



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

How does local adaptation affect the internationalization performance?

A multiple case study of the local adaptation efforts and internationalization performance of six Swedish e-retailers

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Authors
Moore, Aishatou Fatima
Vaaheranta, Loviisa

Tutor
Hilmersson, Mikael

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Aishatou Fatima Moore

Loviisa Vaaheranta

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Abstract

Although the technological advancements and the rise of e-commerce have made it easier for companies to sell their products worldwide, it should be noted that differences in customer preferences and behavior still exist. In order to remain competitive and attractive for the customers, the e-commerce companies should adapt to the local conditions beyond the most obvious ways, such as translating their websites. The view regarding the importance of local adaptation is shared both by the practitioners and the theory, however, there was a lack of research considering the role of local adaptation in the company's internationalization performance. Local adaptation in the e-commerce context is defined as "the process of adapting websites in accordance with linguistic, cultural, technical, functional, legal, and other locale-specific requirements of the target market". Thereby, the aim of this study was to gain an understanding on how local adaptation impacts the company's internationalization. Local adaptation was studied from two perspectives: firstly, how the different types of local adaptation impact the internationalization performance and secondly, whether the amount of local adaptation has an impact on the internationalization performance. In order to study the relationship, a qualitative multiple case study was conducted with six Swedish e-retailers. The findings suggest that the grade of local adaptation does not directly affect the internationalization performance of the e-retailers, instead, the type of local adaptations has a larger impact on the performance. It is more important for the companies to choose the right types of local adaptation that are in line with their retail segment and customer preferences. In order to find the right types of local adaptation, e-retailers need to take into account their target group and gain local knowledge through different channels, such as local employees and influencers. This study provides e-retailers advice in how they can use local adaptation in their internationalization and increase their customer satisfaction.

Key words: e-commerce, e-retailer, internationalization, internationalization performance, local adaptation, Desenio, Eleven, Fritidsfabriken, Junkyard, Miss Mary of Sweden, Northern Spirit

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Abbreviations

B2B: Business-to-Business
B2C: Business-to-Customer
BG: Born Global
CEO: Chief Executive Officer
CFO: Chief Financial Officer
COO: Chief Operating Officer
GDP: Gross Domestic Product
IE: International Entrepreneurship
SME: Small and Medium-sized Enterprises
VAT: Value-Added Tax
VC: Venture Capital

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1. Introduction

In this chapter, the background of the research topic is introduced, leading to the problem discussion where local adaptation and internationalization performance are discussed. Lastly, the purpose and the research question of the study are presented.

1.1 Background

The emergence of the internet in the 1990s enabled a new form of business, electronic commerce (e-commerce), which UNCTAD (2017a) defines it as “the trading of goods and services through electronic media”. For traditional retailers with physical stores, this meant that they needed to adapt their business model in order to stay competitive and remain attractive for the customers in the fast-changing business environment. Consequently, the traditional retailers started to establish online stores as a complementary part of their business, which then led to further increase in the overall e-commerce (Sopadjieva et al., 2017). The first cases of Swedish firms engaging in e-commerce are from the late 1990s when e.g. online bookstores Adlibris and Bokus and online department store CDON were established (Ehandel.se, 2017a). In the mid-2000s, large Swedish clothing retailers such as H&M, Lindex, and KappAhl started selling goods online and after this, “pure” e-commerce firms that only operated online without having physical stores entered the market, including e.g. Nelly, Boozt, Zalando and Bubbleroom (Ehandel.se, 2017b).

E-commerce has been growing rapidly during the recent years whereas global trade growth has stagnated (UNCTAD, 2017a; McKinsey & Company, 2016). It is estimated that in 2013, the global e-commerce sales accounted for 16 trillion USD (UNCTAD, 2017a) whereas, in 2015, the sales had increased to 25 trillion USD (UNCTAD, 2017b). Looking at the business-to-customer (B2C) e-commerce, in 2016 16% of the sales were cross-border transactions and the amount is expected reach approximately 30% by 2020 (McKinsey & Company, 2016). This indicates that cross-border B2C e-commerce will play an increasingly important role in the future of international business. According to a newly published report by PostNord (2017b), e-commerce in Sweden has experienced strong growth throughout the past decade. In 2006, the turnover of e-commerce corresponded to 14.3 MSEK and it has increased continuously reaching 57.9 MSEK in 2016. Furthermore, e-commerce accounted for 2.7% in 2006 whereas in 2017 it covered 7.7% of the total retail business (PostNord, 2017b).

E-commerce in Sweden is characterized by high competition and the industry includes both national and international players (PostNord, 2017a).

Compared to traditional companies, a common feature of e-commerce companies is early and rapid internationalization (Forsgren & Hagström, 2007; Luo et al., 2005; Skudiene et al. 2015; Schu, 2016). This is mainly due to high competition in the industry, which motivates the companies to seek first-mover advantages in new markets (Forsgren & Hagström, 2007; Schu, 2016). Additionally, e-commerce companies are often characterized by large international customer pools and a cost structure, where marketing and transportation are the biggest components (Kotha et al., 2001; Rodríguez-Ardura & Meseguer-Artola, 2010; Svensk Handel, 2014).

E-commerce companies are not limited with geographic barriers and companies are theoretically able to reach international customers as soon as they establish themselves online, without making any country-specific investments (Kotha et al., 2001). It is however important to note that companies are required to have a high degree of local knowledge and excellent customer service in order to reach their target group. Therefore, the global online presence without local knowledge does not enable the companies to reach their full potential, which limits their internationalization performance in the foreign markets. It should be kept in mind that differences in local preferences appear even in regions, which are considered to be homogenous, e.g. Scandinavia. Thus, the ability to adapt to the local conditions and modify the product offering is highly important for all e-commerce companies, no matter in how many foreign markets they are present in (PostNord, 2017a).

Having said that, it becomes evident that the local adaptation efforts can have a significant impact on how well e-commerce companies succeed in foreign markets. In the e-commerce context, local adaptation is defined as “the process of adapting websites in accordance with linguistic, cultural, technical, functional, legal, and other locale-specific requirements of the target market” (Singh, 2012: 7). Followingly, internationalization in this study is defined as “the process of increasing involvement in international operations” (Welch & Luostarinen, 1988: 36).

Despite the fact that e-commerce companies are characterized with high internationalization speed, there are evident differences in the internationalization performance of the firms (Schu, 2016), and it is suggested that differences in local adaptation efforts between companies is one of the underlying reasons behind the differences in internationalization performance.

1.2 Problem discussion

Rodríguez-Ardura and Meseguer-Artola (2010) argue that internet enables companies to easily gain market knowledge and allows them to adapt to the changes in the local market at a fast pace. Market knowledge can be broadly defined as “knowledge about the local business context” (Åkerman, 2015: 80). It includes both the local institutional setting such as regulations, laws, and norms as well as network-specific knowledge about local actors. Despite this, Yamin and Sinkovics (2006) argue, that market knowledge gained through internet is not as extensive as knowledge gained through face-to-face interaction, and thus the internet does not provide companies deep knowledge about underlying market conditions since the interaction with the host markets has reduced.

Various authors [Hermans & Shanahan, 2002; Sackmary & Scalia 1999; Yang & Kang, 2002] claim, that cultural aspects do not affect consumers’ approach to web communication, and thus support standardization strategy in web communication. This view is challenged by other authors [Cermak & Smutny, 2018; Singh et al., 2004, 2005; Singh & Pereira, 2005], who argue that e-commerce companies still need to invest in local adaptation due to essential differences in customer preferences and cultures in different markets. Thus, internet per se cannot guarantee a successful global reach of customers. This is view supported by Vahlne (Siri & Renneby, 2014), who argues, that e-commerce companies need to adapt their marketing and product offering to the local conditions, in a similar way that traditional companies do. According to him, the importance of geographical distance for e-commerce companies’ expansion has decreased but psychic distance remains as a significant entry barrier. Furthermore, local adaptation enables a higher level of customer satisfaction, as products can be adapted to the specific needs of the local population, which can then lead to higher revenues. Yet, the major disadvantage is the financial cost of gaining market knowledge and then integrating the knowledge to the current strategy in the market (Chung, 2009; Korotkov et al., 2013).

Local adaptation research extends the view of Uppsala model on acquiring local market knowledge, as it highlights the importance of adapting the firm's foreign operations according to the gained knowledge. As local adaptation is based on local market knowledge, the companies can utilize their partners' experience in the target market, which then decreases the risks connected to incorrect local adaptation (Chung, 2009; Korotkov et al., 2013). In line with this, Singh (2012: 42) states that in order for e-commerce companies to gain competitive advantage in the global market, they need to effectively search for "partnerships, assets, resources, and consumer segments". Furthermore, companies can use their networks in order to gain trustworthy local market knowledge at a higher speed, when compared to the companies acquiring all the knowledge by themselves (Johanson & Vahlne, 2009). In connection to knowledge, according to the international entrepreneurship (IE) literature entrepreneur's previous internationalization knowledge has an important role in a company's internationalization behavior of a firm. However, Singh et al. (2010) highlight the uncertainty between managerial attitude and the company's realized local adaptation strategy, and thus the connection between local adaptation and the entrepreneur's previous knowledge is uncertain.

Furthermore, there is a lack of research studying the connection between internationalization performance and local adaptation in the context of e-commerce. Consequently, Singh et al. (2005) state that the direct consequences of local adaptation can be difficult to observe as there are numerous other factors that also impact companies' internationalization process, and thus future research is needed in order to ascertain the impact of website local adaptation on the company's operations in the foreign market.

Reports published by large organizations such as Business Sweden (2017), DIBS (2017) and PostNord (2017a) highlight the importance of local adaptation in the Swedish e-commerce context in the form of e.g. payment methods, language and location-specific product offerings. Regardless, when it comes to Swedish e-commerce retailers (hereinafter e-retailers), there is limited theoretical research conducted in the area of local adaptation. Sayyah and Nilsson (2017) present empirical evidence from three fashion e-retailers from Sweden and suggest that local adaptation is often connected to high financial costs and resource usage. Thus, larger companies have better prerequisites to use local adaptation in their foreign markets. It is evident that companies are uncertain of the benefits that can be gained through local adaptation, and can, therefore, be reluctant to invest in it.

The internationalization performance of an e-retailer can be thoroughly evaluated by taking into account three interconnected aspects: speed, extent, and scope of foreign operations (Schu, 2016). The comprehensive picture of e-retailers' internationalization performance needs to be formulated first in order to then further assess the impact of local adaptation on the companies' performance. Both theory and practice have concentrated on the importance of local adaptation but not specifically on the role of it in the internationalization performance of e-commerce companies. According to Schu (2016), the main focus of IB research is on the internationalization processes of MNEs, and scarce research is done within the online retail industry. However, progressing this focus in e-retail is important because local adaptation is highly significant in the retail industry, as consumers use the products to express their personality. Furthermore, local adaptation is a current concept in the e-commerce context, as many e-commerce companies do not have a physical presence in the foreign markets, which might impact their local adaptation efforts. Thus, it is crucial to study how e-retailers adapt to the local conditions and how does local adaptation impact the internationalization performance of e-retailers.

1.3 Purpose and research question

The purpose of this study is to understand the role of local adaptation in the internationalization performance of Swedish e-retailers. In response to the problem discussion above, local adaptation is an important tool which can enable companies to increase their customer satisfaction and revenues in foreign markets, however the concrete impact of local adaptation on the internationalization performance of companies remains relatively unresearched in the theory. Several authors argue that even if internet gives the companies the possibility to internationalize faster than before and that individuals might seem more homogenous online, it is still important to note that there are differences between nationalities and different regions in the world, even online. In addition, local adaptation is a relevant concept in e-retail where the importance of self-expression is high.

As many e-retailers do not have a physical presence in their foreign markets, it is important to find out how this impacts their perspectives of and possibilities to conduct local adaptation. As theory states that a higher amount of local adaptation can lead to a higher purchasing willingness, it is important to study how the grade of local adaptation, i.e. combined amount of local adaptation efforts conducted by the company, is related to the internationalization

performance. Consequently, different types of local adaptation and their impact on the case companies' internationalization performance are studied, and the type of local adaptation is defined as a local adaptation method used by the company. Therefore, this study aims to increase the understanding of local adaptation, regarding both type and grade, and to fill the theoretical gap concerning the connection between local adaptation and internationalization performance of e-commerce companies. Lastly, e-retailers can learn about the challenges and main learnings of the case companies, and take their experiences into account when deciding upon international expansion.

Therefore, the following research question will guide the research:

How does the type and grade of local adaptation affect the internationalization performance of Swedish e-retailers in foreign markets?

1.4 Delimitations

The connection between local adaptation and internationalization performance of e-retailers is unclear in the current theory which has created delimitations for this study. Due to a lack of a theoretical framework combining these two aspects, the theoretical perspectives included are based on authors' subjective decision-making during the literature review process. Therefore, an abductive research approach was applied, which enabled the authors to continuously review the theoretical perspectives in connection to the empirical findings. Only e-retailers without physical presence abroad were included in the study in order to be able to compare the companies with each other. Hence, e-retailers with physical presence abroad were excluded due to time limitations, which narrow the practical implications of the study, as the impact of physical presence on local adaptation and internationalization is not studied. The results based on six case companies cannot be generalized, however, a qualitative approach helps to gain understanding of the phenomenon, which could not be gained with a quantitative approach.

Lastly, further methodological delimitations are described in the following chapter.

2. Methodology

This section provides a detailed description about the methodological approach used in this multiple case study. Furthermore, the authors present the data collection and data analysis processes, followed by a description of the measurements determining the quality of the research. In order to understand how local adaptation impacts internationalization performance of e-retailers, it was convenient to start with identifying the relevant theoretical framework related to internationalization and local adaptation in the e-commerce context. The literature review showed that researchers often point out the importance of local adaptation. However, there was a lack of studies focusing on the grade and type of local adaptation that would increase the internationalization performance. Secondary empirical data was gathered in order to create a basis for the study that would help the authors to create the interview guide. Primary empirical data was collected through interviews with the six e-retailers. Lastly, the theoretical framework was continuously adjusted in accordance to the empirical findings.

2.1 Research approach

One of the most widely used research approaches is the abductive approach which is often based on specific observations, which cannot be explained or found in the existing theory. Abduction combines both inductive and deductive research design and includes continuous evolving of the conceptual framework (Dubois & Gadde, 2002; Kovács & Spens, 2005).

Abductive approach was chosen to be applied to this study as it provides a way to further elaborate the phenomenon, which the study is based upon, i.e. the connection between local adaptation and internationalization performance. Abduction originates from both induction and deduction, and the abductive framework evolves continuously due to unseen empirical findings and new theoretical understanding. In this study, the continuously evolving empirical findings from the interviews and the mapping study were used in order to adjust the theoretical framework in the study according to the new findings. The aim of abduction is not to confirm existing theories, instead, it aims to generate new concepts and further develop existing theories. In line with this, the purpose of this study was not to confirm a specific internationalization or local adaptation framework, instead the purpose was to understand the connection between these two aspects by combining various theoretical perspectives. Thus, abduction is based on repeated questioning of the empirical findings and the theory in order to develop a contextual framework, which takes into consideration changes in both empirical

and theoretical aspects (Dubois & Gadde, 2002). The final conceptual framework can be seen under chapter 3.5.

Abductive research process starts with real-life observations, which do not match the prior theoretical knowledge of the phenomena, meaning that the existing theory cannot explain the anomaly of the observation. In the case of the study, it could be observed that companies conduct local adaptation, however, the understanding of its role in the internationalization performance could not be explained with the help of theory. After this, “theory matching” or “systematic combining” begins, where the researchers either aim to find a new matching framework or further develop the existing theory in the context of the new observation (Kovács & Spens, 2005). This study used “systematic combining” in order to further develop the theoretical perspectives of both local adaptation and internationalization performance. With developing these perspectives together, their connection could be studied.

2.2 Research method

2.2.1 Qualitative research method

Qualitative research method was chosen to be applied in this study. The underlying reason for the choice of method is that it provides an in-depth understanding of the studied context and can be applied for studies, which include relatively few interviewees (Cooper & Schindler, 2014). This is supported by Langer (2001: 26), who states that “qualitative research is ideal if you want to extract feelings, emotions, motivations, perceptions, consumer “language”, or self-described behavior”. Since the purpose is to understand how local adaptation impacts the internationalization performance of the case companies, it was logical to apply a qualitative research method that allows the interviewees to describe their experiences about the role of local adaptation in their internationalization process.

2.2.2 Multiple case study

A multiple case study was deemed to be the most suitable research approach for this study. Firstly, a case study approach allows researchers to gain insight into a phenomenon in a certain context (Farquhar, 2012). In this case, local adaptation and internationalization performance are studied in the context of e-retailers.

Furthermore, a case study research that aims to answer to “how, why and who” questions can be conducted by gathering data from multiple sources (Yin, 2009).

Instead of focusing on one unit, six companies were included but the aim is to gain understanding and explanations rather than trying to generalize the results. Studying multiple companies helps to increase the multidimensionality of the results (Farquhar, 2012). Since the goal is to better understand the role of local adaptation in e-retailers’ internationalization performance, gathering data from more than one company enabled to make comparisons and to detect behavioral patterns among the companies. The case study approach has been criticized for the lack of objectivity, however, this method is considered to be feasible for the study in questions since the purpose is not to generate objective results. Instead, the purpose is to understand how e-retailers’ local adaptation efforts affect their internationalization performance.

Conducting a multiple case study has several strengths. Firstly, it allows researchers to check with interviewees whether they have understood and interpreted the collected data in a correct way and ask additional questions in order to gather sufficient data (Sinkovics et al., 2008). This was done in this study, as the case descriptions were sent to the interviewees in order to verify that the interviews were interpreted in the right way, and furthermore, additional questions were asked by email when the case descriptions were sent.

Multiple case studies can have either holistic or embedded designs, depending on the research question of the study. Embedded case studies include more than one unit of analysis and the research is built on various sub-unit analyses. The risk with embedded case study is that the analysis stays on the subunit level and cannot be generalized on a larger level, which then leads to that the research provides an insufficient answer to the research question. Holistic case study design is often used when clear subunits cannot be identified or when the theoretical framework in the case is of a holistic nature. As holistic case design does not conduct deep analysis on sub-unit levels, there is a risk that the design leads to an abstract study which lacks depth and clear measurements of the phenomena (Yin, 2009).

A holistic case study design was chosen to be implied in this study as the aim of this study is to generate an overview of local adaptation and internationalization of Swedish e-retailers. Taking into account the time limitations of the study, the holistic case design fitted the study

better and therefore, no in-depth analysis of the case companies were made, e.g. with the help of multiple interviews within one company (Yin, 2009).

However, in order to add a grade of embeddedness in the study, the interviews with companies are combined with a mapping study, which shows the grade of local adaptation in the companies included in the study. The mapping study was created prior the interviews in order to create an understanding and help the researchers in creating the interview guide.

2.3 Selecting companies

The selection of case companies included multiple steps. At the first phase, the target group must be decided carefully (Ghauri & Grønhaug, 2010). For this study, the target group was restricted to Swedish e-retailers due to the fact that in the retail industry, the customers' self-expression through products is a central part. The next step was to find out the actual accessible companies. The starting point of approaching companies was a list of the 100 largest e-commerce companies in Sweden (Ehandel.se, 2017c). From this list, the relevant e-retailers were filtered and the ones with international activities were selected to be approached.

The companies suitable for this study were approached by email and in total, 36 firms were contacted and six companies confirmed that they would take part in an interview. The final interviewees are listed out in Table 1. The purpose of the thesis was summarized in the sent email in order to get in touch with right persons who had knowledge about e-commerce and local adaptation. In small companies, the employees often have many and flexible responsibility areas (Smallbone & Welter, 2008), and thus persons who do not have e-commerce related titles can be highly involved in the company's e-commerce and local adaptation decisions. Information regarding interviewees' involvement in local adaptation processes is described in the beginning of each case description in section 4.2.

The six companies included in the study needed to fulfill certain criteria that enabled the authors to observe patterns and compare the findings. Firstly, none of the e-retailers should have physical stores outside of Sweden, and the majority of their revenues should come from online sales. One exception was Miss Mary of Sweden, as it was found out in the interview that only 40% of the company's sales come from e-commerce. Companies with physical

stores outside of Sweden were not included, as they would not be comparable with companies that only operate online. The companies within fashion and design were targeted in order to get a sample of companies who deal with the fast-changing business environment. In addition, these products reflect the self-expression of customers which gives companies a reason to engage in local adaptation. Secondly, the companies were required to have country-specific websites, such as .fi (Finland), .dk (Denmark), .no (Norway) and .de (Germany) which indicate that they are developed to target the local consumers of each country. The general .com URL webpages were excluded from this study since they do not reflect local adaptation due to their standardized approach.

After having selected the companies that fulfill the criteria, the authors noticed that the case companies could be divided into two groups based on their maturity. Half of the companies were newly established Born Globals (BGs) while the other half consisted of mature e-retailers. BGs that can be defined as “entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets” (Knight & Cavusgil, 2004: 124). This aspect gives an additional dimension for the study, allowing the researchers to compare the results also in terms of the maturity. Thereby the authors can gain an understanding of whether the maturity has any impact on the company’s local adaptation and internationalization performance.

2.4 Selected companies

Taking into account the above-mentioned criteria, the following companies were included in the study:

2.4.1 Desenio

Desenio was established in 2010 and in the beginning, the company sold sound absorbers. After this, the company started to sell canvas art but redirected its business in 2013 towards being the company that Desenio is today. In 2014, Desenio launched its Swedish online store and started to focus on selling posters and frames. Since then it has expanded heavily and is at the moment one of the fastest growing Swedish e-commerce companies (Amesto, 2018). The target group can be divided into two parts: women of age 18-25 and 26-35. Due to the significant growth during the last years, the amount of Desenio’s employees increased from

eight to 45 between the years 2016 and 2018. Furthermore, it is projected that the the amount will reach 70 at the end of 2018.

Desenio has currently country-specific websites for Denmark, Finland, Norway, UK, Holland, Germany, US, France, Italy, Spain and Portugal and the Netherlands. Desenio is a relatively new e-retailer and the company has grown very rapidly during the past years and its turnover has increased from 4 MSEK in 2015 to 99 MSEK in 2017 (Driva eget, 2018). Furthermore, the company has a Venture Capital company investing in it (Verdane Capital, 2018). Thus, it is interesting to study the potential role of local adaptation related to the company's success in different markets.

2.4.2 Eleven

Eleven was founded in 2004 and the company is one of the leading online beauty stores in the Nordics. Approximately 26 persons are employed in the e-commerce segment, including warehouse and online business, and approximately 20 persons are employees in Eleven's physical stores. The company was one of the first online beauty stores launched in Sweden and they have since then worked actively with the development of e-commerce and the online beauty industry (Eleven.se, 2018). The main target group of the company is women of ages 25-50, and the company is present abroad in Finland and Norway. Eleven is one of the mature e-retailers included in the study, as it was established already in 2004. The company is the only beauty e-retailer included in the study and thus it provides information about the local adaptation needs in the specific industry. Hence, it is interesting to see how local adaptation needs differ between different sub-sections of e-retail. Interestingly, Eleven has three physical stores in Sweden and the company's Chief Executive Officer (CEO) at the time stated, that all the e-commerce companies need to invest in omnichannel at some point. In line with this, he suggested that one problem affecting e-retailers is the lack of physical contact with customers (Di Digital, 2016).

2.4.3 Fritidsfabriken

The company was established in 2013 and it produces and sells multifunctional outdoor clothes under the brand RevolutionRace. At the moment, Fritidsfabriken employs 12 persons and the company's target group is people between 30 and 50 years. Hence, the company is a relatively new e-retailer which has increased its sales notably since its establishment.

Between financial years 2017 and 2018, the company's turnover increased from 88 MSEK to 200 MSEK (Di Digital, 2018), and thus it is interesting to see in to which extent local adaptation lies behind the company's rapid growth.

The company is driven by the spirit of entrepreneurship, as the founders are outdoor enthusiasts themselves and this has notably affected the company's operations. The company has successfully used social media, especially Facebook, in its marketing and in attracting customers (Breakit, 2018). The company has country-specific websites in Austria, Finland, France, Germany, Italy, Netherlands, Norway, and the UK. Including Fritidsfabriken in this study increases the understanding of local adaptation in the context of outdoor, which is a special clothing segment in e-retail.

2.4.4 Junkyard

Junkyard was founded in 2002 and has grown from being a small skateboarding online shop to be Scandinavia's largest online store for urban fashion. Junkyard is thereby the most mature e-retailer among the selected case study companies. The company sells clothing, accessories, and shoes for women, men and children. The company currently employs 90 persons, 50 of which work in a warehouse in Trollhättan, 30 in Gothenburg office and 10 persons in Oslo office. Back in 2002, the founder saw an opportunity in e-commerce and since the company attracted young customers, the founder believed that they would quickly adapt to online shopping, which makes Junkyard one of the pioneers of Swedish e-commerce. Junkyard targets customers in age 15-25 and the company has country-specific websites in Norway, Finland, Denmark and France.

In 2017, the turnover of Junkyard corresponded to 321 MSEK (Ehandel.se, 2018). Including Junkyard in the study provides insights concerning the importance of local adaptation in the urban fashion sector of e-retailing. Junkyard has had low revenue margins and as a response, the company is considering to open physical stores within two years (Ehandel.se, 2018). Having the purpose of this study in mind, it is crucial to find out whether the local adaptation efforts will take place offline in the future as opposed to the present actions of the case study companies since none of them currently have physical stores.

2.4.5 Miss Mary of Sweden

Miss Mary of Sweden was founded in 1957 and it designs, produces and sells lingerie and swimwear both online and in wholesale. Interestingly, the company started as a manufacturer and launched its first website in 2003 for the Swedish market. Therefore, it can be anticipated that the company differs from the other firms, although only the company's e-commerce sales and behavior will be included in the study. The company can, however, be seen to be a mature e-retailer due to the early launch of its Swedish website. The company has approximately 20 employees in Borås and 200 in Estonia, where the majority of the employees are working in their factories. The company operates in Australia, Austria, Canada, Chile, Denmark, Finland, France, Germany, Ireland, Mexico, the Netherlands, Norway, Portugal, Spain, the UK, and the US. Interestingly, the company has an older target group than the other case companies, which has an impact on the company's marketing strategies, as social media is not used as extensively within their target group of 45+-year-old women. Thus, their local adaptation most likely differs from the other companies and it is intriguing to study how Miss Mary of Sweden conducts local adaptation, taken into consideration its characteristics.

2.4.6 Northern Spirit

The company was established in 2013 and the founders' aim was to create a brand that reflects the lifestyle of the CrossFit community through high-quality clothes that would last despite hard training. Northern Spirit has country-specific websites in Australia, France, Germany, Italy, Norway, Switzerland, the UK, and the US. The company's product assortment is very customized and thus, the company works more actively with influencers in the market entry phase, when compared to the other case companies. The company does not have a defined target group but the most frequent buyer group is 20-40 year-old women. The company currently focuses on the European market but their long-term goal is to grow sales in the US, which is the largest CrossFit market in the world. The company has grown fast during the last years and between 2015 and 2016, the turnover increased from 1.6 MSEK to 7 MSEK. In connection to the company's growth and their aspiration to grow in the US market, the company took in an external investor (Ehandel.se, 2017d). Therefore, it is interesting to study how local adaptation is used in a CrossFit community, as the target group is narrower than the other case companies' target groups.

2.5 Collecting case study evidence

2.5.1 Interview and questions design

The chosen data collection method is semi-structured interviews, which are often used in order to obtain a deeper understanding of a phenomenon. Semi-structured interviews are applicable in situations where the interviewers have a certain grade of an empirical and theoretical understanding of the studied subject but are simultaneously open for new information and points of view which the interviewees can provide. In the context of this study, the interviewees provided the interviewers with practical knowledge and insight in the e-retail industry that could not be gained from secondary sources. An interview guide is used to guide the interviews as the aim of the interviews is to clarify relationships between e.g. interviewers' knowledge of the specific issue and the company's operations (Andersen, 1998). The questions on the interview guide were compiled in accordance to the theoretical framework and the mapping study. The questions related to the theories were asked in order to gain an understanding regarding the connection between e-retailers' local adaptation and their internationalization performance. The mapping study provided an overview regarding how the companies conduct local adaptation in practise. Thus, questions based on the mapping study were asked in order to understand why the companies conduct local adaptation in the way they do.

The questions were adapted in order to be more understandable for the companies and thus, the interviewers did not have to explain any theoretical frameworks for the interviewees. In addition, the interviews were started with a background discussion regarding the interviewees' position and the company in general in order to make the interview situation more comfortable for the interviewee.

As argued by Yin (2009), "how" questions provide more explanatory answers and understanding of the subject, and thus fit a qualitative multiple case study purpose. Therefore, many of the interview questions were formed as "how" questions in order to gain examples and understanding about how the interviewees see the connection between local adaptation and internationalization performance. In addition, the definition of local adaptation was explained for the interviewees in order to provide all the interviewees the same understanding of what the interviewers mean with local adaptation. The interview guide includes five

themes: local knowledge acquisition, international entrepreneurship and networks, local adaptation decisions, local adaptation methods, and internationalization performance and local adaptation. According to Andersen (1998), a semi-structured interview must not follow the order of questions presented in the interview guide, which provide flexibility and the possibility for the interviewers to adjust the questions in the interview situation. In the interview situations, the interview guide was followed but additional questions were asked both by the interviewees and the interviewers, which created the possibility for more developed discussions. Additionally, notes were taken in order to remember the most important parts of the interview and all of the interviews were recorded with the permission of the interviewees.

According to Yin (2009), semi-structured interviews are a suitable data collection method for multiple case studies. It allows the interviewees to explain their point of view regarding the causality of the case study topics. However, the interview data can be negatively impacted by inaccurate answers due to interviewees' poor recall of the studied events or topics. In addition, the interviewees might adjust their answers based on what they believe that the interviewer wants to hear. The interviews were conducted face-to-face, via Skype and via telephone. It would have been preferable to do on-site interviews with all the six interviewees, however, due to time limitation and geographical location of case companies, it was more convenient to use telephone and Skype with four of the companies. Skype interviews are flexible and save time, as no interview location needs to be booked and the interviews can be conducted anywhere where there is internet access. All of the Skype interviews were conducted with the video function and thus, body language and facial expressions of the interviewees could be seen which helped the interviewers to interpret the interviewees' attitude towards the questions. According to Lo Iacono et al. (2016), Skype interviews might not be a suitable option for interviews, where questions about sensitive subjects are asked. However, the interviews conducted in this study did not include any sensitive questions regarding e.g. the company's strategies, trade secrets or financial information, hence Skype interviews suited the purpose of the study. It can however be argued, that Skype interviews are not perfectly equivalent with face-to-face interviews, as being in different locations might prevent building a relationship with the interviewee which enables them to share more detailed information. This is however dependent on the interviewee and the interview situation, and the Skype interviews were not seen to differ

from the face-to-face interviews in this study. Lastly, one telephone interview was conducted without the video function and as mentioned by Opdenakker (2006), this eliminated the interviewers' opportunity to interpret body language or facial expressions. Furthermore, the relationship-building is harder in a situation, where the interviewee and the interviewer cannot see each other. In this study, the telephone interview was not a first choice but due to technological issues, telephone interview was the only remaining choice. Similar answers could be collected with the help of the telephone interview, however, the authors recognized that it was harder to build a relationship with the interviewee, which decreased the amount of examples given by the interviewee. Therefore, using a telephone interview had an impact on the findings, although it was not a significant one.

2.5.2 Firm interviews

Desenio (19/4/2018) Fredrik Palm, Chief Executive Officer, Telephone, 50min
Eleven (22/3/2018) Michael Gegerfeldt, Chief Executive Officer, Skype, 50min
Fritidsfabriken (5/4/2018) Sebastian Lissbro, Marketing Director, Face-to-face, 1h 35min
Junkyard (5/4/2018) Jonas Moberg, Chief Operating Officer, Skype, 1h
Miss Mary of Sweden (3/4/2018) Johan Gente, Head of Global B2C Sales & Marketing, Face-to-face, 40min
Northern Spirit (23/3/2018) Niklas Carlson, Chief Executive Officer, Skype, 55min

Table 1: Firm interviews

2.6 Data analysis

Data analysis in the case studies is not characterized by strict frameworks or guidelines, and thus it is up to the researchers to decide upon their preferred data analysis strategy. Yin (2009: 126) states that “data analysis consists of examining, categorizing, tabulating, testing, or otherwise recombining evidence, to draw empirically based conclusions.” In line with this, the interviews were recorded and word-by-word transcriptions were conducted in line

with the recordings. According to Ghauri and Firth (2009: 34), “the first step of [the] analysis is to construct a case description and explanation. This will help us understand “how” things are developing and “why” things occur the way they do.”

Case descriptions were constructed shortly after the transcriptions, which allowed the researchers to see deficiencies of collected data, e.g. unanswered questions and issues that were not discussed in the interviews. The case descriptions were sent to the interviewees along with the questions that covered the unclarities which emerged during the case description construction. This is in accordance with Miles and Huberman (1994), who argue that one should start working with the data analysis throughout the data collection process, starting already from the first case interview. A timeline visualizing the internationalization of each case company was also created in order to compare the expansion speed of the companies.

The continuous data analysis process, which included the construction of case descriptions and comparison of the interview results, allowed the researchers to identify new themes and issues in the collected data, that affected the content of the thesis, especially problem discussion, theoretical framework and research question. This reformulation was enabled by the abductive research approach, where theoretical framework frequently evolves due to unseen empirical findings. Furthermore, some of the themes that were included in the theory but not in the interview guide, emerged in the first interview. Semi-structured interview design enabled the interviewers to ask further questions, which led to new and unexpected perspectives. These themes could then be included in the following interviews.

Ghauri and Firth (2009) suggest that the analysis continues by rearranging the collected data into categories. At this point, it is common to identify similar and conflicting themes of the case companies. Coding helps to interpret qualitative data and therefore recurring themes were listed in order to gain an overview of the collected data. After this, a color-coding matrix was generated and the paper versions of the case transcriptions were marked accordingly.

As illustrated in Table 2, thirteen main themes were identified. A cross in a box means that the company has mentioned the subject in the interview or is conducting that type of local

adaptation in at least one of its markets. An empty box means the opposite, i.e. the company has not mentioned the subject in the interview or is not conducting that type of local adaptation in at least one of its markets.

A cross in the payment methods, delivery options and language illustrate that the company is adapting all of these aspects in the local markets. Trial and error are marked with the same color as AB testing since the concepts are very similar. When a company receives a cross for trial and error or AB testing, it means that the interviewee has stated that they use such an approach in their local adaptation efforts. Those who receive a cross for influencer marketing conduct that form of local adaptation in foreign markets. A cross for customer service illustrates that the company provides customer service in local language in at least one of their foreign markets. Continuing with customer engagement, it means that the company encourages its customers in at least one of their foreign markets to interact with them through hashtags and/or through customer clubs. A cross in Trygg E-handel means that the company uses that certificate in at least one of its country-specific websites.

The companies who received a cross for differences between countries- theme mentioned in the interviews that they have seen large differences in customer behaviour and preferences based on their nationality. Those who received a cross for the maturity of markets have mentioned that they have identified differences in maturity of their foreign markets. Gut feeling/personal perception illustrates that if a company receives a cross, the interviewee has mentioned that managers' feelings have affected the decisions regarding where the company has expanded. Three of the companies mentioned that they focus on trend-spotting by stating that trends do not occur at the same time in all markets and it was found in an online article that Desenio also follows the trends closely. Furthermore, all the interviewees stated that they have received advice from their networks and partners regarding their internationalization performance. Lastly, a cross in offline actions indicates that the company currently has or is planning to conduct local adaptation in the form of offline activities such as opening physical stores and arranging events.

Case descriptions were revised and modifications were made if they lacked information that was highlighted in the transcriptions. Color coding the data helps to relate the companies to each other, as the coded data can be easily compared. In addition to color coding based on

themes, the data can also be arranged according to different types of clusters (Ghauri & Firth, 2009). In regard to this, the companies could be divided into two groups based on their maturity.

Main themes	Desenio	Eleven	Fritidsfabriken	Junkyard	Miss Mary of Sweden	Northern Spirit
Payment methods, delivery options and language	x	x	x	x	x	x
Trial and error	x (interpreted from the interview)		x	x	x	x
AB testing		x	x	x	x	
Influencer marketing	x	x	x	x		x
Customer service	x	x	x	x	x	x
Customer engagement	x	x	x			
Trust/Trygg E-handel		x	x	x	x	
Differences between countries		x	x	x	x	x
Maturity of markets		x	x			
Gut feeling/personal perceptions	x	x	x	x	x	x
Trendspotting	(found in an online article)		x	x		x
Advice from networks and partners regarding internationalization experience	x	x	x	x	x	x
Offline actions		x	x	x		x

Table 2: Color-coding matrix

The analysis was started by describing the case companies internationalization behavior with help of the theoretical framework, including the Uppsala models and theories regarding IE and Venture Capital (VC) companies role in the companies' internationalization. After this, the empirical findings regarding the companies' sales in foreign markets and local adaptation types were described. The main types of local adaptation emerged from the interviews and theories regarding networks, trust and e-WOM were used in order to analyze the empirical findings.

In parallel, the themes of the mapping studies and case descriptions were compared and relevant types were chosen to be included in the local adaptation grade assessment. The chosen types were language, payment methods, delivery options, customer service, local influencers and social media channels. The assessment includes all the foreign country-specific websites of the case companies (see Table 3). For example, "11/11" concerning the language in Desenio's case indicates that Desenio adapts the language in all of its 11 foreign country-specific websites. The assessment resulted in the local adaptation grade that was based on calculating the accumulated average of every category which allowed the grades to be compared. After this, the companies were divided into three categories according to their local adaptation grade: low, medium and high. The division was based on a relative scale and the companies were compared with each other, and thus the scale from 0 to 100 was not applied. These categories were chosen as they fit the purpose of a qualitative research method, where text instead of numbers is used in order to provide a more descriptive explanation of the phenomenon. The companies with 58% and 60% are described to have a

low grade of local adaptation, the companies with 76% and 81% are defined to have a medium grade of local adaptation and lastly, the companies 96% and 100% have a high grade of local adaptation. In the analysis, the case companies will be analyzed by using these three categories.







Companies	Language	Payment	Delivery	Customer service	Local influencers	Social media channels	Grade of local adaptation
	11/11	11/11	11/11	6/11	11/11	0/11	MEDIUM (76%)
	2/2	2/2	2/2	2/2	2/2	2/2	HIGH (100%)
	8/8	8/8	8/8	4/8	1/8	0/8	LOW (60%)
	4/4	4/4	4/4	4/4	4/4	3/4	HIGH (96%)
	17/17	17/17	17/17	8/17	0/17	0/17	LOW (58%)
	8/8	8/8	8/8	5/8	8/8	2/8	MEDIUM (81%)

Table 3: Local adaptation grade assessment







Company	Establishment year of the Swedish site	Scope (amount of foreign websites)	Speed (years between the launch of Swedish site and the first foreign site)	Average speed (amount of websites/years since the establishment of the Swedish site)	Extent (foreign sales/total sales)
	2014	11	0	2.75	80%
	2004	2	10	0.14	30%
	2014	8	2	2	70%
	2002	4	7	0,25	60%
	2003	14	12	0.93	70%
	2014	8	1	2	65%

Table 4: Internationalization performance assessment

The analysis was continued by analyzing the internationalization performance in terms of speed, average speed, scope and extent. The first column of Table 4 shows the establishment year of the Swedish website. The second column illustrates the scope, i.e. the amount of country-specific websites. The third column presents the speed, which is defined as years between the launch of the Swedish website and the first foreign country-specific website. The next column shows the average speed, i.e. the total amount of websites divided by the years since the establishment of the Swedish website. Hence, the Swedish website was included in

the total number of websites. The last column presents the extent, defined as foreign sales divided by the total sales. The three aspects of the internationalization performance were analyzed parallelly and compared with each other. However, the aspects were not used in order to rank the companies' performance. Thus, the performance aspects were used to see the pattern and behavior of the companies' internationalization. In addition, it should be noted that Finland and Norway were excluded from the internationalization performance assessment of Miss Mary of Sweden, as the exact years could not be determined. This impacted the speed and the average speed of the company, and should be taken into account when reading the findings.

Lastly, the relationship between the local adaptation grade and the internationalization performance was analyzed. In this section, every case company was evaluated individually and with the help of the local adaptation grade assessment, it was indicated whether local adaptation grade or type had a more significant role in the company's internationalization performance.

2.7 Quality of research

2.7.1 Internal validity

Internal validity demonstrates the satisfactory relationship between empirical observations of the researchers and the theoretical concepts they develop (Bryman & Bell, 2011). Yin (2009) points out a notably important aspect of internal validity, which should be considered in case studies. When aiming to explain how x (local adaptation) impacts y (internationalization performance), the possibility of an unknown variable z impacting the internationalization performance cannot be excluded. Hence, when studying how local adaptation impacts internationalization performance, it is important to point out other variables that might have impacted the results, such as size and maturity of the company or an external factor.

Internal validity has been taken into account already in designing the interview guide. The interviewees were asked to provide examples of main moments and learnings that have had a positive impact for their internationalization performance. The authors believe to have reached an adequate level of internal validity by asking specific questions regarding the connection between local adaptation and internationalization performance. Additionally, the

authors have taken into account the maturity of the companies and acknowledge that the results of this study regarding how x (local adaptation) impacts y (internationalization performance) are interpretations based on interviews rather than results generated through analyzing quantitative data.

2.7.2 External validity

External validity presents the “degree to which findings can be generalized across social settings” (Bryman & Bell, 2011: 395). This means, that the results should be generalizable outside of the context of the specific case study. Both single and multiple case studies are often criticized for their low degree of generalizability, however, the results of a multiple case study are not specified in the context of only one interviewee or company. Hence, it can provide a partial picture of the connection between local adaptation and internationalization performance in the Swedish e-retail industry. The external validity of this study is affected by the fact that the sample only includes six case companies which differ from each other in terms of maturity and the retail section that they are active in. However, the goal of the study is to provide an understanding about local adaptation and its impact on firms’ internationalization performance rather than leading to results that can be applied to different contexts and companies.

2.7.3 Reliability

Internal reliability refers to the grade to which the researcher team’s members agree about the things they have seen and heard when collecting data, as e.g. metaphors and figures of speech can be understood in different ways. Notable unclarities should be verified with the interviewees before conducting an analysis based on the information (Bryman & Bell, 2011).

Regarding the case descriptions, the descriptions were sent to the case companies by email after the interviews and they had the possibility to correct and add information to the text. This decreases the risk of the companies disagreeing with the results presented in the final version of the study. In connection to this, additional questions were sent to the companies in order to clarify the answers gained from the interview and to ask questions that were not satisfyingly answered during the interview. After this, the case descriptions were completed with the additional information gained from the companies by email.

External reliability shows the degree to which the study can be replicated. Thus, the study would be externally reliable if same procedure used in the case was, later on, applied to another case in the similar context and the results would be similar. However, social settings and circumstances change continuously and it is rather impossible to fully replicate a qualitative study (Bryman & Bell, 2011). This means, that if someone was to conduct the same research with the same interviewees in a year, their view on local adaptation and internationalization performance might have changed due to the changes in the business environment.

2.7.4 Triangulation

Data triangulation is used to increase the validity of the study, as data is collected from more than one source. Comparing the data collected from different sources enables to see if the results are in line with each other and thus valid in the chosen context. Triangulation can be done within qualitative and quantitative research methods but it is also possible to combine these two research methods in order to increase the validity of the study. When conducting data triangulation within qualitative research, two different types of data collection methods can be used, such as semi-structured interviews together with observations (Bryman & Bell, 2011). In this study, data triangulation is achieved by combining semi-structured interviews with mapping method.

2.7.4.1 Mapping study

Mapping method was used to outline the extent of local adaptation on the country-specific websites of the studied firms prior the interviews. With the help of the mapping method, an overview of the companies' local adaptation efforts was gained and the interview questions could be adapted according to the results of the mapping study. Furthermore, if the needed information could not be found on the websites, questions about the unclearities were asked in the interviews. The mapping study enabled the authors to ask more relevant and customized questions, which were related to the companies' local adaptation efforts, which were visible to the customers on the website. Additionally, triangulation was also used after the analysis. For instance, if the interviewee could not remember the exact establishment year of a certain country-specific website, this could be verified through internet sources.

The mapping was based on a revised cultural value framework developed by Singh (2012). Singh (2012) presented seven main cultural values but these were excluded from the mapping

since the aim of the mapping was to create a standardized framework in order to easily compare the local adaptation of country-specific websites instead of focusing on cultural aspects. Therefore, only some of the sub-categories from Singh's (2012) framework were included since they were seen to be the most feasible aspects connected to e-retailers' websites.

The mapping study was made for each case study company and it consisted of seven different categories that were considered to be relevant for local adaptation of e-retailers. The first category was language on the website and in this phase, it was checked if the local pages were translated to the local language. This was followed by newsletter, where the authors subscribed for the companies' newsletters and controlled if the newsletters were translated to the local language. The third category was the language of customer service, which was checked on the website, often under the title "Contact us" or "Customer service". This included service by both telephone and email. After this, customer engagement on the websites was reviewed, including ways that customers were encouraged to interact with the companies, e.g. hashtags and customer clubs. Subsequently, it was checked if the companies use local influencers in their foreign markets. After this, the companies' social media channels were reviewed in order to see if they have local channels and in that case, if they use local language on the channels. Finally, it was controlled if the companies had web shop safety certificates in their country-specific websites, such as Trygg E-handel.

As the mapping was only an initial step of the data collection, it provided the answer if visible local adaptation was present or not. The green symbol means that the company conducts local adaptation on their country-specific website whereas the red symbol indicates that the company does not adapt the website locally with regards to that specific category. If it was unclear whether the company conducts local adaptation or not, the boxes received a question mark and during the interviews, the interviewees clarified whether they adapt that aspect locally or not.

2.7.5 Ethical considerations

When it comes to the research participants, i.e. the companies, and the interviewees, various ethical issues have been taken into consideration while conducting this study. Before the actual data connection can take place it is important to provide debriefing about the details of the study as well as to tell the interviewees what is required of them. In the beginning, the

interviewees were given information about the purpose of the study through an initial contact by email. Moreover, they were asked whether they accepted the interview to be recorded. In terms of confidentiality, the case descriptions were emailed to the interviewees and they were asked if they accept that the case description will be used in the study, including their names.

3. Theoretical framework

The third chapter outlines the existing literature in terms of internationalization behavior, local knowledge acquisition, local adaptation and internationalization performance in the context of e-commerce. Internationalization behavior includes the following theories: Uppsala models, Born Global and International Entrepreneurship. Regarding local knowledge acquisition, the theories connecting Venture Capital companies and networks to internationalization performance are presented. In addition, the lack of physical presence in the foreign markets is covered. Followingly, different aspects of local adaptation are described, including national culture, trust and customer reviews. After this, three dimensions of internationalization performance are introduced: extent, scope and speed. Consequently, a conceptual framework combining problem discussion and the most relevant theories is constructed.

3.1 Internationalization behavior

One of the most recognized internationalization models is the Uppsala model, which was introduced by Johanson and Vahlne in 1977. The model sees internationalization as an incremental process where the knowledge about foreign markets and operations are collected over time, and the companies increase their resource commitment in relation to the acquired knowledge. The companies expand to the geographically nearby countries first and then continue the expansion to regions further away. This is related to psychic distance, which is defined as “the sum of factors preventing the flow of information from and to the market” (Johanson & Vahlne, 1977: 24).

The revised Uppsala model (Johanson & Vahlne, 2009) is largely built on business network research, which describes markets as networks, where companies are linked to each other with the help of multiple and complex patterns. Thus, the importance of insidership in valuable networks in regard to successful internationalization is emphasized, which also includes the liability of outsidership, as the firm cannot successfully internationalize without the access to the right networks. Finally, the relationships that are included in the networks

enable learning, trust-building and commitment between the participants in the network, and these can be seen as enablers of internationalization.

In the 1990s, technological advancements enabled companies to internationalize rapidly already from their early establishment and such companies are defined as BGs (Knight & Liesch, 2016). In the early 2000s, the concept of IE was developed. According to McDougall and Oviatt (2000: 903), IE is “a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations” and the literature focuses on the role of an entrepreneur in the organization. It is stated that entrepreneurs’ international experience plays a significant role in the internationalization speed of an entrepreneurial firm. Therefore the likelihood of engaging in internationalization increases as the entrepreneur feels less uncertain about operating in foreign markets (McDougall & Oviatt, 2000).

Åkerman (2015) studied how companies acquire market knowledge from different sources when they internationalize. Local market knowledge in the context of internationalization is crucial due to the fact that it is said to reduce the uncertainty and thereby enabling companies to increase their commitment to foreign markets (Forsgren, 2002). Experiential knowledge gained by the firm itself is important (Forsgren, 2002) but firms can also acquire knowledge from external sources, e.g. through networks. Åkerman (2015) found out that firms are more likely to grow internationally if they actively use multiple sources to acquire market knowledge.

In line with this, Schu (2016) states, that e-retailers often use VC companies in order to overcome the resource limitations of the company. According to him, VCs can equip, especially small and medium-sized enterprises (SMEs), with two significant capabilities; financial resources and internationalization knowledge. SMEs can be defined as companies with less than 250 employees (European Commission, 2018). Schu (2016) quotes Zook (2005: 3), who describes VCs as knowledge brokers, “who acquire and create intelligence through personal (and generally local) networks about industries, market conditions, entrepreneurs, and companies through a constant process of interaction and observation.” Thus, his hypothesis is that VCs have a positive impact on the internationalization speed of the companies. However, the results of his study show, that there is no significant

relationship between VCs and internationalization speed of the companies, hence VCs did not enable the studied companies to expand faster.

Siri and Renneby (2014) argue the opposite in their study about e-commerce companies financed by VCs or external financiers. They state that most of the studied companies acknowledged that external financiers had impacted their internationalization direction and speed. According to the authors, VCs enable the companies to partake in the global marketplace and adapt locally with the help of resources gained from the VCs, and thus positively affect the speed of their internationalization process.

One of the most important first-mover advantages for e-commerce companies is creating a large and permanent customer base in the market, which is an important competitive advantage. E-commerce companies' websites can only be seen as a temporary advantage, as the competitors can quickly imitate the design and content of a web page (Schu, 2016). Rather than relying on "shortly unique online shop", Schu (2016: 83) argues, that e-commerce companies should aim for creating a large customer base, reputation and brand awareness since they can build sustainable advantages that are more company-specific and cannot be fully copied by competitors. This is in line with Skudiene et al. (2015), who state that e-commerce companies are required to build a competitive e-marketing strategy, which includes effective use of information available, using the present international business networks and communicating interactively with the customers, and thus creating value for them.

Multiple perspectives regarding how international expansion takes place have been presented above. It becomes evident that the recent research is focused on rapid internationalizing supported by networks and technological advancements. Currently, there seems to be a consensus among researchers stating that firms tend to internationalize earlier and faster when compared to earlier theories such as the original Uppsala model, which was developed before the internet was invented (Cavusgil & Knight, 2015).

3.2 Local knowledge acquisition

Traditional retailers differ from e-retailers in terms of physical organizational units. The subsidiaries of international retailers are often located in different countries and are therefore

embedded in their host environment and directly control market-specific knowledge whereas pure e-retailers only have subsidiaries in the form of country-specific websites (Meyer, et. al. 2011). Therefore, all operations of e-commerce retailers are often governed from the home country meaning that all decisions are taken by the top management located in the home country whereas traditional retailers can give their subsidiaries control and decision-making power that can affect the local adaptation efforts (Forsgren, 2002). Additionally, the home context of the firm impacts the firm's preferred organizational practices, chosen entry modes, brand image and strategy. Thus, e-commerce firms can be stated to be highly impacted by their country of origin, as there are no knowledge flows between subsidiaries and headquarters, which might decrease the impact of home-country context on the firm. Finally, e-commerce firms are not embedded in the foreign markets through a local subsidiary and thus the firms' integration to the local context is not as concrete as the traditional retailers' (Meyer et al., 2011).

According to Yamin and Sinkovics (2006), online internationalization leads to a perception of a lower degree of psychic distance. E-commerce is based on interactive virtual dialogue with customers, which gives companies an impression that cultural and national differences are not a large barrier when analyzing the market demand and preferences in foreign countries. This can lead the companies to believe, that all the needed knowledge and learnings can be gained through the internet. However, the authors argue that virtual knowledge cannot fully replace knowledge gained on-site. It is suggested that companies believing that the internet alone can provide extensive market knowledge are prone to have a lack of local knowledge, and thus might not be fully aware of the customer needs and preferences in the local context. Consequently, their local adaptation efforts might be insufficient as they are based on incomplete information. Additionally, Schu and Morschett (2017) suggest that e-retailers internationalize at such a fast pace that they neither have time to conduct deep market research nor react to observed differences in distant markets. Thus, the fast internationalization pace can hinder e-retailers to gain deep local knowledge before the entry, which then can lead to a lack of local adaptation in the market.

3.3 Local adaptation

Companies can utilize the gained market knowledge and based on that decide upon the operational mode in the foreign market. Depending on the firm's decision on how to apply

the knowledge, they can decide to standardize or localize their operations. Standardization and localization are widely recognized concepts in the literature regarding multinational companies. Localization, also referred to as local adaptation, takes into consideration the diversity of the local markets, and addresses the differences in individuals due to their cultural heritage and nationality. Thus, local consumer preferences and institutional requirements differ from country to country (Alhorr et al., 2010). Moreover, local adaptation gives companies the possibility to respond to the changes in the local markets more easily, when compared to the standardization strategy (Krishnamurthy, 2016). Standardization implies that global markets are seen as homogenous, and thus, similar activities can be carried out all around the world. Standardization approach claims that due to technological development and its global reach, cultural differences can be minimized, and therefore national cultures can emerge to one global culture. According to this reasoning, the need for local adaptation is minimal and economies of scale arise (Levitt, 1983).

However, research in the 1990s and early 2000s showed that standardization does not explicitly impact firms' financial performance positively. Additionally, authors including Krishnamurthy (2016) and Singh (2012) argue, that as there are crucial differences between markets, it is not beneficial for companies in most of the industries to fully standardize their product offering and other activities in the market. The need for local adaptation is most notable in industries, where the products are used to personal self-expression e.g. consumer goods and lifestyle-oriented products. The need to adapt locally is often not as high in e.g. business-to-business (B2B) products and industrial goods, where the products are used to accomplish a task, not to express a person's identity.

Furthermore, Singh and Pereira (2005) present an additional reason to invest in local adaptation saying that it can actually generate savings for the company from a strategic point of view. By this, they mean that it is very expensive to recover from situations where a company has used standardized marketing that has accidentally ended up offending certain customer group. However, even if local adaptation is important for e-commerce companies, it includes several challenges. The main challenges faced by e-commerce companies include management of multiple languages in customer service and websites, payment methods and privacy terms, delivery methods, and legal and technical issues (Singh, 2012; Ecommerce Foundation, 2016).

Singh et al. (2004) have studied the issue of whether consumers prefer localized or standardized web pages in the context of five different countries. Their conclusion is that customers' perception of the website effectiveness, i.e. attitudes toward the site and purchase intention, increases when companies use locally adapted country-specific websites rather than standardized websites. In other words, the higher the cultural adaptation the higher the chances are that customers are willing to purchase. This is in line with Singh et al. (2005), who conclude that as cultures are present both online and offline, it is important for the companies to adapt their websites to the local context. In order to facilitate this adaptation, they provide a cultural value framework based on Hofstede's (1980) cultural dimensions theory. This framework was revised by Singh (2012), and includes seven main categories: collectivism, individualism, uncertainty avoidance, power distance, masculinity, high-context culture, and low-context culture. Studying these values from a country-perspective enables the companies to create sufficient country-specific websites. However, the authors recognize that future research is needed in order to determine the effectiveness of adapting websites to the local context and to assess which cultural aspects under the different categories should be emphasized when adapting the websites.

Related to national culture, the degree of trust in e-commerce differs between countries. The results of a study by Hallikainen and Laukkanen (2018) show, that national culture affects both individual's general disposition to trust, i.e. "general and not a situation specific willingness to trust others" (p. 99), and beliefs of online store's trustworthiness. Thus, when launching local websites, the companies are recommended to consider the general disposition to trust in the country, and how it affects the consumers' opinions about the trustworthiness of e-commerce. Additionally, Porsteinsson (2016) suggests, that it is harder for an e-commerce firm to gain trust when compared to physical stores, as clear signs of trustworthiness are harder to identify. He explains that one dimension of trustworthiness is online rankings and comments which have given the consumers the possibility to easily influence the e-commerce companies' brand images online.

Online customer reviews are a form of online word of mouth (e-WOM), where information is spread online instead of oral communication. As e-commerce is growing rapidly, online reviews are increasingly used before making a purchase online (Lone & Packiarajah, n/a). It

is stated that different products have different trust needs and the usefulness of e-WOM is indicated by the product category. In regards to fashion and health products, the dominant drivers of online trusts are brand strength, advice, absence of errors, navigation and presentation and community features (Bart et al., 2005).

3.4 Internationalization performance

3.4.1 General view on internationalization performance

According to Feldmann (2016), there are neither general frameworks nor any specified critical success factors that would be able to explain the internationalization outcomes of companies in specific environments. He argues that there are “facilitating factors”, also called tools and techniques that the managers can use, rather than definite success factors that allow companies to be more successful internationally. When evaluating the internationalization success, one should take into consideration the type of activities as well as the internationalization stage of a company. However, he states that factors such as adapting operations locally, pricing strategy as well as entry timing can be used to determine the internationalization performance of e-commerce companies. In addition, he highlights the importance of learning by doing- attitude which allows companies to be flexible and quickly change their approach with regards to internationalization.

Piacentini (2000) conducted a case study regarding Amazon’s, one of the world’s largest e-retailers, international expansion success. According to him, success in international e-commerce depends on companies understanding, that “customers everywhere want better selection, more convenience, and better service” (p.27). However, the biggest challenge is to provide this to the customers and simultaneously consider the local customs. He lists out key strategies that Amazon used in order to overcome challenges in their international expansion. Firstly, the company needs to prioritize to adapt its practices to the local laws and regulations, in order to avoid legal battles. Additionally, some of the companies might also find it useful to expand through acquiring existing e-retailers in the target market, and this way gain customer base in the markets. Furthermore, establishing a ground presence in the foreign countries is preferred, as Piacentini states, that operating solely from the home country might be challenging. The importance of selecting a receptive market is emphasized, as the companies need to find markets where the products and services they offer are demanded.

Lastly, Piacentini states, that one should not underestimate the importance of customer service, as the customer service is the main communication channel between customers and the company.

3.4.2 The three dimensions of internationalization performance: extent, scope and speed

When studying a company's internationalization, three basic dimensions can be identified: speed, extent and scope. In line with Schu (2016) and the e-commerce perspective of this study, scope is defined as the number of foreign country-specific websites and extent as the percentage of foreign sales of the total sales. The different dimensions of speed are defined below.

Scope and extent have long been the most popular ways to define a company's internationalization performance in the IB literature, however, speed was introduced in the 1990s when IE literature emerged. Although IE literature does not often focus on the firm's individual internationalization steps and speed, it is important to take it into consideration in order to see what advantages can be gained with the help of it, e.g. sales, growth and first-mover advantages, and how the speed impacts the company's overall internationalization. The majority of the researchers have concentrated on speed in the context of time elapsed between the company's establishment and first foreign country expansion, and only scarce research has been conducted about how the internationalization speed develops after the first international expansion. It is important to combine all these above-mentioned three aspects in order to gain a deeper understanding of a company's internationalization (Schu, 2016).

Internationalization speed of the company can be seen as one way to define company's internationalization performance. In order to get an overview of the international expansion of the six case companies, it is important to identify the frequency of new market entries. Two of the most used internationalization speed definitions of IB literature will be used in this thesis. The first and most commonly used definition of internationalization speed is "the time elapsing between a company's foundation and the first international activity" (Schu, 2016: 23). In the analysis section, the first international activity is interpreted as the launch of the first country-specific website. The second definition is an overall observation about the speed: "the average number of foreign markets [entered] per year" (Schu, 2016: 23).

Luo et al. (2005) argue that as e-commerce companies are characterized by decreased physical and cultural constraints and faster information flows within the company and between the company and its customers. Furthermore, the entry speed of e-commerce companies is dependent on a number of factors. Partly, the firm's current resources impact the entry speed, as the foreign market entry will be more proactive if the company holds superior innovation and marketing resources. Furthermore, top managements international experience has an impact on the speed as well, as the company can gain international knowledge relative easily by employing managers with previous international experience. This decreases the risk of knowledge deficiency in the context of internationalization in the firm. According to Luo et al. (2005), the findings support the understanding that employing top management with internationalization experience is an efficient way to internalize international experiences. Additionally, cultural distance did not have a significant effect on the entry speed of the studied companies. Thus, the authors claim that it is possible that e-commerce companies do not follow the traditional internationalization theories, where cultural distance often impacts the companies' internationalization negatively.

This is in line with Ziyae et al. (2014), who state that the internationalization speed of e-commerce companies is positively impacted by management's international experience and company's innovation and marketing capabilities. Additionally, e-government, i.e. government-provided public services by using the internet, has also an impact on the entry speed of e-commerce companies, as it symbolizes a protected business environment in the country.

3.5 Conceptual framework

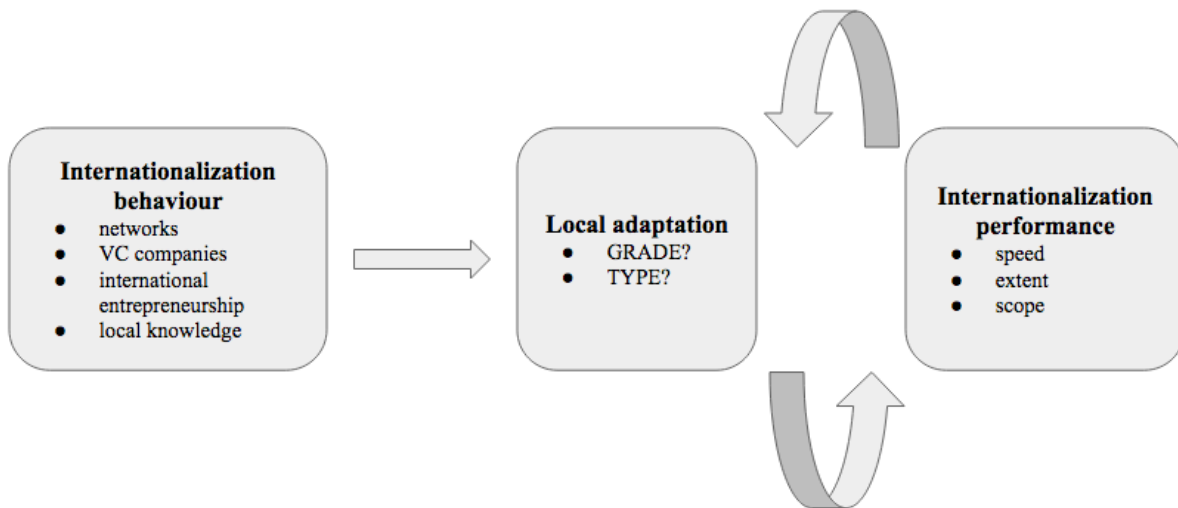


Figure 1: Conceptual framework

The conceptual framework consists of three parts that aim to provide a theoretical answer to the research question concerning how local adaptation affects the internationalization performance of e-retailers. In order to be able to provide an answer, the internationalization behavior must be studied, which is illustrated in the first box. Internationalization behavior covers the ways of gathering local knowledge and takes into account how networks, VC companies and the entrepreneur affect the internationalization of e-commerce companies. After the internationalization behavior has been studied, the local adaptation efforts can be analyzed. This movement is demonstrated by the arrow between the first and the second box in Figure 1. The second box covers different aspects of local adaptation in the foreign markets. However, it is important to note that the current research lacks sufficient knowledge regarding the grade and type of local adaptation and its impact on the internationalization performance of e-retailer. The question marks thereby illustrate the gap in the literature. Consequently, the third box illustrates the three dimensions of internationalization performance which are speed, extent and scope. Speed has two definitions; first being the time elapsed between opening the Swedish website and the first foreign country-specific website, and the second being average speed i.e. the average number of new markets entered in a year. Extent is defined as the foreign sales' share of the total sales and scope as the number of country-specific websites. The two arrows going to the opposite directions between local adaptation and internationalization performance boxes present the fact that local adaptation and internationalization performance are interconnected and that the process

is constantly evolving. Companies first execute a decision regarding how they will conduct local adaptation in the foreign markets and thereafter, the effects on the internationalization performance on the markets can be evaluated. Afterwards, the companies can change their local adaptation type and grade, which again have an impact on the performance.

In order to understand the connection between local adaptation and internationalization performance, both the type and the grade of local adaptation together with all three performance dimensions (speed, extent and scope) need to be studied. Combining the dimensions allows to create a more holistic view of the performance when compared to studying only one of them.

4. Empirical findings

This chapter presents the empirical data collected from each case company. The empirical data consists of two parts: mapping study and case descriptions. Main takeaways concerning the local adaptation and internationalization performance are summarized at the end of each case description.

4.1 Mapping study

The green symbol in the mapping study means that the company conducts local adaptation on their country-specific website whereas the red symbol indicates that the company does not adapt the website locally with regards to that specific category. The visualization of the mapping study can be found in Appendix 1.

4.1.1 Desenio

Desenio conducts local adaptation but has generally a standardized approach (see Appendix 1). The mapping study did not show whether the newsletters are translated into the local languages and this was discussed in the interview. According to the country-specific websites, Desenio has only Swedish and English speaking customer service. Furthermore, Desenio tries to engage its customers in all markets by encouraging them to use the hashtag #desenio. It has global social media accounts and a web shop safety certificate is visible only in the country-specific websites of UK, Germany and Netherlands.

4.1.2 Eleven

Eleven does not have a web shop safety certificate in the Finnish market, and questions regarding this were asked during the interview (See Appendix 1). The company encourages customer engagement in the form of a hashtag #elevenbeauty and customer clubs and additionally, the company has local Facebook and Instagram pages.

4.1.3 Fritidsfabriken

In the case of Fritidsfabriken, it was unclear if the company sends newsletters in local languages and thus a question about this was made in the interview. According to the mapping study, the company does not have customer service in Finnish and Norwegian and additional questions about this were asked during the interview. Lastly, when Fritidsfabriken's website was reviewed for the mapping study, no influencers or local social media channels were found but these were taken upon in the interview as well. Customer engagement efforts include a hashtag #revolutionrace, which is used in all of the markets.

4.1.4 Junkyard

The mapping study showed that Junkyard has neither local influencers nor local social media channels in the French and Finnish market, however, this was further discussed during the interview. Additionally, the company does not have a web shop safety certificate on the French site. The company's customer engagement efforts include hashtags #junkyardstyle and #junkyard.

4.1.5 Miss Mary of Sweden

Miss Mary of Sweden does not have a local customer service in all languages (See Appendix 1). In addition, the company neither conducts customer engagement nor uses influencers in its markets. It was unclear whether Miss Mary of Sweden has locally adapted social media channels so that question was asked during the interview. Lastly, there are no web shop safety certificates on the country-specific websites.

4.1.6 Northern Spirit

All the country-specific websites of Northern Spirit, except the Swiss one, have been translated (See Appendix 1). The languages of newsletters, as well as the customer service, were unclear and questions related to these aspects were asked in the interview. The company encourages customers to use their hashtag #northernspirit in the global account and the Swiss market has its own hashtag #northernspiritswitzerland. Based on the mapping study, Northern Spirit does not cooperate with influencers in Australia, Switzerland and the US, and this was further discussed during the interview. When it comes to social media, there are local accounts only for the Australian and the Swiss market. Lastly, Northern Spirit does not use web shop safety certificates on any country-specific website.

4.2 Case descriptions

4.2.1 Desenio

The interviewee was Fredrik Palm who started to work for Desenio in 2016 and has since then been the CEO of the company. His main tasks are to formulate the strategy and to ensure that the company reaches its targets in terms of sales, profitability and internationalization. When it comes to the local adaptation decisions, Palm explains that his role has changed throughout the years. In the beginning, he was involved in the actual operations but he currently focuses more on the strategic side of local adaptation. He is involved in deciding which countries Desenio should enter and how the launching should be done. During his time as a CEO, the company has entered eight markets with fully localized country-specific websites. In addition, the company has started to ship to more than 30 countries through its .com website. Nowadays there is a team that handles the operational work and the team consists of a project manager and from persons from different departments with different competencies. Desenio has gained a lot of internationalization experience throughout the years and has a relatively standardized process of how it launches itself in new countries.

The ways of gathering local knowledge

Desenio gathers market-specific information from the internet and social media before the company enters a new market. According to Palm, Desenio's method of conducting market research is similar in all countries, as countries are becoming more similar with each other. It is important for Desenio to find out which keywords customers use in each country in order for them to make it easy for their customers to find Desenio online. Palm tells that apart from

common knowledge about the internet and e-commerce penetration, the uniqueness of different markets is determined by the preferred shipment methods and payment methods.

When asked about the lack of local presence, Palm states that in order to get out the most of each country-specific website, one should hire natives from those countries. He believes that by only operating online, one can still reach 95% of the whole potential in foreign online markets. In Sweden, Desenio is employing natives from almost all countries where it has locally adapted websites. Palm says that local knowledge of the foreign employees is a crucial part of Desenio's marketing efforts. When asked about physical presence in the context of the customers' trust in the company, he states that especially in regard to the younger target group, trust is not an issue. This is demonstrated in the following citation:

“Especially with our rather young target group, I think online trust is not an issue. The younger part of our target group grew up with e-commerce and have never experienced a world without it.”

Furthermore, he says that for companies that target a narrow geographical area with a product range that is demanded by a large share of the population (e.g. clothes, shoes and toys), the companies need an omnichannel approach to reach the maximal market penetration. But in the case of Desenio and its narrow and geographically spread out target group, it would be a financial challenge to have physical stores in several locations.

Desenio has not faced any major surprises in any of its markets after the establishment. Palm explains that the company has for example known that in Germany, DHL is the premium transportation company and the preferred delivery option. However, in the beginning, Desenio did not have enough volume to sign a contract with a good price with DHL but as Desenio grew in the German market, DHL became their transportation partner. Another example is from the Dutch market. Desenio was aware of that the preferred payment method was iDEAL but had to wait over a year to launch the payment method due to a time-consuming process with the Dutch banks.

The role of top management and networks

According to Palm, managers' own perceptions of the markets have affected the internationalization process of Desenio to some extent. The decision of which countries to

enter has been a rather simple process: Desenio has analyzed the data gathered through their Instagram account. For instance, they noticed that the account had a lot of followers from Italy and received requests from Italian customers to open a country-specific website. As a result, Desenio launched the Italian website. Palm also mentions that opening a new country-specific website does not cost much for Desenio since they only operate online.

For Palm, it is important to keep all the processes as simple as possible. He says that one tends to complicate things when the company grows as an organization and as the monetary value of the company increases. Moreover, he explains that in large companies, managers might need to have extensive background material in order to make decisions or otherwise they do not dare to make them. Palm himself has the opposite attitude. Since launching a new country-specific website is not a big investment, he thinks that it is important to try things if one has an idea that could work in a specific market. He argues that one can conduct quick research and thereafter see what the customers say. Based on the response, the company can decide either to move forward with the idea or to stop developing it.

Desenio does not use networks in a structured way when establishing itself in new markets. The focus is on personal and current business relationships that can help Desenio to find suitable translators and transportation partners in the market. The payment solution provider Klarna advises Desenio when it comes to choosing the most suitable payment options. Desenio receives most of its local market knowledge from its customers rather than through networks or partners and the company communicates constantly with its target group. Palm says that the local employees help the company in that matter by giving valuable information about the customer behavior and customer preferences in the target group of each market.

Palm highlights that the local employees also play an important role in gathering local knowledge. The following quote illustrates the importance of employing people from the local markets when operating from Sweden:

“We employ German, Italian, and French here in Stockholm. It’s very important to us, especially in marketing. They can come up with valuable input like consumer behaviour in a certain country and especially consumer behavior in our target group which is quite niched.

We try to employ people from other countries from the target groups.”

Local adaptation decisions

Before Desenio enters a new market, the company decides whether they should have local customer service or not. Palm states that in the large markets such as Germany, Desenio has had customer service in the local language from the very beginning. Thereafter, Desenio employs a local person from that market to be part of the marketing team and to work with social media channels and communicate with the target group in the local language. Desenio usually knows in advance which payment and transportation solutions it wants to use in a specific country. If some solution cannot be launched in connection with the establishment of a new country-specific website, Desenio continues that process directly after the establishment. Lastly, Palm tells that as the markets grow, Desenio strengthens the in-house organization. At the moment Desenio is in the process of hiring a country manager to be responsible for the German market. The next step is to build an organization around the country manager with more Germans.

When asked about whether Desenio continuously changes the local adaptation processes of the country-specific websites, Palm explains that Desenio tries to keep the pages quite similar because for instance changing the web design would be complicated. Palm argues that the main limitation of local adaptation is the fact that marketing is very global nowadays. The product assortment is also the same across all countries since a lot of communication is done through Instagram where Desenio has a standardized global account. In terms of resource usage, the markets that grow the most receive most attention and resources.

The main learning regarding local adaptation methods has been the importance of translations. According to Palm, the price of a translation service correlates with the quality of the translation. He states that it is worth spending money on since in that way Desenio can receive correct translations. In the past, Desenio has received feedback about the quality of translations from both customers and its own employees which has led them to pay more attention to making sure that the translations are done properly. A concrete example is that Desenio cooperates with individuals who help them in translations. In that way, it is easier for Desenio to communicate to the translators how they would like them to communicate about Desenio as well as give advice on the tonality that Desenio wants to use in its marketing.

When asked about the main adaptation efforts that have enhanced Desenio's growth on a specific market, Palm points out the introduction of the iDeal payment method in the Dutch market, as directly after iDeal was introduced, the sales increased by 40%. Palm is satisfied with the local adaptation outcomes of Desenio and explains that successful launch in new countries has been the main reason for why Desenio is growing so fast. There are still differences in how the company has succeeded in different markets. Palm lists two things which he argues to determine whether the company can be successful in a certain market. First, the competition in the markets has an impact and Palm explains that Desenio has a lot of competitors in the UK and is therefore not growing there as fast as it would like to. The second aspect is that Desenio is not as successful in small markets such as Portugal where it does not use as much resources as in other markets.

Types of local adaptation

According to Palm, there are a lot of statistics regarding the online shoppers' preferred payment methods in all markets which makes it easy for Desenio to choose the correct payment alternatives. Furthermore, Desenio has the same pricing and one reason for this is that the company communicates a lot through Instagram so the prices must be the same. With regards to the product assortment, it is kept similar but Desenio does not ship frames to the US yet. At the moment, Desenio provides customer service in most of the local languages and the only exceptions are Italian, Norwegian and Portuguese.

Desenio works with influencers in all markets and has done so since the company was founded. Before the social media there were blogs, and thus, Desenio has a long history of working with influencers. Palm mentions that influencer marketing is a well-functioning marketing channel for Desenio. Desenio's products are easy to show in pictures and the company reaches its target group effectively through influencers. Palm continues by telling that the way of reaching the customers has changed. In the past, the influencers could be perceived as celebrities but now customers find it easier to relate to influencers and their lifestyle as the gap between customers and influencers has decreased. Lastly, all of Desenio's global social media advertisement is in English.

Internationalization performance

Desenio launched its Swedish online store in 2014. During 2014/2015 all the other Nordic country-specific websites were opened. The company continued its expansion in 2016 and

launched Germany, the Netherland, the UK, and the US websites. In 2017, Desenio entered France, Spain, Italy and Portugal. Palm projects that Desenio will enter a few countries in 2018 as well but not as many as previously. Desenio is currently focusing on strengthening its best-performing markets such as France, Germany, the UK, and the US. At the moment, 20% of the sales come from Sweden and the rest from abroad. Germany is the largest foreign market and it is even bigger than the Swedish market since it covers approximately 25% of the total sales and the UK is the second largest foreign market. Desenio's smallest market is the Portuguese market but simultaneously, it is the market that Desenio has launched most recently so it takes time until Desenio sees how successful it is in the market. Palm states, that the amount of sales the different markets account for changes continuously but in general, new markets grow at a faster speed than the older ones.

Palm projects that in the future, the local adaptation trend is going towards a more global approach but he points out that it changes slowly. He believes that in the Western world, it could take even two or three generations since it takes time to globalize consumer preferences. He states that in Asia the online platforms are very different and that the preferences might not become global there at all. To conclude, Palm speculates that local adaptation will be needed for a long time, even if the trend is going is towards globalization.

Main takeaways

Desenio has a young target group which makes it possible for the company to use standardization, especially in the form of social media. In addition, Desenio works actively with local employees and influencers, which helps them to reach their customers. The last two years have been characterized by a high internationalization speed since the company has launched eight new country-specific websites. The main learning concerning local adaptation has been the importance of the quality of the translations.

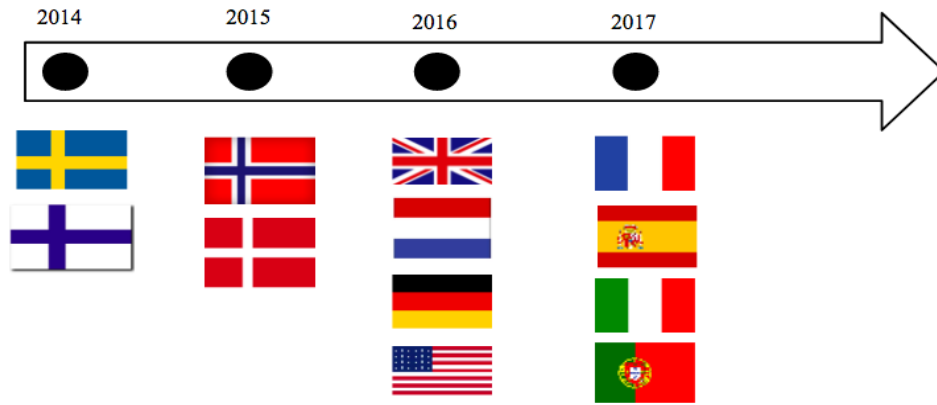


Figure 2: Timeline of Desenio's internationalization

4.2.2 Eleven

The interview was conducted with Michael Gegerfeldt, who is the founder of the firm. He is very interested in business development and was active in Eleven's second international expansion when the company opened a Finnish website in 2016. His main responsibility was to make sure that he found a person who could take over the whole Finnish internationalization process and give the person the resources and tools to make the new website launch as successful as possible. During the interview, he was still the CEO of the firm, however, he stepped down from the CEO role 31st of March 2018 and currently concentrates on business development.

The ways of gathering local knowledge

Eleven's first internationalized in 2014 when it launched a Norwegian website. The first international launch was described to be a "soft roll out", as the company did not translate the website to Norwegian, instead the existing Swedish website was used. The Swedish team was responsible for the launch and no local adaptation was done in the Norwegian market at this phase. The company did market research on a high level in terms of pricing strategy and competitor analysis but realizes now that they did not consider the cultural differences between the Nordic countries. The cultural differences between neighboring countries surprised Eleven, which is shown in the citation below:

"--But we did not actually look at the cultural differences between the countries. I think we were a bit naive and thought that all the countries are the same in the Nordics, Finland is quite different than Sweden and Norway."

Eleven did not have any Norwegian employees (and still does not) but they do have a Norwegian consultant who is working for the company and does translating and recruiting of influencers. However, as the consultant is not Eleven's own employee, she might not always be as aware of the brand image of the company as Eleven's own employees. Thus, it is harder for the company to know best practice or how to do correct marketing in the Norwegian market and the company needs to rely more on partners in the Norwegian market.

Eleven noticed the need of local adaptation and local market knowledge during the Norwegian process, the Finnish expansion was not a soft roll out. According to Gegerfeldt, the Finnish country manager, who was given the whole responsibility of the Finnish roll out made it possible for Eleven to succeed better in the Finnish market when compared to the Norwegian one. The Finnish country manager is a beauty blogger herself and has additionally studied laws and regulations of the beauty industry and e-commerce in general. Thus, her knowledge of both influencers and management has been valuable for the company and the company's launch in Finland. The country manager and the other three Finnish employees keep the company up-to-date on the trends in the beauty industry in Finland.

The company has, however, been surprised by factors that it was not aware of before launching a country-specific website. Gegerfeldt tells that in the Finnish context, one example is a Finnish male customer who refused to pick up his order from the post office, as the packet was pink, showing that there are unexpected cultural differences between Sweden and Finland. Additionally, there are differences in preferred marketing strategies between the countries. In Sweden, the communication in social media includes more smileys and expressions, while in Finland the marketing is more straightforward. Gegerfeldt explains that the company recognized the importance of adapting marketing to the local preferences.

The company has also seen differences in Finnish and Swedish customers' opinions about e-commerce. According to Gegerfeldt, Swedish customers are more used to shopping online and thus it is possible, that Finnish customers do not trust online companies as much as the Swedish customers due to this. However, the company has seen a notable difference in the online behavior of the Finnish customers since the launch at the end of 2016, and says, that as

Eleven has begun to build a brand in Finland, it has become easier to win the trust of Finnish customers.

Role of top management and networks

Eleven's local adaptation decisions have before been more affected by the managers' personal perceptions of the market but currently, the company is highly data-driven. The company does not take actions based on gut feeling anymore, instead, they are using big data, shopping patterns, customer reviews and web panels in order to understand the markets. The company has not extensively used different formal networks when establishing itself in new markets and it relies on the local market knowledge of the employees and their networks in the specific country. However, the company recognizes that in order to increase their internationalization speed, they should use more of their networks in the future.

Eleven has a private equity fund as an investor and through it, they get access to the knowledge of the other companies the equity fund invests in. These companies include large multinational retailers and the CEOs have close dialogues with each other about internationalization experiences and gain valuable information about which things work in certain markets and which do not.

Local adaptation decisions

Eleven did local adaptation from the beginning when launching the Finnish site. The local adaptation included translations, pricing and logistics. For example, the company chose to use Finnish postal service Posti as a delivery option in order to provide a more trustworthy delivery option for its Finnish customers. Additionally, they registered a Finnish stock company (Eleven OY) and the customers can send their returns to a Finnish address, which impacts the customers' perception of the company positively. The pricing was adapted according to the prices of the products in Finland, as some products are cheaper in the Finnish market. The purchasing is done country-by-country, so the company can sell different products in different markets, depending on the market demand of the country. One example is the Finnish cosmetic brand Lumene, which is perceived as a great brand in Sweden but an excellent one in Finland.

Eleven changes its local adaptation when needed and, for example, pays attention to the brands that sell better and tries to find out why. In order to learn continuously what kind of

local adaptation the firm should do, they look at different customer groups, different marketing channels and evaluate the results of AB tests conducted in different channels. The company listens to its customers' feedback and studies different review sites and social media in order to find what the customers think about the company and how the company can become better and improve its processes. According to Gegerfeldt, it is very important for the company to listen to different social media channels and both positive and negative customer experiences.

When it comes to Eleven deciding on how much local adaptation they want to do, the hardest part according to Gegerfeldt is to evaluate money spent versus the results. He also says that they would like to conduct more local adaptation, but due to cost limitations they have to decide what to prioritize. Furthermore, support functions, financials and the checkout process are standardized but the company is open to local adaptation in everything, as long as it is aligned with the brand identity of Eleven.

The company's main local adaptation learning is connected to local employees. Their market knowledge is highly valuable when it comes to deciding upon which transportation companies to use, how to write the content aimed for the market, what kind of marketing they should do, assortment and pricing. Eleven has additionally learned from its previous internationalization processes that it is best to do as much as possible before entering the market, and will use this learning when expanding to its next international market. The following quote demonstrates the benefits of having local employees who can provide Eleven insights regarding cultural aspects and other small details that a foreign person would not notice:

“I think the importance to have people that understand the markets is the greatest learning and to have people that are truly from the country or lived in a country or born in the country, to have understanding of the different cultural aspects or the small differences between the countries.”

When considering the main local adaptation efforts of Eleven's internationalization journey, Gegerfeldt says that it is general local adaptation efforts rather than specific ones that have had a positive effect on the company's internationalization. These include understanding the

importance of cultural differences that are easier to understand with the help of employing local employees when expanding to a new market. This enables the company to avoid actions, that could turn out to affect the company negatively, and one example of this is Gegerfeldt explaining that they considered using Google Translate for translating the Finnish website. Additionally, Gegerfeldt highlights the importance of appearing local in the foreign market, which can be done e.g. by using local transportation companies. Lastly, Gegerfeldt recognizes that the internationalization process has proven them that there are differences between the Nordic countries and the countries are not as unified as they thought before the expansion.

Types of local adaptation

Connected to trust, Eleven's local adaptation strategies differ between its two international markets. In Norway, the company has the certificate of trustworthy e-retailer, and in Finland, it does not. According to Gegerfeldt, as the company concentrates a lot more on Finland, as it is a bigger market for them, the certificate in the Norwegian website is a way to do some extra marketing in Norway, where the company does not do as much investments as in the Finnish market. He states, that they will probably get the certificate in the Finnish market as well, but the company thinks that it is more important to have good reviews that the customers can see publicly. As trustworthy e-retailer certificates are outliving their functionality, according to Gegerfeldt, it becomes more and more important with influencers. Gegerfeldt's view on the growing importance of influencers as trust-creators is shown in his comment below:

"--If we can show reviews to people that are almost in the same style that they are having or with the in same skin they are having, people trust them as they were skin therapists. And I think that is really interesting insight."

Thus, the company has decided to concentrate more on reviews in order to increase their trustworthiness in the eyes of the customers, instead of concentrating on different e-retailer certificates. Eleven uses the same payment method provider, Klarna, in all three countries, but the Klarna adapts the payment methods according to the market. In Sweden, customers prefer invoices, in Finland direct bank payments and in Norway credit card or mobile payment. Klarna is an important partner to them and helps Eleven to expand their marketing potential.

When it comes to local adaptation in the marketing context, the Norwegian market mirrors the Swedish marketing strategies but the Finnish team is responsible for the Finnish marketing and thus, it differs from the Norwegian one, as it is customized for the Finnish market. However, Eleven is currently under a rebranding process and after the rebranding is done, the marketing of all the markets will be more aligned. There are also local differences in how customers react to marketing and specific customer engagement efforts. For example, Finnish customers are more eager to engage with the company through Instagram hashtags, which has surprised Eleven. Differences like this are dealt with continuously and it affects the way the company communicates in the market. Lastly, the prices are adjusted in accordance with the local markets and the competitors' pricing in the market.

Internationalization performance

When asked about choosing the markets to expand to, Gegerfeldt explains that it was more of a practical approach, as their suppliers had given them the approval to launch in specific markets. Additionally, the decision was based on the growth possibilities in the countries.

Eleven has expanded to two foreign markets in the span of three years, to Norway in 2014 and to Finland in 2016. Gegerfeldt states, that he is dissatisfied with the internationalization speed of the company. He is rather happy with the success in the Finnish market, which is due to their investments in the market but thinks that the company should be faster in its expansion in the future. Additionally, the internationalization speed is often affected by the difficulties with signing agreements with suppliers in different markets, as Eleven only buys products from authorized distributors, which makes the process slower.

According to Gegerfeldt, approximately 30% of the company's online sales come from abroad, 20% from Finland and 10% from Norway. As the company has employees, who have local knowledge and has used more resources for the Finnish expansion before launching the website, the Finnish market is stronger and larger than the Norwegian one. The Finnish market is already twice as big as the Norwegian market, even if it was launched two years after it. Finally, Gegerfeldt expects that it is possible for the Finnish market to surpass the Swedish market within two years.

Main takeaways

One of Eleven's main learnings has been to understand the importance of local knowledge, which is gained through Finnish employees. The company has realized that the Nordic countries are not as similar as they thought and emphasizes that Finland is rather different from the Swedish and Norwegian markets. The company uses a lot of influencer marketing and states, that it is hard to know how much local adaptation they should do and what is the actual impact of local adaptation. They, however, realize that local adaptation is crucial in their internationalization performance, which became evident during the launch of the Finnish website.

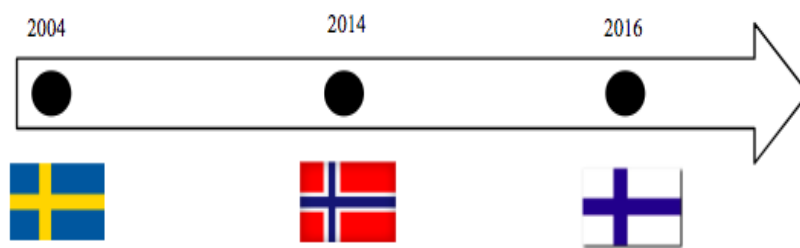


Figure 3: Timeline of Eleven's internationalization

4.2.3 Fritidsfabriken

The interview was done with Sebastian Lissbro, who is the current Marketing Director of the company. He has been working in Fritidsfabriken for approximately a year and has had a wide role in the company, varying from recruiting to business development. However, Lissbro will concentrate more on the tasks of the Marketing Director in the near future, as the company has hired new employees. In the context of local adaptation, his responsibility is to do general market research and decide upon the budget, when entering a new market. Lastly, Lissbro is very interested in the technological advancements of e-commerce and emphasizes its importance in local adaptation.

The ways of gathering local knowledge

When it comes to local knowledge acquisition, the company does not conduct extensive market research. Lissbro tells that the company is instead driven by trial and error and the spirit of entrepreneurship. Furthermore, the company relies upon AB testing, where mutually

exclusive tests are conducted and their results are used in order to make decisions upon market entries. Additionally, the company studies the Gross Domestic Product (GDP) of the local market in order to make the decision, whether the population in the country can afford Fritidsfabriken's clothes and studies the outdoor trends in the countries, as their products would not otherwise be of interest to the people in the country. Lissbro recognizes that it is possible for the company to gain market knowledge with the help of other methods than market research, such as information from its payment method provider, Klarna. He states, that when Klarna launches its checkout system in a new market, Fritidsfabriken is one of the first ones to follow them. However, he states, that the need for market research might as well depend on the market entry plans of the firm, as some countries might need to be screened more throughout before the entry can be done.

When asked about how the fact that the company only exists online affects the knowledge acquisition, Lissbro states that it is connected to how good the company's local adaptation model or process is. In order to make the customers feel that they are shopping at a local shop, the company needs to take customer retention into account. It means, that the company cannot do any language or tonality mistakes, which would directly reveal that the company is not local. Lastly, he points out that building a deeper relationship with the customer offline e.g. with the help of different events and experiences helps the company to appear more local. In addition, one way of appearing more local would be to open flagship stores in specific cities. Lissbro stated that as e-commerce is a constantly evolving field, it is not enough for a company just to have a Facebook page anymore and in order to keep up with the competitors, companies need to find a way to differentiate itself from the others. The following quote illustrates Lissbro's argument stating that it is crucial to appear local in foreign markets:

“Everything depends on how competent you are in your local adaptation model or process but there you come into things such as customer clubs and loyalty in regard to customer retention, how do you get customers to think that it is, for example, a German shop they are shopping from?”

Regarding surprising events that have caused the company to adapt locally, Lissbro says that due to the fact that the company had very few resources and only two employees working in the market department, they did not have time to translate the sites or the advertisement. This

had an effect on how local the company was perceived to be and Fritidsfabriken saw a huge difference after the websites and advertisement were translated to the local languages. Lissbro points out that this taught the company that it is possible to open a country-specific website without translations, but that there is a risk that they might lose a lot of customers due to it. He also recognized that their target group, 30 to 50-year-old people is less willing to use English than a younger target group would. Lastly, Lissbro emphasizes the importance of testing, as it has proven to be a successful way for the company to make decisions.

The role of top management and networks

As Fritidsfabriken is currently planning on entering a new market, Lissbro speculates, that the decision of the new market selection was affected by the personal opinions of the management group. If taking Germany as an example, he says that the management took a risk when deciding on expanding to Germany, as it has been known as a hard market to get in to in many branches, described as “make or break” market by Lissbro. Despite this, Fritidsfabriken succeeded in the German market and uses the successful internationalization strategy used in Germany as a base for the next internationalization process.

Fritidsfabriken has not earlier had the resources to invest time in networking but as the company is now hiring new employees, Lissbro says, that they have been recently concentrating more on networking. Ways of networking include participating in fairs, especially technology-oriented ones and taking part in Swedish Chamber of Commerce’s events. The company uses fairs and events mostly in order to conduct trendspotting and to meet with different tech companies.

When it comes to partners, the company has close ties with Facebook, which has been a valuable resource for them. As the company is based in Borås, which is known as the e-commerce center of Sweden, there are many panels and events, which take place in the city. This includes rivalry between companies but in addition, it provides the companies a possibility to find partnerships, where both of partners can benefit from the relationship.

When asked about if partners or networks have affected the company’s internationalization, Lissbro explains that as the company’s employees do not have personal experiences of working with similar internationalization process before, the employees have learned a lot from communicating, trendspotting and networking with different partners and companies. Lissbro explains that networking is a two-way road, now as Fritidsfabriken has grown

internationally it is easier to receive advice from other companies, as they can provide advice in return for their partners. Lastly, Fritidsfabriken has a venture capital company investing in it, which has enabled the company to use its investor's networks as well. One example of benefits gained from the investor is that the company manages the recruitment of Fritidsfabriken's key roles.

Finally, regarding valuable information gained from networks, Lissbro comes up with an interesting example. A partner in his network gave him an advice that the color khaki is very popular in France and after he visited French websites, he noticed that many of the sites were advertising khaki-colored clothes. This notion led the company to produce khaki-colored clothes for the French market.

Local adaptation decisions

Fritidsfabriken has in the past opened local websites without translating the content but the current launch process includes local language and prices. After the company has tested a market with an English site and it seems promising (in this phase, there is a land flag that leads to the global page), the company proceeds to investing in a local domain and translates the site to the local language.

When it comes to payment methods, Fritidsfabriken provides local payment methods, such as SOFORT in Germany but Lissbro explains, that due to cost restraints, they cannot provide all the payment methods they would like to on all websites. The local adaptation approach is not continuously changed on the different websites, as there are some technical restrictions to this, but Lissbro states, that the company will be investing more to it in the future, with the help of e.g. heat mapping technique, which shows, how the customers move on a website. This is aligned with the vision of Fritidsfabriken, which includes moving from local adaptation to personalization, which means optimization in accordance to the customer behavior. Lastly, Lissbro emphasizes that e-commerce is as much about technology as it is about business.

Lissbro tells that the company, however, changes its local adaptation method, if there are big changes in the data collected, for example, if the sales do not increase even if the site is translated to local language. After this, the first step is to inspect the company's communication, as tonality or grammar errors on the page can have an impact on the

customers. It could also be due to cultural differences, e.g. holidays such as Easter are not celebrated in all countries. Additionally, Lissbro emphasizes the importance of customer service, as even one complaint can be very valuable for the company. Lissbro claims, that the impact of local adaptation is rather easy to see in the entry phase, where the impact of local adaptation on sales can be clearly seen when the local website is launched. However, he points out that the impact is harder to quantify later on, as language is the most important adaptation method they use.

According to Lissbro, the same local adaptation processes are used in every local market but he explains that more resources are used in markets, which are either doing very well or very bad, meaning that the average markets do not receive as much attention. This enables the company, according to Lissbro, to maximize the returns on the best markets and to improve the markets that are growing the least so that they do not fail. Additionally, their Facebook page is in English but most of the advertisement is translated into the local languages.

Lissbro lists the importance of language and currency as their main local adaptation learnings. Regarding the local adaptation outcomes, Lissbro is satisfied but recognizes that there is always more to do. In his opinion, personalization becomes more and more important, and companies should take this into account when customizing deals and sites for customers.

Regarding main local adaptation efforts that have had a positive effect on sales, Lissbro says that using influencers has had a positive impact on its sales in Germany as it has increased the local feeling of the company in the market. Additionally, the influencers can market Fritidsfabriken's products on their own pages but it also enables Fritidsfabriken to use user-generated content as leverage in their marketing which is demonstrated in the citation below:

“Some collaborations in Germany, influencers have given us the local feeling, we have been able to push user-generated content in our paid model, paid advertisement.”

Types of local adaptation

The importance of partners is evident when choosing payment methods, as the company first uses Google in order to find out which payment methods are most popular in a country and then contacts Klarna in order to find out what they use in a specific country. When asked if

there are price differences in the products between the countries, Lissbro says, that the prices vary due to customs fees, delivery costs and value-added tax (VAT). The product offering is the same on every site, however, the local top-sellers are fronted in different ways. In the future, Fritidsfabriken might have different products in different markets but Lissbro emphasizes the importance of the company keeping its identity, and not turning into a wholesaler.

Regarding language in customer service and newsletters, Lissbro explains, that the company has customer service in English, German, (part-time) Finnish and basic Italian. The newsletters are however always translated to the local languages. Additionally, Lissbro points out that the websites, advertisement and newsletters are translated by an external translation agency. Lissbro explains that marketing in different countries varies a bit, for example, the length of a video can be shorter in a specific market and marketing in another market can include more branding. All in all, the differences are small and subtle things, apart from the budgets of the markets.

When talking about different marketing channels, Lissbro states that the company is not active in Snapchat, as it would not work for their target group. Moreover, Lissbro discusses Twitter, which is not a widely used channel in Europe but points out, that it would be a useful marketing channel in the American market.

Lastly, Lissbro was asked about Trygg E-handel certificate and why the company does not have one. He stated, that the company gains legitimacy in different ways, such as through customer reviews and transparency. According to him, customer reviews can be as trustworthy as the customer's own friend's opinion, and thus, Trygg E-handel might not be a valuable method of gaining trust anymore. He gives an example from the Finnish site, as he tells, that especially Finnish customers tend to create their own "communities" within Facebook comments, where they recommend products to each other.

Internationalization performance

According to Lissbro, the company's internationalization is based on tests, where the markets are decided upon their potential and the customers' interest on the website. The markets that give the best results under a specified time period, approximately one to two months, are then invested in. When asked about the order in which Fritidsfabriken entered the countries,

Lissbro tells, that the Swedish website was established in 2014 and the Finnish and Norwegian websites in 2016. The other foreign websites were launched in 2017 and at the beginning of 2018, in the following order: Germany (2017), Austria (2017), the Netherlands (2017), Italy (2017), the UK (2018) and France (2018). Thus, the company went from two foreign country-specific websites to eight in two years. Lastly, Lissbro lists out how large share of the company's sales come from foreign markets: Approximately 30% originate from Germany, 20% from Finland, 10% from Norway, 5% from Austria and rest is rather equally divided between France, Italy, Netherlands and the UK.

When it comes to internationalization performance, the results vary. Lissbro states, that Germany has been a very prosperous market, but they have had more difficulties in France and Italy, which is partly due to the low internet speed and usage in the countries. Additionally, this can depend on cultural differences, differences in purchasing behavior or demand of the products. The company has had same prerequisites for every market, but Lissbro points out that strong competitors can impact the sales as well. These things are hard to know beforehand and this is one of the reasons why the company trusts testing more than simple market research.

Fritidsfabriken has expanded fast during the past year and when asked about what Lissbro thinks about internationalization performance of the company, especially in the context of speed, he says that he is satisfied but that the company could have been even faster if they would have recognized the need of recruitment in an earlier phase.

Main takeaways

Fritidsfabriken names translating the websites to the local languages and using local currency on the websites as their main local adaptation learnings. Additionally, the company understands the importance of appearing local in the foreign markets. Local adaptation challenges of the company are related to limited resources, as they do not have the resources to do local adaptation in all the forms they would want to. The company builds its internationalization and local adaptation on AB testing and the results are then used in the decision-making. When it comes to the results of local adaptation, Fritidsfabriken emphasizes that the sales on foreign market grow significantly after translating the websites to the local languages.

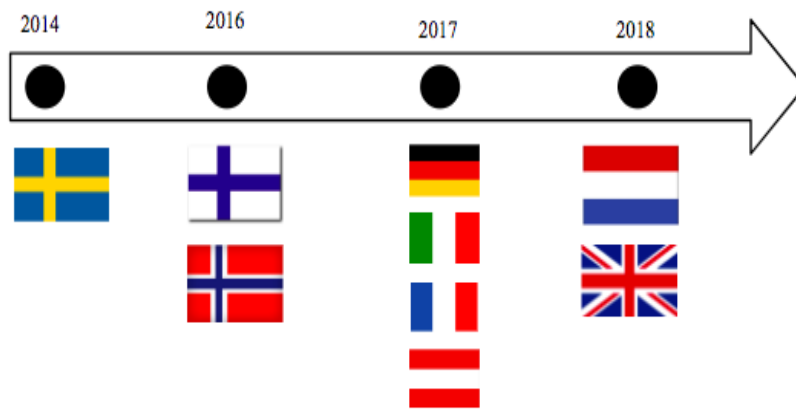


Figure 4: Timeline of Fritidsfabriken's internationalization

4.2.4 Junkyard

The interview was conducted with Jonas Moberg who has worked at Junkyard for 13 years. He has worked as a Chief Financial Officer (CFO) for approximately 6-7 years and after that, his role has been Chief Operating Officer (COO). When it comes to internationalization, he has been responsible for Junkyard's expansion to the Nordic countries (Norway, Finland and Denmark). He was involved in preparations before the above-mentioned country-specific websites were launched and has been supporting the recent launching of the French website as well as the upcoming launch of a new country-specific website.

Ways of gathering local knowledge

Since Junkyard is not a newly established company and has several employees who have been with the company for many years, international experience and knowledge gained throughout the years help Junkyard to adapt locally. In addition to the accumulated experience, Junkyard actively participates in e-commerce conferences, both Swedish and international ones. Moberg also states that market-specific information is easily accessible online. Lastly, Junkyard cooperates with various transportation companies who can provide them with valuable knowledge about the transportation options in specific countries, such as PostNord in Sweden.

Even though Junkyard is an e-retailer, the company has a physical presence in Norway in the form of an office. Additionally, Moberg tells that Junkyard does not only rely on online marketing in Norway, as they also arrange events in the country. Moberg explains that back in 2009 when Junkyard expanded to Norway, the Norwegian customers were still concerned

about whether they would need to pay extra fees or if the products they had ordered would be held in customs. Thus, the local presence in Norway has always been necessary for Junkyard and Moberg argues that it has played an important role in Junkyard's expansion in the Norwegian market. Junkyard is not physically present in any other foreign markets. According to Moberg, local presence is a good thing but it is not necessary. He projects that in the future, Junkyard would rather open a physical store than an office abroad in order to be close to its customers. As shown in the following quote, Moberg states that one must be sure about the financial outcome, if conducting local adaptation in the form of physical presence:

“You can almost reach any market in the world without local presence of course. Local presence is expensive so if you are planning on having a local presence I think it's of course really important to get the sales going - expanding really fast.”

When it comes to consumers' trust towards e-retailers, Moberg speculates that the importance of web shop safety certificates will diminish over time because he believes that the certificates were more important when e-commerce was introduced at the beginning of the century. Junkyard has had to find new solutions and adapt locally after the establishment of country-specific websites due to a few small surprises that they have faced in different markets. For example, when launching Junkyard in Denmark, the company was too focused on the national payment debit card called Dankort that they missed out on the fact that Danish customers prefer MobilePay as a payment option. Junkyard faces surprises in terms of sales, as Moberg says that it is hard to know which products will be successful in different markets since the fashion industry is very dynamic and customer preferences change at a fast speed. As illustrated in the following citation, the company has understood that there are large differences in the maturity and current trends of the markets which affects the local adaptation decisions.

“When we see some kind of a phenomenon going on in Denmark and Sweden we often know that next year or next season it will work great in Norway or in Finland.”

The role of top management and networks

The local adaptation decisions and the ways Junkyard analyses different markets are affected by managers' personal perceptions. Junkyard utilizes mostly informal networks when acquiring market-specific information. For instance, Junkyard discusses with other businesses

that have internationalized similarly to Junkyard during the recent years. The company also gains information through its old employees as well as from the employees' networks when it comes to IT-related issues. Moberg states that Norway is an exception since in that market, Junkyard networks at a much larger scale. Junkyard works closely with influencers across all markets and gets feedback and ideas from the influencers regarding local adaptation. Instead of focusing on formal business networking, Moberg describes Junkyard's local adaptation processes to often be based on trial and error.

After the Nordic countries, Junkyard entered France. The decision was based on a process where Junkyard launched a .com EU website in order to see if there was any specific country that started to purchase more from the site than other nations. Before entering any new market, Junkyard typically conducts AB testing through advertising. The test showed, that there are two other European countries that purchase significantly more than the others. Thus, the EU website is used as a roadmap when planning the future entries.

Local adaptation decisions

When entering a new market, Junkyard always adapts through localizing three things: language, payment options and delivery options. The language is adapted both on the website as well as through providing customer service in each local language. Moberg points out that using the local language often results in a sales increase of thousands of percents compared to a standardized English website.

However, the first local adaptation efforts do not always function as well as expected and therefore Junkyard has, for example, changed the transport company in the Norwegian market to be better able to serve its customers. In the Finnish market, Junkyard has developed its payment options through AB testing. According to Moberg, the main learning from Junkyard's local adaptation processes has been the increased understanding about the importance of both payment and delivery options.

It is not only the customer feedback that can cause changes to the way Junkyard conducts local adaptation. The company also works proactively and continuously looks for possible improvements that would lead to better customer experience and better profitability. An example of a main moment that has recently enhanced Junkyard's growth is the influencer marketing which is shown in the comment below.

“When we really started working with influencers on the new markets, that made a huge difference for us. New ways of marketing, being more specific in each market.”

With regards to resource usage, Junkyard allocates its resources for each website based on the transaction volume of each market. Moberg explains that Junkyard would be interested in doing more local adaptation with regards to the content of the websites but highlights that it is challenging due to limited time and resources. The next step for Junkyard would be to adapt the product assortment and run country-specific campaigns on the websites.

Types of local adaptation

As stated above, Junkyard adapts payment options locally in all markets and receives valuable information from the local payment providers. The prices are also adapted locally but external brands often end up being the same across markets in order to match the competitors' pricing. The pricing of Junkyard's own brand is different and can be locally adapted in all cases. In the beginning, Junkyard was uncertain about the need for local language in customer service but has thereafter decided to invest in it across all markets. The mass translations are conducted by external translation offices in advance but as soon as the websites are established, Junkyard's own employees become simultaneously responsible for both the continuous translations as well as the customer service tasks. Junkyard has adapted their delivery methods in accordance to the local needs and uses UPS in Europe, Bring in Norway and Posti in Finland.

Moberg explains that both marketing and product assortment are almost identical across all markets especially when Junkyard enters a new market. Junkyard enters foreign markets with standardized product assortment and thereafter starts to adapt based on the knowledge gained from advertising on the specific market.

Junkyard adapts locally when it comes to social media. Moberg states that it is not smart to publish country-specific material on a general social media channel since the content will often only be relevant for the customers of that specific country. Junkyard has a local Instagram page for Denmark, Finland and Norway and a general page for Sweden and France. Moreover, the company works with influencers in all markets.

Internationalization performance

Junkyard entered Norway in 2009, Finland in 2011, Denmark in 2012 and France in 2017.

Moberg states, that managers personal perception played a role in the company's internationalization decisions. The company had networks in the Norwegian market, and they could see that there would be demand for their products in the market. In the case of Finland, many potential Finnish customers contacted Junkyard in Swedish, which led the company to open a Finnish website in 2011. In addition to the managers' personal perceptions about the markets, other factors such as freight costs also affected Junkyard's international expansion which is illustrated in the following quote:

“Regarding Denmark, and this goes for the rest of the Nordics as well, we just thought that it was relatively cheap to reach another market since it's not that far away. One of the biggest costs for an e-commerce company is freight. Freight costs are lower to the markets nearby, and that's another reason for choosing our neighbors before trying to enter into France or Germany for example.”

At the moment, about 40% of the sales come from Sweden and 60% from abroad. Moberg explains that 25% of the foreign sales come from Norway and 15% from Finland. Rest of the sales from abroad are divided between Denmark, France and the rest of Europe. Denmark and France are the smallest markets and they are very similar in size. All of the markets are growing continuously and the Norwegian and Finnish markets grew by 40% between 2016 and 2017 whereas Denmark grew 70% during that period. Lastly, the company is currently expecting a 100% growth from the first year from French market that was launched in September 2017. Moberg is satisfied with the internationalization speed of Junkyard and highlights that the company has control over the speed.

Main takeaways

For Junkyard, it has been crucial to be locally present in Norway but not yet in other countries. The company is considering whether it should open physical stores within the upcoming years. Furthermore, the company has learned that there are differences in the maturity of the markets and takes that aspect into account in its marketing. Junkyard cooperates a lot with influencers which has had a positive effect on its sales in all markets. When it comes to the launch of a new country-specific website, Junkyard analyzes its .com EU website in order to find out where it has the highest demand. Lastly, the importance of

finding the most preferred payment and delivery options has been named as the main learning regarding local adaptation.

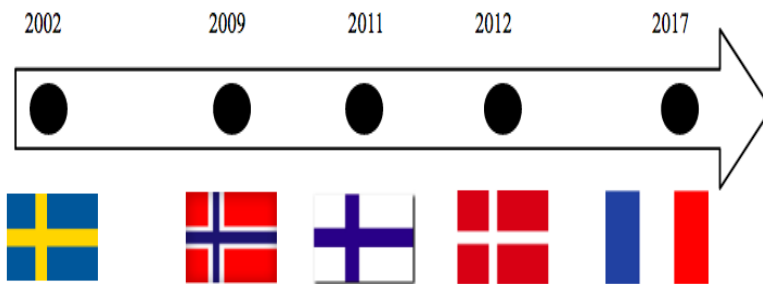


Figure 5: Timeline of Junkyard's internationalization

4.2.5 Miss Mary of Sweden

The interview was conducted with Johan Gente, who is the current Head of Global B2C Sales & Marketing of the company. He has been working in Miss Mary of Sweden for three years and his concentration is on the B2C sales and marketing of the company. Regarding local adaptation, he has a central role in the company's local adaptation decisions. In addition to him, two employees from the IT department and a project manager are included in the local adaptation decision-making.

Ways of gathering local knowledge

Gente explains that when planning on expanding, the company gathers local market knowledge with the help of online market research, e.g. using Google and different reports. Additionally, Miss Mary of Sweden consults with their service providers such as payment service providers or distribution partners before expanding and asks them, if their other customers have experience from the specific markets. According to Gente, it is a simple process and he claims that the cost of local adaptation is relatively low for the company, as it mainly includes translating product descriptions and website content.

Further on, he explains that as the company targets women in age group 45+, it is important for the company to look into the demographics of the country. Secondly, the physical constitution of women in the target market is of importance, as functional underwear is more

popular in Western countries, where there is a need for it. Thirdly, the company looks into household income. Gente explains, that many of the potential customers have said that they are not willing to pay so much for underwear but Miss Mary's customers understand, that the price is related to the lifespan of the products. He gives an example of the Mexican market, where he says that the interest for their products is notable but the household income is too low for the population to be able to purchase their products. However, they have launched a Mexican website in order to be present on the market and if the population can afford their products in the future, they are available for them.

When Gente was asked if he thinks that the company's online presence affects the local knowledge acquisition, he explains that Miss Mary of Sweden also sells products for resellers and thus has B2B sales as well. Thus, Gente says that they have an advantage, as the customers were already aware of their products before the company started to engage in e-commerce in different markets. However, the company's products are only available online and through catalogs, and thus they cannot be found in physical stores. Gente points out that 40% of Miss Mary's sales come from their B2C e-commerce and 60% from B2B, which include both online and catalog companies.

Regarding surprising factors that have caused the company to adjust their local adaptation after establishment, Gente tells an example from the Dutch market. In the Netherlands, it is common for the customers to type their street name and house number to separate fields, which was not taken into account when launching the Dutch website, as there were no separate fields for street name and house number. This led to the customers not writing their house numbers when making an order, which was a surprise for the company and the fields needed to be adjusted afterward. Additionally, the company recognized the need for direct bank payments in the Netherland and Finland after the launch, and Gente states, that the sales on the Dutch market increased notably after direct bank payment was added as a payment method.

The role of top management and networks

When asked about if he thinks managers' personal opinions impact the local adaptation decisions of the company, Gente explains, that the fact that the company does not have managers in the local market means that the management in Sweden needs to make the best possible decision for the foreign markets as well. He says, that the management has opinions,

which are not always right and in that case, they need to be adjusted. Finally, he speculates, that it is impossible to be fully objective and thus, personal perceptions will always have an impact on decisions made by people.

Regarding networks, Gente states, that the company does not use networking, instead, it launches local websites and promotes them online e.g. in Google and Facebook. However, Gente says that partners are an important source of information for the firm as they help Miss Mary to understand markets. They have a distribution partner, Asendia, which is a cooperation between the Swiss post and the French and specializes in e-commerce and conducts a lot of research. This partner provides Miss Mary of Sweden with information, which helps the company to understand the local markets and make better decisions in regards to delivery and payment methods.

Miss Mary of Sweden's payment service provider DIBS helps them to decide the right payment method in every country. Furthermore, the company sees online reports regarding e-commerce as an important source of information. Lastly, most of the market knowledge is gained from partners.

Local adaptation decisions

When asked about if Miss Mary of Sweden conducts local adaptation from the very beginning once establishing a country-specific website, Gente states, that translation is the only form of local adaptation they do. In the terms of marketing, the company has the same message and conducts business similarly in all markets. As demonstrated below, Miss Mary of Sweden only adapts the most crucial aspects for them when opening a new country-specific website.

“Yes it is the translation basically and except for that, we try to avoid adaptation because that's too much trouble unless we see a good reason for doing it. In terms of marketing, we have the same message and same way of doing business in all markets. We don't make any adaptation there.”

Gente explains, that if the company sees that some forms of local adaptation could increase sales, they would adapt locally by using these methods. Furthermore, he explains that most of the adaptation is a result of trial and error and that the company does AB testing as well.

Miss Mary of Sweden measures the impact of local adaptation with the help of sales and Gente tells, that the company invests more resources in markets with bigger sales. Markets such as Portugal and Spain are not big markets, and thus the company does not invest a lot of them, instead, it is just present in the markets.

According to Gente, one of the company's local adaptation learnings is understanding the importance of customer service. For example, if customers cannot make purchases due to that the company does not provide the preferred payment method, the customers will contact customer service and complain. Investing in customer service, which is listed as one of the main local adaptation learning of the company, is highlighted in Gente's comment below:

“--That's also something that you learn, that you have to be really good at listening to the customers. So we have our own customer service and they give us constant feedback and that helps a lot in terms of adaptation.”

Additionally, Gente says that he is surprised how well the company succeeds even if it does not invest extensively in local adaptation. He says, that deciding on local adaptation is a question of scale and even if more extensive local adaptation could be useful in some markets, the company needs to decide if it is worth investing in. Furthermore, Gente points out that translating alone includes a lot of work for the company. The company sends out weekly newsletters in 10 different languages and markets on these languages on its Facebook site as well, and the translations are conducted by a translation agency.

Types of local adaptation

According to Gente, the prices are not the same in all countries. Swedish, Danish and Norwegian prices are the same, even if there are large differences in the exchange rates. Thus, the company is underpriced in Sweden, which Gente points out to have a connection to the company's Swedish nationality and the fact, that price adjustments are always risky. Sweden accounts for 25% -33% of the company's sales and thus it is an important market for the company, which makes it harder for the company to adjust the prices. Additionally, he says that the prices on the other sites are adjusted according to exchange rates.

When asked about customer service language, Gente tells, that the company provides customer service in Finnish, Swedish, Norwegian and English. In the case a customer contacts the company in another language, customer service employees use Google Translate in order to translate the customer's email and their answer to the customer. In relation to the language, Gente was asked about if he thinks that the company's online presence and language resources impact the customers' trust in the company. He states, that it impacts the customers to some extent, as if the customers have not seen their brand before, there is a risk that the customers consider some brands as scams online. However, Gente explains, that time is the only way to deal with the trust perspective. Additionally, the company uses Trygg E-handel in Sweden and is in the process of getting Trusted Shops certificate in Germany. Lastly, the company provides PayPal as a payment method, which increases the customers' trust in the company as well.

“Time, only time, because the more times they see our ads, the more they will, of course, start to think like “okay”.”

Lastly, Gente tells that the company has a verified Facebook page in English, and the language of the ads depends on the country where the customer is in.

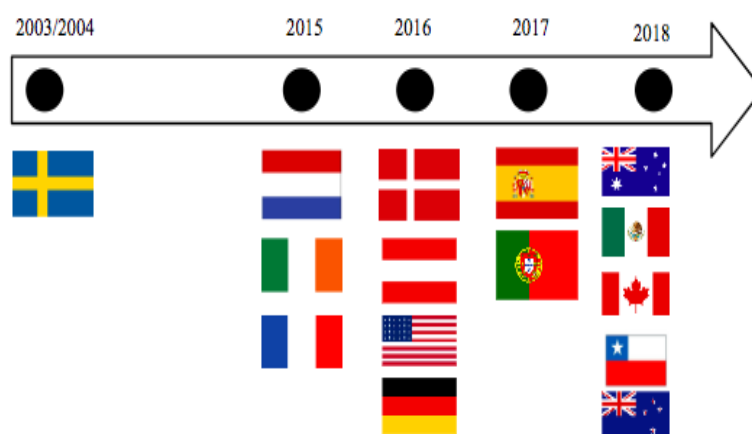
Internationalization performance

Gente explains that Miss Mary of Sweden has had a Swedish website since 2003 but it was not promoted in the beginning. Instead, it was used as an order form for their catalog customers, who can place orders online after seeing the catalog. When asked in what order the company entered the foreign markets, Gente says that the company started with countries with a similar mindset, and thus geography was not as relevant in the case. The first ones were Finland and Norway but Gente points out, that Denmark was not entered in this phase as it is a difficult retail market as they have many small shops and different retail landscape compared to Sweden. After this, the company entered Netherlands, Ireland and France in 2015. This was followed by Denmark, Austria, the US, and Germany entry in 2016. In 2017, Miss Mary of Sweden launched a country-specific website for Portugal and Spain. The company also entered the UK during their European expansion. The latest launches were made 2017/2018 and the countries entered were Australia, Canada, Chile, Mexico and New Zealand.

According to Gente, the growth on the markets has not been similar. He mentioned earlier, that Spain and Portugal are not large markets and explains that the sales in different countries vary over time. It has also to do with the internet usage of the population and additionally, the price of advertisement impacts how much the company conducts advertising online, for example on Facebook. Gente says that when one works with e-commerce, it is impossible to be satisfied, as there are always things you can improve. When asked about specific local adaptations efforts that have enhanced the company’s sales, he tells, that launching invoice in Germany had a large impact on the German orders. Lastly, 25% to 33% of the company’s sales come from Sweden and the biggest foreign markets are Australia, Netherlands, Norway, and the UK.

Main takeaways

Miss Mary of Sweden lists understanding the importance of customer service as one of its main learnings, as customers provide the company with important insights. Additionally, the company is surprised how well it is doing, even if it does not significantly invest in local adaptation. They state that they avoid local adaptation as long as it is possible but think that it is important to adapt the language and payment methods on the sites. Furthermore, the company states that it is important to consider whether the specific local adaptation method is worth the investment or not, as it is a question of scale.



* Finland and Norway are not included in the timeline, as the exact expansion years could not be determined.

Figure 6: Timeline of Miss Mary of Sweden’s internationalization

4.2.6 Northern Spirit

The interviewee was Niklas Carlson who is the co-founder and the current CEO of Northern Spirit. Carlson's role as a CEO includes several tasks: he has the overall responsibility for sales, profitability and operations. Furthermore, he works closely with the managers of both marketing and customer service teams. Carlson also has an operative role since he is involved in local adaptation decisions as well as the purchasing and product development processes. According to Carlson, everyone at Northern Spirit are somehow engaged in company's local adaptation processes.

Ways of gathering local knowledge

Northern Spirit cooperates actively with influencers and ambassadors in most of the markets they are established in, mostly in Sweden and France, as the company has the biggest sales in these two markets. The company receives valuable information from influencers and ambassadors when the company is planning to enter a new market. In addition, the company utilizes Facebook by joining various CrossFit groups in foreign markets in order to find out what people are discussing. Through a Facebook group called Svensk E-handel, Northern Spirit interacts with other Swedish e-commerce companies who have similar internationalization experiences. The platform of Northern Spirit's online store is standardized due to the fact that it is provided by their partner Jetshop. Carlson mentions that Jetshop has a lot of knowledge about different markets which helps Northern Spirit to gather valuable information when evaluating different markets.

According to Carlson, customers have a crucial role in providing market-specific knowledge to the company. In addition to the country-specific websites, Northern Spirit has launched a .com EU site which gives the company the opportunity to receive feedback and questions from current and potential customers all over the EU. When it comes to the lack of local presence in foreign markets, Carlson states that on one hand, the company could probably be able to expand faster if it was more present locally. On the other hand, he believes that it would not be profitable to invest more in local presence than Northern Spirit already does. Carlson's view on the uniqueness of each market is determined by a handful of factors, including delivery and payment methods, which is demonstrated by his comment below:

“Because at the end of the day it is not that many factors, maybe one or two, maximum three, things except for the language of course, that really make the different markets unique. - it’s a lot about making the local people feel secure. “

In order to create brand awareness, the company participates in physical events in its most important markets at least once in a year and uses pop-up stores. Northern Spirit has increased influencer marketing and social media marketing instead of focusing too much on the local presence. According to Carlson, their customers are very Facebook and Instagram loyal and that is why their current marketing efforts work effectively.

There have also been factors that Northern Spirit was not prepared for when they entered new markets, especially in the Italian context. Based on the Italian traffic on the EU site, Northern Spirit decided to launch a country-specific site for Italy. The company started to increasingly receive questions about Cash On Delivery (COD) payment option. Consequently, Northern Spirit reacted to the feedback and recently launched COD, which is expected to boost the sales in Italy.

The role of top management and networks

According to Carlson, the local adaptation decisions made in the past reflected the gut feeling of the two founders of the company. He continues by saying that their approach has however changed and Northern Spirit has become more professional and better in conducting market research. In addition to Jetshop, transportation companies are crucial partners of the company. Klarna also helps Northern Spirit to find out which payment methods are preferred in each country.

Northern Spirit has a different way of operating in the Swiss and Australian markets compared to all of the other markets. The persons in charge of those markets are not employees of Northern Spirit but they are close partners. Both of them are buying products from Northern Spirit and then selling them to the end customers. They can help the company to find out what is happening on the local ground both in Switzerland and in Australia. Carlson mentions that Australia is an interesting CrossFit market and that Northern Spirit was established there due to the English language, as well as due to personal connections in the market. The decision to enter Switzerland was also based on networks.

Local adaptation decisions

According to Carlson, the local adaptation decisions are often based on trial and error. He tells that the efforts are always evaluated through sales and the company is still waiting for the results after having launched the COD payment option in Italy. Northern Spirit allocates its resources for country-specific websites based on the sales, which means that certain sites such as the French one which represents approximately 20% of the total sales get more attention than the other pages. When it comes to trendspotting, the company has learned to look outside of their Swedish home market in order to stay competitive, which is demonstrated by the quote below:

“I mean the main thing we have learned is to try to listen as much as possible to our customers and to be observant. There are a lot of things happening all the time and there can be new things coming up at different markets that we will not see in the Swedish market but it can be important for the French market.”

Carlson mentions payment solutions as one of the main challenges connected to local adaptation in foreign markets. Payment alternatives can be tricky for the company if Jetshop does not have a simple payment solution that can be set up easily. Carlson explains that large banks do not easily adapt their operations for small companies. For instance, Northern Spirit is currently in contact with inflexible and large Dutch banks in order to launch iDeal as a payment method and the process is time-consuming and complex.

Carlson states that one of the upcoming local adaptations will be the development of Northern Spirit’s customer service. At the moment the customer service works in English and sometimes with the help of employees’ language skills but Carlson sees it as a must in the future to be able to serve customers in more languages. The customer service has an important role in developing the local adaptation processes of Northern Spirit. They join the weekly meetings of the company and share their knowledge from the week, including both product-specific questions and direct feedback from the customers. This allows Northern Spirit to be close to the local markets and collect the most relevant pieces of information concerning potential improvements.

There are differences in how Northern Spirit has succeeded in different markets. According to Carlson, marketing in Germany can be challenging since Germans are more restrictive and not as “Facebook-friendly” as many other nations when it comes to using Facebook. Despite the fact that Northern Spirit relies heavily on Facebook, there are times when Facebook marketing can be challenging. Thus, the company has found a complementary solution to market itself in a more traditional way. Northern Spirit conducts marketing through banners in online magazines. Another challenging market for the company is the UK. Carlson states that the e-commerce market in the UK, in general, is characterized by high customer demands such as free delivery and that the market is the most developed in terms of e-commerce after the US. Northern Spirit faces more fierce competition in the UK compared to the other European markets. In addition, the British customers are expecting more from e-commerce companies compared to e.g. French and German customers, which makes the expansion slower.

When asked about the main local adaptations efforts that have enhanced the company’s sales on specific markets, Carlson mentions that the company’s B2C sales have increased from approximately 70% to 90% of their total sales as a result of their localization efforts in Germany, Italy and especially France.

Types of local adaptation

When asked about pricing, Carlson explained that Northern Spirit tries to maintain a similar price level in all markets. The company has had to put more thinking into the US and the UK markets due to different currencies but has decided to keep the similar price level. Also, the VAT rates differ since it is 24% in Europe but in the US the prices are shown without the VAT. As for now, the price level is kept as similar as possible in all markets. Northern Spirit currently sells the same product assortment in all markets, but Carlson tells that the company will soon start to analyze which products are performing better and thereafter will push those products more in their advertising and on the country-specific websites.

Internationalization performance

When Northern Spirit was established, the company launched a country-specific website for Sweden and another website in English. Since the UK is a large CrossFit market, the UK was the first country-specific website that Northern Spirit opened and this occurred in the middle of 2015. The US site was opened in 2015 as well, and Carlson explains, that the company

uses their EU site in order to find out which nationalities purchase the most on the site. After this, they consider opening a country-specific website upon the sales generated from the market. In 2016, the company launched a country-specific website in Switzerland. Lastly, the company entered five new markets during one year, as in 2017, the Austrian, French, German, Italian and Norwegian websites were launched.

Carlson is satisfied with the internationalization development of Northern Spirit as the company is relatively small and has still managed to grow well. The only disappointment from last year has been the German online store and Carlson believes that it is at least partly connected to the Facebook marketing that does not work so well with Germans. Northern Spirit has been very successful in the French market. In 2016, the French and German markets were the same in size but currently, the French market is four times bigger than the German one. When discussing the other markets, Carlson mentions that Northern Spirit has had a partner in the Norwegian market similar to what they have in Switzerland. However, that person could not continue as a partner but the company still decided to keep the Norwegian country-specific website. Furthermore, Carlson points out that similar to Switzerland, the return processes can be complicated in Norway due to fact that it does not belong to the EU. He also states that if Northern Spirit wants to grow in Norway, it needs to find a new local partner. However, the Norwegian site is rather a sign of an earlier partnership than a priority because Norway is a very small CrossFit market. When asked about the US market, Carlson explains that the US has a lot of market potential but the company does not currently have the resources to extensively invest in the market. Northern Spirit wants to build a strong brand and foundation in Europe first but their long-term plan is to tackle the US market. In regard to the divisions of Northern Spirit's sales, approximately 35% come from Sweden, 25% from France, 5% each from Germany, Italy, the UK, Spain, and Poland. The rest is divided between the remaining countries.

Main takeaways

Northern Spirit has a narrow target group and it has understood the importance of CrossFit ambassadors when entering a new market in order to increase brand awareness. Furthermore, the company is actively using Facebook both as a channel for reaching their current and potential customers as well as networking with other companies and gaining useful knowledge about others' internationalization experience. The main learning for them has been that the company needs to be observant and close to its customers in all markets since

different events might not take place simultaneously in all markets. Finally, the company acknowledges that it needs to provide customer service in local languages in order to grow in the future.

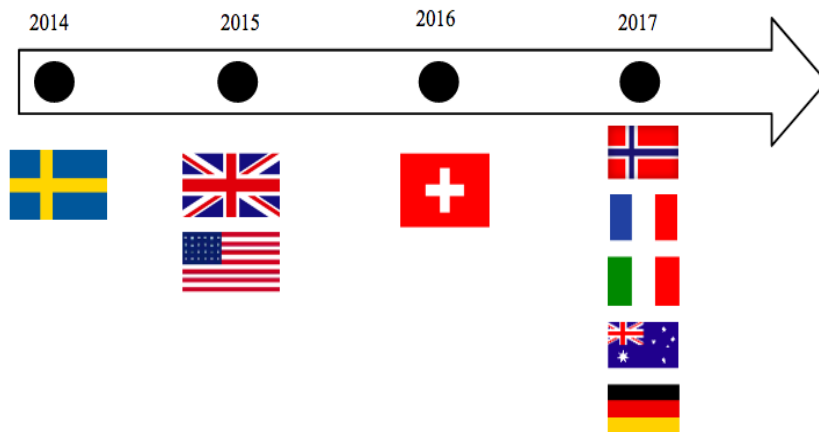


Figure 7: Timeline of Northern Spirit's internationalization

5. Analysis

The fifth chapter presents an analysis of the empirical findings and uses the conceptual framework as a guideline in order to relate the findings to the identified theories. The analysis starts by describing the internationalization behavior of the case companies and is followed by the analysis of local adaptation types in relation to the foreign sales of the companies. After this, the internationalization performance of the companies is assessed and lastly, the connection between local adaptation grade and type and internationalization performance is analyzed.

5.1 Internationalization behavior

According to the Uppsala model (1977), internationalization is an incremental process and companies expand to geographically close markets first, and thus avoiding problems with psychic distance, such as cultural differences. When looking at the case companies, Northern Spirit is the only exception to the traditional internationalization pattern, which starts with the neighboring countries. The company started its expansion with big CrossFit markets the UK and the US, followed by Switzerland and Norway. The company followed the sales, and thus it launches websites in countries according to the data derived from its EU site.

In the case of Junkyard, its first international expansion included the opening of a Norwegian website and after this, the Finnish website was opened. Both countries were partly chosen due to managers' personal perceptions of the market and partly due to the lower freight cost, when delivering to close-by markets. Thus, one reason impacting the companies' internationalization pattern might be the cost of delivery, as according to Moberg, one of the biggest expenses for an e-commerce company is freight. Lastly, Desenio started its expansion with the Nordic countries and stated, that their expansion process is decided upon collected data based on their Instagram account.

When asked about the reasons for their internationalization pattern, the remaining companies stated that the decisions have been based on other issues and methods. In Eleven's case, the suppliers' restrictions and the market potential were considered when launching the Finnish and Norwegian websites. In the case of Fritidsfabriken, the internationalization decisions are based on the management's personal perceptions of the markets and AB testing, which provides the company data which is used to determine which markets should be entered next.

5.1.1 Networks

Åkerman (2015) found out that firms are more likely to grow internationally if they actively use multiple sources to acquire market knowledge. In line with this, Forsgren (2002) argues that experiential knowledge gained by the firm itself is important but firms can also acquire knowledge from external sources, e.g. through networks. The empirical findings show that the case companies use both internal and external sources in order to gain local market knowledge. The internal sources include employees, influencers, information systems and testing. The external sources include partners, such as delivery and payment method partners, informal networks, such as employees' friends, and formal networks, such as connections enabled by a common Venture Capital company. All of the companies conduct market research prior to the launch of a new country-specific website, which can be seen to reduce the uncertainty connected to the internationalization, as suggested by (Forsgren, 2002).

In regard to the revised Uppsala model (2009), the companies recognize that their informal and formal networks were one important aspect when expanding abroad. This is in line with Skudiene et al. (2015) who state that using present international business networks is important for e-commerce companies. In the case of Northern Spirit, the company launched websites in Australia, Norway and Switzerland with the help of an external partner, which made the launching process easier. This is especially important for Northern Spirit as CrossFit is a niche field of sports. Furthermore, Fritidsfabriken described how the company first relied on advice provided by other companies due to its limited experiences but now when the company has grown significantly, they act both as a receiver and provider of advice, which has increased the amount of useful information they gain from their networks. This makes it evident that Fritidsfabriken has gradually gained insiderhip in its networks, as suggested by the revised Uppsala model (2009).

Schu (2016) argues, that e-commerce companies should aim for creating reputation and brand awareness since they can build sustainable advantages that are more company-specific and cannot be fully copied by competitors. This is in accordance to the empirical findings, as the case companies emphasize the importance of brand awareness online and reputation in the form of online reviews in order to gain customers. In addition, Skudiene et al. (2015) highlight the importance of e-commerce companies interacting with their customers. The

majority of the case companies do this with the help of influencer marketing and understand the importance of communicating with customers in the local language.

Schu and Morschett (2017) argue that e-retailers internationalize at such a fast pace that they neither have time to conduct deep market research nor react to observed differences in distant markets. Nonetheless, the empirical findings suggest that time is not the reason behind the companies' lack of conducting deep market research. Majority of the companies argue that the information can be gained through other channels, e.g. internet, employees and partners, and thus there is no need to conduct deep market research prior to the entry. In addition, some of the companies point out that market research cannot provide definite answers about the market and customer characteristics, and thus the companies conduct AB testing and trial and error processes in order to receive direct feedback and reactions from the customers.

Schu (2016) and Siri and Renneby (2014) have studied the impact of VCs on the internationalization process of companies. While the former suggests that VCs do not have a significant impact on the company's internationalization, Siri and Renneby (2014) state, that VCs can impact company's internationalization process. Three of the case companies, Desenio, Eleven and Fritidsfabriken have a VCs investing in them, and in addition, Northern Spirit had an external investor, who has been involved in the company's operations. Although this study cannot provide quantifiable evidence on the VCs impact on the companies' internationalization, both Eleven and Fritidsfabriken state, that having an external investor has helped the companies in their internationalization. Eleven's investor invests in other e-retailers as well, and thus the company has had a possibility to network and gain knowledge from the other e-retailers, including market knowledge, influencer marketing and advice of factors which should be taken into account before internationalization. Fritidsfabriken's investor is responsible for the recruitment of the key positions in the company, and the company realizes that the investor's networks have been helpful in the company's operations. Northern Spirit's external investor has helped the company in strategy-related matters and he helped the company to strengthen their existing capabilities. In line with Luo et al. (2005), who argue that a firm's foreign market entry will be more proactive if the company holds superior innovation and marketing resources, it can be indicated that VCs and external investors help the companies to increase their resources, which has a positive impact on their internationalization.

5.1.2 The role of the entrepreneur

IE literature proposes, that entrepreneur's own internationalization experience impacts company's internationalization speed significantly (McDougall & Oviatt, 2000). This is in line with Luo et al. (2005), who state that top managements international experience has an impact on the firm's internationalization speed as the company can gain international knowledge relative easily by employing managers with previous international experience. Related to the case companies, managers' and employees' market knowledge and previous internationalization experience could be seen to be important for the case companies. In regard to Northern Spirit the co-founder had previous experience from the clothing industry, which can be interpreted to impact the internationalization of Northern Spirit. In the case of Desenio, Palm has previously worked for another Swedish e-retail company, and has thus own experience of being a manager in an international e-commerce company, which then can be interpreted to influence his role and decisions in Desenio. In Eleven's case, the experience of the local employees has impacted the company's internationalization. In this thesis, following definition of local employees is used: people that are from the specific country or that have lived in the country.

IE companies are characterized by innovative, proactive and risk-seeking international behavior (McDougall & Oviatt, 2000). Coming back to the flexibility aspect of local adaptation strategy presented by Krishnamurthy (2016), the case companies state that they see local adaptation as a continuous process, which is line with the proactive behavior of IE companies. Consequently, the case companies use AB testing and trial and error in order to continuously develop their local adaptation methods, which reflects the innovativeness of IE companies. In the case of Desenio, Palm states that testing and thus proactive behavior was needed in order to create value for the company. Consequently, Fritidsfabriken was led by the same entrepreneurial values, as Lissbro explained how the company is highly entrepreneurial in its operations and trial and error is used in order to find out, which markets should be entered. Lissbro explains, how the company's risk-seeking decision to enter the German market turned out to be successful, and thus the company believes in taking risks and testing different options.

Miss Mary of Sweden uses trial and error in order to decide upon their marketing approach and Gente explains, that the company has a proactive approach, as opening a new website is

not an expensive process for the company. This is in line with Palm's opinion, as he emphasized how affordable it is for Desenio to open new country-specific websites. Junkyard explained how the company uses trial and error in its operations and has a proactive approach, which means that the company aims to do constant market research in order to know, for example, if there are changes in preferred payment methods or other preferences in the markets. Additionally, Junkyard's decisions are influenced by the managers' personal perceptions, as the company does not conduct throughout market research. Eleven uses AB testing and Gegerfeldt explained how the company has been more impacted by the managers' opinions in the company's earlier phase, however, the company is currently data-driven. The same development has happened in Northern Spirit's operations as well, as the company's decisions have been characterized by the co-founders' own perceptions but the company has become more information-driven. Furthermore, Northern Spirit, Fritidsfabriken and Junkyard work proactively with trendspotting, which is combined with the use of influencers in order to gain market knowledge and insights in the markets foreign.

5.2 Advice from partners and employees help e-retailers to decide the most suitable types of local adaptation

The revised Uppsala model (2009) argues, that markets can be seen as networks, where companies are linked to each other with different patterns, and that insidership in these networks enables successful internationalization. It became apparent in the interviews that all case companies gain local knowledge from their partners in regard to the preferred local adaptation types in foreign markets. According to the companies, language, payment methods and delivery options are the most important types of local adaptation. Partners help them to adapt these aspects both prior and during their internationalization in foreign markets. Hence, the companies gain insidership with the help of their partners as suggested by the revised Uppsala model (Johanson & Vahlne, 2009). All companies stated that one must adapt the language and payment methods when entering a new market. Furthermore, the majority of the companies emphasized the importance of choosing a suitable delivery options for each market. Each additional local adaptation effort is introduced after the mentioned three things have been launched, meaning that all case companies prioritize the same things in the beginning.

At first, when it comes to payment methods, the majority of the companies stated that Klarna helps them to find the right local payment options for their markets. The information provided by Klarna helps the companies to achieve insidership in the foreign markets as the preferred payment methods vary significantly between the countries. Hence, the companies value their partnership with Klarna and understand the importance of having the right partners. According to Yamin and Sinkovics (2006), internet cannot replace face-to-face interaction when companies gather local market knowledge. The empirical findings are in line with this especially when it comes to language and tonality. The companies can translate their websites without having any local knowledge but in order to reach the local customers, the companies need to appear local and use right tonality in their foreign websites. Several companies emphasized that marketing should be aligned with the culture of the country and that it should be taken into account that customers are used to different types of online marketing. Some of the interviewees explained that they use individual or in-house translators in order to easily advise them about the tonality the companies want to use in their communication with the customers. This is illustrated by Lissbro from Fritidsfabriken, who pointed out that it is possible to open a country-specific website without translating it, but there is a risk that the company loses a lot of customers due to it. In addition, Singh (2012) and Ecommerce Foundation (2016) state that one of the main challenges of e-commerce companies is the management of different delivery methods. Eleven and Junkyard mentioned that they have faced challenges when it comes to delivery options because their customers were not satisfied with the provided delivery methods. However, the companies overcome this challenge by adapting their delivery options according to the needs of their local customers. For example, Junkyard stated using a Norwegian delivery method in the Norwegian market in order to increase the customer satisfaction.

Furthermore, Yamin and Sinkovics (2006) state, that the internet does not provide companies deep knowledge about underlying market conditions since the interaction with the host markets has reduced. Moreover, Meyer et al. (2011) and Forsgren (2002) argue that as e-commerce firms are not embedded in the foreign markets through local subsidiaries, the firms' integration to the local context is not as concrete as the traditional retailers'. Regarding majority the case companies, the lack of physical presence in the local markets is overcome with the help of local employees and influencers, that help the companies in marketing, tonality issues and gathering local knowledge. In addition, the companies can cooperate with

influencers who are present in the companies' foreign markets, and thus gain insight in customer preferences and behavior in the markets. One example regarding this is told by Gegerfeldt from Eleven, who argued that the local employees have been of great importance to Eleven in its foreign operations since the company has gained practical information about marketing, assortment, pricing and delivery methods. Furthermore, the company uses their local employees' informal networks and knowledge in order to keep up with the best practice and market trends. In addition, Palm from Desenio states that it is important to hire local employees in order to gain local knowledge, and that the local employees are a crucial part of Desenio's marketing efforts.

5.3 The target group impacts the type and grade of local adaptation

It became evident during the interviews that target groups have a large impact on companies' local adaptation methods. Interviewees' arguments concerning both the type and the grade of local adaptation methods are connected to the age range of their target group. Especially the need for local adaptation, in terms of language and social media channels, has been highlighted by the interviewees.

According to the empirical findings, companies with an older target group need to consider two aspects regarding the type of local adaptation when it comes to reaching their customers. Firstly, older age might indicate that the customers are less willing to use English and thus, the importance of local translations increases. Secondly, the companies need to find out which social media channels suit their target group. In the case of Miss Mary, it could be seen that the company is only active in Facebook. It can be interpreted that this is due to their older target group (45+), as other social media channels might not be as popular among their customers. However, Fritidsfabriken, who has a relatively mature target group (30-50), is active both on Facebook and Instagram. This suggests that there are additional factors that impact the social media use of their customers, such as the company's brand, segment and their technological experience.

Desenio and Junkyard are examples of e-retailers who have a younger target group (18-35 respectively 15-25). In the case of Junkyard, the young target group can have affected their choice of social media channels, as the company is using Snapchat and Pinterest in their

marketing. Desenio has global social media channels and believes that all markets are becoming more homogenous. However, the reason for Desenio's standardized approach seems to be their target group which is the young women. As the younger generations have always had internet and being connected globally, it is easy for Desenio to reach them through standardization such as using English in communication. In addition, Desenio offers universal posters, which makes it easier to rely on standardization and change the prints in a cost-effective way. This is in line with Levitt (1983) who argues that the need for local adaptation is minimal since the technological development creates a global reach for companies making it possible to carry out similar activities all over the world.

5.4 Customers' trust in e-retailers

5.4.1 The impact of nationality on trust in e-commerce

Local adaptation can have an effect on the trustworthiness of online stores since e-commerce companies must make their customers to feel secure in order for them to make a purchase (Hallikainen & Laukkanen, 2018). Ignoring market-specific factors can lead to expensive consequences and a long process of rebuilding consumer trust (Alhorr et al., 2010), and that is why e-retailers must take into account that the degree of trust in e-commerce differs between countries (Hallikainen & Laukkanen, 2018). The interview results correspond with this argument since several case companies mentioned that they have identified differences between countries which have impacted the customers' trust e-retailers.

This is in line with the example provided by Northern Spirit, as the company introduced COD payment method in the Italian market as the customers did not feel safe paying for their purchase in advance. The payment option was launched recently but Northern Spirit is convinced that the consumers' trust towards the company will increase heavily due to the payment method adaptation. Additionally, Carlson mentioned that when compared to their other markets, Facebook has not turned out to be successful in the German market, where customers do not feel comfortable sharing information on Facebook. This might suggest that the company has had to adapt their marketing in Germany in order to meet the needs of the local customers. In turn, Miss Mary of Sweden states that consumers might have difficulties in trusting the company if they have not seen the brand before. The company addresses these challenges by investing in marketing which increases their brand visibility in their foreign

markets. Hence, the brand visibility in the local markets is connected to the customers' trust in the company.

Continuing with the differences between nationalities, Junkyard has always had an office in Norway. This is due to the fact that Norwegian customers have previously been concerned about the custom fees and having the office in Norway has been an effective way for Junkyard to gain consumers' trust. In accordance to Hallikainen and Laukkanen (2018), Eleven recognizes that different nationalities have different trust levels towards e-retailers. Nonetheless, Eleven connected trust to the maturity of the markets in terms of e-commerce as they explained that Swedish customers are more mature online shoppers than Finnish customers which could mean that Finnish customers do not trust e-retailers as much as Swedes do. Eleven has however managed to improve the trust issue in Finland by focusing on brand building. In addition, Eleven has a Finnish stock company and a Finnish return address which increases the trustworthiness in the Finnish market.

5.4.2 Influencers and reviews as trust-creators

Porsteinsson (2016) argues that it is harder for e-commerce companies to gain trust in comparison with physical stores since it is more complicated to identify clear signs of trustworthiness of an online store. However, the interview results contradict this argument. Historically, web shop safety certificates were seen to be clear signs of trustworthiness of an online store. Nonetheless, several case companies state that the certificates are outliving their functionality. During the interviews, it became evident that new forms of gaining trust have emerged during the recent years. One form of this is influencer marketing, that is used by the majority of the case companies. The other form is customer reviews, which helps companies in marketing and reputation building, and allows customers to get relevant and rather unbiased information about the products prior to the purchase.

According to Gegerfeldt from Eleven, it has become more and more important with influencers. He states that consumers trust influencers with similar characteristics even more than professionals, as they can relate to the influencers. Furthermore, Fritidsfabriken uses influencers in their German market, which has increased their local appearance in the market and the customers' trust in the company. Since Northern Spirit and Junkyard also cooperate with local influencers, it can be postulated that this helps them to gain legitimacy in their

foreign markets. This is consistent with the information provided by Desenio, as it can be interpreted that even if the company does not see trust as an issue due to their young target group, local influencers increase their legitimacy in the foreign markets.

Porsteinsson (2016) states that one dimension of trustworthiness is online rankings and comments which have given the consumers the possibility to easily influence the e-commerce companies' brand images online. Furthermore, online customer reviews are a form of e-WOM and online reviews are increasingly used before making a purchase online (Lone & Packiarajah, n/a). This is aligned with the empirical findings, as two of the case companies emphasized the importance of customer reviews and comments online, i.e. e-WOM. Eleven studies different review sites and social media, and thus concentrates on interacting with their customers and reacting to both positive and negative comments in order to improve its processes and increase their customers' trust in them. Fritidsfabriken gains legitimacy through publishing customer reviews on their website. According to the company, customer reviews are comparable to friends' opinions and thus good reviews attract more new customers. Due to this, e-WOM is highly relevant for the company.

According to Bart et al. (2005), the dominant drivers of online trusts are brand strength, advice, absence of errors, navigation and presentation and community features. For Fritidsfabriken, community features are one important aspect of their trust creation in the Finnish market, as their Finnish customers have created an online community on their Facebook site where they share reviews with each other. In Desenio's case, the company's main learning has been to understand the importance of translations. The company received negative feedback regarding their translations before changing to individual translators, and thus the company has learned that absence of errors is an important factor impacting their customers' trust. For Miss Mary, one of their main trust creation tools is to increase the brand strength, which the company does with the help of marketing.

5.5 The connection between local adaptation and internationalization performance

5.5.1 The type of local adaptation and internationalization performance

In this subsection, the main local adaptation types that have an impact on the companies' sales in foreign markets are analyzed by combining theory and empirical findings.

As indicated by Table 5, all case companies adapt language, payment and delivery options on all of their country-specific websites. Without adapting these three types, it is rather challenging to attract customers since the e-retailers will only reach a fraction of their potential customers. This finding is in accordance with Alhorr et al. (2010), who highlights that local consumer preferences differ from country to country. Furthermore, Singh et al. (2004) argue that higher amount of local adaptation increases customers' purchasing willingness, which is in line with the empirical findings considering the three main types.

Half of the case companies stated that using local languages on country-specific websites significantly increases sales in the markets, when compared to a standardized English website. Furthermore, all of the companies agree that language is an important factor affecting how well the companies perform in the foreign markets. Thus, it is evident that language is one of the most crucial local adaptation types that have an impact on the performance. However, Desenio, Eleven and Fritidsfabriken did not adapt the language when they entered their first market(s), and Fritidsfabriken stated that the company did not have the resources to do translations in the beginning. Hence, resource limitations can impact the companies' ability to adapt the language on their country-specific websites, although they understand the importance of it.

Continuing on the advantages of local adaptation, Singh and Pereira (2005) suggest that investing in local adaptation can generate savings from the strategic point of view. The interviewees described several examples where they had afterward understood the importance of investing more in certain aspects of local adaptation. For instance, Desenio's CEO Palm explained that Desenio did not invest enough in translations which lead to their own personnel as well as customers to give them feedback requesting improvements. After making the improvements, Desenio realized that the quality of the translations correlates with the price of it.

Majority of the case companies emphasized the importance of adapting the payment methods to the local customer preferences, as customers are more willing to purchase when locally preferred payment methods are available on the website. An example was provided by Desenio, as the company's sales in the Netherlands increased significantly after introducing iDEAL in the market.







Companies	Language	Payment	Delivery	Customer service	Local influencers	Social media channels	Grade of local adaptation
	11/11	11/11	11/11	6/11	11/11	0/11	MEDIUM (76%)
	2/2	2/2	2/2	2/2	2/2	2/2	HIGH (100%)
	8/8	8/8	8/8	4/8	1/8	0/8	LOW (60%)
	4/4	4/4	4/4	4/4	4/4	3/4	HIGH (96%)
	17/17	17/17	17/17	8/17	0/17	0/17	LOW (58%)
	8/8	8/8	8/8	5/8	8/8	2/8	MEDIUM (81%)

Table 5: Local adaptation grade assessment

When it comes to customer service, companies have different views on its importance. It became evident that the size of the markets impact the companies' willingness to invest in local customer service, e.g. Fritidsfabriken has invested in customer service in Germany due to their strong performance in the market. Local customer service is not prioritized as much as language, payment and delivery options, and none of the companies stated that the lack of local customer service would impact the purchase willingness of their customers in a notable manner.

Some companies mentioned that they gain useful feedback through their local customer service regarding potential improvements. Therefore, customer service can provide the companies information that can then be used in order to increase the sales in a specific market. An example of this was provided by Northern Spirit. They gained useful knowledge from their customer service regarding the COD payment in Italian market, as the Italian customers requested it. They project that their sales in Italy will increase notably as a result to introducing the COD payment.

Eleven and Junkyard have customer service in all local languages whereas the rest of the companies provide local customer service in approximately half of their markets. Majority of the case companies have stated that the extent of customer service is often limited by lack of resources. However, it can be interpreted that Eleven and Junkyard have similar resource limitations but due to the relatively small scope of foreign country-specific websites, they are able to provide customer service for all their foreign markets.

All companies, except Miss Mary of Sweden and Fritidsfabriken, cooperate with local influencers in all of their markets. Influencer marketing is a growing trend in e-retailing and this is illustrated by Junkyard. The company states that one main local adaptation type that has they have recently launched is influencer marketing and that it has notably increased their sales. Rest of the companies except Miss Mary of Sweden are in line with this since it has been highlighted that influencers have had a positive impact on the customers since their interest towards the companies' products increase when they see local influencers recommending the products.

In addition, local employees enable the companies to more effectively reach local customers. For example, Eleven emphasizes the importance of listening to their local employees and using their insight in their operations in Finland. The company learned after the Norwegian expansion that local adaptation and local employees are needed in order to grow sales. Consequently, the Finnish website was opened two years after the Norwegian one but its sales are already two times higher than the sales in the Norwegian market.

As shown by the Table 5, it is clear that the case companies do not see local social media channels as a highly important local adaptation type. However, the case companies mention that marketing in local languages is an important factor when communicating with their customers through social media. Marketing is often conducted through their standardized websites, where the marketing content is presented in the local language, depending on the location of the customer.

5.5.2 Internationalization performance

The year of establishment of the Swedish website (see Table 6) shows that the companies can be divided into two groups based on their maturity. Eleven, Junkyard and Miss Mary of Sweden form the group of mature e-retailers whereas Desenio, Fritidsfabriken and Northern Spirit represent the relatively new e-retailers. The scope indicates that there are large differences in the amount of country-specific websites among the companies and as analyzed in connection to the year of establishment, it can be seen that the relatively new e-retailers can be classified as BGs (Knight & Cavusgil, 2004). The companies have within a short period of time after their establishment opened many country-specific websites, which shows their ambitions about fast internationalization expansion.

As argued by Schu (2016), it is important for e-commerce companies to create large customer bases in all of their markets in order to gain sustainable competitive advantage. When relating the extent to the establishment year of the BGs, it can be seen that the companies have a high share of foreign sales already four years after the establishment. Thus, it can be indicated that their concentration is on increasing their sales and creating a large customer base in the foreign markets, instead of increasing the sales in their home market. The three mature e-retailers have had a slower internationalization speed and their strategies are not characterized by the BG behavior.







Company	Establishment year of the Swedish site	Scope (amount of foreign websites)	Speed (years between the launch of Swedish site and the first foreign site)	Average speed (amount of websites/years since the establishment of the Swedish site)	Extent (foreign sales/total sales)
	2014	11	0	2.75	80%
	2004	2	10	0.14	30%
	2014	8	2	2	70%
	2002	4	7	0,25	60%
	2003	14	12	0.93	70%
	2014	8	1	2	65%

Table 6: Internationalization performance assessment

When examining the mature e-retailers, the companies opened their first foreign websites after 7 to 12 years of the establishment, whereas the relatively new e-retailers did that within the two years of their establishment. Thus, this has impacted the average internationalization speed of the companies. Desenio has the highest average speed of the case companies and it has had global vision since the establishment. Interestingly, the launching cost for new websites is relatively low for Desenio which might have had an impact on their internationalization speed. The company has however decided to decrease the internationalization speed in the near future in order to strengthen the markets where they are active in at the moment. Therefore, it can be indicated that internationalization speed cannot constantly be kept at the same high level. Consequently, the remaining two BGs are also characterized by high average speed.

In terms of average speed, it can be interpreted that neither Eleven nor Junkyard have global ambitions since they have expanded relatively slowly only to European countries. Therefore, the maturity of the company cannot be linked to a higher amount of country-specific websites. Eleven and Junkyard differ from BGs which have a larger geographical scope. For example, the US was one of the first two foreign markets for Northern Spirit and it is their long-term plan to grow there. Additionally, Desenio expanded to the US within two years from its establishment and Fritidsfabriken has mentioned their interest in expanding to the US, which is a large market for outdoor.

Miss Mary of Sweden differs from the other mature e-retailers since they have launched new country-specific websites at relatively high average speed. This can be explained by the relatively low launching costs of a new website. In addition, it has been said in the interview that the company opens new websites in marketing and brand awareness purposes. Hence, opening a new website does not indicate increased foreign sales, as sometimes the websites only create interest among the potential customers. It has to be noted that only 40% of Miss Mary of Sweden's sales come from e-commerce and their company structure differs from the other case companies, which might decrease its comparability with the other companies.

The majority of the companies have a relatively high extent of foreign sales, as their foreign sales account for 60-80% of the total sales. The only exception is Eleven, and the relatively low amount of foreign sales (30%) can be connected to the low number of country-specific

websites and their strong local presence in the Swedish market. The relatively new e-retailers have the same amount of websites and approximately the same share of foreign sales, which shows the companies' interest in growing their international sales. In Desenio's case, Sweden accounts for 20% of the total sales and Germany 25%, Fritidsfabriken's Swedish sales account for 30% and German sales for the same amount and lastly, Northern Spirit's sales in Sweden account for 35% and sales in France for 25%. The current trend is that one of their foreign markets is or can soon be expected to be larger than their Swedish one.

5.5.3 The impact of local adaptation grade on internationalization performance

The first main empirical finding regarding the local adaptation grade is that all case companies highlighted the fact that they would like to conduct more extensive local adaptation than they do at the moment. Due to resource limitations, the companies need to however carefully evaluate how much local adaptation they can afford to do. This is supported by Sayyah and Nilsson (2017), who argue that local adaptation is often connected to high financial costs and resource usage, and that larger companies have better prerequisites to use local adaptation in their foreign markets. However, it can be indicated that the case companies can, despite their resource limitations, use testing and trial and error in order to achieve a reasonable cost level for local adaptation. With the help of testing and trial and error, the companies avoid conducting local adaptation that would not have a positive impact on their internationalization performance.

The second main empirical finding concerning the grade of local adaptation is that it is not necessary to have a high degree of local adaptation in order to have a strong internationalization performance. In contrast to the findings of Singh et al. (2004), customers' purchasing willingness does not correlate with a higher grade of local adaptation. In this study, customers' purchasing willingness is interpreted to mean the companies' sales in the foreign markets. It became evident that when aiming to explain how local adaptation impacts internationalization performance, a previously unknown variable has an impact on the studied relationship. This variable includes e-WOM and customer reviews that impact the customers' purchasing willingness and actual purchasing process. As suggested by (Lone & Packiarajah, n/a), e-WOM is increasingly used prior to the online purchases and has thus a large impact on the customers' purchasing behavior online. Therefore, local adaptation grade needs to be

complemented by positive e-WOM in order to retain customers and attract new ones. It can be suggested that e-WOM reduces the need for a high grade of local adaptation.

The local adaptation grade was based on the local adaptation types showed in Table 5. Starting with Miss Mary of Sweden has a low local adaptation grade compared to other case companies. Yet, this does not mean that the company's internationalization performance would be weak. It is important to note that Miss Mary of Sweden does not conduct any influencer marketing and is only present on one social media channel, and this impacts their local adaptation grade negatively. However, the company is a catalog company and has an older target group, and thus it has a different business model than the other case companies. The company has the highest number of foreign websites, although it had the slowest speed in launching the first foreign website. Nonetheless, the company has stated that foreign websites are sometimes opened for marketing purposes and thus, the launch of a new website does not directly lead to increased foreign sales. The company emphasized the importance of payment and language options but stated that they avoid further local adaptation. Hence, it is suggested that the local adaptation grade does not significantly impact their internationalization performance, and the local adaptation types impacts the performance in some manner.

Fritidsfabriken has also a low grade of local adaptation and is fits the characteristics of a BG. The company has a relative high speed, average speed, scope and extent. Fritidsfabriken states that local language and payment options have been their main local adaptation types but otherwise, the company aims to appear local in the foreign markets with the help of tonality and translations. The company has global social media channels and does influencer marketing only in one of its foreign markets, which has impacted their local adaptation grade negatively. As the company has a low grade of local adaptation, the grade is not clearly connected to their internationalization performance. However, the main types of local adaptation have impacted their performance and additionally, one explaining factor behind their internationalization performance is e-WOM. The company emphasizes the importance of e-WOM in regard to gaining and retaining customers in their foreign markets.

Continuing with Desenio, it has the highest speed, average speed and extent, and second highest number of foreign websites (see Table 6). The Table 5 shows that the company has a

medium grade of local adaptation and thus, its internationalization performance cannot be directly explained with the grade of its local adaptation. Instead, it can be interpreted that the local adaptation types, especially influencer marketing and local employees, has been more important in the company's internationalization performance than the local adaptation grade. The company's young target group has enabled the company to rely more on a standardized approach, including a global social media channel and content in English. This has allowed them to internationalize at a higher speed. Furthermore, the company's products are relatively cheap to produce and do not require high modifications between different countries.

Northern Spirit has a medium grade of local adaptation and is a BG company. The company has a relative high speed, average speed, scope and extent. The grade of local adaptation was affected by the languages in the customer service and the low amount of local social media channels. However, it became evident that both type and grade of local adaptation impact their internationalization performance. This is especially apparent in regard to influencer marketing, as it is important for the company to conduct it in every market. This is due to the characteristics of CrossFit market, where influencers and networks are valuable resources for companies.

Eleven and Junkyard have a high local adaption grade and the lowest average speeds. It is suggested that the low amount of foreign websites has allowed the companies to invest in the local adaptation grade in an extensive manner when compared to the other case companies. Both of the companies are mature e-retailers which have not internationalized from the beginning and they are examples of companies whose internationalization performance has been impacted both by local adaptation grade and type. In the case of Eleven, the main types of local adaptation are influencers and local employees, which have increased their performance. Eleven's high local adaption grade has had a positive on its performance in the Finnish market. For Junkyard, their main local adaptation types are delivery options, payment methods and influencers. The company has invested in local social media channels and influencers in almost every market, and thus the grade and type of local adaptation and has impacted the internationalization performance of the company.

5.6 Future projections about the importance of local adaptation

All case companies are aiming for a balance between local adaptation and standardization in their foreign operations. Compared to standardization, a strategy focusing on local adaptation gives companies greater flexibility to address the market-specific characteristics (Krishnamurthy, 2016). Case companies have different views on how they will conduct local adaptation in the future.

Northern Spirit will continue their current local adaptation efforts focusing on making customers feel secure to order from them. This can be interpreted as the company will improve their weaknesses such as customer service as Carlson mentioned in the interview. Carlson argues that it is not an option not to do more local adaptation since increased local adaptation efforts will allow them to grow internationally. Fritidsfabriken is in line with Northern Spirit since they also point out that localization is a must. Lissbro projects that personalization is a trend that they need to include in the upcoming local adaptation processes. In addition, Lissbro tells that Fritidsfabriken might conduct local adaptation in the future through opening a flagship store and focusing on relationship building in form of events. This indicates that Fritidsfabriken might take a reverse e-commerce approach by adding offline activities to their online stores.

Junkyard is the other company planning of opening physical stores in the future and Moberg states that they will increase their local adaptation efforts in the future. Eleven is the only case company with physical stores, and according to Di Digital (2016), Gegerfeldt stated that all e-commerce companies should adopt an omnichannel approach and that one difficulty with e-commerce is the lack of physical contact with customers, which is aligned with Fritidsfabriken's opinion. Miss Mary of Sweden believes that companies need to combine global and local approach when it comes to local adaptation. As Gente mentioned in the interview, the company might focus on adapting delivery options in foreign markets. However, the company has not yet decided if they will concentrate on a more global or local approach in the future. Lastly, most of the case companies would like to do more local adaptation and consider it as a profitable thing but do not have enough resources, which is common for SMEs.

6. Conclusion

This chapter concludes the study by presenting an answer to the research question. After the main findings have been described, limitations and suggestions for future research are outlined.

The purpose of this multiple case study has been to answer the following research question: *How does the type and grade of local adaptation affect the internationalization performance of Swedish e-retailers in foreign markets?*

The main conclusion of this study is that e-retailers conduct local adaptation in various ways and there are neither frameworks nor defined guidelines, which the companies should follow. However, the findings showed that e-retailers increased their internationalization performance at the beginning of their international path with the help of three local adaptation types: language, payment methods and delivery options. These three types can be modified or only applied partly but successful international expansion requires the companies to take them into consideration. Furthermore, the grade of local adaptation differs between companies and does not directly affect the internationalization performance of the e-retailers. It became evident that it is more important for the companies to choose the right types of local adaptation, according to the retail segment the companies are active in and the customer preferences. In addition, the age of the target group impacts the companies' selection and application of local adaptation types and grade.

This study provides evidence suggesting that employees and influencers from local markets are crucial for e-retailers in order to gain local market knowledge. Thus, the lack of physical presence can be replaced by employees, influencers and networks. Both formal and informal networks provide insight and advice for e-retailers, which then impacts their internationalization performance and local adaptation in a positive manner. In addition, the companies' proactive and innovative internationalization behavior has an impact on their internationalization performance.

This study led to two surprising findings. It became evident that customers' trust in e-retailers is affected by several factors. Firstly, consumers' trust towards e-retailers differs between different markets, which should be considered when launching new country-specific websites. In addition, the importance of web shop safety certificates has decreased and been replaced by e-WOM and influencers. Furthermore, language and tonality can be used as

complementary tools in trust-building. Secondly, e-retailers might increase their physical presence in the foreign markets in the future in order to increase their internationalization performance. This suggests that local presence, in the form of a store or e.g. events that help the companies to build relationships with its customers, can be used in order to differentiate the companies from their competitors.

6.1 Limitations and future research

The sample of this multiple case study included only SMEs. The interviewees highlighted that the lack of resources limits their ability to conduct local adaptation. This indicates that there is a need for further research focusing on local adaptation efforts of MNCs within the e-retail industry since they have larger amount of resources to spent on local adaptation in foreign markets.

Due to the unexplored topic of this study, qualitative research method was deemed to be most suitable in gaining an understanding about e-retailers' behavior. Hence, future studies are needed in order to examine local adaptation efforts and their impact on internationalization performance by conducting a quantitative study that would provide more robust conclusions about the causal relation between a specific local adaptation effort and its direct impact on the performance.

Furthermore, some of the case companies projected that a future trend of e-retailing might be that the importance of being physically present on foreign markets increases. If more e-retailers choose to invest in offline activities, future empirical research could study e-retailers relationship-building with their current and future customers and analyze the impact of the physical presence with the internationalization performance. In line with this, the authors encourage further studies to be conducted regarding the intersection of online marketing and local adaptation. The findings of this study indicate that marketing is an essential aspect of e-retailers' local adaptation methods.

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Appendix 1

Mapping study of the case companies

Mapping study results of Desenio

DESENIIO	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	?	✗	✓	✓	✗	✗
	✓	?	✗	✓	✓	✗	✗
	✓	?	✗	✓	✓	✗	✗
	✓	?	✓	✓	✓	✗	✗
	✓	?	✓	✓	✓	✗	✗
	✓	?	✓	✓	✓	✗	✗
	✓	?	✗	✗	✓	✗	✗
	✓	?	✓	✓	✓	✗	✓
	✓	?	✓	✓	✓	✗	✓
	✓	?	✓	✓	✓	✗	✓
	✓	?	✗	✓	✓	✗	✗

Mapping study results of Eleven

	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	✓	✓	✓	✓	✓	✗
	✓	✓	✓	✓	✓	✓	✓

Mapping study results of Fritidsfabriken

	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	?	✗	✓	✗	✗	✗
	✓	?	✗	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗
	✓	?	✓	✓	✗	✗	✗










Mapping study results of Junkyard

	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✗	✗	✓
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✗	✗	✗

Mapping study results of Miss Mary of Sweden

	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✗	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗
	✓	✓	✓	✗	✗	?	✗

Mapping study results of Northern Spirit

	Language	Newsletter	Customer service	Customer engagement	Influencers	Social media channels	Web shop safety
	✓	?	?	✓	✓	✗	✗
	✓	?	?	✓	✗	✓	✗
	✓	?	?	✓	✓	✗	✗
	✓	?	?	✓	✓	✗	✗
	✓	?	?	✓	✓	✗	✗
	✗	?	?	✓	✗	✓	✗
	✓	?	?	✓	✓	✗	✗
	✓	?	?	✓	✗	✗	✗

Definitions

- Language: Website translated into the local language
- Newsletter: Newsletters in the local language
- Customer service: Customer service in the local language
- Customer engagement: Customers encouraged to interact with the company (e.g. hashtags and customer clubs)
- Influencers: Influencers from the local market
- Social media channels: Channels in local languages
- Web shop safety: Web shop safety certificates in local markets (e.g. Trygg E-handel)

Appendix 2

INTERVIEW GUIDE

- Who are we?
- What is this study about?
- We are only interested in foreign markets, not Sweden
- Define local adaptation - In the e-commerce context, local adaptation is defined as “the process of adapting websites in accordance with linguistic, cultural, technical, functional, legal, and other locale-specific requirements of the target market”
- Can we record this interview?
- Could we ask additional questions afterwards once we analyze this interview?

BACKGROUND

1. How long have you worked for the company?
2. How many employees does the company have?
3. What is your role in the company?
4. What is your role in the company’s local adaptation decisions?
5. Which persons are engaged in local adaptation decisions?

LOCAL KNOWLEDGE ACQUISITION

1. How do you gather information about the local market characteristics when you are planning to enter a country?
2. How does the fact that your company only exist online (abroad) affect the local knowledge acquisition?
3. Do you have examples of situations where you had to adapt locally after the establishment because you did not know about the need of local adaptation when entering the market? (Something that surprised you with a certain market)

INTERNATIONAL ENTREPRENEURSHIP AND NETWORKS

1. Are the local adaptation decisions affected by managers’ personal perceptions of the market?
2. How does the company use networks when establishing itself in a new market? (e.g. LinkedIn, previous/current business relationships, networking events, Svenska Handelskammaren etc.)
3. What is the role of current business partners in the company’s internationalization process?
4. Has the company entered new markets due to a partner’s request or recommendation? Give an example?
5. How much of the local market knowledge is gained from partners or different networks?
6. Have you gained valuable information regarding successful and/or unsuccessful local adaptation from your networks? Example?

LOCAL ADAPTATION DECISIONS

1. Do you start to adapt locally from the very beginning once you establish a new country specific website?
2. Do you change the local adaptation approach continuously?

3. What can cause changes to the way you conduct local adaptation?
4. How do you evaluate the effect of local adaptation on sales on the specific market?
5. Which factors do you find most challenging when it comes to deciding how much local adaptation your company should do?
6. Are there any factors that you consider to be the most important ones to adapt locally when entering a new market?
7. How important is it for the company to provide country-specific websites?
8. Do you use the same amount of resources in every local website? If not, how is the decision made?
9. Are there some aspects of the websites that you standardize and do not see a need for local adaptation? Why?
10. Local adaptation learnings: What are the main learnings the company has gained from different local adaptation processes during the years?
11. Have the learnings on a specific market helped you to adapt in different foreign markets?
12. Are you satisfied with the local adaptation outcomes?
13. Are there remarkable differences in how you have succeeded in different markets?

LOCAL ADAPTATION METHODS

1. Payment methods: How are the payment methods decided in different markets?
2. Price: Are the prices different in different countries? If yes, why?
3. Language: How do you conduct the translations of the country websites, is it internal or external? How important is the language in both customer service and websites?
4. Web design: Is the same design applied on all of the websites? If not, why? What are the most important factors behind deciding on web design on country-specific websites?
5. Product offering: Is there a difference in product offering between countries? How is this visible on the websites?
6. Social media presence: Are social media channels used in marketing? If yes, does the marketing differ in different countries? E.g. are Instagram and Facebook used at the same way in all countries?

INTERNATIONALIZATION PERFORMANCE AND LOCAL ADAPTATION

1. In what order did you enter the markets and why? Which years?
2. Has the growth been similar in all markets?
3. Are you satisfied with the internationalization development of your firm?
4. Could you give examples about main local adaptation efforts that have enhanced your sales on a specific market? When did these events occur?
5. How large share of the company's sales come from foreign markets?