Swedish fashion companies go abroad – a study on small and medium-size fashion companies’ internationalization processes

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Abstract

The Swedish fashion industry is one of the fastest growing export industries and in recent years the Swedish fashion companies have been praised for their international expansion. For companies with niche products in smaller markets like Sweden internationalization is important but since the industry is constantly changing the internationalization process is quite challenging. Previous studies show that internationalization can be profitable for fashion companies but there is no unified view among researchers as to which way is the right way for the companies to internationalize. Most studies come to the general conclusion that companies seem to follow different paths.

The purpose of this study is to contribute to the knowledge development of internationalization for small and medium-sized Swedish fashion companies based on established theories of internationalization. A qualitative study has been conducted based on a multiple case study design with 12 participating Swedish fashion companies. The study has a deductive approach since it has its starting point is from a well-established theoretical model: The Business Network Internationalization Process Model which has also worked as a foundation for the study’s analytical model. The analysis is however partly inductive since findings in the result have been fed back into a modified theoretical model, suitable and applicable for Swedish fashion companies’ internationalization processes.

In conclusion the findings indicate that there are several important knowledge-bases for the fashion companies that motivate them to start an internationalization process, mainly their design-driven vision of becoming an international brand and the management’s risk-taking business mindset, founded in their entrepreneurial skills and previous knowledge. The result also shows that relationships with different industry actors are of high importance for the companies and in many cases the only way to internationalize. In addition the results show not only that the established theoretical model on internationalization is applicable to Swedish fashion companies but that there also are tendencies that show that the Swedish companies follow a more chronological path in their processes.

Keywords: Internationalization process, Small to medium-sized enterprises, fashion industry, knowledge-based motivation
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1. Introduction

This chapter presents an introduction and background to this study with the focus on small and medium-size fashion companies’ internationalization process. Studies of fashion companies’ international expansion problems and challenges within a complex industry are presented in a brief literature overview which narrows down to the study’s purpose and research questions.

1.1 Background

The worldwide internationalization of companies has thoroughly been research and discussed since the 60’s and 70’s. Influential researchers have introduced models and theories that have been twisted and turned, praised and criticized (Olejnik, 2014). It is easy to see that there is no lack of studies and analyzes on companies internationalization processes but it can be concluded that there is no unified view among researchers which way is the right way for companies to internationalize. Most studies come to the general conclusion that companies seem to follow different paths.

For small and medium-size companies (SME) internationalization is a complex process due to shifting international circumstances and difficult strategic choices that have to be made (Olejnik, 2014). For companies with niche products in smaller markets like Sweden internationalization is important in this globalized world (Andersson, Gabrielsson & Wictor, 2006) which can assume to important for SME companies as well.

The challenges and the complex processes of internationalization are also faced by fashion companies; they are no exception in this regard. Studies show that internationalization can be profitable for fashion companies and one of the most noticeable trends right now is the continual growth of fashion companies expanding internationally. This contributes to the globalization processes where the European fashion companies by far outweigh other continents in terms of international growth (Mollá-Descals et al. 2011). Swedish companies are also following this globalization trend as can be shown by industry’s increased export number and global success stories, from the multinational giant H&M to smaller entrepreneurs and innovative designers like Acne, Filippa K and J.Lindeberg among others (Hauge, Malmberg & Power 2009; Sternö & Nielsén, 2015).
Most of the Swedish fashion companies can be considered as SME since they represent the vast majority of the number of fashion companies even if the large ones stands for the majority of the export (Sternö & Nielsén, 2015). According to Radon, Sjöman & Svengren Holm (2013) it is common to distinguish these Swedish fashion companies between each other depending on how the companies were founded and their business focus. They are divided between commercial driven and design driven foundations, where the commercial driven have been founded and run by tradespeople and the design driven were founded by designers or entrepreneurs.

The Swedish fashion industry has also been experiencing increased attention in recent years due to its contribution to the creative and cultural industries with significant effects to the economy (Lindholm Dahlstrand, Jacob & Politis, 2013). Terms as “Det svenska modeundret”, a concept that can be translated as the Swedish fashion wonder is often cited in articles and discussions in relation to the Swedish fashion companies’ internationalization, both from a business and design perspective. However, few seem to really know what it refers to but agree that it works to describe the last 10-15 years fast development of a rich diverse fashion industry (Falk, 2011; Lindholm Dahlstrand, Jacob & Politis, 2013). It has been argued that this fast development is not caused by a “wonder”, but rather a result of hard and thorough work (Radon, Sjöman & Svengren Holm, 2013). It can also be assumed that the concept relates to the latest statistics on the Swedish fashion industry presented in a report made by Sternö and Nielsén (2014; 2015b) on behalf of the Swedish Agency for Economic and Regional Growth that shows that Swedish fashion companies exports are increasing while Sweden’s over all export in total is decreasing. The total sales for the fashion companies in 2014 were SEK 264 billion of what export represents 173 SEK billion. This is a trend that has lasted from 2011 where both the domestic market as well as the export market have been constantly growing but where export market has grown faster. In between 2013 and 2014 the export increased 17% while the domestic market increased around 2 %.
Turnover in the Swedish fashion industry, billion SEK 2011-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic market</th>
<th>Export market</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>91,4</td>
<td>172,9</td>
<td>264,3</td>
</tr>
<tr>
<td>2013</td>
<td>89,8</td>
<td>147,4</td>
<td>237,2</td>
</tr>
<tr>
<td>2012</td>
<td>91,3</td>
<td>138,0</td>
<td>229,3</td>
</tr>
<tr>
<td>2011</td>
<td>83,2</td>
<td>123,9</td>
<td>207,2</td>
</tr>
</tbody>
</table>

(Source: Sternö & Nielsén, 2015b, p 3)

The vast majority, 98 %, of the Swedish fashion companies are considered to be small (Sternö & Nielsén, 2015a) and can be classified as SME-companies. With the right conditions, these companies and the whole Swedish fashion industry can develop further as a growth industry, contributing to Swedish competitiveness and globalization. However, this international development doesn’t happen overnight and there is a discussion among the Swedish fashion companies on how this development will take place, what difficulties there are and what requirements and help that is needed for such development (Sundberg, 2006). It can be argued that the Swedish SME fashion companies might have to follow another logic or process to start their internationalization process compared to the large and more commercial driven companies like the big retail chains. To have international focus or audience already from the start makes the SME companies into so called born-globals, an exciting phenomenon with many opportunities but which also challenges these companies in terms of finding or gaining international knowledge on how to work and handle international markets (Kreativ sektor, 2015).

Despite the recent years’ increased export, several published reports from governmental organizations and large amount of articles in daily press about the Swedish fashion companies’ success and the Swedish fashion wonder there is no recent scientific research done on how or why these companies have been successful or what drives them into the international arena. There is also very little research done about the motivations behind these companies’ internationalization processes and what motivates them to enter the global arena. This research gap lies as foundation for the purpose of this research study.

The purpose of this study is to contribute to the knowledge development of internationalization for SME and design-driven Swedish fashion companies based on
established theories of internationalization and will inquire into prior research knowledge regarding these processes. The empirical contribution consists of 12 interviews with company representatives from Swedish SME fashion companies. The respondents are or have been in different management positions working with the internationalization processes of these companies at the time of the interviews. The companies represented in this study are different in size and age, but are represented in several international markets with a spread between the six continents and they have all been included in the discussions about belonging to the Swedish fashion wonder.

1.2 Literature review on SME companies internationalization across the fashion industry

As introduced, internationalization of small and medium-sized companies has been researched and discussed for over two decades due to a changed business environment with increased competition and new opportunities worldwide (Kuivalainen et al. 2012; Olejnik, 2014). A common definition of internationalization in many of these research studies is based on the definition made by Calof and Beamish (1995, p. 116): “the process of adapting firm’s operations (strategies, structures, resources, etc.) to international environments”. According to a recent dissertation by Olejnik (2014) it important to note that research on SME’s internationalization processes cannot be compared to multinational enterprises because size, ownership and company culture play an important role. When these companies consider internationalization they face different challenges than larger companies but SME’s have shown to be more flexible and better in adapting to changing circumstances, which has also shown to have an effect on internationalization. Hence, this literature review takes its stand in discussing theories on companies’ internationalization process from the perspective of SMEs and from the above definition. Furthermore studies analyzing fashion SMEs internationalization process will be presented and discussed leading into this study’s research focus.

1.2.1 Internationalization of SMEs- Theoretical points of departure

An influential theoretical starting point in many studies in explaining a company’s international development has been different types of stage models, mainly dominated by
the ‘Uppsala internationalization process model’ first proposed in 1977 by Johanson and Vahlne (1977; 2009). The model was developed based on studies on Swedish companies operating internationally and takes its stand in the basic assumption that a company’s internationalization is gradual. Step-by-step a firm increases its presence and resources in a market as knowledge about that market is obtained. Understanding and knowledge about a market’s culture, political system, language and industry structure are essential in this process, a process that can sometimes be both lengthy and time consuming (Andersson, Gabrielsson & Wictor 2004; Johanson & Vahlne, 2009; Kuivalainen et al. 2012).

According to Kuivalainen et al. (2012) Johanson and Vahlne’s initial study showed that many companies started their internationalization process with an ad hoc export. A local agent with market knowledge would be the first step into entering the international arena and as sales grew the companies would replace the agents with their own sales organizations, which would become the start of their own international subsidiaries. Their research also showed that companies tend to internationalize in geographical close markets due to the cultural similarities and successively continues to move to markets further away. This linear process is called the establishment chain (Johansson & Vahlne 1977; 2009).

Many scholars have however been forced to rethink the theories of the establishment chain and a company’s gradual enter to a foreign market due to the born-global phenomenon (Bhardwaj, Eickman & Runyan, 2011; Olejnik, 2014). The Uppsala internationalization process model, especially, have been criticized in several studies which points out by Andersson, Gabrielsson & Wictor (2004; 2006). They claim that the model does not fully explain the internationalization of SMEs and born-globals, and that the process of obtaining knowledge is seldom dealt with in theories on internationalization. These companies are often dominated by entrepreneurs with extensive experience and personal networks, which can compensate for the lack of financial resources or organizational structure that is sometimes missing from start.

This critique is strengthen by Kuivalainen et al. (2012) as well as Olejnik (2014) who argue that the born-global phenomenon challenges the traditional stage model because these companies commit to international markets directly or soon after their founding which becomes another path to internationalization. They claim that the difference between these
two entry modes is clear, either a company gradually enter the international arena and focus on a few markets or rapidly enters and diversifies into a large number of markets directly from start. Olejnik (2014) also states that there is no common or single agreed model among scholars on how born-globals and SME's internationalize although the existing theories of internationalization are well grounded.

Another critique towards the traditional Uppsala internationalization theory according to Andersson, Gabrielsson & Wictor (2004; 2006) is that the model does not explain why some companies starts to internationalize and why some stay in the domestic markets as well as why some tend to stay in few markets while others experience a fast expansion. They claim that there is a need for more research and new theoretical models for internationalization that better fits today's fast changing business environment and to look at the foreign entry mode for companies as a part of their overall strategy. The arguments is also made that there is a need for an added dimension of industrial context. Different industries develop certain dominant course of action within the industry and therefore an industry dimension needs to be included in any new models.

Andersson, Gabrielsson and Wictor (2006) also found that knowledge and market experience that is built up over years in organizations seem to be an important predictor for international growth. In their study they came to the conclusion the fast changing environment and managers, especially the CEO's perception can explain why some small firms grown internationally. They argue that the CEO's or the managements' successful experiences or observations from one market are being of strategic importance and perceived as future path for other international markets. Younger CEOs especially has the mindset that they see the world as their marketplace and act accordingly to this. These findings are in line with Johanson and Vahlne’s (1977; 2009) theory that management’s attitudes decide where companies chose to expand and that management’s prior experiences have a strong impact on especially SME’s internationalization. Olejnik (2014) follows up on this theory and concludes that an international entry or change of international market for SMEs can be a result of the management’s attitudes if the managers realize the importance of the company’s structure and culture.
All the above criticism seems to be well known for the founder of Uppsala model who in 2009 published an updated version. Johanson and Vahlne (2009) states that model needed to be altered due to the changes in business practices and because new theoretical points have been made since 1977. Their core argument is that the initial model is lacking the networks of relationships within the industry, which is necessary for successful internationalization. Relationships and networks are according to the researcher the foundation in learning and building a company’s knowledge about a market but since relationships are socially constructed they can be difficult to build, especially when there is a large psychic distance between the actors. The updated model therefore has an added dimension of relationship-specific knowledge as well as a trust and commitment building element.

### 1.2.2 Fashion companies’ internationalization process

The fashion companies are no different than companies from other industries in regards that they are highly dependent on obtaining knowledge and information from foreign markets, which also takes place through networks and relationships. This is pointed out in a research study on Swedish fashion companies’ internationalization, *The Spaces and Places of Swedish Fashion* (Hauge, Malmberg & Power, 2009). The authors argue that the fashion industry is knowledge intensive and characterized by relationship and networks where the companies are dependent on a web of actors, e.g. designers, manufactures, service providers, people within marketing and PR, retailers and consumers. This interaction within the industry is a key factor to successful internationalization.

Hauge, Malmberg and Power (2009) claims that Swedish fashion companies are good at building networks and relationships. The companies are granting responsibility and trust of their products to other actors like manufactures or retailers through outsourcing while they focus on developing their brand image internationally. They express that they have a “feel for fashion” and their main function is not to manufacture fashion but to translate this “feeling” into their products and brand, which they considered to be a main profit center.

The study by Hauge, Malmberg and Power (2009) also shows that there is an important network among the Swedish fashion companies but it is overshadowed by rivalry and direct
cooperation between the companies are rare. Is not limited to the domestic market but also exist in international markets. Most Swedish fashion companies dissociate themselves from their main competitors and colleagues within the industry. However, due to fact that Sweden is a fairly small market and that many of the fashion companies have been developed within the same socio-institutional environment there is an existing relationship between them. Managers and other employees have attended the same educational programs or work together previously, added to the fact that they meet at the same international fairs and share the same domestic fashion arena. Hence, the companies are well aware of each other, they monitored each other businesses models, turnovers, suppliers and products and this mutual knowledge becomes a competitive advantage. Even if the companies express outright rivalry for each other they also agree that they need each other. Some fashion companies claim that the latest success of Swedish fashion internationally is achieved due to the fact that the companies follow each other into new markets, one success story open up doors for others.

That fashion companies learn from and follow competitors into new markets is supported in a study by Mollá-Descals et al. (2011) who have tried to identify Spanish fashion companies’ internationalization patterns and type of expansion in foreign market. Their result shows that internationalization can be seen as a key success factor and for some companies also a way of survival. Internationalization is a learning process and fashion companies’ performance is expected to improve both on the foreign market but also on the domestic market. Competitors, employees and governments play an important role in this process as the value chain expands it also increases the complexity of the process but also the risk of failure. A success in the home market does not necessarily mean that there will be a success on an international market if the entry and adaptation is not correctly managed. This is strengthen by Andersson, Gabrielsson & Wictor (2006) who argues that it can be costly if an entry to a market does not work or meet the expectations, hence it is important that the internationalization process also goes hand in hand with a business’s vision and ideas, which can also be seen as a part of their brand building.
1.3 Research context and questions of this study

As earlier presented theory of the establishment chain propose, companies tend internationalize first into geographically and culturally close markets before gaining confidence and resources to expand elsewhere. This distance is theoretically presented as the psychic distance concept (Johanson & Vahlne, 2009). According to Mollá-Descals et al. (2011, p. 1981) psychic distan can be defined “as the distance between the home market and the foreign market resulting from the perception and understanding of cultural and business differences”. They state that European fashion companies follow the establishment chain theory and expand into countries that show similarities in the economic, political and cultural environment. Statistical reports on the Swedish fashion industry confirms this statement and shows that the most important export markets for the Swedish companies are the geographical and cultural close markets like the Nordic countries, Germany and Great Britain (Sternö & Nielsén, 2015). However there have been discussions in recent research regarding the psychic distance concept (Mollá-Descals et al. 2011). The perception that a market is similar to the home market does not guarantee a company’s performance. In a market very different from home can have a satisfying and well-developed retail environment, which provides new opportunities that can lead to an even better performance than at home.

Another study by Wigley, Moore and Birtwistle (2005) shows that more prestigious fashion brands internationalization cannot be explained by the psychic distance concept theory. These fashion brands tend to internationalize into more distant markets, both geographically and culturally to create a more desirable international image. This becomes a motive for internationalization for many fashion companies as they are pushed away from their domestic market due to market saturation or high competition and pulled to a new foreign market with new opportunities. Some countries are also more associated as good fashion markets and cities like New York, London, Paris and Milan have strong symbolic value for fashion companies (Hauge, Malmberg & Power, 2009). As mentioned earlier a success story of one company can open up doors for other but a company’s own success story in a certain market can also spill over to other markets. Headlines as “Success in New York” can assume to create certain positive effects for a fashion company.
According to Wigley, Moore and Birtwistle (2005) the psychic barriers in a market can be overcome if the fashion companies have desirable brands and products. The companies should however look into their product range and brand image and consider those components in relations to the new foreign market’s cultural and trading environment. Alterations might be necessary on both products and in marketing to fit the foreign market conditions but it requires knowledge, good relationships with foreign stakeholders, coordination of resources and an implementation plan.

All of the above raises interesting issues regarding the Swedish fashion companies’ internationalization process. Despite the international success of these fashion companies and the noticeable trend of a continuing growth there is little reference to that success within literature and research of internationalization (Moore & Burt, 2007). There is also little found on how these SME companies within a growing industry base their decision on when they decide to internationalize or what motivates them. There is however a significant number of master and bachelor thesis on the theme. It can be assumed that in the next couple of years there will be more empirical studies published which will contribute to the theories of internationalization for fashion companies.

The purpose of this study is to contribute to the knowledge development of internationalization for small and medium-sized Swedish fashion companies based on established theories of internationalization. In doing so the result can be seen as resource of knowledge, hoped to be understood by practitioners in the fashion industry and applicable in their ongoing or future international establishments.

To fulfill the purpose the following questions have been identified:

• What knowledge contributes to the motives of the small and medium-size Swedish fashion companies to start their internationalization process?

• What role does the management or CEO’s previous knowledge or attitude about internationalization play in this process?

• How does the relationship between fashion firms and other actors affect a company’s internationalization process?
1.4 Disposition of the study

The study is organized as follows: Chapter 1, Introduction, the reader is introduced to the complex processes in which SME companies both in general and within the fashion industry are challenged with when they start the internationalization process. It presents an overview of research studies made within the area and aims to narrow down to the scope of this study.

Chapter 2, the Theoretical Framework, presents a well-established theoretical model for companies’ internationalization processes, the Uppsala internationalization process model as well as its revised version, the Business network internationalization process model. This is followed by the study’s analytical model which is based on the last version of the internationalization model in relations to new dimension and implications of the model and its theories which are highlighted in the literature review.

Chapter 3, Method, describes and discusses the interviews made with Swedish SME fashion companies as well as how the case companies were selected. It also presents how the data has been analyzed as well as a reflection of the quality of the study.

Chapter 4, Result, presents a short description of each case company followed by the empirical data analysis. The result is presented on the basis of the analytical model and provides an overall picture of the respondents’ answers as well as selected quotations which highlight the result in relation to the analytical model. The result is the foundation for the final discussion and conclusion where the result is discussed in relation to the theoretical framework in order to answer the research questions and present a new modified model as well as suggestions for further research.
2. Theoretical Framework

This chapter presents the original Uppsala Internationalization Process Model, the new updated model, ‘The business network internationalization process model’, followed by a modified analytical model base on theoretical inputs from other researchers well as added dimensions that are relevant for this study. Hence, the modified model will emphasize small and medium-size fashion companies’ internationalization process and will be used to analyze this study’s empirical data.

2.1 Theoretical model for internationalization

The Uppsala Internationalization Process Model first presented in 1977 is grounded in the theoretical assumption that companies internationalization takes places gradually through an establishment chain and subsequently increases and changes its market presence as more knowledge and experience is obtained. Learning from own experiences and activities as well from its partners are the foundations in a company’s establishment and through which more commitments are being made (Johanson & Vahlne, 2009).

Johanson, Blomstermo and Palhberg (2002) states that the original model has two theoretical foundations: The first that companies tend to establish themselves internationally while they are still small and that their growth in an international market is the result on how resources in terms of knowledge are being used, a theory grounded in Edit Penrose’s “Theory of the Growth of the Firm” published in 1957. Penrose defined this knowledge as objective knowledge which is knowledge that can easily be transmitted between individuals in a company or experience based knowledge founded through personal experiences of people within the company. The second theoretical foundation is based on Cyert and March theory “a Behavioral theory of the firm” published in 1963 which states that a company’s behavior in terms of how decisions are being made is based on a very limited knowledgebase and that development of knowledge is a key activity for the company. This theoretical foundation formed the original Uppsala internationalization model which illustrates two variables, how international the company is, state, and how internationalization takes place, change. It also shows that there is interplay between a company’s knowledge base and international engagement through their market engagement.
and knowledge as well as their commitment and decisions in daily activities (Johanson, Blomstermo & Palhberg, 2002).

![Diagram of the Uppsala Internationalization Process Model](image)

**Fig. 1 The Uppsala Internationalization Process Model (Johanson, Blomstermo and Palhberg, 2002 p. 51)**

Added to the process above is the dimension that international establishments have frequently shown to takes place in geographical and culturally close markets in terms of *psychic distance*, defined as factors in a foreign market that are different from the domestic market (Johanson & Vahlne, 2009). The model has since then been revised based on a number of studies which have demonstrated the importance of networks and relationships early on in a company’s internationalization process (Ibid). The argument for the updated version is that internationalization should be seen as a by-product of a firm’s relationship in a network and the position a company has in the network. Johanson and Vahlne (2009, p. 1411) states: “markets are networks of relationships in which firms are linked to each other in various, complex and, to a considerable extent, invisible patterns”.

It is claimed by the founders of the Uppsala Internationalization Process Model (Johanson & Vahlne, 2009) that in today’s business environment, identification of new opportunities, where to go geographically as well as which entry mode to use have been considerable impacted and possible due to the companies different relationships and networks around the world. These relationships are borderless, socially constructed and built on intentions, expectations and interpretations of the participants that are being a part of the network
Building and engaging in relationships have shown to be an important investment and of mutual interest between partners but it not risk free and it requires constant development. Once established however these relationships and networks can act as competitive advantages in the internationalization process (Johanson & Vahlne, 2013).

The new updated model, ‘The Business Network Internationalization Process Model’ (Johanson & Vahlne, 2009) shows a business network environment where the company has a central role in a web of relationships where commitments are being made between the partners of the network. The updated model is also dynamic and consists of the two variables, state and change, which each has to two updated categories. Since the variables are interconnected they can affect each other, for example when the level of knowledge increases it can have a positive or negative effect on relationship commitments and trust building within a network.

The first aspect of the state variable is knowledge and opportunity, which has been developed from the original model’s market knowledge. Knowledge can be obtained through interactions between the partners of a network and the more knowledge the partners have of each other, especially about the other’s resources and capabilities, the closer their relationship gets (Johanson & Vahlne, 2009). However, this raises some challenges and
requires some coordination especially if the partners are located in different countries, for instance between a buyer at the head office and a supplier in a foreign market (Schweizer, Vahlne & Johanson, 2010). The knowledge and opportunity aspect also includes individual and organizational learning where Johanson and Vahlne (2009) believe that learning and commitment can strongly lead to opportunities in markets to be exploited. Companies tend to go to markets where they or their partners see opportunities but also possibilities to obtain new business networks which also emphasizes the importance of networks in the internationalization process.

The second category in the state variable is the network position, which was in the original model identified as market commitment, meaning a company's resources invested in a market like marketing, organization and personnel can be seen as an obligation to that specific market as a part of the internationalization process (Johanson and Vahlne, 1977). The authors revised this due to the new assumptions that the internationalization process is pursued with a network. Hence the network position includes the degree of internationalization where the network position can be strengthened if the market position is being improved (Johanson & Vahlne, 2009). The relationships within the networks have to be beneficial to everyone involved otherwise the partners would start to seek other connections (Schweizer, Vahlne & Johanson, 2010). In later discussions it has been claimed that there is a distinction between external network positions and internal network positions within a company as they see larger companies like a network themselves (Johanson & Vahlne, 2013). However, this is not explicitly shown in the 2009-revised model and will also not be considered in the modified analytical model later presented.

In the change variable the category of learning, creating and trust-building can be found. This category has been developed from what the original models named as current activities, meaning that daily and regular operations in a company plays an important role and can lead to obtaining knowledge and building trust towards a partner in the network (Johanson & Vahlne, 2009). In the new model the concept includes these elements as already existing body of knowledge. When companies are looking for opportunities in a market or to establish itself in a network, knowledge, commitment and trust have to be taken into consideration from the beginning (Schweizer, Vahlne & Johanson, 2010). In relationships where there are high levels of knowledge, trust and commitment between the partners has
been shown to result in more creative and efficient processes (Johanson & Vahlne, 2009).

Finally, in the change variable, the category relationship-commitment-decisions have been developed from what in the original model was only constituted as commitments. The original model claimed that a firms experience as well as market experience is relevant for the internationalization and that both problems and opportunities can be perceived mainly by those who work on that market (Johanson & Vahlne, 1977). Relationships have been added to the commitments to clarify that commitments are made towards relationships or to networks of relationships and can both strengthen or weaken a relationship (Johanson & Vahlne, 2009). This can be exemplified when a company, which has no network in a foreign market, follows a partner abroad if that partner has a valuable network position in that market which could result in a stronger relationship between the parties. This normally results and is quite visible in changes of entry modes, organizational structures, and investments and level of dependency (ibid).

To conclude the Business Network Internationalization Process Model some implications will be highlighted and some important dimensions will be added. The model has always been claimed to be more suitable and applicable to smaller companies which has been revised due to the theory that internationalization is more a matter of experiences and relationships rather than size. However, larger enterprises may be better in aquire experience and networks which might explain why those companies sometimes grow more rapidly in international markets (Johanson & Vahlne, 2009). Other researchers (Kuivalainen et al., 2012; Olejnik, 2014) claim that the model still does not fully explain the internationalization of small firms and so call born-globals. As mentioned these companies are often dominated by entrepreneurs with extensive experience and personal networks, which can compensate for resources that larger companies normally have but they still face the challenges of being small in a global network. However, according Johanson and Vahlne (2009) the model has been implemented in several empirical studies on different types of companies with positive results, hence it can be used for all company sizes and is therefore suitable as a theoretical foundation for this study.

Exactly where internationalization starts in the model according to Johanson and Vahlne (2009) is subjective. Examples of starting points could be the founding of the company (e.g.
born-globals), through a relationship with a partner in a network or through prior experience and knowledge by the management. According to Andersson, Gabrielsson & Wictor (2006) as well as Olejnik (2014) the management’s knowledge and prior experiences have shown to play an important role where these factors have led to new international opportunities and presence especially for SMEs. Noteworthy is that the model does not specifically point out the managements’ or the CEO’s impact on the internationalization pattern and should be more visibly incorporated in the model as an important factor. These management positions are often dominated by the entrepreneurs who founded the companies themselves and as Schweizer et al (2011) are arguing, the entrepreneurs are often operating or making decisions based on uncertainty and choose more freely among the opportunities that arise.

Where a company should direct its internationalization according to the model is general but can be explained by the network position. A company can go to markets where it sees opportunities as well as where a partner sees opportunities or has a strong market position (Johanson & Vahlne, 2009). What the theory does not specify is whether a company’s international market presence are due to the competitor’s internationalization pattern even if it can be assumed that a competitor can belong to the network. As mentioned earlier a success story of one company can open up doors for others which have been shown in other studies on Swedish fashion companies (Hauge, Malmberg & Power, 2009), hence it is of interest to emphasize the competitor’s impact on the internationalization process and add it to the change variable in the model.

As presented in the beginning of this chapter the establishment chain proposes that a company tends to internationalize first into geographically and culturally close markets before obtaining confidence and resources to expand elsewhere (Johansson & Vahlne, 2009). It has been shown that this is not always the case, especially for more prestigious fashion brands that want to pursue a more desirable international image (Wigley, Moore and & Birtwistle, 2005). It has also been shown that a company’s own successful brand image in one market can “spill over” to other markets (Hauge, Malmberg & Power, 2009). These factors are not specifically pointed out in the model, however they are interesting to include as they may have positive effects on a fashion companies internationalization process.
It has also been augmented by Andersson, Gabrielsson and Wictor (2006) that there is a need for an added dimension of industrial context since different industries develop certain dominant ways or course of action for internationalization. The fashion industry is characterized by networks of designers, manufactures, marketing and PR professionals, retailers and even consumers among others. This also makes the fashion industry dynamic and in constant change where fashion knowledge can vary through time and markets (Hauge, Malmberg & Power, 2009). In these type of networks of relationships with high level of knowledge, trust and commitment, more creative and efficient processes have been shown (Johanson & Vahlne, 2009). However there is no industrial context included in the business network internationalization process model.

2.2 Modified analytical framework for this study

A summary of the above model description and implications provide a number of significant points of interest for this study and in relation to the study’s research questions. An abduction of the business network internationalization process model has been made, modified to be used as a tool to analyze this study’s empirical data. The model should still be seen as dynamic; hence the state variables and change variables have an impact on each other.
In the first state variable, knowledge and opportunity has been shown to be the foundation and sometime even the starting point for SME companies' internationalization where a company's knowledge about a certain market has strongly led to international opportunities. It includes both individual and organizational learning and since management's prior knowledge and relationships have shown to play an important role in the decision making of internationalization it can be seen as one of the most interesting aspects in relation to Swedish SME fashion companies’ internationalization. In the first state variable *managerial influences and impacts* have therefore been incorporated in the model as an important factor for a company's international opportunities and establishments.

The second category in the state variable, the network position, which encompass the degree of internationalization and how internationalization can be accomplished through strong network positions within a company's organization, value chain and partnerships has been modified to include the a competitor aspect, *follow a partner or competitor*. A company can assume to direct its internationalization where it sees opportunities or where partner sees opportunities but prior research presented in this study doesn’t mention the influence of a
competitor's internationalization pattern. It can be assumed that a company which monitors its competitor closely can direct the internationalization towards the markets where the competitor is active. As discussed earlier one success story of a company’s internationalization can open up doors for others hence it is of interest for this study to look closer into this factor.

In the change variable the relationship-commitment-decisions category has been left in its original form. As described relationships and commitments between partners within a network can be strengthened or weakened which can result in a company’s market commitments and investments. This study will look into the relationship-commitment-decisions that has been made by the Swedish Fashion SME companies in relations to their partners in different international markets.

In the last change variable the Learning-Creating-Trust category has been added with a brand value dimension, *brand image and own success*. A company's own success in one market can give effects in other markets. A successful establishment in a fashion city like London can increase a brand's awareness in another city with the same “fashion status” like New York or Paris.

Finally the modified model is set in an industrial context, *the Fashion Industry*, encircling both the state and change variable. As presented earlier research has indicated that there is a need to look at companies’ internationalization differently dependent upon which industry they operate in which can be assumed to be quite an important especially for the fashion industry which is characterized by constant change.
3. Methodology

The purpose of this study as earlier stated is to contribute to the knowledge development of internationalization for small and medium-sized Swedish fashion companies based on established theories of internationalization and to make it applicable for practitioners in the fashion industry. To fulfill the purpose a qualitative study has been conducted through a multiple-case study design. By using well established theories of internationalization as an analytical model for the empirical data the study has a deductive approach. The research method, collection of the empirical data, sampling of cases as well as a reflection of the method and quality of the study will further discussed.

3.1 Research method and design

A qualitative method is suitable for this study since qualitative empirical data can reflect nuances, values and assessments within a certain environment or context and is a commonly used method within business and management research (Bryman & Bell, 2015). A qualitative method is also suitable to explain and understand formative processes like how knowledge is disseminated and communicated within an organization (Ahrne & Svensson, 2015), which has been one of the key research focuses in this study. The qualitative research of this study was conducted through a multiple-case study design, which has become more common in business and management research. This research design facilitates to develop theories as a study often consist of more than one case (Bryman 2008). It is considered as a comparative research design since it allows the researcher to compare and contrast findings from each of the cases within the study (Bryman & Bell, 2015).

The qualitative research method has allowed a more extensive knowledge and clearer picture of the interaction between individuals, processes and organization than what a quantitative method would have permitted. It has enhanced the ability to come close to the environments, the respondents as well as the processes of interaction. A qualitative research approach also allows rich and diverse information to be collected and analyzed in the context of how environmental influences have impacted a social context (Bryman & Bell, 2015), in this case the companies’ internationalization processes.

Since the study has a theoretical starting point from a well-established theoretical model, The Business Network Internationalization Process Model (Johanson & Vahlne, 2009) the
study has a deductive approach were the theoretical model drives the data collection process (Bryman 2008). The study’s analysis is however partly inductive since the model is not entirely directing the result which allows findings in the result to feed back into the stock of theoretical knowledge (Bryman & Bell, 2015) which results in a new modified model. Both deductive and inductive approaches should be looked as more as tendencies in this study rather than clear distinctions since there is a different view among researchers on how theory is used, especially with inductive strategies where the researchers float between theory and data and sometimes have to collect more data to be able to make a theoretical reflection (ibid), which has been the case in this study.

3.2 Cases and sampling

This study is a continues study on collected empirical data which are based on 12 interviews with 12 respondents, all senior managers, owners and/or CEOs of Swedish SME fashion companies which took place in 2012. The interviews where made as a part of a research study, conducted at the Swedish School of Textiles at the University of Borås in collaboration with the Association of Swedish Fashion Brands (ASFB) and lead by a professor in Textile Management together with the author of this report. The study was presented in the report “International Growth of Swedish Fashion Companies” (Svengren-Holm & Tijburg, 2013) with the purpose of presenting a deeper understanding of how fashion companies have acted and reasoned during the international expansion as well as presenting successful choices or difficulties in the processes. The sampling of the companies can be considered as purposive sampling, which seeks to choose sample cases in a strategic way to ensure that the cases are relevant to the research questions and with a variety of characteristics (Bryman & Bell, 2015), which was the situation both in the study presented above as well in this study.

The interviews were conducted as semi-structured interviews, which are characterized as interviews that follow a certain interview schedule with pre-formulated questions but with a sequence of the questions that could vary (Bryman & Bell 2015). Interviews in qualitative research like this study is a common method to collect empirical data where the interviewer become a passive receiver of already existing data which later is selected depending on the study's research focus, processed and later transmitted to the reader (Ahne & Svensson, 2015). The order of the questions during the interviews with the respondents varied
depending on where the conversation where directed, either by the respondents themselves or by the interviewer. The questions were open-ended which allowed the respondents to express themselves freely but all interviews had follow-up questions on the respondents’ statements. This means that completely neutral and objective participation of the interviewer was not possible, which according some researchers is important if the interviewer should be a passive receiver of clean empirical data and minimize the own interference of the respondents answers (ibid).

The interview respondents where contacted directly by telephone or email but all the interviews took place at the companies’ head-offices in Sweden expect one which took place in The United States of America at a subsidiary office. The interviews lasted between 30 to 60 minutes and were recorded and later transcribed. The interview guide with the questions can be found in appendix 1 and all the interviews available. The respondents were chosen due to their management position and long experience in the company, 8 men and 4 women.

3.3 The empirical data and its analysis

As presented above the primary empirical data consist of 12 interviews. Before the interviews took place preparations were made by conducting extensive background research on each company’s history, ownership and current business by studying their websites, published articles in media regarding the companies’ internationalization process as well as collecting information about the companies’ internationalization presented in reports made about the Swedish fashion industry’s international expansion. Additional primary data was collected by documenting the companies’ annual turnover over the last five years for the purpose to see if there were any significant changes, which later would be discussed during the interviews. Statistical data about the Swedish fashion industry’s export was also collected through Business Sweden, the former Swedish export council. All the above information was documented and studied before each interview took place.

The companies are represented in several international markets, mainly in Europe but either with an existing presence or the prospect of continuous grow into other continents. They are all considered to be small or medium-size in relations to the number of employees and are divided into three categories, small, medium, medium-to-large.
The study’s definition SME companies is inspired by the EU's definition of small and medium size enterprises which takes into consideration the size in terms of number of employees, turnover and balance sheet total as well as looking into the type of relationship an enterprise could have to another company like a partner company or linked enterprise (European Union, 2015). The study’s definition of SME has however been slightly modified to make categorization of the companies easier due to the difficulty in finding the exact correct information regarding the companies’ number of employees since some of the companies consider employees from their international subsidiaries or retail stores in the total employee number while others don’t. The categorization is therefore based on the total number of employees the companies have listed according to their 2015 annual reports but divided after the EU criteria of the number of employees a company should have to be considered as an SME. It should be acknowledge that the sizes of the companies in number of employees has changed since the interviews took place in 2012 but not to the point that any of the companies would have been categorized differently. In addition, one of the companies in the study among the micro and small companies is no longer in business as of the date of this study.

In summary, an analysis of the empirical material has been made by using the analytical model (see page 17), based on the Business network internationalization process model and its four categories and two levels of change variables. The empirical material has been tested and sorted through each of the categories and variables in the model, which resulted in factors that had the greatest impact and importance for the companies’ internationalization process. These factors where then analyzed to obtain and conclude which knowledge base motivates and influences decisions as well as the process for Swedish fashion SME companies to internationalize.
3.5 Quality of the study

One of the most important criteria to evaluate a qualitative business and management research is according to Bryman and Bell (2015) to assess trustworthiness and authenticity of a study. This can for example be done based on criteria like credibility and transferability (ibid). By presenting a well described research process in terms of the method chosen to sample cases and collect the empirical data as well as describing how the data has been analyzed through a well-defined and explained theoretical model, gives the study both credibility and transparency. However to relate the study’s result to the theoretical model rather than to other empirical objects gives the study a theoretical generalization something which according to (Ahrne & Svensson, 2015) should be done carefully and with great reflection and argumentation which has been the aim of this study. Furthermore, statements and quotes from the empirical data been extracted and presented as accurately as possible, which has illustrated how the material has been interpreted in relations to the theoretical model as well as given the reader the possibility to make an own interpretation and assessment of the context. The study has validity based on that the fact that previous studies into SME companies internationalization processes have been carried out from other perspectives and shows similar tendencies and factors as presented in this study.

Another important aspect of a study's trustworthiness is to reconnect to the field of where the research has been done, also called respondent validation (Ahrne & Svensson, 2015). Reconnection to the field was done in 2012 when the transcribed interviews were sent to the respondents for approval before the final report was finalized and published. The respondents have however not been asked in advanced to participate in this study nor have they taken part in any of the results of this study before publication since the documentation of empirical data was already approved. The names of the companies as well as the names of the respondents have however been anonymized to ensure the study’s ethical aspects as well as the integrity of the respondents and the companies’ corporate and competitive vulnerability. An issue of confidentiality can nevertheless been discussed since the first report International Growth of Swedish Fashion Companies (Svengren-Holm & Tijburg, 2013) lists the names of the participating companies. The companies have in this study been given pseudonyms which is a common technique in business and management research (Bryman & Bell, 2015) and the case descriptions of the companies have been modified in terms of the
number of employees and turnover to ensure that a direct identification would not be possible. However, the modification of has not interfered with the categorization of the companies in terms of their size or given a false picture of the company that could affect the results. The companies’ ages have also been eliminated due to the possibility of identification but they have all been in business between 10-25 years.

3.6 Method reflection

As earlier discussed a qualitative method like the one chosen for this study has been found suitable to reflect nuances, values and assessments within certain environments or contexts and to explain and understand formative processes like how knowledge is disseminated and communicated within an organization (Ahrne & Svensson, 2015; Bryman & Bell, 2015). To use another research method to gain this empirical data and closeness to companies’ internationalization processes would have been difficult, especially using a quantitative method like a survey. A survey sent to the same respondents would probably have given a more quantified picture of the companies internationalization processes but not been able to capture strategies and approaches in the companies’ internationalization processes.

Another possible method to use could have been focus groups, which is characterized by interviews done with a number of individuals that focuses deeply upon a specific theme (Bryman & Bell, 2015). If this method was used and the respondents represented different positions and departments of the companies, more and wider perspective of the companies’ internationalization process could have been possible. This could of course have been valuable to understand the knowledge base that is required for the internationalization processes as well as gaining more internationalization perspectives and experiences among the respondents. However, it also could have involved an unwanted group effect and limitations in how the respondents’ would express their own thoughts and experiences. It also would have been more difficult to gain understanding on how the management and the entrepreneurs of the companies mindset, visions and networks have affected and directed the companies’ internationalization process, something that has been a focus of this study.

In hindsight, longer interviews with more elaborated and developed questions to the respondents would have been to advantageous in gaining more direct answers, especially on
networks and their importance in the internationalization processes. These types of questions were lacking during the interviews, however, questions around partners and commitments to partners have given perspectives on the company’s network approaches which have enabled answers to the research questions.

In summary the method chosen as well as the sampling of the cases and the interviews with the respondents have allowed a deeper understanding and great learning of how Swedish SME fashion companies have established their business in the international arena.
4. Result

The result presented below consists of an analysis of data collected from the 12 cases, all which are classified according to earlier described criteria and presented in the chart below. The company descriptions highlight changes in turnover and number of employees to show the companies’ development from when the interviews took place 2012 to their current status. The quotations have been translated from Swedish to English as accurately as possible but with slight language alterations.

Each subheading in the chapter references to the modified theoretical model, which is divided in the original four categories presented in The Business Network Internationalization Process Model; Knowledge Opportunity, Network Positions, Relationship-Commitment-Decisions and Learning-Creating and Trust Building (Johanson & Vahlne, 2009). Within the categories knowledge gaining through the perspectives of managerial impacts, competitors influences as well as the own brand building and international market success has been analyzed within the categories.

<table>
<thead>
<tr>
<th>SIZE AND NUMBER OF EMPLOYEES</th>
<th>COMPANY NAMES UNDER PSEUDONYMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-to-large (250 and more)</td>
<td>Alfa, Beta</td>
</tr>
<tr>
<td>Small-to-medium (50-249)</td>
<td>Gamma, Delta, Epsilon, Zeta, Eta, Theta, Jota</td>
</tr>
<tr>
<td>Micro or small (1-49)</td>
<td>Kappa, Omega, Sigma</td>
</tr>
</tbody>
</table>

### 4.1 Description of the case companies

**Alfa** has experienced a fast international establishment and the brand is represented in retail stores throughout the world in over 20 markets with over 300 employees working in both Sweden and internationally. The company sells both fashion and accessories to men and women. The main international markets which, represent the majority of the sales, are Norway, Denmark, Finland, Germany, Belgium, Holland as well as United States of America. The international expansion in the number of markets has not changed significantly from 2012 until today. Since 2012 the company has experienced a 23 % increase in turnover and the total export is about 50% of sales.
Beta is one of the most internationally established Swedish fashion companies. The company has steadily grown with a focus on international expansion. Independent retailers, shop-in-shops in department stores as well as their own flagship stores represent the brand worldwide. The first market entered was Denmark followed by other European markets including Norway, Belgium, Holland, Germany and France. Expansion into North America as well Far East Asia such as Japan, China and South Korea has followed. Since 2012 the turnover and the amount of employees has doubled and exports today represents around 80% of the total turnover and number of employees exceeds 250.

Gamma is considered to be a well-known Swedish brand internationally, which sells high-end fashion to both men and women. The main markets are the Scandinavian countries followed by the big European markets including Germany, UK, Austria and Switzerland. The brand is also represented in North America as well as in a few Asian markets. The company has its own brand stores but is also sold at independent retail stores and shop-in-shops. The company has had a 60% increase in turnover since 2012 and has around 180 employees. Exports represents 60-70% of the total turnover.

Delta sells clothing and accessories to men and women to more than 250 exclusive retailers in 25 markets in Europe, United States of America and Asia. The company started by selling products mainly in Sweden and later to Norway and Denmark. After 8 years the first international brand store opened, this has increased to around 10 international brand stores and 8 shop-in-shops. The company since 2012 has doubled the turnover and number of employees to around 60.

Epsilon sells fashion for women only. The company’s main strategy is to focus on wholesaling to independent retailers around the world but has a few of its own brand stores, shop-in-shops, outlets as well as an online business. The brand is today represented in 30 markets with main focus on Europe and The United States of America through agents and their own sales subsidiaries. Around 40% of the turnover is exports where Germany is one of most important markets on par with the Scandinavian countries. The company has had a weak increase in turnover and number of staff since 2012, the total number of employees is today around 70 people.
**Zeta** operates in the middle price segment and offers fashion and accessories to young and well-travelled women. Since 2012 the company has seen a very small development in turnover; however the amount of people working in the business has almost doubled to around 50. The brand is sold at department stores and independent retailers in Denmark, Norway, Finland, UK, Ireland, Belgium, Germany, Poland, Australia and The United States of America.

**Eta** sells clothing for younger men and women. The company is represented in 30 different markets with a spread in Europe, Asia, North America, South America, Africa and Australia. The majority of the business is however located to Europe. Around 45 % of the company’s international business is controlled by the Eta while the rest, 55 % is controlled and run by external distributors. The company has since 2012 dropped significantly in both number of employees and in turnover. The company has around 100 employees.

**Theta** sells modern apparel in the premium segment for men and women and is represented 18 markets in four continents. Since 2012 the company has had a 60 % increase in turnover and the positive development is pursued through enhanced market penetration of existing international markets as well as new market expansion, mainly in Europe. Important markets are the Scandinavian markets followed by the United Kingdom, Germany and France. Europe represents 85 % of the turnover and only 3 % is sold to other continents. Around 95 % of the business comes from wholesale, the rest equally divided between own brand stores, franchise stores and concessions. The company has around 140 employees.

**Jota** has had a strong focus on growing internationally from the start. The company sells fashion and accessories to both men and women and is represented in more than 35 countries and in 1800 independent retail stores. The company has a few own brand stores located in the big fashion capitals in Europe and in China. Europe is the strongest market with the focus markets France, Italy, United Kingdom and Germany. The company is focused on growing in China as well as entering the South American market within a near future. Since 2012 the company hasn’t grown in terms of turnover, the development has been slightly negative but the company has gone from a small to a medium size company with an increase in number of staff to around 80.
**Kappa** is a small company with 15 employees. It quickly received international attention due to the design of the products and sees itself as an international fashion house for women. The company is today represented in Europe, United States of America and in a few Asian markets at independent retail stores as well as department stores. The export represents about 35 % of the total turnover. Norway is considered to be one of the most important markets, which stands for 17 % of the total exports. Since 2012 the company has steadily grown and the total turnover has doubled as well as the number of employees.

**Sigma** quickly received both domestic and international attention for their garments and accessories when the company started, which boosted the expansion internationally to around 20 markets with focus on Europe and Asia followed by North America and Australia. The most important countries for export have been Germany, France, Italy, Japan and China. The company started by selling to distributors but quickly switched to an in-house sales force with focus on selling to independent retailers and department stores. In 2012 the company peaked in terms of turnover but has since then declined drastically.

**Omega** is a brand for modern women and has from start had an international focus. The most important markets are Sweden and United States but is represented in department stores and selected retailers in 20 countries. The company is considered to be a small-size company with around 15 employees. Since 2012 the company has grown, and doubled the turnover and number of employees as well as expanded into new international markets.
4.2 Knowledge and opportunities as a ground for internationalization

To have market knowledge can be seen as one of the most essential keystones before directing an expansion to the global arena. All respondents in the study expressed in different ways that a foundation in their companies’ internationalization processes has been the knowledge and belief in the own brand as a potential international brand from the beginning. The companies in the study are all design driven companies and claim that their products are created out of the companies’ brand values and design style rather than to fit certain markets. The knowledge about the own brand values, design direction, internal competences and commercial strength have together with the vision of becoming a famous international brand been the strongest motivation to start an international journey. This in combination with the preconception of Sweden already being a saturated home market with the assumption that Swedish consumers would not be willing to accept and pay for their quality and design.

You need to process the information a market gives you and make something useful out of it. We say we are a design driven company which means we make a lot of decision based out of what we believe in and not always from what customers or end-consumers like … That is also a challenge regarding international expansion, if you are design-driven it can be hard to adapt to this – Sales and Marketing Director Zeta

We wanted to become an international brand, it was our goal, we didn't want to be just a Swedish brand in Sweden, we wanted to be a Swedish brand and an international player in an international fashion industry … that was our goal the whole time – Former CEO for Epsilon

The companies in the study seems to explore how their brand, product and design style will be adopted by new markets which have led to a curiosity to try something new which has also been a strong driving force in the internationalization process. There is a motivation among most of the respondents to always explore new markets, to never settle down, to continue the curiosity and the momentum the international opportunities have given them.
To be present at several small international markets with only a few accounts in each market has however not been favorable and indeed rather costly for some of companies which is another knowledge base for continuous expansion. Several of the respondents claim that they in retrospect have reflected over the Swedish or Scandinavian home markets value, and found unexpected success and positive turnover. They had a preconception that there were too many international brands established in Sweden which gave no room for the own brand, something, everyone who had that assumption have has to reevaluated after seeing the growing numbers and positive Swedish market response. Some of the respondents believe that their companies should have waited to start their international expansion to gain more Swedish market experience and more financial strength to better be prepared for the international opportunities and the costly international expansion process.

One must question oneself a little. Should we, do we need to (expand internationally), or can we do more where we are now? It is much more glamorous to sell abroad and say that you are present in so many countries, or in certain markets. You can do a lot more in your home market first, and I think that is the beginners’ biggest mistake they make – Founder of Kappa

Some of the respondents also stated the importance of knowing your home market first and to be successful at home before starting to expand internationally due to the fact that many international distributors, agents and retailers see a company’s potential through the success and performance on the home market before they even consider taking on the brand. A success on the home market has also led to opportunities in the markets close to home. The majority of the respondents claim that the success at home has opened up doors or made it easier to establish the brands in the Scandinavian markets, mainly Denmark and Norway as well as the Northern European markets like Germany, The Netherlands and Belgium due to the similar consumer culture and business environment in terms of distribution, payment principles and trade rules within the EU.

To search for market information is not common practice for the companies in this study, only two of the respondents claim that their companies have searched for market information and gained knowledge from reports and statistics presented by different export councils or similar entities. This information has only been adding to already existing market
knowledge and has not been crucial for their internationalization process. The rest of the respondents are instead claiming that most market knowledge is gained through owners, management and in-house sales representatives who have working experience from another fashion companies with international establishments. However several expressed a wish for better support from for example, an Export Council in regards of collecting market knowledge but more specific list different producers, distributors, agents and other relevant contacts that could be of interest for the companies in certain markets.

It is important that your sales person has the right business contacts on the specific market, has worked in the business long and has wide experience from the industry as a whole – Former CEO Gamma

I believe you know the market you are closes to the best. That is how it is if you have local competence. Look at all the large corporations, they have local offices, they live close to their market – CEO of Omega

Among the founders and CEO's of the companies in the study, international entrepreneurial capabilities and experiences from both small and large fashion companies have been an important knowledgebase and foundation for the start-up of their businesses. Their working experience and personal networks have both led to the startup of their companies and given them international opportunities that they would not have had otherwise. The managers and CEOs previous market knowledge are based on their personal networks and working experience within distribution, logistics, sourcing, design and production as well as international business management and legal know-how. They describe themselves to be risk prone in their business mindsets, which they believe have been one of the reasons behind the growth of their businesses since it has led them into new market opportunities.

This company was built upon retail and wholesale business and the retail business gave us cash flow ... the retail stores went very well which meant we could take larger risks. Today we can see that the risk-taking has built this business – CEO of Jota

About half of the companies in the study are still owned or run by the entrepreneurs who started the business; they are CEOs, creative directors, marketing directors and/or
shareholders of the business. The rest of the companies are at the time of the interviews owned by larger corporations and belong to internal organizational networks however they started like the rest of the companies by one or two entrepreneurs.

I believe we have come the point where we are today just because of the previous experience we have. My partner and I have gone to the markets we know well and have both accelerated and slowed down depending on how the company has performed - Founder of Delta

The most important is not the lessons you have learned but how you have acted on those problems you have in front of you, trying to stand on tiptoe as one must do as an entrepreneur – CEO of Eta

Both knowledge about the company’s vision, goals and international ambition in combination with in-house market knowledge from either a management or a sales representative is one of the key stones in the internationalization process for all the companies in the study.

4.3 Market commitment through an industry network

By being a part of a network or monitor of a markets different networks, new market opportunities can arise and change a company's internationalization process, which has earlier been described through the Business Network Internationalization model. These opportunities lead to different business relationships and commitments, which require different resource investments like new organization and sales structure in a market. Important network actors in the fashion companies’ internationalization process are in this study expressed by the respondents as agents, distributors as well as competitors.

Distributors and agents have played an important role in most of the companies’ internationalization process and only few of the companies have opened up their own subsidiaries from the beginning. The most common start among the companies has been through contracts with either local fashion agents or country distributors due to the constant approach from international fashion actors, which are looking for new exclusivity to sell international brands on new markets. The agents and distributors include the
companies as a part of larger networks and through that the companies are able to gain more local market knowledge and the opportunity to grow the international presence. To constantly be approached by agents and distributors and enter many small markets is expressed as flattering but not always the best way.

You think you are going to grow as a company just because you enter a market and then it turns out the other way. It cost time and time is the only thing you don’t have since you do everything yourself in the beginning, it takes energy and resources – Founder of Kappa

To be able to grow financially a more focused strategy would have been better according to several respondents. To invest more time and resources in fewer markets rather than in several small markets would have built a more stable business. A common experience among the respondents is that they sooner or later ended up with conflicts of interest with their agents and distributors in terms of commitments to selling the brand. This has forced the companies to either change partners or in most of the cases to open up their own international offices to take back the control of their brand.

We have work with agents worldwide especially in the US ..... then the owner moved there and we opened up an office. We were able to study the market during many years before we started to investigate it further – CEO of Omega

The most difficult part is to open up the first door and make it work, and then you can start to expand on your own – CEO of Eta

Monitoring the international markets of interest to determine which retail structure is most common and dominating, i.e. independent retailers with multiple brands, department stores, flagship stores etc is a common strategy for the companies. They are also looking into which brands have entered the market successfully and which brands have been forced to leave and why. Knowledge and especially previous experience about a market’s different retailers within the relevant product segment or in a certain city or geographical area is of high importance. This information is mainly gained through the companies’ networks and personal relationships with people who have long and extensive experience from the fashion industry and the specific markets. This knowledge lays a foundation for decisions when it
comes to where to open up a store or to whom to allow carry and sell your brand and can work both as a motivation but also can direct them into new markets.

The knowledge about a market’s retail structure and different retailers are not sensitive in the sense that the companies seem to share knowledge within their networks no matter if they are a competitors or not, which creates valuable understanding and preparation for the internationalization process. How a specific retailer’s payment history look like, what kind of toll rules a certain country has on fashion products or how a distributors business mindset and customer base looks like is information not only can be given to a competitor without hurting the own business, it can actually be beneficial later on when you are in the need of similar information and knowledge yourself. As the CEO for Eta expressed:

You never become better than the people who you surround yourself with.

Monitoring competitors has also been a source of knowledge but also a way to predict opportunities. None of the respondents claim that they directly follow their competitors into new markets however most of the respondents claim that their competitors play a role in the internationalization process from an inspirational aspect. The companies observe how well their competitors are performing in different markets, which retailers they sell to and which street locations they establish their own brands stores on in order to evaluate new market opportunities. Looking not only at direct competitors but other fashion companies with similar business ideas, product range or within the same or higher price segment is also a common source of inspiration and provides new market knowledge.

I can become or I am a competitive person. When you hear about others being successful in a certain market you become annoyed and think “Why are they so much better than we are?” – CEO of Beta

Knowledge and information about a market’s consumer cultural and trends as well as the business environment provided within the companies’ different networks are crucial before they make any decisions about establishing into a new market. The majority of the respondents are unanimous in their answers that this type of knowledge is essential before even considering or entering any new market.
There is no doubt about it, you need to do your homework. What does the market look like? What does the distribution look like? Do the big department stores dominate the market? Are there any strong actors? Are there a lot of multi brand stores? And you should never underestimate the importance of contacts, which is easy to forget in your home market since you can just lift up the phone and call a business contact to get a second opinion. All of a sudden you just have a blank paper and no one knows who you are – CEO of Theta

4.4 International relationships and market commitments

To form relationships with international partners requires commitments between the companies and their agents, distributors and especially their retailers. Market commitments between partners can both strengthen a relationship but also weaken it as mentioned earlier in terms of new market opportunities or conflicts of interest. To sell to distributors requires an agreed exclusivity in the specific market the distributor operates in, this is not always the case with agents, as they don’t commit financially by buying the product in advance. Agents also work for themselves and focus on their own business and growth rather than on the international brands growth, two ambitions from two different companies, which don’t always align with each other. To use a distributor on an international market also requires commitments from the distributors side to be a part of the brand building on that market and communicate the brand both to retailers and media. A few companies stressed however the difficulties regarding these commitments from both agents and distributors. They indicated that they believe there were too many people and steps in the communication and selling process.

We have discharged everyone (distributors) to have more focused qualitative work. The more players in the process the worse communication you get and the more diluted everything becomes ... also we don’t work with agents, I am allergic to agents. They don’t take responsibility for anything, the distributors at least buy the product – CEO of Sigma
Working with agents means that you are committed to them. They work with other brands as well and we can’t limit that in our agreement with them. We don’t know how much time they invest in our brands, you never get hundred percent from them but it has still worked for us and it’s a cost efficient way to get going – Sales and Marketing Director Zeta

Frequently traveling to the different markets to visit partners involved is common for all of the companies in the study. The CEO’s or other senior managers travel to visit partners to inform them first of all about brand building strategies, companies values and plans for continued market growth as well as presenting new collections and products. These travels have in some cases also opened up new opportunities and partnerships since the visits are also a part of collecting information and gaining knowledge about a market. However spontaneous meeting and visits from different distributors, agents and independent retailers to Sweden has for some of the companies resulted in new business and international expansion. Due to Sweden’s importance as a new fashion country many international buyers visit especially Stockholm to look at trends and visit new brands, something that has shown to be important for the fashion companies in the study. A few companies expressed that it was because a spontaneous visit from an international buyer that their international journey started and they committed to sell to certain markets.

Just to describe how lucky we have been, the head of the buying department at Barney’s in New York was in Stockholm for vacation and visited our store here, walked in and asked “what is this?”. Our retail manager told the story and suddenly we have a meeting and start to sell to Barney’s – CEO of Sigma

In some companies it has been important to sign long-term agreement with reliable partners, especially reliable and well-established retailers like big department stores or multi-brand stores. To have a large department store as one account can result for the fashion companies in the study an immediate retail presence at 10-15 stores on a specific market. However signing long-term agreement can also result in certain risks, especially if the retailers require commitments from the fashion companies to offer exclusivity of the brand, in either the city where they operate in or in a certain geographical area. To offer exclusivity to a retail store in a certain area while the company has a momentum and
positive attention in that area or on the market as a whole has resulted for some companies limitations in their expansions as well. In other cases the retailers with the exclusivity has not performed as well or other in other cases the companies have been forced to turn down more important and financially strong retail partners due to exclusivity clauses in their retail contacts. A common stand-point among the respondents is to work more with a cluster strategy rather than with exclusive retail agreements, to make more commitments within a limited geographical area rather than give exclusivity to one retailer.

In general, different partners' financial strengths are highlighted by the interviewees as one of the most important factors in the internationalization and commitment process. To sell internationally requires financial strength from the fashion companies in terms of being able to produce and deliver what is promised but also from the distributors and retailers perspective, the ability to pay for the product is vital. There is a high degree of uncertainty regarding payments that almost all of the fashion companies in the study express. While committing to an international partner, distributor and especially independent retailers it is important for the companies to make active decisions on whom to sell to and always monitor all their partners’ payments. Some of the companies claim that getting paid from a committed partner is one of the most difficult parts while doing business internationally. A common strategy among the companies is therefore to insure their invoices by a third partner or in some cases refrain from selling their products to certain retailers.

You get this big order and you have a problem with the production so you are thrilled over the order, then you don't get paid for that order which has happened to us several times. We received a 2 million kronor order early on from a country in South America which we never got paid for, things like that can break you down ...

... If it sounds too good to be true, it is probably too good to be true - CEO of Beta

If a distributor does not pay for the products the consequences become even bigger than if a retailer doesn't pay. Selling to a distributor means lower margins on the products and a bigger quantity than selling to independent retailers or department stores. The majority of the respondents emphasize that to be successful with their internationalization process as a whole and the market commitments they do, they need to prioritize profitability before the growth and the number of international markets they are present on.
4.5 Learning and trust-building within an international market

As earlier discussed the respondents in the study claim that they need a knowledgebase regarding their own business potential, market conditions in new and existing international market as well as strong relationships to partners within the networks to be able identify new market opportunities and to start an internationalization process. A strong common factor among the companies to do so is to create or gain trust towards agents, distributors, retailers and employees at the own subsidiaries as well as to the consumers in a market. To expand internationally and to open up new doors and communicate a brand to a new market requires a great deal of mutual trust between the partners to be able to deliver what has been promised, both in terms of products, brand value and other business commitments. Even if previous section shows that a lack of trust exists entering certain relationships with partners, especially agents, several of the respondents expressed that strong commitments to and from both agents and distributors have resulted in mutual trust in the partnerships. Partners at different international markets have helped the companies in their brand building and market expansion as everyone's interest in the partnership lies in good selling and good brand exposure towards consumers.

Our distributors have an extreme understanding for our brand. They can apply the brand so that they feel they are a part of it. They focus on our brand and they build what we expect them to do, at the same time they have a good distribution channel – CEO of Eta

Losing the trust towards a partner like an agent or a distributor in the network by entering a relationship with the wrong partner or learning later in the process that the partnership doesn't work can result in a big financial risk for the companies and a limitation in a continued market expansion. Few of the companies in the study were willing to talk about their own failures in detail in regards to learning from mistakes they had made along the internationalization process. However, all of the respondents could more or less give examples on how their competitor or other companies within the fashion industry had failed in certain markets and lessons they have learned from that.

Gaining trust and credibility in a market within a network, especially among the retailers and consumers and transforming this credibility into another international market has
shown to be important in the companies’ internationalization process. Some respondents claim that showing and selling the seasonal collection in a certain market can give immediate effect on another market in terms of expanding the business into new markets and entering relationships with new partners. Several of the companies claim that France and especially Paris is a market which opens up doors to the Asian retail market since the Asian buyers prefers to make their buying trips and place orders in Europe rather than meeting the Swedish fashion companies at their home market. In similar way Germany and the Netherlands have been important markets to enter early on in the internationalization process as a way to build credibility around the brand in Europe.

The Asians don’t want you to come to them, they don’t want to buy in Asia they want to buy in Paris... the big "dragons" have their buying offices in Paris and that is where they want to meet you – CEO of Sigma

If Holland was a gateway to Europe for us France is a bridge into Asia. All the Asian buyers come there and the Asian market is something we really believe in – Sales and marketing director Zeta

Another way of building trust and transforming this trust into another market is to strategically choose and enter markets that are similar to each other or are looked as important fashion markets. These fashion markets also strengthens the companies brands and most of the companies express that certain markets are more important than others and to be established on these markets is important to be considered as an international brand. It seems that certain markets, especially the big fashion capitals like London, Paris, New York and Tokyo are considered to be important trust-building markets as well as important for the organization as a whole and for the people working in it. As the CEO of Beta expressed:

Paris is much more fun, London is much more fun, New York is much more fun... these places just feel better, when you think it is more fun you get more inspired.
5. Discussion

The discussion takes it standpoint by highlighting the most central results from the analysis of this study in relation to earlier presented research in the literature review and the theoretical framework. It presents four knowledge bases which can be considered as motivation or foundation for companies' internationalization, followed by the importance of having a network perspective in the process. It continues to discuss the result deeper from the perspective of the Business network internationalization process model and presents suggestions based on the result on how the model can be modified to included important aspects in an internationalization process for a SME fashion company.

5.1 Knowledge bases as motivation for internationalization

Swedish SME fashion companies are according to a study by Radon, Sjöman & Svengren Holm (2013) characterized by an entrepreneurial and design driven business focus. All of the companies in this study can be considered and/or are considered by their own management to be design driven companies were the foundation in the international business lays in the believe in company's brand value and product design. Many decisions are based out of these believes rather than from an international customer demand or commercial-driven motivation. The entrepreneurs and founders of the companies created this foundation already from the beginning and it has been the strongest driving force and motivation and can be seen as the first knowledge-base for the internationalization process.

The belief in being an international company already from the start-up of the business makes them into so called Born-globals and their method and business approach to start their international expansion corresponds with other studies made on these types of companies. Kuivalainen et al (2012) and Olejnik (2014) show in their studies that entrepreneurs often dominate SMEs and that the ownership, company size and company cultural play important roles for the internationalization process due to better flexibility and adoption to new circumstances. However, there is no unified business model on how the companies in their studies have entered the international arena, which is also shown to be the case in this study. Some of the companies enter markets gradually with the focus on a few markets while some expand rapidly into several markets during a short period of time. According to Olejnik (ibid) there is no common or agreed model among scholars either on
how Born-globals and SMEs internationalize, it’s more based on or a result of the
managements’ attitudes and company structure.

Olejnik’s (2014) argument about management’s attitudes role in the internationalization
process seems to be a common link between the companies in this study. The founders, CEOs
or other people in management positions make decisions and direct the internationalization
process based on their previous knowledge and working experience from international
corporations. Andersson, Gabrielson and Wictor’s (2006) study shows that CEO’s and
especially younger CEO’s previous experience, observations and market knowledge are of
strategic importance since many decisions in the internationalization process are based on
those factors and therefore they can more easily indicate or predict international
opportunities. The ages of the CEOs or entrepreneurs of the companies in this study haven’t
been investigated, however the result show that the CEO’s, directors or even sales peoples’
experience and personal networks have helped the companies to spot international
opportunities which have opened up new international doors. To be able to follow the
indicators and predictions the CEOs and directors have to take risks and have the mindset
that the world is their marketplace (ibid) something that the respondents in this study
highlighted as an important factor for their company’s internationalization. This is also in
line with Johanson and Vahle’s (2009) argument that managements’ prior experience has
strong impacts especially for SME’s internationalization processes.

The result also shows that few of the companies in the study make extensive market
analyses before they decide to enter a certain market, market analyzes are not considered to
be as important as the own “in-house” knowledge. Previous studies show that understanding
and knowledge about a market’s consumer culture, political system, industry structure are
essential for the internationalization process, information that can be gained through market
analysis but is both a long and time consuming process (Andersson, Gabrielson & Wictor
2004; Johanson & Vahlne 2009; Kuivalainen et at. 2012). The respondents in this study
instead claim that their design driven mindsets, previous international experience and good
performance on the home market as well as the approach from international actors are the
foundation and motivation for a new expansion rather than market analyses. Many of the
respondents also claim that their companies have been approached and flattered by the
attention from international distributors, agents or retailers, which have led to fast start-ups
of new markets something that can be seen as an ad hoc export. This way to internationalize was highlighted already in Johanson & Vahlne's (1977) initial study and theory about the establishment chain, which also included that companies tend to expand to markets close to home. This is supported from a fashion business perspective by Mollá-Descals et al (2011) who in their study on Spanish SME's argued that European fashion companies tend to follow the establishment chain and starts to export to markets with similar business environment. Most of the companies in this study tend to start their international expansion into the northern European countries due to similar consumer culture and business environment.

Another knowledge-base for international expansion, which is highlighted in the result, is the challenge with being present at many international markets. Many companies have learned that presence at several international markets with only a few accounts in each market has not been favorable and rather costly for the companies. A more focused internationalization strategy where the companies establish their presence in clusters, example several establishments within a limited geographical area is more beneficial. The financial strength and investments that international expansion requires have been underestimated and in some cases led to market exits or new market strategies. Andersson, Gabrielsson & Wictor (2006) argued that companies should take precaution when entering new markets to quickly since it can be costly if the market does not work out or meet the company's expectations, knowledge that most of the companies in this study have gained during their international expansions.

5.2 Importance of networks in the internationalization process

Being part of a network with distributors, agents and retailers is and has become very important for companies' internationalization process, which is presented in the revised internationalization model by Johanson and Vahlne (2009). For the fashion industry and Swedish companies, this becomes even more noticeable since the industry is characterized by a web of networks with designers, manufactures, service providers, distributor, agents and retailers, this is highlighted in the study The space and Places of Swedish Fashion by Haugue, Malmberg and Power (2009). Their study shows that Swedish fashion companies are good at building networks and the interaction within the industry and the networks is one of the key factors for Swedish companies' successful internationalization. The result
confirms this since all of the companies in the study have been dependent on different international actors, agents, distributors, retailers or independent sales people. By entering both long and short-term contracts with different actors the companies have gained valuable local market knowledge as well as forming new business relationships have been formed. However, it has also been a costly experience for some companies since they have ended up in conflicts of interest with their partners especially in terms of commitments to the brand. This has forced some of the companies to find new partners or start their own subsidiaries.

Haugue, Malmberg and Power’s (2009) study also shows that most Swedish fashion companies dislocate themselves from the main competitors both in the domestic and foreign markets and that relationships between the competitors are rare and rather overshadowed by rivalry. The result of this study contradicts those arguments since most of the respondents claim that they contact their competitors to ask for help especially if they are in need of help themselves later on. This is supported also in Mollá-Descals et al.’s study on Spanish fashion companies which show that competing fashion companies not only learn from each other but also follow each other into new markets. This study contradicts that too since none of the respondents claim that their companies are following their competitors into new markets however they observer each other’s businesses. The competitors act more as important players in the international networks since they learn from and monitor the each other’s’ successes and failures, which also gives competitive advantages.

Another important factor shown in the result is the importance of having establishments in fashion cities like London, New York or Paris since these cities are important from an image perspective but also from a network perspective. The companies are exposed to more networks and independent actors in these cities. They also become more business motivated by being active in these markets. This corresponds with the study by Wigley, Moore and Birthwistle (2005) which shows that the more prestigious fashion brands tend to internationalize into markets with a more desirable international image like the big fashion capitals. They argue that the theory of the establishment chain therefore doesn’t relate to these types of companies and that fashion companies are being pulled into these new markets since they have a strong symbolic value. A few of the companies in this study have acted according to these arguments and consider the big fashion capitals as markets where they can build trust and creditability both within the network and with consumers.
5.2 Development of theoretical model

The results show that the internationalization process for the Swedish Fashion SMEs has its foundation in several important knowledge-bases, mainly through the companies’ design-driven mindset, managers’ previous knowledge and through important networks. These factors lie as foundation for the modified theoretical model, which will be presented below and which is based on Johanson and Vahlne’s (1997; 2009) The Business Network Internationalization Process model and theories.

The Business Network Internationalization Process model has been claimed to be more applicable to smaller companies but has been implemented in several empirical studies on different types and sizes of companies with positive results, due to the theory that internationalization is more a matter of experiences and relationships rather than size (Johanson & Vahlne, 2009). The analysis of this study shows that the model is also suitable to analyze SME companies within the fashion industry. In addition it also shows that there is a chronological order or pattern in how the internationalization process takes place for these types of companies.

Exactly where internationalization starts in the model is according to Johanson and Vahlne (2009) subjective but examples of starting points have shown in earlier research to be the start-up of the companies according to the Born-global approach, through relationships with partners in networks or through prior experience and knowledge by the management. However, this study shows that the start of the internationalization process for the Swedish fashion SMEs clearly begins in the Knowledge and Opportunity state variable. As earlier presented the companies are design-driven, rather than commercial-driven in their business approach which adds to their visions to become international fashion brands. This is the strongest driving force and together with the owners, CEOs or other employees’ previous experience and knowledge this becomes the start of an international expansion.

Where a company should direct its internationalization according to Johanson and Vahlne’s (2009) model is general but can according to their study be explained by the network position. In the modified theoretical model the network position is considered as the next chronological step of the internationalization process where distributor, agents, retailers or
other business contacts play important roles for the direction of the internationalization. A company can assume to direct its internationalization where it sees opportunities or where partner sees opportunities and the result of the study shows that this is the case for Swedish fashion SMEs. In the analytical model the competitors impact were emphasized as a strong factor for the internationalization process, something that the result contradicts and therefore competitors’ expansion patterns are mentioned as least important in the network and process.

Fig. 4 Modified version of the Business network internationalization process model from an SME fashion company perspective (own elaboration)

In the analytical model the change variable Relationship-Commitment-Decisions was left in in its original form and according to Johanson and Vahlne (2009) this category illustrates the importance of relationships and commitments between partners in a network but also emphasizes that relationships can be both strengthened or weakened which can affect the internationalization process. The analysis shows that most of the Swedish fashion SMEs have
entered long and short-term agreements, which are stated as important and even necessary for the internationalization process even if some decisions and commitments have been costly and without the desired outcome. To enter agreements with partners is however highlighted in the modified model as the third step of the internationalization process and for smaller companies necessary due to the high cost and risks to start their own subsidiaries and especially in several markets at the same time.

The last category, Learning-Creating-Trust has been slightly altered from the analytical model which highlighted brand image and their own success to focus more on important fashion markets in addition to their own success in these markets, something that generates more trust towards the brand by partners within the network. Johanson & Vahlne’s (2009) theories hold that this category is important due to the fact that in relationships where there are high levels of trust between the partners, it has been shown to result in more creative and efficient processes. A successful establishment in a fashion city like London can increase a brand’s awareness in another city with the same “fashion status” like New York or Paris. Therefore a company’s success in a fashion market can have effects in other markets, both for the company itself and for partners committed to the brand.

Finally the analytical model was set in an industrial framework, the Fashion Industry, encircling both the state and change variables since previous research by Andersson, Gabrielsson and Wictor (2006) showed that there is a need for an added dimension of industrial context since different industries develop certain dominant patterns for internationalization. The result didn’t indicate any specific factors that are exclusive for fashion companies’ internationalization more than there is a chronological order to the process and therefore the model is left without a fashion industrial context. However, the fashion industry is characterized by constant change and therefore the model’s last and fourth step, which is left in its original format, shows the relationship between the state and the change variables. The interconnection between the different states illustrates that the model is dynamic and as mentioned earlier when the level of knowledge, for example increases, it can have a positive or negative effect on relationship commitments and trust within a network, something that can affect the whole internationalization process.
6. Conclusion

The purpose of this study is to contribute to the knowledge development of internationalization for small and medium-sized Swedish fashion companies. The starting point has been previous theories of internationalization, mainly dominated by the well-established Business Network Internationalization Process Model. Previous studies about SME's and fashion companies’ internationalization have formed a basis for further perspective on the processes, which the result also has been connected with. The result is hoped to be a resource of knowledge for practitioners in the fashion industry and for their companies’ internationalization processes. This study will end by looking back at the three questions, which the study started out from and also give suggestions for further research.

The first question is related to what knowledge a SME fashion company has that gives a motivation to start an internationalization process. The result showed four main knowledgebase within an SME Swedish fashion company that is the foundation for their internationalization processes. First of all the fashion companies have a strong believe in their design and product as made for the international market. This design-driven mindset and vision that the world is their marketplace is natural part of the business strategy, which works as an important motivation to invest in an international expansion. This together with the second knowledgebase related to the second research question which is the managements’ or other employees’ extensive knowledge about the international fashion industry and previous experience in what is required to be present at an international arena. The management’s risk-taking attitude to try new markets and business minds are for some company the beginning of an expansion. Especially, since the result shows that extensive and thorough market analysis before a company enters a new market is rare. Previous knowledge, gut feeling and relationships within different fashion networks are of higher importance.

The last knowledgebase is the knowledge and understanding that a company gains from the home market before an internationalization process takes place as well as using this knowledge to form an expansion strategy. To see how well retailers and consumers at home respond to the products before starting to export and can be another motivation for internationalization. Other international actors within the fashion industry interested in
selling the brand also look at how well a brand performs on the home market before making an approach. International expansion should also be strategic in terms of focusing on a fewer markets, for examples in clusters such as several establishment within a certain geographical area or city rather than one or few establishment spread out in several markets.

The third question is related to understanding how relationships between fashion firms and other related actors affect a company's internationalization process. It is clear that other actors play an important role in a company's internationalization process, distributors, agents and retailers and to smaller degree even competitors. An internationalization process is expensive in terms of resources and time that have to be invested. Relationships with distributors and agents which have good local market knowledge and established networks of retailers are important and may be the only way a smaller fashion company can start to expand internationally. However, like in any relationship there is a give and take and relationships can take suddenly take other directions and therefore a company has to take precaution in making agreements made with international partners, a great deal of trust and commitment has to be made between all parties involved.

A previous research study shows that relationship and direct cooperation between Swedish fashion companies are rare and that companies dissociated themselves from each other. The result of this study however shows that the Swedish fashion companies do need each other in terms of information resources. To ask competitors about a retailers’ payment history or other more general market issues is common. However, to straight follow a competitor into different markets is an unusual strategy for international expansion. Monitoring the competition can instead indicate how well a market will respond to the company’s products as well as helping avoid the competitors’ mistakes and pitfalls. Something the companies seems to do as most of them are willing to mention and discuss competitors mistakes rather than the own mistakes they have done along the internationalization process.

Finally it can be concluded that this study and its result correspond well, but not exactly with other studies made on both Swedish and international fashion companies’ internationalization processes. This study shows that the companies seem to follow the established management and business theories about internationalization and the Business
Network Internationalization Process model by Johanson and Vahlne (2009) works well to describe a company's way to establish an international presence. What this study's result clearly shows which differ it from other studies is that among the Swedish fashion companies there is a more visible pattern in how the process takes place. The result strongly suggest that the model is well suitable to apply to the internationalization processes as a whole but there is a chronological order which the companies can follow, an important knowledge resource for companies starting their international process. Both new and old Swedish fashion companies which want to enter the international arena should start the process within the company's knowledge bases and strong international business vision, which eventually and hopefully will lead them into new relationships and new opportunities in terms of international market commitments and establishments.

The Swedish fashion industry is one of the fastest growing export industries and despite the fact that a previous research studies and many bachelor and master thesis have been done to research the internationalization processes for the Swedish fashion companies more knowledge and understanding of the process is necessary. The few existing studies are mainly dominated by researching the challenges and opportunities of the companies' internationalization. What is lacking are studies based on more practical examples on how the processes takes place from a theoretical point of view. It would be interesting to try the Business Network Internationalization Process Model on one or a few design and entrepreneurial-driven fashion companies which are in the start-up phase of their international journey. Such study could be done by a qualitative longitudinal design which could generate a more thorough understanding and knowledge of the process which could benefit other fashion companies in launching their export strategies. There is a possibility for Sweden to continue to take a clear international leadership position within the fashion industry and great potential for the fashion companies to continue to grow internationally. There is also a clear interest from the government and the Swedish fashion companies themselves to continue the success story of Swedish fashion internationally. However, the fashion industry is in constant change and therefore research should also follow this change and adapt to new circumstances and test new theoretical models on internationalization. Something that can hopefully benefit the companies, individual entrepreneurs and the industry as a whole.
7. References


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APPENDIX 1- Interview guide for companies

The interview questions have been divided into areas of the internationalization process and are designed to reflect nuances and encourage more elaborated answers. All the interviews were held in Swedish. Efforts were taking to insure the translations were as accurate as possible.

Important issues for internationalization

1. What knowledge is necessary about a new market before you enter it?
2. How does your company or did your company search for this knowledge?
3. What competence – internally and externally – has been the most important for the company’s internationalization?
4. What countries do you think have been the easiest or most difficult to enter?
5. What pitfalls have you experienced when entering a new market?
6. What are the largest threats?
7. How do you finance export?
8. What are the differences regarding payment terms compared to Sweden?
9. How do you raise capital for internationalization – internal or external money?

Difficulties/challenges in the internationalization process

1. What are the most significant difficulties you have experienced when entering a new market?
2. What problems have you experienced regarding economic issues, accounting, currencies, customs, fees, etc.?
3. What mistakes have you made?
4. What mistakes do you think are the most common for Swedish fashion companies when expanding internationally?
5. What countries do you plan to enter within the next 3 years and beyond – in case this is not a business secret?

Reasons for export

1. What was the motivation when you decided to export?
2. Which market was your first and which country was the first one outside the Nordic countries? Which ones followed?
3. Are you going to search for new countries? If yes, what motivates you to continue to grow internationally?
How to choose international markets

1. How do you choose new markets?
2. Are you looking at your Swedish competitors to see which market they enter?
3. What form of representation do you use?
4. How do you find the right people to work with?
5. Do you use the same form in all markets?
6. How have you organized the company to prepare for exporting?

Adaptions to new markets

1. How is the company’s brand adapted to the international markets?
2. Does the internationalization of the brand have an impact on the identity of the brand in Sweden and within your organization?
3. What adaptations of the marketing or brand communication have been necessary when entering new markets?
4. Do you have different messages in different markets?
5. Do you have the same target group in all markets? If not, what is the difference?
6. Is your brand perceived equally in all markets?
7. Do you use any market as a test market for new products and collections?
8. At what fashion weeks and trade shows do you participate?
9. What is the result of these?

How to finance international expansion

1. What is your export rate of your total turnover?
2. How has the turnover of export developed? The last 5 or 10 years?
3. What are the investments for internationalization – in terms of money and personal efforts

Success factors

1. In the market where you have had a great success – what were the most important factors that led to this achievement?
2. What are the most valuable conclusions you have made from internationalization
3. Can you rank what is most important for achieving success:
   1. Product design
   2. Marketing/communication
   3. Agent’s or distributor’s capacity and network
   4. Your own knowledge of the market
   5. The maturity of the market
   6. Others – what?