

# **TOWARDS INTERNATIONAL MARKETS: WOOLBERG**

Research on the preconditions for internationalization, supportive measures, and  
acquiring distributors for a Finnish fashion company



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## TIIVISTELMÄ

Opinnäytetyön tarkoituksena on tuottaa toimeksiantajayritys Woolbergille tietoa kansainvälistymisestä, jota yritys voi käyttää pohjana luodessaan kansainvälistymisstrategian laadinnassa ja strategisten päätösten teossa. Tarkoituksena on kartoittaa toimeksiantajayrityksen kansainvälistymisen edellytyksiä, kansainvälistymisen tukitoimenpiteitä sekä kansainvälisten jälleenmyyjien hankinnan keinoja. Toimeksiantajayrityksenä toimii suomalainen muotiyritys Woolberg. Woolberg on Born Global -yritys, joka tavoittelee aiempaa suunnitelmallisempaa kansainvälistymistä.

Teoreettinen viitekehys koostuu suomalaisen muodin viennistä, kansainvälistymisestä oppimisprosessina, kansainvälistymisteorioista, kansainvälisestä jälleenmyynnistä sekä tukitoiminnoista. Tukitoiminnoissa käsitellään sekä rahalliset että tiedolliset tukitoiminnot.

Tutkimuksessa hyödynnettiin laadullisia tutkimusmenetelmiä. Toimeksiantajayrityksen nykytilaa ja tavoitteita tutkittiin haastattelulla. Kansainvälistymisen keinojen, tukitoimien ja mahdollisten haasteiden kartoittamiseen hyödynnettiin kyselyä, jonka vastaajana toimivat suomalaiset kansainväliset muotiyritykset. Tutkimusten vastauksia analysoitiin hyödyntämällä SWOT-analyysia.

Woolbergilla on hyvät edellytykset kansainvälisille markkinoille siirtymiseen ja yritys on tietoinen kehittämistarpeistaan. Kansainvälistymisen edellytyksenä on hyvä suunnittelu. Jälleenmyyjien löytäminen vaatii aktiivista myyntityötä. Haasteita voidaan välttää hyödyntämällä tukitoimenpiteitä.

**Avainsanat** Kansainvälistyminen, jälleenmyynti, pienet ja keskisuuret yritykset, tukitoimenpiteet

**Sivut** 48 sivua, joista liitteitä 3 sivua

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ABSTRACT

The purpose of the thesis is to provide information for the commissioning company Woolberg, that can be utilized as a basis for creating an internationalization strategy and making strategic decisions. The purpose is to clarify the preconditions for the internationalization of the commissioning company, supportive measures of internationalization and methods of acquiring international distributors. The client company is the Finnish fashion company Woolberg. Woolberg is a Born-Global company that strives for more systematic internationalization than before.

The theoretical framework consists of Finnish fashion exports, internationalization as a learning process, internationalization theories, international distribution, and supportive measures. Supportive measures cover both financial and informational supportive measures.

Qualitative methods were used in this research. The current state, goals, and preconditions of internationalization of the commissioning company were examined in an interview. Responses were analyzed using SWOT analysis. A survey was conducted to get information of methods to find distributors, supportive measures, and possible challenges of internationalization. The survey was conducted with Finnish fashion companies, that have international distributors.

Woolberg is well positioned to enter the international market and is aware of its development needs. Good planning is a prerequisite for internationalization. Acquiring distributors requires active selling. Challenges can be avoided by utilizing supportive measures.

**Keywords** Internationalization, distribution, small and medium size enterprises, supportive measures.

**Pages** 48 pages including appendices 3 pages

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## 1 INTRODUCTION

The purpose of the thesis is to provide information for the company Woolberg, that can be used as a base when creating an internationalization strategy and making strategic decisions. Moreover, the aim of the thesis is to clarify the preconditions of company expansion to the international markets and to collect information of the challenges, acquiring distributors and supportive measures of the internationalization process.

In this research, there are three research questions. The research questions are, 1. What are the most suitable methods for outward internationalization for the company Woolberg? 2. What kind of methods could be utilized to acquiring distributors? and 3. What are the supportive measures that can be utilized in the process of internationalization? The research was conducted as a qualitative research. To get an understanding of the current state of company, an interview was conducted with the founder of the company. A questionnaire survey was constructed to gather information of challenges and supportive measures from companies that already have international sales.

The limitations for the research are the extent of the study and the access to information. Due to the extent of the study, the research does not provide answers to what the company should pursue next but provides information on the current state of the company as well as the preconditions for internationalization. This information is collected for the company as a basis for decisions on its internationalization strategy. The study does not provide information on practical measures, such as customs documents, nor does it provide information on potential target markets. The other limitation is the access to the information. Companies participating in to the research are most likely not willing to give too much information to give a competitive edge for competitive company.

The topic rose from the need of the commissioning company Woolberg. Woolberg is a sustainable fashion company, producing accessories for women and children. The company is founded by Anne Lindberg, who is the entrepreneur in the company. Woolberg is a born-global company since the products are manufactured in Europe and the company has customers globally. Though the company already has international customers, the international markets have not been the focus of the company, and it is aiming to pursue international markets more systematically and more determined.

The key concepts of the thesis are internationalization, distribution, small and medium size enterprises, referred to from now on as SME's, and supportive measures. Internationalization is a process of learning and change, in which a company expands their operation in the international

markets (Äijö, 2008, p.41). The focus of the thesis is in outward and co-operational internationalization. Distributors are wholesalers and retailers that buys the products from supplier and sells it either to other companies, retailers, or customers (Oulu Know-how Cooperative, n.d.). SME's are companies that have less than 250 employees, turnover is less than € 50 million annually and the balance sheet total does not exceed € 43 million (Statistics Finland, n.d.).

The theoretical framework of the thesis consists of the internationalization of SME's, including theories of internationalization. The Born-Global -phenomenon is presented, since the commissioning company is a Born-Global company. The theoretical framework includes international distribution, and the challenges, benefits and methods to acquiring distributors. The thesis provides information on supportive actions in the process of internationalization, both informative and financial support.

The research method is presented and data collection prescribed. The research findings are analyzed and mirrored to the theoretical framework. In the conclusions the findings of research, and assessment of what preconditions the company has for internationalization, what are the productive methods to find distributors and of which supportive measures the commissioning company could benefit from during the process of internationalization are presented.

## 2 INTERNATIONALIZATION OF SMES

Internationalization is a process of learning and change, in which a company expands their operation in international markets. Internationalization is not separate strategic actions or operations, but it is tied to company development and growth. Internationalization brings new challenges, a new operational environment, new customers and with those, new needs. Special features of internationalization are language barriers as well as communication and cultural differences. Because of these, internationalization is more demanding than a local expanding of a company. (Äijö, 2008, p. 41-42)

Vahvaselkä (2009, p. 17-18) defines internationalization in the same way and emphasizes in its definition that internationalization is learning and development process, whether the process is slow and progressive or happens by networking or at a fast pace including Born-Global phenomenon. The Born-Global -phenomenon describes companies that are international or global already in the early stages.

In a globalized world, all companies are internationalizing; actively or passively (Äijö, 2008, p. 20). Internationalization can be either inward, outward or co-operational internationalization. Inward

internationalization means that company is importing their ingredients, parts and goods. Outward internationalization is exporting and foreign manufacturing. Co-operational internationalization includes all co-operational forms. (Vahvaselkä, 2009, p. 17)

Today, there is much evidence that small and medium-sized enterprises (SMEs) are the dominant economic power in the majority of countries and can make a significant contribution to restoring growth by opening new market opportunities. The internationalization of an SME is still dependent on the domestic market, although one of the most important motivators for internationalization is domestic saturation. SMEs have been identified to be facing particular challenges due to a lack of capital, insufficient information and a lack of state support. Increasing knowledge to reduce risk and uncertainty and increasing creativity in decision-making are key to facilitate expansion. On the other hand, cooperation networks have also been found to be an important aid to the internationalization of SMEs. (Costa, Soares & Sousa, 2015, p. 395-396)

## 2.1 Finnish export and fashion industry

For Finnish companies, the main strengths in international markets are the quality of the products, technology and product development as well as know-how both in terms of projects and production methods. Finnish companies tend to outperform their competitors in product range, customization, service and delivery, and customized management, though not as strongly as the previously mentioned strengths. (Äijö, 2008, p.48)

The biggest problems in the success of the internationalization of Finnish companies are the unfamiliarity of the company and the previously established confidential relations between competitors. In addition, Finnish companies are faced with a lack of marketing information, or at least a stronger knowledge of the local population. Weaknesses in resources have been identified in staff language skills, international experience and inadequate funding. The geographical location and the long distance from the market also creates challenges. (Äijö, 2008, p.49)

Finnish consumers spend approximately 100 euros more on clothes annually, than the average citizen of European Union. Norwegians and Luxembourgian consume almost twice as much, and the Greeks, Poles and Estonians about half less than Finns. Although Finns consume more in terms of quantity of a currency, Finland ranks at the bottom of the statistics when comparing how much of all consumption is spent on clothing. Finnish consumers spend 4.2% of their money on clothing, while in Estonia, Portugal, Italy and Austria, for example, the same number is over 6%. Consumption of clothing and footwear has fallen over the last twenty years, almost everywhere in the EU, except for Great Britain and Sweden in where it has increased. (Suomen Tekstiili ja Muoti ry, 2018, p.5-8)

The number of textile and fashion companies has fallen cautiously over the last decade. In 2018, there were 3400 textile and fashion companies in Finland with a combined turnover of EUR 4.4 billion. Most of the companies in the industry are retail or wholesale. (Suomen Tekstiili ja Muoti ry, 2019a, p.4)

Exports of textiles and fashion goods in 2018 was increased by 1.4%, compared to the previous year, creating a value of 700 million euros. The main export products for the Finnish textile and fashion industry are clothing and technical textiles. Clothing accounted for 42% of exports. In the 2000s, exports of clothing and footwear have had the biggest growth, while exports of fabrics, yarns and interior textiles have remained relatively stable. (Suomen Tekstiili ja Muoti ry, 2019b, p.5, 21-22)

Sweden is the most important export country, accounting for 22% of exports. For example, the share of exports to Russia has been on a steep decline. In 2019, Russian exports accounted for only 9%, while in 1987 the then Soviet Union was by far the largest export country with 33%. Other major export countries are Germany, Estonia and the Netherlands. In addition, Sweden has been the largest export country in the last decade with 83% growth, while the Netherlands, the next fastest growing export country, has grown by 28%. (Suomen Tekstiili ja Muoti ry, 2019b, p.5, 8-13)

## 2.2 Process

Internationalization is often a natural part of a company's development, driven by internal and external impulses. These internal and external factors influence to the decision to export. The external operating environment factors can be either pressure or suction. Pressure factors include, for example, the small size or saturation of the domestic market, or the geographic location. For example, large or open markets, or positive economic forecasts of national economies, are the suction factors. Internal impulses rise from inside the company, features of company such as age, size and industry, or from management such as international experience, networks or multilingual. (Vahvaselkä, 2009, p.61-62)

In the SMEs, the primary impulse is often the management itself. The management that is motivated and willing to challenge themselves and the company. (Vahvaselkä, 2009, p.62) While there are different kinds of launchers for the process of the internationalization, those all have a same goal in the long run, to secure the growth and profit and through those, the future for the company (Äijö, 2008, p. 39).

According a research there are three most common and important reasons for internationalization.



1. Small size and slight growth of domestic markets and opposed to that large size of demand and market in the international markets.
2. The company's know-how and management's international experience and through it, management's contacts and desire to internationalize.
3. Internationalization of a client or partner, end the chance for internationalization because of client or customer suction factor. (Äijö, 2008, p. 39)

### 2.2.1 Preconditions

Knowledge reduces risks in the process of internationalization. In the starting phase of internationalization, company needs to clarify their preconditions for the process and state of their knowledge about internationalization. (Äijö, 2008, p.25) There are several analyses that company can use to determine their acquirements. These are presented in figure 1, in order of implementation.

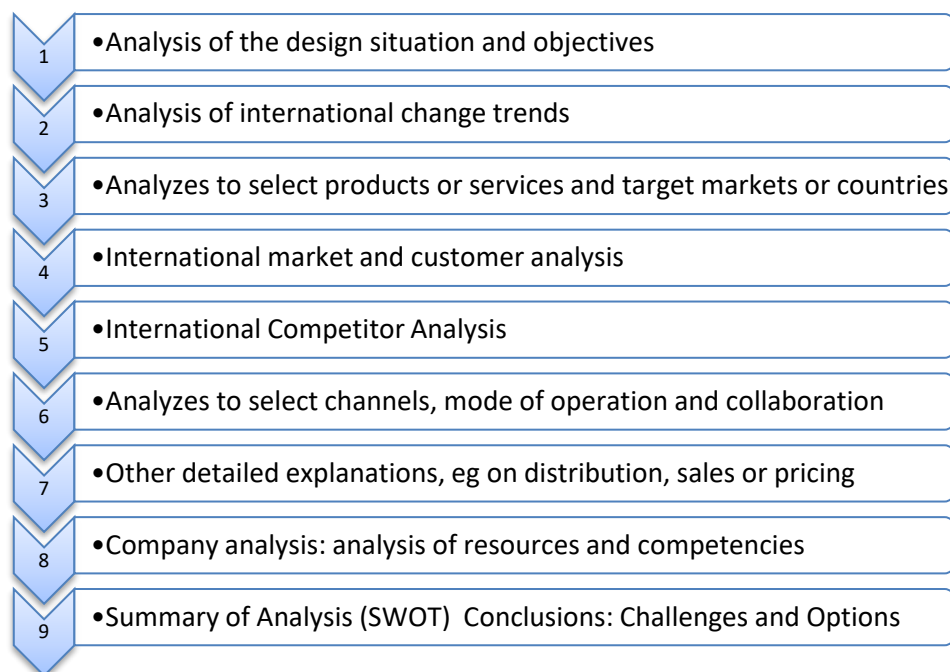


Figure 1. Analyzes supporting internationalization (Äijö, 2008, p.93)

### 2.2.2 Challenges

The process of internationalization can be challenging. Failures are due to the following being a failure in the implementation of one or more of these components; attitudes and values, action plan or implementation. (Selin, 2004, p. 98) Ricks (2008, p. 157-166) has gathered the biggest failures and

challenges to a lessons learned. According to him the biggest challenges are adaptation of the product, lack of knowledge of the country and culture, using same promotion and marketing material, translations and doing business as a non-English caused misunderstandings and lack of market research.

Attitudes and values are the first component of failure of in the internationalization. Because of attitudes and values, challenges arise when one overestimates one's own resources and skills while not understanding what export activity requires. The company does not follow enough the market and the changing world. Problems usually also arise when one sees one's own product from a product perspective, not from a customer perspective, and is not prepared to make changes based on the needs of a changing customer base because of internationalization. (Selin, 2004, p.98) To summarize, the challenges arise when the company is not self -confident enough to take a closer look on their weaknesses in the management or product, or they are too keen on the original product, to make any changes into it according the demand and status quo.

Second challenge is the lack of planning of activities. Problems arise when the business idea is not clearly articulated, the goal and strategy are vague, and no indicators have been set to follow it. There are also flaws in the plan when internationalization is planned as a whole, rather than by country-specific consideration of environmental and cultural differences. (Selin, 2004, p.99) The lack of budgeting is creating challenges in the process of internationalization. The process of internationalization takes approximately 1-12% of company turnover, and it can take years before it becomes profitable. (Äijö, 2008, p. 55)

Though in a modern fast changing world, it needs to be taken into consideration that traditional planning methods may not serve its purpose and using resources efficiently. Still, if there is no plan or the plan is to be reactive and creating plans for short periods, the bright vision and mission is easily lost. It is also probable that competitive companies react the same way, and at the end companies lose their differentiation and end up offering copy of each other products. (Äijö, 2008, p.54)

Thirdly, the challenges are caused by implementation errors and shortcomings. The problems are caused by recruitment errors, personnel management errors and managerial shortcomings. Implementation problems also arise when not trying to progress according to the plan but swinging and rushing and trying to achieve too much in a short time. (Selin, 2004, p.99)

Today, consumers are more responsible and consumer behavior is more conscious. People want to invest in quality and sustainability. When thinking about a Finnish company, we cannot compete with a low price. The export advantages of Finns should be differentiation and high quality.

Äijö (2008, p.56-57) points out that the major challenge in internationalization today is the ability to differentiate and distinguish itself from competitors. In the past to control the markets it was enough to be as good as a competitor but with a lower price. The best thing about being competitive is being able to produce unique, high-quality success products at a high price. The competitive strengths of today's globalizing company include quality, technology, design, service, image or distribution. The challenge for the company is to make a crystal-clear idea about what is the thing with what they differentiate their products from competitors, or how can they create something so unique that there is no competition.

## 2.3 Theories and models

Internationalization theories are complementary theories that can be divided into categories for example, economics-based, behavioral science-based, and resource-based theories. Economics-based models mostly serve the companies that seek competitive advantage through pricing and maximum profit. (Vahvaselkä, 2009, pp. 21-22) Due to this, the theory does not primarily support the goals and needs of the commissioning company Woolberg and is therefore not discussed in more detail in this thesis.

The Uppsala model and network model based on behavioral sciences, as well as the resource-based International Joint Venture, are presented in more detail. The Uppsala model is one of the best-known models of internationalization, in which internationalization is progressing progressively towards company deeper commitment toward internationalization. (Vahvaselkä, 2009, p. 24.)

The importance of the network cannot be underestimated today. The network model offers an opportunity, especially for low-resource SMEs. In addition to the financial benefits, the company benefits from for example, the market information and support available in the network model. (Vahvaselkä, 2009, p.26)

Of the resource-based models is presented International Joint Ventures, referred to from now on as IJV, which also has many features of the network model. The IJV can pool the resources of multiple companies for the benefit of all, be they financial, informational, physical, mental, technological, human resources or reputation. (Vahvaselkä, 2009, pp. 28-29)

### 2.3.1 Uppsala model

The Uppsala model is a process model that was published in an article in 1977. It claims that the company internationalization happens through five

learning stages. Each step brings more knowledge to the company and leads to a deeper level of internationalization. In the first phase, the company has no exports abroad. In the second phase, exports are infrequent. In the third stage, the export is systematic, but still through intermediaries. In the fourth stage, the company establishes a subsidiary in the target country and in the fifth stage, it establishes its own production facility abroad. (Vahvaselkä, 2009, p. 24)

One of the key concepts of the original model was *psychic distance*, which described the factors that influenced to the decisions of which international market company would target. The assumption was that company would first target the market with a little psychic distance, markets that had a similar features and culture as domestic markets. After the knowledge that was gathered through these experiences, the company was able to internationalize to the markets which had a wider psychic distance. (Johanson & Vahlne, 2009, p. 1411-1412)

In 2009 Johanson & Vahlne (2009, p.1411-1412) revisited the model of 1977 because modern markets consisted concepts and insights that were not existing at the time that the original model was created. The importance of psychic distance has decreased since the globalization and internet has brought markets closer to each other. No longer company actually needs to travel and move to gather knowledge of international markets. The information and even recruiting can be done by telecommuting.

The base assumption of the original model was that companies change based on their experiences and learning. Next, they change with the commitment decisions they make to strengthen their position in foreign markets. The company's knowledge of foreign markets accumulates and that knowledge influences the decision to commit to foreign markets. When the model was revised in 2009, they added "recognition of opportunities" as a one key concept. They have added the importance of network to the model, and acknowledge the importance of network. (Johanson&Vahlne, 2009, p.1412;1423-1424) The 1977 model and the revised model are presented in a figure 2.

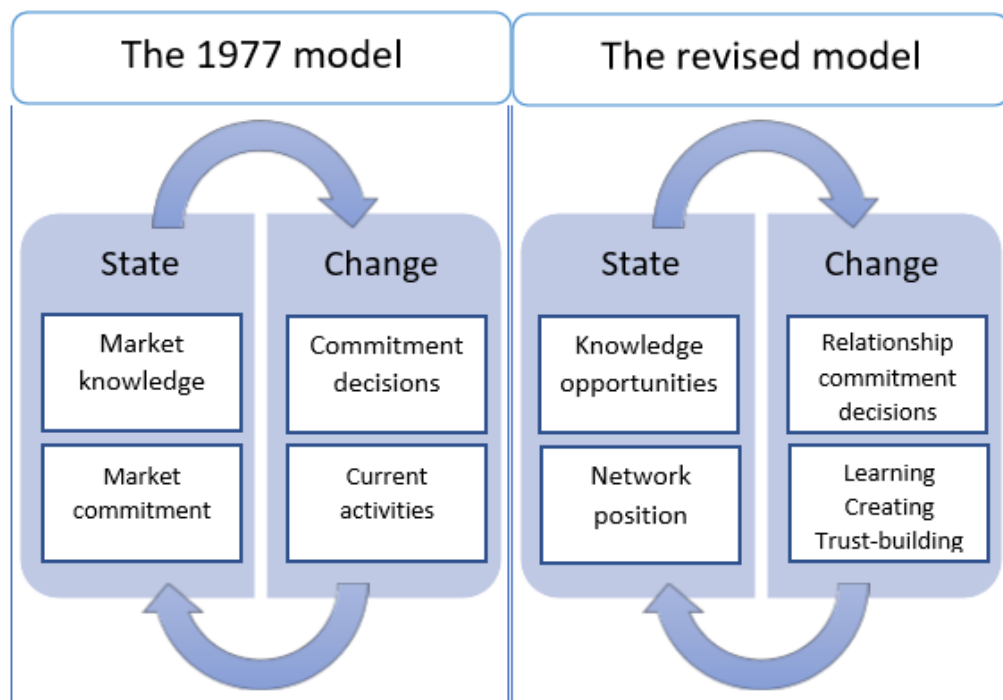


Figure 2. The 1977 model and the revised model. (Johanson&Vahlne, 2009, p.1412;1424)

### 2.3.2 Network

The network model serves well SMEs with small resources. The position of an internationalizing company in a network can be achieved by establishing new relationships within the networks of the target country, by deepening and developing existing networks, or by cooperating with or combining other networks. (Vahvaselkä, 2009, pp. 26-27)

The purpose of the network model is to gain a position within the network that provides access to important data sources and resources in the target country or countries and to achieve position where it is difficult for an internationalizing company to be excluded from the exchange network. Through networks, the company's own know-how and knowledge is increased and market and business relationship skills are developed. These resources and the support provided by network, makes the process of internationalization easier. (Vahvaselkä, 2009, p. 26; 28)

There are three models for network internationalization: exchange network, communication network and social networks. Social networks are a network of management and employees' friends, family and acquaintances that is built over a time. An exchange network is a network

trading in management and collaboration structures, built on three interdependent variables: actors, functions, and resources. This includes purchasing, subcontracting, licensing, and franchising. Communication network, instead of commercial exchanges, exchange informative and support in decision-making. (Vahvaselkä, 2009, p.26)

### 2.3.3 International Joint Ventures

IJV is a collaborative arrangement between two or more parties. The purpose of an IJV is to create business operations that profits both or all parties, and the profits and losses are shared mutually. (Gutterman, 2001, p.1) For Finnish companies the IJV's have been important tool in the process of internationalization, and there are no signs that the role of IJVs would be any less significant in the future. (Larimo, 2004, p. 35)

When forming IVJs, it could be easily thought that large company would be an ideal partner to attract. Still, studies show that most useful IVJs have been formed between SMEs. Joint venture with a large company is unlikely, because large companies tend to purchase the smaller company stock to rule the decisions, rather than start a co-operation. (Larimo, 2004, p.24)

The essential elements of an IJV is that it is a contract between parties for a specific business purpose and a common goal. The IJV has a business objective and a limited duration, which can be expressed as a time, profits or other measurable unit. Each party invests their time, knowledge, money or other agreed asset for the use of IJV. The profits, losses, management and control, is shared between the parties. (Gutterman, 2001, p. 2)

When considering a partner, company may easily think that a similar company on different would be wise decision, since the foreign company would be expert on the foreign markets. Though it may make sense to create an IVJ with a company on the same business field, it has been studied, that that is not actually beneficial. The more there is overlapping in the business fields, the more there is competition. The best partner would be a company that shares similar values and does not overlap the business field, while some knowledge of the specific markets can be considered beneficial. (Larimo, 2004, p.26)

When a company has uncertainties about corporate compatibility, an alternative, contractual IVJ can be used. It is a similar kind of collaborative arrangement. In it can be agreed for example, that the parties retain ownership of resources and assets. Other arrangements like IJVs include manufacturing license, sales representative, relocating the company, or setting up an entirely new company. (Gutterman, 2001, p. 10-11)

There are numerous benefits that a company can gain, when combining the competitive strengths and form an IJV. The financial resources are

shared, and it can reduce the amount of capital that would be needed, if all parties would reach for the goal individually. Correctly chosen IJV partner helps the internationalization, with the local knowledge and for example partner handling local sales representing, will lower fixed costs per product. With a good planning costs can be decreased in many areas, for example logistics, production or procurement. (Gutterman, 2001, p.3-6)

At its best, an IJV, is a win-win situation. Still 41,9% of IJVs, in which a Finnish company has been involved has failed in the terms of survival. Approximately two thirds have failed in their purpose. While differences in cultural distance is one reason to establish an IJV, it creates challenges inside the joint venture too. (Larimo, 2004, p.27-28) Local management can be unknown and the management style can vary a lot, and it is potential to create managerial conflicts. There are also disadvantages that IJV creates. Since resources are shared, it means that profits are shared. The shared technology, knowledge and other intangible asset can be used beyond the agreement. (Gutterman, 2001, p.4)

#### 2.4 Born-Global -phenomenon

Born-Global companies are companies that have been able to internationalize in a fast pace, approximately 2-3 years after founding. If the sales are limited to the same continent, then term is Born International. Some of these companies are global or international, even before they enter their home markets. The appearance of Born-Global companies is enabled by reduced barriers on world trade, development of technology and increased travelling. (Gabrielsson, 2007, p. 204-205)

Born-Global companies are usually founded by the entrepreneurs with an international experience or strong entrepreneurial spirit. These companies are the ones that are led with young enthusiasm, and with a lack of experience. Because of that, it is common to have a founding team that compensate each other's weaknesses and provide their expertise in a specific field. Together, the founding team can more easily tackle the challenges of a Born-Global company; management, product development, finance, and sales and marketing. (Gabrielsson, 2007, p. 207;213)

To succeed, Born-Global needs to be innovative with the product but also throughout their business operations. Building a global brand and conquering global markets is an asset consuming process. Assets, which starting company usually does not have. Company needs to find innovative ways to collaborating on product development, media publicity, leveraging internet channels, leveraging multinational corporate marketing networks and strong brands. Competitions and conferences are also a way to make a brand known. A designer company expressed that success at exhibition

in Milan, caused that there were 1000 articles about the company in papers during next two years globally. (Gabrielsson, 2007, p. 212-214)

### 3 INTERNATIONAL DISTRIBUTION

Distributors are wholesalers and retailers that buys the products from supplier and sells it either to other companies, retailers or customers. Distributor carries the risk, buys the products and is responsible to be able to sell the products. The distributor will manage their stock, provide services, replacements and refunds. On the other hand, distributor has a freedom to price their products and earn profits by doing so. (Oulu Know-how Cooperative, n.d.)

#### 3.1 Preconditions, benefits and challenges

Preconditions to acquiring international distributors are similar as in the process of internationalization. The company needs to have good linguistic skills and supplier is responsible to translate the catalogues and other materials and to have a good understanding of the target market culture. Distributors tend to take their time while considering their purchase decisions and supplier needs to have patience in the process. (Oulu know-how Cooperative, n.d.)

The benefits of choosing a distributor as a marketing channel, is that there is a smaller need for capital. Supplier benefits of the contacts that the distributor has built as well as the expertise of markets. When selling to a distributor, supplier gets their share of incomes as soon as the agreement is set, and products are delivered. (Oulu know-how Cooperative, n.d.)

The challenges in choosing distributor as a marketing channel are the same challenges that rise from the process of internationalization. The additional challenges may rise from the need of training, especially if the product is not well known, or specific product that needs education to use the products. The challenges may rise from the customs and export restrictions, especially if the supplier is not experienced in exports. When choosing a distributor as a marketing channel, the supplier gives away control and dominance, and is not entitled to make decisions about how, where and at what price a product is sold. (Oulu know-how Cooperative, n.d.)

Väisänen (2018, p.132-135) states that distributor is a popular export model because the cost of initiating resale is low. However, he believes the low cost is seeming. Costs will be higher than expected given that someone needs to actively handle sales efforts towards distributors. Working with



distributor requires active, even day-to-day contact, and if the supplier is not willing to take care of distribution relationships, the relationship with the distributor is profitless. The biggest challenge arises at the point when it is time to get rid of the distributor. This is often the case when a supplier is doing well in the market and is willing to take over the distribution. Understandably, the distributor is not willing to give up a lucrative trade. For this reason, agreements must always provide a way out of cooperation.

### 3.2 Acquiring distributors

Acquiring distributors can be a complex process than can take from couple of weeks to a year. There are five stages in the process:

1. Internationalization, distribution and export strategy
2. Market selection
3. Defining the characteristics of a distributor
4. Search of distributor
5. Negotiation and establishing cooperation. (Oulu Know-how Cooperative, n.d.)

The internationalization, distribution and export strategy should aim to find answers to the reasons behind the internationalization and the choice of choosing distributing. Those should determine what are the premises, products and when and to where the products are sold. The strategies should include how many, what kind of distributors are needed and how they can be acquired. The market selection process is done similarly as in the other marketing channels at the process of internationalization. (Oulu Know-how Cooperative, n.d.)

To ensure good quality in cooperation and to ensure effective cooperation with the distributor, a careful consideration should be given to what are the important characteristics of the distributor. The general characteristics of a dealer are a good language skill, coverage of the distribution area, wealth, ability to keep stock and technical knowledge. In addition to this, the distributors knowledge of location, industry, customer base, market and knowledge of market developments should be considered. In addition, it is a good idea to consider the experience the distributor has gained and whether supplier and distributor share the same values and passion for working towards the objectives. The distributor should always be evaluated in relation to the needs of the end customer, for example when the use of the product requires training. (Oulu Know-how Cooperative, n.d.)

Through these established criteria, a precise definition is made in terms of strategic, operational and cultural compatibility. Strategic compatibility assesses how companies' strengths and weaknesses compensate for each other. In terms of operational cooperation, the ability of companies to unify processes and practices is assessed. In terms of cultural compatibility,

it is assessed how well companies' operating methods and values meet. (Oulu Know-how Cooperative, n.d.)

When searching for distributor, the supplier benefits from contacts and creative thinking. There are several options available to find distributors. Distributors can be found, for example, by utilizing trade shows, customer contacts, previous customers, by advertising and through private service providers, or by outsourcing to a consulting firm. In these, it is important to note that international trade fairs and outsourcing to consulting companies, such as chambers of commerce, can be expensive and there are no guarantees of results. The supplier can use a variety of creative solutions to search, such as utilizing industry forums. Distributors can also be approached through direct contact, in which case the supplier already has the opportunity to exclude unsuitable candidates based on available information. Direct contact is relatively inexpensive but requires sales skills. Direct contact can be made by telephone or e-mail. The distributors to contact can be found, for example, through the distribution community pages on the Internet. (Oulu Know-how Cooperative, n.d.)

The goal of the negotiation phase is to start cooperating and eliminate unsuitable distributors. During the negotiations, the supplier receives information about the distributor's capabilities and suitability. On the other hand, the supplier must reassure the distributor that the products offered are profitable for the distributor's business. Negotiations are held by discussing and it is recommended that the meeting be held face to face. This lays the foundation for a personal, confidential relationship that is the starting point for a lucrative collaboration. It should also be noted that some sensitive information, such as price information, already needs to be shared during the negotiation phase. (Oulu Know-how Cooperative, n.d.)

Cooperation is established by drawing up a resale agreement. The purpose of the resale agreement is to bind the dealer to the manufacturer and to protect trade secrets. The contract must specify the warranty and return conditions. An exclusive right can be agreed in the agreement, in which case the dealer undertakes not to sell competing products and the manufacturer grants the dealer rights to a certain territory. (Oulu Know-how Cooperative, n.d.) Väisänen (2018, p. 135) warns that in resale, exclusivity generally works poorly, and one must try to avoid concluding such agreements until the last.

#### **4 SUPPORTIVE MEASURES**

Successful internationalization requires a lot of expertise, knowledge and resources from the company. The company's product must be finalized and ready for the international market. Internationalization requires knowledge of the market and competitors, as well as correct choice of the

potential market. The company needs to understand the end customer and understand how the local purchasing process works. The company must be critical of its product and operations. The company must understand sales and distribution channels, be critical of the information it collects and manage risks. All in all, the company needs to know what key points of a successful internationalization strategy is. (Äijö, 2008, p.51-53) As there are many requirements for internationalization, it is necessary for many SMEs to obtain informative support for the process.

Internationalization also places additional demands on funding, and the company needs financial support for that. With internationalization, the need for manufacturing capacity increases, causing possible additional purchases for example machines or increasing the number of subcontractors. Internationalization may require an increase in staff and the adaptation of the product to fit for the target market. The need for financing is also caused by a market research and the development of communications and distribution. In addition, there are costs associated with money transactions in export trade, such as possible longer payment periods, higher payment transaction costs, collection costs and currency risks. (Äijö, 2008, p.296).

#### 4.1 Informative support

By doing a research on the internet, there can be found a massive number of guides, services, programs and events created to help at the process of internationalization. The price range of offering is high. Given the wide range of supply and price fluctuation, it is appropriate to use source criticism when examining these. And while an individual expert's blog can provide tremendously good information on internationalization, in the following is presented the support measures that are offered by large, well-known organizations.

Below is presented chosen informative support options in alphabetical order.

**Enterprise Europe Network** provides information on the funding opportunities offered by the EU, country-specific reports on each country's operating environment, advice on specific problems in internationalization and legal advice. Each year, the Enterprise Europe Network organizes around 20-30 seminars on current topics concerning internationalization. In addition, commercialization capacity analysis and advisory services are meant for innovative companies. The prerequisite for this service is that the company has at least ten employees and has been operating for a few years. (Enterprise Europe Network, n.d.)

**Helsinki Region Chamber of Commerce** is chargeable membership at an affordable price. It provides information, guidance, education,

internationalization projects, networking opportunities and, through peer support, inspiration, and a new perspective on the company's operations. The Helsinki Region Chamber of Commerce has a co-operation network covering more than 60 countries. (Helsingin Seudun Kauppakamari, n.d.)

**Management Institute of Finland MIF Oy** is a coaching organization of which Fintra specializes in international business development. Fintra markets more than 30 years of experience and offers detailed and well-targeted training and degree programs. The offer of training is comprehensive, but the price of the services is quite high. (Management Institute of Finland MIF Oy, n.d.)

A sponsor or business mentor can be found in their own networks, or one can be found from various sponsors and mentoring organizations. Some mentors are payable, but mentors can mostly be applied for and obtained free of charge. Examples of such services are *NestorAdvisor* of **NestorPartners** (n.d.) and *Yrityskummit* of **Suomen Yrityskummit ry** (n.d.). Mentors and sponsors are usually respected partners or mentors whose own retirement, or some other change in their business has freed them more time. They provide professional support for business development and instead of giving direct answers to questions, they strive to ask the right questions and thus get the entrepreneur to find the right solutions themselves.

**Suomen Tekstiili ja Muoti ry** offers advice, events and training in several different areas. Services are for members and membership is chargeable. The association provides support and guidance on issues related to internationalization, growth support, financing, standardization and legal issues. The association provides its members with information in the form of statistics and information services. (Suomen Tekstiili ja Muoti ry, n.d.b.) In addition, members are entitled to, for example, textile testing services at reduced prices and the competitive bidding of transportation services (Suomen Tekstiili ja Muoti ry, n.d.a.).

**Viexpo** is a cooperative that offers a wide range of services to support companies in exports and internationalization. Viexpo offers expert assistance in various stages of internationalization, applying for funding, export networks, preparing marketing materials, participating in trade fairs and collaborative events. In addition, translation services for several languages are available from Viexpo. Viexpo organizes export promotion and market research trips, where you can pay for your own travel, accommodation, meals and possible admission tickets. (Viexpo, n.d.)

**Yrittäjät** publishes an updated guide to internationalization on its website, providing a basic information on the internationalization process, such as planning, risk management, payment methods, and documentation. Yrittäjät also provides business mentors. (Yrittäjät, n.d.).

## 4.2 Financial support

As it was earlier expressed, the internationalization process takes approximately 1-12% of company turnover. Most companies need funding in some form. Äijö (2008, p.295 – 298) mentions most common financing options for an internationalizing company are investments by the entrepreneur or his family, traditional bank loan, risk finance, public support and grants and/or business angels. The choice of financing is influenced by the need for financing and the length of the need of finance. The choice of financing is also affected by how much risk and responsibility the company wants to bear and whether the company is ready to give away its equity. In addition, it may be influenced by strategic reasons, such as the knowledge, skills and contacts brought by the funder.

Below is presented chosen financial support options in alphabetical order.

**Business Finland** provides multiple funding options to companies in the early stages of internationalization as well as companies that are already further in their internationalization. In general, Business Finland's financing does not require repayment, but it may require the company's own investment. (Business Finland, n.d.e).

Business Finland offers the *Explorer product family*, which includes a section for many different financing needs; market research, hiring know-how, identifying joint opportunities for groups of at least four companies and participating in an international trade fair. (Business Finland, n.d.a)

*Exhibition Explorer* is intended to fund the company's participation in international business to business exhibitions. Funding is conditional on at least four domestic companies applying for such funding to participate in the same trade fair. Funding can be obtained for the costs of participation in the fair, the costs of design and decoration, and the construction costs of the exhibition stand. The funding covers a maximum of 50% of the costs, a minimum of € 500 and a maximum of € 30,000. (Business Finland, n.d.b)

*Group explorer* is intended for a group of companies formed by at least four mutual synergies, which seeks an international market, and the supply of one company is not enough to cover the market. The funding is intended for internationalization capabilities, business model planning, market research and other necessary activities in support of internationalization. Support can be granted up to € 20,000 per company, covering 50% of the costs. (Business Finland, n.d.c)

*Market Explorer* funding can be provided to SMEs, to create the internationalization strategy, the identification of business opportunities, market analyzes, the analysis of competitive situations and standards, and

the identification of distributors. The funding covers 50% of the costs, up to a maximum of € 10,000. (Business Finland, n.d.d)

*Talent explorer* funding can be used to promote internationalization by hiring an expert. A company can get financing when it needs an expert in internationalization planning and target market analysis. The company to be financed must have at least two employees and at least one completed fiscal year. The duration of funding is usually 6-12 months, covering 50% of the costs and a maximum of € 20,000. (Business Finland, n.d.f)

*Tempo funding* is intended for a company with at least two employees seeking international growth. It is recommended that the company has primarily used or determined whether the company will benefit from the Explorer funding presented earlier. Tempo funding is provided when a company is aiming for significant international growth and primarily for the development of knowledge and skills, not product development. The company is required to provide at least € 30,000 of its own funding, in addition to which Tempo funding can be granted for up to 75% of costs up to a maximum of € 50,000. (Business Finland, n.d.g)

**Centre for Economic Development, Transport and the Environment** provides company development grants, especially to support the internationalization of companies. The company supports the business to be profitable and finances at least half of the development project. Funding can be used to develop a business or create a new business, as well as to improve export and internationalization opportunities. You can also get support for attending trade fairs or for the salary costs of consulting. (Centre for Economic Development, Transport and the Environment, 2020)

**FiBan – Finnish Business Angels Network.** A business angel is an organization or individual who invests money in a company for a long period with the aim to create profit. Typically, a business angel is successful entrepreneur or in a management position in a large company, has something to offer a start-up business, and has taken the time to act as a business angel. Business angels usually invest as minority investment, approximately 10-30%. In addition to investing, the business angel acts as a mentor and provides contacts to support the growth of the company. In general, investments are worth around € 10,000 to € 50,000 and the value of the investee company is a maximum of € 1.2 million. Business angels invest in all kinds of companies and their own interests and expertise have an impact on where a business angel decides to invest. (Etula 2017, p.14-20)

**Finnvera's** internationalization financing is a loan and a guarantee for an internationalizing SME. Finnvera grants a loan for the establishment of a subsidiary to be established abroad or for investments in an existing

subsidiary. However, Finnvera's loan is not granted to finance just exports. (Finnvera, n.d.)

## 5 RESEARCH, RELIABILITY AND VALIDITY

Aim of the research was to find answers to the research questions. What are the preconditions of the company Woolberg to expand to international markets, what are the most suitable supportive measures and what are the best methods for internationalization and finding distributors?

The primary purpose of qualitative research is to produce non-quantitative research material. Instead of providing accurate value, the research results reflect, for example, the views and perspectives of the participants. Qualitative research results look for meanings as answers, and often in qualitative research, the researcher cannot provide the values beforehand. (Yin, 2016, p. 9-11)

As a research method was chosen an interview and questionnaire survey. The interview was conducted to get a deeper understanding of the commission company. The questionnaire was conducted to get an understanding and gather experience from companies that are already operating in the international market.

Validity of research indicates how well the research responds to the to what it is supposed to respond (Kothari, 2004, p.74). To get an understanding of the company, its preconditions for internationalization, resources and goals, the chosen research method was chosen as interview. Since the founder is self-employed and been throughout the existence of the company, she has knowledge of the history of the company and oversees the decisions. From this can be assessed that the interview is a valid method. Still, the founder's assessing her own company completely objectively, can be challenging if not impossible

For interview to be a valid, the interviewer needs to be well versed in the topic. The interviewer needs to be honest, sincere, and not lead the interviewee. Interviewer needs to keep the direction of interview in their own hand, but same time create a friendly atmosphere. The advantages of the interview are that usually all questions are responded. It is flexible method, and additional questions can rise during an interview. Researcher can receive important information that was not asked. Through interview can be asked a clarification and the risk of misunderstanding is lower. The weaknesses of using an interview is that it can be expensive or time consuming. There is also possibility that the answers may be exaggerated to make an impact on the researcher. (Kothari, 2004, p.98-99)

To understand to upcoming challenges of internationalization, to a survey was gathered a sampling of a 30 company that met the criteria. There is no actual knowledge what the entirety is as in how many companies are existing that met the criteria. In 2018, there were 3400 textile and fashion companies (Suomen Tekstiili ja Muoti ry, 2019a, p.4). To get a total population, from these needs to be reduced the companies operating in textile industry, does not have sustainable values, or are not operating in international markets. From this is assessed that the amount of sample was appropriate.

The questionnaire needs to be carefully constructed, short, in general form and the wording and the order of the questions needs to be same for all the respondents. The questions need to be worded as an easily understandable and not leading. The questions need to be constructed in a way that the chance for misunderstanding is taken to the minimum. The closed or multiple-choice questions are preferred rather than open questions and open-word or comment section should be held into the minimum. This is because open questions are more difficult to compare or analyze. The order of the questions needs to clear and so the questionnaire is proceeding smoothly. The questionnaire should be started with the easier questions and move on to the harder questions. If necessary, the personal questions should be left as a last. (Kothari, 2004, p. 102-104)

Many respondents were eager to respond to the survey and the responses conveyed an atmosphere that companies want to support other companies to success. Still, it is noticeable that the companies interviewed are competing companies and may not want to give too much advantage for competitive company as in too specific instructions and tips. More honest and detailed instructions and tips might have received, if the respondent would be a mentor or if the participants of the survey would benefit also from the survey.

## 5.1 Questionnaire survey

The questionnaire survey was conducted for companies that are already operating in the international markets. Aim of the questionnaire survey was to gather experiences of internationalization. The questionnaire was conducted in Finnish. Questions were created based on the theoretical part of the thesis. The questionnaire included 12 questions, five closed questions and seven short open questions. The translation of questions is presented in appendix 2.

Aim was to find companies that have some similarities with commission company and that the companies that are approached would be one or two steps ahead of Woolberg in their operations in the international markets. Therefore, provide experience of the next steps that the Woolberg aims to take. The companies that was approaches was picked so with the following criteria:



- Finnish company
- Mainly companies that have operated maximum of 15 years
- Operating in design, clothing, or accessory industry
- Sustainable values
- Has distributors or their own store abroad.

The companies that was approached was collected from three different sources, Weecos, Design from Finland and Finnish Textile and Fashion. Weecos is a sustainable marketplace platform through which designers can sell their products to consumers (Weecos, n.d.). Weecos was selected as a source because the commission company also markets itself there. In addition, although there are also foreign companies on the site, there are a big number of Finnish design companies. Design from Finland -site, presents the companies that have a right to use Design from Finland mark (Design from Finland, n.d.). Finnish Textile and Fashion is an association of textile, clothing and fashion companies (Suomen Tekstiili ja Muoti ry, n.d.b).

From these presented sites, was collected 30 companies which met the criteria, and was approached by e-mail requesting participation in the survey. The e-mail was kept short and polite. It explained the purpose of the survey and the commission company was mentioned. It was told that the questionnaire consists open and closed questions and will take approximately 10 minutes to answer. If the company indicated its willingness to participate, a questionnaire was sent to them. The questionnaire was conducted with Google forms. The aim was to get minimum five responders.

In the questionnaire was collected information of companies operating time, how long they have operated in international markets, and how long had the company operated before the internationalization. In the questionnaire was asked about where and what kind of international operations they have. Most importantly, was asked what their preconditions for international markets were and what the company found working methods and what they would do differently during the process with the current knowledge and experience.

## 5.2 Analysis of survey

Six companies replied that they are willing to answer the survey. All responding companies replied to the questionnaire. Companies are presented as an anonymous. In the following is presented the main figures of companies, collected from Kauppalehti (Kauppalehti, n.d.):

Company A  
Operated five years

Turnover € 150,000 - 200,000  
Profit for the fiscal year € 25,000 - 50,000  
Number of staff 1 - 4

Company B  
Operated 29 years  
Turnover € 1 - 1,2 million  
Profit for the fiscal year € 15,000 – 25,000  
Number of staff 1 - 4

Company C  
Operated five years  
Turnover € 1 - 1,2 million  
Profit for the fiscal year € 200,000 – 300,000  
Number of staff 1 - 4

Company D  
Operated one year  
Financial information is not available  
Number of staff 1 - 4

Company E  
Operated two years  
Turnover € 500,000 - 750,000  
Profit for the fiscal year € 0 – 15,000  
Number of staff 1 - 4

Company F  
Operated eight years  
Turnover € 100,000 – 150,000  
Profit for the fiscal year € 15,000 - 25,000  
Number of staff 1 - 4

The three first questions were about getting a basic understanding of the company and its validity for the survey. The first question was about the operating industry. The responding companies operated in fashion or accessory industry. One company operated in a specialized industry related to accessories. All the companies operated in a similar field as Woolberg.

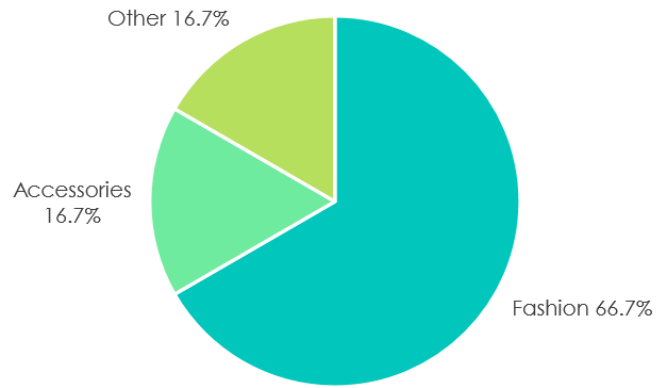


Figure 3. Industry

Second question was about how long the companies have had international operations through distributors or their own store abroad. None of the respondents had operated abroad less than a year. Five of six companies had operated in international markets for less than five years, and one company had operated for more than ten years. Since the aim was to gather answers from companies that are one step ahead of Woolberg in international markets, the goal was met. One of the companies has experience for a long time, which can give knowledge and experience different from other responding companies.

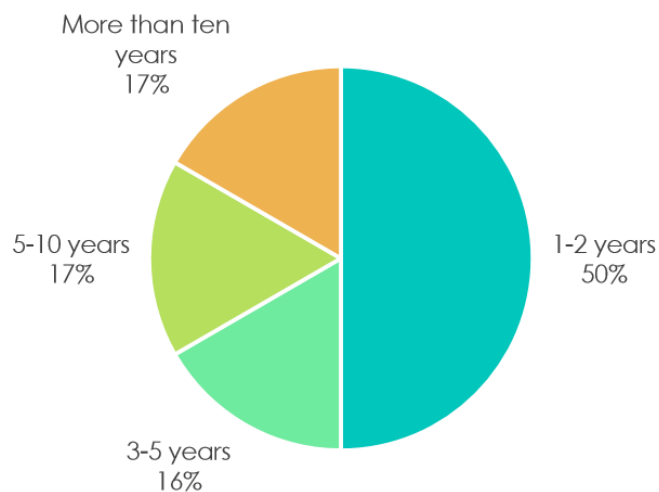


Figure 4. Years operated in international markets

Third question was about how long the company had operated before expanding to the international markets through distributors or their store.

The results show that the companies had expanded to the international markets in early stages of the operating. Five of six companies had international distributors or own store before they had operated for five years. Three of those had only operated less than a year before internationalization. One of the companies had operated more than five years. Since Born-Global was determined as companies that have operated less than three years before their internationalization, it can be assumed that at least half of the companies are Born-Global. The strength of Born-Global management is usually an entrepreneurial state of mind and young enthusiasm. In the Uppsala theory is presented Psychic distance. The technology is making the world smaller, since massive amount of information all around the world is at the reach. Foreign countries no longer feel so distant and visit. For this reason, the threshold for the internationalization of companies is lowered, and companies venture to enter the international market at an early stage.

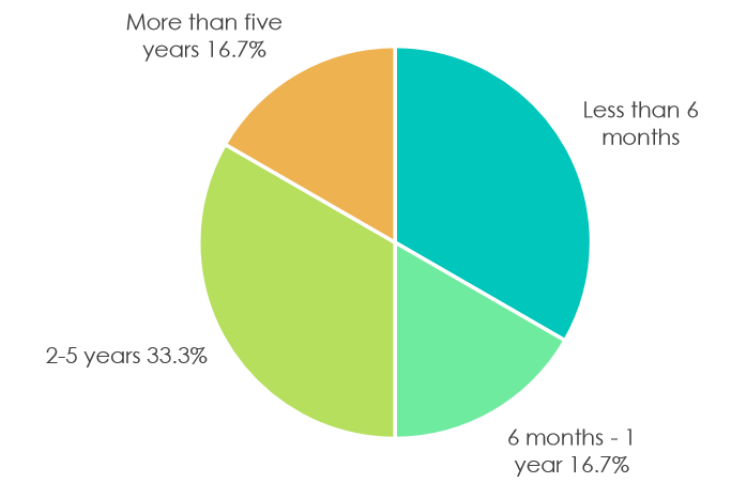


Figure 5. Operating time before international markets

Question 4 was about which international operations companies do have. Four of the companies had international shipping, all companies had distributors abroad and five of the companies had manufacturing abroad. None of the companies had their own store abroad. Of this can be concluded that in the question 1 and question 2, when was asked about international distributors or stores abroad, the responses concerned international distributors.

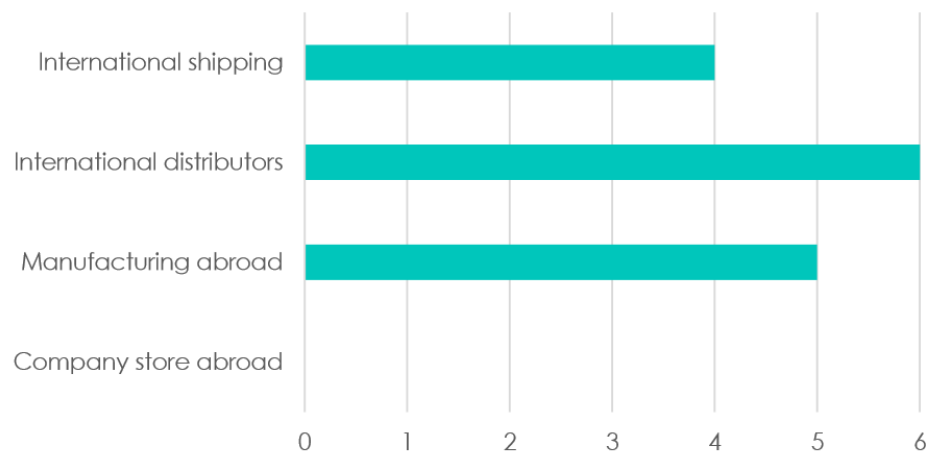


Figure 6. International operations

Question 5 was about the reasons and motivators behind the internationalization. Multiple choices were allowed. The choices covered the areas that was presented as a most common reasons for internationalization. There was also an option to choose other. The main motivator of the companies was aim of rapid growth, which was chose by half of the respondents. Next most common motivator was saturation of domestic market or foreign demand as well as international networks. One respondent chose experience of international markets. This is in the line with the results that most of the companies are Born-Global and not much experience is gained before entering the international markets.

Two respondents chose other. One of them added as a motivator the desire to minimize risks, since all the sales are not dependent of domestic markets. Diversification in all risk-taking seems to reduce risk, which is why this motivator makes good sense. One of the respondents gave one very honest answer, "it seemed like a good idea". This is in line with the presented theory. As was earlier presented that one of the most common motivators of especially SME's internationalization is the management itself.

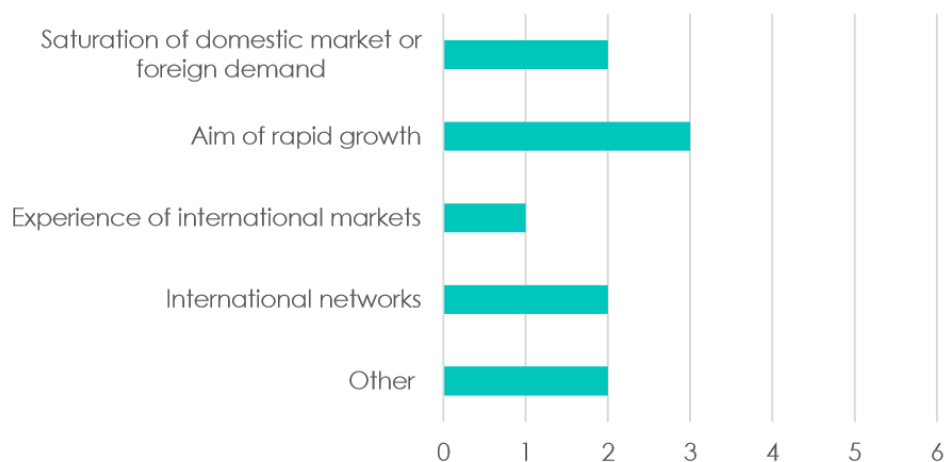


Figure 7. Motivators for internationalization

The questions from 6 to 12 was open questions. In question 6 was asked in which foreign countries do the companies export. All respondents responded to this question and the answers provided surprising information. Each company had several exporting countries. One of the respondents did not specify the countries but replied that there are exporting in European territory.

The ten biggest exporting countries, presented in order beginning of the biggest, are Sweden, Germany, Russia, Estonia, Netherlands, Norway French, Great Britain, United States of America and Poland (Suomen Muoti ja Tekstiili ry, 2019b, p.8). Seven out of ten are seven out of ten of these countries are represented in the survey responses. The participating companies do not have exporting to Poland, which was a last of the top ten list. Surprising result was that the no. 3 and 4 of the list, Russia and Estonia, was absent in the received responds. Though it was already established, that the exporting to Russia is constantly decreasing. The absence of Estonia and Poland might be caused by the earlier presented information that though Poles and Estonians consume more on clothes in terms of percentage, it is approximately half less than Finns in the terms of monetary.

Other surprising result was the survey result of the biggest exporting country. Four out of the respondents' export to Japan. While statistically Japan did not make it to the list as in one of the biggest exporting countries, in this research it is well presented amongst the companies. And though Japan is not at the top ten of Finnish fashion and textile exportin country, it was eight at the list of fastest growing exporting countries in 2018, seeming that Asian countries are replacing the decreasing exporting to the Russia (Suomen Tekstiili ja Muoti ry, 2019b, p.5;9). Since then, export growth has presumably been driven by the EU-Japan Free Trade

Agreement of 1 February 2019, which has reduced customs fees and reduced bureaucracy (European Commission, 2020).

As it was mentioned, average Finnish consumer consumes €100,00 more on clothes and footwear annually than average European. Other countries that consume more on fashion in monetary terms than an average European, is presented in the order from biggest: Luxembourg, Norway, Austria, Great Britain, Italy, Denmark, Sweden, Netherlands, Portugal, Germany and Belgium (Suomen Tekstiili ja Muoti ry, 2018, p.4). These countries, which have the potential to generate high returns, are the countries to which exports should be directed (Jargonmankeli, 2018).

Reasonably these countries were presented well in the received answers, only two were absent, the top of the list Luxembourg and the last on the list Portugal. Both countries are not presented in the lists of rising or biggest clothing and footwear exporting countries, though both consume a lot to the fashion. Both countries are also in European Union, which simplifies the process of exporting. The lack of attractiveness of Luxembourg is presumably due to the small size of the market, but Portugal offers a large market and there is no apparent reason for the low level of exports. The population of Luxembourg is approximately 600,000 but Portugal population is approximately 10 million (Worldometer, n.d.).

As mentioned earlier, the consumption on clothes and footwear has fallen over the last twenty years, with two exceptions, Great Britain and Sweden. Both countries were presented in a survey results, but not in a great volume. Two of the companies exported to Great Britain and only one company exported to Sweden. The fact of their rising consuming makes both countries attractive to suppliers, and most likely will cause a lot of competition. Most of the companies that participated on the survey were rather young and may not have the resources to compete in these markets.

In the survey results appeared countries that are not on the list of biggest exporting countries or on the list of fastest growing exporting countries. These countries were Switzerland, Belgium, Denmark, Italy, Ireland, Canada, Korea and Austria. Since two of the respondents responded in the question 5 that their international networks were one of the motivators behind internationalization, at least some of these countries are most likely because of those connections.



Figure 8. Exporting countries

The question 7 was an open question. In it was asked which methods did the company has experienced the best option to acquiring distributors. Four out of six companies responded to this question.

Three of the companies answered that exhibitions have been the best method, two out of these three clarified that this is European exhibition. Väisänen (Jargonmankeli, 2018) claims in podcast that most companies participate to the exhibitions, but not really making an effort. Participating to an exhibition or running around the hall without a plan, does not create networking in a productive way. To get the best result of an exhibition, company needs to do a lot of work beforehand. If company is participating to an exhibition for example three days, Väisänen says that they need to arrange 30 appointments, and if a casual trade fair participant will also approach, it is positive addition. Still, the whole plan should not be based on the random passers-by. To arrange appointments beforehand, needs a lot of work as well as many phone calls.



As earlier presented, finding the right match as distributor, is a long process, and going through the five stages of the process can take from couple of weeks to a year. Since the compatibility is advised to be assessed as a face-to-face meeting, the exhibitions are good method for that. Meeting many distributors at the same exhibition is an efficient in resource wise since the traveling takes time. Less traveling also supports sustainability.

One of the respondents mention as best method active selling and one of the respondents mentions agents. Though at the theoretical part was presented the importance of network especially for SME's, the use or importance of networks did not appear in the responses. Overall, the survey results for finding the distributor, was conventional and none surprising or creative method was responded.

For the question 8 was received four respondents. It was asked that what kind of experience the company did have about internationalization before expanding to international markets. Three out of the four companies responded that they had none or very little experience. One respondent had international networks and had completed export-related courses and training. These answers were in line with the fact that many of the companies had operated only a short time before expanding to international markets.

In the question 9 was asked which kind of supportive measures did the company use during the expanding to the international markets. Internationalization process takes funds and all six respondents responded to the question and had used funding. Four out of six mentioned that they had utilized Business Finland funding, as a clarification, two respondents have mentioned specifically Business Finland Tempo funding. One of the respondents had received exhibition grant, without specifying in its reply which grant was the case. One company had utilized company development grant provided by Centre for Economic Development, Transport and the Environment.

Only one respondent mentions that have had a mentor who has supported the internationalization process. Though there is a wide offering of non-financial supportive methods, based on the survey results those are not been utilized.

In the question 10 was asked that what kind of challenges and setbacks did the company experience during their expansion to international markets. All respondents answered this question. The questions were answered broadly and there was a large dispersion in the answers, which can be interpreted as in that there can be a wide variety of challenges and companies experience different challenges during the process. Many of the companies did have only a little or not at all experience of internationalization beforehand, and it may reflect to the results of the

question. Lack of knowledge creates risks and uncertainty. This and the fact that very few non-financial supportive measures was used, may have affected the fact that many respondents found the process surprisingly consuming. Though the process needs resources, regardless of whether the company had experience or not.

Three of the respondents tells that the challenges rose when trying to find the suitable and correct distributors. To get meetings has been found difficult and one of the respondents reminds that it is important to check the company background and references. Also was mentioned that since finding distributors is resource-consuming, the efforts are all for nothing if the small distributor decides to quit.

Two of the companies have found it more difficult to draw attention to their product and operations in the international markets. As it was earlier presented, it is the one of the biggest challenges in the internationalization of SME's.

One of the companies found challenging that the internationalization process takes financial resources, staff and selling expertise and know-how. This answer capsulizes the challenges of SME's concerning internationalization. As earlier was presented the common challenges are lack of capital, information and state support.

Companies had also experienced unusual, unexpected challenges. One of the respondents mentioned that the ongoing coronavirus pandemic had shattered plans, and now new ways need to be developed to find dealers. Other company reports its rarer experience. Contrary to their assumptions, their niche market had become a trend and better-funded companies wedged into the market and past in the competition. Another challenge was the cheap copies that resulted from the trend-phenomenon. Though the competition is experienced but a narrow niche becoming a trend, is not something that presumably will happen.

Some of the most common challenges that SME's usually experience in the process of internationalization, was not mentioned. Language barriers and the cultural differences and long distance. This is at least partly explained by the fact that respondents gave their answers on a practical level and were not instructed in the question to consider the reasons behind the challenges. For example, challenges in drawing attention could be less challenging if there was more knowledge or the culture. In the previous question was asked about the supportive measures. The result was that very little of the non-financial supportive measures was used. Based on these answers, the challenges could have been less if used supportive measures.

Since internationalization is a process of learning and chance, in the question 11 was asked what lessons the company had learned during the

process and what would they do differently. For this was received five answers and the answers were much alike. From the answers can be gathered two main points. Process of internationalization is consuming, both financially and mentally. Respondents had also experienced that because of that, it is important to find open forum or network where company can share their thoughts and avoid many mistakes. The process takes more funding than expected and the profits are often smaller than expected. Väisänen (Jargonmankeli, 2018) claims that Pi Factor should be always used when considering internationalization. Pi Factor means that to receive a true calculation of internationalization, the expected need of funding should be multiplied with pi as well as the expected profits divided with pi.

The other point, which rose most from the answers, that during the internationalization it is important to take care of the domestic markets. A solid domestic clientele facilitates and supports during the process. As it was earlier presented that SME's are commonly dependent of their domestic markets. The markets abroad need additional resources on top of the funding, time and efforts that is used to maintain the domestic market.

The question 12 was an open question, if there is anything that the respondents wanted to mention. For this was received one answer, stressing how important it is to focus on the domestic market and keeping the business at the right volume is often more profitable.

### 5.3 Interview

The interview was conducted with the founder of the commission company Woolberg, Anne Lindberg. The aim of the interview was to understand the company current state, values, preconditions, motivation and reasons behind internationalization and goals. Also, the aim is to understand what kind of support company needs, and what actions are needed to get to the goal. The interview questions were created based on the theoretical part of the thesis.

The information was gathered of company strengths and weaknesses. The information is mirrored to the conditions, challenges and process presented in the theoretical part as well as on the information gathered by the questionnaire survey. In addition, the obtained information is mirrored in the presented theories and models.

The interview was conducted in Finnish. The translation of the guiding questions is presented in appendix 1.

To get an understanding of the company, current international operations and its strengths, weaknesses and values, Anne Lindberg was asked to describe the company and present the numbers that are relevant to the

business. Questions of her background and experience was made. Existing network, mentors and other supportive measures was discussed.

In the interview was discussed about the product and end customer. The purpose was to get an understanding of the competitive edge. And if the product is ready and adaptable for international markets, as well as is the founder willing to make changes for the product if needed.

To analyze how the internationalization could be implemented, the founder was asked about motivations and goals behind internationalization and plans in the upcoming years. Information of resources was gathered; how much more time can she invest to the company, is she willing to hire staff, if she is able to invest to the company or willing to take loan or give up equity.

#### 5.4 Content of the interview

Anne Lindberg, the founder of Woolberg has studied textile and clothing engineering and has a master's degree in Fashion. She has worked as a technician and designer for one of the biggest Finnish fashion chain for ten years. (Lindberg, interview 22 May 2020)

The Woolberg was founded when the founder had been a stay-at-home mom for a couple of years. The main motivator was freedom, especially how and where to work. It was also motivated by the fact that the founder wanted to spend time with her child and to be able to telecommute. The business has been constantly growing, starting from a one product up to the current selection up to 57 items, when taking into consideration the color options. The products are manufactured in Tallinn, Estonia by four subcontractors. (Lindberg, interview 22 May 2020)

The main product is a quality headband with a unique design, and the design is the differentiation factor of the product. The end customer is fashionable woman, who values sustainability, quality in materials and individual looks. The founder believes that the product is suitable for different markets, rather the changes for international markets may be needed for the package, as in additional information for end user. She believes that the product is easily adaptable to the changes in the market. She also believes that for a smaller company, the adaptations are easier. (Lindberg, interview 22 May 2020)

Woolberg has sustainable values. The founder believes in a fair business, and it can be seen in her operation with subcontractors. She wants to know the subcontractors in a personal level and find it important that the compensation, that she provides from their work, is fair. The main goal is not to create profits as big as possible, but rather to create a lifestyle that you do not need a vacation from. Lifestyle where the business provides an opportunity to interact with people, and getting to know your business

partners, and because of that makes the working seems less like a job, but more of a lifestyle. She believes in supporting fellow entrepreneurs and buys services from friends. (Lindberg, interview 22 May 2020)

Throughout the existence of Woolberg, the founder has aimed to sell also abroad. The internationalization from the beginning felt natural for the founder, as the production was from other country. The home language of the founder is English and using English as in business language, felt natural for her. The selling was started from international handmade and vintage item selling platform, Etsy. Through Etsy, Woolberg received orders all over the world. The founder abandoned the sales platform as the company grew because it no longer felt the product was suitable for the platform. Etsy is selling platform for more home-made crafts. The founder started selling product at own e-store and Finnish sustainable marketplace. Because of the change, the clientele consists of mainly domestic markets. Because of the earlier experiences of international sales, the founder strongly believes that the product is in demand and marketed abroad as well. (Lindberg, interview 22 May 2020)

When considering the experience and skills that are needed in the internationalization, the founder tells that she has worked for many years with international distributors and subcontractors. She has a proficiency in English. She feels that she has skills that are needed in the process of internationalization. As a strength, can be considered the support that the founder receives. The founder has received support for entrepreneurship from his loved ones. He mentions his father and brother, who have worked as entrepreneurs throughout his life, as his mentors. They are contacted by the founder on a weekly basis to discuss their company. Also, many of her friends are entrepreneurs and supporting each other. (Lindberg, interview 22 May 2020)

When considering her weaknesses, she would be open to an option to get help from a professional of marketing, though she considers her marketing skills fairly good. The main weakness in her opinion is sales expertise and is willing to develop her in the field. While considering the weaknesses, she would be open to a mentor, with some experience with international sales. (Lindberg, interview 22 May 2020)

The founder has not yet worked as a full time. Next august she will have more time as resources, as her child starts a kindergarten. With the additional time, she aims to create new products, gain more distributors and transit to new markets. She is open to hiring an employee in the future, but right now that seems like a too big risk. She also believes that it is not just hiring an employee, but also finding the correct person to work closely with. (Lindberg, interview 22 May 2020)

The founder would be open to an option to invest assets to the company, or for example taking a loan. She is not willing to give up or sell equity.

(Lindberg, interview 22 May 2020) This leaves out the option to get funding from investors but leaves the total control for the founder.

In five years, the founder would love to see the Woolberg products to be sold at least in several European countries. She aims to make the brand known widely and is willing to work slowly to create the brand bigger. Though she is not looking for a rapid success, she understands that the domestic markets are rather small and the international markets provides an opportunity to boost sales. (Lindberg, interview 22 May 2020)

As a short-term target markets, she considers Finland and Estonia. She has connections in both of the countries. She also believes that since the products are designed in Finland and manufactured in Estonia, it gives a competitive advantage of domestic product in both countries. As a target market for Woolberg, the founder considers European markets. The transition to European would be the easiest option. In the long run, she is open for other continents. The chance to enter international markets may occur from external factors also, since some of the Woolberg distributors are considering entering the markets in Korea and Japan. (Lindberg, interview 22 May 2020)

## 5.5 SWOT-analysis

SWOT-analysis was created by using the presented theory, the information of internal factors received from the interview and the information of external factors received from the survey.

A SWOT-analysis is used to define and analyze strengths, weaknesses, opportunities, and threats. The internal factors include strengths and weaknesses and the external factors includes threats and opportunities. It clarifies and creates awareness of the company current state and can be used to support strategic decisions. It clarifies and creates awareness of the company current state. SWOT-analysis should be made before a new process but also regularly during the process., to assess if changes for the strategy is needed. The more thoroughly and objectively the SWOT-analysis is made, the better the company can prepare for possible challenges and understand their competitive advantage. The form of a SWOT -analysis is typically a four-field table with its own field for each part. (Schooley, 2019)

Internal factors	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Quality of the product</li> <li>- Product design</li> <li>- Sustainability</li> <li>- Product adaptability, open for adaptations</li> <li>- Adaptable marketing material</li> <li>- Linguistic skills</li> <li>- Experience and expertise</li> <li>- Network</li> <li>- Mentors</li> <li>- Self-confidence to honest and objective self-assessment</li> <li>- Willing to improve and examine</li> <li>- Marketing skills</li> <li>- Entrepreneurial mindset</li> <li>- An understanding that the world is changing and is ready change with it</li> <li>- Small company, founder has all control</li> <li>- Well-established domestic market</li> <li>- No rush</li> <li>- Spare resources</li> </ul>	<ul style="list-style-type: none"> <li>- Geographical location</li> <li>- Lack of international network</li> <li>- Lacks in sales skills</li> <li>- Lack of international mentor</li> <li>- Lack of planning, not defined target market</li> <li>- Limited funding</li> <li>- Unfamiliarity of the company</li> </ul>
External factors	
Opportunities	Threats
<ul style="list-style-type: none"> <li>- European Union</li> <li>- Supportive measures</li> <li>- Mentor</li> <li>- Hiring an expert</li> <li>- Collaborative, network, IJV</li> <li>- Internationalization of stakeholders</li> <li>- Changing world, trends</li> <li>- Finding appropriate target market</li> <li>- Finding appropriate distributor</li> <li>- Exhibitions</li> <li>- Testing markets with retail</li> </ul>	<ul style="list-style-type: none"> <li>- Losing the domestic market</li> <li>- Not gaining awareness of the company</li> <li>- Not finding the right market</li> <li>- Lack of knowledge of target market, country and culture</li> <li>- Changing world, trends</li> <li>- Contract with non-productive distributor</li> <li>- Stuck in a non-productive contract</li> <li>- Not enough funding or other resources</li> </ul>

Figure 9. SWOT-analysis

### 5.5.1 Strengths

The company Woolberg has a lot of strengths. As it was earlier mentioned, the main strengths for Finnish companies in international markets, is the quality of the product. A quality, sustainable product with a unique design provides a competitive advantage in international markets. Especially the unique design, designed by a professional is something that the company can differentiate them from other competitors. A good product also makes it easier to get funding and gain visibility. The product is manufactured sustainably, and it is an advantage with conscious consumers. The sustainability and quality product is good for the brand. The product is universal, but easily adaptable, if needed.

One of the most common challenges in the internationalization of Finnish SME's, is linguistic skills. The founder has proficiency in English, and because of that the language is not barrier for her.

The fact that the founder can assess her skills, expertise, managerial style as well as the product honest and objectively, is beneficial. She has a lot of network to support and offer new perspectives. As often, the main impulse for the internationalization is the management. The founder has long experience of working in an international Finnish fashion chain. Also, her family has entrepreneurs and the founder has learned about entrepreneurship already at home, which is conducive to support the entrepreneurial spirit.

The founder assess that she has good marketing skills, but still would be interested in improving those. She is willing to improve herself, and understands that the world is constantly changing, and the company needs to change with it. To the changes can be reacted fast, because the company is small and one person has all the control.

The company has well-established domestic market. According the survey, it is important to have a stabile domestic market to support during the process of internationalization. The company has a spare time resources that can be utilized in the process. The founder is also willing to invest to the company or take a loan, to support the process. In the theoretical part, as well as in the survey, was conducted that the process usually takes more resources than estimated.

### 5.5.2 Weaknesses

In the theoretical part was presented that the geographical location is a challenge for Finnish company. This topic did not appear in the survey, but still is a fact that needs to be noticed. The shipping costs from Finland are bigger and the meetings are far.



While the founder has a wide network of entrepreneurs, one of the weaknesses is lack of international network. The founder also has a mentor but is lacking mentor in international business.

Herself she assesses that she is not confident in her sales skills and needs support in that. As it was established in the theoretical part and supported by a survey, finding distributors is active selling, even daily basis. Other common weaknesses that can be considered regarding Woolberg, are lack of planning, limited funding and unfamiliarity of the company.

### 5.5.3 Opportunities

European Union, EU, provides opportunities. The business between members of European Union is easier. This makes internationalization to Eu-countries easier than many others. The EU offers many possible target markets.

Many funding options and supportive measures are provided for Finnish companies. These are opportunities that company can utilize in the process. In this thesis is presented many funding options that do not require paying back, but that the company is confident enough to invest themselves too. In the survey was established that many of the funding had been utilized, but not informative support, though there is wide offering.

The founder is open for hiring employee, but it needs to be a right match. Since she considered that could benefit from a mentor in international business, one option is to hire an expert. Other opportunity is to create collaborative or International Joint Venture, IJV.

The founder mentioned in the interview that some of her stakeholders are considering expanding to Asian markets. It is a common reason for company to internationalize and easier way to enter foreign markets.

Since the company has no rush, there is an option to test the target markets by selling straight to consumers, with a small input. From this the company can establish, where there is demand for the product, and consider if there should be done market research.

Other opportunities may rise from finding right target market or distributor, or for example from exhibition, which was found as an important method in the survey. Changes in world and trends can also provide opportunities.

#### 5.5.4 Threats

The importance of domestic markets was emphasized in the survey results. While focusing on the international markets, there is a threat that domestic market will lack the attention and effort it requires.

For SME's was found as a challenge to gain awareness. International markets have a lot of offering and especially for a small, young company this can be challenging. Also lack of funding and other resources is a threat for small, young company.

The lack of planning and research may cause several threats, for example not finding the right market, or entering the wrong market or lack of knowledge of target market, country and culture. Error of judgements may lead to a contract with a non-productive distributor and worst-case scenario, being stuck in the agreement.

Changing world and trends may offer opportunities but also threats. One survey respondent explained that their narrow niche became a trend, and created challenges, since the market was filled with cheap copies.

## 6 CONCLUSIONS

In a modern world all companies are internationalizing, actively or passively. By planning and moving to international markets systemically and purposefully, company can grow their brand and create bigger profits. The importance of planning has come up many times in this thesis and is emphasized in many sources. In the paragraph 2.2.1 *Preconditions* is presented nine important analysis that company should do before pursuing international markets.

To success, company needs to have a crystal-clear idea of how they differentiate from competitors and why their product is unique. While it is important to create plans, as important in a fast-changing world is the capability to react to changes and being able to adapt the plans. Just recently the COVID-19 has affected to business globally and has forced companies to adapt and find new solutions. Due the current pandemic, the domestic markets, in which SME's are dependent on, are decreased. This may act as on trigger factor for SME's to explore wider international markets and find innovative solutions. To cover from the pandemic caused economic downturn, the role of SME's can be crucial, since SMEs are the dominant economic power in the majority of countries.

The digitalization has made the world smaller, since all the information is at the reach. With digitalization, company can promote sustainability, since travel is less needed. Digitalization also gives and opportunity to

react to demand with a faster pace, and because of that there is less overproduction and unnecessary shipping. Less travel is needed since research of abroad markets and culture can be done even overseas. Still, there are situation when the meeting face-to-face is crucial, for example negotiations with distributors. Even then, the distributor can be contacted before without travelling. Multiple meetings can be arranged for the same event, for example exhibition.

Digitalization also provides an opportunity to test the markets before and move cautiously to international markets by experimenting. Digitalization narrows the *psychic distance*, which was presented in Uppsala-theory. Companies are more courageous to move to the international markets since the psychic distance is narrower. In the questionnaire survey, three out of four respondents expressed that they had none or very little experience about internationalization, before going to the international markets.

For a Finnish company, the competitive advantage is quality and innovation. Finland is a good market for fashion company to gain clientele and start their operations, since Finnish consumer consumes fashion. Though internationally the consuming in the fashion is decreasing, it is likely to be the current trend in all consuming. Modern consumer is more conscious, and consumers are more conscious while making a purchase decision. This also supports the demand of a quality product.

The preconditions for Woolberg for the internationalizations was good and the company has spare resources. Company has a stabile clientele in domestic markets. Their product is universal and adaptable. Company is not aiming for the biggest possible profit, but willing to work progressively towards international markets. The importance of planning cannot be underestimated. This thesis provides a starting point for Woolberg to create their internationalization strategy.

Even if the preconditions of the company are good, there are many obstacles that company can face in the internationalization. While the planning is important, as important is to be able to evolve and react to the changing world and trends. It is important to remember that the product or marketing material may need adaptations, and the founder is open to the adaptation based on the demand and not keen to keep the product as it is. All the considered markets need to be researched separately and cannot be expected that the same strategy works for all countries.

The company operates in Finland and Estonia. Finland and Estonia can both be considered as a good market for a fashion company. Finnish consumer spends 100 euros more on clothes annually than an average European and Estonia is one of the leading companies when considering the percentage of how much of the consuming is spent on clothing and fashion. While Finland and Estonia both provide good markets, the

markets are still rather small. European markets as a target market would provide a lot of bigger markets. While considering exporting to European countries, it is important to consider from where, company can gain compensation for their efforts. Especially countries that should be considered are the ones that in monetary terms consume more than average in fashion. These countries were Luxembourg, Norway, Austria, Great Britain, Italy, Denmark, Sweden, Netherlands, Germany and Belgium. Since these countries were well represented in survey results, there are Finnish companies that from which by networking or mentor could be received valuable information.

As a one option, the founder considered Japan. For example, Japan provides markets of over 100 million consumers, when the number of consumers in Estonia and Finland combined is approximately 7 million (Worldometer, n.d.). After the EU-Japan free trade union, the exporting to Japan is easier. Japan was also well represented in the survey result and is estimated to be the substitute for decreasing exporting to Russia.

Importance of network or collaboration, especially for SME, needs to be stressed. The network or collaboration, for example IJV, can compensate the weaknesses of each other. At its best the collaboration is a win-win situation, when the right partners are found. Collaborations are not yet utilized well, but the importance of these will grow. In collaboration expenses can be shared, and it opens an option to more funding, since some of the funding are meant for groups. Weaknesses can be compensated also by working with a mentor or hiring an expert. There are services that provide mentors, and the service is often free of charge. Especially mentors and informative support was not utilized in the survey results. To hire an expert, company can apply for a *Talent Explorer* funding from Business Finland, to reduce the costs.

In a changing world the opportunities may rise from where was not expected. The revised Uppsala -model added a concept of recognition of opportunities to the theory. Woolberg strength in this is that the company can react fast to these upcoming opportunities, since the company is small, and the control is in hand of one person.

Internationalization is a process of learning. While all the answers cannot be provided beforehand, the planning can reduce risks. Woolberg is in no rush to enter the international markets, and the markets can be entered with small steps.

To find distributors company needs to be active on the selling. Since the founder has uncertainty in her sales skills, it is important to develop those and to find a mentor, employee, network or collaboration that can provide a support for that. It was mentioned that the methods for finding a distributor, especially for Born-Global with limited resources, can be innovative and the founder. In the survey results no surprising methods

was represented. The importance of exhibitions was stressed. While participating to an exhibition, it is important to arrange meeting beforehand and not to rely that suitable distributors will stop by the stand. Business Finland funding *Exhibition Explorer* can be utilized to reduce the costs of participation. Also, Viexpo provides support. By attending to exhibition with collaborative can be used to reduce costs.

Offering of supportive measures for Finnish company internationalization is wide. In the survey results the informative support was not utilized well. Most of the informative supportive measures are free of charge and worth of exploring. The founder is willing to invest her own assets to the company, and because of it could be eligible for the offered funding.

The results indicate that while the challenges of internationalization can be reduced through good planning, not all challenges can be prepared for. Internationalization should be seen as a learning process. Though failures and mistakes are undesirable, from those can be learned and it takes the process forward. While there are many challenges, companies rely only little on collaboration. By cooperating with other companies, challenges can be alleviated and a wide range of expertise can be utilized in the process. The importance of innovative way of thinking cannot be underestimated. Changing world provides opportunities, that need to be recognized and to be found innovative solution for.

The internationalization is a resource consuming learning process, to which Woolberg has a good starting point. With a good planning and utilizing supportive measures, many of the challenges can be avoided. The product is universal, easily adaptable and the founder has expertise and long experience.

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## INTERVIEWS

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## INTERVIEW

1. How would you describe your company? (When was founded, staff, mission, purpose, turnover, how many subcontractors)
2. What is your background? What kind of education and experience do you have?
3. What is the main product and who is the end customer? What is your competitive advantage and how does the company differentiate from each other. In your consideration, is the product ready for the international markets, or is it easily adaptable for international markets. Are you open to make changes to the product if needed?
4. What kind of value does the company have? What kind of business philosophies do you have (=how do you run your business)?
5. What kind of international operations does the company have?
6. What are the motivators behind the internationalisation? What are your goals in the internationalization? What would be the ideal situation in five year? In which direction would you like to take your company in the future?
7. Do you have target markets (a target country/countries) for short or long time period? What are the reasons behind those? Do you have experience of some culture?
8. What kind of experience do you have of international export or international distributors? How would you describe your linguistic, marketing and sales skills? In which languages do you have proficiency?
9. What kind of network do you have currently? Do you have supporting companies, people (mentor), organisations or collaborations that are supporting you in the business operations? If not, are you open for a mentor, supporting organization or collaborations.
10. How much more time do you have that to invest to the company (for example weekly)? Are open for hiring staff?
11. Are you willing to give away equity of the company to gain funding for internationalization? Are you willing to take loan or invest your own assets?
12. Is there anything else, you would like to add on top of these presented questions? Please, feel free to tell anything.

## QUESTIONNAIRE

1. In which market do you operate? Choose one.
  - a. Fashion
  - b. Accessory
  - c. Design
  - d. Other, what?
  - e. Don't know or don't want to answer
  
2. How long has the company operated internationally? (not including import or contract manufacturer abroad)
  - a. Less than a one year
  - b. 1-2 years
  - c. 3-5 years
  - d. 5-10 years
  - e. More than 10years
  - f. Don't know or don't want to answer
  
3. How long had the company operated before you started international operations. (Export or opening a store abroad)
  - a. As soon as the company was founded, or less than 6 months
  - b. Less than one year
  - c. Less than two years
  - d. Less than five years
  - e. More than five years
  - f. Don't know or don't want to answer
  
4. Which international operations do you have? You can pick more than one.
  - a. International shipping for customers
  - b. International resellers or distributors
  - c. International manufacturing
  - d. Store abroad
  - e. Some other, what?
  - f. Don't know or don't want to answer
  
5. What were the main reasons, motivators to internationalize or export? You can pick more than one.
  - a. Saturation of the domestic market or low domestic demand
  - b. The pursuit of rapid growth
  - c. Companies or managements experience or knowledge of internationalisation
  - d. Companies connections or managements interest towards internationalisation
  - e. Some other, what?

f. Don't know or don't want to answer

6. In which countries do you have international operations?
7. Which you find was the best method to find distributors or resellers?
8. What kind of expertise or experience did the company had about internationalization before starting the process?
9. What kind supportive programs or funding's was used. Did you receive some other support? What kind?
10. What kind of setbacks have you had in international operations?
11. What lessons did you learn during the process? Is there something that you found especially important or beneficial in the process of internationalization?
12. Is there anything else that you find as an important of internationalization? Please, feel free to share any experience.