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Speed of Internationalization through E-commerce in Swedish Companies within the Fashion Industry

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ABSTRACT

Internationalization through e-commerce has been a rather under researched area and the effect of e-commerce on speed is even more so. This thesis' purpose is to increase the understanding of the process of how companies within the Swedish fashion industry internationalize. A qualitative research approach is applied to answer the research question, which is: How does e-commerce impact the speed of internationalization of companies within the Swedish fashion industry? By using a multiple case study method and semi-structured interviews the authors strive to gain deeper understanding of the subject. In their analysis of the empirical findings the authors discuss the term internationalization as well as the term speed of internationalization. Speed of internationalizations is defined as the amount of events per time period. Shneor and Flaten's (2008) conceptual framework of internationalization is discussed. Companies are then classified into three instead of two groups: internet-based, internet-enabled and internet-enabled with multichannel sales. Effects of e-commerce on the speed of internationalization of companies within the fashion industry are: As internet-based companies depend per definition on e-commerce their speed curve is not affected by other sales channels. They seem to have high speed in the beginning and a slower or absent speed later on when profitability becomes more important. E-commerce facilitates the speed of internationalization of internet-enabled companies. They gain a somewhat higher speed in the beginning, and then e-commerce smoothens out the speed curve and helps to find new markets. This also has some impact on speed, since the company can internationalize to less cost and risk through e-commerce as opposed to physical stores. Speed of internationalization is impacted heavily for companies which also sell their brand through other channels, as these channels act as lever when they also sell the brand through e-commerce. The companies open market-specific shops fist and later EU or global shops to identify future opportunities. The authors lean on the CAGE framework (Ghemawat, 2001) and find barriers, which impact negatively on speed of internationalization and groups them into general, e-commerce and fashion related barriers. It is found that networks, expertise and experiential knowledge are vital for overcoming these barriers.

Keywords: Speed of Internationalization - Internationalization Process Theory – Conceptual framework of internationalization - E-commerce - Network Theory - Fashion Industry

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LIST OF ABBREVIATIONS

ICT Information Communications Technologies

IB International Business

VAT Value Added Tax

INV International New Venture

D2C Distributor to Consumer

CAGE Cultural, Administrative-political, Geographic and Economic distance framework

1 INTRODUCTION

1.1 BACKGROUND

Markets across the world are becoming more harmonized and standardized in relation to institutions and laws, primarily in relation to Information and Communications Technologies (ICTs) (Kraemer, et al., 2011; Hilmersson, et al., 2017). E-commerce, the transaction of buying and selling online, accounted for approximately 7.4 % of total retail sales worldwide in 2015 and is predicted to increase to 14.6 % in 2020 (eMarketer, 2016). In 2015 e-commerce in the retailing industry in Sweden was estimated to amount to 50 billion SEK, which is 7 % of total retail sales. It is predicted to grow four times in size to approximately 200 billion SEK by 2025 (Svensk Handel, 2016).

Within this technological revolution, facilitated by ICTs, e-commerce is increasing rapidly on a global scale. The opportunities are considerable and so is the competition (Svensk Handel, 2011). E-commerce enables consumers to seek out information about products and prices more easily than ever with retailers only a button-click away; having a store close to the customer no longer has the same relevance.

People's shopping habits are rapidly changing. In Germany, which is the second biggest e-commerce market, 81.5 % of internet users will probably make at least one digital purchase (eMarketer, 2017). Consumer electronics and fashion are the most popular purchases (ibid) Fashion stands for 13 % of all online purchases in Sweden (Svensk Handel, 2016). Moreover, the increased international competition which e-commerce enables is becoming an impending threat to Swedish retailing companies (ibid). Most developed countries have problems gaining market shares (Assaf, et al., 2012). Combined with the ever-increasing competition, e-commerce companies must expand to be able to compete internationally (Svensk Handel, 2016) and increased international competition in the retailing industry makes national retailers more likely to internationalize (Assaf, et al., 2012).

1.2 PROBLEM DISCUSSION

Authors describe the internationalization process as a part of the company’s strategic decision making process, which in many companies has a large impact on long-term profits (Johanson & Vahlne, 1977). According to the Uppsala internationalization process model, or Uppsala model for short, enterprises are focusing on risk minimization and incremental increases in the company's internationalization process. A further focus is on market knowledge gathering to reduce perceived risk of entering a new market (Johanson & Vahlne, 1977).

Shneor and Flaten (Shneor & Flaten, 2008) conceptualized a framework regarding e-commerce internationalization paths. They classified companies into internet-based and internet-enabled companies and showed different paths for these classes.

To quantify internationalization, various measurements have been used in the field of microeconomics. Specifically, three different dimensions of internationalization are identified throughout the literature, primarily in the research field of entrepreneurship and international business (IB) literature. These dimensions are extent, scope and speed (Hagen & Zucchella, 2014; Zahra & George, 2002). Extent encompasses measurement of the degree to which the company is internationalized, for example, portion of foreign sales or investments into foreign markets (Casillas & Acedo, 2013; Zahra & George, 2002). Scope encompasses measurement of the breadth of the company's operations, for example, how many markets a company has committed resources to and/or how large the differences between these markets are (Casillas & Acedo, 2013). Speed, lastly, measures the rate at which either of the two previous dimensions change (Ibid.) IB research has been heavily focused on extent and scope for decades, while speed has only been explicitly studied since the late 1990s' (Schu, et al., 2016).

Some terminology issues emerge when conducting research on companies and attempting to measure the speed. Casillas and Acedo (2013) identify that the previous literature has been lacking in consistency regarding the temporal internationalization concepts (concepts of, or relating to, time). Hilmersson et al. (2017) make an effort to better describe and correctly categorize these concepts. "*First, we develop the concept 'speed of international expansion', which captures how fast a firm spreads its sales activities to various country markets (Casillas and Acedo 2013; Hilmersson & Johanson, 2016). Second, we develop the concept 'time to internationalization' to capture how soon after firm inception the firm begins to internationalize. Third, we develop the concept 'point in time when internationalization started', which addresses how long ago (or how recently) internationalization started*" (Hilmersson, et al., 2017, p. 23). In this thesis, the authors research the speed of internationalization, which puts time in relation to events changing either scope or extent of internationalization (Casillas & Acedo, 2013).

E-commerce opens up opportunities for already internationalized traditional, store only retailers, but it also raises the question of how further internationalization can affect fashion retailers' possibility to better compete in the market. How changes of speed in the internationalization process affect companies' successive entry into new markets has not been extensively researched (Casillas & Acedo, 2013; Hilmersson, et al., 2017; Schu, et al., 2016). The authors believe that before being able to assess the advantages or disadvantages of entering multiple markets at a rapid pace using e-commerce, how e-commerce affects the speed of internationalization should be researched.

There are certain barriers to internationalization and in this thesis the authors have decided to focus on psychic distance barriers (Johanson & Vahlne, 1977), especially on the CAGE-framework (Ghemawat, 2001). Psychic distance describes obstacles that hinder the company to internationalize (further) and the CAGE framework divides these obstacles into different categories.

Johanson and Vahlne (2009) added network theory to the Uppsala Model, emphasizing that building of relationships and being inside the relevant business network(s) within a market, is essential for internationalization.

Researchers using quantitative studies of internationalization further propound more qualitative research to better understand concepts of time and speed (Hilmersson & Johanson, 2016). Qualitative research into how companies and managers view their internationalization would give a better connection and understanding between theory and reality (Ibid). The authors of this thesis choose to focus on speed of internationalization through e-commerce.

1.3 PURPOSE OF THE THESIS

The authors want to increase understanding of the process of how companies within the Swedish fashion industry internationalize.

1.3.1 Research Question

How does e-commerce impact the speed of internationalization of companies within the Swedish fashion industry?

1.4 DELIMITATIONS OF THE THESIS

The decision to restrict research to Swedish companies is to allow for better comparisons between companies, with the same infrastructural and institutional prerequisites.

The study focuses on companies within the fashion industry rather than retail industry in general and studies three companies that have some degree of e-commerce internationalization.

The authors only discuss internationalization through sales, not through changes in the network or upstream.

1.5 STRUCTURE OF THE THESIS

The thesis is presented in six different parts, as follows:

1. Introduction, where the authors introduce the subject, background and a problem discussion as well as presenting the purpose and research question. This chapter ends with the delimitations and the structure of the thesis.
2. Theoretical Framework, where existing theories are presented and discussed. The chapter starts with internationalization process theory, such as the Uppsala internationalization process model and Shneor and Flaten's conceptual framework of internationalization. The authors then discuss theory of speed of internationalization and present their definition thereof. The argumentation is then followed by theory of psychic distance according to the CAGE-framework. Finally network theory such as Uppsala revisited and Sharma and Blomstermo are discussed. E-commerce theory as well as information regarding companies in the fashion industry are embedded in the discussions.
3. Methodology, where approach and process of the research are explained. Pros and cons of the chosen method are discussed and decisions are explained. Furthermore, the gathering of empirical data is described as well as the selection of the interviewed companies. The analysis process is described and the quality of the study discussed. Ethical considerations are outlined and finally this chapter ends with methodology criticism.
4. Empirical data, where the result from the qualitative interviews is presented case by case. The data is divided into chapters: basic data, history, expansion motives, status,

adaptations and distance and barriers, previous experience and network and finally future plans.

5. Analysis, where data is discussed and analysed, parallels are drawn and generalized in a broader perspective to add to theory. It is stated to which degree the companies follow Shneor and Flaten's (2008) internationalizations paths. It is also illustrated how speed of internationalization changes over time. Networks and their function are described and e-commerce as well as fashion specific barriers are stated.
6. Conclusion, where the findings of the analysis chapter answer the research question. The authors proceed to suggesting future research and conclude by stating implications regarding internationalization through e-commerce for managers and decision makers in companies within the Swedish fashion industry.

2 THEORETICAL FRAMEWORK

In this part of the thesis, theories regarding internationalization, speed, and what affects speed will be discussed. There will be no specific focus on e-commerce since we aim to see how e-commerce in the Swedish fashion industry impact the speed of internationalization, in practice.

2.1 UNDERSTANDING INTERNATIONALIZATION

2.1.1 The Beginning of Internationalization Process Theory - Uppsala Model

"An implicit assumption of traditional internationalization theory is that internationalization is an incremental process through which the firm gradually expands its international operations over time." (Hilmersson, et al., 2017, p. 69). The Uppsala internationalization process model, or the Uppsala model for short, describes internationalization as gradual commitment to foreign markets and explains the reasoning behind which markets companies enter and why (Johanson & Vahlne, 1977). This model is a widely used base of internationalization theory in regard to process theory and is based on manufacturing companies, but has also been applied to retail, as for example Schu, et al., (2016). Although it does not explicitly take into account newer developments such as e-commerce business models and the authors therefore think that it needs to be complemented with a model that

explicitly takes e-commerce into account. The authors criticise that the model does not clearly define what actually counts as an act of “internationalization”.

2.1.2 Internationalization Process – The Internet

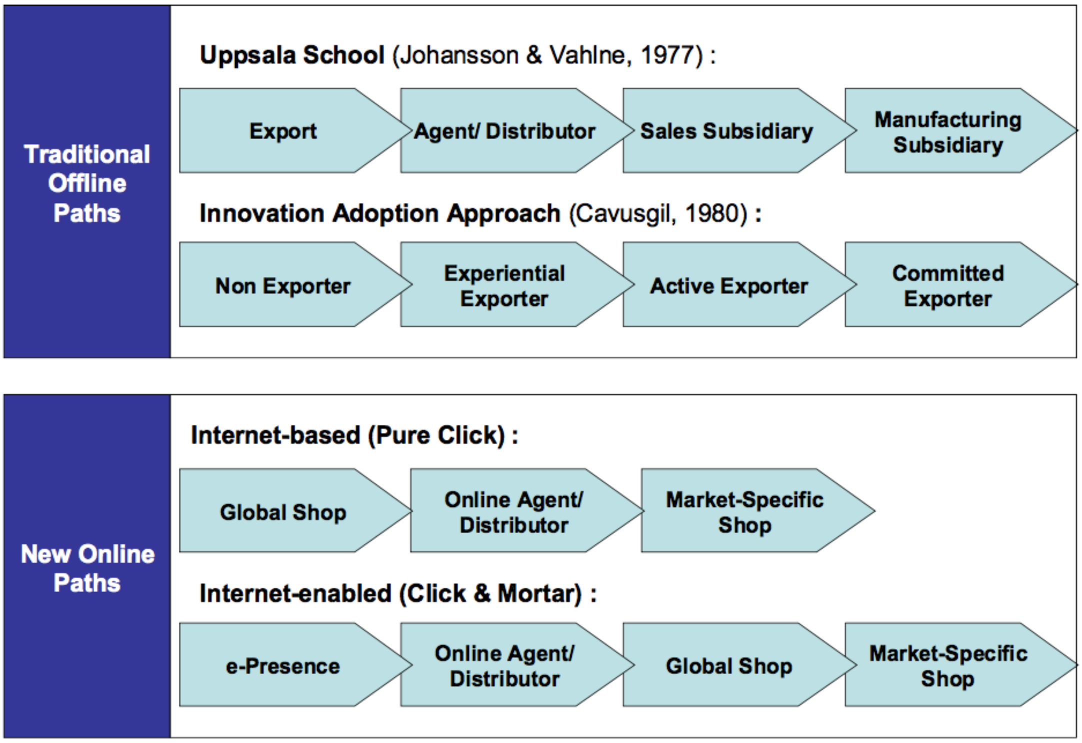
The Uppsala model is the base for many internationalization process theories, which is why it is of importance in this thesis. It is also taken into account in the “Traditional and Online Internationalization Paths” that is conceptualized in Figure 1 by Shneor and Flaten (2008, p. 46). It shows the Traditional Offline Paths, which is the Uppsala model and the Innovation Adoption Approach, showing different views of the traditional international expansion. In this thesis, the authors do not take the Innovation Adoption Approach into account.

Shneor and Flaten (2008) present their conceptual framework in the New Online Paths, where they split companies into “internet-based” and “internet-enabled” companies. There are large differences to their respective business models and modes of operation and therefore they deem it necessary to make this distinction (Ibid). This conceptual framework is interesting since it implies large differences between internet-based and internet-enabled companies in relation to each other and traditional internationalization. This is also interesting from the perspective of seeing the impact on speed of internationalization.

This thesis will use the same definition as Schu et al., (2016), that is Shneor and Flaten’s (2008, p. 46) conceptualization for internet-enabled internationalization “*market-specific shops’, serving markets based on idiosyncratic adaptations to local language, content, format, style preferences, etcetera*”. This definition will be used for both internet-based and internet-enabled companies.

The internet-based firms only provide service through the internet as their main source of revenue, which means their situation is quite different from a normal brick-and-mortar company. The internet-enabled companies are companies that start out regularly with the more traditional models not based on the internet and have physical sales as their main revenue. The main difference here is the dependency on the internet and the consequences of this dependency with regard to approach to different online services. This can be simplified to the difference between what Shneor and Flaten (2008) call having a “web presence” as in having a website of some sort with information and emailing functions, and “online-shops” with some kind of online ordering and/or payment function(s).

Figure 1: Traditional and Online Internationalization Paths



2.1.2.1 Internet-Based Companies Internationalization Paths

As is shown in the above figure, the internet-based companies start by opening up a Global Shop that serves the whole world indiscriminately (Shneor & Flaten, 2008). Then they go on to different Online Agents or Distributors to help with filtering, translation etcetera, to reach otherwise difficult customers. When the company believes that enough revenue is being generated and customer base and trust have been built, they start Market-Specific Shops in the markets showing high levels of revenue and potential. The potential is in the possibility to increase the revenue by for example translating and adapting content according to preferences, changing styles and format or various other adaptations tailored for the specific market. Shneor and Flaten (2008) claim that the companies do not begin with market specific shops since they would not get a large enough customer base, and are therefore assumed to open global online shops to be able to leverage economies of scale efficiently.

Shneor and Flaten (2008) seem to disregard that barriers influence the internationalization process. According to Guercini and Runfola (2015) there are barriers to internet internationalization that can be divided into three broad categories. The first is structural barriers that are derived from technical specifications. The second is political barriers related to restrictions to website access and internet access. The third being cultural barriers such as the meaning of colours, language and writing (Ibid). The authors of this thesis recognize that the way an internet-based company starts off may vary between different industries, goals and available networks, although the disregard to barriers in this model does not seem logical and makes it more uncertain.

The assumption that starting with a global shop is the best way is doubted by the authors. The company would only be available globally, but they would not necessarily be able to deliver to the customer due to laws or rules, or the customer might be unwilling or unable to use the currency or payment methods that the company offers. The company would need to market the web shop to actually be known by their target customers, and this in turn might mean that a larger customer base can actually be achieved by starting with Market-Specific Shop(s), depending on the amount of available resources.

2.1.2.2 Internet-Enabled Companies Internationalization Paths

Internet-enabled companies have a different internationalization path as opposed to the internet-based companies (Shneor & Flaten, 2008). The internet-enabled companies are theorized to start with an internet presence, a homepage and communication tools over the internet. That means that the website is for marketing and information reasons only and no e-commerce is offered. The reason behind this is that they are presumed to already have physical networks of agents/distributors or other types of partners that they do not wish to compete against in their respective markets.

Once the company has received enough enquiries and direct contact, the company may feel more comfortable opening an internet connection through intermediaries (Shneor & Flaten, 2008). The argument they highlight for this, is that the company can argue to their existing partners that the company is not directly competing with them, only allowing for sales online through an intermediator (that is more or less global or regional) such as for example Zalando. If the company sees large success from sales through intermediaries online, they may decide to start their own web shop and are then likely to start a global shop (Shneor & Flaten, 2008).

When they see that some of the markets are more successful than others from their global shop, the company may decide to start market-specific shops for the market(s) that have a high demand and may yield a larger customer base by local adaptations such as content, marketing, format or translation into the local language (Ibid).

The critique against these assumptions is largely dependent on the network position of the company and its partners. The authors question why the company would go through intermediaries, when the difference is more of an argumentative rather than actual difference, but with less profit to be had by the company that choses intermediaries (such as for example Zalando).

The second critique is regarding starting with their own global shop versus market-specific shops. The company would need to market the web shop to actually become known by their target customers, and this in turn might mean that a larger customer base can actually be achieved by starting with Market-Specific Shop(s), depending on the amount of available resources. The marketing costs and channels may be larger than the benefits in a global perspective as opposed to one or a few market-specific shops. The company would only be available globally, but they would not necessarily be able to deliver to the customer due to laws or rules, or the customer might be unwilling or unable to use the currency or payment methods that the company offers.

When keeping in mind the aforementioned barriers as defined by Guercini and Runfola (2015) it might be difficult to start a global shop first. The authors imply that a market-specific shop does not necessarily mean a shop that is fully optimized for the specific market, rather as local adaptations regarding payments, transportation or content adjustments. These changes would not be as costly as starting out with market-specific shops that are translated and wholly adapted.

2.2 SPEED OF INTERNATIONALIZATION

2.2.1 Defining Extent and Scope

Zahra and George (2002) highlight three main dimensions of internationalization, “extent”, “breadth” or “scope” and “speed”. There are although quite a few different definitions of these dimensions in circulation in the IB literature. Chetty et al. (2014) put together a table with recent studies focusing on speed of internationalization and related concepts. They added 23 articles to their table and more than half of the articles did not clearly define their speed concept, and only two of the articles use the same definition.

2.2.1.1 Defining Extent

Zahra and George's (2002) version of extent (or degree) refers to level of dependence on international markets (in sales). Casillas and Acedo's (2013) refer to extent as the company's commitment to its foreign expansion process. Since this thesis attempts to increase the understanding of the process of how companies within the Swedish fashion industry internationalize, it is important to consider the dimensions and define them. Especially with regard to how e-commerce impacts speed, which is very hard to address unless speed has been defined.

This thesis will use the definition of extent as being the degree of local adaptation to a specific market or sets of markets, as well as depth of commitment to the market. In physical terms, commitment can be measured based on for example, number of stores, subsidiaries or logistical hubs. In terms of e-commerce it can be measured based on for example, logistical centre for handling of returns, format and language adaptations or server hubs for greater speed and accessibility of the shop at the local/regional market.

2.2.1.2 Defining Scope

Zahra and George (2002) define scope as geographic scope, that is the areas where the company conducts its business, or product scope, the breadth of offered products. Casillas and Acedo (2013) define scope as the area to where the company exports its products, or owns subsidiaries and the diversification of its markets by physical- and cultural distance. This thesis will use the definition for scope as being the number of countries entered and the distance between countries, both in physical- and as measured by psychic distance.

2.2.2 Defining Speed

In this thesis Casillas and Acedo's (2013, p. 19) definition, "*the third dimension of internationalization – speed – can be taken as the rate of change in either of the two previous dimensions*", where the two previous dimensions refer back to extent and scope, is used.

2.2.3 Defining Event

Furthermore, Casillas and Acedo (2013, p. 16) define a more exact measuring point "*We define the concept of speed in the internationalization process as a relationship between time and a company's international events, which involves identifying 'milestones' for the internationalization process itself …*". As Casillas and Acedo (2013) research the physical aspects as for example opening a store, and the purpose of this thesis is to research the influence of e-commerce on speed of internationalization, the authors of this thesis define a ‘milestone’ as any event that impacts internationalization, such as content adaptations, assortment adaptations, currency, payment methods, language, new store, new country entry etcetera.

Further it is important to be aware of two types of time and change in relation to these events, continuous and discontinuous (Casillas & Acedo, 2013). “*Studying internationalization as a sequence of events (as points of change), between which there are periods of stability (process stages), defines internationalization as discontinuous change*” (Casillas & Acedo, 2013, p. 18)

2.2.4 Measuring Speed

Above mentioned definitions mean in practice, that every event contributes to the measuring point in the speed curve (diagram) and the time frame chosen is used to calculate speed of internationalization. The result is then shown as events per time period. This could be compared to km/h. It is important to understand that many events can happen at the same time, for example when opening the first store in a new country, there are the events of language adaption, payment adaption, customer service and return handling happening simultaneously. This makes the curve peak more than opening another store in the same country, which only gives the event of more extent.

2.3 PSYCHIC DISTANCE

To describe the difference between countries, “psychic distance” is introduced as a measurement of market foreignness, and contain the factors that make it difficult to understand foreign environments (i.e. language, culture, politics) (Johanson & Vahlne, 1977). Furthermore, increased psychic distance makes it more difficult for the company to gather information and to interpret it correctly (Eriksson, et al., 1997). This creates a base from which to further elaborate on internationalization and its possible difficulties, which is important when trying to increase understanding regarding the speed of internationalization and how distance affects the dimensions of e-commerce and fashion.

When entering a new market, a company needs to have company-specific advantages to counterbalance liabilities such as local competition and unfamiliarity with the market. This is described as “liability of foreignness”, something that is increased with a higher degree of psychic distance to markets (Johanson & Vahlne, 1977). Companies therefore often internationalize first to markets they have less psychic distance to and gradually enter markets further away when more knowledge is gained (Ibid). This suggestion that companies gradually enter markets (both distant and close) is criticized by McDougal et al. (1994) where they highlight, as an example, International New Ventures (INVs). But with an increase of knowledge there can either be an increase or a decrease in perceived risk and perceived opportunities of entering a new market (Johanson & Vahlne, 1977).

2.3.1 The CAGE-Framework - Understanding Psychic Distance

Psychic distance was introduced by Johanson and Vahlne (1977), but is maybe best illustrated through the CAGE framework by Ghemawat (2001). It is widely accepted in the IB literature as a tool for measuring the overall distance between markets (Hutzschenreuter, et al., 2014; Schu, et al., 2016). The framework is based on psychic distance and has more concrete examples, making it readily useable in increasing understanding of the barriers (or distances as it were) to internationalization. As the authors believe that these distances constitute barriers for the companies' internationalization, they can impact on speed of internationalization and are therefore taken into account in this thesis.

Ghemawat's (2001) CAGE-Framework, is an abbreviation of Cultural-, Administrative-political-, Geographic- and Economic distance framework. It can be used to assess the difficulties created by distance to foreign markets. In the framework, cultural distance is determined by how people interact with each other, companies and institutions. Differences in social norms, religious beliefs and language can all create distances between countries. See Table 1 below for distances by Ghemawat (2001).

Table 1: Ghemawat's (2001) table of the CAGE-Framework

The CAGE
Distance Framework

The cultural, administrative, geographic, and economic (CAGE) distance framework helps managers identify and assess the impact of distance on various industries. The upper portion of the table lists the key attributes underlying the four dimensions of distance. The lower portion shows how they affect different products and industries.

	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
attributes creating distance	different languages different ethnicities; lack of connective ethnic or social networks different religions different social norms	absence of colonial ties absence of shared monetary or political association political hostility government policies institutional weakness	physical remoteness lack of a common border lack of sea or river access size of country weak transportation or communication links differences in climates	differences in consumer incomes differences in costs and quality of: • natural resources • financial resources • human resources • infrastructure • intermediate inputs • information or knowledge
industries or products affected by distance	products have high linguistic content (TV) products affect cultural or national identity of consumers (foods) product features vary in terms of: • size (cars) • standards (electrical appliances) • packaging products carry country-specific quality associations (wines)	government involvement is high in industries that are: • producers of staple goods (electricity) • producers of other "entitlements" (drugs) • large employers (farming) • large suppliers to government (mass transportation) • national champions (aerospace) • vital to national security (telecommunications) • exploiters of natural resources (oil, mining) • subject to high sunk costs (infrastructure)	products have a low value-to-weight or bulk ratio (cement) products are fragile or perishable (glass, fruit) communications and connectivity are important (financial services) local supervision and operational requirements are high (many services)	nature of demand varies with income level (cars) economies of standardization or scale are important (mobile phones) labor and other factor cost differences are salient (garments) distribution or business systems are different (insurance) companies need to be responsive and agile (home appliances)

Sharing the same language is shown to have a substantial impact on trade between countries (Ibid.). Administrative and political distance is measured in historical and political aspects that countries share, which can be affected by former shared rule (e.g. Soviet Union, colonial rule) but also by political objectives and government requirements of insight and regulation into businesses and industries. Geographic distance can be measured in kilometres, but also attributes such as physical size of the country, climate, sea or river access and man-made attributes, such as communication and transportation infrastructure. Economic distance is the differences between countries in consumer wealth or income, quality of nature, financial and human resources, infrastructure and information or knowledge (Ibid).

According to Vermeulen and Barkema (2002), the more different a foreign market is to the home market, the harder it is presumed to be to gather the necessary information needed to facilitate an entry with minimal uncertainties, as is supported by Ghemawat (2001). To fit into an international setting, a company needs time to absorb the experiences and the market knowledge acquired in the recently entered market, before further internationalization to not negatively impact profitability (Vermeulen & Barkema, 2002).

Guercini and Runfola (2015) note that logistical liabilities caused by geographical distance still remain crucial in regard to e-commerce internationalization. They also highlight search engine optimization in regard to visibility and accessibility changes from one country to another, both in terms of geographical distance and regulations.

Furthermore, they note that local differences in social media and search engines can be quite high between different countries (Ibid). Social media popularity is positively related to an e-commerce stores reputation and in turn repeat visitors (Molla-Descals, et al., 2014). Since social media has differences in regard to different countries, it is logical that social media popularity is affected by cultural- and geographical (and possibly regulatory) distance.

2.4 KNOWLEDGE OF FOREIGN MARKETS

Market knowledge is "*information about markets, and operations in those markets, which is somehow stored and reasonably retrievable*" (Johanson & Vahlne, 1977, p. 26). The Uppsala model mainly focuses on the difference between home market and foreign market, and the knowledge about the foreign market (Johanson & Vahlne, 1977). Market knowledge is information that is market-specific, why it varies from country to country and changes over time. The knowledge is attached to a singular market and is often marginally applicable on other markets. Market knowledge refers to, for example, information about future demand and supply, competition, channels of distribution and methods of payment and money transferability. This knowledge or lack thereof, plays an important part in how much resources the company decides to commit to a market upon entry (for example, franchising or direct investment, the latter being more expensive, i.e. more commitment) (Ibid).

2.4.1 Different Kinds of Knowledge

Market knowledge is further split into two parts - institutional market knowledge and business market knowledge (Johanson & Vahlne, 2009). Institutional market knowledge, concerns the awareness of a country's language, laws and rules. Business market knowledge regards the knowledge of customers, the competition (Luca & Atuahene-Gima, 2007) and the market (Eriksson, et al., 1997).

Furthermore, knowledge is divided into the two separate ways it can be acquired. First, objective knowledge, which is taught and can easily be transferred between countries and duplicated by other companies, i.e. market research; Second, experiential knowledge, which can only be gained through personal experience (Penrose, 1959; Eriksson, et al., 1997). When transmitting this knowledge, it produces a subtle change in information, which is why an individual cannot be fully separated from experiential knowledge (Penrose, 1959). Collecting, transmitting and interpreting experiential knowledge is costly; specifically due to the interdependence the created knowledge has to the market where it is generated (Eriksson, et al., 1997). As the knowledge is connected to a specific market, it is often impossible to transfer to other countries. This is why experiential knowledge is viewed as critical in the internationalization process (Johanson & Vahlne, 1977). Experiential knowledge is gathered successively through the operations the company conducts in the foreign market (Johanson & Vahlne, 1977; Eriksson, et al., 1997). McDougall, et al. (1994) show that employees' or entrepreneurs' previous knowledge can have a large effect, if they already have experiential knowledge of the market that is to be entered.

2.5 NETWORKS

2.5.1 The Uppsala Model Revisited

According to the views of the Uppsala model revisited, markets are complex connections of links between companies (relationships), and these links can often be invisible and are arranged in business networks (Johanson & Vahlne, 2009). They claim that one of the main barriers is the lack of access to the relevant business networks. In these networks, a certain trust has been built up over time and relationships have been established through effort and commitment. The ability to access the relevant network(s) is what they call "insidership" and is vital in any new market entry, be it in a new segment of the domestic market or expansion into a foreign market (Ibid). This makes it an important part in the understanding of traditional physical internationalization. If the company already has access to the right network before entering a new market or if the network has to be created of course has an impact on the speed of internationalization. It is also of interest how e-commerce and fashion relate to networks and speed of internationalization; therefore it is of great interest to this thesis.

The term of psychic distance has been largely substituted as the main factor for uncertainty by "liability of outsidership", that is the opposite of insidership, instead psychic distance has a different effect. In Johanson and Vahlne's (2009) model, networks and relationships are very important, and the psychic distance is somewhat of a measurement of the difficulty of identifying and entering the relevant networks. Psychic distance also affects the ease of building trust, sharing and creating knowledge and on building relationships (Ibid). That is, when trying to enter into a foreign market with high levels of psychic distance, and not having access to the right network(s), the company will suffer from both liability of outsidership and liability of foreignness which adds further complexity and uncertainty. To overcome this, companies can use their networks to attempt to find relationships from within their existing network that could help them gain access into the new market's networks (ibid).

Liability of foreignness is largely based on a lack of knowledge caused by some form of distance (Ibid) as the CAGE-framework attempts to quantify in regard to opportunities (Ghemawat, 2001), see Table 1. Psychic distance does not only impact the difficulty of identifying and entering networks, it also obstructs the ability to both locate and seize opportunities (Johanson & Vahlne, 2009). This can be circumvented not only by knowledge, but also by a high level of trust in an entity in the network. It is this opportunity rather than uncertainty that ascertains whether or not a company internationalizes (Ibid).

With business network research as a base, the Uppsala model revisited argues that the company should be viewed by the exchanges they partake in rather than their production, and that these exchanges should be seen as the distinctive feature of the firm (Ibid). Further they argue that internationalization can be seen as "*a multilateral network development process*" (Johanson & Vahlne, 2009, p. 1415). This can be partially true, although it leaves much open to interpretation. A multilateral network development process could be seen in the domestic market, and a firm could even be involved in multiple separate multilateral network development processes without even starting on any internationalization, therefore the authors choose not to use this definition.

2.5.2 Different Kinds of Networks

Sharma and Blomstermo (2003) refer to many benefits in having network ties when entering a new market, such as the increased likelihood of getting a referral and thereby potentially expanding customer base. The speed of gaining access to critical market information is also increased if the company's position in the network is central. Occupying this position is a competitive advantage since the accumulation and utilization of knowledge can be further increased.

Companies have various levels of connection and emotional investment into actors within their network. These are divided into strong and weak ties, representing a strong and weak connection to an actor within the network. Sharma and Blomstermo (2003) argue that strong ties have the potential to negatively impact a firm in their internationalization. Having many strong ties can lead to the negative consequences of creating similar, shared knowledge base between companies, increasing costs of maintaining tight interaction and a rigidness within the firm. However, strong ties can generate mutual routines that benefit both parties (Ibid). Johanson and Vahlne (2009) highlight the ability of the network to create new knowledge when sharing close ties, but also warn of co-dependence.

Sharma and Blomstermo (2003) further discuss weak ties that on the other hand have almost no cost to be passively maintained. They further suggest that many weak ties lead to an autonomy and responsiveness from the network, allowing for the company to adapt to diverse market demands and therefore suitable for early market expansion. Weak ties also supply more different, innovative knowledge compared to strong ties. By having many weak ties a company could more easily start their internationalization in a culturally distant country (Ibid).

3 METHODOLOGY

3.1 METHODOLOGY APPROACH

3.1.1 Choosing the Method

The purpose of this study is to increase the understanding of the internationalization process. The focus is on how e-commerce impacts speed of internationalization of companies within the fashion industry. This is a subject which has not been researched thoroughly as of yet, and therefore we are taking a qualitative and exploratory approach to better understand the process of internationalization.

A qualitative study was chosen for the purpose to better describe and develop theory, rather than a quantitative study to test existing theories. The exploratory, as in trying to find new things (Creswell & Plano Clark, 2007) research approach does not predetermine the analytical categories for the thematic analysis and usually is used when data is generated. Further it is also more suitable when generating hypothesis or theory rather than when confirming theory (ibid).

Yanow and Schwartz-Shea (2014) highlight the importance of studying the research available on the topic of the thesis focus. This is done to get an understanding from an established theoretical point of view. By studying the available research, we allow for a qualitative as well as theoretically relevant discussion that is not solely interpretive, that is without a solid hypothesis from theory before researching, and open-ended (not yes/no questions, rather allowing for the respondent to explain and give their own examples and answers; Ibid). The interpretivist and open-ended inquiry is considered methodologically weak in that is does not find objective truths through analysis. We wish to instead interpret (as in make clear from a theoretical point, but without pre-set analytical themes) and understand the qualitative data to further the theory in the area.

As we are trying to gain a deeper understanding of the subject and the respondents' opinions and experiences, a qualitative and semi-structured (some prepared questions, but allowing the researcher to pose follow-up questions; (Collis & Hussey, 2014) or unstructured (no pre-prepared questions requiring a skilled researcher and much time) (Ibid) interview approach is best applicable. Since unstructured interviews have no pre-prepared questions they take substantial amounts of time and require a skilled and knowledgeable researcher (this is required to acquire data which is comparable between interviews since the topics can be very different between interviews) (Ibid), which is why we used a semi-structured approach allowing some structure, less skilled interviewers as well as less time in the interviews. The respondents have tight schedules and that is also part of the reason we did not choose the unstructured method. With the semi-structured approach, we were able to conduct the interviews in a shorter amount of time while not compromising the possibility for follow-up questions as well as allowing the respondents to prepare beforehand if they so wished.

We held face-to-face interviews, allowing us to receive complex and sensitive information through follow-up questions, hence being able to increase clarity, comparability and depth (Collis & Hussey, 2014). Since the theory does not cover all aspects, we are likely to get better results if we also take an abductive approach (Dubois & Gadde, 2002). The abductive approach is a combination of the inductive and deductive approach, where we move from theoretical framework to empirical data and back to theoretical framework again to help analyse the data collected (Collis & Hussey, 2014). In studies when researchers strive to discover new things, Dubois and Gadde (2002) state that the abductive approach is convenient in regard to such case studies. Because of situations and deviations that might occur during the research process when applying a qualitative study, it is common that the work gets reworked during the period of the study (Eriksson & Kovalainen, 2008). Since we are studying the relationship between e-commerce and speed in regard to internationalization, in a qualitative and theory generating way, where we go back and forth between empirical data and theoretical framework, we think our choice of the abductive approach is justified.

3.1.2 Multiple Case Study

A multiple case study allows for both an in-depth exploration of the companies and their day-to-day problems and solutions (Yin, 2003). It is important to gain an in-depth understanding of the companies, because the purpose of this thesis is to increase the understanding of internationalization. Yin (2003) further says that the analytical choice of cases is important, especially in multiple case studies. The cases should either be chosen to predict similar results, or to get results that are contrasting, but for predictable reasons (Ibid). We chose a multiple case study to improve the analytical generalizability, to help generate theory and allow for added comparability as opposed to a single case study where no comparison between cases is possible. This then allows for some analytical generalizations to be made from the responses and a comparison can be made between the cases as opposed to a single case study where there is no comparison between cases (Ibid). A positive aspect of conducting a multiple case study is that the data collected is often more extensive and makes for better results (Eisenhardt, 1989).

3.2 THE SELECTION

3.2.1 Choosing the Companies

The cases are chosen as to be able to gain new insights in how e-commerce affects the speed of internationalization and allowing for the possibility to answer our research question (Merriam, 1998). Therefore, we used a combination of purposeful (not random, and choosing the samples with a reason in mind) and convenient sampling (for example close or easy access: (Bryman & Bell, 2015)), locating companies with various levels of e-commerce. We have previous connections with a few Swedish companies in the fashion industry and therefore chose among those to ensure access, willingness and openness to conduct interviews.

We decided on choosing three companies that had different levels of e-commerce reliance to be able to make generalizations easier and see possible differences between the companies. Company A with almost complete reliance (approximately 98-99%) on e-commerce. Company C with e-commerce as a necessary complementary function (approximately 7 %) for already existing markets and with little focus on turnover. Company B with e-commerce as an up and rising (approximately 20 %) important additional function both for their strategy and for the markets that they have physically entered.

3.2.2 Choosing the Respondents

The respondents were chosen by the different contacts at the companies as being best able to answer our questions. This has allowed us a high level of accessibility and openness, with as close to a guarantee as we could get by a contact referring us to the right person, be they top management or otherwise that know about the specific areas relevant to our study. Since we made a strategic choice in our sample, we have used a purposive form of sampling, therefore a non-probability sample. We also used a snowballing type of sample since our contacts referred us to the "right person(s)" in the different companies; by the "right persons" we mean someone with knowledge of the company's internationalization processes both e-commerce and physical where applicable. See Appendix A for list of respondents.

The use of non-probability sampling is the only reasonable choice when conducting only a few case studies (Bryman & Bell, 2015). We conducted 5 interviews in total, at one of the companies we conducted one long interview with a person with considerable experience in the company and the ability to answer our questions both from a management and an e-commerce perspective, at the other two companies we conducted two interviews for each company with one person having a management perspective and the other having an e-commerce perspective.

3.3 INTERVIEW PROCEDURE

3.3.1 Timeframe

The respondents were contacted by the researchers by phone in the mid-April 2017 and the interviews were held during a period of approximately 2 weeks thereafter.

3.3.2 Location

All interviews were held at the companies' premises in suitable, secluded rooms.

3.3.3 Data Collection

3.3.3.1 Primary Data Collection

The study's primary data consists of semi-structured interviews, thereby allowing more flexible responses (Bryman & Bell, 2015). The questions (see appendix B) are considered suitable to allow for "storytelling" as well as short answers full of facts. All interviews were recorded and thorough notes were taken, one person focusing on taking notes and the other driving the interview forward with interpretive follow-up questions.

3.3.3.2 Secondary Data Collection

Secondary data, which is data not generated by our research, has also been collected from the companies' websites, and from other external websites. This was done to triangulate data, which means compare information with multiple sources, for increased credibility. Theories in the theoretical framework can also be considered secondary data.

3.4 ANALYSIS PROCESS

3.4.1 Thematic Coding - The Use of Both an Inductive and Deductive Approach

Dubois and Gadde (2002) separate data into what they call 'active' data and 'passive' data, the data that we as researchers actively seek, for example what was behind the company's choice to internationalize, is referred to as passive data. The data that is not actively sought after, in our case what the authors call fashion specific factors, such as trends, returns, sizes, which turned up in the interviews, is called active data.

Both deductive and inductive thematic analysis approaches were used in writing the analysis. In the inductive part, the empirical data was studied to try and find themes, ideas and trends that are recurring to categorize in the analysis (Dubois & Gadde, 2002). For this study, the dual approach is best since the purpose is to increase the understanding of the internationalization process. The deductive approach was used when matching the empirical data to the theory (Ibid).

Matching, as portrayed by Dubois and Gadde (2002), is a part of the research process where the researcher goes back and forth from theory to empirical data and analysis, which is the operational approach to the abductive research approach. This was done after conducting the first interview realizing that much of the responses were geared toward the importance of barriers. The theoretical framework was then expanded to include CAGE and expand on network theory, to try and capture this new development.

3.5 QUALITY OF THE STUDY

To ensure a high degree of quality of the research, the quality measures were structurally differentiated into four categories: credibility, transferability, dependability, confirmability, as in line with qualitative research tradition (Guba, 1981).

3.5.1 Credibility

Credibility makes the research believable to readers. The main goal is therefore to rule out any alternative explanation for the data that might occur due to interviewers' possibility of having different perception (Guba, 1981). Both authors were present at all interviews to assure that answers have been understood correctly. The complete interviews were recorded to enable repeated listening to answers when in doubt.

To ensure a higher rate of truth value of the research, multiple representatives within the companies were asked, as in the case of Company B and C. This is referred to as doing "member checks" (Guba, 1981). This ensures a more complete picture of the internationalization process and their e-commerce, than might be true for Company A, since only one representative could be interviewed. However, data gathered from Company B and C was compared with data gathered from Company A, which is why we could ensure the truth value of this data by comparison of actors within the same industry.

Certain data was triangulated, which means the use of two or more reference points when gathering and comprehending the empirical data for increased credibility.

3.5.2 Transferability

Transferability refers to the generalizability, the external validity of the research (Guba, 1981). There is a general problem with the transferability of qualitative case studies, which is that they look into a certain time period and a limited number of cases which means that it does not generate statistically certifiable data. However, the point of this study is not to generate this kind of statistical data, but rather to explore the field and to aid in theory building by analysing data gathered.

3.5.3 Dependability

Dependability refers to the stability or consistency of the research processes. If the researchers made mistakes or have been careless in conceptualizing the study, collecting the data, interpreting the findings and reporting results this affect dependability negatively. How companies and respondents were chosen is clearly stated above (3.2.1 and 3.2.2). A drawback on how the study was conducted is the lack of a research diary coherently made throughout the study (Noble & Smith, 2015). Lincoln and Guba (1985) stress the close ties between confirmability and dependability and that through triangulation, certain dependability will be found. The research process, which was described earlier, is extensively detailed to ensure the reliability and repeatability of the research.

As audio recordings, notes of interviews and secondary data were stored, the data allows for audition, increasing the authenticity of the work and further increasing dependability (Bryman & Bell, 2011).

3.5.4 Confirmability

What confirmability concerns is the investigative bias that a researcher might have and the measures that can be taken to avoid this (Guba, 1981). A deep understanding of e-commerce within the fashion industry was the result of an extensive interview with our first respondent. This ensured better follow up questions and understanding of the empirical data collected from all other respondents.

For further confirmability, data triangulation was used to create a greater confidence in the data and a deeper understanding of it, by interviewing multiple respondents from Company B and C (Polit & Beck, 2012). Further, we could then use the results from Company B and C to triangulate with Company A’s responses to see where they were overlapping. Through this method, a narrative comparison concerning a company's’ e-commerce and internationalization could be made and potential biases regarding an informant's information could be identified. Investigator triangulation was found throughout the research as both researchers participated in all interviews conducted. Finally, method triangulation was managed when comparing information received in interviews with what was existing on their websites. Lastly, a comprehensive outline of the empirical findings is given for the reader as to create a clear understanding of the analysis.

3.6 ETHICAL CONSIDERATIONS

In conducting this study, the ethical code of conduct which should be used when conducting academic research according to Bryman and Bell (2011) was followed.

The different companies were duly informed of the purpose with this thesis and that two other companies in the fashion industry were also to be interviewed.

The companies and respondents were willing participants and were in no way forced to do so or offered any kind of payment. The respondents were offered anonymity, and some companies chose to be anonymous because of the sensitive nature of the information provided. The decision to anonymize all companies was made after conducting a dialogue with the respondents.

The most sensitive information was removed to reduce any possible harm to the companies that have chosen to participate. The removed information has not negatively impacted the research, but helped to give a deeper understanding of the business. The background of the companies has been made purposely vague to further help with anonymization to as large a degree as possible without impacting the study negatively.

No data of individuals was collected or stored and no data has been used for purposes other than this research. These steps are all aspects that Bryman and Bell (2011) lift up as ethical considerations that need to be followed, as well as not deliberately obscuring data going against the conclusions made in the research. The authors claim that sensitive data removed is not needed for the research and has no impact on the results any more than giving the authors a better understanding when analysing the collected data.

3.7 METHODOLOGY CRITICISM

A drawback of the study is that it only uses Swedish companies, which is why it lacks in depth and validity. Other international e-commerce fashion retailers outside of Sweden could have been found to interview, although the depth and validity issues are argued to be outweighed by the cases having the same infrastructural and institutional conditions.

More cases at the same level of depth or deeper would give a better understanding and allow for a higher level of generalization. Three cases is a small number for a multiple case study and affects transferability negatively.

After the results were analysed, the authors realized that if there is heterogeneity in internet-enabled companies, there might also be heterogeneity in internet-based companies. As there was only one company interviewed, there was no possibility to confirm or deny this.

The persons interviewed were chosen by the company. The authors though believe that they could give trustworthy answers and a different way of choosing respondents would be difficult to conduct.

The company knows who is answering the questions. This may have influenced the answers.

The interviewers had no training or formal education in conducting the interviews, which influences their ability to ask in-depth questions or lead the respondent back to relevant topics.

A research diary to further explain thought process development and the research process would give a higher level of dependability.

4 EMPIRICAL FINDINGS

4.1 STRUCTURE OF THE EMPIRICAL FINDINGS

The empirical chapter is presented in the following manner. First, the case companies and the characteristics of the respondents' position are presented. The three companies are named company A, B, and C since the companies wish to be anonymous. Secondly, the companies and respondents are arranged in a separate table (see Appendix A). Finally, the primary data of all case studies is presented in categories that match the topics discussed during the interviews. These themes are correlated with questions asked (see questions asked in Appendix B). Furthermore, common denominators as well as differences are presented.

4.2 COMPANY A – THE E-COMMERCE ENTREPRENEUR

Company A, located in Sweden, has between 150-200 employees, with a turnover of about 2 billion SEK, is active in the fashion industry and is wholly based on e-commerce (approximately 98-99 %). The remaining 1-2% consists of seconds, returns and other obsolescence which is sold through physical outlets. Their business is based on cycles with the busiest period being November/December, and when the spring and autumn collections start selling. During the Black Friday weekend, they have an increase in orders in the magnitude of 10 to 20 times. Company A offers both their private brand and other brands for sale on their website.

The reasons behind starting an online-shop instead of physical stores were that there is limited space in a store, limited opening hours where the customer can shop and physical stores also incur rent costs. With a web shop the customer can choose when to shop, space is practically unlimited, personnel do not restrict the opening hours and it is scalable. The drawbacks are that the customer is unable to feel the material and see it in front of them. This lack of touch can largely be offset by good product descriptions and photos according to respondent A. Company A's purchasers keep a close eye on the fashion fairs to see what the upcoming trends are and it uses accumulated experience to best find the next trend.

They lately started their own private brands for profit reasons, but sell mostly other well-known/unknown brands in the online-shops.

4.2.1 Company A - Internationalization History

Company A was very early to start with e-commerce in the fashion industry, and the founder was, as respondent A said, "*an expert regarding e-commerce*". In the beginning, the company concentrated solely on expansion. The reason for this being that the founder wanted to spread the thinking patterns and get more people to start shopping online, both to increase the quantity and since this would also make it easier to gain access to additional funding. At first, marketing was conducted broadly to obtain common knowledge by national TV, and since then it has become more target specific and changed to blogs, social media, podcasts, streaming and targeting by cookies on the internet.

Company A was founded in the early 2000's, and about five years later they decided on a comprehensive international policy, where they expanded into the Nordic countries (excluding Iceland) in the same year. These markets now stand for approximately 90 % of the turnover. The next launch was in Germany two years later, shortly followed by Austria and the Netherlands, as well as the launch of an EU-site offering access for all EU-member countries to buy the products (all site launches were verified at Company A's website). The comprehensive expansion policy continued, and the UK-site was launched the following year.

4.2.2 Company A – Expansion Motives

After this, the company decided to change their strategy to accommodate not only expansion but also profitability. Moving away from the, previously purely comprehensive strategy, they are now advocating reasonable expansion. In effect, expanding only when there is a reason to believe that profitability will be achievable, not an expansion for the sake of expansion as previously.

Even so, the expansion continued in 2013 with the belief that it would be profitable. A French site was opened and the global site opened so that countries outside of the EU also had the option to purchase. In 2014 both the Belgian and Polish sites were opened.

Since then, no new country specific sites have opened as focus has been placed on letting the current sites mature and gain a higher profitability.

The strategy used is to first see if the market seems large enough to sustain the costs of translation, if the market achieves sufficient turnover they make the decision to translate the country-specific website. When the decision to translate a website has been put into effect, the increase in turnover from that website must be relatively large to give the company an incentive to continue translating into that language. If the increase in turnover does not meet expectations they go back to the previous language since the costs outweigh the benefits.

4.2.3 Company A – Status

9 locally adapted sites

5 of above in local language

1 EU-site

1 Global site

4.2.4 Company A – Adaptations

4.2.4.1 Company A - Marketing/Assortment

Company A does not have different marketing in the different markets. On the contrary, they focus on making the marketing global. They focus on creating a connection and a recognition factor between the customer and the campaign. This connection can be to the place, the clothes or the model, which eliminates the need for them to diversify their marketing. Respondent A gave an example that when they promote street fashion, they have the photo shoot in the streets of New York. They often use a model that is known to their specific target group, for example from a TV-series that targets women between 17-35 years and this is done to create higher recognition and feeling for the brand and clothes.

They have many fashion-conscious customers that visit their page every day. That is why their front page has new material every day to "*not get boring for the consumer*." This notion is also a theme for the rest of the website; therefore, it is well structured, fast and focus is on the consumer and what they want.

The site must work fast and navigation has to be easy. Most of their customers also shop on mobile platforms.

Company A varies the assortment from country to country depending on local preference or pricing considerations. "*If the Adidas shoe is much cheaper in local stores, we do not have a chance to sell it, so we don't expose it*", as respondent A1 stated. Another example is that a jumper with a reindeer motif can be sold in the Nordics and Germany, but is completely unsellable in France and therefore is not available on the French site at all.

4.2.4.2 Company A - Language

Company A has not translated all of the different country sites, but the Nordic languages are available as well as German and Dutch, the rest of the sites are in English. Everyday approximately 200 new articles are added to the assortment, which means that the translation costs are quite high for each separate language. See also under 4.2.2 on what grounds this is done.

4.2.4.3 Company A - Customer Service

To sustain sites and country presence, the company has evolved some parts over time to be able to handle the differences between markets. Customer service, which is mainly centred in

Sweden and solely e-mail and chat based, no questions are answered by phone, giving the staff more time to handle the questions. A customer service employee is for example stationed in one country just to be able to meet the legal demands of having a company in this country and benefit from transfer pricing regulations. They have customer service in the Nordic languages, three to handle Norway, one for Denmark and two for Finland. They also have one person for both Germany and the Netherlands, since these markets are large enough to be able to support the time and money required for another customer service person. The number of staff handling customer service for a specific language remains based on the number of questions, not the turnover of the markets. As is usual in Sweden, essentially all employees can also speak and write in English, allowing for responses in English as well, thereby covering the markets where the English language is incorporated.

4.2.5 Company A – Distances and Barriers

4.2.5.1 Laws and Regulations

There are differences between markets within the fashion industry. As an example, which affects e-commerce greatly, the German market has slightly different rules to the Swedish market. In the German market customers can send returns at the company's expense, even if the only reason is that they changed their mind. In Sweden though, the company has the option of charging the customer for returns when the reason is that the customer has changed their mind.

In Denmark, there are regulations about the length of time for gift cards according to respondent A that are much longer than times applicable to other countries.

4.2.5.2 Logistics

Company A noticed a while after their entry into the Netherland that delivery companies usually only check ID if the written value of the package exceeds a certain amount. It resulted in a notable number of customers claiming that their ordered goods did not arrive, while the logistical partner claimed that it did deliver. The outcome of this was customer relations being negatively affected, with clients arguing that their packages had not been received. Subsequently, Company A has to make a choice, do they want to believe the customer and send another package for free to nurture the relation, or disbelieve the consumer and likely lose the customer if the claim is true. Respondent A said that customer relations are important and therefore they choose to believe the consumer the first time but are more sceptical if there are any repeats.

4.2.5.3 Returns

German legislation leads to many returns as the customers have made it a habit to order for example three different dresses in two sizes, with the clear intention of buying only one of them. Company A has returns of about 600 million SEK, a total of 30 % of their turnover. Returns have obvious effects on profitability and need to be considered when setting the prices in Germany. Company A acquired this knowledge the hard way, by experience after entering the market.

Norwegian returns are consolidated with help of third party logistics.

The handling costs of returns are so high, that the company decided to move the handling from the warehouse in Sweden to a different country within the EU, where labour costs are lower.

4.2.5.4 Payment

When entering the French market, company A discovered problems with the local payment customs. Whilst Visa and MasterCard are widely used in Sweden and other Nordic countries, the use of "*Carte Bleue*" (a debit card payment system) was very prominent in France and required Company A to have an account in Euro as a home currency to be able to process these payments. Opening a bank account in Finland, which has Euro as home currency, overcame this obstacle. This was only possible, because of their bank being Nordea, which has subsidiaries in Finland.

4.2.5.5 Local Fashion Knowledge

All markets have their own preferences. Respondent A gave the example that a jumper with a reindeer motif can be sold in the Nordics and Germany, but is completely unsellable in France and therefore is not available on the French site at all.

4.2.5.6 Fast Change of Trends

Company A provided another example about a pink sweater that was extremely popular for a while in one of their markets, they missed the start of the trend but ordered many of the sweaters, and just a few weeks later the trend had blown over. This occurrence resulted in that very few pink sweaters could be sold, which left them with a large number of products that very few wanted to buy

4.2.5.7 Adapting to Young Customers

Not only are fashion trends changing fast, but also the targeted customer group is quickly adopting technical trends such as using different kinds of mobile units more than computers/laptops. This means that the web shop platforms must adapt all the time to new techniques. The customer becomes easily bored and needs to be stimulated recurrently. Therefore, Company A and C change their web shop every day.

4.2.6 Company A – Previous Experience and Network

The aspect of reduced opportunities for eye-to-eye contact when conducting business and continuously collecting information of the market is a clear drawback. Not being physically present is argued to be a significant shortcoming for Company A. Through e-mail contact only, they experience that when looking up laws and way of conducting business, the information received by local institutions potentially overlooks market praxis. How companies on the market truly operate and what guidelines institutions are instructed to present can easier be understood through physical contact, rather than online correspondence. These subtle aspects can affect the company greatly according to respondent A and the trust that is built up in a personal relation is hard to create over e-mail.

Earlier mentioned obstacles (4.2.5.1 to 4.2.5.4) could be solved with help of suppliers as logistic companies and banks within the company's network, but were not recognized as obstacles beforehand.

Employees learned by experience.

4.2.7 Company A – Future Plans

In later years company A's strategy has been to focus more on profitability than on expansion. The company uses the EU website to decide which country may be of importance. Plans are to expand within the markets through more interesting marketing such as for example TV-series on you-tube.

4.3 COMPANY B – THE INTERNATIONAL VETERAN

At Company B, two persons were interviewed: respondent B1 who holds a management position (title: CEO) and respondent B2 who is responsible for e-commerce (Title: E-commerce Manager).

They have 100-150 employees in headquarters in Sweden and 250 in total in the world. Respondent B1 informs us about their market sizes, North America with 35 % is the largest market followed by the Nordic countries with 35 % and Europe with 25 %. Approximately 12 % of their turnover comes from selling through their own web shop and approximately 20 % in total through all e-commerce channels.

They only sell their own private brand, which is high end.

4.3.1 Company B - Internationalization History

Company B was founded about 90 years ago and started their internationalization outside of the Nordic countries more than 60 years ago, but e-commerce was first launched in 2012. The company started the web shop in their home country Sweden and expanded it directly after that into the USA and Canada during 2013, which was at the same time as H&M. In 2014 a web shop was opened for the UK and an EU shop in English and German. At the same time the Danish web shop was opened, not in the local language but in English. Norway and Switzerland followed (Norway as a shop of their own and Switzerland as a part of the EU-shop). During the last years the global shop has been made available for deliveries into Australia, South Africa, Hong Kong, Singapore, India and The United Arab Emirates.

4.3.2 Company B – Expansion Motives

They decide where to open a web shop based on turnover of the country. According to respondent B1, the reasons for expansion was that they firstly have a country-based focus in the selling of their products, leading to increased accessibility by starting a web shop and at a later stage they concentrate on the city level. They make the decision to expand to a new market based on four questions:

Is the brand known?
Is there physical presence?
Is there big potential?

How complex is the market?

4.3.3 Company B – Status

37 export countries

15 countries with sales offices

7 different sites

2 foreign languages (primarily English)

6 foreign currencies

1 Global site

4.3.4 Company B – Adaptations

4.3.4.1 Marketing/Assortment

Company B uses different marketing channels in different countries, but the campaign is still the same. Photos are globally acceptable and more focus is on the product rather than the surroundings.

They have the same content in all the web shops over the world, but the order in which they appear is different and based on experience of what is currently fashionable or popular in one of the seven specific web shops. As an example, pink shirts with double cuffs are very popular in the UK right now, in the US square patterned shirts are popular, and in Sweden it is linen and jeans shirts. This is the reason why they display their products in a different order on the country-specific websites. This knowledge is all experience based and difficult to know before entering the market. The further specification can be made on the personal level as well as by saved cookies from what the person has previously looked at, if the person previously considered denim and linen shirts, suggestions for more denim and linen shirts will be at the top.

4.3.4.2 Language

They translate their sites only to the "*large languages*" German and English.

4.3.4.3 Logistics

Company B handles all of their e-commerce orders by themselves and are good at the logistical flow. Therefore**,** they can send a product to a range of 40 countries that very same day and even offer deliveries that arrive within 24h in Sweden and the US's east coast.

Respondent B1 often mentioned and put high focus on integration between all parts, showing that the integration has become an exceptionally important strategic goal for the company

4.3.4.4 Customer Service

Company B has customer service centrally in Sweden. They speak and write besides Swedish mainly English. One person has skills in German.

4.3.5 Company B – Distances and Barriers

4.3.5.1 Omni Channel Problems

Respondent B1 points out that having many different channels in the country makes it more difficult. Some wholesalers and shops accept and welcome the new possibilities of the web shop, while others reject it and do not want to sell the brand in their shop any longer. Company B helps and encourages their current wholesalers, customers, to create a web shop with their products. There is a careful balance that requires only gradual e-commerce expansion to keep the wholesale partners happy (current customers) and still get new end-customers through e-commerce.

Pricing policy is also difficult as different channels need different margins. Company B had to keep a balance in generating profits, not intruding too much in their current customer base Respondent B2 continues and says "*It is a balancing act as well. We have to both think on where we have our turnover today, while at the same time we have to prepare ourselves to be poised for if the whole physical sales completely go to hell, which it looks like right now. So, we need to be prepared to fend for ourselves when/if that time comes*". Respondent B2 believes that e-commerce will be vital for the survival of the company in the coming decade if the market progresses as it does today.

4.3.5.2 Laws and Regulations

There were large barriers in entering the US. These were ones such as no one knowing laws, regulations, taxation rules, the customs and duties in regard to e-commerce and how to be able to register as a company and pay taxes in the US. Respondent B2 also talked about barriers in value-added tax limitations and tolls in Canada and the US. As an example, they entered the US at about the same time as H&M (verified through source: (The_Verge, 2013)), which means there was no real previous experience in the industry, and rules were not clear cut at the time for e-commerce.

4.3.5.3 Payments

Another example was in regard to payments. The payment handler Company B used when entering Canada and the US could not accurately discover whether the credit card used was stolen, and significant losses were incurred before the problem could be found and solved. The strategy used, has been to "*test, see where it fails and fix it*" according to respondent B2, allowing for a trial and error approach since there is a general lack of knowledge regarding e-commerce.

4.3.5.4 Physical Distance

Distant regions such as Australia and Singapore do have time differences to Sweden. Therefore Customer Service should be manned 24 hours per day. Transports have to be organized differently, if there is no nearby physical hub as for example in the USA.

4.3.5.5 Country Specific Marketing Channels

Respondent B2 states that their marketing previously had been wholly focused on the wholesalers, but with e-commerce they had to change their marketing completely, leading to a separate marketing department focused solely on consumer marketing for their e-commerce. This split meant that Company B had to completely start over on a different marketing track, discovering how to best market to e-consumers by using the trial and error approach to what works in the different markets. "*That which works in one market does not necessarily work in another*" as respondent B2 said. A preferred approach was Google search word advertising (AdWords) and using the correct social media channels. The right social media channels can differ between countries and that you have to have local/language knowledge to be efficient (since for example Google AdWords can be adapted to local settings). For example, Google and Facebook are not used/available in China.

4.3.5.6 Size Differences

Not only are there differences in preference of colour and pattern in different regions as earlier mentioned, but there are also differences in size. That is the main obstacle for company B to enter the Asian market. The assortment could not be sold with the existing sizes, as Asian people do have a different body type and the sizing system is different.

4.3.5.7 Technical Obstacles

Respondent B2 further says that their online-shop is different to most others in the fashion industry in regard to being technically mature, having global market specific site channels, and cloud hubs to have approximately the same load times all over the world.

Company B recently realized that by starting their e-commerce expansion and new strategical choices in the interaction between all parties, they needed to upgrade their ERP system to accommodate the increased complexity.

4.3.6 Company B - Previous Experience and Network

Company B has about 250 employees, 15 sales offices around the world and some logistical hubs strategically placed in connection with sales offices.

Company B has commercial partnerships in many countries and uses shop-in-shop concepts (a part of another's store which is independently run for their brand) as well. They have sales offices in the US, Canada and spread over Europe. Company B does not own the factories producing their goods, but they own the processes to produce their goods. Company B has many strategic areas, focusing on wholesales, airports, e-commerce and shop-in-shop.

According to respondent B1, their online expansion was initiated with significant support from a board member with a broad network of contacts. They employed "*a guy that previously worked at Google*", and another that worked at a company that recently internationalized their e-commerce and hired a specialized e-commerce consultant. These contacts and networks greatly affected their expansion since they utilized mostly the same platforms (base of the site) and channels (mobile, Google AdWords, social media, etcetera) as their contacts had before. This was done to significantly reduce the time to get everything up and running effectively.

Respondent B2 says that they used networks such as Business Sweden to look into value-added tax (VAT) thresholds in the EU, UPS for transports outside of the Nordics and a few other fashion industry companies with e-commerce to create mutual benefit.

Obstacles mentioned earlier are identified as obstacle and overcome through company's own experience, but also with the help of the newly hired experts as well as networks contacts.

4.3.7 Company B – Future Plans

The laws, regulations, and payments in different markets have affected the complexity and slightly changed the order of e-commerce market entry.

Respondent B1 says that they now also work on influencing the department stores and wholesalers to create their web shops and to get a shop-in-shop concept up and running online as well, but are careful in engaging the huge actors to "*avoid being consumed*".

The current strategic engagement strategy is to create a city concept where they connect everything in such a way as to simplify for the end customer and focus marketing, logistics, e-commerce and other physical sales by city rather than country. They claim that the logistical flows between cities can differ entirely, that marketing can be more target focused and the overall service to the customer can be heightened by the high interaction between all parts, especially when organized in city networks.

Respondent B2 believes that the future lies in allowing the customers to adapt the measurements of the products in the web shop, giving the client the option for a product fully tailored to his/her size and needs, that is to individualize the products in regard to size. Respondent B1 believes that in about ten years the prices will have to be "*fleetingly set day-by-day with the currency rates*" and that the clothes collections will be 35 % smaller than today. Sampling collections are predicted to be rendered online rather than being created physically, reducing costs greatly, increasing the speed and satisfying the customers.

Respondent B2 says "*there is a strong trend toward adaptation and another strong trend that we see is the whole D2C concept, which means, to cut out the intermediator or, intermediaries. Those two parts are what I consider to be the future winners*". This would mean in our case that Company B sells directly to consumers via e-commerce and that measures can be personalized which overcomes the obstacle of size differences.

4.4 COMPANY C – THE TRADITIONALIST

At Company C we interviewed respondent C1 in a management position (title: Expansion Manager), and respondent C2 is responsible for the e-commerce and all online relations (title: Online Manager).

According to Respondent C1, the company has a turnover of about 1,2 billion SEK, has 50 % of turnover generated by their stores in Sweden and about 7 % of their turnover in e-commerce. They have approximately 1900 employees and 180 shops in Europe.

Company C sells only their own private brand which is young and trendy.

4.4.1 Company C - Internationalization History

Company C was founded in the late nineties and was then a trend maker with rapid changes in the shops. The entry into e-commerce was started in 2008. They continued with Norway, Finland and Denmark throughout 2009. In 2010 the German web shop was opened just months before the first physical store. In 2012 the EU-web shop was launched.

Respondent C1 tells us that they have stores and personnel in all countries. Their internationalization process has been "*organic*", with a manager having contacts in Norway which lead to international expansion starting from there. Their internationalization is more focused on physical stores rather than online web shops. Their e-commerce is seen as a necessary addition to give customers the possibility to shop online and receive the goods at home.

Their German expansion has been a bumpy ride, and they entered the market with long-term rent contracts when rents were very high, greatly affecting profitability.

4.4.2 Company C – Expansion Motives

The move into e-commerce was made more out of the necessity to have an online presence rather than any turnover goals.

Respondent C2 views e-commerce as an indicator to where the next physical expansion could be made.

According to respondent C1, the German expansion was the first to be accompanied by e-commerce and followed by stores, since Company C was able to get the e-commerce up and running faster than their regular stores. The site was translated and adapted to the German market, and today the German e-commerce turnover is larger than the store generated turnover.

Respondent C2 claims that marketing is quite expensive in Germany, and it is hard to target their customers since they are grouped in northern Germany where there also is a physical presence and southern Germany where e-commerce is large. Respondent C2 theorizes that their e-commerce presence in the south of Germany is due to Swedish students living in the south of Germany and they have continued a habit of buying Company C's products online, somehow starting a localized trend without Company C having a physical presence in the area.

According to respondent C1the market is studied with regard to the potential and whether there are good locations available and what their costs are. Company C mainly decides on whether a physical expansion is too costly or profitable. Also regulations regarding personnel and other laws are important.

4.4.3 Company C – Status

4 exporting countries
5 different sites
5 foreign languages
3 foreign currencies
1 EU site
No global site

4.4.4 Company C – Adaptations

4.4.4.1 Marketing/Assortment

Company C works with "trends" and "clusters" rather than collections according to respondent C1. They do not change the content of their stores in regard to different markets although the amount available of each item differs from country to country. As an example Finland has a higher amount of basic items, in contrast Norway has more festive clothing and Denmark has more formal clothing in the stores. They do observe complications with climate differences between the south of Germany and the more northern markets after winter, since spring/summer starts much earlier and is much warmer in the south of Germany as opposed to for example Norway.

No adaptations are made in the marketing content, and it is the same campaigns for both stores and e-commerce. However, the forums are different both country wise as well as with regard to store and e-commerce. Respondent C2 stresses the importance for Company C to work with influencers (well-known individuals and what they wear/buy/do are emulated by many people, a kind of trend-setters), and giving the customer styling tips to fill the role of "styling partner/guide."

The assortment is almost the same on the internet as in the stores, but presented in an order that fits the local preferences. There is a small part of the assortment that is only available in the online shop.

4.4.4.2 Language

All web shops are in local language and the EU-site is in English.

4.4.4.3 Customer Service

Previously customer service was available in all languages where Company C has physical stores, but now it has been slimmed down, and the customer service for Norway is handled in Swedish.

Their whole e-commerce concept is geared towards "*driving customers to the stores*" according to both respondent C1 and C2. Respondent C2 still thinks that it is important to simplify for the client in the e-commerce, why it is relevant to adapt local payment methods, transportation, and language.

4.4.5 Company C – Distances and Barriers

4.4.5.1 Marketing

Since Company C only has their own brand, respondent C1 says that it is hard to get a foothold in a new market with only e-commerce. The respondent continued to say that without having physical stores as well, "*why would the customers go to our web shop instead of a competitor's store?*".

4.4.5.2 Payments

Company C mainly uses one payment provider in their online stores, Klarna, which provide payments by credit card as well as invoice handling.

4.4.5.3 Returns

Returns in e-commerce is a large problem that Company C has solved by offering to return to the nearest store instead. This both simplifies logistical flows as well as gets customers to the stores where the necessity to send the goods back might even be completely terminated according to respondent C2 as the items possibly can be sold in the store.

4.4.6 Company C - Previous Experience and Network

Regarding the positioning of stores, they do not view other fashion companies in their market segment as competitors, but rather as a necessary complement to draw more customers to the shopping area. They have networks with many different companies both in fashion and in unrelated retail branches such as for example consumer electronics or coffee shops, to ensure that they place their stores in the right location to draw customers.

In entering Finland, they benchmarked against some companies in these networks to see what worked well and not so well beforehand.

They do not have any way to handle knowledge they achieved on the different markets, instead all knowledge is concentrated on persons who become experts over time.

4.4.7 Company C – Future Plans

According to respondent C1, company C wants to wait with further expansion and internationalization until the German market is stable.

They strive to be the styling partner/guide for their young fashion-conscious customer, with descriptions not only describing the clothing in itself, but also what items are suitable to match.

It has to be easy to navigate the site and to simplify for mobile traffic is a current challenge.

5 ANALYSIS

5.1 IMPORTANCE OF E-COMMERCE

According to Shneor and Flaten (2008) Company A is an “internet-based” company as they rely almost 100 % on e-commerce, while Company B and C are “internet-enabled” companies (ibid) to different degrees. While Company A by definition is completely dependent on e-commerce, Company B has approximately 20 % e-commerce and Company C only 7%. This fact may explain the differences in some aspects of the internationalization process and speed between the three companies.

Company A and B both believe that the future is in e-commerce and that it will be vital for continued expansion. Both further recognize that having a strong e-commerce perspective is going to be an important part in their survival (Respondent A, B1, and B2). Company C on the other hand sees it as necessary to "*have a presence*" according to both respondent C1 and C2, but do not see their survival hinging upon e-commerce.

5.2 INTERNATIONALIZATION STRATEGIES AND PATHS

5.2.1 Company A

Company A, as an internet-based company, are selling a mix of their private/own brand and other brands, and want to mainly use their non-country specific websites (EU website and Global website) to determine which market to expand to next. This is their current main expansion strategy. This is partly in line with Shneor and Flaten's (2008) conceptualization that the global shop is used to find profitable markets where the company then can enter with a market-specific shop.

Company A started the internationalization process approximately five years after being founded. They needed this time to accumulate the capital and knowledge necessary for expansion. They expanded rapidly into 4 countries with country specific web shops and also started an EU-site. They continued with two further country specific sites and a global site. After they changed strategy toward a profitability focus, they entered fewer markets and even withdrew some extent. Company A has not entered any new market between 2014 until now (2017). This behaviour is in line with Vermeulen and Barkema's (2002) thoughts on the company needing time to absorb the experiences and the market knowledge acquired before further internationalization so as to not negatively impact profitability.

They started the global site as their tenth site, which means that they did not follow Shneor and Flaten's (2008) internationalization path. In fact, as of yet no market-specific shop outside of the EU has been set up even though it has been about four years after initiation of the global shop, although two new market specific sites in the EU have been set up.

5.2.2 Company B

Company B, as an internet-enabled company, started the internationalization process many years ago and had both capital and experience of export. Their internet presence began as a marketing tool only, and no purchase possibilities were offered. Company B already had a physical presence in many countries before implementing e-commerce, and their strategy was mainly to expand the e-commerce into all these countries first.

When the company finally implemented consumer based e-commerce in 2012, they went from the domestic market to their biggest, and probably one of the most complex, markets: North America. They also needed to take into account that other channels already existed, which slowed them down in the e-commerce process. Although the channels provided knowledge about the market, they were also obstacles regarding for example price strategy. This is in line with Sharma and Blomstermo's (2003) theory regarding strong ties possibly complicating and holding up expansion. While their strong ties complicated their expansion, they also gave important information for the success of the expansion. The authors therefore note a double-function of strong ties in Sharma and Blomstermo's (2003) model for this case.

Company B decided to adapt the shops only to major languages, as "*there is no need for that (referring to more languages)"*. There is no global shop that allows deliveries all over the world, clearly contradicting Shneor and Flaten's (2008) internationalization conceptualization framework (see Figure 1) in this regard, although following the theory in others.

Today, all markets do not have e-commerce possibilities, but the strategy is to continuously increase to more countries and be prepared for the paradigm shift from physical stores to online stores. Looking to the future, respondent B2 sees the company using their website to be able to find and penetrate new markets, setting up prosperous e-commerce operations and entering with a physical presence at a later date.

Company B has followed the first step of Shneor and Flaten's (2008) conceptualization (see Figure 1) although they did not go through intermediaries as expected. This follows the critique put forward in the theoretical framework of this thesis in regard to intermediaries and profitability.

To prepare for the paradigm shift, they are also lobbying for their strong ties, that is their wholesalers and retailers (Sharma & Blomstermo, 2003), to prepare their own online shops, with a shop-in-shop concept online as well. The authors of this thesis note that this would create a leverage effect on Company B's e-commerce internationalization since each of their partners' online store would be an event, if they open multiple market-specific sites, each of those would also be an event. Since Company B has many wholesalers and retailers, this effect could be gigantic, although it is not studied in this thesis, it is believed to be an angle for further study.

Also it should be noted that by encouraging their current customers to open online shops, they would in a way go through intermediaries and therefore in part follow Shneor and Flaten's (2008) conceptualization.

5.2.3 Company C

Company C is as company A, quite a young company, both in regard to their target group as well as their age, but is an internet-enabled company rather than internet-based. Company C, on the other hand, sees no other way of international expansion than to first exist physically within the country and use the web shop as a complement to their physical presence.

They started e-commerce within Sweden 2008 and internationalized already the year after into nearby countries. Online shops were launched in all countries where physical stores already existed. In 2010, they actually opened an online shop before the opening of the first physical store, just to promote the shop. Now this online shop has more turnover than the physical stores, because of the number of stores still being quite limited.

Company C's current focus is on evolving and solidifying current market positions, but "*keep our eyes open for new possibilities*" as respondent C2 expressed it. Therefore, they do not fit in Shneor and Flaten's (2008) conceptualization (see Figure 1). They do not have a global shop, and neither do they seem inclined to create one. This is also in line with the critique brought forward in the theoretical framework of this thesis, although the underlying reasons were not wholly specified by the respondents. The authors speculate that it is because of barriers in regard to psychic distance and distance problematics as per Ghemawat's (2001) CAGE-framework (see Table 1).

5.3 SPEED OF INTERNATIONALIZATION THROUGH E-COMMERCE

All companies mentioned that there were barriers and obstacles to overcome, before entering a new country (more scope) or getting deeper (more extent) into the country. The adaptations that were made to overcome these obstacles are counted as an event and summarized within one year. In the diagrams below the number of events is shown per year, to represent the speed of internationalization.

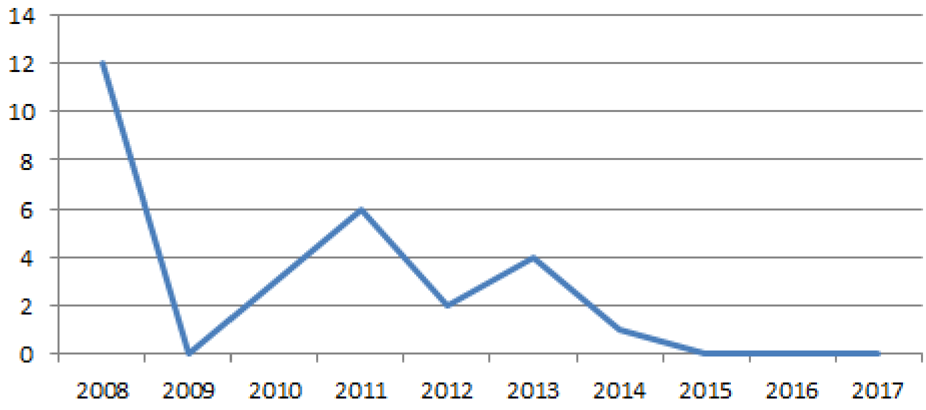
5.3.1 Company A

Company A had a high speed when they started their internationalization, where they entered 3 countries within one year (2008). Adaption of VAT rules, local regulations, language, currency, logistics, payment and customer service were made. In one of these countries, they also needed to establish a subsidiary to take care of customs handling and returns.
After that they took a year's break and in 2010, they continued into another difficult market, adding language, currency and logistic system for returns to the list of adaptation events. In 2011, they launched three more online-shops and two new languages as well as made an adaptation to logistics. Afterwards they entered another market with a new currency and then in 2013, they launched two new market-specific shops, with one payment adaptation.
Their latest expansion was in 2014 into two new countries with no further adaptations.

In the period between 2015 and now (2017) no further new markets were entered. When and how many assortment adaptations were made, in which market, the authors do not know exactly and therefore these adaptations are not taken into account. There is no data regarding what exactly was done when; therefore, the authors assume more than know the events. The authors speculate that the assortment adaptations have been made quite frequently, and would be interesting to try to measure in regard to their effect on speed, but would require access to either a back-log from the company or for the researcher to follow the company for an extended period of time during which the speed is measured.

The speed of internationalization for company A is shown in below diagram. The y-axis shows number of events (new adaptations and market entries) and the x-axis shows the year. The line is drawn between the measuring points; events/year = speed. Every point of measure is an event, and the number of events has been gathered into clusters per year to show how the speed of internationalization has evolved over time. It can be seen that the speed is high at the beginning with 12 events happening, a year of rest and then 6 events, followed by a lower number of events and no events at all during 2015, 2016 and (so far) 2017.

Diagram 1: Company A: The speed of internationalization, e-commerce only



This also indicates that (Vermeulen & Barkema, 2002) are right in stating that absorption times are needed to not impact on profitability negatively. Speed of internationalization is reduced to not risk profitability.

5.3.2 Company B

Company B already handled different currencies and deliveries into many countries, before starting with e-commerce. As we in this thesis look mainly at e-commerce we describe the speed of as if no other internationalization has taken place in Diagram 2.

Company B had quite a high speed when starting their e-commerce internationalization to end consumers in 2013. The first year they started in two new countries, which included starting a subsidiary, adding one language, customer service, two new currencies and customs handling procedures. In 2014, they launched three new online-shops, which added one language and three currencies. The year after two countries and two customs handling procedures were added. In 2016 three countries with three new customs handling procedures were entered. So far in 2017, three new countries with one new customs handling procedure were made available.

The speed of internationalization for company B is shown in the diagram below. The y-axis shows number of events (new adaptations) and the x-axis shows the year. The line is drawn between the measuring points; events/year = speed.

Diagram 2: Company B: The speed of internationalization, e-commerce only

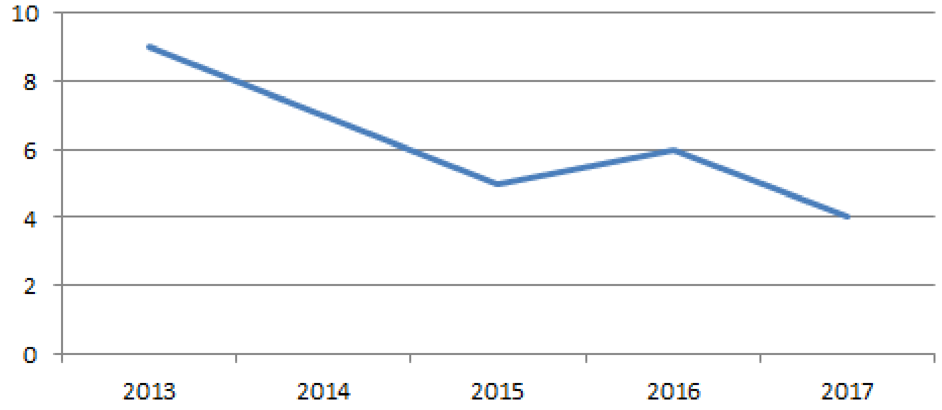
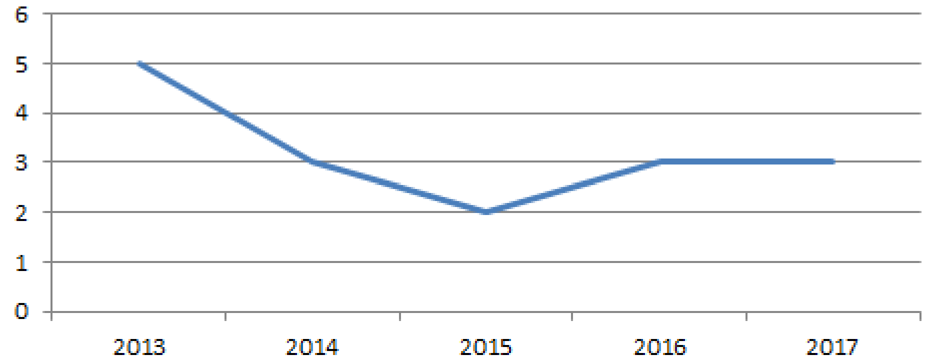


Diagram 3: Company B: The speed of internationalization through e-commerce



If we on the other hand take into account that the company is already present in the countries, the only event added to their internationalization would be making a new country available through e-commerce and logistics for end consumers instead of stores as well as translations into English and German (Diagram 3: Company B: The speed of internationalization through e-commerce)

This would not have much effect on the total speed of internationalization of the company, although it would make the speed curve smoother. In the future, when they have covered their existing markets, both the authors and the respondents theorize that e-commerce will enable Company B to add countries to their existing markets faster, with lower cost and less risk. This would then influence speed of internationalization on a larger scale.

When it comes to e-commerce in general (not the company's own online-shop), their strategy to invite, help and support their customers in opening their own online-store including Company B's brand, will act as a lever and increase the speed of internationalization immensely. The authors have taken this into account, but cannot quantify it with the used definition of e-commerce and speed, although find it as a potential point of interest for future research.

5.3.3 Company C

Company C is in a similar situation as Company B, as they already have internationalized through their own physical companies and stores before they started with e-commerce. As with Company B, the authors show below how speed would have been without any earlier physical presence. Company C started the internationalization process through e-commerce in 2009, when launching three new online-shops, with three new languages, currencies, and customer support as well as one new company, one new customs handling procedure. In 2010, they entered a new market and added a new logistic system for returns as well as a new language. In 2012, they opened an EU-site with a new language. The speed curve is seen in diagram 4.

The speed of internationalization for company A is shown in below diagram. The y-axis showing number of events (new adaptations) and the x-axis shows the year. The line is drawn between the measuring points; events/year = speed.

Diagram 4: Company C: The speed of internationalization, e-commerce only

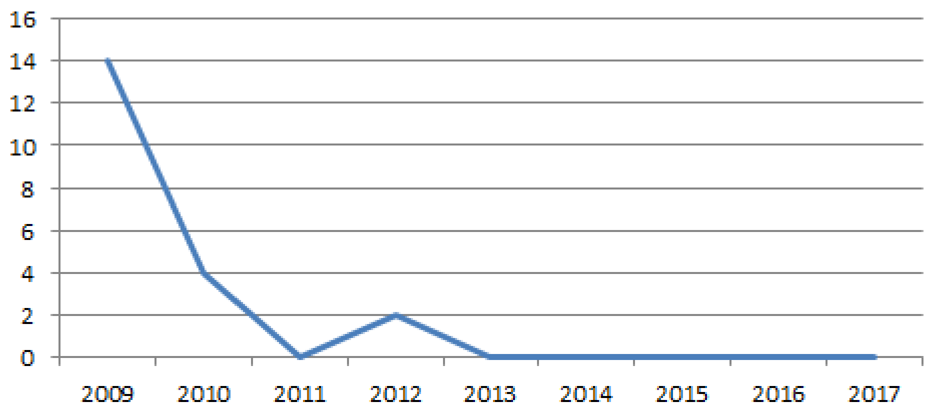
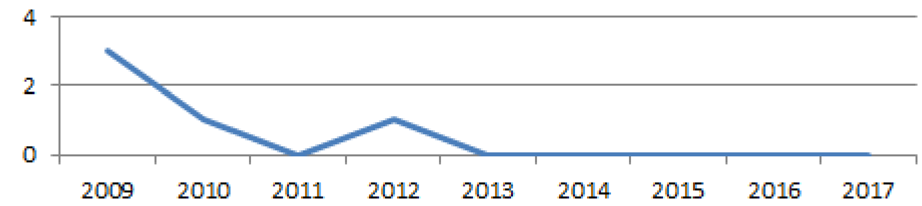


Diagram 5: Company C: The speed of internationalization through e-commerce



Company C's total speed of internationalization including e-commerce is hardly affected by e-commerce, as almost the only events added, would be the possibility to shop online and logistics to customer as the sites are already in the local language (Diagram 5: Company C: The speed of internationalization through e-commerce) Marketing and payment methods etcetera are already adapted to the country as there are physical stores. In the future e-commerce will facilitate the company's decision on where to open new shops and therefore be important to speed of internationalization.

5.4 BARRIERS TO INTERNATIONALIZSATION

Many different barriers, as per Ghemawat's (2001) CAGE-framework, were mentioned in the interviews, but we can find some that appear to be of more importance than others for the researched companies according to the respondents.

5.4.1 General Barriers

5.4.1.1 Laws and Regulations

All three companies mentioned laws and regulationsas one of the most important barriers to internationalization. Selling outside the domestic country and into the EU, makes it necessary to know about VAT-regulations, local laws regarding gift cards or possibilities to invoice for returns.

Selling outside of the EU makes it even more difficult, when it comes to VAT and customs regulations in each country as per the respondents, clearly indicating that administrative distances (Ghemawat, 2001) do affect internationalization, even in e-commerce. All companies sell to Norway, which is a part of the Nordics, but not a member of the EU. This means that the goods have to be properly imported into the country and returns are more difficult to handle regarding VAT and customs. There might be high duties on the items, import licenses necessary or even a registered subsidiary to enable import into the country.

5.4.1.2 Marketing

The companies and respondents all agreed upon that the marketing channels are highly relevant and can differ greatly between countries. Google search words are a popular tool to use for all companies, even though they require knowledge of the local market and language to be used efficiently. There are three barriers: finding out which is the right channel (that is acquiring local market knowledge (Johanson & Vahlne, 1977)), getting access to it (likely by networks (Johanson & Vahlne, 2009)) (Company B), and knowing when to move to the next one when the preference changes.

5.4.2 E-commerce Related Barriers

5.4.2.1 Online Shop

The reason a customer buys from an online-shop might be one of many. Schu el al., (2016) explain that when shopping online, the factor of proximity to store is erased and the customer is free to choose between a vast array of different online-shops to visit and potentially make a purchase from. The more time the customer spends in the online-store, the more likely it is that the shopper will buy a product.

With immense competition between fashion industry retailers, it is important to present an online-store that is perceived as better than those who sell similar products (Schu, et al., 2016). They call this the imitability of an online store, having something that differentiates from other online-shops (Ibid). All of the respondents mention that the customer cannot be allowed to get bored, by for example loading delays or navigation difficulties. The interviewed companies offer different services with their online-shops, Company B with styling tips and server hubs for better speed, Company A with new content every day and YouTube series and Company C with styling tips and guides in their descriptions.

5.4.2.2 Logistics to the Consumer

E-commerce means that the goods are delivered directly to the consumer. Companies B and C are used to handling larger shipments by truck/boat/air to their subsidiaries and need to find a new way of handling small package deliveries to consumers. Even Company A had problems with the logistics, as consumers are not always at home when the delivery arrives and that makes it harder to find the right forwarder for the specific country. This means that all companies had to expand or deepen their network connections to acquire a logistics provider able to supply end consumers (Johanson & Vahlne, 2009).

5.4.2.3 Payment Methods

All companies mentioned payment methods. It is difficult to know how the customers prefer to pay (Company A). It can also be difficult to establish the preferred way of payment (Company A). It can even include risks to trust credit card payments due to insufficient control in a specific country (Company B). This indicates the importance of market knowledge (Johanson & Vahlne, 1977; 2009).

5.4.3 Fashion Related Barriers

There are some barriers that the authors believe to be more important for fashion e-commerce than for other branches.

5.4.3.1 Technical Barriers

Company B mentioned that they changed to latest technique and physical data-hubs all over the world to allow their online-shops to be loaded quickly. All companies mentioned that it is of major importance that the online-shop is fast and easy. It has to be accessible from different platforms as Windows, Mac, Android, iOs etcetera. Fashion products need to be seen from all sides and in detail to give the customer an understanding of how the garment actually looks, which makes the site more difficult to load. This is in line with Guercini and Runfola's (2015) technical internet internationalization barriers.

5.4.3.2 Returns

As the consumer cannot try or feel the clothes, there is an imminent risk of a return. The model/cut might not be right, the colour different than imagined, the fabric may feel wrong and the measurements might not fit the consumer's body. Of course, there is a return risk also for other products, but the authors believe that fashion has a much bigger inherent risk for returns than for as an example consumer electronics (which is the second biggest branch in e-commerce (eMarketer, 2017)) where technical specifications may be more important.

5.4.3.3 Local Market Knowledge

All companies mention knowledge of the local market as a barrier. Markets can differ regarding preferred styles, colours, fabrics, patterns and many other fashion related factors. For example, American customers prefer big patterns, while Swedish customers prefer jeans and linen fabrics. This is in line with Johanson and Vahlne's (1977; 2009) model in regard to market knowledge.

5.4.3.4 Climate Differences

As the seasons change throughout the year, there are several seasons simultaneously. The Australian market needs different clothing in July than the Finnish one. The South of Germany already has spring, when it is still cold winter in Norway. This is in line with

Geographic distance in Ghemawat's (2001) CAGE-framework, although it is believed by the authors to have an extra significant impact in the fashion industry as opposed to other industries where it might have no or little impact.

5.4.3.5 Fast Changing Trends

Trends in fashion are changing fast, especially when it comes to young fashion, the respondents of company A and C claim. This is a barrier for internationalization as it requires fast and continuous obtaining of local market knowledge (Johanson & Vahlne, 1977). Company B which has a more classic range of clothes has not mentioned this as a major barrier.

5.4.3.6 Language

Language as a barrier is mentioned by Company A and C, both companies with an extensive and fast changing assortment. They need to translate descriptions of all items to local language, which is very costly and time consuming. Their web shop also claims to be more of a trend oracle, and many texts are added every day as many new garments are added to the assortment. Company B on the other hand, claimed that their customers managed fine with English, as they are business people. Company A and C are in line with Ghemawat's (2001) CAGE framework. Company B's customers have to overcome the distance barriers in regard to language themselves, rather than the company eliminating the barriers.

5.4.3.7 Size Systems/Body Types

Company B claims this to be a major barrier that keeps them from internationalizing into Asia. Neither Company A or Company C are considering expansion overseas.

5.4.3.8 Multichannel

Company B and C only have their own private brand and Company C is only selling through their own online-shop and physical stores. Company B on the other hand is only selling their own brand, but have many channels through their wholesalers and retailers, that sell other brands too. The barrier in this regard is that Company B has to consider the relationship to their wholesalers, that is their strong ties, and this has slowed them down in regard to e-commerce internationalization speed and been a barrier in regard to pricing strategy (Sharma & Blomstermo, 2003).

5.5 NETWORKS AND OBTAINING KNOWLEDGE TO OVERCOME BARRIERS

Networks can help reduce the perceived psychic distance to a market (Johanson & Vahlne, 2009). It is possible for a company to gain knowledge through their networks, both through the firm's network of strong and weak ties (Sharma & Blomstermo, 2003) and through managers' personal networks (Johanson & Vahlne, 2009; Oviatt & McDougall, 1994). There are apparent advantages to having previous network connections before entering a new market (Johanson & Vahlne, 2009).

5.5.1 Company A

Company A used their already existing networks to help gain the necessary knowledge for starting e-commerce fast and scalable, showing the importance of employees' previous knowledge as suggested by Mc Dougall et al. (1994). After some years in the domestic market, they decided to internationalize. Their network outside of the local market was not very big though. They had their bank, payments handler (Klarna), logistics provider and Business Sweden, which is a non-profit national organisation to promote export, at their side.

They obtained all of their knowledge through learning by doing and costly mistakes were the result. This is in line with network theory (Johanson & Vahlne, 2009). During the ten-year period of Company A's internationalization, in total four years have been knowledge absorption periods where no events were added, to avoid negative impact on profitability (Vermeulen & Barkema, 2002).

5.5.2 Company B

Company B on the other hand had a huge network of wholesales, sales offices, retailers, forwarders, logistic hubs, banks and so on at hand as they already had export to many countries. Business Sweden is also a part of their network. As their internationalization process through e-commerce was started by a board member, they had access to experts in the field through their networks. They also had the possibility to employ or hire technical expertise and e-commerce of fashion expertise. This shows the importance of employees' previous knowledge (McDougall, et al., 1994) and the network as a knowledge gathering tool (Johanson & Vahlne, 2009).

The authors believe that Company B's network ties and willingness to invest in e-commerce expertise, combined with previous internationalization knowledge is the reason they have been able to achieve such a continuously high speed of internationalization. The authors theorize that by keeping an even level of events over time, Company B has been able to avoid negative impact on profitability, since they are able to absorb the new knowledge (Vermeulen & Barkema, 2002).

When setting up e-commerce for the North American market, company B used their strong and weak ties consisting of their pre-existing partners and networks gained through their physical presence (Sharma & Blomstermo, 2003) as well as the help of other Swedish companies within the fashion e-commerce industry that were making the same journey. These companies are non-competitors and sharing this information between each other only improved upon the networks of the managers (Johanson & Vahlne, 2009; Oviatt & McDougall, 1994).

However, the fear of disrupting the relationship with wholesalers, which is rooted in strong ties (Sharma & Blomstermo, 2003), constrains Company B's e-commerce expansion. The relationship with many of the wholesalers has been built up over the years and Company B has heavily invested in marketing themselves toward building these relations, creating a great deal of emotional investment into the relationship (Ibid.). This example confirms the negative effect that strong ties can potentially have on the firm, as predicted by Sharma and Blomstermo (2003).

Furthermore, an implicit factor was noticed in the research when Company B talked about the help they sought from geographically adjacent companies. The company seems to overcome liability of outsidership by being present in specific market cluster areas, which means that they avoid missing out on spill over effects (Dicken, 2007; Johanson & Vahlne, 2009). The authors believe that this may even affect speed of internationalization since the company can get access to market specific knowledge faster through this network connection (Johanson & Vahlne, 2009) and summarily overcome the barriers in the CAGE-framework (Ghemawat, 2001) at a faster pace.

5.5.3 Company C

Company C had similar conditions to company B. They had their own subsidiaries and sales offices, forwarders, banks and contact with Business Sweden. They on the other hand, had a well-developed network of other retailers not only in fashion to consult, although they did not have any experts on e-commerce available.

They benefit from their strong ties (Sharma & Blomstermo, 2003), which are their own stores, as they are subsidiaries and not customers, resulting in them having synergy-effects rather than disturbing effects.

It seems that Company C had adverse effects from not having expertise available, when starting their e-commerce expansion, which would be in line with the Uppsala model regarding market knowledge (Johanson & Vahlne, 1977). The low expansion levels could also be explained by the company not considering e-commerce to be strategically important and therefore not committing to the market.

5.6 FUTURE PLANS

As respondent B1 summarized when answering the question of future internationalization, "*expansion is a necessity*". Very few companies according to the respondent can exist without expansion and increasing the company's scope is a way to achieve this goal, but this is not risk-free.

All three companies stressed the importance of knowing their customer to succeed. They keep track of the customer and find it important to give suggestions fitting to the customers' style preferences; the individual is set in focus rather than country except at initial contact.

Company B takes it further and is trying to adapt at city level rather than country level, they also aim to tailor to the individual, with individual size adaptation being possible. The authors therefore find it to be of interest for future studies to possibly take into account the change of focus from country level to individual level. The implications of this might be many, or none, but the authors believe that re-defining internationalization might be necessary since the more specific adaptations seem to rather be made at individual level, while broader adaptations are made at market or regional levels.

6 CONCLUSIONS AND FUTURE RESEARCH

The purpose of this thesis was to increase the understanding of the process of how companies within the Swedish fashion industry internationalize.

6.1 CONCLUSIONS

6.1.1 The Internationalization Process

The authors find that the companies within the Swedish fashion industry internationalize through e-commerce, by first opening market-specific shops to later open an EU shop for identifying further opportunities, and possibly continue to open a global shop.

6.1.2 Answer to the Research Question

The research question is:
How does e-commerce impact the speed of internationalization of companies within the Swedish fashion industry?

The authors divide companies into three groups:

6.1.2.1 The Internet-Based Company

The authors conclude that in the beginning of the internationalization process through e-commerce, the speed is high despite many barriers that have to be overcome and a lack of internationalization knowledge. When profitability starts to be more important, speed decreases and only smaller adaptations are made. Per definition e-commerce is the most important factor to impact the speed of internationalization in this type of company.

6.1.2.2 The Internet-Enabled Company with Own Channels Only

In the beginning, the speed of internationalization through e-commerce is high as there is some catching up to be done. As these companies already have a broad internationalization knowledge base, their e-commerce is expanded rapidly. When the markets with a physical presence are covered, the speed of internationalization through e-commerce decreases drastically.

E-commerce only appears to impact on the speed of internationalization as smoothing out the curve, if the company's previous internationalization is taken in account. This means that internationalization is done in small steps more often instead of big steps more seldom.
There is also a potential increase that is derived from e-commerce enabling the decision makers to make the right decisions through trial and error at a low cost, in comparison with physical entry.
According to the authors, this indicates that e-commerce as an internationalization tool is smoothing out the curve and slightly increasing the speed of internationalization.

6.1.2.3 The Internet-Enabled Company with a Multichannel System

In the beginning, the speed of internationalization through e-commerce is high, as there is some catching up to be done. As these companies already have a broad internationalization knowledge base, their e-commerce is expanded quite rapidly. E-commerce appears to impact the speed of internationalization as smoothing out the curve, if the company's previous internationalization is taken in account. This means that internationalization is done in small steps more often instead of big steps more seldom.
When the company lobbies for their other pre-existing channels to open e-commerce with their products, a lever effect is achieved which increases speed of internationalization for the company' products, possibly immensely depending on the number of retailers/wholesalers/partners the company already has and the number of countries each is active in. The authors believe this to be an interesting effect to study further and it is seen as a strong indicator that e-commerce as an internationalization tool is relevant in regard to speed of internationalization for internet-enabled multichannel companies, although its impact can vary greatly depending on the level of lever applied.

6.1.3 Barriers of Internationalization

Barriers to internationalization affect the speed of internationalization since they need to be overcome, before successful internationalization can be achieved. The general barriers that are found to be especially important are in regard to the laws and regulations, in particular VAT.

The e-commerce barriers are found to be logistics to the consumer, local preferred payment methods and the security of said methods.

Fashion related e-commerce barriers are found to be of the technical kind in heavy sites because of photos. Returns can also be very problematic since the consumer cannot touch and try on the clothes beforehand. Market knowledge about the local trends can be difficult to acquire and requires experiential knowledge, made even more problematic through fast changing trends. Climate differences are also an aspect that impacts the fashion industry as a whole, where the temperatures can be radically different between markets. Language is a barrier that seems to be of varying importance depending on customer group being targeted. Size system and body types seem to be a barrier for expansion over continents (especially into Asia).

6.1.4 The Importance of Knowledge and Networks

All of these barriers were overcome by obtaining knowledge, mainly through networks. Companies also obtain knowledge by employing expertise from their network and continue learning by experience. The faster the necessary expertise knowledge is obtained, the more the speed of internationalization is increased.

6.1.5 Internationalization Theory

The inexact definitions of what exactly counts as an act of internationalization in the literature (both regarding traditional and e-commerce), affects the measure of speed. This made it impossible to quantify the impact on speed of internationalization through e-commerce of companies in the Swedish fashion industry. Therefore, all effects are only mentioned in terms of indications, rather than actual effects. The authors believe Casillas and Acedo’s (2013) definition of speed to be adequate, but the definition of internationalization is still lacking.

6.1.6 Classification of Companies

In Shneor and Flaten’s (2008) conceptual internationalization framework, companies are divided in two groups: internet-based and internet-enabled companies. The authors of this thesis find that internet-enabled companies appear to be a heterogeneous group and need to be split into at least two groups. Differences in impact of speed were found between companies that only sell their brand through their own channels and companies that sell their brand through other channels as well. In the thesis only one company that is internet-based was researched, so the authors were unable to confirm or deny any heterogeneity in this group.

6.2 FUTURE STUDIES

Technology develops and already today, web-sites can automatically translate content to the local language at the consumer's end. This could mean that the publisher no longer has the hazard and cost of translating thousands of garment descriptions into different languages. Is a company internationalizing into a country as soon as the online-store is translated into the local language and the first order is delivered? What happens to internationalization, when for example Bitcoin is used instead of local currency when shopping through the internet? Assortment adaptions are already made automatically, depending on other visitors or regional preferences. All these questions may be answered when the following question is researched: What happens to the definition of internationalization, when technical progress makes adaptions by the publisher unnecessary?

Fashion companies start to adapt their online-shops to individuals instead of countries, regions or other geographical dimensions. How important is knowledge of individual preference for e-commerce of fashion and how does the knowledge impact on the speed of internationalization?

The conceptual framework of internationalization of Shneor and Flaten (2008) was not entirely applicable according to this study. As this thesis is based on a qualitative approach, the authors recommend further quantitative studies regarding the path of internationalization as well as studies regarding classification of companies into different groups. The authors recommend splitting companies according to their sales channel and/or brand as well as internet-based and internet-enabled.

The authors believe multichannel sales (through wholesalers and retailers as per Company B) to have a large effect on speed of internationalization and therefore the authors recommend a quantitative research whether it is significantly larger than sales conducted solely through company owned channels. This area could also be researched in regard to effects on profitability.

The CAGE framework gives an understanding for barriers before internationalization. But the authors believe the research would benefit from a definition of what makes a market more complex than others. What factors are more important than others? Do these factors differ between branches and if so how/to what extent?

6.3 IMPLICATIONS FOR MANAGERS

As a result of the conclusions we recommend that managers to obtain a broad network of weak ties that can help obtain expertise knowledge. Expertise in all fields is needed to make internationalization smooth and fast. Learning by doing can be a costly affair, but can also help the company to easier choose the next market to expand to, when using the company's own broader online shop (as an example through an EU-site) as a base.

If there already are strong ties, such as for examples wholesalers or other customers in the network, try to make them start e-commerce themselves and incorporate your brand into their e-commerce. This will act as a lever on speed of internationalization.

Our study has been conducted solely in companies within the fashion industry and we, therefore, caution any generalizations drawn outside of industries with fast changing trends. Since our research is exploratory, we warn that none of our findings have been in any way statistically certified and may be insignificant.

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FIGURES, TABLES AND DIAGRAMS

APPENDIX A

Table 2: Respondent and duration of interviews

Interviewed Company	Respondent Reference	Respondent Job Title	Duration of Interview
Company A	A	Financial Manager	2:16:18
Company B	B1	CEO	29:20
	B2	E-Commerce Manager	36:52
Company C	C1	Expansion Manager	38:59
	C2	Online Manager	45:18

APPENDIX B

COMPANY INTERVIEW QUESTIONS

Question 1)	*Tell us about your company and your role.* *Berätta om ert företag och om er roll.*
Question 2)	*How was your international expansion through e-commerce conducted?* *Hur har er internationella expansion genom e-handel sett ut?*
Question 3)	*In what countries, and to what extent, are you active today?* *I vilka länder, och till vilken utsträckning, befinner ni er idag?*
Question 4)	*What were the motives for expansion to the foreign markets through e-commerce?* *Vilka var motiven till expandering genom e-handel till de utländska marknaderna?*
Question 5)	How do you work with the online shops? Hur jobbar ni med web-shopparna?
Question 6)	What barriers/obstacles are there? Vilka hinder finns det?
Question 7)	Did you have a manager with previous e-commerce and international experience when you began your e-commerce expansion? Hade ni en manager med tidigare e-handels och internationell erfarenhet när ni började er e-handelsexpansion?
Question 8)	Did you have any networks available when entering the countries where you are active today, for example subsidiaries, employees, suppliers etc.? Hade ni några nätverk tillgängliga när ni gick in i de länder ni befinner er idag som till exempel dotterbolag, anställda, leverantörer etc.?
Question 9)	Did this affect your choice to enter these countries? Påverkade detta ert val att gå in i de länderna?

Question 10)	Do you have any plans for further e-commerce expansion? Why/why not? Har ni tankar på vidare e-handelsexpansion? Varför/varför inte?
Question 11)	What differentiates your website from others? Vad är det som skiljer er hemsida från andras?
Question 12)	How do you handle/administer the knowledge acquired in a new e-commerce market? Hur förvaltar ni den kunskap ni får från en ny e-handelsmarknad?