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The role of social media when internationalising: A multiple case study of Swedish SMEs within the fashion industry

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Abstract

Title: The role of social media when internationalising: A multiple case study of Swedish SMEs within the fashion industry

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Background and problem: Along with globalisation, the world has observed a rapid internationalisation of firms, leading to emergence of small and medium-sized enterprises (SMEs). An industry consisting of some of the most internationalised companies is the fashion industry. The industry includes companies often considered as SMEs due to the common small number of employees. When SMEs internationalise, limitations of resources can hinder them from a successful internationalisation. However, a more extensive research regarding the role of social media in the internationalisation process of SMEs is needed due to the fact that including social media in the internationalisation strategy can lead to a more rapid internationalisation.

Purpose: The purpose of this thesis is to study Swedish SMEs within the fashion industry to achieve an understanding of how they use social media when internationalising.

Method: This thesis is based on a qualitative research method. The empirical data mainly consists of information retrieved from three Swedish SMEs active within the fashion industry. Obtained information was linked to the theoretical framework in order to answer the research question.

Results and conclusions: The results of this thesis show that social media played a vital role in the internationalisation process of two of the participating companies, as it facilitated and increased the process, whereas the third company mainly used it to maintain and strengthen their international involvement.

Abbreviations

B2B = Business to Business

ICT = Information and communication technologies

MNC = Multinational corporations

SME = Small and medium-sized enterprise

Keywords

Internationalisation, small and medium-sized enterprises (SMEs), fashion industry, social media

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1. Introduction

The introduction will present background information regarding globalisation, internationalisation and the usage of social media within the fashion industry. Further on, a problem discussion regarding the topic is featured followed by a definition of the study's purpose and research question. In the final section, a description of existing delimitations will be presented along with a review of the structure of the thesis.

1.1 Background

Globalisation has led to a world that is transforming from national economies being isolated with high barriers and restricted trade into one mutual market where perceived distance is shrinking and differences in culture and business systems are decreasing (Hill, 2010). Since the middle of the twentieth century, the world has observed a rapid internationalisation of firms (Olejnik & Swoboda, 2012) and the globalisation has impacted the increasing number of small and medium-sized enterprises (SMEs) pursuing business on the global market (Knight, 2000). Firms within the fashion industry are acknowledged as some of the most international companies (Alexander & Doherty, 2009), and the expansion of fashion retailers in Europe is greater than the observed foreign activities of retailers involved in other industries (Doherty, 2000). According to Sproles (1981), fashion is defined as a trend to which consumers temporary adopt for a special event and time. In addition, fashion is said to be found in several aspects of society and culture, including clothing, painting, science etcetera (Yoganarasimhan, 2016). Furthermore, fashion is defined as the style of clothing and accessories worn at any given time (Steele & Major, 2017). In line with the latest mentioned definition we will in this thesis define fashion as the latest styles of clothing, including accessories. Thus, this is our definition of the fashion industry. In Sweden, fashion is further identified as one of the contributors to an increasing export (Volante, 2015) and in 2012, statistics pointed out that the Swedish fashion industry consisted of enterprises where 95 per cent had less than 10 employees (Volante, 2016).

Regardless of the number of employees, social media plays an important part in the currently changing fashion industry (Hope, 2016). Social media is transforming the way companies communicate (Gonzalez, 2010) and has enabled the industry to attract customers, making them interact with the brands (Kim & Ko, 2012). Social media is furthermore revolutionizing the industry as the latest fashion is increasingly shared online (Park, Chiampaglia & Ferrara, 2016) and is a powerful tool in order to spread information and persuasion (Dicken, 2015). Furthermore, the growth of digital technologies has impacted the marketing practice (Baines & Chris, 2014) and created opportunities for companies to rapidly reach out to large groups of consumers in large distance (Dicken, 215). As people are getting more active on social media platforms and report purchasing via media websites, marketers are increasingly investing in social networks, video-sharing sites, image-sharing sites, blogging platforms, and micro blogs, to increase the social capital of their brand (Baines & Fill, 2014). Since everyone has the possibility to comment on, create and share information about a company, the organisations do no longer have excluded verification over how they are perceived in the marketplace (ibid.).

1.2 Problem discussion

The rapid internationalisation of firms (Olejnik & Swoboda, 2012) together with mentioned globalisation have created a new, intense business environment driving companies to act in an international context and leading to SMEs desiring to compete on the global marketplace (OECD, 2009). The digital revolution has increased the opportunity for international expansion (Business Sweden, 2015) and facilitates boundless innovation across the world, enabling individuals, enterprises and organisations to direct communicate with partners, consumers, employees and other stakeholders (Government of Sweden, 2011). Digitalisation together with the use of social media is currently transforming the fashion industry and is especially important within the retail sector (Hagberg, Sundström & Egels-Zandén, 2015; Hope, 2016). The usage of social media can further facilitate a faster internationalisation of SMEs (Hamill, 2013) and enable companies to market their products at a relatively low cost and more efficient than with more traditional communication tools (Kaplan & Haenlein, 2010).

However, SMEs suffer from liabilities of smallness (Aldrich and Auster, 1986) and face critical constraints such as a limitation of resources, lack of a requisite managerial

understanding about internationalisation and an inability to contact potential international customers (OECD, 2009). These limitations can hinder companies from committing fully to a foreign market and constrain them from reaching a more advanced and engaged stage of internationalisation (Laufs & Schwens, 2014). As a result of the mentioned scarcity of resources, SMEs further become restricted from acquiring knowledge (Fletcher & Harris, 2012) that is considered to be a central determinant when internationalising (Åkerman, 2016). An effective way of acquiring knowledge is through social media, enabling the gathering of information about e.g. customers and suppliers (Nguyen, Yu, Melewar & Chen, 2015). However, even though social media creates opportunities in terms of e.g. knowledge acquisition, marketing and raising awareness (Kietzmann, Hermkens, Mccarthy & Silvestre, 2011), many companies ignore or are unable to develop suitable strategies (ibid.).

An explanation to the difficulties of developing suitable strategies might be connected to a low degree of digital maturity. A report published by the Government of Sweden (2011) states that Sweden has a high use of information and communication technology (ICT), a great interest in new technologies and a good access to ICT infrastructure compared to other countries. Further, the report states that Swedish SMEs are active on all continents and different types of international websites (Business Sweden, 2015). However, when looking at international marketing and sales, research show that Swedish SMEs possess a low degree of digital maturity (ibid.), indicating possible difficulties when developing social media strategies. Digital maturity is important when internationalising in regards of the economy where the enterprise is active and particularly important for SMEs, since they often produce their products and services on a regional level. In addition, the use of a multi-channel approach with cooperating analogue channels is limited (ibid.).

According to Hamill (2013) and Business Sweden (2015), social media can initiate the internationalisation process. However, SMEs face critical constraints such as a limitation of resources and do not possess the knowledge of how to benefit from social media when internationalising (Kietzmann et al., 2011). Furthermore, the low degree of digital maturity among Swedish SMEs might restrict firms to benefit from social media when striving to internationalise. As a result of the discussion presented above, there is a need to investigate the potential of social media in order for SMEs to overcome mentioned internal and external barriers that hinder SMEs to internationalise. In addition, although the internationalisation

process of SMEs has been well researched (Hill, 2010; Olejnik & Swoboda, 2012; Schweizer, 2012), there is a lack of existing studies and developed theories regarding social media in relation to internationalisation, potentially due to its recent evolution (Okazaki & Taylor, 2013), enhancing the need for further research regarding the role of social media when internationalising.

1.3 Purpose of the study

The purpose of this thesis is to study Swedish SMEs within the fashion industry in order to conclude how they use social medias when internationalising.

1.4 Research question

How does an SME within the fashion industry make use of social media in its internationalisation process?

1.5 Delimitation of the study

Prior to conducting the research regarding how companies use social media when internationalising, a delimitation was drawn to study only Swedish companies, leading to the possibility to draw more generalized conclusions concerning a specific geographical area.

1.6 Thesis structure

This thesis includes 6 larger chapters. The sections are described below.

1. **Introduction -** The introduction functions to introduce the topic for the reader and to present a problem discussion. Moreover, the purpose and research question of the thesis is featured, followed by a description of existing limitations.

2. **Theoretical framework -** The second chapter presents existing research relevant for the thesis. Selected theories are featured here, including research regarding the internationalisation process of SMEs such as the Uppsala model.

3. **Methodology -** This chapter presents chosen methods used in the thesis. Moreover, the section motivates the choice of methods and describes the gathering of information, how it was utilized and analysed.

4. **Empirical material -** This section primarily consists of information gathered through held qualitative interviews, presented in a coherent text. Moreover, the chapter provides the reader with additional information regarding the fashion industry, social media and acquisition of knowledge through social media.

5. **Analysis -** The analysis consists of a discussion of the empirical findings gathered mainly through qualitative interviews and compared with theories presented in the theoretical framework.

6. **Conclusion -** This chapter presents the final conclusions drawn from the discussion in the analysis. The conclusion is based on information from the empirical material and theoretical framework.

2. Theoretical framework

This chapter examines relevant theories mainly regarding internationalisation. Foremost, a definition of internationalisation is presented. Further, factors motivating and impacting international involvement together with a presentation of the Uppsala model is featured. Finally, the theoretical framework ends with presenting research regarding internationalisation of SMEs and social media, followed by a description of existing research regarding knowledge acquisition from social media.

2.1 Internationalisation

According to Johanson and Vahlne (1977), internationalisation can be captured as a successive process of enterprises increasing their involvement on the international market. Calof and Beamish (1995) describe internationalisation as a firm's adaptation of operations to international environments while Jones and Coviello (2005) define internationalisation as different patterns of behaviour, formed by an accumulation of evidence manifested as events at specific reference points in time. Because of the thesis' focus on the process of internationalisation, the definition used in this report corresponds to the one formulated by Johanson and Vahlne (1977).

2.1.1 Factors motivating and impacting international involvement

In order to maximize the value of a firm, increased profit is required and can be acquired through the internationalisation of a firm (Hill, 2010) and for some fashion retailers, an international presence is a necessity in order for them to improve their corporate brand and turnover (Moore & Burt, 2007). Although motivations for internationalisation cannot be regarded dominant over time or for a specific sector (ibid.), it exists opinions of drivers leading to an internationalisation of retailers (Evans, Bridson, Byrom & Medway, 2008). Fashion retailers are recognized among the most successful international enterprises (Hollander, 1970) and their international expansions are greater than within other segments of the retailing industry (Doherty, 2000). Alexander (1997) identifies mutually inclusive *push* and *pull* factors, functioning as incentives for expanding into foreign markets and illustrating reasons for why retailers are pulled towards a foreign market or pushed out of their domestic

market. Factors concerning the political, economic, cultural, social and retail structural market conditions, act as triggering factors for internationalisation. Identified *push* factors for foreign expansion are unstable political structure, poor economic conditions, a negative social environment, population stagnation and an unfamiliar culture climate. Given examples of *pull* factors are a stable political structure, good economic conditions and high market growth potential, developing markets, positive social environment, familiar culture reference points, innovative retail culture and niche opportunities (ibid.).

In addition to the *pull* factors, Root (1998) suggests three different rules when selecting a strategy for entering international markets, impacting companies' global presence, the *naive rule*, the *pragmatic rule* and the *strategy rule*. When choosing the *naive rule*, the firm have the same entry strategy for all foreign markets. The *pragmatic rule* refers to a usage of a workable strategy for each market. Firms that use this entry mode usually start with low-risk entry modes. Lastly, the *strategy rule*, implying that alternative entry modes are compared and evaluated before a decision is made (ibid.).

2.1.2 The Uppsala model

Previously mentioned factors must be considered in the process of internationalisation, a process described by the Uppsala model. There are two versions of the model, the original from 1977 and the updated model from 2009, both considered in this thesis. As the aim of this report is to investigate the process of internationalisation of a firm, the Uppsala model is considered as a suitable framework as it explains a firm's internationalisation as a process. A further description of the original and revised model is to be found below.

The idea of the of the original Uppsala model (Johanson and Vahlne, 1977) is that firms gradually increase their involvement in foreign markets. The model identifies two patterns. The first one is the *establishment chain*, which describes the different stages in the internationalisation process and indicates stretched commitment to the market due to greater experience and knowledge. The second pattern identified is *psychic distance*, i.e. factors associated with country-based diversities, indicating that firms enter markets that are close to their domestic and successively enter markets with greater psychical distance. The model explains this patterns as a result of the *liability of foreignness*, i.e. the inherent disadvantage that foreign companies are experiencing at foreign markets because of the fact that they are

not native. Johanson and Vahlne (1977) describe internationalisation as a learning process that will help a firm to overcome the *liability of foreignness* and the fact that it is not native. The more the firm is involved in the market, the faster the internationalisation (ibid.).

The original model consists of two aspects: state and change (See Figure 1), which explain the mechanisms of an internationalisation process (Johanson & Vahlne, 1977). The state and change mechanisms have great impact on each other. The model illustrates that the knowledge acquired through market experience, influences decisions about the level of commitment and the activities, which will grow out of them. This results in a higher level of commitment to the market (ibid.). The basic assumption is that market knowledge and market commitment affect both commitment decisions and the way current activities are performed, which, in turn, affect market knowledge and commitment (Andersen, 1993).
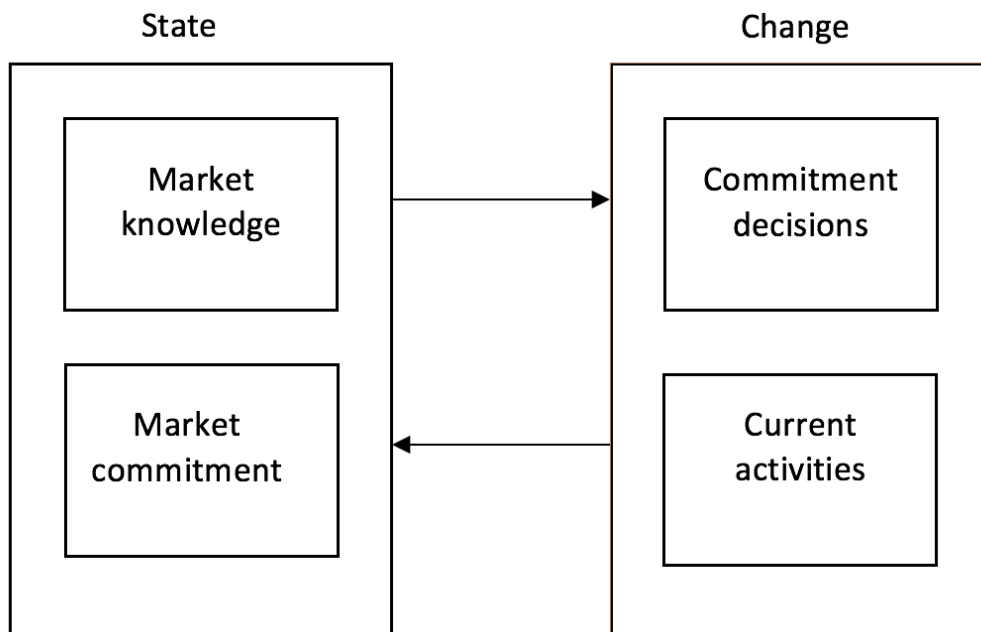
Figure 1: The original Uppsala model (Johanson & Vahlne, 1977, pp. 26)

The original model (Figure 1) was revisited as changes in business practice and theoretical advances have been made since the original model in 1977 (Figure 2). The later version was presented in 2009 and focuses more on networks and relations (Johanson & Vahlne, 2009). National boundaries and barriers are less important compared to a firm's aim to strengthen its position in relevant networks when internationalising. The choice of market and entry mode is thus linked to existing networks due to its possibility to identify opportunities. According to the model, an internationalising firm will go to a foreign market in which it sees

opportunities and the internationalisation process depends on a firm's relations and network (ibid.). *Opportunity* has therefore been added into the box alongside with *knowledge* (Figure 2) as opportunities are considered to be the most important element for the body of knowledge and drive the process forward. External opportunities and relationship networks can facilitate the process for a firm and have an impact on what foreign market the firm selects and what entry modes that are used (Johanson & Vahlne, 2009).

Further, the second state variable was changed from *market commitment* to *network position*. The change is based on the assumption that the internationalisation is connected to and pursued within a network. Relationships are defined as different levels of knowledge, trust and commitment, and can be differently distributed among the members within the network. Thus, this is an indication of how successful a firm's internationalisation is promoted (Johanson & Vahlne, 2009).

The change aspect *current activities* are replaced by *learning, trust and commitment building* in order to clarify the intention, which is that a firm's daily activities hopefully will lead to increased knowledge, trust and commitment. A high level of knowledge, trust and commitment is argued to have a more efficient creation process as an outcome. This indicates that there is more than experiential learning involved, even if that is still considered as the most important type of learning, and this will strengthen the firm's position within the network (Johanson & Vahlne, 2009).

The second change variable is *relation commitment*, which implies that the firm decides either to increase or decrease the level of commitment to a relationship. There are two types of decisions concerning commitment and relationship from a firm's point of view. Firstly, to develop new business relationships and build bridges to new networks. Secondly, to protect or support a firm's existing, strategic network (Johanson & Vahlne, 2009).

State   Change

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┌─────────────────────┐      ┌─────────────────────┐
│  ┌───────────────┐  │      │  ┌───────────────┐  │
│  │   Knowledge   │  │ ───▶ │  │ Relationship  │  │
│  │ Opportunities │  │      │  │  commitment   │  │
│  │               │  │      │  │   decisions   │  │
│  └───────────────┘  │      │  └───────────────┘  │
│                     │      │                     │
│  ┌───────────────┐  │      │  ┌───────────────┐  │
│  │   Network     │  │ ◀─── │  │   Learning    │  │
│  │   position    │  │      │  │   Creating    │  │
│  │               │  │      │  │ Trust-building│  │
│  └───────────────┘  │      │  └───────────────┘  │
└─────────────────────┘      └─────────────────────┘
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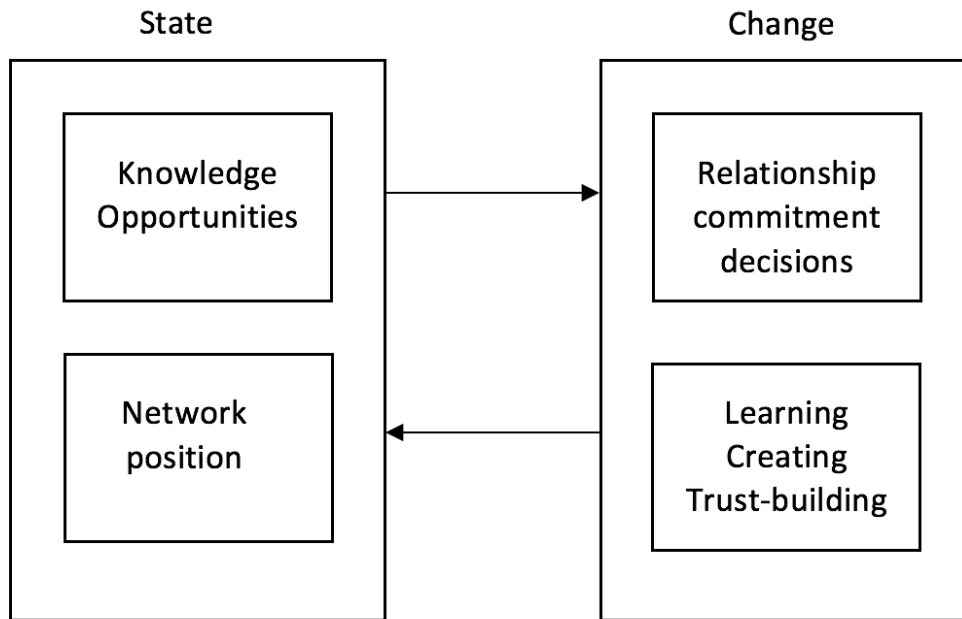
Figure 2: The Uppsala model revisited (Johanson & Vahlne, 2009, pp. 1424)

The updated model also highlights the importance of *insidership* in networks, developed before the entry of a new market, sometimes even before the foundation of the firm. A business network means that exchanges in one relationship are linked to exchanges in another. Close and lasting business relationships result in accumulation of knowledge and building of trust. A firm that is well established in a relevant network is considered as an *insider*, however, a firm that is not active within a relevant network is considered as an *outsider*. As relationships and networks are essential for a firm's learning and success, it is important to create relevant relationships, because otherwise, the firm will suffer from liability of *outsidership* when entering a foreign market, which will slow down the internationalisation process. Lack of institutional knowledge (law, rules and language) and lack of business knowledge (a firm's business environment) will create the liability of *outsidership*. When both trust and commitment are present at the same time, productivity, efficiency and effectiveness are estimated outcomes (Johanson & Vahlne, 2009).

2.1.3. Internationalisation of small and medium-sized enterprises (SMEs)

As this thesis focuses on the internationalisation process of an SME, there is a need to clarify what is characteristic for an SME. The definition varies across countries but the most common basis for definition is employment (Ayyagari, Beck & Demirguc-Kunt, 2007). The European Commission (2017) defines an SME as an enterprise with less than 250 employees

and a turnover of 50 million euros or less, or a total balance sheet of 43 million euros or less. A SME has further been defined as a company with less than 500 employees (USITC, 2010).

The internationalisation of small firms has increased and often takes place early in an SME's life (Åkerman, 2016). Earlier research concerning internationalisation, including Johanson and Vahlne (2009), has mostly focused on the incremental internationalisation process where SMEs explore global markets through an increasing engagement as a greater amount of acquired knowledge and resources is gathered. However, later research has focused more on the type of internationalisation where small firms take part of the global market shortly after their inception, the so called born-global companies (Zhou, Wu & Luo, 2007). Internationalisation is often a successful strategy in order for an SME to access existing benefits on the international market that previously mainly was accessed by larger companies (ibid.). Furthermore, a report produced by the ACCA (2010), describes evidence for that the smaller and wealthier a firm's home economy is, the more internationally focused the SMEs tend to be. Vaster participation in international activity tends to motivate human and technological capital upgrading in order to improve productivity and to expand their business (OECD, 2007). In 2009, the main motivations for Swedish SMEs to internationalise was the opportunity to grow in other markets and thereby increase profit opportunities, managers' previous experience on the global market, unique product or technology and a limited or stagnated domestic market (OECD, 2009).

Despite the mentioned strategy of SMEs using internationalisation, research highlights existing obstacles hindering smaller companies to succeed when competing on the global market (Frawley & Fahy, 2006). Furthermore, an overcoming of these limitations is an important aspect in the process of internationalisation (Agndal & Chetty, 2007). These obstacles come in forms of e.g. economies of large scale, scarce resources and the lack of access to financing (Frawley & Fahy, 2006; Beck et al., 2008). Further, the size of a firm has traditionally been an explanation for internationalisation and being a small sized enterprise with limited resources was earlier considered as an obstacle for a successful internationalisation (Beck et al., 2008). However, more recent research argues that the influence of the factor of size is decreasing (Mollá-Descals, Frasquet-Deltoro & Ruiz-Molina, 2011) and that small businesses now have a vaster presence on the global market (Dawson, Findlay & Sparks, 2008).

Regarding the internationalisation process of SMEs within the fashion retailing industry it exists limited research concerning the choice of entry modes (Doherety, 2000). However, researchers claim that retailers, in the start-up, tend to operate in markets close to their home market and are likely to apply entry methods that they used in the domestic market (Alexander & Doherty, 2009). The internationalisation of SMEs does not exclusively involve exports and imports, they are also involved in complex international relationships (European Commission, 2010). Joint ventures, franchise and concession are entry modes identified as suitable for SMEs with reduced resources. In particular, franchising is becoming more popular because it does not require invested equity (Mollá-Descals et al., 2011). Multiple entry modes may be used for different operations and various modes affect the firms in terms of control, degree of investment risk, resource commitment and financial returns (Hill, 2010). Culture has an impact on fashion retailers' business environment, hence also impacts the choice of entry mode. Cultural proximity encourages expansion from one market into another (Alexander & Doherty, 2009).

2.1.4 Internationalisation and Social media

As social media facilitates companies to improve their international presence and to reach out to potential consumers all over the world, an increasing number of enterprises include it in their international strategy (European Commission, 2014). It is difficult to evaluate the direct effect on revenues that is generated by social media presence (Pick, 2016), but it can enable an internationalisation of any business towards almost any market (European Commission, 2014). However, social media is only a useful instrument if the consumers have access to social media, so as to Internet. This implicates that not all international markets can be targeted with social media marketing because of some geographical regions' poor Internet infrastructure (Internet Society, 2017). Additionally, demographic factors influence the potential of social media, one being that social medias are particularly used by younger generations (Hutchinson, 2016; Gardner 2014; Pick, 2016). This indicates that depending on what type of product or service offered, social media could be limited as a targeting tool. The type of social media should be adapted to the purpose of the campaign, as different social medias have different potential depending on which is the targeting group (Gardner, 2014). For example, Facebook has good potential for raising awareness, for increasing visibility, and distributing information, while Instagram is a better platform for interaction with consumers

(Leibowitz, 2017). Also, the potential of a specific social media can differ in different geographical regions (Baines & Fill, 2014).

Apart from an access to international markets, social media provides competitive advantages, including raising awareness, indirect awareness, promotions, co creations, facilitate real-time consumers support, gain customer and market insights, enhance customers' loyalty, spending and referrals, predict real-world outcomes and intranet (internal network) (European Commission, 2014).

2.2 Knowledge acquisition from social media

Social media has transformed the way of accessing and disseminating knowledge (Kaplan & Haenlein, 2010). Knowledge acquisition from social media can be regarded as experience accumulation, which influences firms' capability to identify opportunities, errors, and threats **(**Zhang & Li, 2010**).** When internationalising, knowledge of the targeted market together with processual knowledge, i.e. the understanding of how to internationalise, is required (Fletcher & Harris, 2012) and seen as a key to obtain competitive advantages (Barney, 1991). Market knowledge can provide competitive advantages for companies making them agile and observant of market opportunities and creating an understanding of customers (Nguyen, Melewar & Chen, 2015). SMEs often have limited information and resources to help them make informed and effective decisions to manage uncertainty (Udomkit & Schreier, 2017). Social media can decrease this limitation, enabling companies to grow (Nguyen, Melewar & Chen, 2015).

3. Methodology

The methodology presents a description and explanation of the included methods starting with a presentation of the research approach. Further the chapter presents the choice of study, collection of data and the analysis process. The section ends with a description of the quality of the study, the ethical position and existing limitations.

3.1 Research approach

In order to answer the established research question, the theoretical framework is mainly based on existing research regarding internationalisation of firms (e.g. Johanson & Vahlne, 2009) and studies regarding the increasing internationalisation of SMEs (e.g. Mollá-Descals et al., 2011; OECD, 2009). This thesis' focus on SMEs makes the latter important as the internationalisation process at times differ depending on size and access to resources (Beck et al., 2008).

To reach an informed understanding of the phenomenon described in the research question, a qualitative study was employed, interviewing three SMEs active within the Swedish fashion industry. Qualitative research enables a deeper understanding of complex facts and situations (Guercini, 2014; Jacobsen, Sandin & Hellström, 2002). Furthermore, international business is an area where qualitative research is rare but has the possibility to develop the field (Doz, 2011). The choice of conducting this type research method is a flexible way of gathering information (Bryman & Bell, 2013) and has, in this thesis, allowed for the respondents to freely answer the questions without time to reconstruct their responses. According to Trots (2010), this method also gives the respondent room for reflection, reactions and personal reasoning.

Due to the choice to conduct a qualitative study, there is a necessity to critically revise the received answers (Frejes & Thornberg, 2015). In order to obtain a deeper understanding of the empirical data and research area and for the thesis to function as theory developing, a heuristic approach is used in order to interpret, understand and mediate the collected, qualitative data (Westlund, 2015).

In addition to a qualitative study, this thesis takes on an abductive approach, in order for the research to result in a well-reasoned connection between theory and empirical data, leading to well-constructed conclusions (Patel & Davidson, 2011). A theoretical framework was prior to held interviews developed but modified in order to fulfil the purpose of the study.

3.2 Multiple Case study

In order to produce a theory building thesis where the answers can implicate a generalisation of how social media is used within the fashion industry when internationalising, the study takes on a multiple-case study approach. A case study is an empirical inquiry, which provides an in-depth description and analysis of a bounded system of a case within a context of reality (Dyer & Wilkins, 1991). Yin (2014) argues that all case studies strive to explain why decisions were made, in what way and with what result. Hence, for the reason that this report is studying a process of internationalisation, a cases study is suitable. In addition, to obtain more personal reflections and to increase the credibility of the findings, the thesis contains multiple cases, studying three different Swedish SMEs active within the fashion industry. According to Yin (2003), a multiple-case study further results in a more robust research.

3.2.1 Sampling

Saunders, Lewis, and Thornhill (2012) describe that a limitation of available data is suitable for researchers in order to transform a big amount of data more manageable. In order to sample obtained data, several sampling techniques were employed, all of them suitable for case study projects (Marschan-Piekkari & Welch, 2011). The *selective sampling* was utilised in order to find companies that suited the chosen criteria of only selecting samples from Swedish SMEs conducting business within the fashion industry. Furthermore, a *convenience sampling* method was employed, referring to a type of sampling easy accessible for the researcher. This technique was used due to the difficulties in finding companies suiting the research's delimitations and willingness to participate in the study. In order to find appropriate companies, personal contacts were used leading to an acquaintance with a number of firms. After several requested interviews being declined, three companies accepted our desire to conduct interviews, leading to three companies being part of the study. Moreover, a *snowball sampling* was used, contributing to a participation of respondents due to the fact that personal contacts led to other contacts resulting in an interview of one of the

responding companies (ibid.). The companies have all requested to stay anonymous. However, a description of the studied firms can be found in the empirical material. Furthermore, the used interview questions can be found in the appendix.

3.3 The Research process

The research process was initiated with a theoretical evaluation defining keywords such as *internationalisation process, SMEs, fashion industry and social media,* that constitute the foundation of this study. This period of research provided a deeper understanding for the internationalisation process of SMEs, the development of social media and the fashion industry. It was also from this period that the research question emerged. This was followed by a period of qualitative collection of primary data, consisting of interviews with different firms considered relevant for our study, SMEs within the fashion industry that internationalised through social media. When analysing the interviews and the collected theoretical data we searched for possibilities to develop and extend the originally chosen theories, and an explanation to the increasing use of social media when internationalising. After held interviews, we went back to the theoretical framework adding and removing theories considered necessary in order to be relevant and fulfil the purpose of the study. The fact that changes were made in the theoretical framework throughout the research process indicates that this study takes on an *abductive approach,* which involves deciding which inferences that are most likely to be drawn from made observations, in order to come up with a suggestion for a theoretical structure (Patel & Davidson, 2011; Bournemouth University, 2009). The final part of the research process consisted of a rewriting of chapters with a focus on analysing the collected data, aiming to achieve a greater understanding of social media's impact on the internationalisation process.

3.4 Data Collection

This study involves both primary data and secondary data. Primary data was gathered from three firms and secondary data was further collected in order to acquire a deeper understanding of the respondents' answers. Presented below is a further explanation of the data collection.

3.4.1 Primary data

The main body of the collected empirical data in this thesis is based on primary data. In line with the choice to conduct a qualitative study and in order to receive a deeper understanding of the firm's internationalisation process through social media, qualitative interviews were conducted with representatives from adequate enterprises. In order to assure an informative and relevant outcome of held interviews, conducted in line with the research question, an interview guide was constructed prior to the held interviews. Therefore, a form of subject scheme was compiled, this in accordance with Bryman and Bell (2014). General subjects were sent to the respondents in advance for them to prepare without impacting their answers.

Qualitative interviews often have a low degree of structure (Patel & Davidson, 2011), and as suggested by Yin (2014), semi-structured interviews were held and conducted both in person and through Skype. The desired outcome was to accentuate the respondent's view of the asked questions, which distinguish semi-structured interviews (Yin, 2009) and therefore was a suitable choice. Furthermore, a semi-structured interview enables the interviewer to acquire a more profound understanding of the respondents (ibid.). Used interview questions can be found in the appendix.

In total, three respondents from three different companies were interviewed. The respondents were all involved in the represented SMEs' work regarding marketing and using social media, why they were considered as well informed and reliable. All interviews were recorded and transcribed in order to conduct a detailed analysis. According to Bryman and Bell (2014), a recording and transliteration facilitates a deeper analysis and allows for the interviewer to repeatedly listen to the interview. The interviews lasted between 31 and 46 minutes and the questions intended to motivate open, flexible answers based on the thesis' research question and problem discussion. The location of the execution was chosen with the ambition of an undisturbed and safe environment for the respondent. A summary of the respondents is presented below in Table 1.

Denomination	Commodity	Role in company	Form of interview	Date	Duration
Company A	Sunglasses	Founder	Face-to-face	2017-04-19	39 min
Company B	Online clothing and accessories	Founder	Telephone	2017-05-04	46 min
Company C	Sportswear	Marketing manager	Face-to-face	2017-05-12	31 min

Table 1: A summary of participating respondents (Authors' own).

3.4.2 Secondary data

Secondary data was collected from former existing research regarding the role of social media in the internationalisation process of SMEs within the fashion industry in order to acquire information about how SMEs earlier have reached the international market and what role social media has played. Therefore, data regarding social media and the fashion industry was gathered and reviewed but also in order to analyse primary data in the analysis.

The secondary data was collected in the beginning of the research process in order to get an understanding of the topic. The books, articles, web journals and other documents used have mainly been retrieved from Google Scholar and electronic databases such as Gothenburg University Library (GUNDA) and LIBRIS provided through the School of Business, Economics and Law at the University of Gothenburg. In order to find adequate data, keywords such as *internationalisation theory, internationalisation of SMEs, social media, fashion industry, internationalisation of the retail industry, knowledge acquisition* was used.

3.5 Method for analysing empirical material

In order to examine the empirical findings in relation to the theoretical material, the analysis was initiated with the interviews being transliterated in order to provide a truthful view of received responds, in accordance with Bryman and Bell (2014) stating that transliteration

facilitates a deeper analysis and allows for the interviewer to repeatedly listen to the interview. Later, an examination of the written parts of the report was made in order to link relevant empirical information to the theoretical material, finding patterns and ideas of how to structure the analysis. Further, the findings were organized through a template method, due to the strive to carry out a well-structured analysis containing a complete review of important information. A template analysis method includes an organised way of conducting an analysis, including e.g. pattern matching (ibid.). In this thesis, the template analysis method was employed using chosen headlines featured in the analysis as a structure when sorting the gathered empirical data and theoretical framework, i.e. the role of social media when internationalising, factors motivating and impacting international involvement, different role of actors, overcoming barriers with social media, strategies social media and knowledge acquisition from social media. This resulted in a well-structured analysis connecting relevant facts with relevant theories leading to the obtained information being applied in the best possible way. However, headlines and categories of information were frequently relabelled during the course of the writing in order for the analysis to correspond to the research question and fulfil the purpose of the study.

3.6 Quality of the study

In order to ensure that the study is able to answer the research question (Guba, 1981) we will examine the trustworthiness and quality of this qualitative study in terms of dependability, credibility, confirmability, and transferability (Shenton, 2004).

3.6.1 Dependability

Since the researcher is responsible for the data collection and there is no fixed structure for such an approach, it is difficult for other investigators to replicate a qualitative research (Guba, 1981). Despite mentioned difficulties, this study strives to function as theory developing, resulting in a possible use for other researchers and leading to a contribution within the researched area of how SMEs within the fashion industry make use of social media in their internationalisation process. In order to function as theory developing, a method conducting qualitative research was chosen. Moreover, in order for other researchers to come to similar findings, the research process needs to go in line with the one constructed in this thesis. Hence, a detailed description of the research process is displayed throughout the report. However, the choice of using qualitative research means that there is a risk that the

qualitative researcher observes what lays in his/her interest (Bryman & Bell, 2011). Qualitative researchers defend this criticism as they absorb attractions and situations, which they believe are important (ibid.). In order to increase the dependability of the study we will objectively analyse the information gathered from the interviews so as to display findings that correspond to the reality. Hence, these aspects will not be our biggest concerns.

3.6.2 Credibility

Credibility measures how well the findings correspond to the reality (Shenton, 2004), how the research concretely was planned, and how it was carried out (Bryman & Bell, 2011). In order to produce a thesis with high credibility, several measures were taken throughout the study. Firstly, information was collected from a vast number of sources, including both primary data and secondary data. The acquired information was later on compared, leading to a deeper understanding of the subject. This can, according to Collis and Hussey (2013), help to improve the credibility. Secondly, the writing of this thesis was conducted with impartiality due to a non-existing connection between the writers and the interviewed companies, leading to a genuine reflection of the firms' answers used in this thesis. Furthermore, the choice of respondents was made after an assurance that they had a broad insight of the company's work regarding the subject. Another means to increase credibility is triangulation (Shenton, 2004). Triangulation involves different methods for gathering and analysing data (ibid.). In this study, triangulation is employed due to the usage of a wide range of data sources when collecting theoretical material and secondary data (ibid.). Moreover, the primary data is composed by different informants, providing a narrative comparison regarding social media's impact on the internationalisation of Swedish SMEs within the fashion industry (ibid.). The information collected from different sources provided a background to the primary data, and was helpful in order to verify details supplied by the informants.

3.6.3 Confirmability

Confirmability involves a measurement of how researchers avoid biases (Shenton, 2004), highlighting the importance of a truthful reflection of the information gathered from the findings of the responding firms, and that influences from the characteristics and preferences of the researcher are not involved. In order to avoid biases, a form of triangulation was applied in the thesis, resulting in a conduction of a multiple case study, gathering primary

data from several sources i.e. three Swedish companies within the fashion industry. According to Shenton (2004) this is a way of triangulating via data sources that verifies gathered information. Triangulation can counteract biases through combining two or more sources of data (Joslin & Müller, 2016) and the combination of primary data from different informants, and secondary data, in the empirical part of this study, limits this type of bias.

3.6.4 Transferability

Transferability concerns generalizability and to what extent the findings of the study can be applied in other situations (Shenton, 2004). Since this is a qualitative study, with the findings based on gathered empirical data from three different companies, it is difficult to argue to what extent the conclusions can be applicable to other situations and research (ibid.). However, if practitioners believe that their situation is similar to a study, they may relate the findings to their own situation (ibid.). Due to the desire to function as theory developing, a detailed introduction of the research process and chosen companies is therefore featured in the empirical data, leading to practitioners being able to easily comprehend the relevance of the study in relation to their research and facilitate them if desiring to apply a similar research, drawing generalizable conclusions. According to Yin (2003) qualitative research is generalizable and further describes two different forms that a qualitative study might enclose, *analytic generalisation* and *statistical generalisation.* This study cannot demonstrate a statistical generalisation, as it does not draw inferences from data to a population. However, by using a qualitative multiple-case study an analytical generalisation is possible in order to provide a contextualized understanding of personal experience through the research of particular cases (ibid.). Furthermore, Shenton (2004) states that transferability not should be rejected due a small amount of studied cases (ibid.).

3.7 Ethical considerations

When conducting a qualitative study using interviews, it is necessary to acknowledge the importance of ethical principles (Bryman & Bell, 2014). The ethical considerations normally include voluntariness, integrity, confidentiality and anonymity for the people involved in the study (ibid.). In this thesis, all respondents participated voluntarily without offered rewards and were well informed about the purpose of the study before their involvement. The respondents were informed that anonymity and confidentiality was a given possibility and that the recorded information only was gathered for the purpose of the thesis. Moreover, the

participants were given the opportunity to withdraw from the interview, take part of the completed study and refuse to answer sensible questions if desired.

3.8 Limitations

The study has a number of limitations related to the collection of empirical data. The thesis aims to investigate Swedish SMEs within the fashion industry but due to difficulties in finding companies willing to attend interviews, the collected empirical primary data is mainly retrieved from companies situated in the Southwestern parts of Sweden. To study companies from a specific part of a larger area might be considered as a limitation due to the possibility that the usage of social media might differ depending on the geographical context where the company is active. Furthermore, the choice to study smaller firms contributes to that conclusions of firms in different industries and of larger size cannot be drawn without consideration. Moreover, the results ought to be reviewed with the number of performed interviews kept in mind.

4. Empirical material

The empirical material begins with displaying empirical data gathered through primary data and secondary data. The first part describes the secondary data. The presented data features information regarding the fashion industry and social media in order to develop a deeper understanding of the main topics portrayed in the research question. Further, the chapter features information gathered through held interviews with three companies beginning concerning a small introduction of the firms.

4.1 Fashion industry

According to Sproles (1981), fashion is a trend to which consumers temporary adopt for a special event and time. Fashion is also said to be found in several aspects of society and culture, including clothing, painting, science etcetera (Yoganarasimhan, 2016). Furthermore, fashion is defined as the style of clothing and accessories worn at any given time (Steele & Major, 2017). In line with the latest mentioned definition we will in this thesis define fashion as the latest styles of clothing, including accessories. Hence, this is our definition of what forms part of the fashion industry.

In Sweden, fashion is identified as a contributor to an increasing Swedish export (Volante, 2015) and in 2015, the revenue of the Swedish fashion industry was 305 million Swedish krona. This number was an increase with 15,3 per cent from the year before (ibid.) and between 2011 and 2016 the export of Swedish fashion nearly doubled (Volante, 2016).

During the last 20 years, the fashion industry has been through a significant change (Bhardwaj & Fairhurst, 2010). The development of a faster form of delivery, an increase of existing number of fashion seasons and a rapidly changing consumer demand has led to a need for fashion retailers to speed up their business in order to capitalize on the latest fashion (ibid.). Furthermore, the rise of fast fashion has led to some retailers desiring shorter lead times and retailers have started to create the demand instead of supplying when noticing a demand, this in order to increase their turnover (Bhardwaj, Eickman & Runyan, 2011).

4.2 Social media

Social media vastly impacts the development of the fashion industry (Hope, 2016; Park, Chiampaglia & Ferrara, 2016). As a further development of the world-wide-web, which was introduced in 1990s, used as a static publishing and retail channel, it was revolutionary in its ability to disseminate information content (Baines & Fill, 2014). At the time, it was a one-way mass communication model with focus on the technology rather than consumers' needs, that means that it pushed out information to the consumers (ibid.), however today, it is increasingly consumer driven which means that active consumers can co-create offerings, dialogues, and control the content of a brand's messages, marketing activities and offerings (ibid.).

However, what is included under the term social media is not evident (Kaplan & Haenlein, 2010). Nationalencyklopedin (nd) refers to it as communication channels that allow users to communicate with each other and that consists of a content produced by the consumers. Kaplan and Haenlein (2010) further develop this definition by adding that it is a form of media that is publicly available. Social media is also said to be an instrument used to communicate with external stakeholders such as consumers and vendors (Leonardi, Huysman & Steinfield, 2013). Furthermore, Nationalencyklopedin (nd) state that it often has the formation of a web service where companies own the servers and that is a mixture of social interaction, user-generated content and technology. Nationalencyklopedin (nd) further state that it can be used for e.g. socializing, marketing, organisation, news reporting, cultural exchange, and entertainment. Today, the majority of people use social media and is involved in social media activities such as reading and commenting entries in blogs (Kimmerle, Moskaliuk, Oeberst & Cress, 2015).

The development of the world-wide-web and e-commerce have made it easier for SMEs to overcome some of the existing internationalisation barriers (Mathews and Healy, 2007). The continuing development of policies as well as acceptance of electronic signatures may further strengthen the positive effect that Internet and e-commerce have had on the internationalisation of SMEs. Additionally, because of Internet, the relationship between numerous of barriers and the size of the SME has weakened (European Commission, 2010).

4.3 Empirical data; introducing the companies

The empirical data consists of collected information from three different companies. Due to their request to stay anonymous, the companies will be referred to as Company A, B and C. A short introduction of the firms will follow bellow and used interview questions are featured in the appendix.

Company A

Company A was founded in Gothenburg in 2015, active within the fashion retail industry, selling sunglasses. The company was founded by 4 persons that as of today are the only employees of the firm. Today, the company's products are available in physical stores in Germany and Austria but most of their sales are made online to practically all markets. The interviewed representative from Company A is one of the co-founders, in charge of all divisions of the company. Company A is active on: Instagram and Facebook.

Company B

Company B is active selling women's clothing and accessories online. The firm was founded in Halmstad in 2011 and the number of employees has never been more than 10. In 2016, a larger company within the same industry acquired Company B. The interviewed representative is one of the co-founders but have since the acquisition not been involved in the firm. Received information, if not explicitly stated otherwise, concerns the characteristics of Company B before the acquisition. Company B is active on: Instagram and Facebook.

Company C

Company C was founded in Borås in 1977 and is part of a group. The company is active within the fashion retail industry, producing functional sports apparel and in 2016, the firm employed 92 persons. The brand is active on 39 markets through different retailers and is accessible online from 7 different countries. The firm is decentralised, leading to the marketing and usage of social media being controlled separately from different markets. The respondent works as a marketing manager and has been a part of the company for

approximately three years. Company C is active on: Instagram, Facebook, Twitter, Pinterest and LinkedIn.

4.3.1 Social media; useful when internationalising

According to the European Commission (2014), firms use social media in order to improve their international presence, and in the case of all participating companies, the choice to incorporate social media in their internationalisation process was given. Moreover, an early internationalisation was according to Company A an active choice whereas Company B saw the opportunity because of the usage of social media. Both Company A and B utilized social media in their B2C communication from the start-up, thinking that it was essential in order to raise awareness and further attract more international customers. As a result of the usage, both companies were able to attract customers from international markets, increasing their sales. According to the companies, both of the platforms were necessary in the process of internationalisation, creating awareness of their brands. In addition to higher sales, Company B argues that an internationalisation without the help from social media would have been more complex. According to the firm, "It would have been much more difficult and expensive, especially without Instagram." (Founder, Company B).

The respondent from Company A consider the firm as born global, i.e. a type of firm that takes part of the global market shortly after their inception, (Zhou, Wu & Luo, 2007). Although the majority of sales being derived from Gothenburg, Company A started their internationalisation exporting to countries demanding their products, ordering them online. The strive was from the beginning to enter the global market using e-commerce and when all the founders moved abroad, Company A saw the opportunity to sell their products through retailers in both Austria and Germany. Despite the possibility to export to almost every country, the biggest part of Company A's sales comes from Gothenburg, which according to the firm can be described as a result of the large existing competition among companies active within e-commerce. Moreover, the company's involvement in selling sunglasses is said to be a factor increasing local sales. Company A experiences sunglasses as a product that people like to try before purchasing, leading to an easier spread in areas where the products are visible.

Company B started focusing on the Swedish market with a website only available in Sweden. The company used influencers, i.e. a person who is able to impact others, for marketing their products through their social media channels. Thanks to the influencers' international following base, Company B's number of followers increased and a strive to explore international markets emerged. In addition, the focus on neighbouring markets increased, leading to Norway and Denmark being targeted and initiated the development of a website available in Swedish, Danish, Norwegian and English. According to the founder of Company B, "Internationalisation was a natural step. With the increasing number of foreign followers on social media we felt forced to open the channels for them.

Because of a founding prior to the digital revolution, Company C internationalised before the incorporation of social media. The majority of markets were entered before incorporating social media in their marketing but markets such as Japan and Indonesia was entered after initiating the usage. Company C is currently not looking for new markets to enter but wishes to expand already existing, a desire that according to the company might be enabled through social media. When internationalising, Norway has been a country with big focus, which as mentioned by Company C is a given market because of its resemblance with the Swedish market. The respondent further explains that the firm found it easier to transfer their image into markets that are similar in terms of styles and interests as Sweden.

4.3.1.1 Social networks; an important asset when internationalising

All participating companies highlight the importance of their social networks in their internationalisation process, emphasising it as a crucial asset for SMEs when striving to reach a global scale. Company A's process of going global was an active choice but partly also connected to the founders' personal networks. The founders are originally from Sweden but lived, during parts of their education, in cities such as New York, Cologne and Vienna, allowing them an easier access to those markets due to the possibilities to create a personal network because of their presence and knowledge of the native culture and language. Thus, this was the reason as to why Company A was able to sell their products through retailers in both Austria and Germany. Company A further states that social media has enabled the company to connect with persons offering to market their products.

As stated by Company A, Company B agrees with the importance of being part of a social network. Attending social events helped the firm initiate a contact with influencers, allowing them to market the firm's products through their social media channels. Because of the influencers' international following base, Company B's number of followers and sales increased. Furthermore, Company B's social network initiated the desired acquisition of the company.

Company C also highlights the important role that a social network has played when entering markets. According to the respondent, the firm's social network facilitated the company's international expansion. This can be exemplified with the expansion to the Norwegian market, an expansion possible mainly due to the internal networks within the group. The company further states that social media has led to new and more amplified networks with e.g. suppliers and distributors. Despite the possibilities to a broader network, the marketing manager of Company C emphasises the difficulties in separating potential important contacts from unreliable "fortune hunters".

Hence, all participating companies state the importance for an SME to obtain a social network and mention that they have utilized their personal contacts in the process of internationalisation. Furthermore, two out of three companies highlight that social media can function as a provider of these contacts.

4.3.2 Social media strategies when internationalising

In the case of Company A and B, being active on social media was a strategic choice established before the firms were founded, and according to both firms, social media was a given choice in order to raise awareness on a regional, national and international level. In the case of Company C, the firm was already established on the international market when social media emerged, but states that the relatively new phenomenon of social media is valuable in the regards of strengthening the company's relation to their international and national markets. This assumption is further strengthened by the fact that Company C is about to develop a new social media strategy together with one of their suppliers.

4.3.2.1 Choosing platforms

Company A, B and C primarily use Facebook and Instagram in order to market their products. Company A tried to raise awareness through other platforms, such as Google Plus, which they later abandoned since it did not give the result they were aiming. According to the founder of Company B "To be active on additional channels would have been beneficial but very time-consuming for a small company". Hence, this led to Company B focusing on platforms with biggest visible results, namely Facebook and Instagram. Company A adds that their activities on Instagram and Facebook functions to transfer the visitors to the website and electronic shop. In the case of Company C, LinkedIn and Facebook is used in terms of recruitment, whilst Instagram is mainly used in terms of branding. Other platforms that are used in smaller extent are Twitter and Pinterest. Both Instagram and Facebook have, according to Company A and B, played a vital part but had different roles when initiating their internationalisation process. Instagram is according to the three companies used mostly in order to build a brand and create a buzz around the company, whilst Facebook is said to create higher selling numbers and share information of happenings.

Company B and C both highlight the importance of focusing on a desired focus group because of their belief that different channels attract different age groups. Both Company B and C experience that the elder generation is more active on Facebook whilst Instagram is a platform that is used by younger generations. If Company B would have continued to be involved within the company; they would have focused on adding additional platforms to their marketing strategy, such as Snapchat.

To summarise, all companies mainly use Facebook and Instagram as part of their social media strategy and according to the companies, the platforms have had a different impact on their international involvement differently.

4.3.2.2 Constructing social media

Company A developed a strategy in order to raise awareness around their products and brand. They strive to mediate a cool and laidback image and therefore developed a strategy utilised to make the products available in stores portraying the desired image. In addition, Company A states that an attractive Instagram account is fundamental leading to a development of the platform where every uploaded picture is well thought out representing a positive story and

feeling connected to the brand. According to the firm, "All kinds of activities on social media reflect the company and its reputation, therefore, it is important to decide what messages to send out" (Founder, Company A). The founders of Company A constantly have an open dialogue of what they desire to mediate through posted photos and activities. Furthermore, the company points out the importance of being creative on social media and believes that this type of creativity will attract customers. Company A uses one Instagram account, applying the same strategy to all markets, but also states that it might be a good strategy to create several accounts, targeting each market in which they are active. According to the firm "This creates the possibility to adapt the marketing on a regional level." (Founder, Company A). Additionally, Company A mentions a strategy of using other accounts in pseudonym in order to attract followers to their own website, however this is not a strategy they are utilising. The firm further highlights the importance of using influencers, a marketing strategy that they would have liked to incorporate in their internationalisation process if additional financial resources had been available.

Company B initially had their focus on "raising awareness and building a brand" (Founder, Company B). Company B developed a strategy to shape and expand their social network. Therefore, representatives from the company frequently attended events in order acquaint the company with influencers within the fashion industry. This led to an establishment of contacts with several bloggers that helped them market their clothes through different channels. Company B frequently gave products to influencers, an idea that emerged through one of the founders' girlfriend. She had a small blog and frequently received products from different companies, which she in return portrayed on different social media platforms. This strategy resulted in an increased awareness portrayed through additional domestic and international followers on social media together with an increased profit. Along with the growing international following base the strategy was further developed and implemented on other international markets. Company B launched a collection in collaboration with a more international blogger, led to an increasing international presence. Along with a more international focus, Company B developed a strategy to enter neighbouring markets, leading to the firm focusing on Norway and Denmark. The reason for focusing on Norway and Denmark was partly related to Norway's form of taxation, favouring Company B and resulting in higher selling numbers, but mainly associated with the proximity of both countries. This was, according to the firm, considered as an advantage because of their

resemblance to the Swedish market. Thus, social media led to that Company B developed their strategy from using one homogenous strategy for every market into a more international profile with a website available in Swedish, Danish, Norwegian and English.

Company C uses several Instagram accounts in their strategy for raising awareness and strengthen their brand internationally. Apart from the mutual international Instagram account, controlled by Sweden, each market control their own marketing in order to adapt it to its individual market and consumers. Hence, they use a social media strategy developed for each market. Pictures featured on the accounts are seasonal and mainly illustrates well-known athletics using the firm's products. This, as well as in the case of Company A and B, in order to inspire consumer and build the company's brand and image.

Due to the separate strategies adapted to each international market, Company C find it difficult to establish a strategy that functions in the context of being an international brand when at the same time striving to attain a close and personal contact with the customer. Because of the focus on several sports, the company finds it complicated to interest all followers when posting a picture on social media platforms. Furthermore, Company C have different Facebook pages connected to different markets, separating the firm's strategy from the other participating companies. This results in the published material being differentiated from country to country. According to the firm, some countries are very successful whilst some do not understand the opportunity and potential of social media in order to convert a follower to a buyer. Therefore, the result varies between the countries. During limited periods, Company C outsources their Instagram account to athletic profiles. This is according the firm a very successful strategy in terms of sales and conversions to the website. In the inception, Company C focused on using celebrities as influencers, however, the company experienced that working with athletics improved the corporate brand more than increased sales. Therefore, they started to collaborate with influencers that are interested in their products and brand, and the company selects influencers due to their personality and personal network, rather than their professional performances. According to Company C, the optimal solution would be to have one person responsible for all social media, but due to the lack of resources and personnel, it is not a possible option.

4.3.3 Social media; a cost-effective way of acquiring knowledge

In the case of Company A, social media functions as the only additional tool, besides customer information, used for acquiring knowledge of potential customers. Company A considers social media as a useful tool for analysing market demand and the firm continuously analyses happenings on the platforms. According to the company, "social media is a great tool in order to identify opportunities and receive feedback from potential buyers" (Founder, Company A), and the on-going interaction between social media users and the company is valuable for future sales. Furthermore, Company A states that the challenging part regarding analysing information from social media, a relatively cost-effective way of receiving information, is to distinguish relevant parts among the large amount of available information.

Company B considers that they could have been better at analysing the relatively easily accessible fact on social media. The firm states that the only performed research related to analysing the buyers' origin through different programs, which helped them discover their main target group, Swedes.

Company C mainly use knowledge available through social media to attain information regarding the demography of their followers. This, in order to control the stream on social media platforms, influencing possible customers. Further they aim to use obtainable information to participate in a dialogue with their followers to acquire a personal contact and sustain a good rumour. Despite their usage of some of the accessible information, Company B highlights additional possibilities, stating that there is more to be done but that a further collection of information requires an investment of time and money. According to the company, social media can provide knowledge regarding desired reference-group, a type of knowledge expensive and difficult attaining through other methods.

Beyond the knowledge that is possible for companies to attain, all participating firms further highlight that social media is an effective way of spreading knowledge about their company, leading to the consumers gathering information through social media. Company C express the opinion that consumers today are experts in gathering information about companies and products and therefore highlights the importance of using social media.

In conclusion, all participating companies consider social media as a cost-effective method of attaining knowledge. The accessible information is utilized in different ways but Company A, B and C all agree on that an amplified knowledge gathering would benefit the firms but require more invested money and time, resources that are considered limited in all companies. Furthermore, all respondents agree on the possibilities in spreading company related information to consumers, leading to them acquiring knowledge through social media channels.

4.3.4 Overcoming barriers with social media

All participating companies explain resource limitations as a natural consequence of their character as SMEs but highlighted that social media has enabled them to overcome resource limitations associated with the company size.

First, all companies describe social media as a relatively cost-effective tool compared to other marketing instruments. Company A states that social media has enabled the firm to create an awareness that without Facebook and Instagram would have been impossible due to the limitations of finance. Company B agrees with company A, adding that an internationalisation without social media would demand more financial resources. Moreover, the answers from Company C corresponds to earlier mentioned statements but the firm also mentions that the relatively recent rise of social media leads to it being financially neglected by the company's decision-makers. However, despite mentioned assistance achieved from social media, Company A still feel financially restricted, partly due to a described change within the industry. "Along with the rise of social media companies started using influencers to market their products. Today, the influencers have understood the meaning of their marketing leading to them charging firms for posting and promoting their products on their social media platforms." (Founder, Company A). Consequently, the small budget still functions as a barrier for success, hindering Company A to collaborate with well-known influencers with global reach. Company B agrees with company A, adding that the changing marketplace has given the influencers more impact and ability to demand more from the company.

Second, all participating companies announce social media as a useful tool for knowledge acquisition. SMEs often have limited information and resources to help them make informed

and effective decisions to manage uncertainty (Udomkit & Schreier, 2017). Company A states that the possibilities of gathering information results in a reduction of another stated barrier, obtaining knowledge from markets and consumers with limited resources. According to Company A, interactions with social media users leads to market insights in which they are not physically present. Company A delivers their products to any continent, leading to social media functioning as a useful tool in order to gather information about different markets and developing an effective way for making customers aware of their brand. Company C agrees with Company A stating that it is costly to identify possible customers resulting in social media being a more financial option. Company B however, did not utilised the source of information to the same extent but states that that did not impact their initiation of a global strategy.

However, despite the above-mentioned advantages, all participating companies highlight the importance of utilising social media with consideration. Company C states that if not used correctly, social media can increase barriers instead of decreasing them. As an example, Company C refers to the fact that the firm's marketing is centralized, meaning that every market is in control of its own domestic marketing. If not used correctly, posts on social media can portray an ambiguous picture of the company, leading to a poorly portrayed image. Further, Company A states that social media do not help to overcome barriers of political character, such as fiscal barriers. Consequently, there are some countries to which they do not deliver. Due to trade agreements and shared tax rates, Europe is therefore the most accessible market.

5. Analysis

This chapter will present an analysis, connecting obtained empirical material with the theoretical framework in order to analyse the role of social media in the internationalisation process of Swedish SMEs within the fashion industry. The aim of this chapter is to find similarities and disparities between earlier presented theory and data, forming the base for the conclusions of this thesis.

5.1 The role of social media when internationalising

Company A and B state that by being present on different social media platforms, they have increased the awareness of their brand, both on a national and international scale. Additionally, their activities on social media provide them with the opportunity to create relationships with consumers that further create business opportunities abroad. Hence, both Company A and B believe that social media is linked to the possibility to internationalise their business as stated by the European Commission (2014). In contrast, Company C explains that they did not internationalise through social media, as it was already internationalised when the social media era emerged. However, the respondent of Company C states that the company utilises social media in order to communicate with consumers and stakeholders and is therefore helpful to strengthen their relationship with markets in which it is already present. Thus, Company C claims that social media plays an important role in its international involvement.

The belief that social media is directly linked to Company A and B's internationalisation is in accordance with the European Commission (2014) and Pick (2016) stating that social media facilitates companies to improve their international presence and can lead to an internationalisation towards almost any market. Leonardi et al. (2013) explain that social media is used in the purpose to communicate with external stakeholders such as consumer and vendors. This goes in line with Company C's employment of social media.

Despite the described importance of social media when internationalising, it is hard to predict its future prospect. One might argue that as long as the platforms are used by a large number

of international consumers, social media will function as a valuable tool for companies when desiring an international involvement. However, an increasing amount of active companies branding and commercialising products on social media platforms might result in consumers transferring to new platforms due to that the consumers no longer will produce the content. In other words, the interactions between the consumers and the companies might decrease as the amount of commercial increases. This possibility highlights the importance of companies being agile, rapidly responding to changes.

5.2 Factors motivating and impacting international involvement

Received information from held interviews reveals that the participating companies either find that social media has helped them internationalise or to further expand on already entered markets. These empirical findings are in line with earlier research made by the European Commission (2014), stating that social media facilitates companies to improve their international presence. Moreover, an early internationalisation was an active choice for Company A whilst Company B explains that the firm saw the opportunity to expand internationally because of the usage of social media, the latter being in consistency with Zhang and Li (2010) claiming that social media might influence companies to identify opportunities. Despite differences in motifs for initiating a global strategy, all the participating companies began their internationalisation due to emerging *pull* factors, functioning as incentives for expanding into foreign markets. Some of the found incentives are similar to the factors identified by Alexander (1997) who mentions a stable political structure, good economic conditions and high market growth potential, developing markets, positive social environment, familiar culture reference points, innovative retail culture and niche opportunities as potential *pull* factors (ibid.). Company A is mainly involved in using e-commerce, accessing the global market and recognising its market potential with additional potential buyers, without increasing costs or risks. Observable *pull* factors can also be connected to the internationalisation process of Company B and their initiation of a global strategy through social media. Company B began their internationalisation when noticing an increasing number of international followers on social media, indicating possible advantages with international export. Furthermore, Company B's choice to focus on Norway and Denmark because of existing cost advantages together with a proximity and familiar cultural reference points in resemblance to the Swedish market can be added as additional *pull* factors. Thus, one can argue that social media enables companies to discover new potential

international customers, markets and other *pull factors* that motivates international expansion, factors that might not have been identified in such a cost-effective way.

5.3 Different roles of actors within a network

Company A was able to retail their products in Austria and Germany due to the founders' physical presence living in the cities, allowing them an easier access to those markets because of their presence and knowledge of the native culture and language. The fact that Company A entered markets to which the founders have personal connections is in accordance with the theory of Johanson and Vahlne (2009), stating that personal experiences and networks influences the choice of market. Additionally, the selected markets lie relatively close in *psychic distance* to the firm's home market (Johanson and Vahlne, 1977).

Johanson and Vahlne (2009) further highlight the importance of being an *insider* in order to achieve a more effective and faster internationalisation, a feature additionally emphasised by the founders of Company B that in an early phase realised the advantage of using influencers in the context of marketing, focusing on being present on social events in order to connect with relevant people. The received information from held interviews reveals that all participants believe that a social network is an important part in SMEs' strive to become international companies i.e. highlighting the importance of being an *insider*. Social networks helped Company A establish themselves in Austria and Germany and led to Company B being able to market their products through influencers in a cost-effective way. The importance of a social network is also identified in the case of Company C when taking advantage of the existing network within the group in order to enter new foreign markets, not least markets such as Norway. Furthermore, the desired acquisition of Company B was initiated because of a long lasting and close business relationship. The observable importance of being part of a network and being an *insider* therefore corresponds to some extent with the Uppsala model (Johanson & Vahlne, 2009), stating that internationalisation is connected to and pursued within a network and that close and lasting business relationships result in a building of trust. The social network of Company A, B and C resulted in them overcoming the difficulties to internationalise, which is according to Laufs & Schwens (2014) a possible scenario when being an SME.

Further, Johanson and Vahlne state in the original Uppsala model from the 1977 that a larger involvement in a market leads to a faster internationalisation. However, this is not the experience of Company A and B. In the case of Company A, it was not involved in any markets during the starting point of the business, but due to the emerge of internet, e-commerce and social media involvement, the company internationalised all over the world. This is also the case of Company B, which exclusively is involved in e-commerce, delivering to all continents. However, the original Uppsala model was later updated and the importance of networks and relationships is explained to be essential for a company when expanding. This fact goes better in line with the experience of Company A and B.

As noticed, parts of the empirical data correspond to the Uppsala model and the stated importance of relationships and networks. However, held interviews further indicate that the participating companies describe the role of actors within their networks differently. Gathered information from the empirical data portrays that Company A describes that the founder's presence in several international cities led to an establishment of a personal connection with actors, providing the possibilities of sales in physical stores, initiating a development of the company that earlier only were active within e-commerce. Within the network of Company B, the influencers are presented as important actors within their network for accelerating internationalisation when increasing the awareness among international followers, resulting in a global presence and providing the possibility to interact and create networks with consumers. Observations made when analysing the empirical findings displays that the influencers function as intermediates in order to reach new customers. Company C also explain that different actors within their networks have different purpose. The group that enabled an easier expansion into e.g. Norway is explained as an actor to which the company has a commitment. Additionally, distributors and suppliers are considered as important actors in order to generate products essential for the on-going business. As mentioned by Company B, Company C also describes actors, such as athletic profiles, functioning as intermediates in order to accelerate internationalisation, raise awareness and further generate sales.

5.4 Overcoming barriers with social media

Research highlights existing obstacles hindering smaller companies to succeed when competing on the global market (Frawley & Fahy, 2006) and states an overcoming of these

limitations as an important aspect in the process of internationalisation (Agndal & Chetty, 2007). This point of view is shared by all participating companies, explaining resource limitations as a natural consequence of their character as SMEs. Further, all respondents state that social media has enabled them to overcome resource limitations, associated to the company size. According to all responding companies, social media is a beneficial tool in order to overcome resource limitations, enabling firms with limited resources to reach out to markets and customers in a cost-effective way. This goes in line with Mathews and Healy (2007), highlighting the Internet's impact in the internationalisation process of SMEs, overcoming obstacles. According to all participating companies, having access to additional resources would have led to a more successful international presence, allowing the firms to expand their presence on social media. More resources would involve a usage of additional platforms and a development of the already existing due to factors such as a bigger workforce and access to knowledge. As stated by Company B, scarce resources prevent the firm from working with additional platforms and marketing tools, a statement in accordance with research showing that a use of multi-channel approach are limited among Swedish SMEs (Business Sweden, 2015). According to Fletcher and Harris (2012) barriers often restricts SMEs from acquiring knowledge. The empirical findings show that all companies find social media as a suitable option for SMEs to acquire information and facilitate the process of internationalisation. Despite the mentioned standpoint, Company B has not utilised this source of information, a decision that the firm states not to have impacted them when initiating a global strategy. This might be connected to the firm's sales method using e-commerce. Utilising the Internet in order to export globally might benefit companies, making it possible to use one standardised platform for all markets. This leads to the company's target group being anyone, resulting in a smaller requirement of knowledge.

Furthermore, Frawley and Fahy (2006) and Beck et al. (2008) specify the lack of access to financing as a resource limitation, functioning as a barrier for SMEs when striving to internationalise. All companies agree and add that social media is a relatively cost-effective tool compared to other marketing instruments. Company A states that social media has enabled the firm to create an awareness that without Facebook and Instagram would have been impossible due to the limitations of finance. Both Company B and C agree upon this view. However, despite social media enabling an overcoming of potential financial limitations, Company A and B still feel restricted due to a described transformation of the

social media industry, resulting in a more resource-demanding tool. Debatable is therefore if social media will continue to function as appropriate for SMEs with limitation of resources if the social media industry will continue the development into becoming a more expensive tool. If the observable trend of increasing costs related to social media will continue, larger companies will favour, leading to a difficulty for SMEs to compete on the global market. Furthermore, if well-developed social media platforms will function as an important need for success, SMEs must invest more time and money to develop the platforms, leading to additional difficulties to compete with larger companies.

However, despite still existing barriers and a noticeable transformation of the industry, none of the companies consider that resource limitations has hindered them from entering the global market despite their relatively small sizes. Research highlights obstacles hindering smaller companies to succeed internationally (Frawley & Fahy, 2006) but according to Company A, the internet has facilitated the possibilities to internationalise, leading to the resource limitations only impacting the success of a firm on the global market, not the possibilities of entering markets. This, further in line with research arguing that the influence of the factor of size is decreasing (Mollá-Descals et al., 2011).

5.5 Social media strategies

Root (1998) suggests that there are three different *rules* when selecting a strategy to enter international markets, the *naive rule, pragmatic rule* and *strategy rule.* Company A and B are relatively new born companies using what Root (1998) denominates as the *naive rule*, applying the same entry strategy for all foreign markets using a homogenous social media strategy. Company C however, use the *pragmatic rule* to amplify their presence in existing markets, using different social media strategies for each market. One might argue that the usage of the *naive rule* implies that Company A and B show a low degree of digital maturity as mentioned by Business Sweden (2015). However, since social media functions as the two companies' main marketing channels, one might claim that the employment of the naive rule rather is connected to the companies being small and recently established. When using social media, implying the *naive rule* enables an access to international markets without demanding the same amount of resources needed if desiring an employment of the *pragmatic rule,* developing different strategies for each market. According to all participating companies, having access to additional resources would have led to a more successful international

presence, allowing the firms to expand their presence on social media. As Frawley and Fahy (2006) and Beck et al. (2008) describe, scarce resources functions as a barrier for SMEs when striving to internationalise leading to the *naive rule* being a suitable first strategy.

Although using social media is a favourable strategy when internationalising, it is important for the company to choose suitable platforms depending on the desired outcome (Grander, 2014), this in order to reach the full potential of each social media platform. According to the interviews, it is stated that all companies use different platforms depending on the purpose of the announcement. Company A, B and C do all agree about existing differences regarding social media platforms and as suggested by Leibowitz (2017), the firms state that Facebook is a useful platform to increase the company's visibility and distribute information and that Instagram is more suitable for branding and interaction. Company A uses Instagram mainly for branding and to inspire customers. Company A uses Facebook in the purpose of sales, announcing offers and information and to transfer visitors to the website. This is also the case of Company B and C. Company A implies that they attract the younger generation and notice that they are more active on Instagram, but that Facebook is a good complement for increasing sales. These experiences goes in line with Hutchinson (2016), Gardner (2014) and Pick's (2016) theory that different social media networks are used by different generations and that the choice of platforms therefore should be adapted to the purpose of posted material and choice of target group.

The research displays that the participating companies strive to reach a global scale through e-commerce. However, when initiating sales in physical stores in different international markets, the companies tend initiate their presence in markets that are close to their home market in terms of interest and mind-set, such as Norway, Denmark and Germany. This is in accordance with Alexander (1997) and Johanson and Vahlne (1977) stating that companies internationalise to markets that are close in *psychic distance*.

5.6 Knowledge acquisition from social media

According to Kapland and Haenlein (2010), social media have transformed the way of accessing and disseminating knowledge and although the information accessible through social media was utilized differently, all participating companies consider social media platforms as a cost-effective method of acquiring knowledge. Zhang and Li (2010) state that

knowledge acquisition from social media can be regarded as experience accumulation, which influences firms' capabilities to identify opportunities, errors, and threats. Company A agrees with the possibilities to identify opportunities, stating that it helped them identify possible customers and receive feedback from potential buyers. Moreover, Company C uses accessible information to control the stream on social media platforms through gathered knowledge about their customers, influencing possible customers in the best possible way. Furthermore, all respondents agree on the possibilities in spreading company related information to consumers, leading to them acquiring knowledge through social media channels.

6. Conclusion

This final chapter contains the conclusions of the thesis derived from the conducted research. Further, the findings related to the research question, "How does an SME within the fashion industry make use of social media in its internationalisation process?", will be presented, ending with theoretical contributions, proposition for further research as well as implications for the business world.

6.1 Conclusions

This thesis contributes with an understanding of the importance regarding social media in the internationalisation process of Swedish SMEs within the fashion industry. The findings of this study conclude that the companies' social media activities play a vital part in their internationalisation process and international involvement. The results imply that scarce resources impact SMEs and that social media can be used to overcome limitations. Social media is found to enable SMEs to reach out to international markets and customers in a cost-effective way as well as to allow companies to acquire knowledge, facilitating the process of internationalisation regardless the size of the firm.

The findings based on the multiple case study further indicates that different *pull factors* contributed to and motivated internationalisation. Moreover, the empirical findings conclude that social media assisted the companies in discovering *pull factors*, functioning as glasses for identifying international opportunities.

In addition to mentioned *pull factors,* all the participating companies highlight the networks obtained by social media as important for their international sales in regards of communicating with stakeholders. This thesis therefore concludes that social media is vital for building and maintaining relationships. Moreover, the research demonstrates that the companies' social networks have had a vital role in regards of entered markets. Companies' involvement within international markets is initiated partly due to their networks maintained and created through social media platforms. The Uppsala model agrees with the statements mentioned when highlighting the importance of networks (Johanson & Vahlne, 2009).

However, in contrast to Johanson and Vahlne (2009), the participating companies describe different roles of actors within their networks. Actors identified due to the obtained information can be denominated as *providers, catalysts and supporters.* Within a network, the *providers* are considered to function as contributors, facilitating the on-going daily business. *Providers* include actors such as distributors, suppliers and different organs within the business structure, actors that initiate a relationship due to a business-related purpose. *Catalysts,* such as influencers, function as actors accelerating internationalisation when increasing the awareness among international followers. *Supporters* include actors that possess a personal contact with the company, often built on trust and commitment. Examples of supporters are friends and family.

In addition to the role of different actors, this study highlights two dimensions influencing strategies for social media usage. The first one concerns the choice of platforms in order to communicate with the desired targeted group, impacting the degree of success when internationalising. The second concerns the choice of entered markets and importance of *psychic distance* when using other entry modes than e-commerce. Thus, despite the development of the internet, providing companies a global market, is seen to facilitate the process of internationalisation, the collected data from the participating informants displays that *psychic distance*, explained by Johanson and Vahlne (1977), is still relevant when selecting new markets to enter.

Lastly, the future of social media in relation to the internationalisation of a company is hard to predict. Despite possible changes in the future, there are reasons to believe that social media will continue to function as a valuable tool for companies when desiring an international involvement if the platforms are accessed by the same great number of people.

6.2 Theoretical contributions

The purpose of this study has been to examine Swedish SMEs within the fashion industry in order to achieve an understanding of how they use social medias when internationalising. The conducted interviews of SMEs within the chosen industry have resulted in a contribution to existing research regarding social media when entering the global market, research today considered limited. Furthermore, the research has resulted in a developed understanding of different roles of actors within a network.

6.3 Propositions for future research

This thesis has resulted in identifying some areas interesting to investigate further. Firstly, an enlargement of the case study e.g. by involving additional companies. Secondly, an extension into another industry in order to see if parallels across industries can be made in regards of the importance of social media for international involvement. Thirdly, interesting aspects can be found if studying SMEs in other countries in order to find similarities and disparities between the usage of social media in different geographical areas. Lastly, consumers' usage of social media in order to interact with companies is considered interesting for further research to understand the interactions between customers and businesses on social media platforms.

6.4 Implication for the business world

This study can be implicated by SMEs aiming to internationalise their business interested in learning how to benefit from the usage of social media. The thesis provides valuable information and experiences that can be useful for other companies when creating their own strategy when including social media in their internationalisation process.

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8. Appendix

8.1 Interview questions

Q 1: Describe your role in the company?

Q 2: How did your company internationalise?

Q 3: How does your company utilise social media?

Q 4: How has social media impacted the internationalisation process of the company?

Q 5: How has social media and a social network helped the company gather information and knowledge about markets and the way to enter new markets?

Q 6: Describe how the company utilises the different platforms. Does it differ between the different markets?

Q 7: How does the development of social media influences the fashion industry? How does the company respond to this?