Internationalization through
social digitalization

How social media affect the internationalization process of Swedish SME’s?

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Abstract

The purpose of this thesis is to gain understanding for how social media has affected the internationalization process for Swedish SMEs. To get a deeper understanding of this phenomenon both product and service firms has been studied to analyze the possibility of a difference or not. This will be achieved by examining different theoretical frameworks applicable on the internationalization process and social digitalization, and by conducting interviews with relevant firms. By following a qualitative research method a deeper understanding for how the case firms work with internationalization and social media could be provided. The thesis has followed a deductive research approach, which enabled the development to become as adapted as possible to the thesis’s topic.

The literature review that has been established in this thesis includes theories related to internationalization, such as the Uppsala model, the Network model and Born Global. Furthermore, Word of mouth, Electronic Word of mouth and Value Co-Creation has been studied. The literature review has resulted in a conceptual framework that establishes the relations between the different theories. This conceptual framework has subsequently been used in order to analyze the empirical data, which derives from multiple case firms. The empirical findings are then presented in the following chapter.

The analysis chapter involves a discussion of the differences and similarities between theory and empirical findings. The following and final chapter of the thesis presents the conclusions as a result from the analysis and further contains implications, recommendations, limitations as well as suggestions for further research. The main theoretical implications that this thesis has resulted in is theory regarding social media in an international business context, by identifying factors of social media that can have a positive impact on Swedish firms that conduct international business. The main practical implication is that by gaining an understanding of social media, it is suggested that a Swedish firm can conduct international business easier with reduction of time, money and risks.
Furthermore, the research can be valuable for Swedish firms using or that wishes to use social media to internationalize or strengthen their position on the international market.

**Keywords:** Internationalization; digitalization; social media; network; value co-creation; Electronic Word of Mouth, Born Global
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1 Introduction

The following chapter will provide an introduction and background on this thesis topic. Subsequently a problem discussion will be conducted where the relevance of the topic and the research gap is explained. This leads to the thesis problem definition, main research question and purpose, before concluding with the delimitations and the study’s outline.

1.1 Background

Internationalization is explained as firms doing business in other countries of the world, but often limited to a certain region (Hollensen, 2007). Johanson and Vahlne (1977) state that earlier studies have shown that internationalization is a process where firms gradually increase their involvement in international business. Hollensen (2007) furthermore describes that internationalization traditionally have been regarded as an outward flow but explains that inward activities also can be considered as internationalization and stresses the importance between inward and outward activities in an internationalization perspective. Motives behind internationalization for firms are seldom one, there could be many reasons and motives that triggers an internationalization process. Globalization factors such as foreign market opportunities, tax benefits and physical or psychological closeness could be the triggers for international business (Hollensen, 2007).

Globalization is defined as trends of firms buying, selling and distributing products and services in most countries and regions of the world (Hollensen, 2007). Globalization is not a phenomenon that is new, it has been around since the mid-19th century and is still an ongoing and an up-to-date trend (WTO, 2008). The World Health Organization (2016) states that drivers behind globalization are technological improvements, together with lower costs of the process of transactions across borders. Furthermore, WTO mention other factors behind globalization such as political, cultural, environmental and security issues, and relates to the increased interconnectivity between countries and regions
The global competitive field is changing and it has become easier for people to collaborate and compete in a real time perspective across the world with help from computers, new software and fiber-optic networks (Friedman, 2007). This reality has been discussed for many years and even Karl Marx described in 1857 a global information network, in which people tries to inform themselves (Fuchs, 2014). Marx stressed the importance of knowledge labor and the information society that will become the future (Ibid). According to Friedman (2007) the co-founder of Microsoft, Bill Gates, early mottoes was to let people have information at their fingertips. Through computer and dial-up modem a global information revolution begun and the digital representation of everything, digitalization, resulted in global exchange of digital information (Friedman, 2007).

Bell & Loane (2010) clarify that internet provides firms with new ways of doing business, communicate and exchange information, and also enable even the smallest firms to internationalize themselves. A phenomenon called “born global” is a topic that has been discussed lately and can be defined as a firm that is doing business in a global perspective from their early stages and operates under time and space compression, achieved through several forces such as internet technology (Hollensen, 2007). The digitalization era has gone through several paradigm shifts and the latest one is called Web 2.0 and is explained as the enabling of computing anywhere at any time that lets people and firms carry digital content anywhere and connect through “the cloud” (Bell & Loane, 2010).

The terms social media and Web 2.0 have during the last decade become popular for describing types of World Wide Web applications (Fuchs, 2014). Bell & Loane (2010) state that the definition for Web 2.0 is the following: Web 2.0 is a set of economic, social, and technology trends that together form the basis for the next generation of the Internet, a more established, distinctive medium characterized by user participation, openness, and network effects. Murugesan (2007) furthermore explains that although Web 2.0 started as a simple consumer phenomenon, drawing numerous users and contributors for social applications such as Myspace, Flickr,
YouTube, or the online encyclopedia Wikipedia, it has significantly impacted several other application areas. This by enabling better, faster, and richer applications, while reducing costs of development and placement and offering noticeable benefits. Additionally, Kaplan and Haenlein (2010, p.3) gives the following description for social media “Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content” The core idea of Social media is to make it available for individuals to cooperate, share and to take collective action, all outside the framework of traditional organizations and institutions (Shirky, 2008). In recent years the concept value co-creation has appeared which Cheng, Kao, Yang and Wu (2016) define as consumers who do not only accept the products and services marketed to them, they also participate in the business operation, help strengthening innovations and creating value. Both of these terms, social media and value co-creation enhance the value of cooperation and collective action mentioned previously. Furthermore Ramaswamy and Ozcan (2015) state that in a digitalized world, consumers can be involved in activities that can take the form of social relations or shared meanings. As marketing changes beyond exchange to a value creation process and value creation itself becomes a combined process that is a function of co-creational experiences, the traditional notion of economic profit is transformed as a result, which has significant effects for the growth of brand value through value co-creation.

Social Media is a very active and fast-moving domain. What may be the latest today could have disappeared from the virtual setting tomorrow. That is why it is so important for firms to have a set of guidelines that can be useful to any form of Social Media (Kaplan & Haenlein, 2010). The most accessed websites from 1995–2000 compared to 2006–present for certain countries or the world, shows the rise of Facebook, YouTube, Twitter, Tumblr, Blogspot, Wordpress, and LinkedIn. These platforms are especially focused on communication, collaboration, community-building and community-maintenance (Fuchs & Sandoval, 2013). Social networking sites such as Facebook and Myspace are often held up as classic examples of Web
2.0, mostly due to their social networking features which include the user as a first-class object, but also due to their use of new user interface technologies (Cormode & Krishnamurthy, 2008). According to Goude, Ek, Snellman and Fexe (2015) the by far most used social media platform is Facebook (including Instagram). Scandinavia has the highest Facebook-penetration in the world and in USA, 71% of the connected grown population was using Facebook during January 2014. Tumblr could be seen as the global number two while Pinterest and Twitter is big in USA. Another site that has a strong growth on most markets in the western world is Google+.

The next step in the internet technology is the Web 3.0 which is still under development but will offer the users a more personalized online experience (Acker, Karam, Rahbani & Sabbagh, 2011). Firms will enhance their power through a greater amount of data that can be applied on product development, marketing & sales and much more (Ibid). Since internationalization in networks have been in focus the past 15 years, where firms have different relationships with consumers and other actors in the business (Hollensen, 2007), and internet has become the main source of communication across the world (Rudman & Bruwer, 2016), the importance of understanding trends of communication through internet is crucial. The trend is clear, more and more communication is made through internet and its applications and the Web 3.0 will be implemented in the near future (Hollensen, 2007; Acker et al., 2011; Rudman and Bruwer, 2016).

1.2 Problem discussion

Earlier, especially before the internet, firms were able to control the information available about them through strategically placed media statements and good public relations managers. However, in today’s society, firms have been more and more demoted to the side-lines as mere observers, having neither the knowledge or the chance (and sometimes not even the right) to change publicly posted comments provided by their consumers. Wikipedia, for example, clearly forbids the contribution of firms in its online community (Kaplan & Haenlein, 2010).
A great example of when a firm becomes demoted to sideline, but still manages to make it profitable, is the actions of soft drink giant Coca-Cola. In June 2006, a pair of performance artists filmed a video presenting a series of geysers they created by dropping Mentos into 2-liter bottles of Coca-Cola, the clip became a major hit on YouTube. When Coca-Cola realized the consumers’ enthusiasm for this performance, they fostered the sensation by airing the video on late-night television and ensured broad digital distribution across different content communities. Besides the advantage of high impact/low cost media coverage, the campaign also resulted in increased sales for the firm (Kaplan & Haenlein, 2010). The Coca-Cola co-collaboration marketing activity mentioned above is also a good example of value co-creation and the importance of this concept. Cheng et al. (2016, p.141) explained it as “Embracing this emerging dynamic of consumer empowerment, firms cannot neglect the valuable opportunity to utilize the social media to communicate and co-create with consumers”. Since in consumer’s eyes, social media and traditional media is both part of the same thing, the corporate image, which is why integration is so vital (Kaplan & Haenlein, 2010).

As mentioned firms have increasingly less control over the information available about them on the World Wide Web. If an Internet user were to type the name of any leading brand into Google search, what comes up among the top five results usually includes not only the corporate webpage, but also the matching entry in the online encyclopedia, Wikipedia. Here consumers can for example read that the 2007 model of Hasbro’s Easy-Bake Oven could lead to serious burns on children’s hands and fingers because of a poorly-designed oven door, and that the Firestone Tire and Rubber Firm has been accused of using child labor in its Liberian rubber factory (Kaplan & Haenlein, 2010).

Many state that technology advances are one of the drivers for globalization and the importance of technological competition has become clear, especially in the field of international economic (WHO, 2016). According to a survey that Business Sweden did in 2015 with 150 Swedish SME’s it shows that firms are aware of social media’s
importance and influence of marketing abroad since it is fast, accurate and cost effective, 23% of the firms’ state that they are now actively working with social media in their international marketing. Although 43% of the respondents believe that they today do not have the necessary digital competence they need to continue that work. Furthermore, Ylva Berg, CEO of Business Sweden, talks about the lack of knowledge and competence of digital tools (such as social media) as an obstacle for Swedish small-medium enterprises (SME) to invest in an internationalization process (Goude et al., 2015).

As mentioned previously by several researchers such as Dervojeda et al. (2014), Cheng et al. (2016), Hollensen (2007), Acker et al. (2011) and Rudman and Bruwer (2016) they all stress and enhance the importance of understanding the forces behind and the outcome of social media. Furthermore, the researchers mention and discuss the issues regarding the control of social media content and the, sometimes uncontrollable, spreading of the content when it goes viral.

Earlier research states that social media is an important tool that could accelerate firm’s internationalization and business expansion (Dervojeda et al., 2014). There have been many researches on social media in general and social media in an international perspective. A scientific research gap was found when searching for information about how social media have affected internationalization in a Swedish perspective, especially small and medium sized firms. And furthermore, no research was found if there was a difference between product firms and service firms.

According to the above mentioned articles and reports in this thesis an interest was developed in researching the problematic and complicated topic of social media in a business perspective. During the time of studying international business and global marketing the perspective of researching the international perspective of social media and the relation between these two phenomena/concepts was developed. This resulted in questions such as “How social media has affected business?” and furthermore
“how it has affected the international business?” This resulted in the decision on this thesis research approach and purpose.

1.3 Problem definition

Previous research on internationalization and digitalization has shown the importance of and indications on that there is an important knowledge gap (especially in Sweden) regarding social media and the possible effect on international business. There has been some previous research on social media’s impact but not specifically for Swedish firms. This research topic could be of great interest for firms in Sweden that are using social media, but has yet to discover the capacity of this digital tool and for firms that want to become a player in the international perspective. The main question has two underlying sub-questions to also investigate a possible difference between service and product firms.

1.4 Purpose

The purpose of this thesis is to gain understanding for how social media has affected the internationalization process for Swedish SMEs. To get a deeper understanding of this phenomenon both product and services firms will be studied to analyze the possibility of a difference or not between these two kinds of firms in an international business perspective. Furthermore, social media's effect on international business marketing will be studied as a step towards answering the main research question.
This will be achieved by examining different theoretical frameworks applicable on the internationalization process and social digitalization, and by conducting interviews with relevant firms. The thesis will be written through an explanatory nature in order to describe and clarify the relations between the different variables. Additionally, the thesis aims to provide recommendations for Swedish firms using or that wishes to use social media to internationalize or strengthen their position on the international market.

1.5 Delimitations

The study is limited to only investigate Swedish SMEs and the empirical data will for that reason only derive from Swedish firms. Since the thesis focuses on how Swedish firms uses social media there will not be any foreign firms as respondents. The investigated firms are both product and service firms, they must however have experience of promoting themselves through different social media platforms. Furthermore, in order for the firms to be able to answer the internationalization questions, only firms dealing with international consumers has been interviewed.
1.6 Outline

- **Chapter 1**
  - **Introduction**
    - This part of the thesis will consist of a background and problem discussion of the current topic. This will lead into the research questions and purpose which will be the fundamental core throughout this thesis. Furthermore, this chapter will end with a delimitation paragraph and an outline of the whole study.

- **Chapter 2**
  - **Literature Review**
    - This Chapter will consist of a full review on the relevant literature used in this thesis. The literature found to support the theories will be merged into a theoretical framework to illustrate the relation to the current topic of the thesis.

- **Chapter 3**
  - **Methodology**
    - Here the choice and motives of research approach will be explained, in order to work towards a conclusion.

- **Chapter 4**
  - **Empirical Findings**
    - In this part the empirical findings will be presented. This will be presented in a way, so it can be related to the core issue of this research.

- **Chapter 5**
  - **Analysis**
    - This chapter will consist of the relation between the conceptual framework and the empirical findings. The research will be discussed in order to find similarities and dissimilarities in the findings.

- **Chapter 6**
  - **Conclusion**
    - This chapter will conclude this study’s main findings. In this part the answer to the research questions will be found and recommendations to further research will be included.
2 Literature review

In this chapter the literature review and theoretical framework which the thesis is based upon, will be presented. The chapter begins by introducing and explaining the different internationalization theories, Uppsala model, network model and Born global. Thereafter the social digitalization theories chosen for this study will be presented. Firstly with the concept Web 2.0 continuing with Word of Mouth and Electronic Word of Mouth, finalizing with Value Co-Creation. The chapter will be concluded with a conceptual framework, which will provide the reader with a deeper understanding of how the different theories relate to each other.

2.1 Internationalization theories

Internationalization is either as Johanson and Vahlne (1977) state a process where the firms gradually increase their international involvement. Or the definition that, for example, Bell and Loane (2010) gives were internationalization is pursed by an entrepreneurial firm from start or shortly after, which is usually called Born Globals.

2.1.1 Uppsala model

The Uppsala internationalization model is considered to be one of the worlds most cited models in this area of study (Coviello and Munro, 1997). In 1977 Johansson and Vahlne published their research “The internationalization process of the firm—a model of knowledge development and increasing foreign market commitment”. The author developed a model (figure 1) that stresses the importance of acquisition and usage of knowledge about foreign markets (Johansson & Vahlne, 1977). They also state that many researchers have come to the conclusion that the internationalization process for a firm has an incremental nature. The model has two underlying assumptions, uncertainty and bounded rationality. Furthermore, there are two mechanisms that could change the firm’s internationalization process. One is that they could change by learning through experiences and activities in foreign markets. The other change mechanism is based on the commitment decision they make to increase their position in another country.
In 2009 Johansson and Vahlne published “The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership” and this is an up to date research based on the original Uppsala model. The business environment has changed from a market with independent suppliers and consumers to a market with relationships and networks that are connected (Johansson & Vahlne, 2009). In this new developed model, they stress that when a firm strengthen their business network position the outcome will be internationalization. In more detail they mean that a firm is rooted in an enabling network that consists of players that are engaged in interdependent relationships (Johansson and Vahlne, 2009). Internationalization is the result of actions made by the firm to enhance their network position or as it is traditionally referred to, enhancing or protecting the position in the market. To internationalize, the firm have to overcome various barriers that is the traditional way of explaining entry. This is less important according to Johansson and Vahlne (2009) than internationalizing undertaken to support a firm’s position in a network. The result Johansson and Vahlne draws from this is that existing business relationships have considerable impacts on the internationalization process (Ibid).
The main result of their research is that existing business relationship has great influence on the decision of what market to enter since the network and relationships makes it possible to identify and see opportunities (Johansson & Vahlne, 2009). Furthermore, they mention that learning and commitment are gained through relationships. Ramaswamy and Ozcan (2015) explain that in a digitalized world consumer can be involved in activities that can take the form of social relations or shared meanings. Johansson and Vahlne (2009) state that, internationalization depends on a firm’s network and relationships. Karl Marx described, what we today call social media, as a global information network in which people tries to inform themselves (Fuchs, 2014). This all comes together to that information and knowledge is highly important for a firm’s internationalization process and that it could be achieved in the way explained in figure 2 (Johansson & Vahlne, 2009).

2.1.2 Born Global

Born Global firms are not new. In fact, they have existed for millennia, mostly in countries with small domestic markets. But in recent decades they have emerged in large numbers around the world (Knight & Liesch, 2016). According to Gabrielsson, Kirpalani, Dimitratos, Solberg and Zucchella (2008) a Born Global firm is defined as
one having products with global market potential. The original definition of a Born Global specified that firms must export 25% of their sales within 3 years of foundation. From a European perspective this however was not very demanding since almost any start-up firm from a small country with a specialized product addressed to a market niche could meet this requirement. Furthermore, Knight and Cavusgil (2004) state that Born Globals are naturally entrepreneurial and innovative firms that has characteristics like, strong innovation culture and a tendency to pursue international markets. These types of firms tend to internationalize earlier than internationally oriented young firms that lack an innovation culture.

Very few Born Globals are actually ‘‘born’’ global, but they internationalize shortly after starting and often within three years of foundation. Most of them are regional in their internationalization, especially in the beginning. The “born global” label has been adopted as an attractive expression that conveys the import of these firms and the new paradigm they represent in the world economy (Knight & Liesch, 2016). According to Gabrielsson et al., (2008) Born Globals progresses through three different phases. Phase one is the introduction and initial launch phase. The second phase comprises growth and resource accumulation. Phase three is the break-out phase, this phase is important since the pace of growth slows, the Born Globals would otherwise descend into a conventional slow-growing international entrepreneurial SME. In the third phase Born Globals can choose to break out onto a new path and/or a new market. Knight and Liesch, (2016) explain that several studies have defined the specific directions and strategies in the emergence and performance of Born Global firms. Key orientations and strategies linked with early internationalization include learning orientation, entrepreneurial orientation, market orientation, commitment to international business, and a general global orientation. Successful Born Globals emphasize numerous strategies, including skilled marketing, product differentiation, and consumer focus.

Today, size and age of the firms are no longer fundamentals for doing international business. Born Globals are recognized for being entrepreneurial and international in
their business dealings. There are many SME firms that internationalize steadily, but at a relatively slow pace. Academic researchers have, however, observed enhanced internationalization among some of the smallest and newest SME firms. The set of internationalizing SMEs could be separated into four different categories. Firstly the Born Globals, which are SMEs with the potential for quicker internationalization and a global market vision. Secondly the Born Again Globals, that attempts to internationalize but will achieve limited success, which then turn to building up domestic support and later return to internationalization by means of great leaps and a global vision. Next is the Inward internationalizes, which import intermediates and components from global sources and/or import research and development and internationalize rather rapidly through exports and/or in other ways. Lastly the usually more slow internationalizing SMEs, which are a subset that includes small spin-offs from multinational enterprises (MNEs) (Gabrielsson et al., 2008).

In some countries such as Australia and the United States, which are more advanced economies, Born Globals has come to account for a significant share of export growth. The European Union recently estimated that around 20 percent of new firms in Europe are Born Globals, and they account for up to half of the young firms in Belgium, Denmark and Romania. Born Globals contribute to national economic development by nurturing innovation, creating stocks of skills and knowledge, supporting industrial growth, and enabling and promoting high-value-added activities (Knight & Liesch, 2016). Young Born Globals usually tend to lack substantial financial and human resources, as well as, equipment, and other physical resources. It is these noticeable resources that older firms typically have relied upon to drive their performance in foreign markets. Instead Born Globals often have a collection of fundamental intangible knowledge-based capabilities in the cultivation of foreign markets early in their evolution (Knight & Cavusgil, 2004). Continuing Knight and Liesch (2016) also state that Born Globals are characterized by limited resources and it is typically young SMEs, despite this restriction, countless Born Global firms now produce considerable trade flows across the global economy. These Born Globals are widely recognized as important, distinctive firms in global commerce. Bell & Loane
(2010) stresses that the key for Born Globals are the internet and the underlying forces are the trends towards globalization and communication technologies. Furthermore, they emphasize that Born Globals have several factors that influence their internationalization process, one is the existence of networks. As internet are a key factor for Born Globals internet provides them with faster communication for developing and maintaining relationships with networks (Bell & Loane, 2010). To emphasize the importance of internet, and the communication possibilities, for Born Global firms Hamill and Gregory (1997, p. 13) mention that internet “substantially improves communications with existing foreign consumers, suppliers, agents and distributors, identify new consumers and distributors, and generate a wealth of information on market trends and on the latest technology and research and technical developments”.

2.1.3 Network model

Networks have for years been widely used to explain the internationalization of firms in countless industry segments (Ojala, 2009). According to Johanson and Vahlne (1990) the internationalization takes place when a firm begins to develop relationships with another firm that belongs to a network in a foreign country, these relations act as a bridge to new markets. Furthermore, Nowiński and Rialp (2015) explain that from the moment entrepreneurs consider a business idea, networks are seen as both dynamic and evolving, they then start a new project and develop it from the moment of establishment. If firms use social networking they are also able to make marketing memorable, it provides the technological ability to amuse, inspire and surprise the audience in ways that traditional marketing has never been able to before (Josee, Karemou & Kanchori, 2014). Networks help entrepreneurs access valuable resources that would otherwise be unavailable to them, mostly because of their cost. Networks enable entrepreneurs to gain access to resources such as financing, information, and motivation and they can also impart legitimacy on new ventures (Nowiński & Rialp, 2015).
The network model of internationalization was introduced in the 1980s, because it became clear that most of the firms used different networks to enable their internationalization activities. The main difference from incremental internationalization models, such as the Uppsala model, is that the network model does not gradually progress in nature. Additionally, the network model states nothing about psychic distance or the countries a firm is entering into. It instead conceptualizes internationalization as being connected to relationships founding and building (Ojala, 2009). Networks can be categorized in three different managerial terms according to Ford (2002). Firstly there is “Access” to the resources of other network members, for example their financial and spending power, or their ability to transfer or transform product or service. Secondly is the “Reputation” a function of other network members’ experience of the firm, for example the belief that new offerings from a particular network member will be of a certain quality. Thirdly the “Expectations” can both enable or restrict the freedom of action for a firm, an example here is that the network members could have the expectations that a particular firm will effectively set prices for a number of other firms. And on the other hand, a firm might be expected not to take advantage of product shortages by raising their prices.

The network approach provides a useful framework to analyze the business. It illustrates the variety of influences on individual firms and relationships as well as the nature of implications of different actions by relationship partakers (Ford, 2002). Activities within a network allow the firms to form relationships, which give access to resources and markets (Chetty & Holm, 2000). To enter new markets the network approach can be separated into active networking and passive networking. Active networking refers to the situation where initiation for networking is taken by the seller. Meanwhile, in passive networking, the initiation for networking comes from outside the firm, for example from the buyer (Ojala, 2009). Networks’ position is both a result of past relationship strategy and a resource for future strategy. The relationships rights and obligations are the result of the resources which the firm brought to the network from the beginning (Ford, 2002).
A firm is dependent on resources controlled by other firms and by developing its position in a network they can access these. Firms have, in these networks, a common interest to develop and maintain these relationships in a way that provides them mutual benefits (Ojala, 2009). Further on Chetty and Holm (2000) consider the actors in a business networks to be the relationships that a firm has with its consumers, distributors, suppliers, competitors and government. They also state that during the firms’ internationalization process, the number and strength of the relationships between different parts of the business network increases. Firms that use a social approach can benefit by empowering employees and consumers. Like consumers are empowered with knowledge through their personal networks, social firms can keep employees informed and openly communicate with each other by: communicate firm initiatives, listen to feedback and input, map consumer touch points (through email, in-store, on a social platform or at a consumer service-center) and encourage sharing and collaboration across functions (especially those who have ongoing contact with consumers and prospects). They can send messages directly, ask questions and make complaints, which perhaps are part of the problem (Josee, Karemu & Kanchori, 2014).

When a firm internationalizes it creates and maintains relationships with equals in other countries. This happens in different steps: first, by forming relationships with counterparts in countries that are new to the firm (international extension). Next step is to increase commitment in already established foreign networks (penetration), and lastly by integrating their network positions in different countries (international integration) (Chetty & Holm, 2000). Research has proven that network relationships have a significant impact on knowledge-intensive SMEs’ market and their entry mode choice. In these studies, firms’ network relationships have been seen as the main initiators in the internationalization process where firms are following their networks to foreign markets (Ojala, 2009). It can be argued that the internationalization process will be impacted by the firm’s current social relationships, since through these relationships the knowledge about foreign market opportunities is established. Social networks can be an outcome of a business
network, where it might not be a clear delimitation between formal and informal relationships (Evers & Knight, 2008).

2.2 Social digitalization theories

Our concept of social digitalization is taken from the report made by Business Sweden where they specify digitalization as “the process where digital and network-connected technologies, products and services makes it possible for individuals, machines and firms to interconnect, communicate and interact with each other” (Goude, et.al., 2015:6).

2.2.1 Word of Mouth and Electronic Word of Mouth

Word of mouth (WOM) has for many years been recognized as a major influence on what people know, feel and do. It has been defined as an informal communication directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers. Electronic word of mouth (E-WOM) is comments about a product or service provided by consumers through networks. It has a direct impact on consumers’ trust and purchasing behavior. E-WOM can overcome the limitations of traditional WOM and has therefore been widely analyzed in the field of e-commerce, information systems and marketing (Yan et al., 2016). One thing to consider is that traditional WOM interactions are not as far reaching as E-WOM since they are restricted by time, space and relationships, compared to the E-WOM environment where there are very few restrictions in terms of time and place of interaction since the Internet is always available (Yoo, Sanders, & Moon, 2013).

Today E-WOM in social media has taken on a bigger role in promoting online shopping, especially with the emergence of social commerce. Consumers are turning to social media in order to share their thoughts about the quality of goods or services they purchased, or about their shopping experience. This form of E-WOM includes consumer’s posts on Twitter, Facebook, and so on, as well as comments on other users’ posts. E-WOM influences consumers from the aspects of impression-
management, emotion regulation, information acquisition, social bonding, and persuasion (Yan et al., 2016).

Compared to shopping in a physical store, a large amount of E-WOM information exists, about specialized activity, product and service communities, along with consumer reviews. Studies of the consumer motives for reading online WOM and the resulting effect has shown that the most important motivations for reading reviews were: decrease of risk, lowering of search time, understanding the various methods for how to consume a product, reduction or restriction of purchase regret, compensation from an imaginary community, searching for new products, and increasing social status. The decrease of decision making time and better purchase decision making motivation were actually shown to be the most significant factors motivating the consumer to read E-WOM (Yoo, Sanders, & Moon, 2013).

Before buying a specific product, consumers can observe the product’s existing WOM. In the e-commerce context, positive WOM comments usually signals product quality and/or product popularity. It often shapes consumers’ expectation of the product’s performance and the consumers’ satisfaction or dissatisfaction will probably show in the consumers’ contribution to the WOM, by review ratings in this case (Lin & Heng, 2015). According to Yan et al., (2016) 91% of the consumers partaking in the study conducted use online reviews, blogs and so forth, before purchasing a new product or service. Out of these 46% indicated that these comments influenced their decision. Therefore online reviews can reduce the risks perceived by consumers and improve their degree of satisfaction, as well as their efficiency in making decisions. It has been proved that the volume of online reviews is significantly related to sales. The amount of both positive and negative reviews influence the consumer’s decisions and it is also shown that negative reviews have a bigger impact than positive reviews.

The importance of WOM should not be underestimated it has been further validated as researchers investigate beyond e-commerce websites to those that collect product
reviews, such as those for movies, beer, restaurants, etc. A study using Yahoo! movie reviews and box office data from Variety magazine found that review volume offers significant descriptive power for both total and weekly box office revenue. Researchers have also investigated reviews of other product categories. For example, when analyzing beer review data from Ratebeer.com and U.S. brewers’ sales data, it was found that the review ratings play an important role in determining new product growth in the beer industry. Furthermore, a recent paper studied restaurant reviews on Dianping.com, which concluded that both online reviews and promotional marketing have a significant impact on restaurant sales (Lin & Heng, 2015).

Through the development of Web 2.0, social media has become more and more popular. The contents on social media have become an important information source to help shoppers make decisions. In the last decade, the power of content created by Web 2.0 application users has captured numerous researchers’ attention (Seo & Lee, 2016). Web 2.0 connects the Web in a more interactive and collaborative way by emphasizing peers’ social interaction and collective intelligence. It presents new opportunities for leveraging the Web and engaging its users more effectively (Murugesan, 2007). According to Seo and Lee (2016) the user satisfaction and electronic word-of-mouth (E-WOM) have a significant influence on the continuous use of Web 2.0 applications. Consumers increasingly use comments posted on Facebook, Twitter and so forth, to evaluate products and services before making a purchase (Yan et al., 2016). These social networking sites are often held up as classic examples of Web 2.0, mostly due to their social networking features which include the user as a first-class object, but also due to their use of new user interface technologies (Cormode & Krishnamurthy, 2008). Two examples of where social media is used to a high extent is in the medical and traveling business. Many patients use social media to discuss medical services and their doctors in order to optimize treatments. Social media content can also influence the attractiveness of different destinations when consumers are deciding where to travel (Yan et al., 2016).
2.3 Value Co-Creation

Value co-creation means that consumers undertake an active role and create value together with the firm through direct and indirect collaborations across one or more stages of production and consumption (Ranjan & Read, 2014). An example of this could be Starbuck’s “MyStarbucksIdea”, which is an online engagement platform where consumers are invited to submit their ideas and co-create future Starbucks brand experiences. The community allows Starbucks to have continuing conversations with consumers around how they experience the firm’s goods, services, and retail stores. In the MyStarbucksIdea community it is possible to see which ideas are the most popular, watch as the firm takes action (based on the ideas), provide real feedback built on actual experiences and also engage with the firm as it reviews ideas (Ramaswamy & Ozcan, 2015). Value co-creation occurs whenever the resources of one system integrate with those available in other service systems, which means it will contribute to overall systemic well-being and describing these service systems as configurations of value including people, technology, and propositions of value (Alves, Fernandes & Raposo, 2015). Value co-creation also describes the way actors behave, interact, interpret, experience, use, and evaluate suggestions based on the social structure of which they are a part off (Ranjan & Read, 2014). The importance of value co-creation for social media in a business perspective has been widely recognized by researchers, especially since the platforms have changed the interaction possibilities between firms and consumers. Furthermore, an underlying factor for value co-creation on social media is the engagement from consumers and also the relationship, who is expressed as the consumer behaviour towards a brand (Cheng et al., 2016). The Internet and social media holds a special appeal for SMEs, because of its potential to remove some or all of the barriers they face when conducting international business. It can also provide SMEs with the opportunity to improve their efficiency and develop new ways of organizing activities. Additionally, emerging Web 2.0 technologies are likely to lead to internationalisation activities involving even higher levels of complexity (Bell & Loane, 2010).
So far value co-creation has mainly been examined in contexts where the importance of personal interaction in the co-creative process is not considered. Since that sort of personal interaction between buyers and sellers is mainly applied by the salesperson operating at the organisation’s limitations, salespeople probably have the best insight and opportunities to co-create value with their consumers (Baumann & Le Meunier-FitzHugh, 2015). Market research offers a way to communicate and assess needs and propositions of consumers. This is the simplest and most distant form of co-creation between firm and consumer. Other more direct efforts to engage consumers in co-creation are for example active participation in new product development engagement in service delivery, service recovery and content providers’ creation of online communities. However, these primarily co-productive involvements still sees consumers as exogenous targets and as resources of the firm, and thereby somewhat characterize value co-creation between firms and consumers (Ranjan & Read, 2014).

Baumann & Le Meunier-FitzHugh (2015) state that firms always act as value enablers by providing consumers with the resources they need to generate value co-creation. However, the seller can only act as a value co-creator if there is commitment through interaction (e.g. through salespeople) to identify the consumers’ value systems (the kind of value the buyer seeks to realise) and to partake in their value-generating processes (their effort to gain the necessary outcome to achieve this value).

Not only is value co-creation a key concept when it comes to service marketing and business management, but it is also a term which generally describes a shift in considering firms as a definer of value to a more partaking process where people and firms together create and develop meaning (Alves, Fernandes & Raposo, 2015). Continuous value co-creation requires the seller to not only understand the consumer’s current value-generating process, but also how it develops over time (Baumann & Le Meunier-FitzHugh, 2015). The important elements needed to together create value are engagement, interaction, self-service, and experience. However, value co-creation is superior to such elements of co-production and customization since it covers not just the production chain, but also the consumption
and value delivery chain (Ranjan & Read, 2014). Three enablers for value co-creation are relationship development, communicative interaction, and knowledge renewal. Although these activities remain abstract in their conceptualisation and require refinement and exploration in practice (Baumann & Le Meunier-FitzHugh, 2015).

2.4 Conceptual framework

Throughout the literature review network and relationship has shown to be essential in today’s business environment to gain success. As the world is becoming more and more digitalized the more impact does networking processes have through the different digital platforms. Networking and building relationships are perceived as being a vital process to conduct when doing international business. As social media gives the insights of a more interconnected business world in the digital era the E-WOM shows the capacity of digitalization in the way of building relationships and creating networks across the world faster than ever before.

The conceptual framework model shown below further demonstrates the connection between the different theories explained in the literature review. It shows how social media is a gateway to international business through its borderless interactive networking and relationship skills. Networking and relationship building activities are being developed through digitalized value co-creating. Furthermore, these skills are in many ways expressed in a WOM aspect and furthermore in the digitalized perspective, E-WOM.

Figure 3. Conceptual framework
Source: Self made
3 Methodology

In the following chapter the methodological framework, that has been used to conduct this study, will be explained. The chapter will begin with the deductive approach following with a description of the qualitative research and research design. Next is the type of data that were collected, continuing with which techniques were used in order to collect the data. Subsequently a presentation of the operationalization and method of data analysis is discussed. Throughout these steps a presentation of the methods will be performed together with why these methods were considered to be the most appropriate for this thesis. The chapter will be concluded with a discussion of quality and criticism regarding the study.

3.1 Deductive approach

In the research process and analyze process there are two fundamental differences in approaches towards discussion and conclusion: induction and deduction. Using an Inductive approach means that the researcher draws general conclusions from several individual cases, through observations and empirical data the researcher will come to a conclusion. Contrary, the deductive approach starts with a theory and develops a hypothesis or an assumption, thereafter the researcher tries through research prove if it is correct or not. There is also a third approach which takes a stand in the middle of deductive and inductive called abductive. This approach can be compared with detective work where argumentation and conclusion are drawn alternately between deduction and induction, where general principles and individual cases are compared with each other (Fejes & Thornberg, 2009). Further on Olsson and Sörensen (2011) stress that when a research is based on theories that can explain the relation between different phenomena and the reality it is a deductive approach.

To get the best outcome of this thesis, previous research and theories will be set as a fundamental framework to enhance the knowledge about the underlying historical forces behind the researched phenomena. Since this research have a theoretical framework as starting point, a deductive approach would be preferable to use since it
enabled the development to become as adapted as possible to the thesis’s topic. Furthermore, a better pre understanding of the research area was needed in order to find the most suitable operationalization and with the help of them answer the research questions for this thesis.

3.2 Qualitative research
There are two main different distinctions within research methods, quantitative and qualitative. According to Bryman and Bell (2005) the methods focus on different approaches when it comes to gather information and analyze the data. The qualitative approach focuses on the meaning of words and comparable with the quantitative method that focuses on things that can be quantified (Bryman & Bell, 2005). The qualitative method is seen as a powerful tool for research in management and business administration (Gummesson, 1991). Both Fejes and Thornberg (2009) and Gummesson (1991) stress the importance of, and relation between, the personality of the researcher and the researched topic. In a qualitative research the described result of the analyzed data will be an interpretation made by the researcher, based on the researcher’s background and knowledge (Fejes & Thornberg, 2009).

Both qualitative and quantitative methods could cross the lines between them and sometimes use both perspectives in some extent. For example, in a quantitative research where the main goal is to analyze how many points students get on a test in relation to different personality categories the researchers must define and explain the different personality categories, and that according to Fejes and Thornberg (2009) results in a qualitative method within a quantitative research. The qualitative method allows the researcher to have a broader spectrum of data then quantitative methods since quantitative methods want to exclude the extreme values and qualitative methods rather wants to further research the special cases to get a deeper understanding of the phenomena (Denscombe, 2003).
Olsson and Sörensen (2011) describe the differences between qualitative and quantitative approach as following: In a qualitative approach the researcher is subjective and have often long term communication with the individual of research. Furthermore the researcher is flexible and the questions are successively developed and the research is based on a successively developing nature where the phenomenon arises and clarifies. The results are based on a smaller amount of individuals (micro) and a larger amount of variables, the results also aims for a deeper level of explanation and applies on specified contexts. For the quantitative approach the relation between theory and research are based on conformation (hypotheses), the researcher is objective and has often a short term or no contact with the individual of research. Additionally, as Olsson and Sörensen (2011) further explain it, research is based on questions that are formulated explicitly in advance. The results are based on a larger amount of individuals (macro) and a limited amount of variables. The results are also in a general nature and the variables clear, valid and reliable.

As this thesis aims to research how social media affects the internationalization of firms the qualitative method is argued for to be the best method to answer the research questions. This is due to the fact that the thesis is preceded from a theoretical framework, which will then be used in order to analyze the empirical findings. By using a qualitative research method where interviews were conducted with the chosen cases, a deeper understanding for how the case firms work with internationalization and social media could be provided. Furthermore, the thesis is applied on all the statements Olsson and Sörensen (2011) stresses in the explanation about qualitative method. This, together with Denscome (2003) arguments that a qualitative method gives the researcher a deeper understanding of the studied case, is argues for that this research will get the best outcome if it is executed with a qualitative method.

3.3 Research design

Research design is defined by Bryman and Bell (2005) as the framework that will be the process of gathering the empirical data which will be analyzed. To gather data in
a qualitative method the researcher is advised to use different techniques such as desk research and field studies (Gummersson, 1991). Yin (2009) mentions the five major methods in qualitative research as experiments, surveys, archival analyses, histories and case studies. Furthermore, Gummersson (1991) mention questionnaires, interviews, observation and in some cases experiments to gather data in qualitative methods in management research.

In an exploratory study, where the researchers are trying to answer questions such as “who”, “where”, “what”, “how” and “why” all the major five methods could be used (Yin, 2009). There are some of these questions that are more exploratory then others, “why” and “how”, and according to Yin (2009) should be answered through case studies, histories, and/or experiments.

The research question in this thesis aim to answer the question “how social media affect…” and should therefore use anyone of the above mentioned methods. Yin (2009) stresses that if a researcher focuses on more than one “why” question a multiple-case study is preferable. Due to the intricate description and deep analysis a case study design can provide, including its possibility of clarifying the different factors of it and how they are interrelated, this argues for this thesis to utilize a multiple-case study in order to gather empirical data for further analyze.

3.4 Sampling

A researcher cannot use all available sources for data collection, there must be a decision where the researcher limit the data collection to a specified area/group/individual that hopefully represent the whole area/group of research. This limitation is called sampling and there are two main sampling techniques, “probability” and “non-probability” sampling. Probability sampling is when a researcher picks out “probably the best individual to represent the group of research” based on the researcher’s idea and knowledge. On the other hand, the non-probability sampling is based on when a researcher finds it difficult to choose the “best
individual” and only state some criteria and thereafter an individual could fit into the research. (Denscombe, 2003)

This research will apply a non-probability sampling with a purposive approach. This means that the cases that are used has been hand-picked based on the researchers thought on who are likely to provide the best information. The criterion for firms to be a part of this research is that they are a Swedish small or medium enterprise, they have international consumers and that they use social media on daily basis.

3.4.1 Cases

**United Screens**
United Screens is a YouTube network placed in Stockholm with 30 employees. They work with creators, producers and other firms that upload creative content on social media platforms such as YouTube, Facebook, Instagram and so forth. Since they established in 2013 the firm have become Scandinavia’s biggest YouTube network. United Screens is a pure service firm and the interview took place at their office with their social media manager who wants to be anonymous.

**Designonline.se**
This is an online shopping firm with focus on selling Scandinavian design and furniture products, established in 2002, in Kalmar. Today Designonline.se has 45 employees, consumers in over 70 countries and promoting over 200 well-known brand names. The interview took place at their office in Kalmar with their E-commerce Marketing Manager, Robin Ålander, who has worked with the firm for 4 years.

**Böda Sand**
Kronocamping Böda Sand is Sweden’s biggest camping facility with 1350 camping spots and 125 cabins. Their facility is placed near a 20-kilometer long beach and the camping has a wide range of offers for their guests like: restaurants, pub, night club,
Böda Sand is a family owned service firms with about 180 employees and about 7000 guests per day during their peak season. The interview took place at their office in Kalmar with the CEO, Anna Barkevall, who has managed the business together with her brother for about 10 years, after they took over from their parents.

**Sound pollution**

They are one of Scandinavians most successful alternative music firms with a wide range of experience in the music business. Sound pollution has different segments they work with such as: music production with own labels, promotion, digital music record store (both online and physical) and publishing. They have been in the business for more than 25 years and sell records in Scandinavia but have export and distribution channels all over the world. The interview took place at their office in Stockholm with their digital content manager Max Axelsson.

### 3.5 Data collection

There are two different types of data that could be used for research primary and secondary data. Primary data are original data collected by the researcher for a specific issue, and on the other hand secondary data are data collected by other researchers for other purposes (Ghauri & Grønhaug, 2010). In both ways of data collection, it is important to evaluate the quality and availability of the source (Eriksson & Wiedersheim-Paul, 2011). Most research questions are answered by a combination of both primary and secondary data (Lewis, Saunders & Thosnhill, 2009).

#### 3.5.1 Primary data

There are both advantages and disadvantages with primary data but the main advantage and the purpose of using primary data is to collect data that are gathered
for a specific reason. Primary data can be derived from several sources such as observations, experiments surveys and interviews (Ghauri & Grønhaug, 2010). The use of interviews can provide the researcher with valuable, reliable and relevant data to answer the research questions. An interview can be either formalized and structured or informal and unstructured, and in between these two there are semi-structured interviews. To answer the question “how” a semi-structured interview, where the interview does not have pre written question, is suggested as a good way of gathering data for qualitatively analyze. The interview is made by a theme and trough different interviews different questions can be asked, but the same topic will be answered (Lewis, Saunders & Thosnhill, 2009).

A semi-structured, face-to-face, interview has been the approach of collecting primary data in this research. Furthermore, a one-to-one interview is preferable to easier understand and precede the interview in an easy way. Collecting the primary data through interviews can also provide a more valuable, reliable and relevant data to answer this thesis’s research question.

### 3.5.2 Secondary data

Secondary data is another useful source to gain information that could help answer the research questions. Secondary data could be found in many different ways, both as raw data and published summaries (Lewis, Saunders & Thosnhill, 2009). Sources where secondary data could be found are for example books, journal articles, online data, and government records among others (Ghauri & Grønhaug, 2010). Important to understand is that secondary data are collected for other purposes and therefore might be biased and have exaggerated information (Ghauri & Grønhaug, 2010).

In this thesis the secondary data mostly consist from three sources; online data, books and scientific journals, concerning the subjects related to the area of research. The extent of usage of secondary data is mainly limited to the introduction, literature review and methodology chapters.
3.6 Operationalization

When preparing for an interview the researcher should always ask the question “what in this question is unclear or confusing?” This question should be asked already when the researcher develops the research question and by theory and earlier research try to find ways of explaining the unclerness (Bryman & Bell, 2005). The interview is an attempt to link together theory with the observed or operational pattern (Newton, 2012). Furthermore, Newton (2012) stresses that to obtain this connection in a thorough way the researcher should create a framework, charts or maps that visualize the links between the theoretical concept and operational findings.

Therefore, the researchers have linked together the theoretical concepts with the interview questions as presented in table 1.
<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business operations</td>
<td>1-3</td>
<td>To get an overview and background of the firm and the respondent a brief introduction of the firm and themselves were given to the researcher. This together with questions about their and the firms background in international business let the researchers know the level of experience of international business in an early stage of the interview.</td>
</tr>
<tr>
<td>Internationalization</td>
<td>4-9</td>
<td>The respondents were asked questions about the concept of internationalization in order to get a deeper knowledge of their experience in international business. Furthermore, questions about their perception of important factors in the international process were asked.</td>
</tr>
<tr>
<td>Network</td>
<td>10-12</td>
<td>By introducing the concept of network the respondents could talk about their networking knowledge and experience in an international perspective. This gave a broad understanding of the respondents’ perception and experience of the concept of networking.</td>
</tr>
<tr>
<td>Social media</td>
<td>13-21</td>
<td>By asking the respondents about social media as a phenomenon it introduced them to a further discussion about their usage and perception of social media in the internationalization process.</td>
</tr>
<tr>
<td>Digitalization</td>
<td>22-24</td>
<td>To get insights on the effect of digitalization on the firm we asked questions about the concept.</td>
</tr>
<tr>
<td>Other</td>
<td>25-27</td>
<td>As a concluding part of the interview three general questions about the main purposes of this study was asked.</td>
</tr>
</tbody>
</table>

Source: Self made
3.7 Data analysis

Qualitative data that derives from interviews and observation usually contains a large amount of unstructured material that is not easy to analyze. In contrast to the quantitative data analyze there is not any stated rules for how to do a qualitative analyze. Qualitative data have been described as “attractive torment” based on the attractiveness in the data’s wide scope and to the data’s severity of the analytic level (Bryman & Bell, 2005).

Newton (2012) stresses that the collection and analyze of data occurs simultaneously in the way that findings on the way affect what type of data that are collected and how. Furthermore, Newton mentions a way to analyze the data based on Miles and Huberman’s process of analyzing qualitative data. Miles and Huberman process contains three steps. Number one is data reductions, which is the first step of analyzing the data and extract the essence in the collected data. Secondly the data display, this step refers to organize the meaning of the essence. Number three is drawing conclusions, this is the last step in the analyze, which means that the researchers are explaining the findings of their collected data. These three steps are applied on the data collection that the researcher have, often in a way of n notes or memos. These memos are one important analyze strategy that will be the foundation that will help the researchers to answer he research question (Newton, 2012).

3.8 Quality of research

A traditional way of measuring and verifying the quality of a research is to look at reliability and validity. Reliability means how reliable the results are, for example if the research is performed twice will it show the same result (Bryman & Bell, 2005) Validity means to what extent the way of research and the way of collecting the data really examines the researched topic (Fejes & Thornberg, 2009). This is in many means one of the most important key concepts in a research (Bryman & Bell, 2005).
Many researchers argue that validity and reliability does not belong to qualitative research and therefore suggest other ways of verifying the quality (Bryman & Bell, 2005: Newton, 2012). Both Bryman and Bell (2005) and Newton (2012) stress that validity and reliability should be changed to trustworthiness and authenticity for a qualitative research. Trustworthiness consists of four criterions that all have an equivalent in quantitative research. The first one is credibility which refers to the authenticity of the data collection and could be enhanced by confirmations by the respondents and/or participants. The second criterion is transferability this means that qualitative researchers are suggested to provide thick descriptions that can be evidence supporting findings in another context. Thirdly is the dependability, this is referred to reliability, which shows that the researchers take extern help in auditing the thesis in forms of colleagues, opponents, supervisors and so forth. Lastly is the confirmability this refers to objectivity where the researcher tries to control their bias. It should be apparent that the researcher would not let personal values and theoretical orientations affect the research process and the conclusions (Bryman & Bell, 2005: Newton, 2012).

The other perspective is authenticity and has several criteria that should be met. They are in a more general perspective that focuses on research policy and are presented as: “Fair image”, does the researched case or individual reflect the reality of the researched topic? Secondly “Ontological authenticity”, does the research help the participants to elaborate and develop further understanding of the researched topic in their environment? Next is “Pedagogic authenticity”, have the research help the participants gain understanding of how other individuals experience in the same environment? Fourthly “Catalytic authenticity”, has the research contributed possibilities for participants to change their situation? Finally “Tactical authenticity”, as the research contributed for better opportunities for participants to take the measures needed? (Bryman & Bell, 2005).

According to both Olsson and Sörensen (2011) and Bryman & Bell (2005) congruence of, or with confirmation of, transferable information is one way to
strengthen the validity of the research. In order to confirm the reliability of this thesis
the methodological process have been presented in a clear and distinctive way, to
allow the reader to get an understanding of how the empirical findings have been
collected and how this resulted in conclusions from these findings. Along with
feedback from opponents and the supervisor all the criterions for trustworthiness
could be checked. Furthermore, the data have been interpreted separately, and
therefore different perspectives have been used when understanding the content of it.
Since all interviews was conducted face-to-face and also audio recorded, they could
be transcribe word by word, to decrease the chance of misunderstandings. Furthermore, the interview guide has been provided (see Appendix 1) in order for the
reader to get an insight in the questions asked during the interviews.

3.9 Method criticism

Logically there are both benefits and difficulties when conducting either a
quantitative or a qualitative study. Bryman and Bell (2005) argues that one
disadvantage with a qualitative study compared to quantitative research is that the
data often becomes less representative. This is since the findings of a qualitative
research often originate from a small number of cases, which means that the
possibility to generalize of this method could be questioned. However Denscombe
(2003) argues, as mentioned previously, that a qualitative method allows the
researcher to have a wider range of data then quantitative methods since quantitative
methods want to exclude the extreme values and qualitative methods rather wants to
further research the special cases to get a deeper understanding of the phenomena.

For the convenience of our respondents all interviews, that were conducted to collect
the empirical data, were all done in Swedish. This led to a necessary translation of the
responses into English, which therefore could lead to some of the information being
lost in translation. However by audio-taping all interviews, it gives the opportunity to
listen several times which decreases those odds.
3.9.1 Ethical considerations

In case studies, access to documents, people and settings can generate ethical problems in terms of things like confidentiality (Denscombe, 2010). Therefore all the respondents have been offered full anonymity and if necessary assured that the collected data cannot be traced back to them. Furthermore the transparency of this thesis has been ensured by presenting our methodology approach together with the arguments for and against each of the selected methods.

According to Ghauri and Grønhaug (2010) the researcher has a responsibility to conduct the research in an honest and accurate manner. Additionally Denscombe, (2010) state the important of researcher being open with their intentions and that they should be open and explicit about what they are doing. Consequently when contacting the case firms, the respondents were informed on the purpose of the study, and how they would contribute. This allowed them to get a pre understanding of the topic and a choice of whether they wanted to participate in the study or not.
4 Empirical findings

In the following chapter the empirical data, which has been collected for this study, will be presented. The chapter begins by introducing the cases and the firms they represent, which are Böda Sand, Designonline.se, Sound pollution and United screen. The chapter has been disposed in the following categories: Internationalization, Social Media and Network based on the operationalization, in order to create a clear structure for the reader to follow.

4.1 Cases

The respondents in this study have all experienced international business and have in some extent been working with social media for their firm. These case firms are all established in Sweden, have international consumers and counts as a small or medium enterprise. All interviews were conducted through face-to-face meetings and they took place between the 3rd of May 2016 and the 11th of May 2016, together with Anna Barkevall from Böda Sand, Robin Ålander from Designonline.se, Max Axelsson from Sound Pollution and an anonymous respondent from United Screens.

4.2 Internationalization

Anna Barkevall at Böda Sand explains that they have just started to investigate how to work with internationalization more practically. Previously the international consumers appeared without any specialized actions on their part. Traditionally for example there is a lot of Germans on Öland in August, at those times they have tried to adapt with signs and that the staff have some language knowledge and studied on what kind of experience Germans want. They have not really marketed themselves towards international consumers but they have some collaboration with SCR (Swedish Camping-hosts national association) to visit some fairs abroad in the Netherlands and in Germany. Barkevall stresses that they know that they have a service that attracts Germans and Norwegians which means that they have to learn about how to reach out to them and letting them know that Böda Sand exists. Barkevall further mentions that you need to know which markets you want to go into,
and also to study this and see if this really is a market that suits the firm. Furthermore, she explains that they look at language and the geographically situation, if it is even possible for the consumers to get to Böda Sand and also what kind of competition there is. Also what kind of networks there is, Öland, for example has a tradition with German tourists which mean that tourist agencies work with certain segments. One important factor is that you work together either with existing unions or with a couple of firms.

Robin Ålander (Designonline.se) states that they have not had the approach that they decide to expand to for example Germany and then hire an entire team for that. Instead they have started the site abroad with one person in charge of that site and then see how that grows. In some markets they have grown so much that they had to hire more people. Ålander further stresses that they have a careful approach to all internationalization. The reason for this careful approach is mostly because it is very cost efficient, they do not take huge risks since they only have one salary to pay. Instead, Ålander mentions, that they can try out a market and that you notice pretty fast what needs to be done and what opportunities there are. Ålander explains that when he started at Designonline.se they launched a new site and it would be chaos for months but today everything will be in order by a day. Now they check a lot of things before launch and the reason everything runs better today is since there is a higher competence at the firm now and a more dedicated personnel. As a Swedish firm you often start to expand to Scandinavia, Ålander explains, where laws and regulations is much nicer compared to other markets. For example, in Norway if you break the law you will receive a small reprimand and a chance to fix it. But if you were to do the same thing in Germany the firm would be sued for half a million. This means according to Ålander that they have to know what they are doing. This is a thing that Ålander believes many people forget about when they expand beyond Swedish borders and especially the legal aspects because this is a huge difference between Scandinavia and the rest of the world. According to Ålander Designonline.se has made sure to employ someone that originates from those countries they have an active site on, like Spain for example, both for the language but above all for the
culture this has to do with customer-service. He explains that you cannot approach a German consumer in the same way as you would a Swedish, even if you know the language. This is a thing that they believe they perform very well on since they are aware of the cultural differences.

Max Axelsson explains that Sound pollution started with a shop in Stockholm and has then that developed the distribution side of the firm and the record label. The reason that they work a lot with other firms across the world is for the knowledge these firms have about their home market. So the firm can take advantage from these firms and reach out to more consumers. Axelsson states that Sound pollution increased their international preference when the digitalization era begun, though they had products and international business before the digitalization. This was because they started collaborations with aggregators such as The Orcher and Phonofile that are distributing music to the digital services and since these had a worldwide preference the natural step for Sound pollution was also to become more internationalized. Axelsson stresses that it is important for international business that the names and brands are visible and that the marketing are recurrent so consumers recognize it. The marketing activities might not appear in a physical presence today as before, since it is more digitalized today and the activities are made on blogs, Spotify and so forth. The “Buzz” is important today and also to have a unique selling point, since the listeners have the power today. Now there is a lot more effort to create a “buzz” and to make it cool enough to sell compared to the past were consumers only could listen on radio and television and read about music in certain papers they bought the music presented to them.

The respondent from United Screens explains that they have not established themselves on the international business per se, they are a global firm that work from the Nordic market. The communication is always on English and that helps facilitates the communication across the world that they have. The international business has come naturally since they work on YouTube that has a global presence. The respondent stresses that they did not have to take an active decision on
internationalization, the setup was already there. An important factor in an internationalization process is definitely that all communication is digital, you do not have to think of the personal meeting when you are e-mailing, skypping and so on. It is much easier today with communicating across the world then before since most of the western world is double speaking nations, for example Sweden where people speak Swedish and English almost from birth. The respondent explains that United Screens were well prepared for international business since the employees all had good knowledge in English and since they only have business in three other countries they have not been forced to learn so much about other cultures. But in the counties where they have established offices they have recruited people from that country to get knowledge about that market, and that is an important factor when establishing business in new markets. They have bumped into some cultural differences that have affected the business in some extent, for example on Fridays Norwegians quit their job at 3PM and in Sweden they quit later, which means it is hard to contact the Norwegian office after those hours. Small cultural differences have been learned about since people from those countries have been employed.

4.3 Social media

Anna Barkevall at Böda Sand describes social media, and the way they are working with social media, as a way of being more social with consumers. She feels that social media is an opportunity for them to talk to the guests while they are not present at the camping and tell them what is going on. The social media platforms they use are Facebook and Instagram. Barkevall state that they recently started to work with Instagram, and the reason for that is that it is now possible to change from private to business profile just like Facebook. As of today Böda Sand have 14 000 likes on Facebook and about 1 200 followers on Instagram. Furthermore, Barkevall mentions that they work with the social media platforms several times per week. She stresses that they do not work with social media in an international perspective yet. But with digital marketing they recently had a campaign towards Germany with banners, thus she mentions that maybe they should use, at least Facebook advertisements, towards
Germany. Barkevall further believes that social media could be a critical factor for international business as it is an amazing opportunity to show pictures or video. Consumers’ trust and commitment means a great deal to them and in their world, TripAdvisor could be seen as a social media to where consumers exchange experiences about places they have visited. For example, she mentions that when she travels somewhere she always check TripAdvisor to see what people have written, so it could be both good and bad for the firm. Furthermore, she stresses that everyone can have bad luck but it is also a lot about how you treat/receive the guests on Facebook, TripAdvisor or Instagram. So a bad review does not automatically mean something bad as long as you handle it the right way. Their motto is “active with the heart and present” and she says that they are working with value co-creation to some extent. But it is mostly that they are active in social media and to show the guests that they are present even if they are not and also to try and get them more active on the posts. The digital development has according to Barkevall opened a huge opportunity for Böda Sand to try out social media on the international market since it is such a cheap and easy way. On the question about digitalization and how it has changed their distance to their consumers she mention that internet shrinks the world and that it feels like you have been everywhere even though you have not thanks to everyone else traveling. So of course it decreases the distance to the international guests of Böda Sand and they can show them Böda Sand exist; And above all TripAdvisor, where you have the possibility to show your place with pictures and reviews of your resort. Barkevall also mentions that social media is not a crucial factor over the performance and establishment in international business since they existed before all of this started. But when they do new investments like the Sport camp this year, they posts pictures of the building process which contributes to a hype that would not have been possible without social media.

For Robin Ålander at Designonline.se social media is that everyone can raise their voice whether it is through text, picture or video. And that they can do it whenever they want and this is of course both for better and for worse. The social media platforms Designonline.se use depends on which market. He explains further that
they find that it is not really a good sales channel so they have actively chosen not to work like that. However, they are on some social media sites in form of advertisement, for example on Facebook. They work with social media were trust is an especially important factor. On markets were social media is not to increase sales but rather to convince potential customer that Designonline.se exist. The reason for their use of social media is therefore to build trust and enhance the personal touch to the brand. On most the markets they do not use social media since it does not sell that much and it is quite time consuming. But he says that they are on those advertising platforms or other places where they see a profit from using them. Facebook for example are not being used for the social part but to advertise, same thing with Instagram. In other countries, for example South Korea, there is a platform called Kakao which is a mix of all the social media platforms the western world is used to. Designonline.se use it for customer service, sales, communication and just to show that they exist. Ålander explains that the firm work a lot with shop review sites like Trust Pilot in Sweden and Trusted Shops in Germany. They are very keen on listening to what the consumer think and instead of doing it on an open platform where it is about likes, which is not interesting for Designonline.se, they want to know what the customer actually thinks. At the shop review sites, they can receive information from the consumers and show them that they have a high grade from previous consumers. Ålander explains that Designonline.se read all posts and customer-service answer on the posts where they have received a lower grade. He state that they often see a pattern in the posts on what they are good and on what needs to changed. Through their Instagram they have had some photo competitions were consumers was supposed to take a picture of their products, but they did not really think it gave them anything and it was mostly time consuming. What they really want to achieve is to get more consumers to upload their pictures, to their website, to show their homes with the products, but they have not had a technical solution for that yet. He furthermore stresses that the digital development have changed the way of working towards international business. Mostly because the competition is global today, before internationalization they knew what the competitors were selling and to whom, today it is impossible to compete at an
international level. Ålander also stresses that internet is very important and lot of people use it to send a question to customer-support just to make sure that they receive an answer. Furthermore, he says that today there is not anymore a problem to sell to Japan or America, everyone does that. The fact that people can order from wherever they like makes it much more complex not just for Designonline.se but for the suppliers, since they need check prices and so on. The purpose for Designonline.se is, as Ålander explains it, to sell and that is why they have chosen not to use social media in that way. They talk a lot about social media and he is sure that someone has succeeded to sell more through social media than through the more traditional ecommerce marketing they use. But he further mention that he thinks a lot of firms use social media just because they think they should and do not really measure the outcome of it. You should not forget why you actually are there no matter how fun it is compared to your other work duties.

Max Axelsson at Sound Pollution explains social media as a homepage but with more interaction with consumers and fans. Sound pollution use Facebook, one for the shop, one for distribution and one for the labels. They also have twitter and recently been on a seminar about social media where they got more inspiration to use twitter more active and to open an Instagram account. The reason for not having an Instagram account is that it takes time to keep a social media account “living” and running. Axelsson mention that they also use YouTube and wonder if that counts as a social media and further stress that they upload a lot of music videos, interviews and so on there. They use social media first of all to create an awareness and an idea of what Sound Pollution is and our products. Not so much “buy this”-approach, it should be “this is us, this is what we do”-approach according to Max Axelsson. The language used is different on the different platforms, for instance the page for the store in Stockholm is on Swedish, since there is almost only Swedish people going there. Meanwhile the pages for the labels are only in English and Sound Pollution tries to direct the content to specialized target groups which they follow up with statistics. The content that is posted on the social media is only directed towards consumers, not to other business. Many of the conversations have the nature of “when is this record
Axelsson absolutely believe that social media is an important factor for international business. Social media is the reflection of today’s reality, what is happening on social media is what people care about today. It is a channel that reach out to customers around the world and it is much faster than the second hand channels that otherwise is used. Relations on social media are really important and can affect the brand if you do not answer the consumer’s questions and are active in the conversations. The consumers trust is also very important, since consumers do not want to buy things from someone that they dislike even though the product could be good. Sound Pollution does not work actively with value co-creation. Axelsson recognizes the term and has started to think of this phenomenon and how to integrate it to their own social media. He has heard of artists that together with the fans release for example a record release, and this strengthens the relationship. The digitalization has impacted on the firm though the firm is still very physical based. With the digital music services, it is possible to reach out to markets far away just to be on for example iTunes and Google play. Internet is an extremely important factor since Sound pollution work with people on the other side of the Atlantic, England, Germany. Without internet it would almost be impossible to work in an international perspective, at least not as efficient as today. The relation with the consumers depends on several things. When consumers walk into the store or interact on social media it is a personal connection. But when consumers just buy products on the online store and listen on digital music services there is no connection at all with the consumers. Knowledge like that is very important to know about when you post things on social media so the message is presented in the right way. Axelsson further stresses that when you work with social media and want to get as good results as possible you have to plan and be structured with your actions and that the actions are thought through. Today it is a great noise on social media so it is hard to get through, so planning is a must to a successful social media. In an international perspective it is important to tailor and do separate and specialized posts and actions toward the markets to achieve attention. This takes time and that’s a big issue in today’s business that firms do not take time for social media, thus it is an essential factor in the success of a firm today.
The respondent from United Screens explains that they are actively working with Twitter, Instagram, Facebook and LinkedIn. All communication is made on English even in the internal Facebook group since it makes the communication easier and nobody would feel outside for not knowing Swedish. The reason for the Facebook page is to make posts about the firm as a whole. They are not promoting their partners on their Facebook, this is since it has shown that this has not increased the views or subscriptions for the partners. United Screens are a pure business to business firm and therefore according to the respondent, they have not put a lot of time on social media in a way of increasing the amount of followers and subscriptions. This is since it is not relevant for this firm to have a lot of followers, it is more for people to get awareness of the firm. Social media could be an important factor for international business according to United Screens, but it depends on what kind of business you are doing. The importance when you are working with social media is to have a clear purpose with the intentions of having social media also to have an idea off for who you are doing this. In an international perspective it could also be important but you have to manage the social media so it is always happening something on the social media feed, otherwise it looks unprofessional. Relationships and personal communication are very important through social media. Especially in customer-services the personal contact is very important. If you are responded in a good way on social media you will remember it and come back, if it is the opposite you will remember it for a long time and not come back. Furthermore, the respondent stresses that engagement is very important for the brand when partners are tweeting and tagging United Screens in posts and talking about them in a positive perspective. And they also take it seriously when we are tagged in a negative post and are analyzing why, how and so on. For them engagement is very important since they do not have any budget for marketing and the “free” marketing on social media is all they have, which takes it appearance in WOM. Regarding the question about the importance and impact of digitalization they say that the firm would not exist without the digitalization. Internet is crucial, it is a prerequisite for them to exist. United Screens are working towards the “cloud” and are using Google drive and online mail service and are developed so employees could work from every corner of the world. The
most interesting part with internationalization, according to the respondent from United Screens, is that you do not have to have an office in another country to do business there. A good example is the record industry, there you needed to have a contract in all countries you wanted to sell the record in and sign distribution contracts and so on. Today it is much easier to just put up music on a digital music platform and you could have a global spread directly. Most people should think global today rather than national.

4.4 Network

Anna Barkevall at Böda Sand explains the term network as cluster of firms or people with a common interest. You gather competence from different parts to create something good. She mentions that Böda Sand is a part of a lot of networks through the tourism industry, both in the Kalmar region but also in all of Sweden. There is one network for just the biggest facilities in Sweden like Böda Sand, Gröna Lund, Liseberg, Skara and Kneippbyn and she stresses that it is an important network since they have a lot in common mostly because of the size. While the networks on Öland, have the geographical area in common. She furthermore mentions that she believes that networks are important for internationalization. At first she did not think so, but she realized that with a small budget that was not possible so for Böda Sand it is very important to work with networks either with “Regionförbundet” or with the SCR or maybe with Öland/Kalmar tourist agency. She believes that networking is a determining factor in their success in the international business. Barkevall mentions that if you look at the firms Böda Sand is working with there is a lot of exchange of experiences, especially if you work in the same line of business. For example, how things are solved or how they deal with VAT or payroll taxes or just more practical things. While consumer networks are more like on a one to one dialog, for example what they can offer to the consumer network.

Robin Ålander stresses that they might not really think about networks, but to have a personal contact with other actors helps a lot. To talk to other actors on fairs or
conferences is helpful since it usually leads to them introducing you or recommending you to other actors. He believes that it is important to work with networks in the internationalization process and what he have experienced on the marketing side is that when they have been networking here in Sweden for example it is very easy to start abroad. If they were to come as firm with no turnover, no one would want to work with us. But you become more trustworthy when you work with their other offices for example.

Axelsson stresses that network is your catalog of contacts that you achieved in different ways throughout the years. Networking is an important factor in the internationalization process, you need relations with people who know the market you want to have presence in. You get tips and suggestions from people in your network, from business fairs and festivals (where you arrange meetings on). It is all about talking with new people all the time.

The recruit system is based on that United screens does not actively search for new partners and therefore does not search contact with them. The respondent explains that United screens is working with WOM and partners are contacting United screens when they feel like it and have heard good things about them. The WOM appears approximately 50 % on the digital platforms and 50 % in real life. In the digital WOM is a more personal and confidential talk that appears then in the real life where is maybe more of a mass communication. The respondent also stresses that networks is really important, for example in the process of employing people as sales persons in the offices abroad networks have been a crucial factor they have both been suggested through friends and business colleagues.
5 Analysis

In the following chapter the analysis will be presented. Here the empirical data will be analyzed by linking it to the theoretical framework. A discussion and comparison on the similarities and differences between the empirical data and the theoretical framework will also be performed. The analysis will be structured in the same way as how the empirical data was presented.

5.1 Internationalization

When internationalizing into new markets Johansson and Vahlne (1977) state in their research on the Uppsala Model that a firm’s internationalization process has an incremental nature. Gabrielsson’s et al. (2008) definition of a Born Global is that a firm must export 25% of their sales within 3 years of foundation. The empirical findings that has been gathered shows that Böda Sand, Designonline.se and Sound Pollution has used the Uppsala approach when internationalizing. Compared to United Screens, that could be defined as a Born Global, according to their statement about their global presence as a natural outcome from working at the YouTube platform.

Max Axelsson explains that Sound Pollution’s international process has developed over a long period of time. He further mentions that their international business started before the digitalization era but has increased even further after the digitalization. Böda Sand has developed in a similar way to Sound Pollution, their internationalization process has however not been as clear since they have not actively worked with this. Meanwhile Designonline.se could be seen as the hybrid between the Uppsala model and Born Global since they were founded in the early stages of digitalization but has chosen to use an incremental step towards internationalization. Robin Ålander stresses that their approach towards internationalization is very cautious, mostly because this is a quite cost efficient and the risk decreases since they have fewer salaries to pay.
The digitalization has influenced the internationalization process in a positive way and increased the possibilities for international business. The trend clearly shows that firms like Sound pollution and Böda Sand that started their business before digitalization has had a longer process. Today firms like United Screens are born into the possibilities that digitalization have created and the process to internationalize is therefore shorter. Firms are developed in one country but have an easy access to the whole world through digital solutions like social media. The upside to this is that it has become easier to start doing international business, the process is shorter, cheaper and smoother. The possibilities for international business is endless, however firms need to be aware of the fact that it will also open the market for more actors and the competition will therefore increase. Thus there is still factors that stays the same no matter if international business is conducted through digital platforms or in the traditional way, cultural and language differences. These factors are equally important now as before, but the difference is that firms have easier access to this information now through digital platforms.

According to Johansson and Vahlne (2009) the firm has to overcome various obstacles to internationalize. Johansson and Vahlne (1977) further state that there are two mechanisms that could change a firm’s internationalization process. Either change by learning through experiences in foreign markets or by increasing their commitment and position in another country. When the firms where asked about the most vital factors in the internationalization process there were both similarities and dissimilarities in the answers. Max Axelsson believes that digital communication is one of the most important factors in the internationalization process and more exactly that all communication should be digital in order to connect with people around the world. The respondent from United Screens mentions that the most interesting part with internationalization today is that you no longer need to have an office placed on the other market in order to do business there. The digitalization has decreased the distance not only from the firms’ partners but above all from the consumers. As Ålander mentions today there is no longer a problem to sell to countries across the world like Japan or America. Today it does not really matter what type of firm you
have, thanks to the digitalization firms are in a way automatically born into internationalization.

Market knowledge is something all firms stresses the importance of during the internationalization process. The cultural differences and the consumer knowledge are the two things all firms agree on being the most significant. Ålander mentions for example that for each of their 9 sites they have employed someone from that country in order to have that cultural knowledge that is needed. United Screen has also chosen the same approach as Designonline.se when opening a new office. Knight and Cavusgil (2004) actually mention that Born Globals often have essential intangible knowledge-based capabilities of foreign markets. Cultural knowledge indicates to the consumers that a firm care and have put in the effort to learn about their customs. Giving the consumers that little extra is what could be a determining factor whether or not they will use that firm in the future. All firms further on agree that market and cultural knowledge is attainable through the use of networks, fairs and in-house knowledge. Additionally, networks or relationships are actually something that Johansson and Vahlne (2009) state to have a considerable impact on the internationalization process. Bell and Loane (2010) also expresses the importance of networks for Born Globals and state that it is one of many factors that influence a Born Global internationalization process. The importance of networks will be further analyzed in chapter 5.3 but it can be stated that without networks internationalization would be exceedingly more difficult than what it is today. Culture is the foundation to connect everything. It ties together how to work with relationships, networks and marketing. It gives the firms a perception on how other people perceive their messages and what they want to sell.

Böda Sand, Designonline.se and United Screens also mention the importance of language and that it is crucial to have enough knowledge to speak with their consumers in a way that evades miscommunication, this goes hand in hand with culture. It is a part of culture and the key to a new market. Not all countries speak or understand English for instance and it is therefore vital to be able to offer consumers
a way to communicate in their own language. Although the key is to translate correctly, otherwise it could have a negative effect instead since it will decrease the credibility of the firm. Generally, all cultural knowledges need to be used in a proper way to have a positive effect on the consumers.

5.2 Social media
Social media has several definitions, Kaplan and Haenlein (2010) describes it as a group of internet-based applications that builds on Web 2.0 and allows exchange and creation of user generated content. Furthermore, the reality and phenomena of social media have been explained by Karl Marx as a global information network where people inform themselves (Fuchs, 2014). The general views from the respondents are that social media is a way of being more social with consumers through text, picture or video. Anna Barkevall at Böda Sand stresses that social media is an opportunity for them to interact with guests that they are not available to talk to in person. Social media is brought up both in the literature review and by the respondents but it is never spoken about within in any boundaries. It is a worldwide phenomenon with endless possibilities but a lot of firms, especially if looking at the respondents, never use its full potential, for instance Böda Sand does not use it in an international perspective which could help increase the amount of international consumers.

Brand Recognition is something that all respondents agree on being an important factor. Axelsson explains it as them using social media for the purpose of making awareness and have a platform for conversations with their consumers. The firms will achieve Brand Recognition by marketing themselves and by having a Unique Selling Point. This is done through WOM, E-WOM, more digitalization, being online and by making sure to be seen in “the buzz”. Although Untied Screens do not see this as an equally important factor for their firm since they are a business to business firm and their aim is to be more of a “behind the scenes” kind of firm. Brand Recognition is important for both product and service firm. But it is noticeable that product firms usually have more focus on it than service firms. Mostly since a product firm does not
only want to promote their brand but also the different products they have to offer, while the service firms usually only promote their brand.

It is obvious that social media is a platform for exchange of information made by its users and followers, which can be according to the case firms and the literature. Thus the usage and intentions of the usage are a bit different between the firms the base conception are mainly the same, interaction and awareness. The case firms all use different platforms and the platforms mentioned are Facebook, Twitter, Instagram, Google+ and LinkedIn. The respondents mention more platforms, like YouTube, E-mail services, Tripadvisor and Trustpilot, during the interview but do not necessarily refer them to the term social media even though they could be seen as social media platforms since interaction is made through these platforms. This gives the picture of an unclear relation to what the term social media actually means. Furthermore, it can be enhanced that the uncanniness of the term social media explains more about the importance and the affect from social media on international business. This is since social media seems to be a greater part of the business today then what the respondents in fact think.

An important factor for business has through a long time been WOM, it has been explained as the major influence on what people know, feel and do. Today the WOM has been digitalized into to E-WOM, which means comments about a product or service provided by consumers through networks Yan et al. (2016). This is one of the major factors that are motivating the usage of social media expressed by the respondents throughout the interviews. They explain it through different examples and have different approaches towards working with social media, but the keywords used by them all are awareness, trust, engagement and commitment. The respondent from United Screens enhance that engagement is very important for them since they do not have any budget for marketing and the “free” marketing on social media made by their partners is essential. This marketing they mention is furthermore expressed as WOM. Ålander explains that they work a lot with shop review sites where the consumer’s feelings are posted to rank the shops, which could be considered as E-WOM and Barkevall at Böda Sand enhance the importance of reviews and feelings
consumers express on the website Tripadvisor. This strengthens the motivation for usage of social media in international business since it is important to use the resources available to spread the awareness of your brand, especially as a small firm. Social media is also a cheap way of marketing yourself, and since costs often is crucial for SMEs there is really no reason not to use social media to enhance the Brand Recognition. Robin Ålander, for example, highlights that social media are not a good platform as a sales channel he rather sees it as a marketing channel and create awareness for their brand.

It can evidently be stated that a clear plan and structure on social media is crucial. As Ålander mentions it is important to remember why you are using social media and that you are not just doing it for the fun of it. Being active increases the trustworthiness, a lot of consumers often looks up a new firm before they use them for the first time. This is mostly done through ratings and reviews, a firm that is frequently active on social media sites often gives a more serious impression than a firm that posts twice a year. Lin & Heng (2015) express that the importance of WOM should not be underestimated and that it has been further validated as researchers investigate beyond e-commerce websites to those that collect product reviews. And according to Yan et al. (2016) E-WOM has a direct impact on consumers’ trust and purchasing behavior. The importance of WOM between the firms is all the same even though the firms differ in the way of what they are selling. Two of the case firms are service orientated and two are product orientated, but it has shown to be equally important between the orientations to have a successful WOM.

Cheng et al. (2016) express that value co-creation is an important factor for today’s business in social media where the interactions between firms and consumers have increased. This is according to the respondents an unfamiliar term in some extent, but they recognize the meaning of the value co-creating concept. Axelsson at Sound Pollution stresses that this is a concept that has been talked about lately around the world and how this could strengthen the relationship between consumer and firm. Ålander at Design online mentions that they have tried to work with value co-
creation, but it is mostly time consuming and they have no managed to make a profit out of it, so far. What can be noticed is that value co-creating is a new concept that is getting increasingly more attention. It is closely related to relationship building, creating awareness and trust towards the firm’s brand. As this is mentioned as major factors for success for business through social media in general, and for international business through social media in particular, the relation between value co-creation, WOM and internationalization are valid. The difference between product and service firms in relation to value co-creation is not distinguished since the respondents does not actively use this concept. But as it is a concept that strengthens the relationships, trust and awareness, value co-creation could be seen as important for both service and product firms. Product firms are increasingly using value co-creation more and it is important for them since they can use their products to engage consumers. It is usually easier for product firms to use value co-creation since they offer a physical thing, something you can actually touch, compared to service firms were they have to create more of a feeling towards the consumers instead.

5.3 Network

According to Johansson and Vahlne (1990) internationalization takes place when a firm starts to develop relationships with another firm that belongs to a network in another country. Networks provide firms with access to valuable resources that would otherwise be unavailable to them (Nowiński & Rialp, 2015). All four firms stress the importance of networks and the possibilities they create. For Example, Axelsson stresses the fact that networks are an important factor for the internationalization process, since you need relations with people who know the market the firm wants to be present in. Ålander at Designonline.se agrees that this is vital, especially the personal contact. In his experience it is easier to enter a new market if they work with an existing partner, since the trust between them is higher than if they were to find a new partner. When a firm internationalizes it creates and maintains relationships with equals in other countries, this is done by international extension, penetration and then international integration (Chetty & Holm, 2000). Furthermore, Ojala (2009) explains
that firms have a common interest to develop and maintain relationships in a way that provides them mutual benefits. Barkevall speaks about how they find the networks useful to exchange experience, especially with those in the same line of business, since they can help each other with things like VAT or payroll taxes.

The fact that networks are essential for international business, especially today, are enhanced by United Screens business idea. They are in fact working as a networking firm, they connect people from all over the world into their network. This could, according to the respondent, not be possible if internet and communication through internet did not exist. The distance is no longer an issue thanks to networking sites like Google hangouts, Facebook or Skype and so on. Untied Screens for example uses a networking platform on Facebook, these type of interactive online meetups will increase even further in a matter of years due to its cost efficient, easy and environment friendly way. And as Chetty and Holm (2000) state, activities within a network allow the firms to form relationships, which will give access to resources and markets. Firms are becoming more aware of their environment impact today, mostly due to pressures from its consumers, by stating that all meetings occur through the internet gives them an advantage towards competitors that are not working towards being more environment friendly. The technology is no longer an obstacle instead it is more of an issue with the internet speed. A bad connection could interrupt and even end a possible business deal, which means that good internet speed has become a question of the conditions. The developing countries with a bad infrastructure will have a harder time to create new business opportunities and find new partners.
6 Conclusions

In the conclusion chapter the answer to our research question will be presented, this will originate from the analysis that was conducted in the previous chapter. Additionally, the reader will be provided with the theoretical and practical effects that this thesis has resulted in. In the final part of this chapter the limitations and suggestions for future research will be offered.

6.1 Answering the research question

The global presence for firms today is just a Facebook post away. In a world where a lot of communication is made through digital solutions, the impact about these digital communication functions has to be examined. Literature and previous research have indicated the importance of understanding the concept of social media and how it affects businesses. The purpose of this thesis has therefore been to answer the following research question: How does social media affect Swedish SME’s in the internationalization process? To answer the main research question more detailed, following sub-questions will be answered first: (A) How does social media affect Swedish SME’s in the internationalization process, for service firms? (B) How does social media affect Swedish SME’s in the internationalization process, for product firms?

Both service and product firms have been affected in a positive way from social media. It decreases the amount of time a firm has to spend on researching and developing an internationalization plan. It is easier for a firm to gain understanding for a possible market and specific knowledge about the market in terms of culture, language, consumers and so on. It also decreases the costs and risks when conducting international business. This is especially important factors for SME’s since they often have a restricted budget. But the positive affect has led to new ways of working with international business. The possibilities that has been created with the digitalization of the world has been of great impact on Swedish firms that conduct international business. The empirical findings have implicated that the positive effects from social media towards international business appears in several different ways. The most
discussed topics when conducting the interviews has been that social media has contributed with an easier access to new markets, new marketing channels (and also challenges), easier to create awareness about brands and most of all networking and social interaction possibilities. All of these topics have been discussed with a borderless approach from the respondents and the findings enhance that the distance to consumers and new markets have diminished. However, it has been implications that there are differences between product firms and service firms. The sub research questions will answer these questions to provide the full understanding of the affect from social media in an internationalization perspective.

(A) Our first sub-question concerns how social media have affected service firms when they conduct international business. The findings that has been made throughout this thesis is that service firms have a different approach towards the way of interacting on social media. Service firms have a greater connection towards brand recognition on social media then product firms. They also tend to be more concerned about their brand and their consumer’s relationship towards the brand. They do not invest in marketing activities to the same extent as product firms, they rather invest in activities that are strengthening their brand in terms of social interactions and the word of mouth. The findings implicated that service firms do not actively work with value co-creating or actively have chosen not to work with value-co-creation. According to the researchers this is connected to the way service firms conduct business and especially if they are a business to business or business to consumer orientated firm. A business to business firm tend to actively chose to not work with value co-creating and business to consumer service firms tend to use it to some extent. The conclusion from the researchers is that the effect social media has on service firms are positive, especially in the way of strengthening their brand and communicating with consumers and other actors across borders.

(B) The second sub-question concerns the way social media has affected product firms in an international business aspect. The findings implicate that social media have a greater impact on product firms compared with service firms. The positive
effect that social media has on service firms are the same as for product firms. But for product firms it has even more affects since the products tend to be in focus and not the brands itself. The empirical findings implicate that social media are used for marketing of products, thus it also depends on which platform, some are more used for marketing of products and other are more used for creating brand recognition. Moreover, the findings in this research enhance that social media positively decreases the distance to the buyer of the products and therefore have created a larger market but consequently a greater competition and therefore more challenges to be solved.

6.2 Theoretical Implications
Research regarding social media in the context of international business from a Swedish perspective has been deficient and has shown to have a research gap. The aim of this thesis was to contribute in filling the research gap and a research regarding the issue about how social media has affected Swedish firms has been conducted. The outcome of this thesis has demonstrated that an understanding of social media features and its outcome can have a helping influence on Swedish firms that are conducting international business. Moreover, it could help Swedish firms to seize opportunities in the market, decrease the time and economic factors in an internationalization process and create business in new markets. Furthermore, understanding and having knowledge about the consumer is an outcome from networking and relationship building with the consumer through social media. Finally, these findings correspond with previous research regarding the effects of understanding social media in a business perspective. The research has contributed to theory regarding social media in an international business context, by identifying factors of social media that can have a positive impact on Swedish firms that conduct international business. These factors are social media features; communication, marketing, analytics and the outcome from a positive communication and marketing, the electronic word of mouth and consumer behavior. Both service firms and product firms enhance the importance of knowledge about how to use social media and how to gain the best outcome from social media. But the empirical findings especially
stresses that it is even more important when conducting international business through social media. The findings implicate that there is a great difference between the usage of social media in the home country compared to doing business through social media in other countries in terms of understanding the culture, consumer and market.

6.3 Practical implications and recommendations

The empirical findings suggest that an understanding of how to use social media and how to gain the best outcome from social media when conducting international business is essential, but not a must. The researcher enhances that it is becoming more important to understand the underlying concepts of social media and the consumer’s behavior as the trend to use social media increases more and more. As the Web 3.0 with a more personal directed marketing and communication towards the consumer is implemented it is essential to gain understanding of the concepts and features of social media. It is, for successful international business, essential that firms are on the edge and adapt these opportunities. By gaining an understanding of social media, it is suggested that a Swedish firm can conduct international business more easily. The researchers recommend Swedish firms that are currently using or are interested in using social media in an international perspective to gain a thorough social media knowledge, and furthermore an understanding of all the features provided by social media. As personal relations and the word of mouth have been proven to be of great importance in international business through social media, the researchers further recommend Swedish firms to gain knowledge about psychology and how consumers use social media. There are many features that can help firms with content segmentation, for example there are features that post different content to different geographic areas. Moreover, features for analytics could help firms develop marketing strategies and activities that could be directly implemented to gain success in new or existing markets.
6.4 Limitations

As this thesis has developed some limitations have been identified that is believed to have some influence over the findings’ quality as well as the ability to answer the research questions. For example, the research includes firms with different levels of experience on the international market. If the research had been more focused on firms with the same level of knowledge it would potentially have resulted in more generalizable outcomes.

Another limitation is that one of the case firms is a business to business firm (United Screens) while the other three are business to consumer firms. This could of course impact the answers from United Screens since this type of firm probably has a different approach to some extent. The thesis could of course also have had a more developed credibility if additional firms had been a part of the study.

6.5 Suggestions for future research

As social media is a well-researched topic in general, specialized directions of social media research are suggested to conduct further research on. Therefore, a number of possible research topics has been developed.

a) To research how social media are and could be more implemented in a business to business perspective in an international view. By conducting a research specialized on the direction of business to business could enhance the knowledge about how to use and increase the usage of social media for firms that do business in other countries.

b) To investigate how the implementation of Web 3.0 would impact on firms that are conducting international business. This could help firms to stay on the edge of social media knowledge and have an easier adaptation for the Web 3.0.
c) Finally, to research and investigate how big impact social media has in an economical context would show SME-firms even more how important social media is when conducting international business.
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**Articles**


**Online resources**

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Appendices

Appendix 1, Interview guide

Background information:

1. Brief introduction about yourself?
   a. What is your position?
   b. Describe your international business experiences
   c. For how long have you been working at this firm?

2. Brief introduction to the firm
   a. What do you do?
   b. Where are you present internationally?
   c. How large is the firm?

3. Do you wish to be anonymous?

Internationalization:

4. How did you establish yourself in the international market?
   a. As a born global or in a step by step approach?
   b. Why did you choose this way of internationalization path?

5. How has your internationalization progress been?

6. What do you consider to be vital factors in the internationalization process?
   a. Different factors today compared the time before digitalization (2000)?

7. How do you contact other actors and customers for business in an international perspective?

8. Did you have the right knowledge in preparation for your first step into international business?

9. How do you achieve knowledge and information about
   a. Internationalization in general
   b. Markets and countries
   c. Cultures
   d. Business environment
Network:
10. What is a network for you?
11. How do you work with networks in an international perspective?
   a. Difference between networking between firms vs. customers?
12. Do you consider that networks are a critical factor in the internationalization process?

Social media:
13. How would you describe the term social media?
14. Which social media platforms do you use?
   a. How do you experience these platforms?
15. In what purposes do you use social media in an international business perspective?
   a. Do you use the different platforms for different purposes?
16. What kind of relations do you have through social media?
   a. B2B and/or B2C?
17. Do you consider social media to be a key factor for successful internationalization, if so, why?
18. How do you value relationships and personal connections through social media?
19. What is the value of customer’s confidence and engagement in your brand/products on social media?
20. Do you work with co-creating value through social media?
21. Have you had any viral successes on your social media, if so, how?

Digitalization:
22. Has the digital development changed your conditions and work towards international business?
23. How important has internet and the way internet provides possibilities for communication been for your international business?
24. Has the digitalization change your distance to the customers?
Concluding questions:

25. Is there something you would have known about social media before you started to use it in an international business perspective?

26. Do you consider social media to be an influential factor for international business, now and for the future?

27. Something you want to add to this interview?