chain is partially explained by the fact that the SME only conducted retailing between 2004-2014 aimed to serve the domestic market (CEO, 2017-03-23; Business Manager, 2017-03-02). Trendy AB defines themselves as a company with international potential and argue that their concept would suit the international market well and that further internationalisation could boost their business (CEO, 2017-03-23; Business Manager, 2017-03-02; Creative Director, 2017-03-15; Art Director, 2017-03-20). Consequently, the SME wishes to increase the number of international customers and expand their business abroad. However, these ambitions are restrained due to limited financial resources and human resources available for international marketing efforts necessary for further expansion on the international market. The CEO (2017-03-23) outlined that *'Even though we define ourselves as a potential international company, we currently do not have the financial resources, nor human resources available to pursue a further expansion internationally'*. The Business Manager (2017-03-14) further outlined that *'Our human resources are already fully occupied with current tasks that are time-consuming, which leaves little space for engaging in new activities where we do not have sufficient knowledge and experience in. Our personnel has international experience, however, we would need to bring an external expert on how to internationalise our operations further, which is not possible at the moment. Thus, there are no further human resources in our organisation to assign the task of how we could internationalise further'*. However, it is stressed that once the opportunity has been given to engage in international sales, Trendy AB has not hesitated to accept these events (CEO, 2017-03-23; Business Manager, 2017-03-09).

4.5 Summary of main empirical findings

To highlight the most significant empirical findings, this section will provide a summary of the empirical chapter and the digital tools integration in Trendy AB's supply chain and its effect on Trendy AB's internationalisation process. Further, the implemented digital tools and digital marketing channels are also summarised for each of the circuits in Table 3 (Circuit 1) and Table 4 (Circuit 2) below. Trendy AB

utilises in total four digital tools and five digital marketing channels. The reason for utilising this combination of digital tools and digital marketing channels is due to differences in impact and effect of each digital tool and digital marketing channel. As illustrated in both table 3 and table 4, all digital tools and digital marketing channels but Klarna Payment Solution is implemented in the *Sales and Marketing* phase of the supply chain. All the digital tools and digital marketing channels have been implemented after the re-launch in 2016. The digital tool that has been implemented in the distribution phase has only facilitated the supply chain processes regarding the domestic market and thereby has not facilitated the internationalisation process for the SME. As outlined in all sections under 4.2.3, the tools that act as facilitators for Trendy AB's internationalisation process is specifically SEO, SEM, Newsletters, Instagram and Bloggers as highlighted in Table 5. The empirical results imply that the digital tools and digital marketing channels that facilitate the process for Trendy AB have resulted in an unplanned internationalisation, as these tools were not initially aimed to increase the internationalisation for the firm, but rather to increase the domestic sales.

<i>Circuit 1 - Own production</i>	Design and inspiration	Sourcing	Sales and Marketing		Distribution
Implementation of Digital tools and Digital marketing channels	NO	NO	<i>Digital Tools</i>	<i>Digital marketing channels</i>	Klarna Payment Solution (Domestic)
			SEO SEM Google analytics	Newsletter Instagram Facebook Bloggers Pinterest	
Internationalisation as an effect of implemented Digital tools and Digital marketing channels	NO	NO	See table 5 for specification.		NO

Table 3: Summary of the digital tools and digital marketing channels implemented in Trendy AB's circuit 1 supply chain and its impact on internationalisation, compiled by authors.

<i>Circuit 2 - Bought-in brands</i>	Design and inspiration	Sourcing	Sales and Marketing		Distribution
Implementation of Digital tools and Digital marketing channels	NO	NO	<i>Digital Tools</i>	<i>Digital marketing channels</i>	Klarna Payment Solution (Domestic)
			SEO SEM Google analytics	Newsletter Instagram Facebook Bloggers Pinterest	
Internationalisation as an effect of implemented Digital tools and Digital marketing channels	NO	NO	See table 5 for specification.		NO

Table 4: Summary of the digital tools and digital marketing channels implemented in Trendy AB's circuit 2 supply chain and its impact on internationalisation, compiled by authors.

Trendy AB's digital tools and digital marketing channels effect on the internationalisation process								
Type:	SEO	SEM	Google analytics	Instagram	Bloggers	Facebook	Newsletter	Pinterest
Purpose of utilisation for Trendy AB	Increase traffic to website	Increase traffic to website	Statistical tool for analysis	Branding	Increase traffic to website and showroom	Information provider	Increase traffic to website and showroom	Information provider
Effect	Increased sales	Increased sales	Provides guidance for conducting strategies	Increased sales	Increased sales	Increased information of the firm	Increased sales	Increased information of the firm
Facilitates the internationalisation process for Trendy AB	YES	YES	NO	YES	YES	NO	YES	NO

Table 5: Digital tools and digital marketing channels in Sales and Marketing facilitation on the internationalisation process

5. Analysis

This chapter analyse and discuss the research question of this thesis; ‘How can an implementation of digital tools and digital marketing channels in a supply chain facilitate an internationalisation process for an SME within the fashion industry?’. In order to analyse the research question, the empirical findings of the single case study will be put in context with contributions from the literature review. This will be conducted by using the structure of the conceptual framework as guidance. The chapter will end with a revised version of a final conceptual framework based on the empirical findings.

When studying Trendy AB and the effects of implementing e-commerce, digital tools and digital marketing channels in its business and supply chain, great differences prior to the implementation have been identified. In particular, this study has implied findings of significant changes concerning the processes in the supply chain. This corresponds to previous theoretical findings within the field of implementation of digitalisation in businesses (Porter, 2001; Ramanathan et al., 2017).

Firstly, the decision to change Trendy AB’s business model and to incorporate e-commerce and digital marketing channels/digital tools goes well in hand with theory that digital performed activities provide opportunities for lowered overall costs (Oviatt & McDougall, 1994; Amit & Zott, 2001; Kartiwi & MacGregor, 2007), which is a key success factor for retailers within the fashion industry (Bhardwaj & Fairhurst, 2010). It was evident by the closing in 2014 that the old business model including having a traditional retail store did not suit the changed environment with the booming of e-commerce and digital marketing channels in the fashion industry. As a consequence, this caused an unprofitable business and resulted in the shutdown of Trendy AB’s traditional retailing store. This strengthens the notion that the old business model needed a revision in order to meet the new environmental circumstances in the fashion industry in order to make the business more profitable. During the interviews it, therefore, became evident that a crucial aspect for Trendy AB when re-launching was to achieve competitiveness through integrating digital tools and digital marketing channels to optimise their efforts. The integration and utilisation of these digital tools and digital marketing channels in combination with the introduced website also served as a strategy to differentiate themselves from other similar firms as well as seizing the opportunities to obtain synergies between the showroom and the new website. Therefore the SME’s actions correspond with

existing theoretical contributions, arguing that competitiveness can be achieved through e-commerce and contribute to wealth, which is especially important for start-ups and new ventures (e.g. Amit & Zott 2001). This is also emphasised by the CEO and the Business Manager who stated that the new technology through digital tools and digital marketing channels in combination with the website are a pivotal contributions for their increased sales and survival. Subsequently, the contributions of the digital tools and the digital marketing channels will be analysed more in-depth under each supply chain step in the following sections.

5.1 Design and Inspiration and Sourcing

This study has shown that the digital tools and digital marketing channels are to a very little extent present in the initial part of Trendy AB's supply chain, i.e. *Design and Inspiration* for circuit 1 and *Inspiration* for circuit 2 as well as *Sourcing* for circuit 1 and *Sourcing/brand agent* for circuit 2. This result goes well in hand with the characteristics of the fashion industry of being a traditional and old fashioned industry (Dicken, 2015, pp. 54), by using less sophisticated technology (Dicken, 2015, p. 453), also argued by the Business Manager, describing the two initial phases of the supply chain including many interactions between actors still being handled manually. The empirical findings supports research that being a small player like Trendy AB, implementing digital tools in the retail sector hinge upon knowledge in-house as well as funds (Bruce & Daly, 2010, p. 235), and the high competitive environment in the industry has resulted in a drive for achieving low-cost production (Chan et al., 2017) and thereby a high degree of outsourcing and subcontracting (Dicken, 2015, p. 453) located in developing countries (MacCarthy & Jayarathne, 2010). Moreover, research has implicated that e-commerce and Internet technologies enable firms to reduce costs related to the purchasing step of the supply chain (Bruce & Daly, 2010, p. 231) i.e Trendy AB's *Sourcing* and *Sourcing/brand agent* step in the various circuits, whereby Trendy AB should be able to reduce their costs by digital implementation. However, as the Business Manager stated, the main reason for not being able to integrate more digital technology in this step of the supply chain is a result cooperation dependence of their supplier and brand agents. If the supplier would implement digital solutions in this step, Trendy AB could be able to benefit from this technology. However, the empirical findings imply that Trendy AB has a low bargaining power in terms of pressuring the supplier and/or brand agents to implement digital solutions, and is

therefore dependent on the suppliers decision of integrating digital elements in this step of the supply chain.

5.2 Sales and Marketing

As presented in the empirical chapter the main findings of digital tools and digital marketing channels have been found in the supply chain step called *Sales and Marketing*. Illustrated in figure 7 below, the conceptual framework is presented with a focus on the digital facilitators of Trendy AB’s internationalisation process found in the *Sales and Marketing* step of the supply chain. An analysis and discussion will thereby be conducted below regarding these facilitating factors.

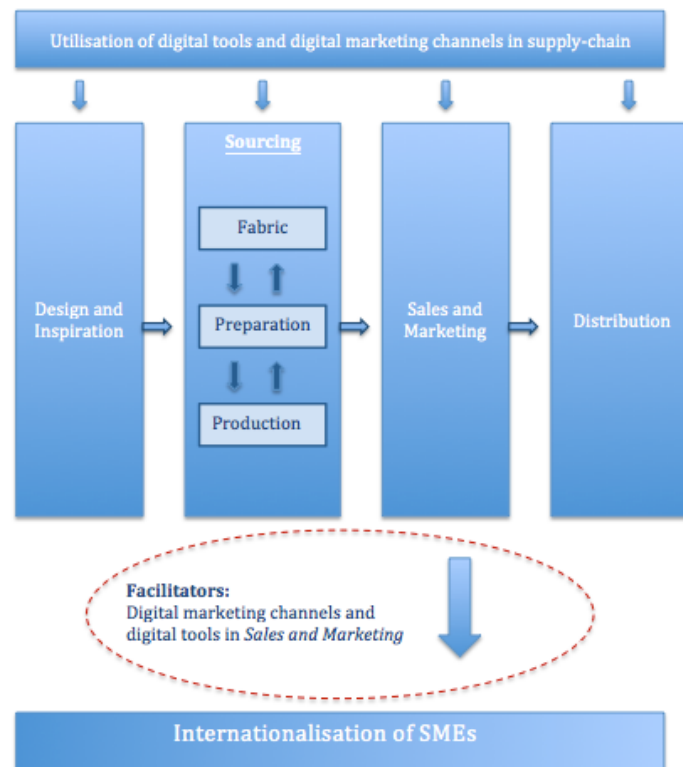


Figure 7: The conceptual framework highlighting facilitators of the internationalisation process in Trendy AB, compiled by authors.

When assessing the *Sales and Marketing* phase, the study has implied some interesting results. Trendy AB has implemented the same digital tools and digital marketing channels for both circuit 1 and circuit 2 in the supply chain, as outlined in table 3 and table 4. What is evident is that Trendy AB has not actively sought to internationalise in its start-up phase, but was rather planning to go international at a later stage due to the limitation regarding financial aspects and human resources. This line of reasoning complies with research of SMEs internationalisation processes, where great emphasis is put on limited resources in terms of funds, human resources,

and knowledge in-house (e.g. Penrose, 1995; Lu & Beamish, 2001; Hutchinson et al., 2006; Casillas et al., 2009; Ekdahl & Lagerström, 2012, p. 345).

5.2.1 Digital tools

The CEO described that the international experience is not a limitation for Trendy AB in their internationalisation process since several of the employees have previous experience from international operations from their earlier employments. Thereby, it has not created a barrier for the current level of internationalisation, which corresponds to (e.g. Penrose, 1995; Lu & Beamish, 2001; Hutchinson et al., 2006; Casillas et al., 2009; Ekdahl & Lagerström, 2012, p. 345). Instead, Trendy AB had a very early internationalisation process, similar to what is described by Ekdahl and Lagerström (2012, p. 345). Trendy AB has through implementation and usage of SEO and SEM increased their competitiveness, as these tools have empowered Trendy AB's competitive position by reaching a larger customer group, corresponding with the thoughts of e.g. Bruce and Daly (2010, p. 231) that the use of e-commerce provides an expanded customer base. As SEO and SEM contribute to Trendy AB becoming the first search result when a customer is searching for e.g. one of their distributed brands, more customers have found their way to Trendy AB and their offered products. The implementation of SEO and SEM has increased the competitiveness of Trendy AB through increased accessibility and differentiation of their products, resulting in increased sales after implementing these digital tools (e.g. Chapman et al. 2000; Kartiwi & MacGregor, 2007; Chappell et al., 2000; Stockdale & Standing, 2004). Moreover, the new customers and increased sales statistics have also contributed to the share of international customers that have found their way to Trendy AB through the use of SEO and SEM. Consequently, customers in previously remote international markets have been gained access to Trendy AB's products, which is in line with e.g. Morrow's (1988) and Mtigwe's (2006), findings showing that improved technological advancements enable SMEs to internationalise. Subsequently, SEO and SEM have contributed to increased accessibility to domestic customers as well as international, which is reinforced by arguments of e.g. Chapman et al. (2000), Kartiwi and MacGregor (2007), Chappell et al. (2000) and Stockdale & Standing (2004). Consequently, the implementation of SEO and SEM could be argued to act as strategies that have generated increased profit for Trendy AB, and also attracted new domestic and international customers. Subsequently, indicating that

SEM, a sponsored link strategy, and SEO, a tool providing better page ranks, is a combination that increases the probability of people finding Trendy AB's website. Thus, this strategy is strengthened by the empirical findings and implicates that these are valuable digital tools worth investing in for Trendy AB (e.g. Hu et al., 2015).

Several managers from Trendy AB have emphasised how Google analytics is another digital tool of which Trendy AB implemented that has profoundly changed their ability to collect and assess information concerning all effects on sales from the digital marketing channels and SEO and SEM. Through the use of Google analytics, Trendy AB is able to collect information about their customers, such as age and preferences, which collectively can be used to analyse customer behaviour and in turn form strategies for the utilisation of the digital marketing channels and digital tools to differentiate and customise their product offering. In a competitive environment such as the fashion industry, this digital tool could be essential for an SME like Trendy AB in order to stay competitive. As Google analytics is used to make quick analyses and to customise customer demands, Trendy AB could enable differentiation by quickly responding to changes in customer behaviour, which is detectable through Google analytics. In a fast changing and dynamic industry such as the fashion industry (e.g. Bhardwaj & Fairhurst, 2010; Chan et al., 2017), Google analytics could play a crucial role for Trendy AB as the tool can provide easily accessible information. Thus, Trendy AB's usage of Google analytics to collect information about customers behaviour from the digital tools, digital marketing channels and their website, can contribute to product development, as customer patterns can be identified, and altered to fit the demand, which is in line with the findings of e.g. Chapman et al. (2000), Kartiwi and MacGregor (2007) Chappell et al. (2000) and Stockdale and Standing (2004).

The Business Manager described Google analytics as a tool that is able to identify international customers. Arguably, the SME has the opportunity to direct the right strategic marketing means to reach the international customers through this digital tool, by allocating and optimising their financial resources accordingly. However, the empirical evidence concluded that Trendy AB chooses not to separate the international customers from the domestic, which is a result of their limitations to allocate time and changes in practices to integrate Google analytics as a tool to

identify the international customer, e.g. in line with research regarding challenges connected to SMEs implementing digital technologies (Bruce & Daly, 2010, p. 232). As research emphasise, the limited resources of an SME in an internationalisation process and implementation of digital technologies, which complies with Trendy AB's financial limitations, Google analytics could be a suitable tool to facilitate their internationalisation process due to it being free of charge (e.g. Buckley, 1989; Penrose, 1995; Lu & Beamish, 2001; Hutchinson et al., 2006; Casillas et al., 2009; Ekdahl & Lagerström, 2012, p. 345). Thus, if Trendy AB would actively seek to internationalise further, Google analytics would be a suitable digital tool to utilise in order to collect information about the international customer behaviours and form suitable strategies accordingly.

5.2.2 Digital marketing channels

Analysing the digital marketing channels that Trendy AB has implemented, the largest impact in terms of sales stems from the newsletters, followed by the collaboration with bloggers and Instagram influencers. Existing research has emphasised how the use of e-commerce and digital marketing channels expand the customer base (e.g. Bruce & Daly, 2010, p. 231). Nevertheless, the findings of this study implicate that Trendy AB through the use of newsletters can increase the number of recurring customers simultaneously. Subsequently, Trendy AB is further able to quickly target a specific customer group with customised marketing and advertising. The field of research in this area has implied that social media combined with e-commerce has assisted in changing several parts of the supply chain as a result of the raised number of available purchasing options for the customer (e.g. Ramanathan et al., 2017), this effect has been particularly pronounced concerning the retailing aspect for Trendy AB. The effect of introducing social media digital marketing channels in Trendy AB implicate that the SME has established a new type of relationship with the customers in its network, as the company through the usage of Facebook, Pinterest, Instagram, blogs and newsletters have found new ways to communicate with their customers and to reach a wider customer group as social media channels is used worldwide. This has changed the interplay between the company and the customers compared to the exchange they had with the customers the first ten years of the company as a traditional retail store. Through these digital marketing channels, the findings implicate that Trendy AB has become more

accessible to the customers, both domestically and internationally, and also that the customers are more accessible to the SME, as Trendy AB can receive feedback through the social media digital marketing channels. Thus, the argument of e.g. Ramanathan et al. (2017) that digital marketing channels call for a new interplay between companies and their customers are applicable to Trendy AB through their adoption of digital marketing channels.

As discussed by e.g. Bruce and Daly (2010, p. 232), SMEs like Trendy AB, are often not able to utilise the full potential of e-commerce. However, several managers in Trendy AB have identified synergy effects through combining the different digital tools and digital marketing channels in conducting strategies, resulting in increased sales in the showroom as well as the website. The empirical findings indicate that the decision to implement several digital marketing channels stems from the opportunity to fulfil different purposes and target both domestic and international customers. Instagram is used for brand building, promoting news and increase traffic to their webshop on a long-term basis. The newsletters, collaboration with bloggers and influencers are aimed at impacting direct sales in a short-term perspective, whereas Facebook and Pinterest are only used as information tools for customers. Following, Trendy AB is receiving feedback from customers through the various channels, as the customers are able to comment and give feedback, which Trendy AB collects and use Google analytics to analyse through e.g. dividing and determining sales statistics from the various digital marketing channels. By utilising this combination of digital marketing channels, the findings have implicated that synergy effects between the digital marketing channels can be achieved. As a result, by utilising the various digital marketing channels in combination with Google analytics have changed the way in which the SME is conducting business, as well as the interplay between the customer and the SME (e.g. Ramanathan et al., 2017).

Specifically, this technology provides opportunities for the SME to collaborate with customers to create new ideas, and to collect feedback from different stakeholders. Additionally, the findings concerning the usage of social media in Trendy AB contributes to identifying and understanding the customers need. Consequently, it can be used to initiate innovation and competitiveness as suggested by e.g. Scuotto et al. (2017), which Trendy AB seemingly does since the company uses these information

flow to alter strategies. However, as emphasised, the SME has not actively targeted international customers. Nevertheless, Trendy AB has chosen to implement English in all of their social media channels after receiving inquiries from international customers. Consequently, this can arguably indirectly increase the accessibility of the international customers. However, as previously highlighted, the SME argues that there are no resources left to spend on further international engagement.

Concluding this section, Table 5 presents a summary of which digital tools and digital marketing channels that have been identified in the *Sales and Marketing* step of the supply chain and act as facilitators for Trendy AB's internationalisation process. Hence, two digital tools and three digital marketing channels facilitating the internationalisation process of Trendy AB are SEO, SEM, Instagram, bloggers and newsletters (see Table 5).

5.3 Distribution

When assessing the *Distribution* phase of Trendy AB's supply chain, the findings implicate that the implementation of digital tools and digital marketing channels are limited. The payment option 'Klarna checkout' is providing the customers with a quicker method of the purchasing process, which strengthens the notion that retailers are able to create a faster checkout process (e.g. Grewal et al., 2013; Ramanathan et al., 2017). However, this is only applicable to domestic customers. Consequently, Klarna checkout does not benefit the international customers payment method process and as a result, does not facilitate the internationalisation process for Trendy AB in this step of the supply chain.

5.4 Unplanned Internationalisation

The empirical findings revealed that the implementation of digital marketing channels, such as Instagram, blogs and newsletters, in combination with the use of the digital tools, SEO and SEM, have facilitated Trendy AB's internationalisation process. However, the empirical results further indicate that Trendy AB has an unplanned internationalisation and that the SME does not keep any statistics (apart from sales) relating to customer behaviour variations between domestic and international customers. Consequently, it is difficult to identify whether the customisation made by using Google analytics and other digital tools used for targeting Trendy AB's customers derive from international or domestic purchasing

behaviour. The empirical evidence indicated that Google analytics could act as a facilitator for Trendy AB's internationalisation process. Subsequently, if the SME would utilise the digital tool actively for targeting the international customers, the facilitating effect of this particular tool could be greater since the CEO stated that the international customers are perceived to suit their business offering well.

Another reason for analysing the separation of domestic and international customers is since SEO and SEM have facilitated Trendy AB's internationalisation process, although it was not the intended purpose for these digital tools. However, the CEO and the Business Manager argued that one reason for not using these tools more frequently is because these are services bought-in from digital marketing experts, which requires a certain level of investment. Thus, the argument of SMEs being restrained from limited financial means when internationalising (e.g. Penrose, 1995; Lu & Beamish, 2001; Hutchinson et al., 2006; Casillas et al., 2009; Ekdahl & Lagerström, 2012, p. 345) is applicable. Nevertheless, there is a possibility this restraint factor could be mitigated by separating statistics and purchasing behaviour between domestic and international customers, which is possible to perform through Google analytics as outlined by the Business Manager. However, since the empirical findings indicate that due to the limited management force with current time-consuming tasks, allocating the staff for separating the statistics could be difficult to achieve in terms of currently available human resources.

As discussed in the previous sections, the digital tools including SEO and SEM, and the digital marketing channels through Instagram, blogs and newsletters have facilitated Trendy AB's internationalisation. As suggested by e.g. Oviatt and McDougall (1994), Kartiwi and MacGregor (2007) and Amit and Zott (2001), the decreased overall costs from new technologies enable SMEs to compete on the international market, which seemingly is valid also for Trendy AB through their implementation of digital tools and digital marketing channels. However, as explained in the previous section, the actions taken to implement these digital tools and digital marketing channels were not intended to result in an international expansion, thereby the internationalisation was unplanned. The unplanned internationalisation for Trendy AB is a result of the digital tools and digital marketing channels facilitation, but also underlying factors in their business environment. Theories suggest that unplanned

internationalisation can be explained by changing environments, which is evident in the fashion industry and its new technological progress, subsequently applicable for Trendy AB (e.g. Crick & Spence, 2005).

The empirical findings indicate that Trendy AB failed to keep up with the changing environmental circumstances when e-commerce and digital marketing channels were booming, which resulted in the shutdown of the old traditional business model. When Trendy AB re-launched in 2016, the company had adapted to the changing business environment, through introducing their website and utilisation of digital marketing channels and digital tools, which has indicated to result in an internationalisation. Consequently, confirming that the unplanned internationalisation was a result of adapting to a changing environment where digitalisation had to be implemented in the business model for survival. This corresponds to a second theoretical contribution that can explain unplanned internationalisation, which is, that firms start their early internationalisation process by ‘accident’ or as a result of occasional events (e.g. Cavusgil et al. 2012, p. 399). This can be confirmed by the empirical findings since Trendy AB has not actively sought to engage in international activities to increase their internationalisation. Conversely, the SME has managed to successfully engage in international activities since the SME has chosen to accept the random stream of international customers purchasing their products. Furthermore, Trendy AB has not followed a specific plan for engaging in international sales. However, the company has not hesitated to accept every opportunity for engaging in international sales, which has resulted in sales occurring in highly geographical dispersed locations (see figure 3). This was achieved despite not having set a goal or strategy to fulfil this purpose, hence this was a result of the facilitation of the digital tools and digital marketing channels.

Another explanation for unplanned internationalisation provided by e.g. Schweizer et al. (2010) is that unplanned internationalisation should be considered a ‘by-product’ of engagement for improving a company’s position within its network. This can be argued to be applicable on Trendy AB through their usage of SEO and SEM, as their purpose are to strengthen the company’s position in search engines in order to attract customers. Further, digital marketing channels such as Instagram as well as blog/influencer collaborations are used to improve Trendy AB’s branding and

relationship with customers and suppliers. However, the improved branding and relationship with customers and suppliers have not only been an affect on the domestic level but also at an unsought international level as a result of the implementation.

Moreover, Schweizer et al. (2010) argued that another cause of unplanned internationalisation can be linked to a manager's strive to increase the company's result. Thus, following the previous discussion that Trendy AB as a new start-up has accepted all opportunities of generating sales, could be another reinforcing argument for their unplanned internationalisation as their digital tools and digital marketing channels have facilitated this opportunity. Further, in small domestic markets, as the case for Trendy AB having Sweden as their home and main market, accepting international sales can be seen as an unpredicted bonus income, resulting in internationalisation (e.g. Crick & Spence, 2005; Spence & Crick, 2006; Crick & Crick, 2014). Consequently, explaining Trendy AB's reactive approach towards international engagement, and why the company is not afraid to engage in international sales (e.g. Hooley et al., 2016, p. 13). The fact that Trendy AB is active and located in a small domestic market, and that the company have a website, confirms another explanation for accepting international sales as outlined by e.g Crick and Crick (2014), implicating that the adoption of e-commerce, digital tools and digital marketing channels in Trendy AB can result in 'unplanned' internationalisation. The reason for the international customers relatively low share of total sales, implicate that the facilitating effect of the digital tools and digital marketing channels have a limited impact on the internationalisation process of Trendy AB. In addition, Crick and Crick's argument that unplanned international events are closely linked to companies with a low scale of international market involvement seemingly can be applied on Trendy AB if taking into account the relatively low level of international sales at 10% of total shares. When analysing Trendy AB's internationalisation engagement, the authors identifies several similarities with existing theoretical contributions of unplanned internationalisation characteristics, which can be linked to the limited, but evident effect on the internationalisation process of implementing digital tools and digital marketing channels.

5.5 Revised conceptual framework

When summarising the analysis, the study presents evidence that the implementation of digital marketing channels and digital tools in Trendy AB's supply chain have contributed to their internationalisation process, although to a limited extent. The facilitating effects on internationalisation are especially evident when summarising all digital tools and digital marketing channels in the *Sales and Marketing* phase. However, evidently Trendy AB has not actively sought to internationalise, instead it this is a result of the implemented digital tools and digital marketing channels in the various steps of the supply chain. Thus, the evidence indicates that the internationalisation process of the case company is of an unplanned character. Consequently, there is a need to revise the conceptual framework provided in section 2.5. In figure 8, the top column illustrates the implementation of digital tools and digital marketing channels in all steps of the supply chain of the firm, from *Design and inspiration* to *Distribution*. The main findings indicate that the digital tools and digital marketing channels present in the *Sales and marketing* phase that has facilitated the unplanned internationalisation, which is illustrated by the arrow from distribution to unplanned internationalisation below.

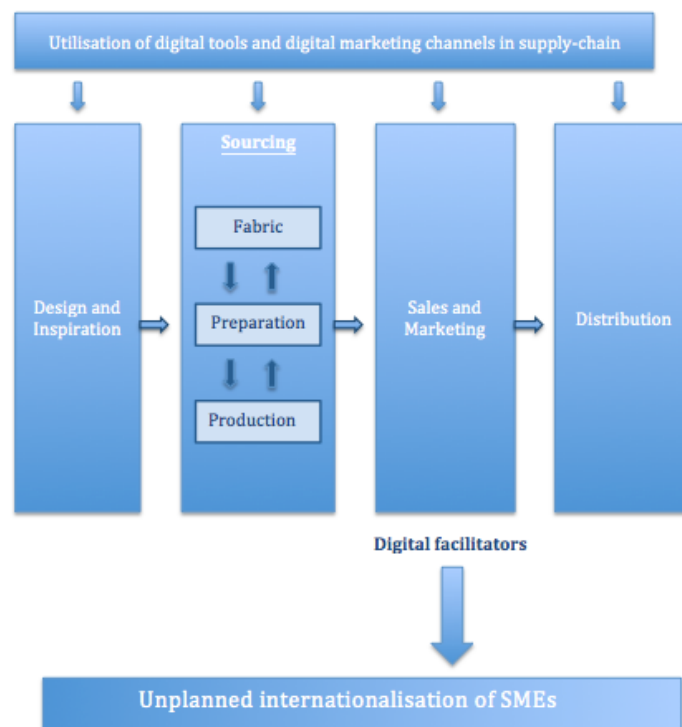


Figure 8: Revised conceptual framework, compiled by authors.

6. Conclusion and Outlook

This chapter presents the conclusion that has derived from the discussion conducted in the analysis and relevant theoretical as well as practical contributions in order to answer the study's research question; 'How can an implementation of digital tools and digital marketing channels in a supply chain facilitate an internationalisation process for an SME within the fashion industry?'. Lastly, limitations of the study are outlined in addition to suggestions for future research.

This case study has looked into how an SME within the fashion industry uses digital tools and digital marketing channels in its supply chain and how the implementation of these means can facilitate an internationalisation process. The findings of this study reinforce existing theories that digitalisation changes the way in which SMEs can conduct business within the fashion industry, as well as supporting prevailing research in the field of SMEs internationalisation. However, this study also presents new findings to existing theory fields by carefully identifying all digital elements of a supply chain and its impacts, thus creating a more holistic view on how digital marketing channels and digital tools are used within a firm's processes. In these findings, one of the most novel implications relates to how digitalisation can facilitate an internationalisation that was not planned, a phenomena, which the authors have not yet encountered in previous research on internationalisation of SMEs. Consequently, this study contributes to existing theoretical research by linking the theory field of digitalisation and internationalisation together, and investigating the impact digitalisation can have on internationalisation of SMEs within the fashion industry, by providing a conceptual framework that can be utilised as a tool to identify the existence of digital tools and digital marketing channels facilitating an internationalisation process.

6.1 Findings and theoretical contributions

In this study, the usage and implementation of digital tools and digital marketing channels in an SME in the fashion industry have been highlighted, including how this can facilitate an internationalisation process for an SME with limited resources. Hence, the findings of this study confirm previous theoretical findings; that the usage of digitalisation through the implementation of digital marketing channels and digital tools indeed strengthens the competitive position of an SME remarkably. This is achieved by contributing to low-cost delivery and speed to the market, expanding the

customer base and providing increased accessibility. Additionally, the study's findings also confirm existing research relating to SMEs internationalisation process, that SMEs are still restrained due to limited financial and human resources, but the use of new technologies can contribute to an SME's internationalisation. However, integrating these two theory fields provides a new perspective of the facilitating effect of digitalisation in the internationalisation process of an SME.

Firstly, the study contributes to prior research by providing a more holistic investigation on how digitalisation is adopted in all parts of a supply chain within the fashion industry by having conducted a thorough step-by-step identification and analysis of the digitalisation elements within the SME. This has resulted in identifying the level of digitalisation in the various parts of the supply chain, which has not been widely discussed in existing theory. Subsequently, the findings of this study can add on to existing theory and current research gap. The first two steps of the supply chain, *Design and Inspiration* for circuit 1 and *Inspiration* for circuit 2 and *Sourcing*, for circuit 1 and *Sourcing/brand agent* for circuit 2 contains least implementation of digitalisation elements, which strengthens findings of existing theory relating to the fact that the first step of the supply chain is characterised by traditional methods and manual work. Additionally, the low bargaining power in pressuring the supplier and brand agents in the *Sourcing/Sourcing and brand agent* phase is hindering the SME to implement digital solutions in this step of the supply chain. Moreover, it can be concluded that the *Sales and marketing* phase of the supply chain is pervading the other supply chain steps in terms of the level of applied digital elements, considering the number of digital tools and digital marketing channels implemented in this phase. The implementation of digitalisation in the *Sales and marketing* phase has proved to facilitate the way SMEs conduct business in this phase of the supply chain.

Secondly, representing the most profound finding, this study has contributed to preceding research by linking the digitalisation and internationalisation theory together by analysing what role the implementation of digitalisation in a supply chain play in facilitating an SME's internationalisation process, a dimension that has not been widely highlighted before. Thereby, this study has introduced a new perspective on the impact digitalisation has on SMEs way of conducting international business. In this regards, the findings indicate that the phase of the supply chain called *Sales and*

marketing, is where the digital marketing channels, in particular through newsletters, blog collaborations and Instagram, as well as digital tools, mainly through SEO and SEM, have had the most profound facilitating impact on an SMEs internationalisation process. This has enabled increased competitiveness, a wider customer base, and increased accessibility for international customers. With this finding, the authors complement existing theory by recognising that digitalisation not only facilitates the way SMEs can conduct business but also that it can contribute to expanding an SME's business to an international market.

This leads to the third contribution, which is that an SME can achieve internationalisation as an effect of implementing digital marketing channels and digital tools, despite not actively seeking to achieve internationalisation. Consequently, the third contribution includes linking the field of research relating to digitalisation, SMEs internationalisation and unplanned internationalisation, as the empirical results implied that an SME within the fashion industry implementing digital tools can result in an unplanned internationalisation. This finding strengthens contemporary research within the field of unplanned internationalisation, that internationalisation can be seen as a by-product of new technology, in this case through the adoption of digital marketing channels and digital tools.

Managerial implications

As highlighted, the implementation of digital tools and digital marketing channels in the various steps of the supply chain may act as profound facilitators for the internationalisation process of an SME within the fashion industry. This effect emerges as an outcome of the digital tools and digital marketing channels applied in the *Sales and marketing* phase, which facilitates an opportunity for SMEs. Subsequently, managers of SMEs can utilise the opportunity when implementing digital tools and digital marketing channels as facilitators for internationalisation, to mitigate the limited resources associated with SMEs when internationalising. This can be achieved through optimising the resource allocation. Moreover, there is also an existing challenge in selecting the right digital tools and digital marketing channels to allocate the right financial means and human resources to maximise the attempt to expand internationally. Nevertheless, if successful in resource allocation, the SME

can achieve synergy effects between the digital tools and digital marketing channels and direct efforts to reach the international markets and a wider customer base. As outlined, this study's findings implicated that the internationalisation was an unplanned effect. Consequently, there is potential for SMEs within the fashion industry to achieve a higher extent of internationalisation, if particularly aiming digital tools and digital marketing channels towards international customers.

Limitations and Future Outlook

Despite this study contributing to a greater holistic picture of how digitalisation can facilitate an SME's operations within the fashion industry when internationalising, some limitations have to be taken into account as emphasised in Chapter 1.4. Nevertheless, these limitations also provide opportunities for further research and to further fill in current research gaps within this novel field. Although this study has presented a more thorough picture of linking the fields of digitalisation and internationalisation, there is still need for further in-depth studies to strengthen these findings since this study has only scratched the surface of integrating three broad theoretical fields. Firstly, since this is a single-case study there is a need to conduct similar studies including several SMEs in the fashion industry in order to support the findings of this study and extend the knowledge within this research field. Furthermore, as this study has been very specific in selecting an industry, a more general study in researching digital tools ability to facilitate an internationalisation process in another industry, would contribute to a generalised picture in this novel field. Moreover, considering the time-constraint when conducting this study, a longitudinal case study is suggested for further research in order to overcome this limitation. Lastly, it would be interesting as future research to investigate an SME utilising its digitalisation tools to actively seek to increase its internationalisation process.

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Appendix 1

General Interview Guide - Introducing Trendy AB

Introducing Trendy AB

- When did you start working at Trendy AB?
- What is your role in the company?
- What is your professional background/education?

History and organisational structure

- Can you describe the history of the company?
 - What was the reason for shutting down the business in 2014?
- Can you describe the organisation structure in Trendy AB?
- Can you outline the ownership structure of Trendy AB?

Key functions and customer segment

- Can you define the various roles/responsibilities at Trendy AB?
- How do you define your business model and product range?
- How do you define your customer segment?
- Can you please describe your main markets?

Interview Guide for Managers at Trendy AB

Introduction

- When did you start working at Trendy AB?
- What is your role in the company?
- What is your professional background/education?

Characteristics of Trendy AB's Supply chain

- Can you please describe your processes?
 - Process behind idea and design?
 - Purchasing process (suppliers, brand agents)?
 - Production process?
 - Distribution process?
 - Sales process?
- Who is responsible for each step of the supply chain?

Digitalisation

- When did you implement digital tools in your supply chain?
 - What digital tools do you use in the various steps of the supply chain?
 - How are the digital tools utilised?
 - How has the implementation of digital tools changed your business model prior to the implementation?
 - Have you encountered any restraints when implementing digital tools in the supply chain?
- When did you implement digital marketing channels in your supply chain?
 - What digital marketing channels do you use in the various steps of the supply chain?
 - How are the digital marketing channels utilised?
 - How has the implementation of digital tools changed your business model prior to the implementation?
 - Have you encountered any restraints when implementing digital marketing channels in the supply chain?
- What has been your greatest challenges when implementing the digital elements in your supply chain?
- Have you experienced any difficulties as a result of the increased use of digital tools in your activities?
 - If yes, please describe how?
- Has the use of digital tools and digital marketing channels facilitated the processes within the supply chain?
 - If yes, please describe how?
 - Have any digital tools or digital marketing channels been more important than others?
 - If yes, which?

Internationalisation

- When did you internationalise?
 - What was the underlying factors of your internationalisation?
- How did you internationalise?
 - Relating to the supply chain, what steps of the various parts have been internationalised?
 - Which parts of the processes have been internationalised from start?

- Have you encountered any restraining factors when internationalising?
 - If yes, please describe which?
- What impact has the digital tools and digital marketing channels have on the internationalisation of;
 - Process behind idea and design?
 - Purchasing process (suppliers, brand agents)?
 - Production process?
 - Distribution process?
 - Sales process?
- If you have encountered restraining factors when internationalising, have the digital tools and digital marketing challenges facilitated, or contributed to overcome these restraints?
 - If yes, please describe how?
- What are the greatest facilitators of the digital tools and digital marketing channels in your internationalisation process?
 - Please describe?
- Have you encountered any new opportunities when implementing the digital tools and digital marketing channels when expanding internationally?
 - If yes, please outline how?
- How is the distribution between domestic and international customers?
 - How has this distribution changed over time?
- Have you encountered any challenges when implementing digital tools and digital marketing channels when expanding internationally?

Final question

- Is there anything relevant to the above-mentioned topics, that you would like to add?