

# An Integrative Approach to the role of the Internet and Electronic Commerce within SME Internationalisation Case Globe Hope

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Taru Saario  
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# **An Integrative approach to the role of the Internet and Electronic Commerce within SME Internationalisation.**

Case Globe Hope

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Taru Saario  
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### **Objective of the Study**

The objective of the study was to examine how the Internet and electronic commerce in particular are being used in SME internationalisation. The research focused on the internationalisation process of a Finnish SME company operating on fashion retail industry. The study explored the internationalisation process of the case company to answer three research questions: 1) In what ways can a Finnish SME retail company use the Internet to enter a new foreign market area? 2) What is the role of e-commerce in case company's internationalisation process? 3) How can the web store's potential as a tool for internationalisation be maximized?

### **Theoretical Framework and Methodology**

The theoretical framework of the research was based on a synthesis of SME internationalisation research as well as on e-commerce management theories. Through a method of a longitudinal, realism-based single case study, the internationalisation process of the case company was carefully investigated and analysed. The data consisted of semi-structured theme interviews with staff members and marketing materials, including company web site and web store.

### **Findings and Conclusions**

The research revealed that SME internet-based internationalisation process can include features of both incremental and revolutionary development. The Internet can be used to overcome the traditional SME internationalisation barriers and to provide low-investment entry mode and speed up the foreign market entry. Electronic commerce can be used as a facilitator for the SME internationalisation process, and it offers a low-cost, international marketplace. However, domestically successful web store requires modifications in order to facilitate international growth.

The modifications in case company's web store were analysed using the Buying Funnel Model adjusted to e-retailing environment by Jansen & Schuster (2011). The web store was modified for international use by providing new language options, increasing the user-friendliness and streamlining the purchase process and offering appropriate payment options regarding the target market. Customer's mental journey during the shopping experience was relatively well supported in the case company's internationally modified web store. However, the overall sales and customer loyalty could be increased by meeting the current consumer trend of need to engage and interact with brands and by allowing the consumer genuinely part-take in the process of creating brand value.

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**Keywords** SME, internationalisation, electronic commerce, the Internet

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**Kieli** Englanti

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### **Tutkimuksen tavoitteet**

Tutkimuksen tavoitteena oli selvittää, miten suomalainen pk-yritys voi käyttää internetiä ja nettikauppaa kansainvälistymisen välineenä. Tutkimus pyrki vastaamaan kolmeen tutkimuskysymykseen: 1) Millä eri tavoin suomalainen pk-yritys voi käyttää internetiä saavuttaakseen uuden markkina-alueen? 2) Mikä on nettikaupan rooli tapausyrityksen kansainvälistymisprosessissa? sekä Miten tapausyritys voi maksimoida nettikaupan potentiaalın kansainvälistymisen välineenä?

### **Teoreettinen viitekehys ja metodologia**

Tutkimuksen teoreettisena viitekehysenä käytettiin pk- yritysten kansainvälistymistutkimusta sekä nettikauppaa tarkastelevaa akateemista diskurssia. Tutkimusmetodina oli tapaustutkimus, joka tarkastelee kohdeyrityksen kansainvälistymisprosessia kahdeksan kuukauden ajan. Tutkimusdatana käytettiin henkilöstön semi-strukturoituja teemahaastatteluja, yrityksen julkaistuja markkinointimateriaaleja sekä yrityksen nettikauppaa.

### **Tutkimuksen tulokset ja johtopäätökset**

Tutkimus osoittaa, että nettikauppa-vetoinen pk-yrityksen kansainvälistymisprosessi omaa sekä evolutionaarisia että revolutionaarisia kehityspiirteitä. Näin ollen ko. prosessia ei voi tarkastella vain yhden teorian näkökulmasta, vaan yksityiskohtaisemman kokonaiskuvan tuottamiseksi tätä monimutkaista ja kompleksia prosessia tarkastellaan monen eri teorian avulla. Internetin ja erityisesti nettikaupan avulla pk-yritys voi ylittää moninaisia perinteisen kansainvälistymisen esteitä. Kotimaassa menestyksekkäs nettikauppa vaatii kuitenkin modifikaatioita toimiakseen tehokkaana kansainvälistymisen välineenä.

Kohdeyrityksen kansainvälistymisprosessin aikana yrityksen nettikauppa kehitettiin vastaamaan paremmin uuden markkina-alueen tarpeisiin. Tämä uusi, kansainvälinen nettikauppa analysoitiin käyttämällä digitaaliseen kaupankäyntiin sovitettua Buying Funnel -mallia (Jansen & Schuster 2011). Tarkastelu osoitti, että tapausyrityksen nettikauppa tukee asiakkaan digitaalista kaupankäyntikokemusta tärkeissä kontaktipisteissä. Nykyinen kuluttajatrendi asiakkaan äänen kuulumisesta ja täten asiakkaan sitouttamisesta ja tuomisesta mukaan brändin arvontuotantoprosessiin jää kuitenkin vaillinaiseksi ja todellinen dialogi asiakkaan kanssa pinnalliseksi.

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**Avainsanat** pk-yritys, kansainvälistyminen, internet, nettikauppa

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# 1 INTRODUCTION

Globalisation is one of the key factors in today's business world. According to the World Trade Organisation (2012), the world foreign trade volume has grown from 280 billion US\$ in 1970 to 14 000 billion US\$ in 2010. However, global markets and internationalisation has been traditionally seen as a privilege of large enterprises until the arrival of rapidly developing technology-based communications tools and business applications have opened up the global market place for entrepreneurs of any size. This change of foreign trade environment has also been affected by the increasing trend towards foreign exchange deregulation. All these fore-mentioned factors combined with the advent of foreign investment and opening financial markets have significantly affected the structure of global commerce creating incentives and opportunities for companies at various fields, of various sizes, to access the global markets with the aid of new technological tools in order to build lasting competitive advantages (Foscht et al 2006).

Even though globalization has created new opportunities, at the same time it has also brought new competitors. SME-companies in the industrialized world, especially in countries with high labour costs such as Finland, are suddenly faced with sharing the same market place with companies operating and producing in low-cost areas and even companies of a completely different caliber such as the global giants. Through their leverage of volume and massive resources, the multi-agglomerates have the means to push the production costs whilst increasing productivity (Quamrul & Pacher 2003). The globalisation has turned out to be a double-edged sword; on the one hand it opens up endless opportunities, but on the other hand it also brings new rivals to the home market.

Finnish retail industry and many companies operating within it are currently struggling with these very questions. The new technology has made it possible via electronic

commerce to enter new markets with low investments, and Finland with its high purchase power is an appealing market area. The increased push by foreign companies into a market place that has not increased in size has made times hard for domestic companies, especially for those who still produce their goods domestically. One solution for these companies, both in order to survive and also to search for new growth, is to apply the same strategy and to seek growth outside the Finnish borders.

The research literature in this work has two focal points: on one hand the literature review looks into the long traditions in the internationalization research, including the stage-wise development that the Uppsala Model represents, and the complicated, multi-faceted issues that arise as a company has to completely transform from a domestic company into an international one. On the other hand, the literature looks into the new technologies, the Internet in general and, in particular, the digital marketplace as a tool for internationalisation. The existence of these technologies has completely changed the concept of internationalization process that was traditionally considered to be emerging stage-wise and to be both time and resource consuming. Today, we have born-global companies that start their business on a global market. With the help of Internet and electronic commerce especially, global market place has opened up for everyone, with practically very low start-up costs.

Nothing is one-sided or black and white, though. According to Foscht et al (2006), companies develop dynamically in a revolutionary process. However, this development can be identified of following certain phases; namely the passive exporter, the active exporter, the foreign producer, and finally a truly transnational company (Bartlett and Ghosal 1991). Even an Internet-based internationalisation process does to some extent show a stage-wise development. Therefore a dynamic, revolutionary approach is needed to examine the multiple changes happening within the firm. Eventually the sum of all these changes lead to a transformation of a domestic player into a global one.

Both of these theoretical views of incremental and revolutionary internationalization play a vital role in understanding the dynamic forces and the professionalization in a



small e-commerce firm. Foscht et al (2006) has developed a framework that combines these two aspects and supplemented with a value-added perspective. According to Foscht et al (2006), “the international development is a compromise from a number of different patterns of individual and collective decisions which may be both evolutionary and revolutionary. During this dynamic process, the variety of these decisions will be channeled through different dimensions such as the company’s external context or environment, international strategy decisions and developments in the case of value chain activities, particularly market-oriented processes and structures, supply-oriented processes and structures and the management processes and culture.”

This research will be looking at the changes or the dynamic forces of these aspects within a SME, Finnish fashion retailing company. As mentioned earlier, the international development of an e-commerce company cannot be understood merely by applying a single theoretical approach but an integrative framework is needed to gain a deeper understanding. An attempted systematic approach to provide a deeper and more thorough understanding the internationalisation process of a SME retail company requires an aspect of the internationalisation process and also an aspect of the tools used in this process to overcome the barriers and to gain a sustainable competitive advantage on foreign markets.

The advent and wide use of web stores and electronic marketplaces over the last decade have appealed researcher’s interest in the relationship between SME’s internationalisation and e-commerce. Some researchers have even gone as far as to suggest that e-commerce is “the only cost effective way in which many such firms can engage in trade across borders” (Ernst & Young 2006). Many studies show (e.g. Hamilton 1997; Lituchy & Rail 2000; Chrysostome & Rosson 2009), that in relation to internationalisation process, electronic commerce may prove to be the most beneficial business tool invented so far . Web stores are particularly appealing internationalisation tools for SMEs as they remove or lower the traditional globalisation barriers companies previously faced as trying to enter a new market, including communication and information costs, market entry risks, and heavy investments needed to entry with a

traditional commerce. By cutting intermediaries out of the supply chain, companies can also directly reduce the cost of their products. However, in order for the web store to function as an efficient tool for internationalisation, it needs to drive real traffic and offer the consumer a shopping experience that both satisfies and entertains hence turning the visitor into a loyal, long-term customer. In this research, the Buying Funnel Model by Lewis (1989), modified into e-retailing environment by Jansen & Schuster (2011), is being used to evaluate the potential of the web store as a tool for internationalisation.

This thesis focuses on these current and crucial business problems and studies the development and transformation of Finnish, medium-sized retail company from a mainly domestic company into an international company, using the Internet and web store as a tool and facilitator of the whole process. The company has managed to create a solid customer base in Finland. In order to gain further growth it has to look for new market areas and for a few years been looking into entering global markets in order to both guarantee its existence and to gain wider customer base. However, as the company is only medium-sized it does not possess the same amount of resources as giants do to invest in their globalization efforts.

The vital assumption that underlines this whole process and therefore also this research is to analyse, how the Internet and e-commerce can be used as a tool in an internationalisation process without major capital investments, with minimal costs and limited resources, and secondly how this is possible; what are the key elements to successfully expand to a new, foreign market area.

In this thesis, I will aim to build an integrative approach to the method of operation of the Internet and e-commerce in SME internationalisation. This exploration starts with a synthesis of the current literature on the theoretical aspects of SME internationalisation and the Internet's role in this process with the focus on e-commerce. I will present a single illustrative case of how a Finnish SME retail company internationalises using the Internet and especially web store as a tool to its advantage. Following the model by

Jansen & Schuster (2011), I will analyse and observe the transformation process of the web store from serving mostly domestic clients into a truly international platform for digital commerce. I will conclude by reflecting on the managerial implications of the Internet and e-commerce for SME international strategy and proposing an agenda for further research.

## **1.2 Research questions and limitations**

The objective of this study is to gain deeper understanding of the internationalisation process of e-commerce based SMEs. In particular, the aim was to explore and seek to explain how the Internet and e-commerce in particular can be used as an internalization tool.

To meet this aim, the following research questions have been formulated:

1. In what ways can a Finnish SME retail company use the Internet to enter a new foreign market area?
2. What is the role of e-commerce in particular in the case company's internationalisation process?
3. How can the web store's potential as a tool for internationalisation be maximized?

To meet the research objective and answer the above-mentioned questions, the internationalisation process of a Finnish SME retail company is closely followed and observed. This research is a realism-based, single case study illustrating the development of a Finnish SME retail company from a domestic company into an international one with the help of the Internet and the electronic commerce in particular. The analysis of data first focuses on investigating the internationalisation process on a categorical level, and then moves on to detailing the ways the Internet was used to overcome the barriers of internationalisation and how it affected the crucial strategical decisions regarding entry mode, market selection and foreign investments. In order to

highlight the significance of the e-retailing platform in SME internationalisation process, it has been taken into more detailed investigation. The case company's web store is being analysed using the Buying Funnel Model by Jansen & Schuster (2011) as a framework in order to maximize its benefits as a tool for SME internationalisation. Based on the findings from case data and relating them to relevant academic literature, managerial implications are given and conclusions are drawn.

This research project looks into the role of the Internet and e-commerce in the SME internationalisation. Although mobile commerce is becoming an increasingly important in digital e-retailing environment, it is mostly limited out of this research in order to narrow the scope of the investigated phenomenon. For the same reasoning, the digital marketing has also been limited out of this research project.

### **1.3 Positioning the study within International Marketing**

This thesis is a realism-based case study that aims to research the well-defined theoretical area of internationalisation and born-global or gradual born-global companies but in a new context of Finnish SME company internationalising using the new technological advances as a tool and facilitator for the process. A review of the literature found revealed, that most previous research done on this area focuses either on the level of adoption of ICT technologies or e-commerce technologies or just on the SME internationalisation process. The literature that combines the SME use of e-commerce and internationalisation tends to be inadequate. Therefore this study is amongst the first few empirical contributions to examine the themes of the internet, e-commerce and internationalisation in the Finnish retail SME context and to highlight and to distinguish the ways in which the Internet is used by entrepreneurial small and medium sized firms in their pursuit to find new growth from foreign markets.

## **1.4 Structure of the thesis**

This thesis is organized into seven chapters. The introductory chapter aims to describe the background of the research, the research question and links it all to current academic international business management. The second chapter discusses and presents the key theoretical aspects of internationalisation with the focus on SME companies. The third chapter introduces the different ways academic literature has shown how the Internet has been used in internationalisation processes of companies, and especially how electronic commerce can be used to facilitate the internationalisation process of a SME company. The fourth chapter validates the choice of methods and data used in this study and discusses the limitations regarding the data and method choice. The fifth chapter investigates the data and aims to show, how the case company's internationalisation process positions in regard to relevant theories and presents findings of how the case company used the Internet and e-commerce in particular in accessing new foreign market area. The fifth chapter also discusses these findings in relation to the theories presented in the literary review and shows, how the Internet and company web store could have been used in the light of recent studies. The last chapter summarizes the findings, explores on the managerial implications that can be concluded on them, and presents ideas for future research.

## 2 SYNTHESIS OF THE LITERATURE

In this section, I will present a synthesis of the literature on the theoretical aspects of SME internationalisation, the Internet's role in this internationalisation process with the focus on e-commerce.

### 2.1 Theoretical aspects of SME retail company internationalisation

Internationalisation is the hot topic in the present business world. Rapid technological changes in business and communications combined with the political environment leaning towards foreign trade deregulation have together significantly speeded up the globalisation, and in effect companies of various sizes have gained access to global markets. The internationalisation process of a company is a complex phenomenon that encompasses a wide range of issues for a firm including capital investments as well as changes in all areas of operations including the manufacturing, logistics, marketing all the way to new product innovation and R & D.

The global economic development relies on the internationalisation of companies, and the statistics show that the tendency within a decade is the increase in foreign activities. According to the World Trade Organisation (2013), world foreign trade volume grew from 280 billion US\$ in 1970 to 14 000 billion US\$ in 2010.

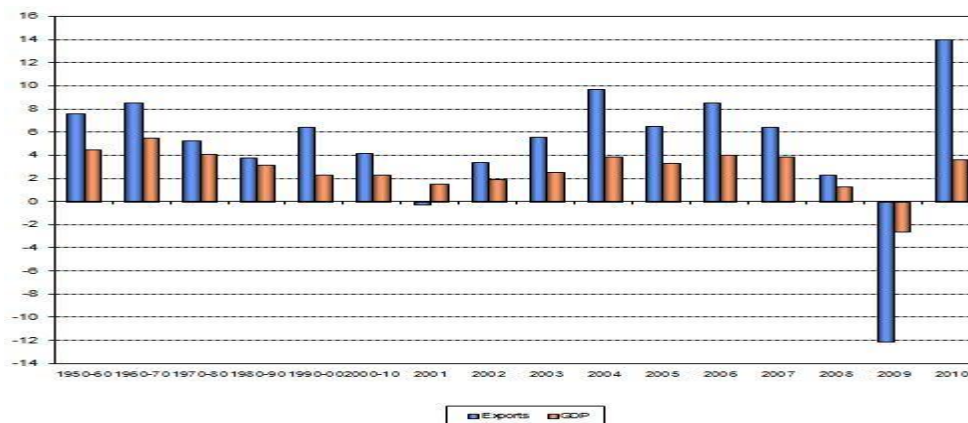


Figure 1. Volume of world merchandise exports and gross domestic product, 1950-2010 (WTO 2012)

Internationalisation comprises a wide range of issues for a company. It includes changes in company operations throughout the value chain starting from the manufacturing, warehousing and logistics, requires changes in the business strategy and financing, and all the way to the customer interface through marketing, the Point-of-Sales and customer service (OECD 2000). The spread of globalisation has significantly affected global trade and investment. Rapid technological changes in communications and transport, and an increasing trend toward deregulation of foreign exchange, foreign investment and financial markets have significantly affected the structure of industry and business competitiveness. Globalisation has created opportunities for companies at various fields, of various sizes, to access the markets and build lasting competitive advantages.

However, globalization has also brought new competitors for SMEs in the industrialized world, especially in countries with high labour costs such as Finland. Suddenly Finnish SMEs are faced with pressures to reduce production costs whilst increasing productivity. Therefore internationalisation is not merely a way to grow but for some it is a means to survive; in order to validate their existence in the highly competitive commercial domestic markets, SMES need to have the courage to search new clients abroad (Quamrul & Pacher 2003).

Internationalisation research covers a period of 35 years, but its focus has mainly been on manufacturing companies. The modern retailing started to internationalise in the early 1990s, and its development has been highly dynamic (Foscht et al 2006). Within few decades, the world's largest retailers such as Carrefour and the Metro Group have entered the global markets in 30 different countries and achieve now turn-over rates of almost 50 % (Schwoboda et al 2005). The retailing academic literature centers around the internationalisation of large retailers or within a certain trade and gives little notice to SME retailers.

Several internationalisation theories offer links for retail firms. A number of economic theories, including theories of product life cycles, capital investments, value-creation for

stakeholders as well as management theories, ERP models, and contingency theories are relevant to the internationalization of retail firms. Even the Service-Dominant-Logic theory (Vargo, Maglio & Akaka 2008) according to which the value of a product or service is co-created by the manufacturer and end-user, is relevant in the current electronic business models as the users and consumers are brought in more and more closely to the marketing and brand creation process. In Europe especially one theory has dominated the internationalisation discussion, namely the Uppsala Model (Johanson & Vahlne 1977). The Uppsala model is a dynamic model that perceives internationalisation as a process. Uppsala Model has similarities with other internationalization models, for example with decision and learning models (Luostarinen 1989) or innovation-related export models (Cavusgil et al 1979) However, the Uppsala Model creates both behaviorist and incremental internationalisation (Foscht et al 2006) via its four constructs of organisational learning and adoption, namely; market knowledge, commitment decision, current activities and market commitment (Johanson & Vahlne 1977, 1990) (see figure 2).



**Figure 2. The Uppsala Model. Modified from Johanson and Vahlne, 1977**

The model also aims to predict two different aspects of internationalisation; the first aspect is a stage-wise pattern of industrial development within the national market place with so-called establishment chain. In the establishment chain the internationalisation



within a certain market is gradually realized through the following activities: no regular export activities, export by an independent representative, sales subsidiary, and production facilities. The Uppsala Model's second aspect to the internationalisation process is that companies tend to start foreign activities in both physically and culturally close-proximity nations and gradually increase both the physical and cultural distance (Johanson & Vahlne 1977). Foscht et al (2006) research shows, that SMEs with no export experience in particular often pursue the establishment chain.

An internationalisation process that is mainly based on electronic commerce requires also a dynamic, revolutionary approach. In a dynamic, revolutionary approach the company's international development is seen as a sum of changes happening within the company yet often this changes move along certain structures in lines of a passive exporter, and active exporter, a foreign producer, and up to a transnational company (Foscht et al 2006).

Both of these theoretical views of incremental and revolutionary internationalization are vital in understanding the dynamic forces in a SMEs operating on electronic commerce. Foscht et al (2006) have developed a framework that combines these two aspects and supplement them with a value-added perspective. According to Foscht et al (2006), "the international development is a compromise from a number of different patterns of individual and collective decisions which may be both evolutionary and revolutionary. During this dynamic process, the variety of these decisions will be channeled through different dimensions such as the company's external context or environment, international strategy decisions and developments in the case of value chain activities, particularly market-oriented processes and structures, supply-oriented processes and structures and the management processes and culture."

Another interesting approach in relation to a small retail company's internationalisation process is the concept of born-global firms, i.e. companies that have activities in foreign markets immediately or shortly after being established (e.g. Oviatt & McDougall 1994, Madsen&Servais 1997). Even though the phenomenon is rather new,

it has intrigued researchers globally and several studies have been done on the topic (see for example Bell, McNaughton & Young 2001; Moen&Servais 2002;Knight &Cavusgil 2004; Chetty & Campbell-Hunt 2004; Fan & Phan 2007).

Even though Born-Global companies have been the focus of recent academic discussion, neither the name nor the definition for such companies has been universally agreed upon (Keupp and Gassmann, 2009). They have been given different names such as Born Internationals (Ray, 1989), Born Globals (Rennie, 1993), and International New Ventures (Oviatt & McDougall, 1994). Various researchers have tried to define them with such examples as a business organization that “from inception, seeks to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries” (Oviatt and McDougall 1994); “adopt an international or global approach right from their birth or very shortly thereafter” (Madsen and Servais 1997); “a young entrepreneurial company that initiates international business activity very early in its evolution, moving rapidly into foreign markets” (Cavusgil et al. 2008), and “SMEs with accelerated internationalization potential and global market vision” (Gabrielsson et al. 2008). The one thing these firms have in common, regardless of different names and definitions is the early and fast approach to global markets in contrast to the gradual approach of the traditional stage model.

Internationalisation process for any company has inevitably its barriers too, and this is particularly true for SMEs. Many scholars have studied this field, and even though the naming may vary there is a consensus on the four main categories for SME barriers. For example, Hamill (1997) lists these four main barriers to SME internationalisation as: 1) psychological barriers, i.e. concerns regarding costs and risks; 2) organisational barriers, i.e. those arising from limited resources, experiences or knowledge; 3) operational barriers, i.e. language problems, cultural differences and legal issues; 4) product/market barriers, i.e. the suitability and competitiveness of the product on foreign market. OECD (2009) furthermore reports additional common barriers such as lack of international experience, the costs of establishing and maintaining foreign distribution and marketing networks and the difficulties in managing complex business networks. Kock and Laine

(2000) argue that the barriers to SME internationalisation may be caused by owner's decision-making style, the general lack of resources and the SMEs typical feature of risk-averseness. Karagozoglou & Lindell (1998) suggest that the biggest SME barrier is the resource availability compared to large global competitors.

This research will be looking at the changes or the dynamic forces of these aspects within the firm. The international development of a SME electronic retail company cannot be understood merely by applying a single theoretical approach but through an integrative framework. An attempted systematic approach to provide a deeper and more thorough understanding the internationalisation process of a SME retail company requires an aspect of the internationalisation process and also an aspect of the tools used in this process to overcome the barriers and to gain a sustainable competitive advantage on foreign markets. The use of Internet in the internationalisation process and especially the tools of electronic commerce will be discussed in the next paragraph.

## **2.2 The Internet in the Internationalisation**

The popularity of the Internet is vastly growing and during the past twenty years the Internet has transformed industries and become a powerful driver of economic growth. The Information Communication Technologies (ICT) and the Internet provide now firms novel ways to retail, seek new market areas and communicate marketing messages (e.g. Weill & Vitale 2001, OECD 2001, Slater 2000) and therefore the Internet is widely seen as a dominant tool for internationalisation. In this chapter, I will introduce the current academic discussion on the Internet and its role in SME internationalisation process, as well as define the major tool i.e. the web store.

The Internet has become an important business tool on various areas of company's activities, including marketing, sales, and R&D. Within an internationalization process the Internet can be an invaluable asset (Sinkovics & Bell 2006). This is particularly true for small and medium-sized companies for several scholars suggest that the Internet has

evened out the playing field between SMEs and global giants due to its capability to provide a cost-effective presence in global markets and a platform to interact with potential customers, suppliers and partners (see for example Hamill & Gregory 1997, Quelch & Klein 1996; Singh & Kundhu 2002; Bell et al 2003; Fosch et al 2006; Loane 2006). According to Lituchy & Rail (2000), the use of a web site provided in an appropriate language propels SME into the internationalisation process, whether this action is planned or not. Furthermore, the Internet not only helps SMEs to ignite the internationalisation process but it also helps in maintaining a market position across national borders through cost-effective marketing, sales promotions, and even R&D (Chrysostome & Rosson 2009). The Internet carries huge potential for companies interested in internationalising their business as it brings the company to a much greater market place and to reach a wide pool of potential new customers.

As discussed earlier, the emergence of born-global companies has been affected by the general trend of commercial globalisation and the advent of new ICTs (Knight & Cavusgil 2004; Fan & Phan 2007). International marketing scholars argue, that the Internet offers specifically SMEs vital platform for internationalisation activities as they have a global audience instantly with a web site (for example Samiee 1998; Hamill 1999; Loane 2005). Internet access is available to every firm regardless their size or capital resources and offers benefits such as cheaper marketing, greater price standardization, increased contact between buyers and sellers, and reduced importance of economies of scale (Chattel 1998; Quelch & Klein 1996; Kobrin 2001: 688).

However, there are also other factors that affect both the decision to internationalise and eventually the speed of it. These factors include such as the technology and tech-savviness available, especially the founders knowledge of how to use it (Foscht et al 2006); the global orientation of the management (Coviello & McAuley 1999); the availability of capital resources (Knight & Cavusgil 2004); and the ability of the firm to take advantage of external resources (Rialp, Rialp & Knight 2005), and the new opportunities offered by electronic commerce (Foscht et al 2006; Frankiewicz & Grzesiuk 2013). Huber (1990) contends, that the Internet offers firms tools to co-

ordinate and maintain communications across many sites effectively and facilitates new forms of organization (see also Borman, 1994; Poon & Swatman, 1996; Volery, 1995). To conclude, many researchers envision that the Internet will fundamentally transform the international retailing and marketing landscape (e.g. Hamill 1997; Hamill & Gregory 1997; Bell et al 2011).

### ***2.2.1 The Internet as a tool to remove internationalisation barriers***

The chapter 2.1 described the main barriers for SME internationalisation. However, several scholars suggest that the Internet enablement offers the prospect of overcoming a whole range of both physical and managerial barriers to internationalisation (see for example Hamill 1997; Hamill and Gregory, 1997; Quelch and Klein, 1996; Singh and Kundu 2002; Arenius, Sasi and Gabrielsson 2005; Mathews & Healey 2008).

Hamill (1997) argues that the Internet provides the tool to overcome *psychological barriers* by increasing international awareness and both confidence and commitment through access to crucial information and market knowledge. *Operational barriers* may be overcome by use of electronic documentation. Internet-enabled electronic payments have become a commonplace feature and with increased digital transaction security, more and more consumers feel now safe enough to purchase from foreign e-retailers. Offering online shopping or export assistance has also been proven to remove the operational barriers to practice foreign trade. The Internet provides low cost access to export market research resources and therefore can improve the company's knowledge of both international markets and culture and lower the *organisational barrier* for foreign market entry. The access to market information reduces also the need for traditional agents and distributors and can therefore function as a significant tool to lower the costs of internationalisation. Export market research available online makes the entry market decision easier hence lowering the *market-related barriers*. Through websites, emails, online promotion videos, blogs and social media tools it has become increasingly easy to reach customers hence removing the *product and market related*

*barriers*. However, the Internet provides a two-way communication channel, and the consumers can now with ease contact retailers, such as via email, online shopping chat assistance, company website feedback or firm’s Facebook page (see table 1).

**Table 1. Internet application to overcoming the barriers to SME internationalisation. Source: Hamill 1997**

Barriers to SME’s internationalization	Internet applications/advantages
Psychological	Increase in international awareness, confidence and commitment through access to global information sources; participation in global network communities; enquiries and feedback to WWW site from potential global customers.
Operational	Simplified export documentation through electronic data transfers; electronic payments; online export assistance, etc.
Organizational	Access to low cost export market research resources; improved knowledge of international markets and culture; reduced dependence on traditional agents and distributors through direct marketing; establishment of virtual network of partners
Product/market	Country/market selection decision made easier by online export market research; consumer/market orientation through customer, agent, etc. feedback and comment; costs savings through electronic market research, communications cost savings improving the profitability of exporting; adoption of global niche rather than country centered strategies

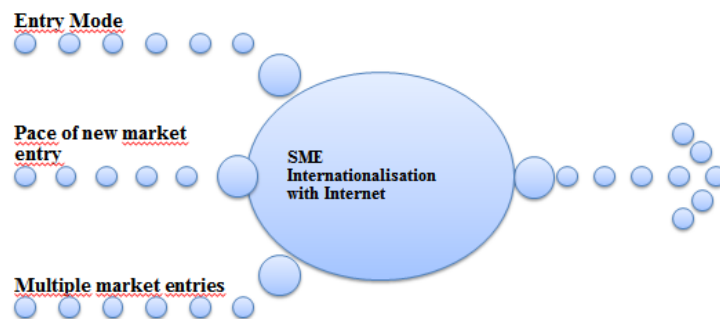
Hamill’s (1997) framework mostly ignores the aspect of digital marketing. However, in any internationalisation process this is a pivotal factor; without appropriate marketing, the company will not have any sufficient sales. According to Rappaport (2007), as the Internet surfers exist all over the globe, the Internet marketing becomes an excellent internationalization business tool- a company can now reach its customers 24/7 around the globe and approach them with localized, personally appealing marketing messages.

The definition of the Internet marketing portrays it as a process of forming and maintaining customer relationships via online activities and facilitating the exchange of ideas, products, and services to satisfy the goals of both buyer and seller (Ellis-Chadwick, Mayer, Johnston 2009). This definition highlights that as a marketing channel the Internet carries remarkable relationship building capabilities. In academic literature the digital marketing has often been considered as a simple, inexpensive solution with potentially great results (Hanson & Kalyanam 2007). In this research the significance of digital marketing is acknowledged, but in order to narrow down the

scope of the research process it will mostly be left out in order to focus on the effects of electronic commerce.

### ***2.2.2 Entry Mode, Multiple Market Entry and Pace of Internationalisation***

Apart from lowering or even reducing both psychological and managerial barriers, the academic literature argues that the Internet has positive effects on internationalisation entry mode, enables multiple market entry and increases the actual pace of entering new markets (see figure 3).



**Figure 3. Model of the Internet's impact on SME internationalisation process. Modified from Chrysostome & Rosson 2009**

A critical factor in any successful internationalization process is the foreign entry mode. Root (1994) suggests that the three basic approaches to an entry mode choice are: (1) make no explicit choice, i.e. cases with unsolicited foreign orders; (2) the choice is made with the existing market entry strategy, and (3) the choice is based on a systematic comparison of the different possible modes. As one can imagine, there are multiple factors that affect the entry mode choice and sometimes this decision making can be very hard. Koch (2001) has identified 16 factors that influence the entry mode choice. However, most of these factors appear to center around a single core factor, namely the perceived or factual risk related to the target market. Therefore one could conclude, that

based on Koch's (2001) model, the entry mode depends on the related target market risk and how it matches the company's risk strategy. This also relates to the importance of the Internet as an information source for SMEs since traditionally the costs related to market assessment were considered too high for small companies hence leaving the global playing fields for larger companies that were able to internationalise using entry modes requiring primary investment. (Chrysostome & Rosson 2009)

The Internet not only provides information to assess the foreign market entry risk, it also offers new ways create customer interfaces. By using the Internet as a Point-of-Sales, a SME can internationalise directly from their website hence exporting without intermediaries (Chrysostome & Rosson 2009). Arenius, Sasi, Gabrielsson (2005) suggest, that for many SMEs the foreign entry barriers requiring direct capital investments abroad can be partially or even fully avoided with the Internet. As a result, the Internet enables SMEs internationalisation by creating a choice of non-equity entry modes with greater flexibility and lower resource requirements which are closely fitted with the characteristics of most SMEs.

According to the traditional internationalisation theories, the pace at which a company enters a foreign market is vital for the success of its internationalization process. In evolutionary internationalisation theories (e.g. Luostarinen & Welch 2006; Dosi & Nelson 1994) the stage-wise and slow internationalisation development is seen as a necessity to ensuring that the company builds a stronger capability to enter the market with sufficient resources and presence. However, the Internet can actually speed up the firm's internationalisation process thus making it more likely to succeed. This is done particularly through quickening the pace of entering a new market (Chrysostome & Rosson 2009) and by speeding up the contact with potential foreign customers, dealers and even foreign investors (e.g. Petersen, Welch and Liesch, 2002). According to OECD (2009), the Internet offers economical and instant access to global audience, which in return lowers the barrier of extending geographic reach. The increased accessibility of contact not only opens up the market place, it also provides a cost-effective marketing channel. With the help of social media, the Internet brings the



company to a vast source of market intelligence and market information; consumers willingly share their opinions, likes and dislikes publicly. Such a marketing information channel can be effectively used in interactive research and product development.

If SME is planning to internationalise through business networks rather than direct trading with consumers, the Internet may be used in finding great local partners that match the company profile and carry the potential to bring added value for the internationalization process. As the web is an endless source of information, it provides the company the access to information flow and increasing knowledge base. (Chrysostome & Rosson 2009).

To conclude, the Internet offers unlimited opportunities to internationalise rapidly worldwide. A SME with a web site is already a global company, operating around the clock whether this has been planned or not. Through website customers have the opportunity of finding company's products, product information, company information and if the website carries the webstore-abilities, even purchasing whenever they want, wherever they are (Rosson 2004) Therefore, the Internet enables companies to instantaneously position themselves on several foreign markets simultaneously (Petersen, Welch and Liesch, 2002, Lituchy and Rail (2000) hence increasing the customer base and making the firm a solid global trader. The instantaneous and cost-effective interplay between SMEs and their foreign customers is vital in modern global retailing environment. Through customer feedback and information a company gets valuable market information (Hamill 1997) that can, if used wisely, adjust the product development, pricing and marketing communications that all make the market penetration more likely. (Chrysostome & Rosson 2009)

### **2.3 The Internet as a Sales Channel**

The advent and wide use of web stores and electronic marketplaces have appealed to researcher's attention to the relationship between SME's internationalisation and e-

commerce. Some scholars have even gone as far as to suggest that e-commerce is “the only cost effective way in which many such firms can engage in trade across borders” (Ernst & Young 2006; Frackiewicz & Grzesiuk 2013). The following chapter introduces the concept of electronic commerce and the relevant concepts of it regarding SME internationalisation

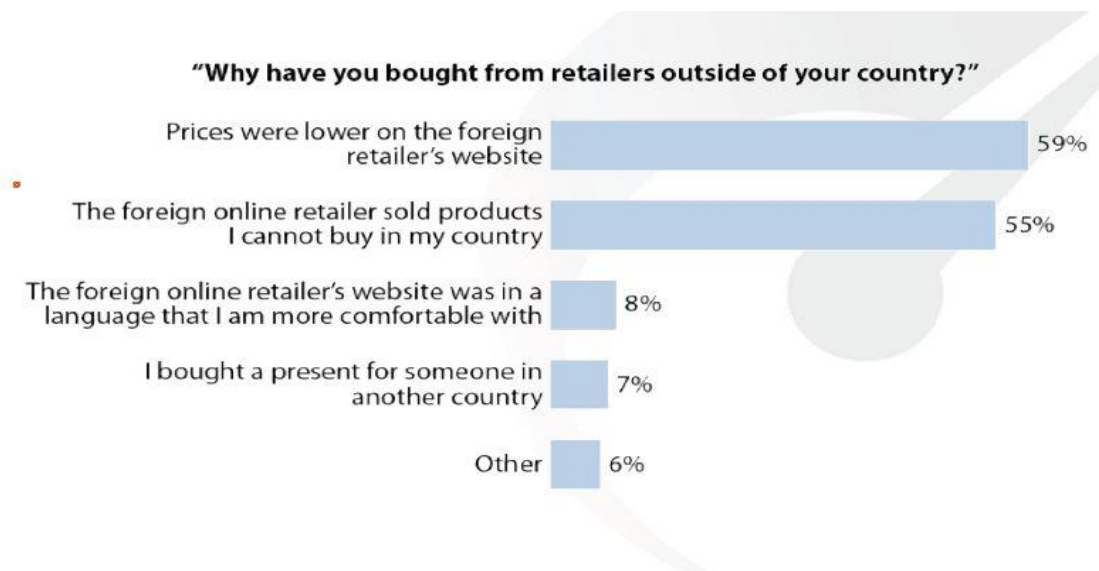
Electronic retail technology had a rickety beginning in the early 1990s when a profusion of the Internet-based retailers (Amazon.com, pets.com etc.) adopted online shopping. However, they used ill-conceived strategies and took unnecessary risks at a time the economy slowed down which popped the dot-com bubble and destroyed half of all e-retailers. All this motivated a rapid transformation in the world of e-commerce from irrational eagerness to economic reality.

Today, however, the economic reality for electronic commerce is well established. The market place for electronic commerce is already vast, and constantly growing. According to Forrester Research (2012), United States continues to be the largest single e-commerce market worldwide with sales volume of \$202 billion in 2011. On comparison, the European e-commerce market was \$127 billion the same year, which is 64% of the market size in USA. However, the estimations suggest that the e-sales within 17 major European markets will grow from 96,706 million Euros (US \$129.6 billion) in 2011 to 171,957 million Euros (US \$230.4 billion) by 2016, with a compound annual growth rate of 12.2% (Internet Retailer 2012). Also the emerging markets (China, India and Brazil) are growing rapidly, however the spending per capita is still considerably low. (Forrester 2011)

According to Forrester Research (2012) e-commerce accounts for 9% of total retail sales in 2011 in United States alone with the corresponding figure is 3 % for Asia-Pacific and 2 % for Latin America. By 2016, online sales is predicted to cover more than 14 % of total retail sales in United Kingdom and more than 10 % in Germany, the two leading European markets in online sales (Forrester 2011). At the moment, 3 in four British consumers already report buying goods online, and this number is predicted to

grow to 4 out of five consumers by 2016 (For Germany the figures are 69 % and 81%, respectively) Globally, digital retailing is predicted to be heading to 15-20 % of total sales although with some variation amongst sectors. Additionally, most of e-retailing is now highly profitable as big players such as Amazon turns 17 % for its 5-year average ROI; on comparison, the corresponding figure for traditional discount and department stores is around 6,5% (Amazon.com, accessed on 17.2.2014).

In Europe, e-shopping has become commonplace consumer behavior in countries such as United Kingdom, Germany and France. The most popular merchandise category in online sales is clothing and soft goods, with sales for over 2,7 € million in Germany in 2011 (Marketline 2013). The main reasons for shopping online include saving time, finding the best deals, better selection and a consumer's desire to stay up to date (Forrester 2012). Online shoppers use not only domestic, but also foreign e-tailing providers. The main reason for buying from a foreign retailer was the lower prices offered, but also wider category selection seems to appeal to online shoppers (Forrester 2011) (see figure 4). Also the line between physical and web stores is blurring, as nearly 43 % of European shoppers already reportedly go online before purchasing in any channel as nearly one in four consumers use the knowledge, product and company information they gain offline to inform their web shopping, such as examining or trying products in stores before buying them online (Internet Retailer 2012).



**Figure 4. European Online Retail Forecast 2010-2015 (Forrester Research 2011)**

According to recent study by Rigby (2011), the rise of e-commerce and changing consumer patterns will affect the whole concept of retail and shopping experiences, as shopping journeys become more complex to understand. Already at the present moment, consumers have constant and instant access to online retailers whilst shopping offline so therefore they are always able to compare prices, product details, and to find the best deal. Rigby (2011) predicts, that this is likely to make retail become more competitive and the role of digital marketing will increase, as ongoing coupon sales, flash sales and social media marketing campaigns aim to appeal to customers.

### ***2.3.1 Use of E-commerce in SME internationalisation***

Even though internationalization may happen for a SME in an unplanned, almost accidental way, especially with the help of web store, a successful internationalization process requires strategic adjustments to the company web store (Chrysostome & Rosson 2009). For example, Craig and Thandarayan (2000) found evidence based on their research on tourist firms that the main reason international sales fail is due to an un-adjusted product and the marketing materials to meet the consumer needs in the target market area. Therefore, in order to maximize the potential of web store as a tool for internationalisation, necessary modifications and adjustments are needed. These invaluable modifications are a necessity in the transformation process of turning a electronic marketplace serving mostly domestic clients into an international shopping platform. However, these adjustments made by SMEs to serve one foreign market can often be transferred to nearby foreign markets too without major costs. Such transfers can also ease the entry into successive foreign markets (Gareiss, 2000).

Launching a new web store encompasses much more than simply setting up a website with a shopping cart. Real traffic is needed to survive in the highly competitive digital retail market and this takes serious marketing and execution (Rigby 2011). Setting up a web store requires careful research, strategic experience, planning and general international industry-related knowledge. And even when the web store is set-up, there is still skilled managing needed to handle the ongoing international operations including

the logistics, handling the money transfers abroad, and dealing with the cultural differences in all point-of-sales and in every single customer interaction. Setting up an online shop is easy, but in order to survive the highly competitive digital retail market, a successful online shop needs to create an experience that satisfies and entertains target users, and that separates from competition.

### ***2.3.2 The Buying Funnel Model***

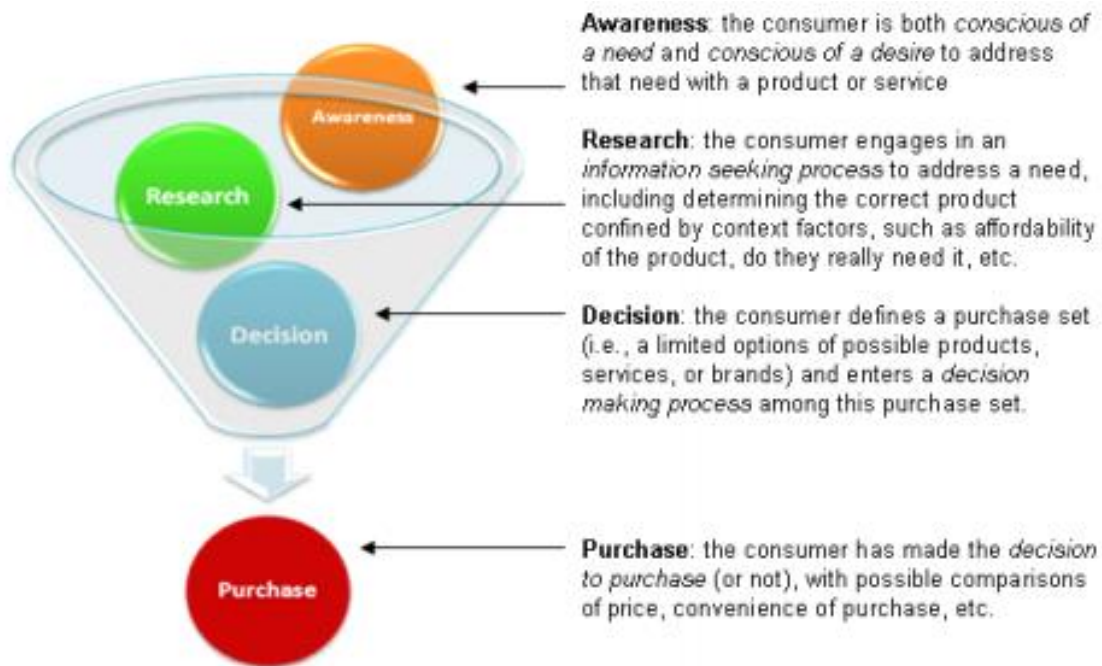
As discussed earlier, the digital marketplace is becoming increasingly competitive and hence it is critical to understand and identify the factors, that make some web stores successful whilst others fail. In marketing literature one such model is the Buying Funnel –model by Lewis (1989), which aims to illustrate customer’s mental journey throughout the shopping experience. The buying funnel, AKA the buying cycle or sales funnel (e.g. Caspari 2004; Webb and Gorman 2006) is also named as the AIDA model [attention – interest – desire – action] in academic literature (Lancaster & Whitney 2006). Whatever name is being used for the model, the academic basis is the same as it is founded on information processing theory (Jansen & Schuster 2011). Information processing theory claims, that the consumer’s decision making process has five stages, namely: 1) problem recognition, 2) information search, 3) alternative evaluation and selection, 4) outlet selection and purchase and 5) post-purchase stage (Sirakaya & Woodside 2005). Academic literature states numerous labels for each stage yet the most common labeling system these days uses the terms *Awareness*, *Research*, *Decision* and *Purchase* (Jansen & Schuster 2011).

However, the retailing environment has gone through fundamental changes since the late 80s when the buying funnel-model was first developed and therefore it is imperative to ask whether the model still applies for modern times? As marketers and sales managers struggle to keep up with advancing technologies, social media explosion and the furthermore diversifying shopping experiences, shouldn’t the traditional Buying Funnel also be modified to better adapt to changing marketing environments? Academic literature states a few changes needed to adjust the buying funnel more fitting to e-

retailing. According to Ducoffe (1996) the effects of e-commerce may be compressing the traditional model by bringing the awareness of commerce closer to the purchase point. Research furthermore suggests, that the web has complicated the traditional buying funnel by bringing in multiple touch points instead of just one (Court et al 2009; Haven 2007).

According to Laycock (2007), the most crucial implication in e-commerce regarding the consumer behavior making model in e-commerce is the abundance of product information available. With the help of the Internet it is now immensely easy to research a product before actually making a purchase. On comparison to the traditional shopping, this changes remarkably the consumer buying behavior and modified Buying Funnel Model is needed to understand the buying behavior in this new retailing environment. Understanding the consumer behavior in e-retailing environment also helps to line out the success factors, i.e. why some web stores succeed whilst others fail. Therefore this research uses is an e-retail modified Buying Funnel Model by Jansen & Schuster (2011). The details of this e-retail modified Buying Funnel Model are explained in the following chapter.

According to Jansen & Schuster (2011), in an e-commerce environment the *Awareness stage* includes also promoting the online presence and brand awareness. *Research stage* consists of improving the product findability building and confidence to the trustfulness of the website. *Decision stage* enables the customer's decision making and also reducing the shopping cart abandonment. *Purchase stage* is crucial and it is a necessity to make the checkout as streamlined as possible.



**Figure 5. The e-retail modified 4-stage buying funnel. Source: Jansen & Schuster 2011**

As the competition gets tougher, many e-tailers look for answers of what are the determinants of a web store that brings in the sales. In the context of e-retailing, numerous studies within management science and marketing have addressed the issue of the factors that would stimulate customer loyalty and repeat purchase whilst lowering customer retention. The academic literature states, that online shoppers use a variety of criteria to judge the quality of a web store. First of all, the web store should have an uncomplicated yet appealing design and it should be easy to use (see for example Kaplan 2000; Collier & Bienstock 2006; Esper, Jensen, Turnipseed and Burton 2003; Heim & Field 2007; Heim & Sinha 2001). Regular updates are necessary to reflect the new trends of product lines and addition of new products as well as the availability of older products (Collier & Bienstock 2006). Technical availability of the site is also important (Heim & Field 2007) as well as the amount of appropriate and correct product information (Heim & Sinha 2001).

According to Eisingerich and Kretschmer (2008), clear categorisation, in-depth product information and information on related issues increase customer engagement and

loyalty. For example, Ralph Lauren aims to appeal to its high-end customers with the online “luxury lifestyle” *RL Magazine* hence inviting regular visits to the site to learn about fashion, art, sports, healthy diet and business (see figure 6). According to Rigby (2011), related, non-direct marketing activities facilitate brand attachment and positive brand associations that go beyond the core product. Furthermore, the corporate performance reflected the success of the e-commerce site: firm’s stock price more than tripled from 2003 to 2007. ([www.ralphlauren.com](http://www.ralphlauren.com), accessed on 15.9.2012)



**Figure 6. Example of online customer engagement. Source: ralphlauren.com, accessed on 15.10.2013**

The logistics component seems to play an important role in the customer satisfaction and also the customer loyalty in an e-retailing environment. Physical delivery and receiving the correct product at the announced time has a direct link to consumer satisfaction (Lee & Whang 2001; Esper et al 2003) whereas the late arrival is connected to risen anxiety levels (Kull, Boyer & Calantone 2007). Research also shows that use of reliable carriers for delivery brings better patronage from customers (Heim & Field 2007). A friendly and professional customer service team to support both service failures and returned products is also becoming an increasingly determinant factor in the competitive e-retailing environment (Esper et al 2003). To conclude, investing in reliable courier and to a dedicated after-sales and support services brings the company loyal and satisfied customers.



Another important stage in the buying process is the action stage, where consumer makes the actual purchase. At this stage, customer's experience of security and confidence promote buying behavior (Papadopoulou et al 2001; Odom, Kumar & Saunders 2002). The level of privacy whilst giving personal information and security when giving financial information can substantially influence consumer's purchase decision and either increase or decrease retention levels (Turner & Callaghan 2006). It is now a common practice amongst e-tailers to offer customers the option to purchase without "signing in" and having to leave the personal information for company register. Providing e-commerce customers a reliable service with respect for varying levels of privacy needs promote purchase behavior and therefore increased sales.

Social sharing, in which a consumer shares a product or brand related photo, text, comment or review, has become a mainstream activity; almost 70 % of all e-shoppers have read product-related comments from friends or acquaintances on Facebook and other social media sites according to a study with more than 1000 online shoppers. Even more significantly, three out of four of these shoppers then advanced to visit the retailer's site. Not only that, social sharing also creates conversions- more than half of shoppers actually ended up buying the product shared on social media. (Sociable Labs 2012)

According to research, shoppers find social sharing as helpful as Google search in their product search, with 48 % of shoppers claiming it to be "very helpful" or even "extremely helpful" (Smith 2013). "Social proofing", in which social sharing content is used to show friend activity directly on a e-commerce site has been shown to significantly increase the confidence in web store. As many as 57 % of shoppers say they are more likely to buy from a web store that shows their friends and acquaintances have used it previously (Smith 2013).

## **2.4 Conclusion of the literary review**

To conclude, the internationalisation of a company entails an array of issues and developments for a firm including capital investments and changes in the strategies regarding the manufacturing, R&D, marketing and finance. Previously these changes and inputs were considered often too demanding for small and medium-sized companies and the access to global markets was considered to be the privilege of large enterprises. However, with the help of current technological advances the barriers of entry may be removed so that the global markets open for small and medium-sized businesses, too. With the help of internet, global market place has opened up for everyone, with practically very low start-up costs.

The internationalisation process is a thoroughly researched area in international marketing literature. However, the focus has mainly been on production companies and relatively little notice have been given to SME retailing firms. The academic discussion has been dominated by the Uppsala Model (Johanson & Vahlne 1977), according to which the internationalising company goes through both behaviorist and incremental development. However, an internationalisation process mainly based on electronic commerce and taking place shortly after the inception of the company similar to that of “Born-Globals” requires also a dynamic, revolutionary approach in which the international development is seen as a dynamic process with a sum of changes happening within the company. Foscht et al (2006) has developed a framework to combine these two aspects, and describes the international development as a compromise of various individual and collective decisions which may be both evolutionary and revolutionary.

The Internet has become an important business tool on various areas of company’s activities, including marketing, R&D, and especially as a sales channel. Within an internationalisation process the Internet may prove to be an invaluable asset, especially for small and medium-sized companies. Research shows, that the use of a web site provided in an appropriate language propels SME into the internationalisation process,

whether this action is planned or not. The Internet has leveled the playing field between SMEs and global companies as it gives the former a cheap presence in all markets and a contact with potential customers, suppliers and partners. Research also shows, that the Internet enablement offers the prospect of overcoming a whole range of both physical and managerial barriers. Apart from lowering or even reducing the barriers of foreign entry, the Internet has also been shown to have positive effects on entry mode enabling multiple simultaneous market entries and by increasing the actual pace of new market entry. Therefore, many researchers envision that the Internet will fundamentally change the international business landscape and open up global markets for all companies, in spite of their size.

The positive effects of the Internet in general on SME internationalisation are inevitable. The most crucial tool in SME internationalisation is electronic commerce. Today, the European marketplace for electronic commerce is already vast with the hefty sales volumes of \$127 bn in 2011 and predictions to account for more than 14 % of total retail sales by 2016 (Forrester 2011; 2012). Online shopping has become commonplace consumer behavior.

However, in order to maximize the benefits of electronic commerce on company's internationalisation efforts, the most potential tool requires strategic adjustments. These invaluable modifications are a necessity in the transformation process of turning a electronic marketplace serving mostly domestic clients into an international shopping platform. At the highly competitive playing field of electronic commerce, company's web store needs to be up to scratch and service the needs of highly demanding online shoppers. Web store's qualities can be analysed by comparing it to the customer's mental journey throughout the online shopping experience, the e-tailing Buying Funnel –model by Jansen & Schuster (2011) that aims to support the customer in the multiple touch points for buying decision. Academic literature concludes, that other factors crucial for successful web store include the design, regular updates and correct information, technical availability, the reliability and accuracy of logistics, and the experienced level of privacy and security of the transaction process. Research

furthermore suggests that by providing rich and engaging content and encouraging social sharing increases customer loyalty and satisfaction.

### 3 METHODOLOGY

This thesis is a realism-based research that aims to study and increase understanding of a rather new, little researched and complex phenomena. Therefore the research was conducted from a qualitative approach. As numerous methodology books and articles point out (look for example Hirsjärvi&Hurme 2005, Hirsjärvi et al 2009, Stakes 2005, Patton 2002, Tellis 1997, Weber 2004) qualitative research is the appropriate research method when the aim of the research is not to test theories but to rather describe the research subject through a detailed study (see table 2). Hirsjärvi et al (2009) further suggests, that a qualitative research aims to describe the real world, in as complete and precise manner as possible.

**Table 2. Three research approaches. Source: Hirsjärvi et al 2009**

<b>Experimental research</b>	<b>Quantitative (survey) research</b>	<b>Case (qualitative) study</b>
Measuring the effect of one variable to another. Typically conducted through the use of samples from certain population and by controlling the included variables to discover results.	Collection of information in a standardized form. Collecting a sample, especially in human groups, in a structured way with the aim to be able to describe, compare and explain phenomenon through analysis.	Detailed study around a single issue. Focus on individual case or group where the phenomenon is aimed to be observed in its "natural form". Description of the research subject is often the aim.

However, qualitative study can rarely be completely objective as the values and world views of both the researcher as well the subjects do have their effect. Therefore a qualitative study does not aim to prove a certain hypothesis but rather to detect facts. A qualitative research typically uses targeted individuals as its source of information and examines this data using inductive and detailed analysis. It is also noticeable, that in qualitative research the research problem and setting may alter and transform during the

research process and hence the results should be treated and interpreted as a unique case. (Hirsjärvi et al 2009)

### **3.1 Case Study as a Research Method**

According to Stake (2005:443), “Case study is not a methodological choice but choice of what is to be studied”, and therefore the research problem determined the research method. The research problem focuses on “how” and “why” questions, and according to Yin (2003), the case study is a suitable method for such research settings. The aim of this research is particularly to ask *how* a small retail company can internationalize with the help of the Internet using only limited resources and *what* are the factors for a successful internationalisation through a web store. Case study research method allows a researcher to holistically and deeply investigate the data in order to explore and understand complex issues. It is also notable, that a case study often includes both quantitative and qualitative elements, and these helps to investigate both the processes as well as the outcome of the phenomenon (Tellis 1997).

This research combines two seemingly separate theoretical frameworks (internationalization of a company and digital commerce) in a real-life context and examines how these two concepts relate to each other and could work together. Therefore an explorative approach is required that could bring out the complexity and the possible interrelations of various concepts within this complex issue. A case study approach was the appropriate research method, for it enables the researcher to closely examine the data in order to explore and understand complex issues. According to Piekkari, Welch & Paavilainen (2009) a case study is a research strategy that examines a phenomenon in its naturalistic context and uses a variety of data sources. Also, according to academic literature (see for example Leonard-Barton 1990, Yin 2009), a case study method should be used, if studying a contemporary social phenomena within its real context.

Qualitative and quantitative studies are often considered to be opposites (see table 1).

However, these two research practices can rather compliment and support each other and whilst a researcher is selecting the appropriate research method, the choice does not have to be black and white but instead can be something where these two entities meet (see for example Hirsjärvi 2009, Metsämuuronen 2008). Both Metsämuuronen (2008) and Hirsjärvi et al. (2009) claim that case study methodology is suitable the research's subject is closely linked to practical applications and actions. This thesis will focus on a particular and unique case, and therefore the research methods lean strongly on the traditions of qualitative research. However, if needed, also quantitative data is not ruled out if in the course of the research the application of quantitative methods seem fitting to fully understand the research phenomenon.

### **3.2 Sampling decisions**

This study is a single case study in order to allow a more in-depth description of the case company's internationalisation adaptation process. Even though a multiple case study would have produced results that would have been more easily comparable and would have allowed to find more general causalities between the internationalization process and use of modern technology to facilitate it, the use of single case study enabled the use of building inductively from data rather than deductively from theory testing. The single case study approach is recommended when the case represents a "revelatory opportunity" to analyse a phenomenon previously unavailable for academic studying (Yin 1991).

The singleness of the studied case can be justified with the uniqueness of the situation and the need for an thorough understanding of the underlying circumstances; including the particular market and economic situation of the case company, that functions on industry that was still growing in spite of the current depression of world economy, the level of adaptation of new technologies in the company operations at the present moment, the attitudes and managerial cognition of the management and staff to both the internationalization process and new technologies, and so on. With this research, the

success of the delicate process was dependent on such a wide variety of factors that it would not have been possible to find another case company in a similar situation within the project timeframe.

### **3.3 Data collection**

This research was conducted as a longitudinal study, in which the researcher closely examined the internationalization process of the case company and the development of the web store alongside this process in various stages over a period of 7 months (September 2012 – March 2013). During this observation period, the researched met company staff for discussions and theme interviews altogether 7 times. Appendix 1 shows the exact details of these meetings, the attending staff members and the general theme for each individual meeting. These meetings took place on either company facilities in Nummela, company's flagship store in the Kiseleff House in Helsinki, or at the location of the outsourced. The interviews lasted between 60 and 150 minutes. The main interviewee was the company CFO, Taru Aalto, but other case informants include the CEO and other members of the case firm as well as external informants, such as the outsourced IT-company.

The chosen interview method was a semi-structured theme interview that is best suited for collecting data that is characterized by shared experiences between the interviewees. With a theme interview researcher can examine interviewee's thoughts, feelings, experiences, and also non-verbal information about this experience. (Hirsjärvi & Hurme 2000) As the interview was semi-structured, this gave room for the interviewee to bring up their own ideas and even to lead the discussion into a direction he considered important. According to Eskola and Vastamäki (2001), in a good theme interview the topics of discussion will be based on academic literature and the questions will apply creatively the theoretic framework. All these techniques were used whilst forming the research question themes. The purpose of interviewing is to find out about things that cannot be directly observed, including feelings, thoughts, intentions, attitudes, precluded situations, and worldview (Patton, 2002). Therefore another part of the data



was collected with interviews. The purpose of qualitative interviewing is to find out what the interviewee is thinking, planning to do or feeling about certain events or phenomena. (Patton 2002, chapter 7).

Apart from the interviews and discussions, research data was also collected from the company website (both new and the old version), internal documents such as the company strategy, budgets, and public documents for example, press releases and newspaper articles. Within the internal documents was information that was undisclosed. In order to follow the guidelines given by the case company, no classified information is released in this thesis.

### **3.4 Data Analysis**

In order to analyze both the primary and secondary data the findings were summarized in a written form. The findings were categorized by themes. Based on the written summary, a figure displaying the main findings under each theme was drawn. Then a within-case analysis was conducted. A within-case analysis typically entails a detailed case study write-ups but it should be noted that no standard format exists for this type of analysis (Eisenhardt, 1989) However, this type of data analysis gives the researcher familiarity with the case and brings out the possible emerging patterns and interrelations. In the end, the findings from data analysis were compared to the theoretical findings of the literature review. The arising themes and topics were related to the theoretical framework in order to gain a realistic picture on how this particular company, at this very market situation accomplished its internationalisation process and how was the Internet and digital commerce used in facilitating this process.

### **3.5 Validity and limitations of the study**

Qualitative interview assumes that the interviewee's perspective is meaningful and knowable. However, by nature of the interview it has to be accepted that the researcher

is part of the research, involved in the conversation of the interview and in interpreting the answers. Therefore the quality of the information gained relies heavily on the interviewer (Yin 2003).

According to Roth & Mehta (2002), a central feature of a case study is that the interpretations that arise as an outcome of the analysis cannot be tested with empirical tests for validity since the causal laws and emerging patterns that could be otherwise generalizable would require the separation of the very interpretation arising from this particular, specific and unique case. An interpretive analysis cannot be systematically assessed and therefore it must be self-validating. The legitimacy of the analysis should be valued by how well it is supported by the case evidence (Roth & Mehta 2002) Therefore criteria such as credibility, transferability, dependability and confirmability has been suggested (Weber 2004). For the validity of a case research is also important to seek alternative interpretations to pursue to avoid the subjectivity of the researcher (Stake 2005)

Whilst in quantitative study lack of reliability derives from researcher bias, inconsistencies in the processes, differences in the context or measurement errors, in qualitative study these reliability measures do not really fit. Regarding case studies, replicability is a poor measure for reliability for the cases are likely to be unique and circumstances not repeatable. Therefore the best measurement for reliability is that the researcher would purposefully try to withhold preconceptions when seeking understanding of the studied phenomena and to remain open to various explanations and if researcher can demonstrate interpretive awareness, i.e. show that he has acknowledged the implications of his own subjectivity.

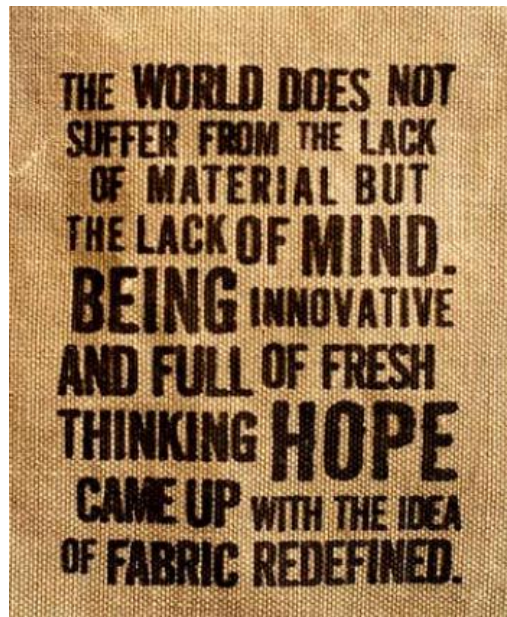
## 4 CASE DATA: GLOBE HOPE

Globe Hope is a SME Finnish design company, which designs, manufactures and retails ecological design products from recycled materials. The company's mission is to "transform obsolete, discarded materials and clothes turning them into high street fashion and accessories hence creating them anew" (Globe Hope web site, retrieved Oct 9,2012).

The company philosophy is described below:

**Globe Hope is an innovative Finnish design company** that makes ecological design out of recycled materials. Globe Hope re-defines used and leftover materials, turning them into unique design clothes and accessories. All Globe Hope production relies on sustainable development, thus a part of Globe Hope's mission is to offer people an ecological and sustainable choice. Globe Hope wants to encourage people to a more sustainable and nature-friendly way of thinking. Globe Hope's collections that consist of clothing and accessories save and reuse nature's resources and respect ethical production. Globe Hope's main goal is to design goods that are aesthetic, functional and idea-rich - the use of recycled materials is a bonus. Globe Hope's ideology can be summarized in three keywords: ecology, ethics and aesthetics.

Founded in 2003, Globe Hope developed around the idea that even consuming could be both ecological and ethical (see figure 7). After its founding, the company went through a costly period of trial and error in their business strategy and in the search for suitable strategic partners. Since then Globe Hope has managed to establish itself in the Finnish business field as an ecological yet fashionable retailer with a solid and loyal customer base of ethical consumers. Globe Hope has also received multiple awards for its pioneer work in the field of ecological fashion and design (Amnesty International's Designer of the Year 05, Suomi-Award by Finland's Ministry of Culture (06), Avainlippu-symbol for outstanding Finnish production 08).



**Figure 7. Globe Hope's business idea refined. Source: globehope.com, accessed 15.11.2013**

Globe Hope can be considered to be a medium-sized company from a national point of view but on an international scale it is a small company and is categorized in this study as a SME. The company was founded by its CEO Seija Lukkala in 2003 as she launched the first collection under the brand name Hope that was aimed at young trendsetters with ecological values and sustainable thinking.

In recent years, Globe Hope has aimed to reach new customer segment both as an ecological corporate gifts manufacturer and in co-operation with other corporations. Globe Hope has manufactured branded goods with B2B clients such as Rovio in manufacturing ethically produced Angry Birds products Finavia, NelonenMedia, Helsingin Energia, and Yliopiston Apteekki (see figure 8). The B2B sales account for roughly 40 % of annual turnover in 2012 (Vihdin Uutiset 25.10.2013). The benefits are two-fold; on the other hand Globe Hope receives steadier influx of capital and sales whereas the consumer sales of trendy clothing and accessories is hugely volatile and seasonal. On the other hand, companies such as Rovio, get to “outsource” into ecological ethical values and hope that Globe Hope’s green brand image rubs off a bit on them as well.



Figure 8. Corporate and branded products. Source: [www.globehope.fi](http://www.globehope.fi), accessed 15.1.2014

In 2012, the company employs 15 people in its headquarters in Nummela, Finland, where its production is centralized with design, marketing, sales, management, and even production units from sewing to warehousing and logistics. In addition, part of the production is subcontracted to Estonia, where transportation costs are reduced with minimal impact to the environment.

## 4.1 Initial situation and the business model

Globe Hope is a Finnish company devoted to design and manufacture recycled material into high-fashion clothing and accessories. In 2011, Globe Hope made annual sales of over 1,4 m €. However, the company's initial years were financially tough, leaving the company with nearly a 300 000 € profit loss. The heavy start-up years still weigh on the company balance sheet, for example at the end the 2011 fiscal year the company shareholders' equity was still 23 000€ in the red. However, in recent years, the company's sales have truly taken off as the revenue more than doubled in less than 3 years, rising up to 1.4 million in 2011. Growth has improved the company's profitability and earnings last year, and it truly shows: the profits in year 2011 were already 109 000€ (Kauppalehti 2012). Company has also received public funding. The most significant external funding regarding the internationalisation process was from Tekes (the Finnish Funding Agency for Technology and Innovation) worth €261 000 to support its international growth in 2012 (Tekes 2013).

In August 2012, Globe Hope had 2 flagship stores in Finland and 65 domestic resellers. Globally company had 15 individual resellers in countries including Belgium, Denmark, France, Germany, Greenland, Japan, Norway, Portugal, and Sweden. In addition to the traditional brick-and-mortar shops, Globe Hope has increased its presence in the digital market field; approximately 5 % of the sales are generated by the web stores with the majority of the traffic from Globe Hope's own web store (T. Aalto, personal communication, Sep 6, 6.9.2012). Globe Hope's products are also offered on nine partner online shopping platforms, mostly operating on domestic markets.

Having existed for over ten years with a healthier financial situation and a solid Finnish customer base, Globe Hope needed to find new ways to grow. In 2012, the company decided to make the bold move and search aggressive growth from global sales. This thesis describes the initial phase of this strategic move to gain new markets from abroad in ecological, ethical, and cost-effective manner.

## **5 FINDINGS AND DISCUSSION**

This chapter presents the findings derived from the study of the Internet's and e-commerce's role in the internationalisation process of a small or medium-sized company. These findings will be further discussed in the light of current and relevant academic literature and theories.

The objective of this research was to investigate how the Internet and web store as a digital sales channel specifically can be used by a Finnish SME retail company in order to gain presence at foreign markets. Following the research questions presented in the introduction, this chapter is divided into five sections. The first section introduces an overall look into the case company's internationalisation process and shows evidence of both incremental and revolutionary changes. Even though this section does not directly respond to one particular research question, it gives a thorough and analytical overview of the case company's internationalisation process and works as a solid starting point for the findings to follow. The second section 5.2 analyses the market environment and validates the chosen primary market area. Section 5.3 identifies the specific ways, in which a SME company can benefit from using the Internet in its internationalisation process. The fourth section 5.4 complements the previous chapter by identifying the benefits of e-commerce for SME internationalisation, analyses the case company's web store qualities according to the digitally adjusted Buying Funnel Model by Jansen & Schuster (2011) and furthermore elaborates whether the case company took advantage of web store's full potential as a tool for internationalisation. Finally, the fifth section 5.5 concludes the findings and discussion presented in this chapter.

### **5.1 Incremental and revolutionary development into internationalisation**

According to Quamrul & Pacher (2003) and Tiessen et al (2001), globalisation and

especially e-commerce provide new growth opportunities especially for SMEs. This statement was supported by the research data, for the case company's internationalisation process started with the preliminary desire to grow. Finland is a relatively small market area, and even though Finnish consumers appreciate domestically produced clothing and accessories and the ethically produced fashion is getting more and more popular, to gain considerable growth Globe Hope needs to seek new market areas outside Finnish borders.

According to several academic theories of internationalization, and particularly the Uppsala Model, internationalization is a dynamic process in which a company gradually intensifies its activities on foreign markets (Johanson & Vahlne 1977). These happen through the dynamic processes of organisational learning and adoption during the internationalisation process, namely: market knowledge, commitment decisions, current activities and market commitment processes (Foscht et al 2006). This is particularly true in the case of Globe Hope. The company was established in 2003 and although branding itself from the start as a domestic company, Globe Hope has existed at the international market place shortly since its establishment (T. Aalto, personal communication, Sep 6 2012). First of all, company created a web site and offered in English as well from the start. Secondly, the presence at international fashion fairs brought the company to attention of several merchants in different countries, and the Globe Hope's products have been on sale in a large variety of countries ranging from countries at close physical distance such as Sweden, Norway and Denmark, in European countries such as Portugal, UK and Germany and even all the way to Japan via a 15 different of resellers (Globe Hope web site, accessed on 15.9.2012). However, the international pursuits were not strategically designed or implemented and basically the company performed no international marketing actions other than offered its website and web store in English.

Uppsala model (Johanson & Vahlne 1977) suggests, that a company internationalises along so-called establishment chain, in which a certain market is gradually realized with assistance from following activities: no regular export activities, export by an independent representative, sales subsidiary, and production facilities. The case



company took its first steps on foreign markets soon after its establishment, and furthermore existed, although rather silently, in foreign markets via its 15 foreign resellers in Belgium, Denmark, France, Germany, Greenland, Japan, Norway, Portugal, and Sweden (situation in 2012). Foscht et al (2006) claim, that SMES with no or little foreign trade experience often pursue the establishment chain. The evidence from case company supports this argument. The second aspect of the suggested incremental development in internationalisation is the gradual development from close-proximity nations to increasingly psychically distant ones (Johanson & Vahlne 1977). Some of Globe Hope's resellers existed in countries at close physical proximity, such as Sweden, Denmark and Norway, whereas others at a notable distance (Greenland, Portugal). Japan as a market area really stands out from the rest as it lies both physically and culturally at a significant distance.

Globe Hope gained these resellers mainly through presence at international fashion fairs, and through these re-sellers the company managed to start testing the foreign markets with very low investment costs and finding out what kind of products, materials and design sell in each country (Lukkala 2013). With the feedback from the resellers and from foreign customers, Globe Hope managed to develop not only its products, but also its internal processes including logistics and transactions accordingly. The company gradually gained more and more knowledge of foreign markets and adopted its processes accordingly, hence evolving and going through an incremental international development process. These changes in the whole organisation made the company better equipped for wider scale international presence and prepared to make bigger commitments in foreign activities. During this period the economic influx of foreign sales may seem quite insignificant yet the case company gradually started its organisational learning and adoption process towards internationalisation..

It has taken the company nearly 10 years from its first steps on foreign markets that it finally felt confident and equipped to make bigger commitment decisions towards internationalisation. Within these 10 years the company has gained market knowledge and created networks abroad, as well as familiarized itself with all the procedures and

processes involving foreign trade, including market-area related consumer buying habits, logistics, warehousing, and legislative boundaries. Even within EU, there is notable differences in for example logistics procedures and fees. Especially dealing with e-commerce, consumers in other countries may not value the same things as Finnish consumers. Globe Hope focused its early years on creating a solid and loyal customer base in Finland and gaining a fairly solid financial status before raising its gaze and starting to seriously look for new markets outside Finnish borders. The silent existence in numerous foreign markets have developed the company confident enough to intensify its foreign actions. Foscht et al (2006) describes this second stage of incremental international development as commitment decisions and resource investments.

As discussed earlier, according to Foscht et al (2006) the internationalisation process of a SME that relies heavily on electronic commerce requires also a dynamic, revolutionary approach in which the company's international development is seen as a sum of changes happening within the company. This contrasts the incremental internationalisation models and is a special feature of young companies' internationalisation process due to their restricted human and financial resources market. Most scholars define these "born-globals" or "international new ventures" as firms that internationalise using the ICT technologies, generate more than 25 % of their turnover from foreign markets, serve multiple markets at once, and internationalise within two years of formation (e.g. Bell, McNaughton & Young 2001; Moen&Servais 2002;Knight &Cavusgil 2004; Chetty & Campbell-Hunt 2004).

Cavusgil's (2008) rather recent study suggests, however, a definition of "a young entrepreneurial company that initiates international business activity very early in its evolution, moving rapidly into foreign markets". Also the empirical studies (e.g. Rasmussen & Madsen 2002; Rennie 1993) on this area has focused on companies which achieved major part of their sales in foreign markets within 6 years of existence. Hence I would argue that Globe Hope also belongs to this group of "rapid globals" for after the initial, admittedly long "silent existence" phase, the company has internationalised extremely rapidly, uses the Internet and e-commerce in particular, in its

internationalisation process and is aiming to gain a significant part of its turnover from foreign sales within the next 5 years.

The revolutionary, dynamic approach to SME internationalisation is especially interesting in the case of Globe Hope. According to Foscht et al (2006), there are certain aspects that are known to promote the emergence of such “born-international” companies. The most significant booster is the emergence of technological advances, that allow more and more agile and variable use of digital marketplace (Poon&Jevon 1997; Rialp 2001; Eternad&Wright 2003; Frackiewicz&Grzesiuk 2013). For example, the ecommerce platforms have advanced immensely within last 10 years, allowing now the consumer to inspect all angles of the product thanks to 360° 3D imaging and engaging the consumer not only in the shopping experience, but to a whole new culture of social shopping hence creating customer loyalty anew (Fowler 2011; Giamanco&Kent 2012). Even though the case company’s current largest customer base is in Finland (Lukkala Sep 21,2012), it may not be a hindrance but instead an opportunity as Facebook, Instagram, Pinterest and other social media users can now give their product recommendations globally and hence increase the global brand awareness.

Another critical feature for successful, revolutionary “born-internationalisation” process is the level of international and technological knowledge within the whole organization and especially the management. This finding is supported by several studies (e.g. Davis & Harveston 2000; Loane, McNaughton & Bell 2004; Arenius, Sasi & Gabrielsson 2005) that show that especially management’s technological and/or international knowledge is linked to both the initiation and the success of the internationalisation process. Shortly before the initial phase of the Globe Hope’s strategic internationalisation process in 2012, Globe Hope recruited a new Chief of Operations Taru Aalto with both international strategy and new business development experience (Globe Hope 2012). With the new COO and her international strategy experience, the company seemed to get a whole new boost into its internalisation process. The new management may have also affected the whole company culture and

made it more open to change and willing to develop its internal processes more fitting to foreign trade. According to Foscht et al (2006), the international experience and technological skills of management can play a crucial part in the SME internationalisation, and therefore the new management may have been a vital revolutionary step in the internationalisation process of Globe Hope.

Another example of revolutionary development is the speed of the internationalisation; after the initial, slow-existence stage, Globe Hope has now within an extremely short time-frame dramatically increased its presence in the target market. Starting with just 15 foreign resellers in 2012, the company has more than doubled that amount to 35 and in addition, Globe Hope's products are present at five foreign web stores (company web site, accessed Jan 12 2014). Moreover, company now offers a completely renewed web store, modified with the option of three languages (Finnish, English and German), and has increased its presence and brand-awareness via both digital and traditional international media.

As stated earlier, Globe Hope's international process carries features typical to incremental development, where the company gradually intensifies its actions abroad. However, the revolutionary, rapid changes demonstrated above are in sharp contrast to the Uppsala Model and closer to the international process of born-global firms, i.e. companies that enter the foreign markets shortly after being established (Chetty & Campbell-Hunt 2004; Moen&Servais 2002). According to Bell et al (2003), "born global" firms differ from their more traditional counterparts by the pace and intensity of their internationalisation. In this respect, Globe Hope's internationalisation process resembles more that of a "born-global" and is in a sharp contrast to the incremental development.

The findings from the case data support the theoretical choices of this thesis. As Foscht et al (2006) presents, the international development of a SME can on the other hand be seen as a compromise of multiple individual and single decisions, which in turn may be both evolutionary and revolutionary (Foscht et al 2006). Therefore the process cannot

be understood by using just single theoretical approach, but this complex phenomenon needs viewpoints from several aspects. By strict definition a “born-global” company internationalises from the off-set or 2-3 years after (see for example Knight & Cavusgil 1996; Oviatt & McDougall 1994; Jones 1999). Globe Hope is almost 10-year-old company, and even though it is still barely a teenager, it can hardly be classified as a pure “born-global”. Oesterle’s (1997) research evidence shows that sometimes individual and non-coherent single decisions or episodes may suddenly initiate a rapid international expansion describes well Globe Hope’s development. In this case the silent existence in foreign markets through the few resellers represents such episodes, as well as the random, unsolicited foreign orders without actual international marketing actions. Few successful previous years with increased B2B sales, external capital investments combined and new management with international and digital experience are all critical incidents that may have triggered the forces that impact the Globe Hope’s internationalisation strategy. According to Bell et al (1998), some firms pursue ‘sporadic’ internationalisation patterns that differ from both the traditional incremental or revolutionary “born-global” pathways, and that is fitting classification to describe Globe Hope’s international development.

To conclude, for Globe Hope a traditional entrance to chosen target international market would have required heavy investments and also would have implied a high level of risk. For a Finnish retail SME such an approach was not realistically possible as it would have required a mountain of resources that a Finnish SME retail company simply does not possess. However, the existence of a web store combined with the previous individual decisions and the previous actions taken had led the company to this state, where it felt it had sufficient market knowledge, internationally competent management, and suitable networks to enter foreign market strategically and the sufficient resources to make the investments to implement it.

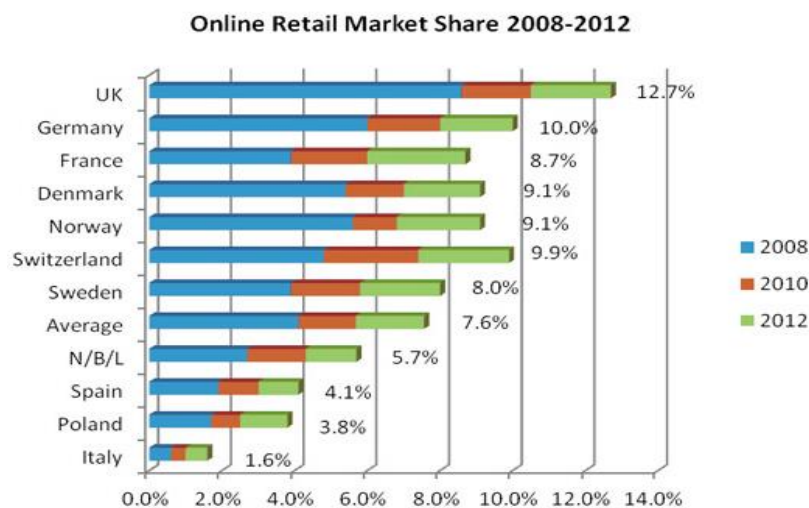
## 5.2 Entry Market selection

Typically a company taking its first steps on the global market looks close to home for potential markets. For a Finnish company, the physically closest markets would be Sweden and Estonia. However, Globe Hope already had had a few resellers in Sweden for several years, and their sales hadn't really picked up (Aalto, T, personal communication, Sep 6 2012). Estonia is at close proximity, but it lacks relevant market potential and purchasing power. Therefore, at the beginning of the strategic and systematic internationalisation process that this thesis investigates and describes, Globe Hope turned to Europe and countries within the European Union in search for a primary market (Aalto, T, personal communication, Sep 6 2012).

The most important commercial area within the European Union is the "Golden Triangle"; that represents over 60 % of EU's population and wealth, covering the area from Paris, London and Cologne. To this area, there would be little or no barriers in terms of export/customs regulations, a stable exchange rate or same currency. However, the consumer patterns in UK, France and Germany vary greatly. Globe Hope is still a niche-company, producing fashion from recycled materials, and the trend of upcycling is far more popular on Germany than in the other countries of the "Golden Triangle" area.

Other factors spoke in behalf of Germany, too. Looking at its market potential, Germany forms the biggest single market area within the European Union with almost 82 million inhabitants and it constitutes 20% of European GDP (Eurostat 2013). Germany is a lucrative market when it comes to fashion retail sales volumes, too. In 2007, the retail apparel sales came to a hefty 57 € billion, making it the second largest apparel market in Europe and taking up to 18% of all European apparel sales (Mintel Intelligence Report 2007). German fashion business has another intriguing property in relation to Globe Hope; it is also strongly dominated by midsized, independent specialty stores versus large enterprises (German Invest and Trade 2012).

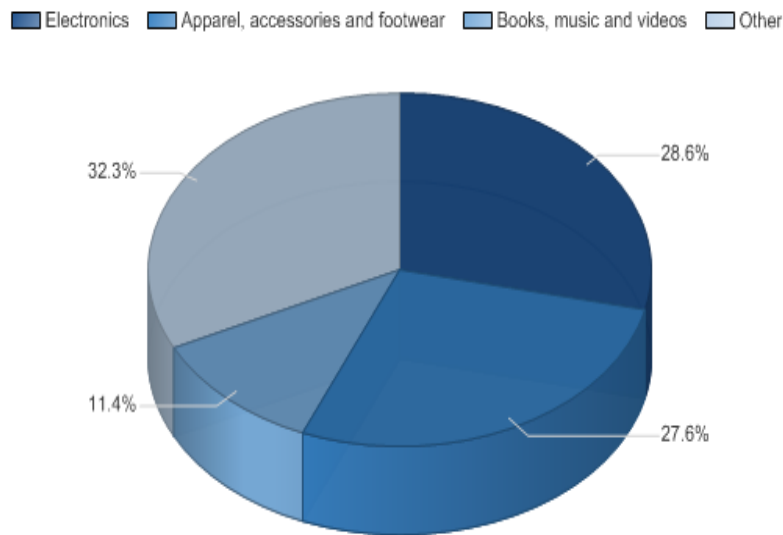
Apart from traditional retailing, Germany is Europe's second largest market in electronic commerce (figure 10). The Germans are developing consumer habits to buy online, and according to Germany Trade and Invest (2013), Germany had 41 million digital buyers in 2012. Overall, the online retail turned in revenue of \$34 billion in 2012 (Marketline 2013). The German online retail sector has grown dramatically in recent years due to the increasing digitalisation. The annual compound growth rate was 18,5% between 2008 and 2012. In comparison, the French and UK sectors grew with 24,1% and 15,8% (Marketline 2013). According to various forecasts it is set to continue grow up 15 % annually (Marketline 2013).



**Figure 9. Online retail market share 2008-2012. Source: Centre for Retail Research 2012**

UK is undeniable the largest European market area for apparel retail and also the leader in online retail. However, there is a multitude of factors that need to be considered when choosing the primary target market for internationalisation. Germany is strategically a solid choice for an ecological fashion company for the area is one of the most ecologically advanced European countries and consumers are already used to spending money on recycled goods (Germany Trade and Invest 2013, Marketline 2013). These characteristics make Germany a great potential for a medium-sized fashion retail company.

Further analysis of the online retail within the target market area, fashion and apparel sector in Germany had total revenues of \$9,4 billion in 2012, equating up to 27,6 % of the online retail sector's aggregate value (see figure 11) (Marketline 2013).



**Figure 10. Germany online retail segmentation by value in 2012. Source: Marketline 2013**

As stated earlier, Germany has great market potential which makes it highly appealing for a number of companies and therefore it is an extremely competitive market area. Globe Hope is not the first Finnish company aiming to conquer the Bavaria; big names such as Elisa, Neste and Hesburger, who are all domestically very successful, have tried to enter the German market but failed in their efforts and have now either retrieved altogether or massively diminished their investments (Taloussanommat 4.6.2002) However, Globe Hope has already existed in the German market through a handful of carefully selected resellers, and these resellers have proven that the products appeal to Bavarian taste (Aalto, T, personal communication, Sep 6 2012). However, to actually gain place in the German fashion market requires a carefully designed entry strategy with increased brand-awareness implemented with caution and risk-awareness.



### **5.3 Internationalising with the help of the Internet**

The Internet carries a variety of abilities that may prove valuable for a SME in its internationalisation process. The Internet can be used to level the playing field of global commerce between companies, regardless their size (e.g. Weill & Vitale 2001, OECD 2001). Historically, large companies have had a clear advantage in entering new markets in various aspects, not amongst the least important being the amount of resources available and brand awareness. On comparison to a large enterprise that has the resources to invest heavily without the ultimate risk of the whole company going belly-up, a smaller company needs agility; it needs to learn quicker, react faster and learn from its mistakes in a heartbeat (Kobrin 200).

As shown earlier in chapter 2.2.1, the SME internationalisation has several barriers, such as psychological, organisational, operational and product / market barriers (see for example Hamill 1997; OECD 2009). Many scholars (see for example Hamill and Gregory, 1997; Quelch and Klein, 1996; Singh and Kundu 2002) claim, that the Internet enables the removal of some or even most of these barriers. According to SME internationalisation barrier framework developed by Hamill (1997), the Internet offers various advantages to SME's in overcoming its psychological, operational, organisational and product/market barriers.

In the case company's internationalisation process, the Internet was widely and variably used in overcoming these barriers. The table 3 summarises and lists the findings of Internet applications with advantages for the case company used during the initial phase of the strategic internationalisation process this thesis describes (Aalto, T., personal communication, Sep 6 2012 – March 1 2013).

**Table 3. Internet application to overcome the case company's barriers to internationalisation.**  
**Source: Aalto, T, personal communications Sep 2012 – March 2013)**

<b>Barriers to Globe Hope's internationalisation</b>	<b>Internet applications and advantages</b>
<b>Psychological</b>	Gained confidence through access to global information sources. Enquiries and feedback through email and company Facebook site from potential global B2C and B2B customers.
<b>Operational</b>	Electronic payments on digital marketplace, electronic invoices of logistics, electronic parcel tracking.
<b>Organisational</b>	Access to low cost export market research resources, giving exact and updated information of market area's legal trade environment, such as government trade research, for example Germany Trade and Invest. Improved knowledge of German retail apparel markets.
<b>Product /market</b>	Primary market entry decision made easier by online export market research e.g. on German online fashion apparel sales, online consumer habits and preferences. International communication cost savings through electronic communication channel such as Skype, Facebook and email. Improved and updated knowledge on current consumer trends in design industry. Eased communication with clients through email, company website and Facebook.

As mentioned earlier, Hamill's (1997) framework mostly ignores the Internet's role and potential for marketing purposes. Even though the aspect of digital marketing is mostly limited out of this research process, its significance is duly noted and the findings and discussions in this research will not undermine the fact, that the Internet undeniably carries remarkable relationship and brand-awareness building capabilities (Bauer, Grether & Leach 2002; Ha 2004).

### ***5.3.1 An Effective Entry Mode and Pace of Market Entry***

A critical factor in a successful internationalisation process is the foreign market entry mode. As discussed earlier, the three basic approaches to entry mode choice are: 1) no explicit choice of market entry mode, 2) a choice made in accordance with the existing market entry strategy, and 3) a choice of systematic comparison in relation to company strategy (Root 1994). Chrysostome & Rosson (2009) suggests that most SMEs use the

latter approach, for it allows companies to select the most fitting mode for their strategic orientation. In the case of Globe Hope, the choice of entry mode is naturally affected by the company's already existing resellers, contracts and the current web store, as the company cannot disregard the existing contracts and services already provided. Globe Hope was before its strategic internationalisation receiving unsolicited orders on its website and daily enquiries about its products (Finnfacts 2010) and therefore already exists in German market but with no strategically designed market entry strategy and therefore appears to use the first approach. However, the new company strategy entails a desire and willingness to develop a systematic, well-thought entry choice that takes into consideration the company's existing growth strategy (Aalto, T. at company's strategy meeting, Sep 21 2012). Therefore it appears that the case company is professionalizing in its internationalisation efforts and has changed its approach to entry mode choice. The new entry mode choice is based on a systematic comparison of the different possible entry modes and it is perfectly aligned with the company overall strategy. Furthermore, the company has completed a thorough, yet realistic overview of the economic realities of expanding abroad.

In a more comprehensive model, Koch (2001) points out 16 factors that affect the entry mode choice. However, most of these factors contain one core element, namely the risk related to the target market. Therefore Globe Hope's choice of entry mode depends heavily on how the company perceives the risk it faces regarding the targeted foreign market. As discussed earlier, German market is not the easiest market to enter; many have tried, many, many have failed. However, the country seems very fitting to this kind of brand of upcycled fashion as German consumers appreciate recycled fashion and ethical values in production. Traditionally, the perceived risk of internationalisation was too high since the information needed (i.e. market knowledge, competitor assessment, market potential evaluation, local consumer habits etc.) to access this risk was really expensive and not necessarily dependable. Hence only big firms were able to internationalise through equity entry modes that entail substantial investments (Hamill 1997; Petersen et al 2002). However, the Internet and electronic marketplace especially has critically changed the SME's risk perception regarding foreign market by offering

accessible and up-to-date market information to assess that risk (Chrysostome & Rosson 2009). In the case company, the Internet was used for various sources of information that otherwise would have required costly consultancy services or outsourced legal help, i.e. on legal barriers of entry, consumer laws and laws regarding consumer trade online (Aalto, T., personal communication, Oct 26 2012). The quality research papers online are often not free, but the price is still far lower than employing an export consultant or using an agency. Furthermore, the Internet was used to map out the market potential, especially concerning the target areas online shopping habits (Aalto, T., personal communication Sep 21 2012). Abundance of company information can be found online these days, so mapping out main competitors helps to reduce the perceived risk. These findings support the statement of Petersen et al (2002), that the Internet provides SMEs information that helps to diminish the fears and doubts related to foreign trade.

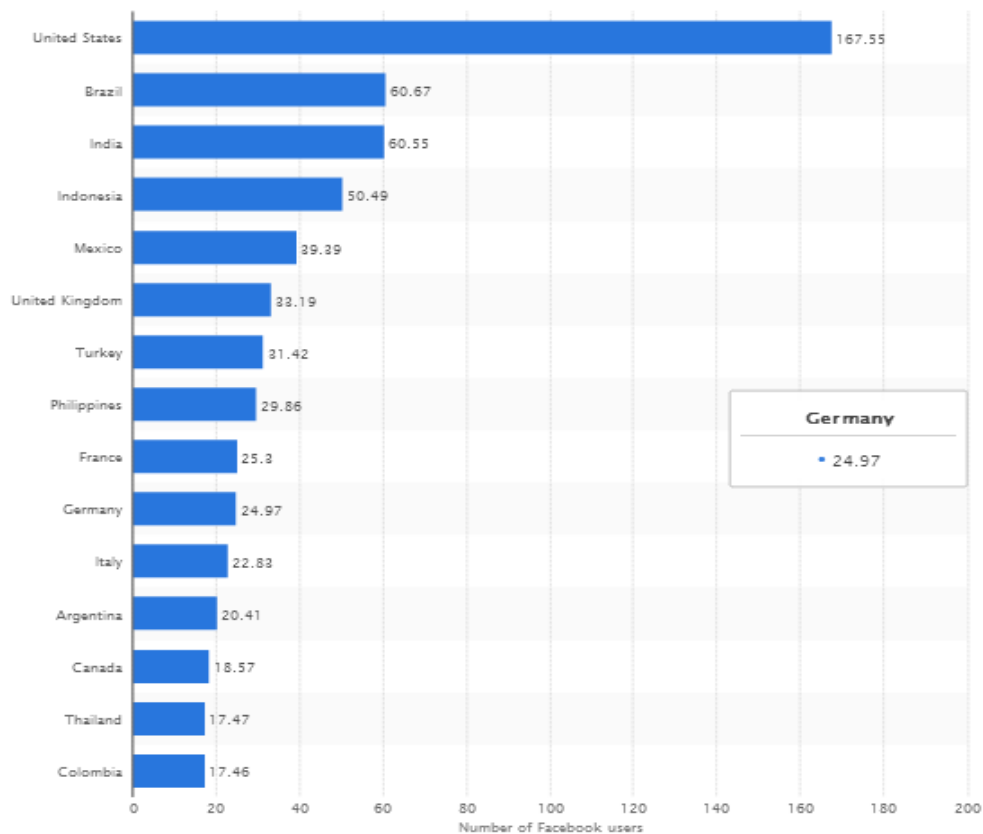
According to Chrysostome & Rosson (2009), the barrier for SME internationalisation has traditionally been such entry modes that require various investments, including joint venture and foreign direct investment. However, the Internet makes it possible for a SME to choose non-equity entry modes that are flexible and have low resource requirements and that are therefore more consistent with the typical characteristics of SMEs (Foscht et al 2006). By using its web store, Globe Hope can significantly reduce the capital investment in company's expansion to Germany. Even though the classification of its foreign market entry form would be export, Globe Hope can significantly reduce its internationalisation cost using the Internet as a sales channel and marketing channel and therefore cutting the costs of intermediaries.

Research shows, that the success of a company's internationalization process relies heavily on the pace at which the company enters the new market (Chrysostome & Rosson 2006). Especially in evolutionary internationalisation theories (e.g. Luostarinen & Welch 2006; Dosi & Nelson 1994) a stage-wise internationalisation development is seen necessary to ensure a alert progress hence guaranteeing that the company builds enough capabilities and resources for entering the new market with sufficient presence. However, with current ICT technologies, electronic marketplace and international

digital marketing, these stages are no more a necessity for internationalisation.

Petersen et al (2002) found, that the Internet speeds up firm's internationalisation process. This is supported by the case data, as one of the most remarkable findings of the case company's international development process was the actual speed that the expansion of presence in Germany happened; within a period of a single year, the company has expanded its amount of resellers from 6 to 22 (comparison of point-of-sales reported on company web site August 2012 – August 2013) (see appendix 2). Such a rapid expansion was made possible by researching and contacting the possible resellers through various channels, including emails, company web site and social media tools (Aalto, T., personal communication, Jan 7 2013). At the same time, company wisely invested in the web store development and used it as a digital business card. The newly designed web store gave Globe Hope leverage to acquire new resellers and introduce both the company and its products in a professional light.

According to evolutionary theories, a company needs to develop global activities in stages, which takes both time and resources. However, using the Internet, Globe Hope can speed up its internationalization process and therefore guarantee the success of this maneuver and with fewer resources than without the aid of the digital world. For example, through online stores manufacturers can sell directly to consumers and therefore cut the intermediary out of the value chain. This speeds up the sales process and cuts down expenses. Apart from getting in touch with potential new customers, the Internet can be used as an effective marketing tool in increasing the brand awareness and market penetration. Through digital marketing campaign and by using social media, Globe Hope can bring its new, seasonal products to the awareness of consumers interested in ethically produced fashion. The pace of market entry is also determined by how successfully the business partners have been chosen and on how committed to the project they are. The Internet can prove to be a cheap and effective research tool in finding a business partner and in assessing on how fitting the new potential partner will be for the company profile and strategy.



**Figure 11. Facebook users in Germany in Nov 2012. Source: Statista 2012**

Internationalising partially directly from its website, Globe Hope avoided the costly process of intermediaries; the process of finding appropriate resellers and agents, searching for suitable store locations, investing in logistics and inventories. In the initial stage of the internationalisation the company was already offering web store but only in Finnish and English. Even though English is a solid choice for large variety for countries, Germans prefer to use online sites in their own native language (Germany Trade and Invest 2013), and therefore Globe Hope should increase their investment in foreign activities by providing their site and web store in German. The site should also be adjusted to fit the German market and to be more lucrative to a German consumer. This will be discussed in further detail in chapter 5.4. The Internet also lowers marketing and brand building costs by as a digital marketing channel – over 83 % of Germans are online daily (Internet World Stats 2012) (as of June, 2012) and via Facebook a company can reach 25 million German users (figure 13) (Statista 2012).

## **5.4 Globe Hope's web store as International Sales Channel**

As discussed earlier, the Internet has become an important business tool on various areas of company's activities, including sales and marketing. According to Earns & Young (2006), a web store is the only cost effective way for a SME to internationalise. In this chapter I shall discuss the findings from Globe Hope's electronic commerce and web store and reflect those findings with relevant academic literature.

Many studies show (e.g. Hamilton 1997; Lituchy & Rail 2000; Chrysostome & Rosson 2009), that in relation to internationalisation process, electronic commerce may prove to be the most beneficial business tool invented so far . Web stores are particularly appealing internationalisation tools for SMEs such as Globe Hope as they remove or lower the traditional globalisation barriers companies previously faced as trying to enter a new market, including communication and information costs, market entry risks, and heavy investments needed to entry with a traditional commerce. By cutting intermediaries out of the supply chain, companies can also directly reduce the cost of their products. However, in order for the web store to function as an efficient tool for internationalisation, it needs to drive real traffic and offer the consumer shopping experience that both satisfies and entertains hence turning the visitor into a loyal, long-term customer.

Internet as a sales channel has been vital in Globe Hope's internationalisation process. Without the cost-effective and naturally global digital marketplace that its web store offers, the case company would have had to invest heavily in both intermediaries and marketing to be able to grow. Without the Internet, the case company would probably have been forced to use the strategic alternatives of traditional agents and importers, that can both be costly as well as slow entry modes. Also by using the Internet as a sales and marketing channel, Globe Hope has been able to minimize the need for developing alternative international operation modes. Globe Hope has set up only a few foreign international sales subsidiaries, and even their role has been mainly in sales promotion and networking.

### ***5.4.1 Internationalising the Web Store***

Electronic commerce and web stores have proven to be an invaluable asset for SME internationalisation process. However, merely the existence of an international digital marketplace does not propel a Finnish SME company international success. Craig and Thandarayan (2000) reports, that according to their research on Australian tourist firms foreign sales failed for a standard product brochure was delivered when, in fact, adjustments were needed in quality, price, language and culture. In order to maximize the potential of web store as a tool for internationalisation, necessary modifications and adjustments are needed. These invaluable modification are a necessity in the transformation process of turning a electronic marketplace serving mostly domestic clients into an international shopping platform. This chapter describes the findings of Globe Hope's web store as it undergoes the modifications from serving mostly domestic clients to wide-scale electronic marketplace for international consumers

Globe Hope already had an existing web store before the initial phase of the strategic internationalisation process described in this thesis. The web store was linked to company website, and it carried the property to purchase directly from the site. The website was even offered in Finnish and English, so in that sense it was already open to international customers. However, German language was not offered, and research shows, that German online shoppers value transactions in their native language (Germany Invest and Trade 2013). Also, the website's design was outdated and not fitting the company image of a high-end fashion retailer; the site was cumbersome to use, navigating between products was difficult, products were impossible to search and in general the site was not user-friendly (Seppänen, A., personal communication, Oct 5 2012). The web site and -store did not seem particularly lucrative to large public for the traffic was low (Seppänen, A., personal communication, Oct 5 2012). On electronic commercial viewpoint, the shopping experience was not streamlined or prompting buyer behavior and it did not offer variable payment method options (Seppänen, A, personal communication, Oct 5 2012).



According to Buying Funnel Model (Lewis 1989) customer's mental journey throughout the shopping experience goes through stages of *Awareness, Research, Decision* and *Purchase*. Customer's purchase decisions can be enhanced by optimising the web store to support the mental journey and especially those moments, or touch points, when consumers are open to influence (see for example Jansen & Schuster 2011; Court et al 2007; Haven 2007). According to Laycock (2007) the Buying Funnel model is critical in understanding, why some web stores perform well whilst other do not. In order to maximise the web store's full potential and to give the case company advantage in the heavily competed area of German apparel electronic commerce, the case company's web store is analysed according to the Buying Funnel model to evaluate its potential as a tool for internationalisation.

#### ***Awareness Stage: enhancing online presence***

According to Laycock (2007), the Internet eases the product research so much that in a e-retailing environment, the Buying Funnel Model is needed to identify the success factors and critical touch-points during the consumer's digital shopping experience. In e-commerce environment the *Awareness* stage includes promoting the online presence and brand awareness (Jansen & Schuster 2011). It is extremely important to make the website easy to find by using a combination of online and offline tactics. Different kind of analytics tools, such as Google Analytics, can be used to show how users are coming to the site, search engines, online referrals, social media, and the case company used such tools to analyse the landing on their site in order to gain better understanding, of how clients find the web store. In the case company, Google analytics showed that during the observation period March 19 – September 18, 2012 66 % of entrances to the site came via search engines such as Google, Bing, and Yahoo. Of these, Google was the dominant search engine as 96 out of 100 search engine users found Globe Hope via Google. 18 % of web site visitors came through links, Facebook being the biggest linker (Seppänen, A, personal communication, Oct 5 2012)

Search engine optimization (SEO) emphasizes the importance of identifying and

prioritizing specific, well-selected keywords and website features and to create targeted landing pages (Dwyer 2008). Various SEO techniques can also significantly increase the visibility and help driving real traffic to company site. Such techniques includes the skill of choosing the appropriate keywords and creating a key-word rich and search-friendly page URLs as well as the used titles, headings and tags. SEO efforts may also be supplemented and locally adjusted by purchasing relevant keywords for paid placement amongst the natural search results (West 2012). At the beginning of the internationalisation process, the analysis of Globe Hope’s website found, that the web site was poorly optimized in search engines (Seppänen,A., personal communication Oct 5 2012). A short, simple and memorable web address makes it easier for consumers to come back to the page. Alternate spellings, e.g. globe hope and Globehope, were secured so that users can get to the site even if they misspell the name. Also the URL is now prominently featured offline, such as in printed marketing material, offline advertising and brick-and-mortar stores (see figure 14).



Figure 12. Example showing URL in marketing material.

In this research project, the mobile platforms were mostly limited out of the scope of observation and analysis, but mobile commerce cannot be completely ignored. Just like in other Western countries, smartphones in Germany are becoming a commonplace commodity and retailers follow suit with over half of online merchants in Germany already supporting mobile platforms (Germany Invest and Trade 2013). According to a Marketline (2013), more than half of the e-commerce companies already have a mobile platform as especially younger people (aged 18-39) are keen to use their smartphones to for shopping. Around 54% of these companies use mobile technology to inform the customers about their products as well as for marketing purposes, customer service and location-based services. Nearly 70% of these companies use a specific, mobile-friendly web site and more than half (60%) have chosen to develop mobile apps (Germany Invest and Trade 2013). Globe Hope's web site and web store are also being increasingly visited by mobile users, and the prediction is that by 2013 every fifth site visitor uses a mobile device. Therefore the web site is optimized for iPhone and Ipad users, and additional optimisations for further devices will be considered in the future (Seppänen, A, personal communication, Oct 5 2012).

Providing content-rich, interesting and innovative narratives as well as additional information on products and services related to the site's core offerings strongly engages online shoppers and makes them to revisit the site (Eisingerich and Kretschmer 2008; Essler & Whitaker 2001). For example, Globe Hope's customers are likely to want information on fashion trends, clothes and handbags. However, they might also want learn about other topics such as environmental issues, ecological consuming, how the ecological values have been embedded in the whole value chain of Globe Hope's production and manufacturing all the way to delivery and customer support. Upscale fashion consumers might even want information on fashion trends, art, and even ecological business.

Today's consumers are no longer passive recipients but they are taking an increasingly active role in co-creating value for company, part-taking in all stages from product design to promotional messages (Hanna et al 2011). Globe Hope aims to reach its

consumers where they “live” online by offering a company Facebook page (<https://www.facebook.com/GlobeHopeFinland?fref=ts>) with almost 3000 likes, and by featuring a blog on its web site (<http://www.globehope.com/de/blog/>). However, company’s FB page features mostly product offerings and sale announcements. The company blog offers richer narratives and stories about for example Berlin Fashion Week (see figure 15) or introduces local store owners, but the posts are rare and pictures of relative poor quality for a design company. Neither of these marketing tools succeed in giving a voice to consumer’s own stories, personal pictures and other interactive content. These both potentially interactive platforms are not open for true dialogue with the consumer, but rather just serve as information channels. Therefore it could be argued, that Globe Hope’s online customers are seen as passive recipients instead of active co-creators of brand value.

## DIE GLOBE HOPE TRAVELLING-BAG: MEINE WOCHE AUF DER BERLINER FASHION WEEK 2013

By Globe Hope |

Hey Freunde,



mein Name ist SILTASAARI und ich komme aus Finnland. Ich bestehe aus alten Sitzgurten und Lederjacken und bekam von dem Upcycling Unternehmen Globe Hope ein zweites Leben als Abendhandtasche geschenkt. Als Globe Hope Botschafter war ich eine Woche auf der Fashion Week in Berlin unterwegs – was für ein Erlebnis.

Meinen ersten Tag auf der Fashion Week startete ich zusammen mit Eileen von EinZimmerVollerBilder. Sie nahm mich mit zu verschiedenen Showrooms, wo wir erste, interessante Eindrücke einiger neuer Kollektionen erhielten. Wir verbachten dort fast den ganzen Tag. Hier auf dem Foto seht Ihr mich übrigens mit Eileen – sehen wir nicht super zusammen aus? Wir hatten einen super Tag, an dem wir Inspirationen, Eindrücke und Außergewöhnliches von verschiedenen Designern und Marken erhielten.

**Figure 13. Example of Globe Hope's blog marketing.**

Even though the idea of a Globe Hope bag travelling its way to Berlin Fashion Week and meeting various guests is rather endearing and feelings-provoking, Globe Hope’s social media actions miss the content-rich, user-generated content that truly entices the

online consumers. Karpinski (2005) states, that modern technological advances empower individual customers making them increasingly confident in their own opinions and the opinions of their peers; modern online customers are looking for ways to engage with brands through social media tools such as Facebook, Pinterest and Instagram. Even though most firms still limit their sites to providing narrow information about the product, Eisingerich and Kretschmer (2008) argue that exploiting consumers' desire for engagement is the single dominant driver for increasing profit and customer loyalty and therefore for a superior shareholder value for e-commerce companies. The findings from case company show that Globe Hope does not take full advantage of the customers' desire for engagement. Even though company has developed a social media strategy, the individual platforms such as the Facebook page and blog are treated as stand-alone elements rather than part of an integrated system.

#### ***The Research Phase: Enhance product findability and detailed product description***

According to Eisingerich & Kretschmer (2008), online customers value certain aspects of a website more than other, including the clear product categorization and in-depth product information. Customers need to be able to find the products quickly and with ease. This was especially a identified problem with Globe Hope's web site before its renewing (Seppänen, A., personal communication, Oct 5 2012). The findability of web store products can be enhanced by offering robust search and navigation and key product information connected with the search results speeds up product identification and selection (Eisingerich & Kretschmer 2008). Again, especially when targeting German customers, who may be doing their searches in either German or English, it is important to accept colloquial synonyms and common misspellings as search key words such purse, handbag and accessories. ). Informative and relevant product naming also increases the findability of a product within the web store and amongst search engine's alike. For example, at the moment Globe Hope gives each product an individual name. However, to enhance product findability, a more informative and categorizing name such as avocadostore.de uses would make the product easier to find (see figure 14).

Versand kostenlos



**MENS LONG P-COAT**

HEMP HOODLAMB

299,00 €



**PENTTINEN SCHWARTZ »**

Penttinen ist eine hübsche Handtasche mit stilvoller Vintage Spitze, die jede Tasche einzigartig

...

**89,50 €**

**Figure 14. Examples of product naming. Sources: avocadostore.de, accessed 15.9.2012; globehope.com, accessed 2.2.2014**

The customer's buying decision can be enforced by offering appropriate and correct product information (Heim & Sinha 2001). Globe Hope's product pages are relevant, locally adapted, and give the customer a virtual experience of the product (figure 15). The product description gives the online shopper a clear understanding of the product by providing a detailed, clear, and jargon-free description including a material description. Each product clearly states its price and availability. To further improve the customer experience, related products are suggested, such as complementary products, i.e. a scarf to match the gloves, but even alternative products, such as gloves in different styles or models.

TRASSELI

Tweet 0

Like 0



I was made out of an army scarf that used to work in the Swedish troops. My material is beautifully thin but super warm! You can fold & double up my edge and I'll promise to keep your ears even warmer. I was given a black star decoration made of reflecting fabric and my twinkle will keep you safe and seen during the dim winter nights!

Material: Woollen Swedish army scarves & reflecting fabric

Email to a Friend

Availability:

● In stock

€28.00

ADD TO CART

**Figure 15. Product description. Source: globehope.com, accessed 2.2.2014**

Product images are clear but do not offer alternate view. According to Heim & Sinha (2001), customers should be allowed to zoom in, see different colour swatches, or spin the product around in 360 ° view for this would create a true feel of the product for the customer, turning the online shopping into an experience without the hassle of actually going to the store, and doing the whole dressing room charade that so many women hate. Even better would be to offer video image of the product, taken for example from a runway show like many online stores (e.g. warehouse.co.uk, Asos.com, Zappos.com, Zalando.com) currently offers. As Globe Hope manufactures its products from recycled materials, the colour and patterns on the material varies significantly more than in traditional fashion manufacturing. Therefore it would be especially important for Globe Hope to offer a variety of pictures of the products. Although not every product can clearly be photographed in detail, the product selection should represent the range of variation, and customer could then pick their chosen product from a line. For example, if the colour of the material varies from blue to more greenish, with a sliding menu the customer could choose whether he or she prefers a more greenish product or something in between.

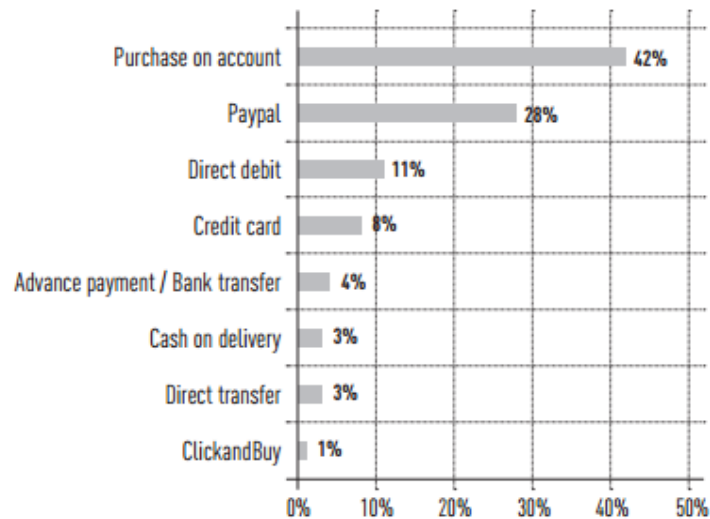
### ***Decision Stage: online security and shopping cart abandonment***

*The Decision stage* of a Buying Funnel Model includes enabling the customer's decision making by building confidence to the trustfulness of the website and also reducing the shopping cart abandonment (Jansen & Schuster 2011)

Online security, options of payment methods and trustfulness is becoming an increasingly important area on e-commerce (Odor, Kumar & Saunders 2002) Especially German consumers are weary of the security and trustfulness of online stores (Germany Trade and Invest 2013), and therefore confidence can be heavily instilled in customers by clearly communicating about the privacy policies as well as notably displaying the potential trust certificates, security badges. The contact information visibility creates a sense of trust as well.

Method of payment is one of the most important success factors in e-commerce. According to German Trade and Invest (2013), over 80 % of German online buyers consider the availability of their preferred payment procedure to be very or absolutely important in their buying decision. Payment procedures are important in terms of customer satisfaction and loyalty. A study by EHI Retail Institute (2012) of e-commerce payment behavior showed, that the preferred payment method in Germany is purchase on account (40%), followed by PayPal (28 %) and direct debit (11%) (see figure 16). Globe Hope takes advantage of the research results in its web site development and now offers an option to pay with PayPal and credit card.





**Figure 16. Preferred online payment methods in Germany. Source: Germany Invest and Trade 2013**

According to Odom, Kumar & Saunders (2002), clearly stated business practices, including privacy and security policies instills trust and confidence. This statement is supported in the case company findings. Globe Hope offers an easy access to information about its Privacy Policy (*Datenschutzerklärung*) in the footer of its webstore, and this title is visible throughout the shopping experience. The privacy police declaration (see figure 17) states the contact person, the reasons and purpose of maintaining a customer register, lists the needed information and finally gives disclosure information of the submitted personal data. Globe Hope states, that the given information will not be disclosed outside the firm and the personal data can be destroyed on request. The case company goes even beyond the standard procedure, and explains how the customer register can be accessed: “ *The information in the register will not be disclosed to third parties. The use of the register requires having access rights to Globe Hope’s internal network. The register is located on globehope.com’s password protected server*” (globehope.com, accessed on 1.2.2014).

#### GRUND FÜR DIE REGISTRIERUNG

Die Person ist registriert beim Globe Hope Online Store (globehope.com) oder sie hat Produkte von diesem erworben.

#### ZWECK DES REGISTERS

Das Register dient dazu, die Kundenliste zu führen und die Bestellungen vom Online Store von Globe Hope zu erfüllen und sie abzuwickeln. Das Register wird auch dazu genutzt, verlorene Sendungen zu verfolgen. Das Register kann auch dazu genutzt werden, globehope.com weiterzuentwickeln, einschließlich des Sammelns von statistischen Daten. Persönliche Daten werden in Übereinstimmung mit dem Personal Data Act behandelt.

#### INFORMATIONEN IM REGISTER

Die Datei der persönlichen Daten enthält folgende Informationen:

- Vor- und Zuname
- Email-Adresse
- Postadresse
- Telefon
- Informationen über bearbeitete Aufträge
- Auftragsverfolgung

#### WEITERGABE DER DATEN

Die Informationen werden außerhalb von Globe Hope nicht veröffentlicht. Die persönlichen Daten können auf Aufforderung vernichtet werden.

#### DATENSCHUTZ DES REGISTERS

Die im Register enthaltenen Informationen werden nicht an Dritte weitergegeben. Die Nutzung des Registers setzt voraus, dass die Person den Zugang zu den Rechten des internationalen Netzwerks von Globe Hopes hat. Das Register befindet sich auf dem passwortgeschützten Server von Globehope.com.

#### **Figure 17. Privacy policy. Source: globehope.com, accessed 15.1.2014**

Odom, Kumar & Saunders (2002) further state, that users should not need to hunt this information, but rather should be presented with links contextually where appropriate, e.g. a link to privacy policy near the email address field and that all of these actions are even more important for lesser-known brands. This statement seems relevant regarding the case company, as Globe Hope yet today remains as a lesser-known brand in Germany. The company's privacy policy is well presented in company website and hence may enhance the sense of trustworthiness amongst online shoppers.

The website's design can also be used to promote trustworthiness and hence increase customer satisfaction (Esper, Jensen, Turnipseed and Burton 2003; Heim & Field 2007) as well as the use of displaying trusted third-party certification and affiliations, such as trust certificates, security badges, accreditation and ratings. For example, Amazon highlights the security of its website through their sign-in button (see figure 18). However, the case company's web store does not particularly promote the sense of security by its design or use 3<sup>rd</sup> party badges, unless the use of PayPal as a payment

method is considered as such.

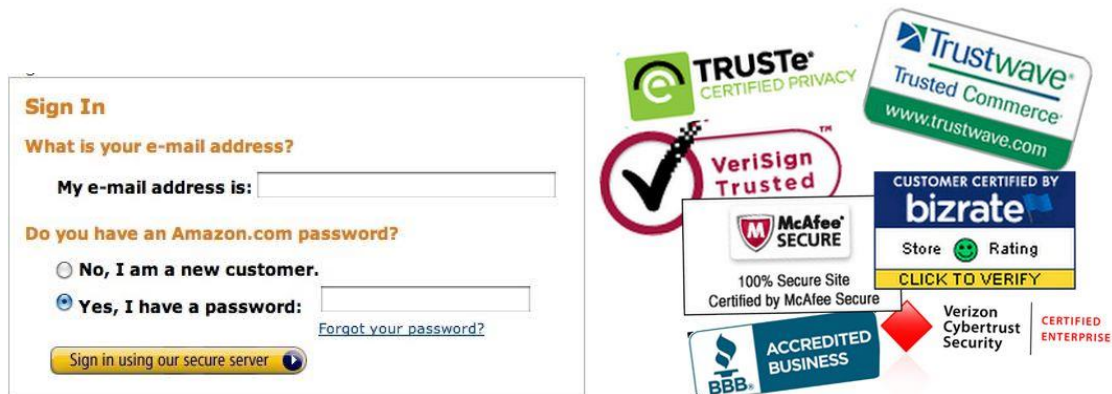


Figure 18. Sign-in button and 3rd party badgers to reiterate security and trust. Source: amazon.com, accessed on 15.9.2012

According to PayPal's website, it claims to deliver "one of the most secure payment platforms in the world" (paypal.com, accessed on 1.2.2014). PayPal is one of the oldest e-commerce partners and to ensure the e-commerce security, company uses SSL 3.0 or higher, has a large team of fraud specialists to help in case of trouble, and gives a money-back guarantee for the buyer in case the product never arrives or doesn't match its description. (paypal.com, accessed on 1.2.2014). According to Turner & Gallagher (2006), the level of security when giving financial information can substantially influence consumers' purchase decision. The use of PayPal as an optional payment method gives Globe Hope-shoppers the needed sense of security and can decrease retention levels (see figure 19).



Figure 19. Payment options. Source: globehope.com, accessed 1.2.2014

Another important aspect of the Decision Stage in Buying Funnel Model is the Shopping Cart retention. The ability to move easily between competitive retail sites has

increased the likelihood of online shopping cart abandonment. Recent studies (buysight.com) suggest, that 70 % off shopping carts are exited before completing the sale, and in 2009 meant nearly \$18 billion in potential lost revenue, with an average of \$109 lost per each cart abandoned. The abandonment rate seems to be rising even higher as online shoppers become more and more comfortable comparing prices and other service attributes. The main reason (46 %) for abandoning the cart are the shipping costs, who turn out to be higher than expected or that the customer expected there to be none. (econsultancy.com)

The case data does not provide detail on the shopping cart retention rate for Globe Hope. However, it can be suggested, that the rate is close to the average of fashion online retailers of 70 %. According to Turner & Callaghan (2006), the shopping cart abandonment can be avoided by improving the customer experience. First of all, the online shopper's last minute "cart shock" can be avoided by using the customer's IP address to give a total cost of taxes and shipping costs from the start of the shopping experience. Globe Hope however, does not present the logistics cost until the clear-out-phase of the shopping experience (see figure 20), and hence the shopping cart retention rate can be quite high.

BESTELLÜBERSICHT				
RABATTCODES <input type="text"/>		Rabattcode einlösen		
	Artikelname	Preis	Menge	Zwischensumme
	TRASSELI	28,00 €	- 1 +	28,00 €
Zwischensumme				28,00 €
Versand & Bearbeitung (Itella - Lieferung nach Ihrem örtlichen Postamt)				6,90 €
Steuer				6,75 €
<b>Gesamtsumme</b>				<b>34,90 €</b>

Figure 20. Example of Globe Hope's shopping cart. Source: globehope.com, accessed on 31.1.2014

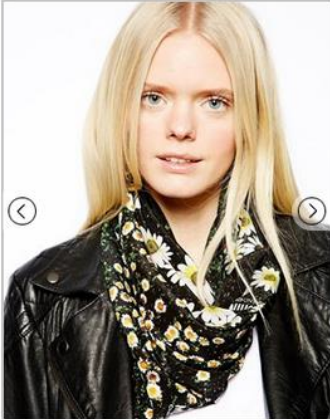
Secondly, Turner & Callaghan (2006), claim that the shopping cart should always be visible, easily updated and accessible, and persistent so that even though the customer would leave the page without completing the payment, he should see his items in the

cart the next time he returns. Globe Hope does offer a visible shopping cart at the right hand corner throughout the shopping experience, and the shopping cart is both easily updated and accessible. Also, leaving the page without completing the purchase does not empty the shopping cart but it is easy to continue the shopping from where it was left before.


***Purchase Phase: streamlined checkout, returns and customer reviews***

According to Jansen & Schuster (2011), the purchase stage of Buying Funnel Model includes making the checkout as streamlined as possible, handling the returns and the after-sales processes, such as asking for consumer reviews for the products and company alike. The streamlined check-out process can be an efficient tool to maximize the sales including relevant and additional product recommendations for added sales, a progress indicator, order summary and a confirmation.

Providing additional information on related products and services effectively engages online shoppers to finalize their purchase (Eisingerich and Kretschmer 2008). Relevant recommendations can be a valuable reminder to customer as they check out including product suggestions (see figure 21).



**ZOOM +**



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- Logo detail

**ABOUT MOSCHINO CHEAP & CHIC**  
 Launched in the late '80s, Moschino Cheap & Chic displays the same sense of fun as the Moschino mainline with tongue-in-cheek re-workings of ladylike handbags and printed scarves. Vintage inspiration and a sense of fun sees signature love hearts and flashes of metallic across Moschino Cheap & Chic's quilted sandals.

Black

**ADD TO BAG**

**NEW - BUY THE LOOK**


**SAVE FOR LATER**

INFO & CARE	DELIVERY
RETURNS	
<p><b>ABOUT ME</b>                  Body: 100% Silk.</p> <p><b>LOOK AFTER ME</b>                  Hand Wash Only</p> <p>Product Code: 440697</p>	


Tweet | [Pinterest](#) | [Like](#) | [Share](#) 0

EMAIL A FRIEND | [8+1](#) 0


**COMPLETE THE LOOK**



ASOS  
**€11.24**




ASOS  
**€126.41**




Lord & Berry  
**€17.56**

**WE RECOMMEND**


1-4 of 16



Moschino Cheap ...  
**€231.76**



Moschino Cheap ...  
**€224.74**



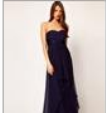



Figure 21. Example of related product recommendations. Source: asos.com, accessed 2.2.2014

Globe Hope, too, engages aims to make additional sales by giving the online shopper additional product recommendations (see figure 22). Products to “complete the look” are not used in order to engage the online shopper, make additional sales or to enhance her shopping experience.


**YOU MAY ALSO BE INTERESTED IN THE FOLLOWING PRODUCT(S)**



**HEHKU »**

I used to be a scarf, and I still am – just a lot different! I've been put together using Swedish...


**€28.00**



**RIEMU »**

The Riemu beanie is made of an old Swedish army scarf. The thin but warm scarf materials have now...

**€28.00**



**MOSSA »**

The Mossa gloves are knitted of textile industry leftover peat yarn that almost ended up at a lan...

**€22.00**

Figure 22. Globe Hope's product recommendations. Source: globehope.com, accessed 2.2.2014

Although retailers tend to hate it, returns cannot really be avoided when it comes to online fashion and apparel retail. The average returns rate ranges from 17-25% (Zappos, a huge online retailer averages around 25%). According to research, 60% of fashion returns are due to wrong size, 15 % due to hand properties of the fabric, and >7% is due to color matching. (www. fashion-incubator.com) and minimizing returns due to wrong size may be best avoidable by providing as accurate as possible size chart as a direct link from each product. Globe Hope offers a descriptive and clear size chart easily accessible on the footer of the web store (figure 23). The size chart is locally adapted for German consumer habits.

### DIE RICHTIGE GRÖSSE FINDEN

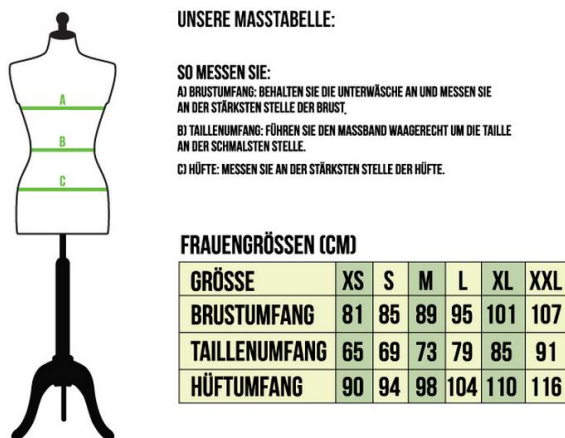


Figure 23. Size chart. Source: globehope.com, accessed on 2.2.2014

Customer reviews, and social sharing, in particular, in which a consumer shares a product or brand related photo, text, comment or review, have become a mainstream activity (Sociable Labs 2012) and online shoppers not only read brand-and product-related reviews from friends on social media, this also affects the purchase decisions as more than half of shoppers claim that they are likely to make a purchase from sites their friends have used before (Smith 2012).

HEHKU

Tweet 0

Like 0



I used to be a scarf, and I still am – just a lot different! I've been put together using Swedish army scarves that used to warm the Swedish troops back in the day. My material is beautifully thin yet super warm! I was given a black star decoration made of reflecting fabric, so my twinkle will keep you safe and seen during the dim winter nights!

Material: Woollen Swedish army scarves & reflecting fabric

Size: 145 x 17 cm

[Email to a Friend](#)

Availability:

● In stock

**Figure 24. Example of social shopping tools. Source: globehope.com, accessed 2.2.2014**

Globe Hope offers the option to comment or recommend its products on Twitter and Facebook on its product page (see figure 24), so in that respect the concept of social shopping is somehow present in company e-tailing strategy. However, the company's social media sites on Facebook is not designed to promote social sharing, but is mostly a marketing tool as company uses it to promote products, enhance the media presence and inform about sales (situation on 2.2.2014). The true value of a social media tool in engaging the customer or enabling product recommendations, personal reviews or user photographs regarding social shopping are not being used.

## 5.5 Conclusion of the findings and discussion

To conclude, this chapter presented the findings derived from the study of the Internet's and e-commerce's role in the internationalisation process of Globe Hope and how the potential of web store can be maximized as a tool for a Finnish small or medium-sized company. These findings were further discussed in the light of academic literature and theories.

Findings show, that Globe Hope's international process carries features of both



incremental development, where the company gradually intensifies its actions abroad, and revolutionary, rapid changes. Therefore the classification of case company's internationalisation process is difficult, but Globe Hope's internationalisation is closer to that of born-global firms, i.e. companies that enter the foreign markets rapidly after being established. However, also the slow, quiet incremental initial phase was also important, for during that phase company gained international market knowledge, created business partnerships and gained confidence for the later phase of rapid, strategic internationalisation. The chosen primary market area was Germany due to its lucrative market potential, preference of recycling and ecological consumption and online consumer habits especially in fashion apparel segment.

The Internet carries a variety of abilities valuable for case company in its internationalisation process. Globe Hope used the Internet widely and variably to overcome the barriers of foreign market entry, i.e. the psychological, operational, organisational, and product and market related barriers. Globe Hope used the Internet in choosing its entry mode and assessing the risk related to internationalisation. The Internet also enabled the case company to use non-equity entry mode that does not require vast resources. The Internet also speeded up the Globe Hope's entry to new foreign market. The use of the Internet as a sales channel in particular has been instrumental in Globe Hope's internationalisation process.

Electronic commerce and web stores have proven to be an invaluable asset for SME internationalisation process. However, merely the existence of an international digital marketplace does not propel a Finnish SME company international success. Globe Hope needed to make adjustments in web store quality, languages offered and taking the cultural environment of target market area into consideration. In order to maximize the potential of web store as a tool for internationalisation, these invaluable modifications are a necessity in the transformation process of turning a electronic marketplace serving mostly domestic clients into an international shopping platform.

Globe Hope's web store was analysed and evaluated using the Buying Funnel Model

modified to electrical retailing environment by Jansen & Schuster (2011). The findings showed, that Globe Hope's web store follows the four stages of customer's mental journey through shopping experience relatively well, i.e. the awareness, research, decision and purchase stages. Globe Hope also manages to support its online shoppers in their consumer buying decisions at relevant touch-points.

In the *awareness* stage, Globe Hope enhances its online presence by using a short, simple and memorable web address, optimizing its site also for mobile users and by increasing customer loyalty by providing additional information on related issues. However, the online presence and customer engagement could be further enhanced by providing content fitting to SEO techniques, such as choosing the right keywords and creating key word rich content, offering an mobile-optimised web store for wider variety of devices and creating blog posts and other social media content about products and services related to site's core offerings, such as on environmental issues, ecological consuming and manufacturing and ecological lifestyle.

The *research* phase of case company's shopping experience entails the product findability and product description. This was especially identified as a problem amongst Globe Hope online shoppers before the web store development. However, the new, international web store offers clear categorization of products and robust search and navigation tools. To further advance the product findability, a more informative and categoring product naming could make the product identification and selection easier. Globe Hope's product pages are clear and informative and therefore may enforce the customer's buying decision, yet the product images do not offer alternate views.

*The Decision stage* of a Buying Funnel Model includes enabling the customer's decision making by building confidence to the trustfulness of the website and also reducing the shopping cart abandonment. Globe Hope caters for the German needs of online payment methods by offering PayPal (the second most popular payment method) and credit card option (the fourth most popular). Company also clearly and openly states its privacy and security policies and thereby instills both trust and confidence

amongst its customers. Third party certifications and affiliations are not in use, unless PayPal is considered as such. The problem of shopping cart retention is not particularly taken into consideration on Globe Hope's web store as the actual cost of the purchase appears only on the final page of shopping process.

The final phase, the *purchase stage* includes making the checkout as streamlined as possible, handling the returns and the after-sales processes, such as asking for consumer reviews for the products and company alike. Globe Hope's web store offers a streamlined check-out process and therefore can be an efficient tool to maximize the sales. Although the additional product recommendations are offered at earlier stage of the shopping experience, Globe Hope's check-out process shows a progress indicator, order summary and a confirmation. Return rate is diminished by giving a locally adopted size chart. Globe Hope does have a link of its web store for social media, and therefore the concept of promoting social shopping is somehow present in company e-tailing strategy. However, the customer's voice is not truly provided an outlet and chances for dialogue are rare as the social tools are mostly used for product promotions and for marketing purposes. Globe Hope's web store and social media sites do not fully allow the consumer to engage and interact and therefore case company's loyal customer base are not genuinely involved in co-creating the brand value.

## **6 CONCLUSIONS**

### **6.1 Research Summary and Managerial Implications**

The internationalisation of a company entails an array of issues and developments for a firm including capital investments and changes in its business strategy regarding all operations starting from the manufacturing process all the way to marketing, finance, and even R&D. Previously these changes and inputs were considered often too demanding for small and medium-sized companies and the access to global markets was considered to be the privilege of large enterprises. However, with the help of current technological advances the barriers of entry may be removed so that the global markets open for small and medium-sized businesses, too. With the help of internet, global market place has opened up for everyone, with practically very low start-up costs.

The preceding case study illustrates the internationalisation process of a single case company, a medium-sized Finnish retailing firm that uses the Internet and e-commerce in particular as a tool in its foreign market entry. As the analysis shows, there are small, niche-oriented companies, existing in the shadows of the large retailers that can create considerable growth abroad. The special feature in the present case lies in the fact that the company decided to internationalise after several years of “quiet existence” on foreign marketplaces, and was able to do so via the Internet and electronic commerce, which was possible without major capital investments.

It can be concluded that SMEs should not constraint themselves to incremental development on foreign markets. Even though the case company practiced incremental internationalisation actions for several years after its establishment, the revolutionary internationalisation was rapid and resembled more that of the development of a born-global company than a traditionally internationalising one. The enterprising spirit and ideas of the company management were the critical factors for this development, yet careful planning, strategically aligned actions and the necessary resources to support this as well as excellent execution were the key to success.

On the market side this case study shows, that internationalisation via electronic commerce is economically sensible and risk-averse way for a Finnish SME. With the help of the Internet, SME can overcome the traditional internationalisation barriers and enter new foreign market quicker and with lower investment costs. However, in order to truly benefit from e-commerce as an international sales channel, the web store needs to be modified to fit international needs and to support the consumer in the multiple touch points during the mental journey of an electronic shopping experience.

The modern technological advances empower the SMEs by offering them a low-investment entrance to the global marketplace, yet Karpinski (2005) claims that at the same time the very same technological innovations also empower the individual consumers making them increasingly confident in their own opinions and the opinions of their peers. This can be already seen in the consumer behavior as social shopping becomes more and more popular. According to Hanna et al (2011), in order to gain growth it is no longer enough to merely incorporate social media into overall retail strategy; instead, companies should create communication strategies where customers are simultaneously both the initiators as well as recipients and where all elements collaborate toward the target objective. In order to give voice to its already existing, loyal customer base in Finland, Globe Hope should consider implementing a communication strategy that allows interaction and dialogue on its social media and e-commerce platforms. Research shows, that Globe Hope has a solid base of loyal, satisfied customers who appreciate the brand and the values it represents (Seppänen, A, personal communications Oct 5 2012). These customers and their opinions could be benefitted from allowing them to truly co-create the brand value and marketing messages, and in return the genuine consumer engagement would furthermore increase the loyalty and customer satisfaction.

### **6.3 Limitations of the study**

As any research project, this study has its weaknesses. The essential limitations related to the study are identified in this section. These limitations should be taken into account when evaluating the findings of this research project.

The internationalisation of a SME firm is a complex phenomenon that entails a wide variety of issues and developments . The purpose of this study was to draw a cohesive picture of this project instead of just seeing it from one perspective. Therefore it was a challenge to establish a framework fitting for this research project. Thus, influence was taken from the works of researchers from several different fields including the internationalisation theories, the theories about SME internationalisation, and the theories of electronic commerce to build a functional yet integrated framework suited for case study analysis. However, this framework was novelty in its efforts to create a more integrating approach to SME internationalisation, and hence it may have its faults and there may be room for improvement.

The most significant limitations arise from the case sampling. The thesis consisted of a longitudinal case study analysis of a single case company. Even though a multiple case study would have produced results that would have been more easily comparable and would have allowed finding more general causalities between the internationalization process and use of modern technology to facilitate it, the use of single case study enabled the use of building inductively from data rather than deductively from theory testing. Still, the implications made should be considered as suggestive only and some should be taken in generalizing the results.

### **6.4 Suggestions for future research**

Digital retailing has started to morph into something completely different; these days it is common that retailers interact with their customers on various channels, including the website, the various social media platforms alongside with the traditional physical

stores and call centers. According to Rigby (2011), this is called omni-channel shopping and it is predicted to only expand and variate. By 2014 almost every mobile phone will be a smartphone with the ability to be connected to the Internet, and an estimated of 40 % of customers will use tablets such as the iPad (Forrester 2013). Therefore conventional merchants need to learn an entirely new perspective that will allow them to integrate these separate sales channels into a meaningful and coherent omnichannel experience to ascertain economic survival. Therefore the most critical suggestion for future research regarding SME internationalisation based on electronic commerce centers around omnichannel retailing and especially mobile shopping.

A successful internationalisation process requires unavoidable adjusting on behalf of the whole organization, including areas such as marketing, product development and pricing (Chrysostome & Rosson 2009) According to Rigby (2011), redesigning retailing strategy will require new thinking and across the board innovation. In the face of e-commerce bringing in major part of sales, this will bring unavoidable changes to the operations of the whole company. What sells in traditional stores might not be the products that sell online. The managerial implications of such changes would be to aim to forecast the digital density for each product category needs and prepare for adjustments in the production accordingly (Rigby 2011). Other critical managerial questions to be considered include: What happens when traffic-building categories shift online and no longer pull customers into our stores? How should the company adjust to the greater price transparency automatically embedded in the nature of electronic commerce? All of these areas of question could be fruitful areas of future research.

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## **APPENDIX 1: List of meetings with the case company.**

<b>Date</b>	<b>Attendees</b>	<b>Topic</b>
6.9.2012	Taru Aalto, COO Inka Honkanen, AD	Outlining the project
21.9.2012	Seija Honkala, CEO Taru Aalto, COO Leena Lappalainen, B2B Sales	Company's Internationalisation Strategy
5.10.2012	Seija Honkala, CEO Taru Aalto, COO Antti Jokinen, project manager, Into-Digital (outsourced digital marketing agency)	Analysis of the current web site and its customer's, planning for the design and functions of the internationally modified web site and web store.
26.10.2012	Taru Aalto, COO	Outlining the international web store
7.1.2013	Taru Aalto, COO	Engaging the customer with rich content
1.3.2013	Taru Aalto, COO Inka Honkanen, AD	Updating the on-going project, blog marketing

## APPENDIX 2: List of point-of-sales in Germany and web stores in 2013 (source: Globe Hope web site, retrieved Feb 20, 2014)

**REYKJAVIK - Nordic lifestyle**  
Tirolergasse 14, Konstanz  
<http://www.nordic-lifestyle.de/>

**The Upcycling Fashion Store**  
Anklamer Straße 17, Berlin  
Phone +49 174 3455980  
<http://www.upcycling-fashion.de>

**DearGoods II**  
Baaderstraße 65, München  
Phone +49 89 18932883  
Opening hours Tue – Fri 11:00 - 19:00 / Sat 10:30 - 18:00  
[www.deargoods.com/](http://www.deargoods.com/)

**Stadtgrün**  
Marktstraße 93, Hamburg

**Tragware, Karlsruhe**  
Herrenstraße 46, Karlsruhe  
Phone 0721 1603888  
<http://www.tragware.de/>

**SUBURBIA store**  
Birkenstrasse 40, Düsseldorf  
Phone 0211 69510440  
Opening hours Mon - Fri 10.30 - 18.00, Sat 10.30 - 17.00  
[www.suburbia-store.de](http://www.suburbia-store.de)

**Kleiderswerth**  
Kaiserswerther Markt 47, Düsseldorf  
Phone +49 211 404458  
<http://www.kleiderswerth.de/>

**Zweite Liebe**  
Florastraße 59 (U Pankow), Berlin  
Phone +49 178 6891056  
[www.zweiteliebe.net](http://www.zweiteliebe.net)

**KREIS ZU QUADRAT**  
Berger Straße 214, Frankfurt  
Phone +49 (0)69 20018158  
[www.kreiszuquadrat.de](http://www.kreiszuquadrat.de)

**Samt & B'sonders**  
Ludwig-März-Straße 3, Penzberg  
Phone +498856933908  
<http://samtundbonders.de/>

**Julanndom Kinder Boutique**  
Gelbinger Gasse 7, Schwaebisch Hall  
Phone +4979149309498  
[post@julannodom.de](mailto:post@julannodom.de)

**DearGoods Berlin**  
Schivelbeiner Straße 35, Berlin  
Phone Tel +49 30 56975975  
Opening hours Mo – Fr 11:00 bis 20:00 / Sa 11:00 bis 18:00  
[www.deargoods.com](http://www.deargoods.com)

**Naturbaustoffe**  
Walburger strasse 32, Witzhausen  
<http://www.naturbaustoffe-erfurth.de/>

**Lieblingstyle**  
Pfarrgasse 4, Ingolstadt  
<http://www.lieblingstyle.de/>

**Glore Hamburg**  
Marktstrasse 31, Hamburg  
Phone +494035777650  
[www.glore-hamburg.de](http://www.glore-hamburg.de)

**Blickfang**  
Hochstrasse 64, Heinsberg  
Phone +4924529887571  
[www.blickfang-hs.de](http://www.blickfang-hs.de)

**Augenweiden**  
Schillerstraße 8, Kaiserslautern  
Phone +496313612904

**Buon.Gusto**  
Karwinskistraße 54, Munchen  
<http://www.buonogusto-laden.de/>

**Supermarché**  
Lausitzer Platz 11, Berlin  
[www.supermarche-berlin.de](http://www.supermarche-berlin.de)

**Zapar**  
Hauptstrasse 28, Budenheim  
[www.zapar.de](http://www.zapar.de)

**Glore München**  
Baaderstrasse 55, München  
Phone +496918912825  
[www.glore.de](http://www.glore.de)

**style atFAIRE**  
Marktgasse 15, Tübingen  
<http://www.styleaffaire.de/>

### WEBSTORES

**Avocado Store**  
[www.avocadostore.de](http://www.avocadostore.de)  
A German webshop for ethical and ecological products

**Ecuina**  
[www.ecuina.be](http://www.ecuina.be)  
A Belgian eco chic webshop

**fromfinland.fi**  
[www.fromfinland.fi](http://www.fromfinland.fi)  
Finnish design shipped worldwide

**Funit design shop**  
[funit.fi](http://funit.fi)  
Design products with small environmental impact

**Kudzu Webshop**  
[www.kudzu.be](http://www.kudzu.be)  
Ecological design

**Ocean Spirit**  
[www.oceanspirit.fi](http://www.oceanspirit.fi)  
Nautical home decor & giftware as well as GH sail bags

**Supergoods**  
[www.supergoods.be](http://www.supergoods.be)  
Belgian webshop

**Vihreä Omena**  
[www.vihreaomena.net](http://www.vihreaomena.net)  
Second hand Apple products and GH laptop cases

**Yours Sustainably**  
[www.yourssustainably.com](http://www.yourssustainably.com)  
A webstore in the UK