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# How to find an international business partner?

Master's thesis within Business Administration

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## Master's Thesis within Business Administration

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### Abstract

**Introduction:** Already in the 1970's, internationalisation was noted as a striking trend in business. Since then, the speed of internationalisation has increased as infrastructure, communication, and IT have decreased space and time barriers for international trade. Today, companies must engage in international activities to survive in the competitive environment and researchers argue that firms' international performance is determined by their ability to establish relationships.

**Problem:** In order to facilitate the search for business actors globally, Chamber Trade Business to Business AB offers a database in which companies can post business inquiries. Lately, the number of inquiries published in the database has decreased. Therefore, the question arose what other tools companies use instead when searching for business partners. This empirically driven problem is also matched by a theoretical need for more research about how firms establish international relationships.

**Purpose:** The purpose of this thesis is to analyse how small Swedish B2B companies find downstream international partners.

**Theoretical framework:** In order to create a frame of reference for guidance in the collection and analysis of the empirical data, theory has been divided into three sections; *Internationalisation theory*, *Business to Business relationships theory*, and *Means for international interaction*.

**Method:** To fulfil the purpose of the thesis, a qualitative study with an inductive approach was undertaken. Secondary data in terms of literature and academic articles were scanned to create a theoretical framework and to facilitate the collection of primary data. Primary data was gathered from ten small Swedish firms in order to find out how their downstream international business relationships had been initiated.

**Conclusion:** Our thesis concludes that many Swedish sellers start out their internationalisation to countries with close distance by responding to unsolicited orders from foreign customers. Over time, their proactiveness increases and they primary use the following channels in order to find international partners: networks, trade fairs, trade- and industry organisations, and the Internet. Databases have several defaults for being a useful search tool, mainly their lack of precise search criteria and personal interaction. Further, when companies offer a high quality product, a reputation is created about the company. Consequently, foreign customers pull the company into new countries and the need for external search tools is low.

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# 1 Introduction

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*This chapter will start out with an introduction of the topic and a review of earlier literature within the field of study. As the theoretical and empirical background and problem is discussed, the purpose of the thesis will be presented. The purpose will be followed by some clarifications involving perspective and definitions.*

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Already in 1973, Wind, Douglas and Permlutter stated that internationalisation was the most striking trend in business. Companies must engage in international activities to survive in today's competitive environment, or, in order to capitalise on growth opportunities (Lascu, 2005). In 1993, McKinsey commented:

*“Suddenly the pace of globalisation has quickened. The gradual process that gave companies time to adjust has gone for good. In just a couple of decades our economy will become substantially global.”* (Loane & Bell, 2004, p.12).

Infrastructure, communication, and IT have decreased space and time barriers for international trade (Hollensen, 2004). Today, more than one third of all small Swedish firms are engaged in international business activities (Swedbank, 2006). The number of international seller-customer interactions has increased dramatically as companies look for foreign suppliers, customers or distributors to survive in a competitive market (Burca, Fletcher & Brown, 2004). Håkansson and Snehota (1995) argue that a firm's international performance is determined by its ability to establish relationships. Firms are interdependent in a complex global market. How do Swedish firms find international partners and how are relationships between international players initiated?

## 1.1 Background

Traditional internationalisation theories were developed in late 1970's and early 1980's, conceptualizing internationalization as an incremental process involving a varying number of stages. The Uppsala model (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977) describes internationalisation as a stepwise learning process. Innovation related models established by for example Bilkey and Tesar (1977) and Cavusgil (1980) take a similar stage-wise approach, with a primary focus on export behaviour. Later on, traditional stage models were criticised for their incapability of describing a firm's rapid internationalisation in the contemporary world. Today, firms are even “Born Global”, engaged in international trade from inception (Madsen & Servias, 1997).

The most striking factor that has caused this increased rapidity of internationalisation is the advances in Information and Communication Technology (ICT). This technology has facilitated interaction between people in different locations and created an on-line market place (Loane & Bell, 2004). Geographic and psychic distances between countries have decreased and interactions between companies are more complex (Madsen & Servias, 1997). Due to this reshape of the international business arena, scholars have suggested that more research is needed in the field of international business (Loane & Bell, 2004).

More recent theories explain internationalisation from a network perspective. Håkansson and Snehota (1995) argue that today, “no business is an island”. Industrial relationships and networks are essential theoretical frameworks for understanding a firm's internationalisation (Elo, 2005). Especially for business to business (B2B) companies, the establishment of a relationship between a buyer and seller is important. This due to a great need for infor-

mation in the decision-making process since a larger contract is negotiated (Turnbull, 1979).

Jackson stated already in 1985 that B2B marketing should focus explicitly on the relationship between buyer and seller. Theory about industrial marketing has evolved in a similar way as internationalisation theories. Earlier on, industrial marketing was dominated by the American micro-marketing approach, looking at the differences between B2B and B2C marketing. Today, the focus is placed on inter-organisational B2B management, sometimes referred to as the European school (Jansson, 2006). The development of international buyer-seller relationships and networks are key areas to further explore while trying to understand international business (Elo, 2005).

## 1.2 Problem discussion

The Chambers of Commerce make up the largest business network in the world, supporting companies with business contacts and market information. In order to help companies in finding new business partners, seven of Sweden's eleven Chambers of Commerce have jointly started Chamber Trade Business to Business AB. The core activity of this company is the international database Chamber Trade. This database is a virtual business to business meeting point where companies world-wide can search for business partners. It is free to register a company in the database as well as use it as a search tool (Chamber Trade, 2007).

The database of Chamber Trade was launched on the Internet in 1999, and since then the rate of user sessions has increased. However, the number of inquiries published in the database has decreased for the last two years. This raises the question of what other tools companies use instead of the database when searching for business partners. As a consequence to this, Chamber Trade stresses the importance of investigating how companies find business partners abroad.

This empirically driven problem is not easy to solve by traditional theory due to the evolution of the global market place. Loane and Bell stated in 2004 that the altered process of internationalisation and increasing interaction between companies need to be further investigated. There is plenty of research describing the importance of selecting *the right* partner and how to manage *already established* customer relationships (Agndal, 2004). However, Loane and Bell (2004) discuss the lack of theory trying to understand how international relationships are set up and formed. They argue that firms' establishment of international relationships merit more attention from research. This thesis will make an attempt to understand the reasons behind the problem Chamber Trade face as well as to fill the theoretical gap identified.

## 1.3 Purpose

The purpose of this thesis is to analyse how small Swedish B2B companies find downstream international partners.

## 1.4 Definitions

**International activities** are defined as "those *upstream* and *downstream* activities which are carried out within a relationship between two or more organisational *partners* within the frame of an organisational structure or mode, where the partners are located in different countries or markets (Agndal, 2004, p.5).

A **downstream activity** concerns e.g. marketing, sales, and services directed forward in the value chain, while **up-stream** concerns production and sourcing of materials (Agndal, 2004).

**Partnership** “involves a process where a customer and a supplier firm form strong and extensive social, economic, service, and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit” (Elo, 2005, p. 23).

**Small Firms:** The European Union define a small company to employ 10-49 persons (European Commission, 2007).

## 1.5 Perspective

The thesis will focus on which channels are used to initiate contact. Further, down-stream partners are limited to those being business to business customers when it comes to sales. These can be end customers or agents, distributors, and licensees.

There will be two major research areas in the thesis; one focusing on the initiation of the first international contact that results in exports, and the other one focusing on how international partners find each other in subsequent stages of the internationalisation. This dual focus makes it possible to investigate if a firm without prior international experience finds its international partners in a different way compared to a company with already established international activities.

## 1.6 Research questions

Due to the perspective described above, two research areas with the following underlying questions will be examined:

- **How was the first international relationship initiated?**
  - Were the motives behind this internationalisation reactive or proactive?
  - Through what channels were the contacts initiated?
- **How do firms find international partners in general?**
  - What channels are used to find business partners?
  - Are databases used in order to find international business partners?

## 2 Frame of references

*In this chapter the frame of references will be presented. The section presented below will provide a disposition for the theoretical chapters; motivate its different parts, and explain how they are structured and connected to each other.*

The frame of references builds upon two main sections- **Internationalisation theory** and **Business to Business relationship theory**. These sections are structured according to how the field of theory has been developed among scholars. Chapter 2.3, **Means for international interaction** works as a supportive chapter. These three components of theory will frame the topic of international relations.

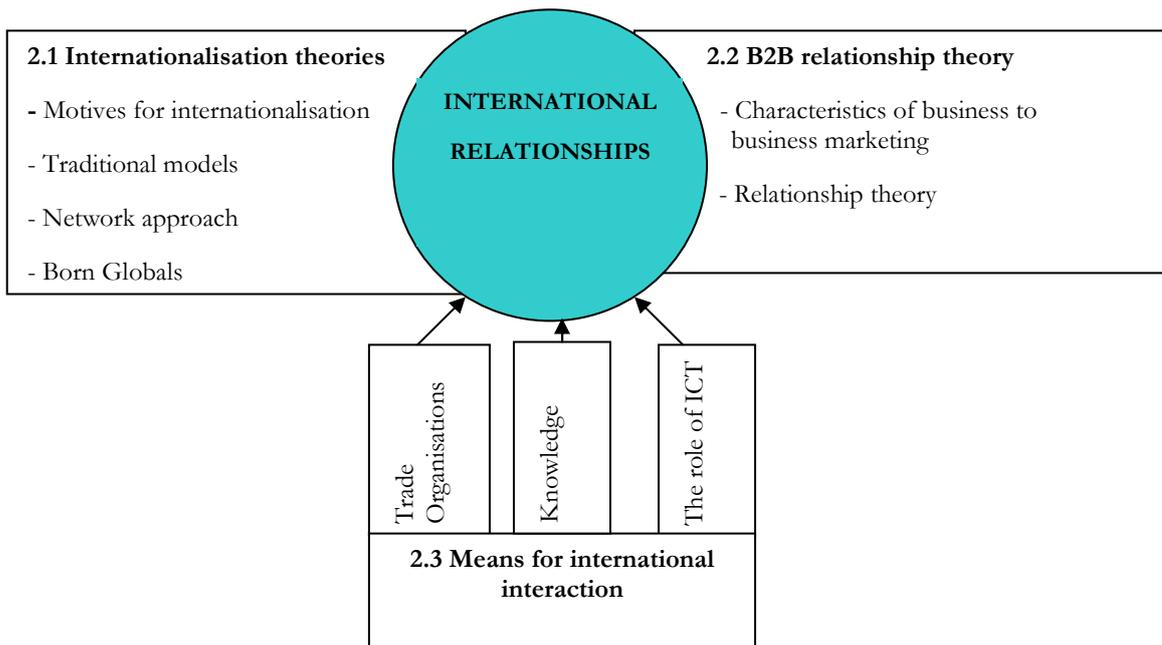


Figure 1 Disposition of theory

The motives for expanding abroad have to be discussed interchangeably with internationalisation theories emphasising different processes of internationalisation. This first section about internationalisation theories will concern traditional stage-models, developed during the 1970's and 1980's. Section 2.1.3 and 2.1.4 will continue with more recent internationalisation theories.

Today, there is plenty of research emphasising the importance of business relationships especially for international business and B2B marketing (Jansson, 2006). *Business to Business relationship theory* is the second large block in the frame of references. The first part of section 2.3 will point out certain characteristics of B2B marketing that have to be acknowledged in order to understand the nature of the industrial market, B2B buying processes, and the importance of supplier-customer relationships. Webster (1979) was one of the first to discuss a relationship approach to industrial marketing: He infused this approach into the existing industrial marketing theory developed in the mid 20<sup>th</sup> century. The next section, 2.2.2 is more specifically designed to describe the nature of B2B relationships. In line with how B2B literature has been developed, the last sections in this chapter will describe different types of relationships and networks.

When a company internationalise, the process of gaining knowledge about a new market is crucial. International opportunities and interaction with foreign business actors have been influenced by the increased usage of Information and Communication Technology (Melén, 2006). Therefore, ICT has to be considered while analysing internationalisation and business relations. Pulkkinen and Larimo (2004) argue that facilitating institutions are another important tool for companies' internationalisation and networking activities. Therefore, the last part of the frame of references, chapter 2.3, will present information about these *means for international interaction*.

## **2.1 Internationalisation theories**

This chapter will start out with a discussion about firms' motives for internationalisation. This is important for understanding the reasons behind an establishment of international relationships. Was the search for an international partner a natural step in line with a proactive internationalisation strategy from the supplier, or was it a response to a customer-initiated proposal? The motives for expanding abroad will be followed by a chapter discussing internationalisation theories emphasising different processes of internationalisation.

### **2.1.1 Motives for internationalisation**

Already in 1983, Theodore Lewitt discussed that a firm's adjustments to a global arena is crucial in order to survive (cited in Bartlett, Ghoshal & Birkinshaw, 2004). Companies are pushed to internationalise in order to keep up with competitors' global activities, technological change and rate of innovation (Root, 1998). However, there are also a great number of opportunities which motivate firms to proactively plan for an international expansion. Empirical studies comparing exporting firms with non-exporting, suggest that international engagements have a positive effect on performance and a firm's level of sales and productivity (Kuivalainen & Sundqvist, 2004).

Aharoni (1996) analysed behavioural factors and concluded that the decision to internationalise was often a result of several triggering events in interaction with the firm's social system (cited in Törnroos, 2002).

Albaum, Strandkov & Duerr (1998) have developed the figure below, dividing common motives for internationalisation into internal and external, as well as proactive and reactive. Proactive motives imply that a company attempt to change their strategy to exploit unique opportunities or competencies abroad (i.e. pull factors). Reactive motives imply that a firm is pressured to change their activities in home markets or abroad (i.e. push factors) (Hollensen, 2004; Albaum et al., 1998).

	Internal	External
<b>Proactive motives</b>	Managerial Urge Marketing advantages Economies of scale Unique product technology competence	Foreign market opportunities Change agents
<b>Reactive motives</b>	Risk diversification Extend sales of a seasonal product Excess capacity of resources	Unsolicited orders Small home market Stagnant/declining home market

Figure 2 Proactive and reactive motivations (Albaum et al., 1998, p. 40).

Often, internal triggers result in a proactive behaviour and external triggers are related to a firm's reactive motives to internationalise. Johnsen and Johnsen (1999) argue that internationalisation is initiated as a reaction to external influences such as pressure from other firms, governmental or intermediary interference. Further, Hollensen (2004) states that informal or formal meetings with trade associations, export agents, governments, or Chambers of Commerce might influence a firm's decision to initiate internationalisation. Johnsen and Johnsen (1999) continue by saying that a proactive behaviour is determined by attitudes and international experience of management, as well as by the belief in the firm's competitive advantage. Managers' motivation to internationalise is higher if the international activity is based in a country with similarities to its own. A closer physiological distance may provide a "comfort zone".

Törnroos (2002) rank the following four motives as prominent for a firm's decision to internationalise:

1. An outside proposal
2. Fear of losing a market
3. The 'band-wagon' effect: very successful activities abroad of a competing firm in the same line of business, or a general belief that investment in some area is a 'must'
4. Strong competition from abroad in the home market (Törnroos, 2002, p. 7-8).

In the 21st century, large companies see internationalisation as a mean to obtain economies of scale and scope, low cost labour, and world wide learning (Bartlett, Ghoshal & Birkinshaw, 2004). However, Loane and Bell (2004) argue that specialisation and growth of niche markets, advances in technologies, and global networks have decreased the dependence of scale production for small entrepreneurial firms. Globalisation and the complexity of the market are reasons for why firms are pressured, or motivated, to internationalise at an earlier stage than before.

Young (1987) presented studies showing that when companies start to internationalise through export, this is often a reactive behaviour. However, Oviatt and McDougall (1994) further state that internationalisation help companies to make use of global markets in the best way and many proactively seek opportunities to gather resources from various places by building up a proprietary network of personal skills. Loane and Bell (2004) continue by

stating that this network of businessmen with former international experience makes it possible to rapidly move into international markets.

### 2.1.2 Traditional internationalisation models

There is plenty of research describing a firm's internationalisation process. Early theories build on Penrose's (1959) cost-based view. This implies that in order to be successful abroad, a company must possess core competences and a compensating advantage which overcome the cost of foreignness. These types of theories were followed by Vernon's Product Cycle Hypothesis (1966), which discussed export in opposition to foreign direct investment (Hollensen, 2004). The Uppsala model was created in 1975 by Johanson and Wiedersheim-Paul, and then adapted in 1977 by Johanson and Vahlne. Its importance for the field of internationalisation is inevitable to deny. This model perceives internationalisation as a sequential stage model, where engagement in foreign markets increases over time as more knowledge is attained. Its four stages are:

5. No regular export activity
6. Export via independent sales representatives
7. Establishment of overseas sales subsidiary
8. Establishment of foreign production/manufacturing subsidiary

From empirical studies of Swedish manufacturing firms, they concluded that firms start out with a small foreign commitment in a country with close psychic distance. The choice of entry mode is dependent on the degree of opportunity, risk association, the size of the prospective market, and the urgency of expansion (Johanson & Wiedersheim-Paul, 1975). Psychic distance refers to differences between markets in terms of language, religion, political and legal structure, customs etc (Agndal, 2004). Further, Johanson & Wiedersheim-Paul (1975) propose that with more activities carried out in the foreign country, a firm increases its degree of internationalisation. This integration with the foreign market is referred to as *commitment* which subsequently makes the firm go from externalised international activities to internalised (Agndal, 2004).

However, the Uppsala model has received much attention as well as met criticism. Early on, it was criticised for not explaining the process of moving from one stage to another (Kjellman, Sundnäs & Ramström, 2004). As a response, Johanson and Vahlne (1977) developed the model further and included factors which influenced the firm to progress to the next step. The new focus primary concerns the learning process that firms undergo as time and commitment in the new market increases (Agndal, 2004).

Innovation models that appeared in 1980's were also discussing a stepwise process. These models put even higher focus on the experience and learning behaviour, but they also took external triggers to expansion into account. The learning process was considered to take place during export activities which is the mode of primary focus for innovation-related models (Kjellman et al., 2004). Axinn and Matthyssens (2002) state that traditional internationalisation theories are incapable of explaining firms' internationalisation practices of today due to following limitations: the increased speed of internationalisation, the decreased psychic distance and more homogeneous face of the world, and the variety of entry modes accommodated. Further, Ford (2002) states the Uppsala model has been criticised for being too single-company oriented, focused on industrial organisations and for its stepwise process. Accordingly, a number of different approaches to internationalisation have been developed.

### **2.1.3 Internationalisation from a network approach**

Network theories focus on cooperation, complementarities, and coordination while describing the internationalisation process (Ford, 2002). In the early stages of the internationalisation, interpersonal contacts serve as a mean to reduce psychic distance as it helps understanding cultures, social, technical, and economical factors of a foreign country (Turnbull, 1979). Håkansson and Snehota (1995) emphasise three main components of industrial networks: actors, activities, and resources. These three groups of relationships constitute interrelated networks, which are bound together by a specific structure creating a large whole. Mattson (1986) further propose that except for direct relationships with partners such as suppliers, customers and agencies, a firm access their partners' partner through indirect relationships (cited in Johnsen & Johnsen, 1999).

In 2006, Harrison and Håkansson connected the network approach to the resource-based view of strategy. They argue that specific resources, a firm's uniqueness, can generate competitive advantage. By building relationships and being part of networks, firms can access other firm's capabilities and reach competitive advantage. Håkansson and Snehota (1995) further state that this can create innovations and resource synergies.

This is especially important for small SME's while internationalising since they do not have strong resources themselves in order to exploit opportunities. In networks, single resources can become valuable and lead to new combinations of resources. (Herrera-Bernal, Burr & Johnsen, 2002)

The time and risk for internationalisation can further be reduced by external relationships with consultant firms, governmental bodies and non government agencies which provide the firm with information (Harrison & Håkansson, 2006). Herrera et al. (2002) add that by building relationships with competitors, a company can access and exploit each other's knowledge, resources and connections.

### **2.1.4 Born Globals**

Oviatt and McDougall (1994) argue that low cost technology and transportation have made it possible for small ventures to compete with Multinational Corporations (MNC) at an early stage. An emerging phenomenon is the one about "Born Globals", new ventures born into a global environment (Autio, Sapienza & Almeida, 2000).

An empirical study of Australia's high value added manufacturing firms competing in the global arena from inception, coined the phenomena "Born Global" in 1993. These firms can not be explained by a stage model (Rennie, 1993, cited in Lagrosen & Svensson, 2006). Knight and Clavusgil (1996) argue that this phenomenon must be explained from a resource-based view, or entrepreneurship theory. Madsen and Servias (1997; cited in Lagrosen & Svensson, 2006) are two of the most prominent scholars in this field of study. They argue that firms are Born Global due to the increased internationalisation of the market and the extensive international experience of their entrepreneurs. They argue that the following trends that have "given birth to" Born Globals:

1. Increasing role of the niche market
2. Advances in process technology
3. Advances in information technology and
4. Inherent advantage of being a small firm- responsiveness, flexibility and adaptation.

Bengtsson (2004) argues that the learning process for new ventures is not longer a sequential step by step process depending on knowledge learned in the new market. Instead, this process depends on the firm's ability to absorb knowledge from individuals within the firm who already possess international experience. Further it depends on the amount of knowledge that competing firms provide. Madsen and Servias (1997) argue that Born Globals need alternative governance structures in order to access an adequate amount of resources.

## **2.2 Business to Business relationship theory**

This section will start out with a business to business marketing approach highlighting certain characteristics of industrial marketing. An important part of business to business marketing is interactive relationships. Therefore, the second part of this chapter takes an inter-organisational approach, discussing B2B relationship theory.

### **2.2.1 Characteristics of business to business marketing**

Reeder et al (1987) defines industrial marketing as *"human activity directed towards satisfying the wants and needs of organisations through the exchange process"* (cited in Jansson, 2006, p. 116). Webster (1979) argues that in order to understand the nature of industrial marketing, a number of differences between the concepts of consumer and industrial marketing must be acknowledged. He emphasises four main characteristics of B2B marketing: *"(1) marketing's greater dependence upon other business functions for its effectiveness, (2) product complexity extending to virtually all technical, economical and personal relationships between industrial buyer and seller, (3) a high degree of buyer-seller interdependence in extending way beyond the transaction itself, and, (4) the complexity of the organizational buying process. He further stresses the importance of addressing right customer groups, identify their needs, and designing the right product and service package"* (Webster, 1979, p. 21). Yet, some business to business companies have to account for B2C preferences as well since their products face derived demand from individual end-users (Lotshaw, 1970).

In general, industrial marketing is not handled as a separate marketing department but as an integrated part of the management strategy (Jansson, 2006). The effectiveness of the industrial marketing is dependent on several business functions like manufacturing, research and development, inventory control, and engineering. This is an effect of high buyer-seller interdependence. It is crucial for industrial companies to identify their customers' needs since buying motives in B2B are mostly rational. The products are often of high complexity, customized, and/or accompanied by a bundle of services. This can be compared to B2C behaviour which can often be emotional and stimulated by marketing tools (Webster, 1979). Only satisfactory product performance result in a re-buy. Accordingly, industrial buyers often require proof of usage suitability, and marketing efforts predominantly focus on technical and factual information (Industrial Marketing Committee Review Board, 1954). B2B purchasers prefer doing business with individuals of known reputation. Thus, gaining a good reputation within the industry is crucial as well as to build social relationships recommending your company (Granovetter, 1985).

Another difference between B2B and B2C is the nature of the market and the buyer. B2B companies do not segment their market as in B2C with groups of customers that are alike. Rather they focus on individual customer organisations (Webster, 1979). Ford (1980) emphasises the importance of segmenting the market according to the needs and requirements of the companies, but also of seeing the potential market as a network of relationships which opportunities must be assessed. In general, there are fewer customers to target in business to business, the geographical customer concentration is higher and the distribu-

tion channel is shorter (Jansson, 2006). The character of the buying process in B2B is complex. Formal bidding and negotiations are determining order specifications (Industrial Marketing Committee Review Board, 1954). Its nature is influenced by the size of the buying centre, technical and economical complexity, the environment and industry, and the size of the transaction (Webster, 1979).

For marketing of industrial goods, mass publicity campaigns (common in consumer marketing) are seldom used. Instead, trade and business publications are primarily used and less money is spent on sales promotion (Industrial Marketing Committee Review Board, 1954). B2B marketing communication is a mix of personal and impersonal communications including personal selling, product literature and catalogues, advertising, trade shows, direct mail, public relations, and promotional gifts. The most important part of industrial marketing communication is usually that of personal selling (Turnbull, 1979). According to Kotler (2002), personal selling and trade promotion directed towards resellers is called a push strategy. This means that resellers (middlemen) accounts for the promotion of the product to the final consumer. However, also when there is no direct contact with a salesman, customers form perceptions of the company based on e.g. word-of mouth, PR, and media advertising (Webster, 1979).

## **2.2.2 Relationship theory**

A business to business relationship is an interactive process between buyers and sellers (IMP group, 1982). Relationships are often characterised as being close, complex, and of long term. Companies develop close relationships if they can obtain benefits such a reduction of costs and increases in revenue. These benefits are achieved by dealing with a particular buyer or seller and making durable investments, adapt, and put commitment into the relationship (Ford, 1980).

### **2.2.2.1 Emergence of buyers-seller relationships**

When discussing the development process of international business networks, it is often addressed as buyer-seller relationships whether one see if from the buyer's or supplier's perspective (Elo, 2005). Either one of the seller or the buyer can take the initiative in seeking a partner (Ford, 1980). Not only the seller is attracting a customer by marketing efforts, customer initiated contacts (CIC) are common as well. For the suppliers, this can provide an important source of information about what customers want and is concerned about. Firms should see CIC as an opportunity to manage and build customer loyalty and a way to influence the creation of word-of-mouth (Bowman & Narayandas, 2001).

Many authors have described buying companies as having a degree of inactivity when it comes to seeking a new supplier. Buyers often stick to their existing sources, established long-term relationships, and know fairly little about other suppliers available (Ford, 1980). Elo (2005) on the other hand argues that in an international context, buyer-seller relationships are often seen as initiated by the customer. A foreign customer can trigger an internationalisation with a proposal and pull the SME into a foreign market. This type of relationship has a more complex nature, but can also provide the supplying firm with indicators of foreign market potential.

According to Kotler (2002), customers find suppliers by reviewing trade directories, phoning other companies to get recommendations, or searching the Internet. Suppliers should therefore get listed in all the larger directories and work with their reputation in the marketplace. When the customer has found qualified suppliers, these are invited to give a pro-

posal. Sellers can then send catalogues or personal salespeople as a response. The experience of earlier and existing relationships gives criteria for assessing the potential and performance of a new possible partner.

### 2.2.2.2 Direct and indirect relationships

Blankenburg and Johnson (1992) divide relationships into two different kinds: (1) Direct relationships involving direct exchange and, (2) indirect which concerns connections with the firm through its “direct counterparts”. Thus, a firm is also connected to its partners’ suppliers and customers.

Uzzi (1997) suggests that when a company is networking, it can contact firms in its first order network, and by this reach contacts’ contacts’, thus reaching the second order network. This is shown in figure 3 below.

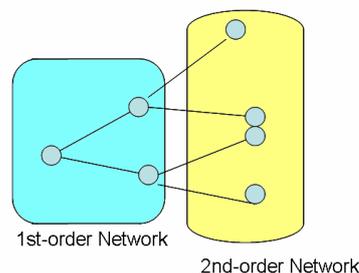


Figure 3 First and second order network, (Uzzi, 1997, p. 575).

He further divides relationships into arm’s-length ties (market relationships) and embedded ties (close or special relationships). Embedded relationships, which include mutual trust between the companies, are important for the overall success of a company. This trust develops with time when efforts are given and reciprocated without any contracts or sanctions, and is shown in the way that close network members help each other with different favours. Trust in a relationship is also helpful when gathering new information, as it speeds up the process and reduces uncertainty. Further, close relations in a network are ways to transfer also tacit knowledge between partnering organisations (Uzzi, 1997). Further, (Granovetter, 1983) states that close relations are often also more prone to help out.

For organisations, research shows that the best way of networking is through a mix of embedded and arm’s-length ties. Embedded ties are as mentioned important as they enrich the network, whereas arm’s-length ties are needed to prevent the network from lagging when it comes to new market demands and possibilities (Uzzi, 1997). The number of weak ties that a person has is increasing as communication systems develop, and population density increase (Granovetter, 1983).

### 2.2.2.3 Social relationships

According to Gillespie, Jeannet, Hennesey, and Houghton (2004), relationships are ongoing processes, building upon social exchanges. Therefore, one should not only consider business networks but also the ones of social nature. Granovetter (1973) further states that social networks are relations between individuals, and business networks are firm’s activities with each other. Social relationships are of high importance for business to business interactions and they take place at the same time as business interactions within an organisation (Gillespie et al., 2004). Turnbull (1979) emphasises that personal relationships are especially important in B2B where both buyer and seller need a greater level of information

at all stages of the decision-making process. By interacting face-to-face, companies can acquire soft data and evaluate each others competence and credibility. Gillespie et al., (2004) describe how commitment to the relationship increases gradually and the firms start coordinate their activities and establish trust. With time, the firms might become interdependent.

Granovetter (1973) is discussing the strengths with weak ties, in saying that relations on the micro level are important as they can build a bridge to relations on the macro level. Most people have a collection of close friends and many of these friends are in contact with and know one another. This network can be seen as a cluster of a social structure that is densely knit together by strong ties. The weak tie connect two social clusters, build a bridge between people who are different from each other, and generate new information.

## **2.3 Means for international interaction**

Pulkkinen and Larimo (2004) state the number of means for internationalisation has increased and can therefore work as triggering factors for internationalisation. Examples of these means are enhanced knowledge, technology, and facilitating institutions. These three means will be discussed below.

### **2.3.1 Knowledge**

Johanson and Vahlne (1977) propose that the foreign entry is a learning process. Market knowledge is gained and accumulated by time and the level of international commitment. Gradually, and after a number of investment cycles, the company will become a successful actor in the foreign country (Bartlett et al., 2004).

Hohenthal (2001) divides the knowledge process into explorative and exploitative depending on the purpose of internationalisation. Both types of knowledge can be achieved through networks. Exploitative knowledge concerns the outward process where existing knowledge and assets of current individuals, organisation and inter-organisations is applied to new markets. Explorative concerns the acquisition of new market knowledge, possibilities and assets by individuals, organisational and inter-organisational learning. By individual exploration, experiential knowledge can be gained. Experiential knowledge (country-specific knowledge that is not possible to duplicate) is a driving force for internationalisation. Eriksson, Johanson, Majkgård and Sharma (1997) have looked at costs related to the experiential knowledge in the internationalisation process. They concluded that lack of business, institutional, and internationalisation knowledge are related to managers perceived cost of internationalisation. Johansson and Vahlne (1977) argue that firms preferably enter countries with close psychic distance in order to limit these risks and costs as the lack of experiential knowledge is more evident in countries with high cultural difference (cited in Hohenthal & Lindberg, 2005). By engaging in business relationships, firm's system of knowing can give them access to, and facilitate the creation of, business relationship. Further, one company can be given access to another firm's system of knowing. However, in an international context the process of understanding and learning about the foreign business partner is more difficult (Hohenthal, 2001).

### **2.3.2 The role of ICT for international business relations**

Melén (2006) states that international opportunities and interaction with foreign business actors have been facilitated by the usage of Information and Communication Technology

(ICT). 1.1 billion people around the world are estimated to use the Internet (Internet World Status, 2007). Internet removes geographical distances between companies and makes it possible for immediate foreign market activities. It is the perfect tool for small firms to access new markets since it requires a small amount of resources but provides extensive global information even about narrow niche markets (Loane & Bell, 2004). For suppliers to market themselves, Internet has made the game more even as small suppliers have the same advantages as larger ones and can be listed in the same online catalogues (Kotler, 2002).

Internet is a useful commercial medium as well as virtual market place and studies have shown that its impact is largest as a tool of marketing communication. The Internet is further a useful tool that enables companies and entrepreneurs to interact with customers or people within an international network (Loane & Bell, 2004). It is today easier than ever for customers to contact vendors and Customer Initiated Contacts are getting more common as the Internet, e-mail, and websites facilitate for customers looking for information about suppliers (Bowman & Narayandas, 2001). An Accenture survey in 2007, revealed that managers in UK and USA spend around two hours a day searching for information on line. The search engine that is dominant for accessing external information is Google (Gruman, 2007).

Since purchasing managers commonly receive large amounts of mail, e-mail, and catalogues each day, an on-line database gathering the information is useful. This type of database is both saving time and money, and it may allow comparison of suppliers (Kotler, 2002). There are a number of informative databases in Sweden, containing data about companies, their product offers, and economic figures. Kompass is the largest Swedish database having an international coverage. Kompass contains information about 1.9 million B2B companies from 70 countries in the world. Kompass statistics show that in 2005, 41 millions searches were done in their database (Kompass, 2007).

Zucchella (2006) affirms that e-mail, sophisticated search engines, and company websites are primary tools for accessing new markets, potential customers, and managing a global supply chain. Information and communication technology offers companies the mean to engage in customer relationships. Internet is one channel of investing in customer relations since it allows a global ongoing dialogue between buyer and seller. This is important according to Grenblad (2006) since customer relationship is a long-term exchange process rather than a discrete transaction. However, Zuchella (2006) continues by stating that ICT can not substitute direct contacts and especially not for companies selling tailor-made solutions. In these cases, personal interaction is needed to assist the offers with services. Lindstrand and Eriksson (2006) agree, to make relationships between actors in a network over the Internet work, mutual trust and commitment is crucial.

### **2.3.3 Facilitating institutions**

It is today common that expertise and knowledge is bought into the firm to cut the time of accumulating it in-house (Loane & Bell, 2004). Even though ICT facilitates the access to information, it can be argued that companies today need more market information as the market tend to become more complex and downstream oriented. This decelerates small firms' internationalisation process compared to large firms who can buy complete information whereas the SME often have to collect it themselves. However, there are also a number of trade associations and outside experts facilitating access to knowledge. Informal or formal meetings with trade associations, export agents, governments, or Chamber of

Commerce might influence a firm's decision to initiate internationalisation (Hollensen, 2004).

The Chambers of Commerce make up the largest business network in the world, supporting businesses with business contacts and market information. Members are offered services such as help with business plans, searching for business partners and market information (Chamber of Commerce, 2007). Another important trade organisation for Swedish companies is the Swedish Trade Council (STC). STC was founded in 1972, jointly by the Swedish state and business world. STC, in cooperation with Swedish embassies, consulates and chambers of commerce, covers more than 100 countries. STC gives free advice in exports and some market specific information (Swedish Trade Council, 2007).

## **2.4 Summary of theories**

This frame of references has explained the motives for internationalisation. These motives can be divided into proactive and reactive. Proactive motives imply that a company attempts to change its strategy to exploit unique opportunities or competencies abroad. Reactive motives imply that a firm is pressured to change its activities in home markets or abroad due to internal or external triggers.

The chapter continues with a presentation of a number of internationalisation theories. The classic Uppsala model perceives internationalisation as a sequential stage model, where foreign engagement starts in markets with close psychic distance and increases over time with knowledge. However, infrastructure, communication, and IT have today decreased space and time barriers. As the world has become more flat other theories describing firms' internationalisation process have been developed. Network theories are describing a firm's internationalisation from an inter-organisational perspective highlighting resource combining activities and cooperation between actors. Another recent phenomenon is "Born Globals". Common characteristics of these firms are international trade from inception, unique/specialised product offered to a niche market, and a complex non traditional company structure.

The frame of references further describes main characteristics of B2B marketing. The discussion highlights (1) B2B marketing's greater dependence upon several business functions (2) B2B product complexity inducing personal relationships between industrial buyer and seller, and (3), the nature of the market and the buyers. Further, an inter-organisational approach is taken providing theories about social as well as business relationships. First and second-order networks are discussed as well as the strength of weak ties.

The chapter is concluded by some information about means that facilitates international interaction between business actors. Prominent means discussed are knowledge, facilitating organisations and Information and Communication Technology.

### 3 Methodology

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*In this chapter the research paradigm and method of our research will be presented. The first sections will present two major research paradigms, resulting in a discussion concerning quantitative/qualitative and inductive/deductive research approaches. In this discussion, our method chosen will be presented. The second part of this chapter will explain our data collection, analysis, quality, and limitations.*

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According to Holme and Solvang (1996) a method is a problem solving tool for achieving new knowledge and all ways to reach a solution can be called a method. Grix (2004) further states that a research method is a technique or procedure for collecting data, whereas methodology is a part of the research dealing with how the research should be carried out. Thus, the methodology can be seen as a critical study of the use of methods. It is important for the researcher to discuss how the research should be undertaken and the methodology part should include how the answers to the research questions have been collected, what conceptual approach is used and the research paradigm it originates from, a study of the research methods, their use, and their possible limitations. This is, according to Holme and Solvang (1996) important as there different levels of how valid different methods are.

#### 3.1 Research paradigms

A paradigm is a world view, an assumption guiding the researcher in what is right and wrong and should therefore be considered when conducting a research study (Patton, 1990). There is a continuum of epistemological standpoints that a researcher can take (Grix, 2004) and at each end of this complex field positivism and hermeneutics are found (Andersson, 1979). Positivism is the belief that the researcher and the reality are separate, whereas hermeneutics believes the researcher and the reality cannot be separated. Because of this, positivism believes a research object to have inborn qualities that will be the same no matter who studies the object, whereas hermeneutics claims that the studied object is always interpreted with the eyes of the researcher and with his/her past experience as a ground (Grix, 2004). This hermeneutic approach of looking at things is further explained by Sohlberg and Sohlberg (2001) saying that as human beings around the world live in different environments and realities, their perceptions and interpretations of thing will differ. Human behaviour can, according to hermeneutics, not be measured only with objective data. Patton (1990) state that in order to grasp its complexity also motivations, inspirations, and thoughts must be considered. Thus, as mentioned by Andersson (1979), hermeneutics has an emphasis on interpretation and understanding, contrasting to the positivism aiming at explaining.

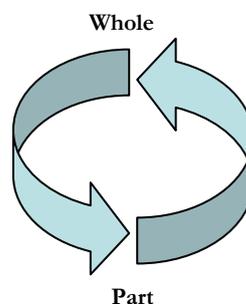


Figure 4 Hermeneutic circle, basic version (Alvesson & Sköldberg, 1994, p. 116).

The interpretation in hermeneutics is characterised by the hermeneutic circle. The understanding of something, according to hermeneutics, takes place through a process as the whole is made up of separate parts that need to be examined to understand the whole. At the same time, the whole must be considered in order to understand the parts. The researcher therefore goes back and forth between the parts and the whole, beginning with some parts and tries to relate them to the whole, and then return to the parts again. This process will end when a coherent understanding is achieved without any inner contradictions. This understanding is however not final, but can be questioned by other scientists as well as changed with time (Alvesson & Sköldberg, 1994).

The epistemological position taken (positivist or hermeneutic) decides what methodological way to use in data collection and analysis. Positivism is concerned with methods used in natural sciences whereas hermeneutics acknowledges the need of a more social scientific strategy that respects differences and the subjective meaning of the researched object (Grix, 2004). Because of this, positivist research uses methods belonging to a quantitative strategy, whereas hermeneutics is used in a more qualitative study (Andersson, 1979).

Our standpoint in research will be presented in the section below since the paradigms are connected to the discussion about qualitative and quantitative approaches.

### **3.2 Quantitative & Qualitative**

There are two different methodological approaches to use in research; quantitative and qualitative. Qualitative methods want to avoid the standpoint that the researcher and the object are separate (Holme & Solvang, 1996), which is believed in the positivist epistemology common to natural science described above (Grix, 2004). The aim of a qualitative method is to develop a deeper understanding and give a rich description of the unique details of the problem studied. It is characterised by the researcher having certain closeness to its source of information, and it is the researcher's interpretation of this information that builds the research (Holme & Solvang, 1996). Qualitative studies want to describe the nature of an event, person, or case, and interviews and observations are important parts to achieve understanding. The number of interviews in a qualitative study does not have to be as large as in a quantitative study (Grix, 2004). Further, qualitative interviews are not clearly structured and there are no given answers to the questions (Holme & Solvang, 1996).

Quantitative methods on the other hand are more formalised and structured, and use a questionnaire with set alternatives for an answer. Quantitative methods also include statistics as an important part, as it translates the information into numbers (Holme & Solvang, 1996). Thus, this method hope to find results such as how much and how many, and to come to this conclusion many respondents are asked (Grix, 2004). In a quantitative method, the researcher keeps his or her distance to what is being studied in order to achieve objectiveness (Holme & Solvang, 1996).

What method to use depends on the problem and the purpose of the study (Holme & Solvang, 1996), which for this study is to give a deeper understanding of the initiation of new international business contacts for small Swedish firms. In line with our purpose and what a hermeneutic standpoint proposes, this thesis has taken on a qualitative method. This was needed since we wanted to go deeper and give an understanding of several techniques that

can be used when finding and initiating contact with international partners. We wanted to examine *a number of tools and channels* used when companies have searched for business partners, and understand how they can be used and what they can lead to. Thus, a qualitative method was chosen as it is a help in grasping the more behavioural aspects, which can be hard to capture with a quantitative study. Further, the search process that firms undertake to find suitable partners depends on a number of micro and macro factors, which are better conveyed by an in-depth interview. Examples of these micro factors, such as motivations and behaviour of person and firms, are better understood with the hermeneutic standpoint than with an objective positivistic one.

This thesis can be seen as conducted using the hermeneutic circle, in the way that every interview added an extra dimension to our understanding and was incorporated into our total understanding of the phenomenon. This understanding was increased step by step and as the research proceeded and as new understanding was created, the previous interviews were understood in a new way. Sometimes, theory and empirical data shed light on new issues that were added to the thesis.

### 3.3 Inductive & Deductive

Quantitative research is often deductive whereas qualitative research is often connected to induction. The difference between deduction and induction lies in if the research is hypothesis driven or not. Deductive research is driven by existing theories and these assumptions or prior knowledge serve as the base for understanding or finding the answer to a problem (Ryen, 2004). This by starting with theory, and then making observations to be able to conclude a result in accepting or rejecting a hypothesis (Seale, Gobo, Gubrium & Silverman, 2004). Inductive research is the opposite of this as it is research drawing conclusion based on empirical data, and use this to form theories (Patel & Davidsson, 2003). Inductive reasoning builds on systematized experience, meaning it has its ground in case observations which are generalised to a wider population (Seale et al., 2004). As it builds upon generalising observations, there is always some uncertainty with it and the probability that the reasoning is correct can never be 100 percent (Sohlberg & Sohlberg, 2001). Because of this, inductive reasoning is vulnerable to further observations that may prove inconsistent with previous ones (Seale et al., 2004). The difference between deduction and induction is visualised in figure 5 below.

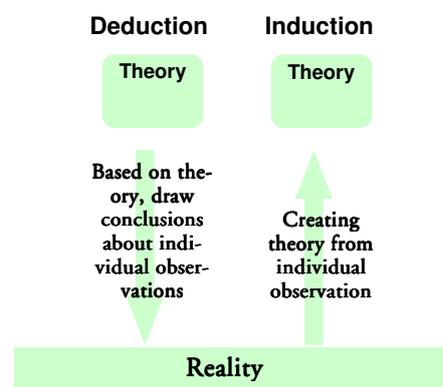


Figure 5 Inductive and Deductive (Patel & Davidsson, 2003, p. 25).

However, this inductive/deductive dichotomy is not very clear. To distinguish between the two research-strategies may be good only up to a certain point, as most research includes elements of both. It is unusual for research to start with no assumptions at all as in a truly

inductive study and therefore most research has at least some elements of deduction. (Grix, 2004)

As suggested by Ryen, a qualitative study like this thesis usually makes use of induction. However, this research cannot be said to be fully inductive, which is in line with Grix's statement that most research has traces of deduction. We did not start our research with a mind empty of theories as is the case in induction. Neither did we seek to verify a hypothesis as in deduction. The writing of the thesis started out with a clear research purpose of *how firms find international business partners*. This purpose was identified as the usage of Chamber Trade's database had decreased. This pre-determined problem lead to a theoretical area of study in interaction with empirical research. As the theoretical study was started before the empirical investigation it can be seen as having an effect on the data gathering. Therefore, the theories formed from the empirical data were not based only upon observations but were influenced by existing theories and can therefore not be seen as truly inductive. However, emphasis has been placed on the empirical findings on how the respondents have initiated international relationships, and not on the frame of references. Throughout the completion of the thesis, theoretical findings have been reflected in new empirical investigations, resulting in new theory, and again new interpretations. This is illustrated in figure 6 below, in line with the hermeneutic circle.

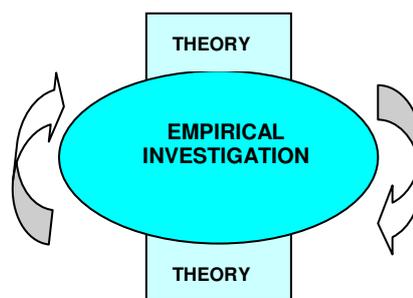


Figure 6 Interaction between theory and empirical findings.

### 3.4 Data Collection

There are a number of different ways to collect data such as through already collected data, conducting interviews, handing out surveys etc. None of these techniques can be said to be better than the others but the suitability depends on the purpose of the study (Patel & Davidsson, 2003). Primary data is data collected by the researcher, whereas secondary data is data already collected by someone else, such as through scientific articles. Primary data is more costly and time consuming to collect than is secondary data (Patton, 1990).

As mentioned before, this study is qualitative which is characterised by focusing on a more in depth and smaller sample than a quantitative study (Patton, 1990). There are no rules for how much data should be collected in a qualitative study. Instead, this is dependent upon for example time, resources, and the purpose of the study (Miles & Huberman, 1994). Further, the samples in qualitative studies are collected purposefully, searching for cases full of information of importance to the purpose of the study (Patton, 1990). This to give as nuanced picture of the area of study as possible (Holme & Solvang, 1996).

### 3.4.1 Secondary Data

For this thesis, we started out by collecting secondary data in form of academic articles and literature, as well as published materials about Chamber Trade. To find this data we searched in the Jönköping University Library, as well as databases such as Julia, Jstor, Emerald, Google Scholar, and ABI / Inform. Keywords for searching have been (in both English and Swedish) internationalisation, internationalisation process, b2b marketing, industrial marketing, relationship marketing, network, industrial relationships, business partners, and internationalisation + SME. The information about Chamber Trade was retrieved at a personal meeting with Chamber Trade during which we were provided published material about the Chamber of commerce and Chamber Trade. The secondary data gathered has been used to create knowledge of the area of research so that a theoretical framework could be formed. Further, the secondary data helped us guide the collection of primary data and prepare interview questions. However, as described in the methodology chapter above, the theoretical chapter was adopted to certain extent during the collection of empirical data.

### 3.4.2 Primary Data

Primary data for this thesis was collected from a number of companies engaged in international business. These companies were found in a search in the database Kompass based on the criteria of size, countries of export, and location of headquarter in Sweden. In order to investigate how business relationships between Swedish actors and international partners are initiated, our aim was to identify companies that have not reached too far in their internationalisation. Hence, we excluded large firms and selected small companies engaged in export in order to avoid too many respondents with established subsidiaries in foreign countries. This was done since large firms are assumed to have their own channels for expansion. To narrow down the number of companies in our search results the companies selected were “Small Swedish companies with export to North and Central Europe.” Further, the companies that were selected were based in Götaland (the southern part of Sweden) in order to limit the costs and time of conducting face-to-face interview at the respondents’ headquarters.

#### Search criteria:

- **Size:** As defined by the European Union, a small company is employing 10-49 persons (micro firms not included) (European Commission, 2007).
- **Country of export:** North and Central Europe
- **Location:** Swedish firms from the Götaland region.

The search in Kompass resulted in a list of 1899 companies to choose from. From this, twenty companies were selected in a systematic way. This as a random sample selection increase the possibility to generalise the results retrieved to the population (Holme & Solvang, 1996). By dividing the number 1899/20 we ended up with the number 95. Accordingly, every 95<sup>th</sup> company was chosen. However, as this study is qualitative, we did not need a perfect random sample as we do not aim to make a perfect generalisation. Instead, the twenty chosen companies were further researched to find their suitability. Some companies could be eliminated as they were not suitable, others were removed as they did not want to participate. Some additional respondents were chosen due to their ability to make the study

more diversified and add some additional facts, which according to Holme & Solvang (1997) is an important criterion for the selection in qualitative studies. This selection procedure resulted in ten companies from which primary data was collected. These ten companies will be presented in the following section.

### 3.4.3 Conducting the Interviews

An interview is a usual tool for collecting primary data (Holme & Solvang, 1996) and Richie and Lewis (2003) say that in-depth interviews are one of the most commonly used methods for collecting data in qualitative studies and are excellent for finding out the details and perceptions of those that are interviewed.

For this thesis, in-depth interviews were found as suitable as we wanted to find out detailed information on how the Swedish firms' find downstream international business partners. A personal discussion with the respondent was important as much of the information we sought had happened a long time ago and discussions had to circulate around the entire internationalisation process in order to grasp the companies' intentions, motivations and search process. In order to conduct the interviews, persons responsible for export activities within the chosen companies were identified. As we sought to retrieve as much and in-depth information as possible, personal meetings were set up with as many of the interviewees as possible. However, due to time and other constraints also appointments for telephone interviews had to be arranged. In April, personal face-to-face interviews were held with six companies and telephone interviews with the remaining four. The figure below clarifies mode of interview, respondents, and date:

Company	Place	Name of Interviewee	Position	Date	Interview mode
BUBS	Jönköping	Ulrik Lindström	Production manager	2007-04-23	Personal
Innovativ Vision	Linköping	Kristina Swenningsson	Market manager	2007-04-05	Telephone
Leather Master	Västra Frölunda	Kenth Stenbäck	Market manager	2007-04-18	Telephone
Prido	Tråvad	Lars-Håkan Johansson	Export manager	2007-04-19	Telephone
Pronova	Halmstad	Sven-Olof Berg	Export manager	2007-04-18	Telephone
San Sac	Linköping	Roger Ferm	CEO	2007-04-25	Personal
Scandinavian Eyewear	Jönköping	Ingela Carlson	Export director	2007-04-18	Personal
Swedish Herbal Institute	Göteborg	Marcus Jacobsson	Deputy managing director	2007-04-13	Personal
Swemac	Linköping	Leif Schwan	CEO	2007-04-25	Personal
Tapflo	Kungälv	Håkan Ekstrand	Director of international sales and marketing	2007-04-05	Personal

Table 1 List of respondents

During the interviews, an interactive discussion was held between the authors of the thesis and the person presented in the figure above, during 40-50 minutes. Questions were prepared on beforehand, and e-mailed to the respondents the week before the interview. (The interview circulated around the research questions stated in section 1.6 and the semi-structured interview guide which can be found in Swedish in appendix 1 and in English in appendix 2.) These questions served as a base from which the discussion took off. The interview guide was used as support, and as a tool to make sure that all areas interesting for the thesis were covered. However, as in a qualitative study, the interviews did not strictly follow a pre-set and clear structure but discussions were held open and it was up to the interviewers to interpret the answers. This is in line with Holme and Solvang (1996) in saying that standardised questionnaires should not be used in qualitative research as this hinders the interviewees own thoughts and perceptions to be uncovered. Instead, the ideal qualitative interview is one which is as similar to a normal conversation as possible.

Further, Holme and Solvang (1996) suggest that interviews should be recorded. This was done during our interviews in order to capture the entire conversation. Also, some of the companies were contacted on e-mail for following-up questions in order to make some clarifications.

### **3.5 Data Analysis**

The information in a qualitative study need to be structured and organised after the data collection, in contrast to a quantitative survey questionnaire which allows for the information to be collected in an ordered way. Further, the data gathered through interviews is often showing a high variety of contents. Because of this the data structuring and analysis of a qualitative study is a time consuming and lengthy process (Holme & Solvang, 1996).

According to Miles and Huberman (1994), qualitative data analysis consists of three simultaneous flows of activity; data reduction, data display, and drawing conclusions. Data reduction is working with the data in terms of simplifying, selecting, and rewriting it so that final conclusions can be made. This process of data reduction in qualitative research starts before the actual collection of data begins, as the researcher decides upon what conceptual framework and research questions to use. Data reduction is then continued throughout the research and this reduction can be seen as part of the analysis as the researcher's decision of what parts to pull out includes some kind of analytic choice.

Also this thesis includes data reduction throughout as a broad collection of theories were scanned and excluded to find the base for the study. Theory and empirical data has been followed up, extended and excluded throughout the writing of the thesis as the focus of the thesis became clearer. Some of the collected empirical data was omitted at an early stage as we had a picture of what information was needed to find an answer to the research purpose.

Data display concerns organising the data so that analysis and conclusions can be drawn. Data can be displayed as extended texts, by using graphs, plots, and tables. Extended text is a very common way to display the data but has some drawbacks as it is massive for the readers, who might draw quick and unsupported assumptions when trying to reduce the information into something manageable (Miles & Huberman, 1994). This thesis will make use of extended text as a base as we have gathered a broad array of information. This large amount of information might need an extended text to be adequately explained. The thesis will however contain tables and other models to highlight important parts and help the

reader visualise important aspects. When structuring the empirical data for this study, we decided to show the information from each company separately. Further, to facilitate a comparison between the firms the data on all the companies was structured in the same way starting out with a brief introduction and then continuing with the “internationalisation process” and the “initiation of international relationships.” Further, a chapter with empirical data about databases is included in which comments from our respondents are discussed interchangeably in the same chapter. According to Holme and Solvang (1996), the researcher can decide to bring forward the main overall impression that the gathered data makes and highlight certain areas underpinning this, as well as deciding to showcase contradicting thoughts. Both these things are done in the analysis chapter of this thesis as similarities and main tools used for finding international partners will be presented, as well as contradictions between the companies

According to Miles and Huberman (1994), the researcher will start noticing trends, patterns, and explanations already at an early stage of data collection. Even a professional researcher will have hard times trying to deny the awareness of these patterns and keep an open mind when continuing the data gathering. Even if the final conclusions will not appear until the end, they might have been present in the mind of the researcher before that. We as authors of this thesis have to agree also on this point. Some tendencies in how international business relations are initiated were noticed before the final conclusions were made. However, as we were aware of the problems that hasty conclusions can create, we tried to avoid being too focused on the emerging trends when collecting further empirical data.

At this stage we can now sum up our way of conducting the study by continuing to build on our model of interaction between theory and empirical findings, presented in section 3.3. By adding the data analysis to the model, it can now be visualised as follows :

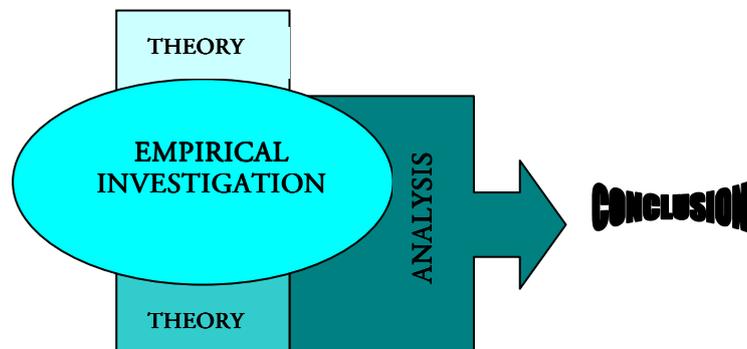


Figure 7 Data analysis

The empirical data gathered served as the focus of analysis as we started out with an assessment of the empirical findings. We searched for similarities between the respondents as well as unique learnings. Each company contributed with an additional understanding for the research and due to our hermeneutic and qualitative research method, each company was interpreted in its specific context. After conducting a cross-analysis between the companies, some general tendencies in the empirical findings were notes as several persons argued similar things. After this empirical analysis, theory was applied as a tool for additional learning about, and interpretation of, the empirical results. Thus, our conclusions are a result of compared and contrasted empirical findings and theory.

## **3.6 Data Quality**

In research, the validity and reliability of data is an issue that must be considered. Validity is concerned with how representative the data is. This means if the researcher has measured and collected the data he/she was supposed to. That is, if the data is relevant for the study. Reliability is concerned with if the data is reliable, i.e. if the way of measuring the data would yield the same result if measured again (Patel & Tebelius, 1987). If the data is not reliable, it is not valid. Further, high reliability does not automatically mean high validity. This as data can give similar results if measured several times but this is not of significance if it does not measure what it is supposed to (Bell, 1987).

However, the issue of validity and reliability is more important in quantitative than in qualitative studies. The purpose of qualitative studies is to give a deeper understanding of an issue, and then statistical representation becomes less important. Rather it is important to find entities that can add information to the study (Holme & Solvang, 1997).

### **3.6.1 Reliability**

The purpose of this thesis was not to find one generalising answer applicable to every firm's way of finding international partners. However, in line with our orientation towards an inductive research approach, as similarities appear between our respondents in the empirical findings, we believe that there might be a number of lessons learned useful for other companies. Generalisation is a problematic issue for qualitative studies which we were aware of while drawing conclusions. By only interviewing ten companies, the reliability and the possibility that a future research will reach the exact same conclusions is possibly reduced. Reliability is further decreased by the fact that our conclusions are founded on empirical data gathered by interviews that have been similar to a normal conversation without an entirely structured questionnaire. Further, as argued by the hermeneutic research paradigm, reality is coloured by the respondent's specific context and the interpreter's perspective and another interviewer might have interpreted the data differently. If another researcher would conduct the same type of interview, it is possible that other information would appear. With this in mind, we have tried to make this study as reliable as possible.

### **3.6.2 Validity**

Validity in quantitative research is much dependent upon the skill and competence of the person conducting the research as he/she is the instrument, interpreting the object of research (Patton, 1990). Possible problems in qualitative research can be that the researcher and the person interviewed perceive the situation differently. Also, the interviewee may start to act in a way that he or she believes is wanted by the researcher. Researchers must try to reduce these problems, which can be done by having the interviewee control the validity of the collected data (Holme & Solvang, 1996).

In order to increase the validity of the data in this thesis, all interviews have been recorded to ensure that the entire conversation with its nuances is captured. However, due to several reasons such as time, distance, and budget constraints, not all companies could be interviewed personally which might have decreased the possibility of capturing reality and ensuring validity. However, in order to increase the data quality the interviews were written down and sent to the interviewees for approval before the thesis was submitted. This was especially important as the interviews were held in Swedish and had to be translated into English, which can have resulted in misinterpretations and wrong translations.

During the writing of this thesis, we as authors have tried to increase the validity of our study by an ongoing critical examination of the theory and method chosen. This has made us aware of defaults that have been corrected at an early stage. At one point, theory was found to be insufficient and new was added in order to give a more appropriate picture of international relationships. However, theory meaningful for this thesis might have been neglected due to time constraints. Time constraint has not only limited the theoretical investigation but also the extent of our empirical research. To increase validity, interviews could have been conducted with additional actors working with international trade, or by conducting several interviews with each company.

### **3.7 Limitations**

The thesis has only focused on the positive aspects of relationships, internationalisation and networks. Further, cultural issues of partnerships and relationships will not be addressed in deep.

Further, respondents could have been chosen from a specific industry and specific country of export in order to have a more homogenised result. However, this was not our purpose, instead we wanted to get an understanding of how a diversity of companies find international relationships.

Further, only one person has been interviewed at each company. There may be other sources of information, actors, and variables that could have given this thesis an additional dimension. Another constrain has been the access to information about the investigated firms' internationalisation. Often, the person responsible for the first international interaction was not longer present in the company. As a result, less detailed information has been retrieved from some companies regarding this period of time.

## 4 Empirical Findings

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*The following sections will present empirical data from ten small Swedish firms about their internationalisation process and how their international relationships have been initiated. Further, one chapter will also describe how these companies perceive databases as a tool to find new business partners. This primary information has been gathered through face to face or telephone interviews and been followed up through e-mail communication.*

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### 4.1 BUBS

*Personal interview with Ulrik Lindström, production manager, April 23<sup>rd</sup> 2007*



BUBS was founded in Jönköping in 1992 and is a family business manufacturing and selling candy and is specialised in wine gums. BUBS has 20 employees and an annual turnover of about 57 million SEK. Exports constitute 35 percent of total sales and the company is today present in Sweden, Finland, Norway, Denmark, Iceland, Germany, Spain, USA, Greece, and Thailand.

#### 4.1.1 The internationalisation process

The first country that BUBS entered was Finland in 1998-99 as the company got an unsolicited order from a Finnish woman who had tried the candy and wanted to sell it at different markets in Finland. This woman could however only buy small quantities, and as she understood that BUBS wanted to sell larger volumes, she asked a Finnish retailer that she knew to contact the company. This retailer became interested in buying candy from BUBS as he wanted something new and different from what the few and large candy makers in Finland could offer.

Due to the beneficial relationship with the Finnish retailer, foreign sales were greater than Swedish sales at this time. As the export to Finland was doing well, the company started to more actively search for business partners abroad and decided to participate in a large trade fair for the candy industry in Germany in 2001. This trade fair resulted in new contacts in Iceland, Denmark, and the USA. However, since then, the Swedish market has grown a lot and the company's Swedish sales constitute today 65 percent. The company is therefore not searching for expansion as actively today as a few years ago, but is not passive either. The production manager of BUBS see an internationalisation of the company as beneficial as it gives the advantage of higher sales, leading to economies of scale.

#### 4.1.2 Initiation of international relationships

In the search for new partners internationally, BUBS has made use of its existing network of contacts. Examples of this is that the company's suppliers have given recommendations of distributors abroad that might be interested in buying the company's products. When BUBS gets such a recommendation, a proposal is sent to the distributor asking if it is interested in making a purchase. So far, these contacts have however not resulted in anything.

BUBS is also a member of a Swedish network through the industry organisation for candy (Sötvaruföreningen). Many SMEs in the candy industry participate in this organisation and help each other out with exports and other matters that can appear. When it comes to export problems, BUBS has experienced some countries to be more problematic than others.

The company has for example experienced high bureaucracy and strict rules of the labelling of contents in the USA. However, exporting to Northern Europe is according to the production manager not hard.

The German trade fair that resulted in a number of contacts for the company in 2001 is still a tool that BUBS uses to find new contacts and the company also attends small trade fairs in Northern Europe. Through the German trade fair, BUBS was hoping for a contact in the Netherlands or in Germany but one has so far not been found. As BUBS has decided that these countries, and especially the Netherlands, seem like interesting countries to enter, the company contacted the Swedish Trade Council to get help with market research and finding contacts in the Netherlands. According to the production manager of BUBS, STC has been a good help for the company as it is hard for BUBS to attain information on foreign companies on its own. STC has found a number of potential distributors and as a result, BUBS is going to the Netherlands later this year to meet and evaluate them.

However, overall, the company is not very active in its search for new business partners today as the home market has grown. Further, the production manager of BUBS says that as the company is now well established in the business, there is not much of a search needed for finding new partners, at least not in the Nordic countries.

*“We have now been in the market for some time and have developed a good knowledge of the Nordic countries and what distributors are available there.”*

As BUBS sells its products through distributors, the company does not market their products to end consumers more than by visualising their company name on the products and packages. In order to attract distributors, BUBS uses the Internet and the company home page as a tool. The Internet and the search tool Google is also used as a tool to search for business partners the company gets inquiries from. The production manager of BUBS says that to personally visit customers is important in order to nurture the relationships with them but these visits do not provide any information on new potential partners. This as the company's existing customers want a more exclusive right to BUBS products and are therefore not keen on recommending other potential distributors.

## 4.2 Innovativ Vision

*Telephone interview with Kristina Swenningsson, market manager, April 18<sup>th</sup> 2007*



Innovativ Vision was founded in 1996 by professors and researchers at Linköping University. The company develops and delivers production and quality control systems for the wood industry and is mainly recognised abroad for its key product Wood Eye, a scanner that inspects, optimises and grades sawn and planned timber. The company has twenty employees and a turnover of about 83 million SEK. Innovativ Vision is today a global company with operations in about thirty countries in Europe, Asia, North-, and Central America.

### 4.2.1 The internationalisation process

As the company Innovativ Vision had been founded in 1996, it had to start looking for appropriate clients. When scanning the market, the company identified the Norwegian game organisation “Lotto” as a potential customer. Thus, Innovativ Vision was an international company already from its first sale. The reason for the early internationalisation was a combination of the company’s unique technique and a proactive decision from the founders. After the first years, the company realised that its technique suited particular products and market segments extra well. Due to this, the company started to target the wood industry and the product Wood Eye was developed to perform wood-analysis.

Due to economic and practical reasons, the company decided to continue its internationalisation to countries close to Sweden and export was the only entry mode used during the first years of expansion. At the beginning, the export was as mentioned to a large extent triggered by that the products were requested from customers in need of the company’s technique. However, as the technique became more mature, the company was pushed to more actively scan new markets. Today, internationalisation is part of the company strategy and the company visits and examines a number of markets actively, trying to find new business partners. Thus, the company’s internationalisation today, is a combination of customers finding the company and an active search. Export is no longer the only entry mode and the company has subsidiaries in Germany and the USA. Development and production is however still located in Linköping.

Already established customers are important to the company and today, the internationalisation of Innovativ Vision may be due to that it follows its customers abroad. One of the company’s customers, Swedwood, is moving around depending on supply and business cycles. When Swedwood is switching country, Innovativ Vision moves along with the customer.

### 4.2.2 Initiation of international relationships

Existing customers are a vital tool for Innovativ Vision in its search for new partners as these customers can recommend the company to others. Innovativ Vision’s product is expensive and potential customers are therefore invited to existing customers before investing. Here, they can have a look at the technique in practice at current customers’ production plant. Word-of-mouth is important and already sold products are one of the company’s main marketing tools. The market manager of Innovativ Vision argues that after the first sale is reached in a cluster of wood companies.

*“Sales are spread like rings on open water”.*

Also trade fairs are important to the company in its search for new business partners. As Innovativ Vision has a special technique, a trade fair is a good forum where the products can be shown to new potential users. At these trade fairs, the company's sales persons are actively working on creating new relationships.

In some countries, the industry specific organisation has a strong impact and is therefore an important channel to establish contacts and map the market. The market manager further describes how a wide variety of ways can be used in order to identify possible partners. When visiting a new country that the company wants to enter, they might note company names illustrated on lorries transporting wood when they pass by on the highway. Another way of locating customers is to enter outlets selling wood products in order to identify and map the largest actors behind the products sold in the outlets. Since Innovativ Vision's main customers are companies operating in the wood industry, the ones represented in the outlets are potential customers to approach.

Innovativ Vision has also used the Swedish Trade Council and the Internet as tools to search for new business partners. The company has used the database Kompass on some occasions but has not yet evaluated the quality of the information retrieved here. The market manager of Innovativ Vision also mentions industry specific magazines as a possible tool to use when searching for potential customers.

## 4.3 Leather Master

*Telephone Interview with Kenth Stenbäck, market manager, April 18<sup>th</sup> 2007*



Leather Master was founded in 1985 and is producing and selling products for cleaning, maintaining, and repairing furniture made of leather, textile and wood. The company's target customers are furniture dealers but the company has also several customers within the automotive industry. The company has twelve employees and an annual turnover of around 35 million SEK of which exports constitute 30 percent. Leather Master has international engagements in Sweden, Norway, Denmark, Iceland, Russia, UK, and some sales to the USA.

### 4.3.1 The internationalisation process

Leather Master's international engagements were started in 1987 as the founder of the company participated at a trade fair. At this trade fair, the founder was contacted by the Norwegian furniture producer Ekornes. Ekornes needed a product for furniture care in order to decrease the level of complaints from customers. The next country to enter was Denmark but the market manager of Leather Master cannot remember how this contact was initiated. Leather Master has internationalised with the use of agents that the company sells to. Each country of operations is represented by an agent with a network of customers. When expanding into new markets today, the company both searches for agents and are found by agents and the company see internationalisation as something positive as it gives the company increased sales.

### 4.3.2 Initiation of international relationships

Leather Master is sometimes contacted by actors that have found the company on the Internet and want to sell its product. Usually, however, Leather Master finds its own agents by using already established contacts. This network of contacts is vital for the internationalisation of the company and if Leather Master has decided upon entering a specific country, the company starts out with searching its network for recommendations.

If the network does not result in anything, the company uses other tools for finding potential business partners. One example of this is the services from the Swedish Trade Council in which STC searches for potential agents. Leather Master's cooperation with STC is however quite new and was established as the company decided to enter Poland. As Leather Master had very little knowledge of the Polish market, the company decided they needed the help of STC in doing market research to check if the products are needed and then to find possible agents to carry the product. Leather Master has also used trade fairs as a tool to be seen by other actors in the industry. According to the market manager of Leather Master, trade fairs are good for meeting people within the furniture industry from other countries and networking with these may result in business opportunities for the company. The company has for example attended the Stockholm furniture fair, which is a trade fair with global attendance. Further, the agents of the company in the different countries attend trade fairs to market the products to the end consumers.

Also the Internet and Google is an important channel when searching for business partners. By using the internet, Leather Master can search for companies in the furniture industry in different countries and see if any interesting actors appear.

## 4.4 Prido AB

*Telephone interview with Lars-Håkan Johansson, export manager, April 19<sup>th</sup> 2007*



Prido AB was founded in 1973 in Tråvad and is a company producing, selling and assembling gates and doors for use mainly within industrial and agricultural business. The company has an annual turnover of around 65 million SEK of which 20 percent come from exports. The company has 45 employees and is today present in Sweden, Norway, Denmark, and Finland, and has some sales in Iceland and Ireland.

### 4.4.1 The internationalisation process

Prido started with exports in 1976 to Norway, which is still the company's main country of export. The business relation in Norway was established as the company was contacted by a Norwegian man after having had an advertisement in a magazine for the agricultural industry. To begin with, this person bought a gate for himself but later he came back and wanted to do business with the company. This person is still today one of the two business contacts that Prido has in Norway. The other contact was established by a sister company to Prido, but in the 1980s also Prido started to use this contact for exporting.

After entering Norway, Prido decided to enter Finland and Denmark and the company started to actively search for business partners in these two countries. This search did however not result in anything but instead the company was found by other actors. The Danish contact was established as Prido was contacted at a Swedish trade fair for the agricultural industry. This contact is a specialist in gates and is so far the only contact that the company has in Denmark. Prido will however invest in the Danish market in the future and start to sell directly to end consumers. In Finland, a partner was found as a Swedish customer to Prido recommended a business partner in Finland to contact Prido.

The Nordic countries are more or less the company's only export markets as sales to Norway, Denmark, and Finland, constitute 95 percent of total exports. According to the export manager of Prido, Norway and Finland are easy markets to sell to as demands and culture are similar and language is not a problem. Today, the company does not actively work with finding new business partners but works with the contacts the company has already established. The company has however plans to hire an export manager in order to start a more active internationalisation approach in the future. Internationalisation is seen as something positive as it increases sales. Further, the company has capacity to produce more than it can find demand for in Sweden as there are several actors fighting for customers in the Swedish market. In order to get long term growth, the company must enter new countries.

### 4.4.2 Initiation of international relationships

Before, attending trade fairs was a tool used by Prido to market the company and find new business contacts. These trade fairs have also resulted in that the company has been contacted by customers. Today the company does not attend any trade fairs as the export manager of the company finds them to costly in regard to the returns they give, as well as being more of a social event than something that actually results in any business. However, the company's distributors attend trade fairs in their respective countries to find new partners and this search is supported by Prido. As the company plans to have a more active approach to internationalisation in the future, trade fairs may become a more important tool

to use again. Also the company's network has been helpful for getting new business contacts as Prido's business partners have recommended other business actors to contact the company.

The company has also worked with its homepage in order to make it more interesting, and a better tool to get orders as inquiries can be posted on-line. Due to this, the company is contacted by new customers abroad from time to time. Prido sponsors different search engines on the Internet so that the company's homepage should be found easier. Further, the company advertises in the Swedish business paper *Dagens Industri*, as well as in magazines for the agricultural industry in order to build the company brand and increase the possibility of getting contacted. Usually these customers contact Prido through the company's homepage on the Internet.

## 4.5 Pronova AB

*Telephone interview with Pronova AB, Sven-Olof Berg, export manager April 18<sup>th</sup> 2007*



Pronova AB was founded in Halmstad in 1975 has since the start of the company been developing its packaging system called JOKER. Today, the company can offer a complete packaging system with a wide standard assortment of packaging bags and machines. This wide assortment is needed for the company to be able to give its customers a tailor-made solution. The company has 25 employees and a turnover of about 25 million SEK. About 60 percent of the sales come from exports and the company is today present in Sweden, Denmark, Finland, Great Britain, Switzerland, and Germany.

### 4.5.1 The Internationalisation process

Pronova took its first step towards internationalisation in 1980 with exports to Denmark through a Danish licensee. This licensee was found by the founder of Pronova, who by the help of established contacts scanned the local region for possible customers. As the company operates in the South-West part of Sweden, Denmark was not very far away. The Danish licensee that was found had operations in several European countries and as a result Pronova's product was spread throughout several European countries. At the same time, Pronova started to actively search for new licensees and through its network of business contacts, the company got recommendations for new licensees in Finland, Great Britain, Switzerland, and Germany.

For Pronova, an internationalisation of the company was necessary. As Pronova wants its products to have top quality, product and machine development becomes expensive. Consequently, the company can not afford to produce and sell only in Sweden but needs a larger market. By internationalising, the company can get advantages in terms of economies of scale as larger quantities can be produced to less cost per machine. Moreover, internationalisation leads to that the cost of research and development can be spread.

There has always been a will among employees in the company for more challenges, and the company wants to grow and get better at what it is doing. According to the export manager of the company, internationalisation becomes a positive circle in which new and skilled employees enter the company at the same time as it reaches a larger market and more difficult challenges. Thus, the company attracts resources that can grow within the company.

### 4.5.2 Initiation of international relationships

For Pronova to find international business partners, trade fairs and personal contacts are the two most important means. The company has been attending trade fairs for the packaging industry as the export manager of Pronova says that the companies that Pronova wants to do business with attend these fairs. Further, trade fairs are good as the number of contacts that the company gets through attending these is manageable. At fairs, the company can meet old customers that bring new customers. Sometimes these new customers are actually old ones as it is people that have been buying from the company in an earlier job and then switched work place.

*“It is important to remember that a trade fair does not only give contacts between businesses but also contacts between people”.*

Also the Internet is used a lot as the company searches internet-published catalogues from major trade fairs in different countries. These catalogues contain the names of the companies that Pronova finds interesting to have as business partners. If Pronova finds an interesting name in one of the catalogues, Pronova enters the homepage of that company to get a better picture of what kind of company it is before initiating a contact.

In the later phases of the internationalisation, the company has been in contact with both the Chamber of Commerce and the Swedish Trade Council. The export manager of Pronova does however not think that the company got very much use of the help these organisations gave. Instead, the company has found its own ways to find new partners through already established contacts. This network of contacts is global as there are too few actors in the industry in Sweden to constitute a network.

*“Today, when you find new foreign contacts, they have their own network of relations. If you attend your business, you can also make use of their contacts. Business is much about relations”*

Pronova has also used the database Kompass to search for potential business partners but this search did not result in any new contacts and the company is therefore not interested in using databases again. The company is also working with its homepage in order to have potential business partners finding the company on the Internet. The company has also marketed themselves by advertising in industry specific magazines.

Finding business partners is tricky, and as possible licensees are identified, they must feel that they have time for Pronova's products. It is much a question about timing, to find a willing licensee that is not fully occupied with its own production. In order to find one that is working, the company must search for quite a lot of contacts. A good start in business cooperation is vital and not only the right company, but also the right person must be found. The cooperation between two companies is often very dependent upon one single person in the beginning and this person needs to be educated and motivated in order to get viable business within the near future.

## 4.6 San Sac AB

*Personal interview with Roger Ferm, CEO, April 25<sup>th</sup> 2007*



San Sac was founded in 1962 in Linköping and is a selling company owned by a company producing products for waste disposal and recycling. These products can be tailored to suit the needs of offices, larger kitchens, hospitals and industries but the main customers are municipalities, refuse collectors, and real estate proprietors. The company has 13 employees and an annual turnover of 110 million SEK. San Sac has international engagements in Sweden, Norway, Finland and Denmark.

### 4.6.1 The internationalisation process

San Sac's international engagement started out with an order from Norway in 1995. The request came from an agent who had been in contact with the company's products, as they were already sold in Norway by a sister company to San Sac.

*"We basically stumbled over the Norwegian contact"*

This Norwegian importer was selling bins that were compatible with the bin bags that San Sac produced, and which were the company's main product at that time. The agent was representing a selling organisation in Norway, and the company had a distribution network similar to the one San Sac has in Sweden. This Norwegian distributor was trained in how San Sac's waste systems and products work.

A few years after the entrance in Norway, San Sac set up exporting activities in Finland. One of San Sac's suppliers was already selling to the Finnish market and provided them with a contact to a Finnish distributor. Hence, the company's supplier initiated a relationship between San Sac and the Finnish distributor who was interested in buying San Sac's products. The internationalisation process of San Sac was further continued this autumn, as two Danish companies contacted the company. One of these Danish companies had earlier bought products similar to San Sac's from a Swedish competitor. The other one was looking for a particular type of waste disposal container. He wanted to have samples and arrived to Sweden to have a better look at San Sac's products.

According to the CEO of San Sac, the choice to expand abroad was not an active decision from the company, but started as a response to an outside proposal. The company was never pressured to go abroad as it considers the Swedish market to be large enough. Today, San Sac has no ambition in expanding outside the Scandinavian countries as the company's product is not compatible with other countries' waste disposal systems. Further San Sac already faces a work load that is high enough to handle. The CEO of San Sac also says that a continued internationalisation of the company would bring a threat of duplication since the products are easy to copy as they do not build on any special technique or tacit know-how. However, even if an internationalisation was not actively sought, the CEO of the company can see positive outcomes as expansion increases the company's sales volumes. Even if San Sac is a selling organisation, it benefits from selling larger volumes as its margins increase when the manufacturers' production costs decrease.

#### 4.6.2 Initiation of international relationships

San Sac has in general found new business partners outside Sweden by networking. Often, these contacts have resulted in that San Sac has been found by other actors. The company has the advantage of a strong and well established brand and does therefore not need to actively search for new customers. Instead, the CEO of the company claims that as a mature B2B company has reached a certain reputation, they are the ones being contacted by other actors. Further, personal meetings are mentioned as important and the core of San Sac's marketing activities is travelling sales men engaging in personal selling. That the company is well known in the business, and that there is a rational demand for its products as more or less all people need them, is helpful when trying to set up appointments with customers.

San Sac has noticed that trade fairs are an important tool to be seen and to find business partners. The company has attended a trade fair at Elmia in Sweden, which the CEO of the company says is an excellent way for establishing a Swedish network and for promoting the company's products. Further, the company uses its homepage for marketing. In order to increase the probability of being found, San Sac pays for a service to have a high hit rate on certain key words. According to the CEO of San Sac, it is said that 70 to 80 percent of all people that conduct searches on the Internet use Google and it is therefore important for San Sac that the company name appears here. The company also occasionally searches the Internet with key words of the industry they operate in to see what actors they can find in different countries. However, the CEO argues that they prefer to advertise in industry specific magazines, or contact the special interest organisations for e.g. municipalities in and outside Sweden instead of register in databases or advertise on the Internet. Networking and scanning the company network of contacts is however the tools that San Sac is most likely to use if searching for new business partners in the future.

*"In the B2B market, almost all actors are aware about each other after a few years in the business"*

Since the Nordic market which San Sac has targeted is narrow, the CEO claims that he only needs to make a few phone calls before having mapped all the distributors or agents in the market.

## 4.7 Scandinavian Eyewear

*Personal Interview with Ingela Carlson, export director, April 18<sup>th</sup> 2007*



Scandinavian Eyewear was founded in 1948 in Jönköping and is a company selling glasses. The company has an annual turnover of around 90 million SEK of which exports constitute for about 50 percent. The company has today 31 employees and a global engagement as it is present through agents and distributors in most countries in Europe (including Russia, Baltic countries, Western and Southern Europe), Japan, Uruguay, Canada, and USA.

### 4.7.1 The internationalisation process

Scandinavian Eyewear has had export activities for about twenty years. From the early start, the company had a sales subsidiary in Germany but this was only for a very short period of time. Today, employees at Scandinavian Eyewear cannot remember to where or to whom the first international sale was sold. However, they started out within one of the Nordic countries. The first countries of sales outside the Nordic countries were Germany and the USA sometimes around 1990. However, Scandinavian Eyewear went through a major restructuring around year 2000 and according to the export director of the company, it is really since then that the actual internationalisation has taken place as the old structure does no longer exist. Since the restructuring, there is a clear vision and a goal of the company that it should become increasingly international. The first countries of export since this new structure was formed were Poland and Great Britain, which were entered about the same time. The contacts for these two expansions were found as they contacted Scandinavian Eyewear when the company attended a trade fair.

During the past years, Scandinavian Eyewear has actively been searching for new countries to enter and the motives behind this is a wish to expand geographically to cover places where the company is not present today. By expanding, the brand is becoming more well known and sales increase. Even if the Swedish market is the company's largest market, risk can be reduced by entering several countries.

### 4.7.2 Initiation of international relationships

Trade fairs are important to Scandinavian Eyewear and the large trade fairs for the eyewear industry are held in Milan and Paris. These fairs are a chance for people in the industry to meet and buyers get a chance to see what products they like to represent. The company has today a good reputation and this results in distributors and agents contacting the company as they want to sell the company's products. Maybe 75 percent of all distributors that contact the company do so because they have seen the products at trade fairs, and 25 percent contact Scandinavian Eyewear as they already know someone being a distributor or agent of the company's products. The company has five to six agents in each country and these contacts in turn have their network through which the company name can be spread. These networks are either national or global. The export manager at Scandinavian Eyewear expresses how she perceives a global network. First of all, there might be a number of local networks made up of social and business relationships. In these networks, people might be connected through educations, workplaces, business transactions, interests and so on.

However, as people from several local networks are connected to each other, a global network is created.

According to the export director of the company, contacts are important but a good reputation is even more important.

*“If a company has a good reputation abroad, they can enter the country without an established network”*

If Scandinavian Eyewear is not contacted by a distributor or agent the company needs to find one. One example is when the company wanted to enter the Japanese market. That time, Scandinavian Eyewear contacted the Swedish Trade Council for help to perform a market analysis. For Scandinavian Eyewear, there are often the same, big, actors present in most markets and therefore the company knows quite well what a market analysis by STC will give. In some countries, STC has helped Scandinavian Eyewear to advertise in newspapers for agents. After the agents and distributors have been identified, Scandinavian Eyewear goes to meet the possible distributors and agents personally.

## 4.8 Swedish Herbal Institute

*Personal Interview with Marcus Jacobsson, deputy managing director, April 13<sup>th</sup> 2007*



The Swedish herbal institute (SHI, or Svenska Örtmedicinska institutet) is a family business run by the founder Georg Wikman and his wife. The company was founded in 1975 in Göteborg and produces herbal medicines that reduce mental stress, increase mental work capacity, prevent colds, and increases well-being. The products are developed by the founder who has a strong interest in the field of herbal medicine research. The company has 22 employees, an annual turnover of about 50 million SEK and the exports constitute 20 percent of total sales. The company has international engagements in Sweden, Norway, Denmark, France, Japan, USA, Italy, and Iceland, and is in the process of entering Poland, Canada, and Germany.

### 4.8.1 The internationalisation process

The first country that SHI entered was Denmark in 1979. This first step, as well as the other market entrances at this time, took place as people interested in the products contacted the founder with a wish to sell. The early stages of the internationalisation were not very planned but rather the outcome of social relations.

*“The founder was contacted by potential partners and if he felt trust in them, he decided to go for it.”*

At that time, the company was more focused on research than on selling and distributors were allowed to sell the company's products if they could do it without help. Today, the company has a more active approach and search for new business partners. Possible distributors are evaluated before cooperation. Overall, the company is more driven towards selling and has plans for further expansion with more sales abroad. As a step in this direction, the company is presently working on its entrance into Canada, Poland, and Germany.

Sweden is, and has always been, the key market for SHI and stands today for 80 percent of sales. An internationalisation has therefore never been necessary for the survival of the company. However, the deputy managing director of SHI can see benefits with foreign expansion as being present in several markets reduces the risk and give higher sales. Thus, the company can achieve economies of scale which is important as they have high fixed production costs.

When SHI wants to enter a new country, the following variables are considered:

- A market in which they have a distributor they believe in
- A market with potential in terms of purchasing power and size
- Close geographical distance because they are easier to enter
- Low trade barriers of entrance and regulations concerning herbal medicine

### 4.8.2 Initiation of international relationships

SHI conducts much research in the area of herbal medicine and the company name appear in a lot of research when searching the Internet. This research is also published in different research journals. Because of this, the company name is rather well known among researchers, and serious business people in the field know about the company. However, since the distributors are the ones that take care of the marketing activities, the company

name is not very well known among end-consumers. Instead the company's products e.g. Kan Jang and Chi-San are recognized. The good reputation is an advantage when searching for business partners and the company is often contacted by companies that want to sell its products. However, it also happens that SHI wishes to enter a new market and is in need to search for a partner. When searching for new business partners abroad, the company has experienced several problems. From the beginning, the company did not have resources enough to support and follow up the work of distributors. With time, they have found that it is important to educate the distributors and to verify that contracts are followed and no products are copied.

The search for new international business partners is explained by the deputy managing director as a hierarchy of different lines of actions that SHI can take.

1. Has the company been contacted by any company? Can this company become a potential partner?
2. The company searches its network to see if it can get any recommendations of suitable business partners to contact.
3. The company uses organisations and consultants such as the Swedish Trade Council to perform a market analysis.
4. The company performs a market analysis on its own.

Thus, when SHI is not contacted by someone who can take its products abroad, the company uses its network to search for a partner. SHI is working with the network of contacts that the founder of the company, Georg Wikman, has built. He has been active in the industry for 35 years and by asking around, the company can get recommendations of interesting companies to contact. When choosing new countries to enter, SHI has found that the difficulty in entering a new country depends on existing contacts. Some countries that are generally hard to enter have not been a problem to the company as they have had good contacts helping out.

As a third step, the company uses organisations and consultant as a help. SHI has used the Swedish Trade Council, which can offer companies packages for starting up in new markets. STC has consultants with specific market knowledge and together with these, SHI develops a search profile. After this STC performs a market analysis of what actors are important in the market and what channels are used for selling the products. Then STC starts contacting potential companies that SHI and STC together have evaluated as suitable. After evaluation, interesting companies will be contacted and some will be selected for a personal visit. In this meeting, discussions are held regarding if the companies believe in each others business concepts and products.

Besides STC, SHI has used independent consultants with a good network when entering new markets. These can be persons that have worked for a long time in the industry and know a lot of people that can give advice. An example of such a consultant is given in SHI's entrance into Canada, as the company used a consultant that had been director of the industry specific organisation of herbal medicines in Canada. This consultant was found through an old contact with the founder of the American industry specific organisation of herbal medicines, and the deputy managing director of SHI points out that networking and recommendations are essential for finding consultants like this. SHI has also used consultants from the Chamber of Commerce and attended their seminars for companies interested in expanding abroad.

As a fourth approach to finding a business partner, SHI performs its own market analysis for possible customers. Distributors that the company has contacted after performing such an analysis have always been interested in having a discussion with SHI as the company is well known in the industry.

Besides the four approaches presented, SHI has also used the Internet, and Google, as a search tool when looking for a specific company or product that they have heard about. According to the deputy managing director, finding actors without having a network of contacts to help has never been easier due to the Internet. At the same time, personal relations are important for the collaborating parties to be able to decide if they have the same goals. One cannot just simply search the Internet to find partners as anybody can say anything on their homepage.

*“The internet only gives a name of a company, but personal contact are important as they can verify if the actor is good or not.”*

Further, the deputy managing director adds the company has used databases to search for new business partners but this was a long time ago and did not result in anything.

## 4.9 Swemac Medical Appliances AB

*Personal interview with Leif Schwan, CEO. April 25<sup>th</sup> 2007*



Swemac was founded in 1982 in Linköping and is part of the Swedish company group Scanflex International. The company produces and markets mobile x-ray TV-systems used in orthopaedic surgery and especially for hip fractures. The product makes it possible to increase security and decrease the time of surgical operations. The product is unique, but faces competition from substituting methods of hip surgeries. The company has nine employees and an annual turnover of about 33 million SEK. Exports constitute about 95 percent of the company sales and the company is today present with distributors in twenty countries world wide and with sales persons in three countries. Sweden and Norway are considered as home markets for the company and the second largest export country is China followed by the Middle East.

### 4.9.1 The internationalisation process

Swemac had already in the early stages evaluated Asia and the Middle East as important markets for the company to focus its exports on. These markets were emerging and growing whereas the large medical markets in Europe; France and Germany, were already dominated by large competitors and local producers. Anyhow, circumstances and contacts resulted in exports to a German distributor in the early 1980s. Generally, the company is actively searching for distributors but the choice of distributor is a result of contacts, which have often been the underlying factor of the company's market expansions.

*"When we establish a relationship with the right person from the right company, the country of operations is less important as long as there is a demand."*

Thus, the choice of country in the company's early internationalisation was not very active, but rather a response to emerging contacts and unsolicited orders.

*"Customers were practically knocking on our door, asking for permission to sell our products"*

Later on, the company took a more active strategy to export its products and this included scanning new markets from home to get a picture of the potential, actors and other market information. The company is today present in several countries in Asia and the Middle East, as well as in Europe.

Even if the first step in Swemac's internationalisation does not appear as very planned, the CEO of the company says an internationalisation was necessary as the Swedish market alone was too small to be viable. Through internationalising, the company could reach increased sales volumes, which is important in order to decrease the cost of production.

### 4.9.2 Initiation of international relationships

Swemac is mainly using distributors when expanding into new countries and the company is generally active in its search for new partners. According to the CEO of Swemac, the company's network has been the main tool for internationalisation and in order to create these contacts, Swemac attends trade fairs and use personal recommendations from existing contacts.

Swemac attends international trade fairs maybe once or twice every year and there is a large trade fair in Düsseldorf at which medical companies from all around the world meet to show their products. This fair is a good way for reaching actors in the industry, such as distributors and other partners, and for creating an interest in the company's products. Trade fairs are also good as personal contacts are important in the business and potential customers and distributors are visited in person. According to the CEO of Swemac, trade fairs are especially important for companies in the early stages of the internationalisation process to create a network.

When using already existing contacts, the company might approach customers and ask which local distributors or agents they have good experiences from. Swemac might start out by asking a professor in an orthopaedic clinic in Madrid to recommend a distributor. Like this, Swemac then continue to find people engaged in the specific industry in which the company operates.

Local and international orthopaedic organisations often arrange seminars and exhibitions attracting Swemac's target customers. "Seminar-meetings" in which important professors and leading actors in the industry are present, as well as industry specific organisation like "Efforts for European federation of orthopaedics" are the most important tools for Swemac while expanding its international network.

Swemac has also conducted its own market analysis of specific countries of interest. This was for example done as the company's sales person in the Netherlands was appointed to map three countries and deliver an overview of the big actors of interest, hospitals, and the countries' governance structure of health institutions. Further, the company has been looking at who is distributing their larger competitors' products in a new market. These suppliers can be potential distributors of Swemac's products as well. When possible business partners are found, Swemac meets them face to face to evaluate them. Swemac has also searched the Internet but this has mostly been for the purpose of understanding "who is who" in the market. For this mapping, the company has used Google and key words like "medical technical distributors/agents" and so on.

New business partners are however not always actively found by Swemac but the company also faces orders and proposals from foreign countries. Swemac's primary tool of marketing is the reputation of the company and word of mouth. The company is operating in a niche market with a small number of actors involved.

*"The industry in which we operate is like a small duck pond where everybody knows each other"*

Further, customers might have seen Swemac's products on trade fairs, or Swedish doctors used to the company's products move abroad and demand their new workplace to invest in them. In hospitals, there are several parties that can influence the buying decision-making process. Usually the initiative is coming from managers of the orthopaedic department but the decision to buy may be executed by the municipalities. Customers may also contact Swemac as they have seen the company's advertisement in industry specific magazines such as the local industry paper Medtech. The company does however not advertise very often.

## 4.10 Tapflo AB

*Personal Interview with Håkan Ekstrand, director of international sales and marketing, April 5th 2007*



Tapflo was founded in 1985 in Kungälv and is a company that develops, manufactures and supplies air operated diaphragm pumps as well as centrifugal pumps for industrial fluid handling. The company has 46 employees and an annual turnover of 30 million SEK. The company is today present in 36 countries world wide with distributors in 20 countries and 16 subsidiaries.

### 4.10.1 The internationalisation process

Tapflo decided to internationalise in 1992 to Great Britain, which was entered through a distributor. Tapflo did not actively search for this UK distributor, but was contacted by him at a trade fair. This distributor started buying pumps from Tapflo, and resold them in the UK market. With time, this sales channel grew and today the company has a sales subsidiary in Great Britain. Next country of expansion was Germany, as yet another company contacted Tapflo at a trade fair and wanted to sell the company's products. This led to a meeting in Germany between Tapflo and the contact, and a business relationship started to be built.

Tapflo's internationalisation has much been characterised by that the company has been found by other actors. Yet another example of this is given by the start of Tapflo's exports to Ireland. This was initiated as Tapflo received an e-mail from an Irish company who had seen Tapflo's products at a trade fair and wanted to sell them in Ireland.

Europe, especially Northern and Central, was an important market in the early stages for the company. The first step in the internationalisation process was according to the director of international sales and marketing the hardest to take. At this time the company had little resources at hand and a failure would have resulted in large economical consequences. With time, expanding into new markets has become less risky as the company has previous knowledge, references, and more resources, which can allow them to take more risk. The hardest thing during the start up of international activities has been to enter markets that competitors have already entered. It is crucial to find reliable partners in new countries, and when competitors are already established in a country, they might have "taken" the very best partners.

*"It is important to find a partner in which you can trust and develop a long-term relationship with, as you need to transfer knowledge about the products to this person."*

The motive behind Tapflo's internationalisation was that the home market was too small for the company to survive and an expansion was possible as the company realised that there was a need for the product world wide. Another underlying factor to the company's internationalisation was that the competitors of the company were global, and Tapflo envisioned growing as big and global as them. At the time of the first international expansion, Tapflo was still a small company with only five employees, who all felt that an internationalisation would be an exciting step to take, and who enjoyed travelling the world. The employees had however not been working abroad before.

#### 4.10.2 Initiation of international relationships

According to the director of international sales and marketing, Tapflo has not worked actively to find business partners abroad but the company has been found by other actors, and grabbed opportunities when given.

Tapflo has used trade fairs as a tool to market the company and this has resulted in that many actors have found the company. The company is present in a few local fairs as well as Achema, a large trade fair held in Frankfurt every third year. According to the director of international sales and marketing, trade fairs are the most important tool for a company to use in the early stages of expansion.

*“To be seen on the Internet is good, but if you want to find a partner, such as a distributor, a trade fair is better no matter what market you wish to enter.”*

Trade fairs give a personal meeting and a picture of the person and company that you meet. However, small companies may not have enough employee resources to participate in trade fairs as they need to take care of the daily business. The director of international sales and marketing also feels that people present at trade fairs are not empowered to take decisions but are just there to represent and market a company. Thus, even though trade fairs have been an important tool for the company throughout its internationalisation, it is less used today.

Instead, the Internet has become a more important tool for the company as it is a low cost medium that many people have access to. This tool was not existent when the company started its international operations. Tapflo has used sponsored links in order to attract new contacts to the company's home page and many contacts call after having seen Tapflo on the Internet. According to the director of international sales and marketing, it is easier to find contacts today as the company name has become better known. The drawback with Internet is that it lacks the personal feeling that a trade fair can give. Internet gives a lot of written communication but little talk, and there is always a risk that what is written remains unnoticed for others. Tapflo also uses brochures and catalogues and other information materials to give to customers.

Tapflo has taken help from a number of organisations in its expansion. One helping organisation is Business Region Göteborg (BRG), which works with boosting business regionally as well as helping firms to internationalise. Further, the Swedish Trade Councils of the countries entered have been helpful and the company has also had some help from the Chamber of Commerce. For the expansion into South Africa and some East European regions, also SIDA has been an important organisation as it has projects in which it helps companies to start up in certain countries.

## 4.11 Databases

In the problem discussion introducing the thesis, we described how Chamber Trade has faced a decreased number of registrations in their database. Therefore, this chapter will discuss databases and the respondents' perceptions of a database as a tool for finding business partners. However, none of the respondents mentioned databases as a tool for finding business partners until we induced them to, by bringing up the subject.

Some of the companies have used databases in their search for new international business partners. These companies are SHI, Swemac, Pronova, Tapflo, and Scandinavian Eyewear. According to the deputy managing director of SHI, the company has used databases to search for business partners a long time ago. He himself does not believe in databases and is not interested in using it again.

*"It is hard to know if databases are up to date and if they contain all the companies in the market. It is also hard to know if the actors found in a database are serious"*

He even believes that companies marketing themselves in a database are the ones that have failed with their regular marketing and business activities. Thus, the database may contain actors that are less successful and therefore, the deputy managing director of SHI is reluctant to use them (Deputy managing director of SHI, 2007-04-13). The export director of Scandinavian Eyewear agrees to this in saying she is sceptic to databases as she is uncertain of how much databases are actually used by large actors. She states that by registering Scandinavian Eyewear in a database, the company would appear to be unsuccessful in finding distributors on its own and even appear to be a smaller company than it is. She further argues that Scandinavian Eyewear is looking for independent agents or distributors representing a number of brands. These actors would not publish any inquiries in a database saying they are looking new for brands to represent. Instead, the agents and distributors are likely to search at trade fairs. The database that Scandinavian Eyewear has experience from is a German database which, according to the export director, is probably the database of the German Chamber of Commerce. The export director describes how a database should be designed with more precise matching criteria between seller and buyer in order to be interesting (Export director of Scandinavian Eyewear, 2007-04-18).

The market manager of Innovativ Vision has used Kompass but is not sure about the quality of the results. A database would be of interest if it was complete and covered the entire wood industry. Further, it should preferably contain information about actors' contact details, type of production, end products, and sales volume. This is today possible to find but the market manager argues that general indexes often lack complete coverage of the industry and are not up to date. Therefore, industry specific magazines are more specific and reliable (Market manager of Innovativ Vision, 2007-04-05). Also Pronova has used the database Kompass to search for potential business partners. This search did not result in any contacts, and therefore, the export manager of Pronova says that using a database is not of current interest (Export manager at Pronova, 2007-04-18). The director of international sales and marketing of Tapflo agrees since their search in databases did not result in anything either. Another reason for his reluctance is that the company has built up its own extensive CRM system of customer contacts. Further, he argues that it would be hard for Tapflo to create an appropriate search profile to add in the database. The industry the company operates in is broad and the company does not know how to define what they are looking for. Instead, the director of international sales and marketing thinks using databases is easier for companies with more specialised products (Director of international sales and marketing at Tapflo, 2007-04-05). This opposes statements from many of other re-

spondents who argue that databases are not specialised enough for their niche markets. The deputy managing director of SHI believes that a database is having too general search criteria which make it hard for a niche company like SHI to find appropriate distributors. Instead he advocates industry specific organisations as they have a better understanding of the specific business industry (Deputy managing director of SHI, 2007-04-13). San Sac has not used databases as a search tool for new business partners abroad as the CEO of the company says the industry in which the company operates is too narrow to benefit from a database. Since the number of actors operating in the industry in the Nordic countries is very small, the identification of agents and distributors is rather easy. The actors available all know each other after a few years in the industry and the information you want may therefore only be a few phone calls away. However, if a database was containing a search engine with key words it could be appealing (CEO of San Sac, 2007-04-25).

Leather Master describes how a database could be helpful in some cases. For example if they are searching for new target groups not considered today. The company is producing care and repair products for furniture and if they would try to target for examples cleaning companies, a databases could be an interesting tool to use to find these companies. In order for a database to be helpful for Leather Master, the search criteria should divide the furniture industry due to fabric. Further, they need to know how large the actors are and a certification of their seriousness would be helpful (Market manager at Leather Master, 2007-04-18).

## 5 Analysis

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*The following chapter will discuss the empirical data gathered and apply theories from the frame of references. The reader will be introduced to why the companies' first contacts were initiated and how this took place. Further, a discussion on how firms' international relationships are initiated in general will be presented with a focus on what channels are used. The chapter will end with a discussion around the typical procedure of a small Swedish firms' internationalisation as well as the use of databases.*

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### 5.1 Motives behind the first internationalisation

According to theories by Root (1998), Albaum et al., (1998), and Ahorni (1996, cited in Törnroos 2002), companies' internationalisation can be either proactive or reactive. The motives behind the respondents' internationalisation will be discussed in this chapter in order to understand the underlying reasons for the initiation of international relationships. This chapter concerns the first international contact that resulted in the company's first sale abroad.

#### 5.1.1 Reactive motives

When looking upon the empirical data gathered, we can see that most of the interviewed firms have been reactive in their first international step. This reaction has in eight out of ten times been triggered by an outside proposal. SHI, San Sac, Swemac, BUBS, Tapflo, Prido, Leather Master and Scandinavian Eyewear have all been contacted by a foreign customer wanting to buy the company's products. Due to this, we can conclude that the empirical data gathered is consistent with Törnroos (2002) stating that an outside proposal is the highest ranked motive for firms' internationalisation. Also Elo (2005) acknowledge the fact that foreign customers can trigger firms' internationalisation with a proposal and pull the SME into a foreign market. Further in line with our empirical data, Young (1987) says that companies starting out their internationalisation through export often respond to reactive factors. BUBS and San Sac were not actively looking for internationalisation but foreign customers who liked their products placed an order after trial. In BUBS's case, a Finnish woman tasted the company's candy in Sweden and brought it to the candy market in Finland. For San Sac, the company's sister organisation had been selling San Sac products in Norway and when they stopped, a Norwegian agent turned to San Sac instead and placed an order which resulted in their first foreign sales. The triggering factor behind each respondent's internationalisation is shown in the model below, dividing the motives into internal, external, proactive and reactive according to Albaum et al. (1998).

	Internal	External
Proactive	<b>Innovativ Vision</b> – Managerial urge & Unique product technology <b>Pronova</b> – Managerial urge	
Reactive		<b>Pronova</b> – small home market <b>Swemac</b> -Unsolicited order <b>SHI</b> – Unsolicited order <b>San Sac</b> – Unsolicited order <b>BUBS</b> – Unsolicited order <b>Tapflo</b> – Unsolicited order <b>Prido</b> – Unsolicited Order <b>Leather Master</b> – Unsolicited order <b>Scandinavian Eyewear</b> – Unsolicited order

Figure 8 Respondents proactive and reactive motives for internationalisation.

Thus, it can be assumed that many small Swedish firms do not actively seek an internationalisation or proactively look for foreign customers. However, Albaum’s model might not convey firms’ actual attitudes towards internationalisation as it does not illustrate if firms are actively searching for international business partners but not succeeding. Firms that have internationalised as a result of a reactive motive can still have had an active intention to internationalise. For example Swemac was searching for international engagements in Asia and the Middle East since they saw growth opportunities in the health care sector in other countries than Sweden. They could therefore have been placed in the proactive, external box with “foreign market opportunities” as the triggering motive. However, the triggering factor for their first international sale was due to an outside proposal from Germany. Hence, they are in our model stated to have a reactive motive for internationalisation but seen as having an active approach towards internationalization. Therefore, we have created another figure which should complement the one above, including the companies’ attitude and approach towards internationalisation:

COMPANY	Active approach to internationalise at time for the first international contact?
BUBS	No
Innovativ Vision	Yes
Leather Master	Yes
Prido	No
Pronova	Yes
San Sac	No
Scandinavian Eyewear	Yes
SHI	No
Swemac	Yes
Tapflo	Yes

Table 2 Respondents active approach towards internationalization.

Attending a trade fair can for example be seen as a proactive action in order to seek or attract international contacts. The result of the trade fair might however be that an international customer contacts the Swedish company and places an order. This has been the case for Tapflo, Scandinavian Eyewear, and Leather Master where an outside proposal does not show the active internationalisation strategy.

We can therefore state that many Swedish firms have taken actions in order to trigger an international demand, but that the creation of the relationship often depends on a reaction to unsolicited orders. The intention from the Swedish supplier is thus more proactive than conveyed and there are several aspects behind why firms do internationalise. Further, we can conclude that marketing actions that create international demand or awareness about the firm's products are important as Customer Initiated Contacts(CIC) often lead to international relationships. Accordingly, this thesis can not only look at sellers' actions for finding customers, but also their marketing actions undertaken to attract customers. This will help us to understand how small Swedish companies find downstream business partners.

### **5.1.2 Proactive motives**

The empirical data has also shown two firms with features of a more proactive internationalisation strategy and partner seeking behaviour. Innovativ Vision and Pronova were both driven by a managerial urge to internationalise at an early stage. Innovativ Vision's first sale abroad was due to the company's unique product technology competence. This is according to Albaum (1998) an internal and proactive motive for internationalisation. Innovativ Vision can therefore be considered a "Born Global". According to Madsen and Servias (1997; cited in Lagrosen & Svensson, 2006) the increasing role of niche markets and advances in product technology are underlying factors to this phenomena, which is describing Innovativ Vision well. The market manager of Innovativ Vision described how the founders had to actively search outside the borders to find a company that could make use of the company's specific technology. Further, Loane and Bell (2004) say that product life cycles are becoming shorter and shorter and this force companies to internationalise at an early stage. It seems like companies with highly technological products, like the ones of Innovativ Vision, have to seek a customer group on a global scale.

Another example of an early internationalisation due to a very specialised and technical product is Swemac. Early on, the company understood that an internationalisation was needed in order to survive as the Swedish niche market was too limited for future growth. Even if Swemac was not internationalising from the first day, they show features in common with Born Globals and oppose classic internationalisation models proposing a step-wise internationalisation to close countries. Swemac's strategy was instead to expand in Middle East and Asia.

As mentioned above, like Innovativ Vision, Pronova was at the time for the first international step characterised by having a managerial/employee urge for internationalisation. However, an underlying motive for Pronova was the limits of the home market, which according to Albaum is an external and reactive behaviour. Due to the dual nature of Pronova's motives, the company is a good illustration of the internationalisation theory provided by Ahorni (1996 cited in Törnroos 2002). He states that internationalisation is often a result of triggering events together with the firm's social system where the internal employees' influences have an effect on outcome. This has been the case for many companies as they often do not have only one motive for internationalisation. Often companies

perceive internationalisation as something positive but the first sales abroad is triggered by an outside event and a CIC.

## 5.2 Through what channels were the first contacts initiated?

As the underlying and often dual nature of motives and attitudes to firms' internationalisation has been examined, we can move on to discuss what channels were used when the contact was initiated. Looking at the empirical data, we can conclude that trade fairs and networks were the most common and effective means for the initiation of international relationships. Since eight companies were triggered by outside proposals, we can further conclude that networks and trade fairs are effective channels for creating CIC. Tapflo, Scandinavian Eyewear (when considering the internationalisation after the restructuring of the company), and Leather Master were all contacted by foreign customers after participating on a trade fair. Contacts created within the network were reason behind San Sac's, Swemac's, SHI's, and Pronova's internationalisation. Tapflo stresses that a trade fair is an important medium in the early stages, both for companies searching for new customers, and for being found by customers.

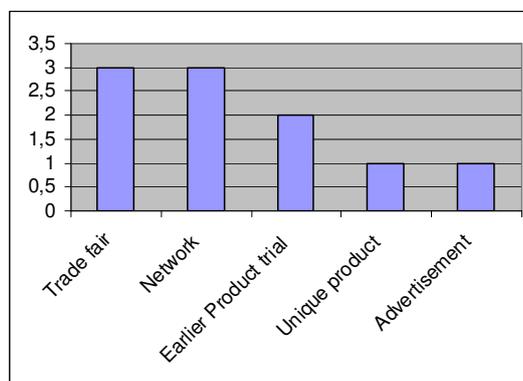


Table 3 Channels used during the initiation of the first contact.

Networks have created international relationships in both a downstream (seller-buyer) and upstream (buyer-seller) direction. Our respondents have *been found* as well as *used it to find* customers. Swemac was responding to unsolicited orders from their contacts' contact which resulted in export to Germany. Thus, we can see that the indirect contacts (Mattson, 1986; Blankenburg & Johnson, 1992), or as mentioned by Uzzi, (1997) the second order network, is useful for companies that want to be found by other business actors in the early stages of internationalisation. Pronova found its Danish licensee in this way, through recommendations from existing contacts within its network. This supports Granovetter's (1973) theory of "the strength of weak ties" saying that it is the common acquaintance of the two companies that leads to the establishment of new business opportunities.

Not only business contacts but also social contacts have been the mean for the creation of the first international expansion. For SHI, the first step towards internationalisation was taken as the founder was contacted by people who wanted to sell the company's products. Just as Gillespie et al., (2004) suggest, social relationships are important for interaction between companies and in the case of SHI, these social relations were what triggered the entire internationalisation process of the company.

Advertisements were only mentioned once in the empirical data as the tool for the first international contact to arise. Prido's export was initiated by a customer responding to an ad-

vertisement in a magazine for the agricultural industry. According to the Industrial Marketing Committee Review Board (1954), trade and business publications are good tools for advertising within B2B. Our empirical data illustrates that advertising has only resulted in foreign relationship for one respondent. However, it might be the case that several companies had advertised and created awareness about the product which resulted in foreign demand even if the actual order was created through networks or at trade fairs. We assume that for the purpose of internationalisation, advertising can be used as a complementary tool for creating awareness around a company's name and product within the industry. However, our empirical findings suggest that personal interaction at trade fairs or between contacts within a network is a more effective way for initiating the first international partnership outside Sweden than advertising.

When analysing our respondents' actions to initiate international relationships, we can identify other tendencies concerning their internationalisation process. The first country of export for all companies was one with close psychic distance from Sweden. Predominately, Norway has been the first country of entrance followed by Denmark. This is in line with the Uppsala model by Johansson and Wiedersheim-Paul (1975) stating the companies internationalise in a stepwise process to psychologically close countries. Further, the companies in our research have all started out with small commitment as they have exported mainly to agents and distributors. With time, some of these companies have established sales subsidiaries, even if most of them still remain at the export stage. Thus, the Uppsala model with its description of a stepwise internationalisation process to psychologically close countries can be confirmed. Hence, despite of the age of the model, it has still an important allocation to the field of internationalisation theory. Also describing internationalisation by network theory is valid as all firms are engaged in, and affected by, international networks. This is analysed further in section 5.3.1.

As described before, only Innovativ Vision and Swemac differ from the Uppsala model showing features of Born Global. Innovativ Vision does not follow the Uppsala model which describes how firms start with only Swedish engagements. Innovativ Vision started their business by exporting to Norway. However, the export manager state that they prefer to expand to countries close to Sweden in line with the Uppsala Model. It should further also be mentioned that their next international engagement after Norway took some years. Swemac is therefore the company that differs most from the Uppsala model as they have always had a focus on countries with far psychic distance from the Swedish culture and location. However, both companies are internationalising in a stepwise process with increased international engagement over time.

### **5.3 What channels are used to find business partners?**

After the analysis above, concerning how and why *the first* international relationships generating sales were created, this section and the remaining part of the analysis will focus on how firms find international partners in general. With general we mean subsequent international engagements after the first contact. As discussed before, the reason for examining the first and general relationships separately is to verify if there are any differences in how they were established and what channels were used.

Table 3 below shows what channels the companies in our empirical data have used when actively searching for international partners.

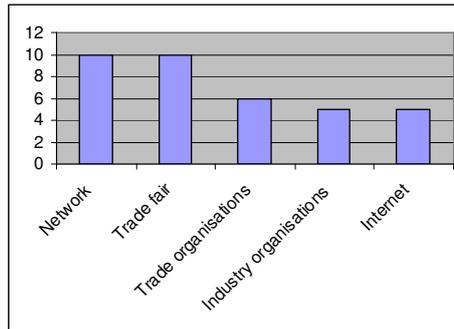


Table 4 Channels used when searching for business partners

As you see, networks and trade fairs are the most used channels but trade organisations, industry organisations, and the Internet have been used as well. Therefore we can conclude that there are few differences between the channels used the first time and later stages of internationalisation. Network and trade fairs have been the most important means for subsequent internationalisation in general as well. However, compared to table 2, this table also shows that trade- and industry organisations as well as internet have generated international sale at subsequent stages. It also has to be considered that internet is a recent phenomenon that was not exploited during the first years of our respondents' internationalisation. Another difference that can be identified is that during more recent years, many companies have taken on a more active approach towards the search for business partners. Today a majority of the companies, Innovativ Vision, Scandinavian Eyewear, Swemac, Leather Master, and SHI, are actively searching for business partners abroad.

According to the theory by Bowman and Narayandas (2001) it is not only the sellers that look for new customers but Customer Initiated Contacts (CIC) are common as well. By assessing the empirical data gathered for this thesis, we can not conclude otherwise. As internationalisation has continued, the number of outside proposals has remained high. We therefore believe that one very important way to initiate international relationships might be the actions a company takes to be recognized and found by foreign customers. Based on our empirical study, the following channels have resulted in that foreign CIC has appeared for our companies; networks, reputation, trade fairs, and the Internet. These channels are shown in the table below.

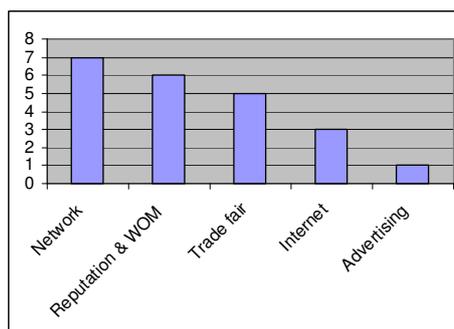


Table 5 Channels that have generated CIC.

The channels displayed in table 3 and 4 will be analysed below. The analysis will interchangeably discuss the channels' importance as a mean for a seller to find a customer, as well as for creating CIC. For both the process of searching and attracting customers, networks and trade fairs have been of highest significance. However, trade organisations such

as the Swedish Trade Council and the Chamber of Commerce are only used for a proactive internationalisation and search process, whereas WOM and reputations are important factors behind CIC. Internet has been used for both purposes. Advertising will not be discussed under a separate heading. Instead, it will be discussed under the headings “reputation” and “industry organisations”.

### 5.3.1 Networks

In the discussions with the respondents, networks came up in many different circumstances. All companies had made use of existing relationships and contacts in the creation of new.

As all our respondents discuss relationships and networks as a prominent way of creating new ones, it can be seen as the overarching mean for creating international B2B relationships. Several companies mentioned how networks were created by the means visualised in the figure below. The means placed in the network arch are also means to find international contacts on their own.

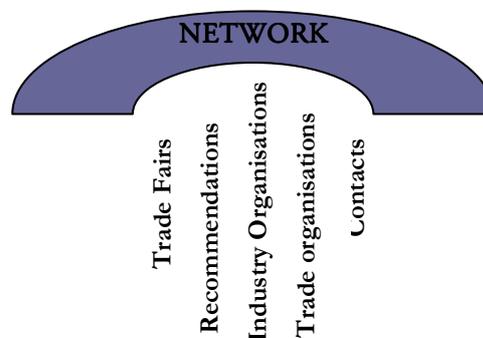


Figure 9 The creation of networks.

One example that illustrates the model above is Swemac. They argue that their network is created by the usage of *trade fairs* where the people within the industry are present, by existing *contacts* (e.g. doctors, other customers, and hospital professors who can recommend a distributor), and *industry organisations* (seminar meetings and exhibitions). Or it might be a doctor that has used their methods and want to bring it to a new hospital in another country that *recommends* the hospital department to buy one from Swemac.

Our empirical investigation affirms the network theory (e.g. Mattson, 1986; Håkansson & Snehota, 1995; Harrison & Håkansson, 2006) and agrees that taking a network perspective when describing the internationalisation process seems valid. However, it is hard to identify signs of companies combining their resources or activities with other firms to create new combinations of resources and competitive advantage as described by Harrison and Håkansson (2006), and Herrera-Bernal et al. (2002). This is probably since none of our respondents have engaged in strategic alliances or joint-ventures but long-term relationships with downstream customers. However, we have identified two resource combining activities. First we can see that our respondents have made use of their customers’ resources, activities and network when it comes to distribution. Further, the Swedish sellers have made use of their customers’ local or international market knowledge and network. This is inline with Turnbull (1979), who argues that international partnerships can help out with e.g. cultural, social, and economic hinders in a foreign country. The model below describes how

the Swedish seller benefits from their international partner's activities. The model is illustrated by Pronova.

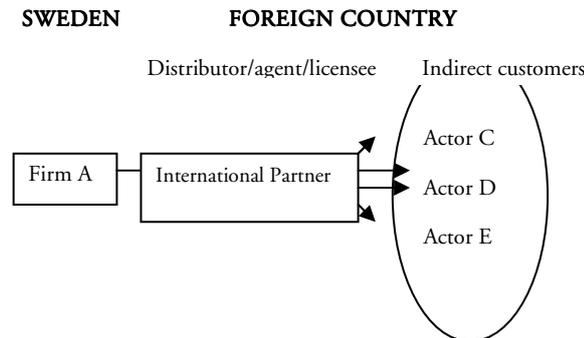


Figure 10 Benefits with international partner's net of contacts.

Pronova's first customer, a licensee in Denmark, had a large network of clients in several countries. When Pronova started to sell to this licensee, they also benefited from the licensee's great number of customers. By knowing one (here illustrated by the international partner in the figure), Pronova reached many (actor C, D, E, and F) who indirectly became customers of Pronova (Firm A). This was discussed already in 1986 by Mattson when he stated that firms' access their partners' partner through indirect relationships (Johnsen & Johnsen, 1999) (further discussed in the chapter below). As explained by Herrera-Bernal et al. (2002), this is valuable for a small firm that does not have many resources to commit to their foreign expansion.

Another type of exchange between the international partners that we have identified is diffusion of knowledge. Our respondents often transfer knowledge to their customers by giving them training and access to product information. Tapflo and SHI discuss the importance of finding the right customer since they provide them with knowledge. SHI has experienced problems with distributors early in their internationalisation process and are more cautious in their selection of partners today. Several of the interviewed companies prove that sales between a B2B seller and buyer involve more than a single transaction. San Sac, Swemac, Pronova, and Innovativ Vision all show this long term thinking as they all provide their clients with training. Therefore, it can be argued that downstream partners gain from being part of a long-term business relationship with a supplier.

### 5.3.1.1 Second order network-strength of weak ties

The model above can also be seen as an illustration of how the Swedish sellers access their international customers' second order network. Mattson (1986) argues that a firm often accesses partners' partners through indirect relationships (cited in Johnsen & Johnsen, 1999), and this is also confirmed by Uzzi (1997). In his theory, Uzzi describes that a firm starts out by networking within its first order network in order to reach its second order network, and thus contacts' contacts. One empirical illustration to this is given by Swemac, in their description of how they often start out by contacting one actor within the industry in order to ask around for this actor's contacts. Accordingly, Swemac is actively trying to make use of what Granovetter (1979) calls the strength of weak ties. This theory describes how firms' connections on the micro level can bring relations on the macro level.

Besides for sellers to find customers, the empirical data show many examples of how Customer Initiated Contacts have been created through the second order network and the strength of weak ties. BUBS was contacted by a customer through its second order network as their first Finnish customer was the link between the second customer (a Finnish retailer) and BUBS. For Innovativ Vision, the first order network (the company's customers), are key as they recommend the company to others in their own network. In this way, Innovativ Vision's second order network is likely to become customers of the company as well. This is also the case of Pronova, as old customers sometimes bring new customers to trade fairs. Further, Scandinavian Eyewear mentions that they are sometimes contacted by new distributors that know someone that is already a distributor of the company. Thus, we can see, in line with theory by Uzzi (1997), that the second order network is important for creating market opportunities.

The empirical data also suggests that networks go beyond borders. The export manager at Scandinavian Eyewear expresses how she perceives a global network. First of all, there might be a number of local networks made up of social and business relationships. In these networks, people might be connected through educations, workplaces, business transactions, interests and so on. However, as people from several local networks are connected to each other, a global network is created. This is affirmed by the CEO of Swemac in explaining how the company's industry organisation holds seminars and exhibitions with professors within orthopaedics from all over the world.

### **5.3.1.2 Social Networks**

According to theory by Gillespie et al. (2004), not only business networks should be considered but also social networks are important in business to business relationships. This theory further suggests that business and social interactions take place at the same time. Due to this, it is hard for us to deeply examine the companies' social interactions and look at social and business relationships separately. In most cases, we only know about the business interaction but little about what was created through social relationships. However, some of the companies in the empirical data claim that social relationships are important for the creation of new ones. For Pronova, former customers are still part of their social network. The export manager at Pronova describes how the former customers visit their exhibition stand at trade fairs and friends and colleagues they bring along occasionally start to buy from Pronova as well. Trade fairs and personal selling can be identified as means creating social interaction that can result in relationships.

San Sac emphasises that by focusing on personal selling, the company can get advantages in comparison to its competitors. During the sales meeting, they can explain and discuss their products, examine their customers' needs, and give them training which is important according to Webster (1979). By identifying customer needs, San Sac can design an appropriate package of products. Industrial Marketing Committee Review Board (1954) stresses the importance of meeting customers' expectations, since only satisfactory product performance results in a re-buy. We believe that social interactions lead to that the parties within the relationship are more likely to be pleased, feel trust and commitment to each other. This will probably nurture a long-term engagement, as discussed by Turnbull (1979).

For SHI, personal relationships are important as they can provide recommendations about new potential partners. In this way, social relations are often the decisive factor for selecting new partners. Next part will look more in detail on the importance of recommendations for companies to initiate new international relationships.

### 5.3.1.3 Recommendations

Recommendations usually arise in a network and several respondents argue that contacts are important when searching for business partners. Kotler (2002) discuss the role of recommendations by stating that customers might phone existing contacts in order to get recommendations about potential partners. We have seen that finding new customers through contacts give a certain level of guarantee that the future partner will be trustworthy, serious, and of high potential. For Swemac the choice of partner depends on personal recommendations from existing contacts within the network. SHI says that the company's primary way to find international business partners is to search their network for recommendations about distributors to contact. BUBS also stresses the importance of recommendations from contacts by stating that in order to attain information about distributors abroad, the company asks its suppliers for recommendations of international distribution channels they are aware of. Also Tapflo and Leather Master describe how they start out by searching its network for recommendations while considering a new market entry. All these examples show that recommendations are important for firms to use when searching for new business partners.

However, the empirical data also suggests that recommendations are important for our Swedish firms in order to be found by foreign actors. An example of this is San Sac, which is not actively searching for internationalisation. The company's supplier recommended a potential Finnish customer to contact San Sac and this ultimately resulted in sales in Finland. Also Innovativ Vision mentions customers recommending the company's products to each other within the wood industry. Former customers even show their products bought from Innovativ Vision for potential ones in action at their production plant. In fact, the market manager says that after the company has sold its first product in a cluster, *"sales are spread like rings on open water."* Consequently, current customers' WOM lead to new sales and customer relationships. Ford (1980) argues that buyers often stick to sources and suppliers they are familiar with. Recommendation can be a way to decrease the distance to new ones. As illustrated by Innovativ Vision, former customers' recommendations and displaying of products can make it more likely that customers starts to buy from Innovativ Vision.

### 5.3.2 Reputation

Recommendations and reputation can be hard to distinguish between as recommendations can lead to that reputation is created. Webster (1979) argues that B2B buying motives are mostly rational, which is also confirmed by San Sac. Consequently, we can assume that reputation is created due to a strong product offer that existing users are satisfied with. We believe that a strong product offer and high quality products are key issues for creating a good reputation and thus foreign opportunities. Further, industrial purchasing concerns larger quantities and higher value contracts than B2C (Webster, 1979). A purchase from the wrong seller will probably create more damage for a company than for an individual buying only one single product. Accordingly, a good reputation might be a decisive factor for an international buyer when considering a new supplier.

The exporting director of Scandinavian Eyewear says that contacts are important for a company as it is a way to find and be found by new customers through recommendations. However, she further adds that reputation can be even more important to a company and attract new customers far outside the networks. In other words, reputation and WOM can create Customer Initiated Contacts outside the reach of a company's network. According to Granovetter (1985) reputation is crucial in B2B and firms prefer doing business with

companies of known reputation. This importance of reputation is also confirmed in our empirical data.

Many of the interviewed companies say they do not need to search for customers as the company is so well known. Actors in the industry have heard about the company's products and/or brand name and contact them as they want to buy. One of these companies is SHI, whose deputy managing director says the company devotes little time and resources to marketing activities or activities for searching new partners. Instead, the company is contacted as it is well known within the industry through its research published in industry specific magazines and research journals. Also San Sac and Tapflo have experienced CIC due to the company reputation. The CEO of San Sac says that as a B2B company has reached a certain stage of maturity, it does not need to actively search for business partners but benefit from WOM. This attracts new customers and is, just as Webster (1979) mentions, a way for customers to form a perception without having direct contact with the company.

One way that companies can try to affect the customers' perception of the company can be through advertising. Prido, San Sac, and Swemac have mentioned that advertising in industry specific magazines is a way to create awareness about their products. However, advertising is the channel that is least used with the purpose of finding new business partners in our empirical data. Only Scandinavian Eyewear, with the help of STC, has used advertisements to look for distributors in a new market. SHI states that due to their R&D orientation, their products do not have to be advertised as they are discussed in articles in industry related magazines. Thus, as described by Jansson (2006) and Webster (1979), the success of industrial marketing depends on other business functions than solely marketing, such as R&D, manufacturing, and engineering.

### 5.3.3 Trade Fairs

When talking about ways to actively find international business partners, all our respondents mention trade fairs. Our empirical data further show that trade fairs constitute a good marketing forum for CIC to appear as well. Therefore it can be considered to have double significance.

The director of international sales and marketing at Tapflo says that international trade fairs are the far most important tool for finding international contacts in the early stages. According to him, a trade fair is the best option for finding a partner *"(..) no matter what market you wish to enter."*

Further, the market manager of Leather Master adds that trade fairs constitute an important meeting point for networking which might result in future business opportunities.

Trade fairs are forums inviting to personal selling towards the right target group which is paramount in B2B (Turnbull, 1979). Since the visitors attending a trade fair are the ones that are genuinely interested in the industry products, the seller can here find organisations to target. As Jansson (2006) discuss, there are not that many companies to target in B2B marketing, so the main actors might be present at significant trade fairs. The possibility to conduct personal selling can be important since B2B products tend to be more complex, customised, and include a package of services (Webster, 1979).

A trade fair is a good forum for companies to show their products and spot new trends. We believe that some industries benefit more than others when it comes to having the pos-

sibility of showing real examples of their products on trade fairs. An example of this can be Scandinavian Eyewear working with design. 75 percent of their relationships with distributors are a result of distributors contacting them after having seen the company's products on a trade fair. For BUBS, a trade fair can be a possibility to give away samples and free trials which must be vital before a foreign company decides to import their products.

We further believe that trade fairs are crucial for companies with highly technological and complicated products. Two examples of this can be Innovativ Vision and Pronova, which have both used trade fairs. Trade fairs open up for interaction and discussion, and the exhibiting company is given the opportunity to explain the product and technique personally and in depth. This is further in line with theory by Turnbull (1979), saying that personal selling is key in B2B. The export manager of Pronova emphasises the importance that personal relationships play in trade fairs by saying that *"It is important to remember that a trade fair does not only give contacts between businesses but also contacts between people"*.

Turnbull (1979) continue by stating that face to face interaction is a way to exchange soft data, information, and develop trust. In B2B, the business transaction often concerns high value contracts and if the partnerships are expected to be of long-term nature, credibility and mutual agreements are important which can be created through personal interaction on trade fairs. It can be assumed that this is the true benefit with trade fairs, that they provide a forum for both social and business interaction. At the fairs, business people within the same industry interact and establish social relationships that can lead to business relationships in the future. For companies that are mature in the business, trade fairs might be used as a tool for presenting changing trends in the industry and innovative techniques.

Thus, by the empirical data we can conclude that trade fairs constitute a good marketing forum for CIC to appear as well as a forum for searching partners. However, it has to be pointed out that trade fairs have some drawbacks as well. As Tapflo points out, trade fairs are expensive. Further, in some cases, the people representing companies at the fair might not be the people that are empowered to take decisions. In this case, the efficiency of trade fairs as a marketing and search forum decreases.

#### **5.3.4 Trade organisations**

As described by Loane and Bell (2004) companies without their own export departments may need to buy knowledge and expertise from trade organisations. In our empirical data, the Swedish Trade Council is the trade organisation that is most frequently used for the purpose of acquiring knowledge. Several companies have used their services when entering a new country, or when having difficulties in finding an appropriate partner on their own.

BUBS is one of the companies that have been in contact with STC quite recently. The purpose with seeking help from STC was to get assistance in finding an appropriate partner in the Netherlands. We can see that BUBS does not have the employee experience or capacity within the company to actively work with foreign trade and analyse new potential markets on their own. Further, expansion abroad is not part of management goals. We therefore assume that buying services from STC helps the company access new market knowledge without engaging too much time and internal resources. Håkansson (2006) states that the risk of internationalisation can be reduced by external relationships with e.g. STC. We believe that by outsourcing the knowledge accumulation process, firms can continue to focus on their core business and buy the help they need for their internationalisation activities. According to Tapflo, STC's packages can be very useful for small firms as everything is taken care of by STC for a beneficial price. Even if the companies pay for this short-cut

to knowledge, it can be profitable since experiential country-specific knowledge is seen as costly (Carlson, 1974 cited in Eriksson et al., 1997).

Tapflo and Pronova have also been in contact with the Chamber of Commerce in their internationalisation. However, Pronova argues that in a later stage of the internationalisation, the company has already established a few contacts within a certain country and uses this network when expanding. STC and Chamber of Commerce possess large global networks that companies can make use of when expanding abroad. By buying access to their networks, firms can benefit from the trade organisations' and its individuals' learning systems. This is referred to as exploitative knowledge by Hohenthal (2001) which can be exemplified as trade organisations' contacts, individual skills, and market specific information.

The other companies with a more outspokenly active approach towards internationalisation have contacted STC for help to enter a specific market. SHI, Leather Master, BUBS, Innovativ Vision, Pronova and Scandinavian Eyewear have all used the help of STC in order to accumulate new knowledge about foreign markets and potential partners. However, as discussed by Hohenthal (2001) experiential country-specific knowledge can only be gained by the firms on their own. After a few investment cycles, the firms will become a successful actor in the market (Bartlett et al., 2004). If they outsource these activities, the firms might lose out on important market knowledge during the learning process. However, with time, the companies gain knowledge from their inter-organisational relationships abroad as claimed by Hohenthal (2001). Swedish seller learns from its customers' system of knowledge. Therefore, buying STC market analysis or accessing their network systems can be considered as valuable if the firm combines it with their own exploration of the new country as well.

Our empirical findings suggest that trade organisations are especially important for companies trying to enter unfamiliar markets with larger psychic distance than Northern Europe. If the respondents lack contacts in the new market trade organisations provide them with information about potential partners. An example of this can be Scandinavian Eyewear's entrance into Japan, where the company decided they needed the help of STC for a market analysis and in finding potential distributors. SHI say they contact STC for a market analysis rather than conducting their own. Often, a market analysis is done as a step one during the internationalisation into a new country followed by complementary means for gaining new market and industry knowledge. Additional knowledge is most often obtained from trade fairs, industry organisations, and existing business contacts in other markets.

### **5.3.5 Industry organisations**

Industry organisations can be a tool for buyer seller relationships to appear as they provide the industry actors with information about each other. According to our respondents, industry organisations may be national but often have a global network as several countries' industry organisations are connected and interact. Swemac explains how they attend industry specific meetings with lectures and exhibitions where both Swedish and international industry actors participate. SHI has made use of the network of their industry organisation. This as the company used a contact from the American herbal medicine organisation to find a consultant in the herbal medicine organisation in Canada. Also BUBS describes how their industry organisation (Sötvaruföreningen) has an important function as a network through which knowledge and experiences of for example export matters can be shared. According to Uzzi (1997), members within an embedded network are likely to help each other out without sanctions or contracts, but it is the second order network that brings new

ideas and make the firm progress. Industry organisations can be seen as a combination of first and second order network and thus, very important for the firm's growth. As all parties are gaining from knowledge sharing within an industry, industry organisation can assure that it takes place. The access to these systems of knowledge can facilitate the creation of business relationships (Hohenthal, 2001).

Since industry organisations reach out to the specific industry, advertising in industry magazines can be a good way to address the right target group. It might also be cost effective. Mass publicity campaigns are unusual in B2B marketing (Industrial Marketing Committee Review Board, 1954) and instead, advertising in industry specific magazines is common. Just in line with this theory, San Sac describes how they use their industry organisations' magazines for advertising as well as for reading about the latest news and actors within the industry. Further, the CEO of the company argues that these magazines are very effective as they are directed towards the company's target group.

Due to this, industry magazines can be seen effective for a specialised company operating in a niche market in comparison to mass campaigns. Of the companies interviewed, both Swemac and Innovativ Vision argue that they are specialised companies. Both acknowledge industry organisations as important for finding new business partners as well as for advertising. Innovativ Vision states that in some countries industry organisations play a vital role. In these markets Innovativ Vision use them for a successful market entrance.

### **5.3.6 Internet**

When it comes to Internet usage, respondents have used it as a tool for conducting market analysis, mapping industry actors, and scanning new markets. As stressed by Loane and Bell (2004), Internet can assist small firms who lack resources to gain access to global information. The search engine Google is primarily used in order to access external information as proposed by Gruman (2007). In a more mature stage of internationalisation we have seen that several respondents are more proactively looking for new partners. At this stage, the companies like for example Swemac are using the Internet to analyse potential customers. This is in line with Zucchella (2006), arguing that an international supply chain can be discovered and managed by the help of information communication technology (ICT). The Swedish suppliers primarily visit their potential customers' homepages, but Pronova also point out that internet published catalogues from trade fairs are interesting tools for identifying international actors. This is in line with Kotler (2002) stating that Internet provides small firms the chance to market themselves as well as be listen in on line catalogues giving the same premises as large companies with more resources.

However, it can also be identified that Internet is a tool that assists a company with a more passive internationalisation strategy. Prido for example, is not actively looking for foreign partners but with a good homepage and presence on the Internet, they can attract customers and international partners will knock on their door. BUBS affirms by stating that internet is a tool for evaluating customers that contact them. Internet is mentioned as one of the places where the companies asked have experienced CIC. Customers might have been directed to the seller's homepage after searching for their information on Google, or they might be directed by recommendations, reputation, or earlier interaction with the company. BUBS describes how they often refer their customers to their homepage. Prido is paying to get a better hit rate when potential customers search the Internet and receives online orders through its homepage. Tapflo has also used sponsored links and experienced a high rate of visitors on their homepage. Kotler (2002) acknowledge searching the Internet as one of the

ways in which customers can find suppliers, and according to Bowman and Narayandas (2001) CIC are getting more common as a result of the Internet, websites and e-mail.

However, our empirical data conclude that there are other ways to search for suppliers that appear to be more common than using the Internet. Internet might be more common in B2C marketing as personal interaction and face to face selling is important in B2B when considering large contacts (Turnbull, 1979; Webster, 1979). Tapflo mentions that the Internet has both benefits and drawbacks. It is a low-cost medium with global reach. As mentioned in theory, there are 1.1 billion Internet users in the world (Internet World Status, 2007) However, Tapflo continues by stating that communicating over internet lack personal interaction.

Accordingly, Internet can be seen as a tool that has to work together with other means that opens up for personal interaction. However, the relationships that are created at forums like trade fairs can be managed and assisted by ICT as proposed by Zucchella (2006). Internet is an inexpensive every-day tool in contrast to trade fairs. Thus, ICT is not something that replaces social interaction but rather something that complements it. As Lindstrand and Eriksson (2006) point out, trust and mutual commitment is crucial for a management of customer relations over the Internet and this can be provided by social interaction on a trade fair. It can further be a tool that facilitates the interaction within a network as proposed by Loane and Bell (2004). Uzzi (1997) affirms by stating that the number of weak ties increase with ICT.

## 5.4 Discussion

We have seen that the way companies internationalise through relationships follow several common features for almost all respondents. Therefore, this section will start out with an illustration of a typical procedure of how and why a company initiates international relationships. Some tendencies concerning the nature of B2B market is presented as well. The next part will include a discussion on why databases are not used to a larger extent, followed by suggestions of how ICT can complement other means for an effective internationalisation.

### 5.4.1 B2B companies and the initiation of international relationships

San Sac can be seen as a *typical company* illustrating how companies have started out their internationalisation process and identification of international partners. Like for all our respondents, their behaviour is coloured by the fact that they are a B2B company, operating in a Swedish niche market.

**Time for the first internationalisation:** The company did not actively search for international engagement from the beginning. However, the company has a specific product to offer that created demand abroad. Earlier business in Sweden has resulted in a good reputation and a name that actors (customers & suppliers) within the industry recommend. As a consequence, outside proposals from the Nordic countries pushes the company abroad. Trade fairs, industry organisations and a reputation within the network are marketing tools that are part of the reason why foreign demand is triggered.

**After a few years with international engagements:** As for many other B2B companies that are rather mature in the business, San Sac has developed knowledge about the industry and its major actors. San Sac is also well known by them. Tools that have facilitated this

awareness are trade fairs, industry organisations, and industry magazines. Nowadays, the company is part of an extensive network in which they can obtain knowledge about potential customer only by asking around among their contacts. The company does not perceive themselves as actively searching for business partners, but the marketing factors described above can be seen as rather proactive because this have created unsolicited orders to which San Sac respond.

**Today and the future:** However, what distinguish San Sac from many other companies is that they do not wish to increase their foreign engagement. They argue that the current market coverage is enough and they have no excess capacity to cover increased demand. Almost all the other companies; Innovativ Vision, Leather Master, Prido, Pronova, Scandinavian Eyewear, SHI, Swemac are today actively working on expanding their foreign markets. For many of the other respondents, it seems like international engagement leads to increased international expansion. The following three reasons have been identified: 1) As their network and reputation is enlarged, the number of CIC raises. 2) As technology and industry become more mature, the Swedish companies seek a larger market in order to compete on price and lower their costs of production. 3) Internationalisation has become easier with time as their foreign market knowledge increases.

In line with Hohenthal's (2001) discussion of how inter-organisational learning and the establishment of international relationships can lead to accumulation of knowledge, the Swedish sellers can gain access to their partners' knowledge. By making use of other organisations' network and by enlarging its own, companies operating in a small niche market might develop something we would like to call extended network.

**Extended network:** By making use of the company's, trade and industry organisations', as well as other companies' networks, a firm may be able to reach beyond the second order network and cover a large part of a niche market. Figure 11 on the next page illustrates the reach a company can obtain by using what we call an *extended network*. The frame represents the industry, the purple ring in the middle represents the Swedish company A's first order network, and each arrow represents one relationship. The smaller blue circles represent the second order network with actors that are Firm A's weak ties. These contacts in turn also have contacts (the white crosses) that company A eventually can make use of, or at least be aware of their presence. Accordingly, through a number of relationships, company A can access for example their customer's network, STC's connections, or industry colleagues' network and reach almost all important actors within a niche market.

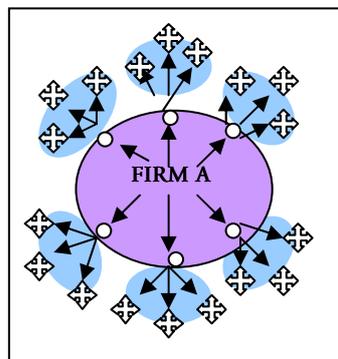


Figure 11 Extended network.

In the empirical findings we have seen examples of how second-order network can be extended to a third order network. An example of this is SHI's entrance into Canada.

Through an established contact with the founder of the industry organisation in the USA, the company was recommended a Canadian consultant who in turn had a network including contacts with Canadian distributors.

One underlying assumption for this model is that a company is offering a high quality product and face rational demand. If so, customers will help out to create links in the network as they recommend the seller to others and vice versa. Further the company's reputation will facilitate the expansion of the network. Another underlying factor also has to do with the nature of the B2B market. As argued by Jansson (2006), there are fewer actors to target in B2B and they are more geographically concentrated. After a few years in the business, "everybody will know everybody". In fact, Scandinavian Eyewear says that the company already knows what a market analysis by STC will give as there are always the same, large actors appearing when mapping the industry even in new countries. Swemac further argues that their industry is like a "small duck pond" where all actors know about each other. San Sac argues that by making a few phone calls, they can get hold of all potential distributors in the Nordic countries.

**Illustrating time line:** The tendencies of firms' interaction with international partners can be illustrated with the following time line. The degree of internationalisation increases in the direction of the arrow.

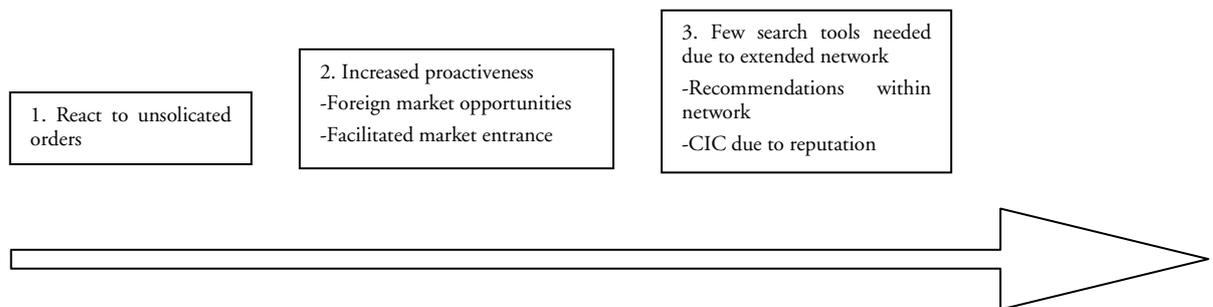


Figure 12 Time line of tendencies of firms internationalisation.

Further it could be mentioned that a few success factors for the creation of international relationships have been identified:

- High quality product creating reputation and recommendations.
- Personal selling and face to face meetings.
- Industry specific organisations and magazines are needed for highly specialised companies.

#### 5.4.2 Why not databases?

The general attitude towards databases has been quite negative among the respondents. Few of the respondents are familiar with Chamber of Trade's database in which they can post business inquiries. Some actors have used databases, among which the Swedish index database Kompass and a German database were identified. We can further state that databases are rarely used for the purpose of interacting with a buyer or seller. Rather, they are used as a tool for analysing the market and identifying its actors. Accordingly, few companies register themselves in one. A number of statements concerning databases incapability

as tool for finding international business partners will be presented below. Further, a discussion about additional reasons for why databases are neglected and the trends for finding partners will follow.

- **The search criteria and industry division is too broad to suit specialised niche companies**

If a specialised niche company conduct a search in a database grouping companies according to industry, they end up with a wide variety of company-offers poorly suiting their demand. E.g. Scandinavian Eyewear argues that a database should be designed with more precise matching criteria between seller and buyer in order to be interesting. We can conclude that more specific tools such as industry organisations or industry magazines are more useful for Swedish niche market actors than databases.

- **The grouping into specific industries makes it too narrow**

Opposing the default mentioned above, a few respondents argue the division of companies into industries makes the registration complicated. Tapflo does not find an appropriate labelling while registering the company as they manufacture a broad range of pumps suiting several industries. Pronova on the other hand might face problems in their search for buyers. Their packaging systems can be bought by actors from a large number of different industries. By using a database in which they have to select a specific industry before conducting the search, they might lose out of a number of potential buyers placed in another industry category.

- **Hard to find serious actors**

Several companies (e.g. SHI, Scandinavian Eyewear) argue that the companies registered in a database are the ones lacking competence in making business on their own. The strong actors that the respondents are searching for are not considered being part of a database where you place business inquiries. Accordingly, companies might also hesitate to search in the database as “wrong actors” will appear. Further they do not want to register since this might indicate an incompetence of finding partners or shortage of successful marketing methods. We can here conclude that companies are prudent with their reputation and keen on acting on recommendations instead of searching for unknown actors.

- **Databases are not up to date and general indexes often lack complete coverage**

Several respondents are of the opinion that databases are rarely updated with relevant information. Further, they are seldom providing a complete picture of the industry and its actors. Pronova, Tapflo, SHI have all experienced searches without any result. Instead, attending a trade fair provide the companies with the latest trends within the industry. The large actors are normally present and the companies can identify their range of products directly.

- **Lack of personal interaction**

The most significant problem with databases seems to be their lack of personal interaction. When companies are about to engage in a long-term relationship with an international actor, or trade a high value contract, a name that appear in a database does not seem sufficient. Recommendation, personal negotiations and face to face meetings provide a better sense of security and the credibility since the actor can be assessed. Therefore, a database

can be used to identify the actors having business inquiries, but not as a tool for conducting business.

- **Helpful tool for proactive scanning of unfamiliar markets**

Databases seem more useful if the companies are searching for information about markets or target groups they are unfamiliar with. Leather Master argues that databases are of interest while diversifying their group of customers. In this case, preferably it should be possible to choose between conducting a search with wide criteria of industries, or, to enter detailed search specification with information about specific niches within each industry. Databases (and the Internet in general) can function as tools for discovering “who is who” in a new market as stated by the CEO of Swemac. However, in a market in which they have personal connections, companies prefer to use their network instead of using an impersonal database.

- **Niche markets with limited number of actors**

Sometimes, good knowledge about actors within a niche market is the true reason behind why companies do not need much help from outside tools to find international partners. As argued by several respondents, after a few years within the industry, everybody is aware of each other’s presence.

We believe that companies internationalise in a successful way by combining a number of tools that assist the company to find international partners. No matter what company, first and second order network seem to be crucial. These networks are therefore considered as obvious and unnecessary to bring up in the discussion that follows. The effectiveness and the need for the different tools might vary depending on how specialised the company is and which markets they wish to enter. However we believe that databases and internet, considered conjointly in the notion ICT, can work as complementary tools to other means. The following two combinations have been identified:

- **Trade organisations and trade fairs complemented by ICT**

When entering a new foreign market with far psychic distance, e.g. STC can assist with expertise and country specific network. Trade fairs and internet are also good tools for scanning the new market and identifying the main actors. ICT is an inexpensive everyday tool which is a good complement to expensive and occasional trade fairs. Services bought from STC can also be expensive and used with lower frequency than ICT.

- **Extended network complemented with ICT**

This combination can be beneficial for mature companies having a good reputation within a global network. With the increased level of information and technology systems, a firm can handle more customer relationships and larger networks and thus increase the number of weak ties it has access to (Granovetter, 1987); Loane and Bell, 2004).

## 6 Conclusion

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*In this chapter our conclusions will be presented concerning tendencies and results discovered in our study. The discussion will circulate around, and answer, our purpose. The highlighted bullet points are more or less representing the answers to our research questions followed by a more informative text underneath. The chapter is concluded with final remarks, and suggestions for future research.*

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- **Predominantly reactive motives- unsolicited orders**

Our empirical findings have proven that many business relationships are initiated by the customer and not by the Swedish seller. 8 out of 10 respondents' internationalisation was triggered by an outside proposal from an international customer. Due to this external reactive motive, the Swedish companies initiated international relationships and export. Therefore, the purpose of analysing how small Swedish B2B companies find international partners also have to include the question about *how are they found* by international partners. We have further discovered that several channels function as means for both *finding* customers and *being found* by customers. Accordingly, important channels for international business interaction were discussed by including both perspectives simultaneously.

- **First international relationships created trough trade fairs and by networking**

Few companies were proactively looking for international partners at the early ages of their business. The contact leading to a firm's first international relationship was primarily taken trough **networking** (contacts contacting the Swedish company) or being a result of **trade fair** exhibitions. Awareness about the product had been created abroad due to companies' high quality products responding to rational demand.

After the first international relationship, the internationalisation of many companies increased incrementally, by entering countries with close psychic distance trough relationships and networks. The respondents providing a unique product technology demonstrated signs of urge to internationalise to a higher extent due to the limitations of the Swedish market. Two companies with specialised technology products show features in line with theory describing Born Globals.

- **Increased proactiveness and already established contacts create new**

As awareness of the firms' products and name increased, recommendations and the firms' reputation increased a well resulted in more CIC. At the same time, the companies' industry knowledge, network, and demand for foreign market opportunities increased the number of seller initiated contacts as well. Today, respondents are proactively looking for more international business partners. Thus, conclusions can be drawn that internationalisation fosters internationalisation. Additional motives for increased internationalisation were mature and small home market, pushing companies abroad for larger sales volumes and decreased costs.

Conclusions can be drawn that channels used for finding business partners during the first international relationship and subsequent search for partners were more or less the same. The most frequently used channels in both cases are networks and trade fairs. In subsequent internationalisation trade- and industry organisations, the internet, or simply by having a good reputation has played a vital role. However, when a company is mature in the business, our findings indicates that the people within a company have developed an ex-

tended network and deep knowledge about the major actors within their industry. Consequently, external tools for finding new customers appear unnecessary.

- **Swedish B2B firms find business partners through the following channels:**

All firms used contacts within their **network** in order to internationalise. The benefit of networking is the reach a company gets by using its weak ties. Further, personal recommendations provided from people within a network turned out to be a decisive factor not only for finding potential partners but also for the selection of partner due to increased trustworthiness. Swedish sellers make use of their international networks in order to attain knowledge about customers, foreign market knowledge, and a wide array distribution channels.

**Reputation:** Reputation creates unsolicited orders as it gives a certain guarantee before trading high value contracts. With a strong quality product delivered in the right package, reputation and WOM can reach outside a firm's network and even over borders.

Three main advantages have been identified with using **Trade fairs** in order to find international business partners: 1) It provides a forum for personal selling towards the right target group. Complex products, customisation and services can be personally discussed face to face. 2) Social as well as business relationships can be fostered by exhibiting. 3) It provides the opportunity not only to market company products but to scan the latest trends in the industry, identify the largest actors, network, and benchmark against competitors.

**Industry organisations** are important for the creation of international relationships as they provide a forum for industry actors to interplay in. In some countries and industries, they are the most effective source of information about industry actors. They themselves constitute a network of industry specific experts, and their magazines reach the right target group.

The **trade organisation** used is primary Swedish Trade Council. This channel provides two main benefits: 1) STC is part of, and provide, a global network through which actors and contacts can be reached. 2) They sell a market analysis, mapping potential partners and explaining market structures. Risks can be reduced by buying e.g. STC's services, but we propose that it should be complemented by individual experiential learning.

For some companies, **Internet** has resulted in CIC due to presence in the search engine Google and visits on homepages. It is a tool that helps the company to market themselves globally without committing much time and resources. Otherwise, this tool is mostly used in order to scan new markets, or to evaluate customers contacting them.

- **Databases are rarely used to find international business partners but by being part of ICT they can constitute a complementary tool**

Databases are often considered as a complementary tool for identifying actors in the market, or, they could be used with the purpose of finding new target groups where the company's knowledge is poor. Our respondents point out the following drawbacks for why databases are not used in order to find business partners: lack of personal interaction, incomplete industry coverage, uncertain quality of actors registered, too broad or too narrow search criteria,

However, databases can be seen as a relevant tool for complementing other internationalisation means, if they are designed in a useful way. Our respondents propose complete in-

dustry coverage, detailed information about actors registered, and the possibility to choose precise search criteria within industry groupings. We propose companies to combine Information and Communication Technology with 1) trade organisations and trade fairs providing appropriate country and market specific knowledge which can be costly and only assist occasionally. They can therefore be supported by ICT. 2) The extended network (first, second, third order network) can be handled and nurtured by the help of ICT.

## 6.1 Final remarks

It was surprising to see how little importance traditional marketing tools have in B2B marketing. High quality offers have a great influence and the selling process seems more honest in B2B since sellers and buyers are mutually dependent. The products will only be demanded abroad when needed. This rational foreign demand is vital and it is therefore important to identify customers' needs by interacting personally. We state that this is the reason for why firms find international partners through networks and trade fairs, since both these channels provide the opportunity to interact face to face. If succeeding with fulfilling customer needs, reputation and recommendations really seem to create a situation where the seller does not need to engage a lot of time and resources in finding international partners. It has been interesting to see that "sales are spread like rings on open water" like proposed by a respondent.

Further, personal interaction provides trust and credibility which is crucial since partners are engaging in long term relationships concerning high value contracts. We have further understood the great value of international business relationships. They provide not only the value from a sole transaction but an instant flow of knowledge and access to a wide array of international contacts.

Another aspect that is important to mention is that the companies interviewed may not be aware of what tools and channels they actually used when searching for international business partners. As mentioned by Innovativ Vision, a number of creative methods of being aware of potential partners can take place continuously during the day to day work. An example of this is looking at lorries passing by on the highway. Therefore a number of channels and tools are probably not brought up in this study.

## 6.2 Further research

As seen in this thesis, international relationships are valuable and should be handled carefully as existing relationships create new relationships. Therefore, the way companies manage their international relationships is an interesting topic of study. We propose that future research could analyse the importance of customer relationship management. Further, the outcome of international relationships could be measured in order to assess their importance and the effects on company performance. As this thesis has only treated the positive aspects of international relationships it would be interesting if future research analysed the negative aspects and risks of engaging in international partnerships. As seen in this study, reputation has a great effect- what happens with a company when a negative reputation is started? It would further be interesting to conduct a similar study as this, but by taking a quantitative research method. By gathering a larger sample a numerical analysis could generate generalising conclusions about which channel that is most efficient for finding international partners.

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## Appendix 1. Intervjuguide

- Kan du berätta kort om företaget, dess verksamhet och var ni finns i dag?

### Internationell expansion

- a. Vad var motiven/orsakerna att starta internationell verksamhet? (Access till nya marknader, resurser, skal-ekonomier, Economies of Scope, konkurrenterna "tvingade" etc.)
- b. I vilket land var den första etableringen?
- c. Vilka var de utlösande faktorerna till att exporten initierades? (Vad fick er att ta steget?)
- d. Vem tog initiativet? VD, anställd, utomstående, kund? (Vilken var dennes tidigare internationella erfarenhet?)
- e. Vilket ingångssätt (entry mode) användes? (export, agent, distributor, dotterbolag, eget säljkontor, företagsköp, etc.)
- f. Vilka positiva samt negativa resultat har kommit av denna internationalisering?
- g. Vad har varit det svåraste med att starta upp internationell verksamhet?
- h. Vilka hinder har ni upplevt med att hitta nya affärspartners utomlands?

### Sök- och marknadsföringsprocess

- i. Var det ni som tog första kontakten med en utländsk kund eller var det de som kontaktade er?
- j. Hur gick detta till? Vilka kanaler användes?
- k. Hur söker ni affärspartners utomlands? Vilka kanaler använder ni?
- l. Om ni blir hittade av andra aktörer, genom vilka kanaler blir ni då kontaktade?
- m. Skulle ni säga att ni är med i/byggt upp något internationellt nätverk? Om ja, vad ger detta er?

## Appendices

- n. Har ni använt er av några organisationer som befrämjar internationell verksamhet (exportråd, handelskammare, konsulter etc.).
- o. Vilka redskap är viktiga i sökprocessen internationella företag emellan för att finna varandra?
- p. Vilka kanaler använder ni er av för att marknadsföra er utomlands? (kataloger/broschyrer, Internet (hemsida och banners) mässor, tele marketing, etc.).
- q. Vilka är de upplevda för och nackdelarna med dessa marknadsföringskanaler?

### **Databaser och Internet som verktyg i internationaliseringsprocessen**

- r. Har ni själva registrerat er i en databas för att bli sökbara för andra företag? Vilka databaser?
- s. Vad skulle krävas för att ni skulle lägga upp er i en databas? Vad skulle motivera er att göra det?
- t. Hur skulle en databas kunna hjälpa er i dagsläget när ni söker en affärspartner?
- u. Har ni använt er av Internets sökmotorer när ni letar potentiella kunder?
- v. Har ni hört talas om Chamber Trade's databas?

## Appendix 2. Interview Guide

- Can you briefly describe the company and the business idea as well as in what countries you are present today?

### **International expansion**

- a. What were the motives/reasons behind the first international expansion? (to gain access to new markets, resources, economies of scale or scope, competitors forced etc.)
- b. To what country did you first internationalise?
- c. Which were the triggering factors behind the initiation of your exports? (What made you take the first step?)
- d. Who took the initiative? The CEO/employees/customer/other. What international experience did this person have?
- e. What entry mode did you use? (export, agents, distributors, subsidiary, sales office, acquisition etc.).
- f. What positive and negative outcomes can you see from your internationalisation?
- g. What has been the hardest thing with starting up international business?
- h. What hindrances have you experienced in finding new business partners abroad?

### **Search and marketing process**

- i. Did you initiate the first contact with a foreign customer or did they contact you?
- j. How did this happen? Through what channels?
- k. How do you search for business partners abroad? Through what channels?
- l. If you are found by other actors, through what channels do they find you?
- m. Would you say you are member of/have built an international network? If yes, what help does it give?

## Appendices

- n. Have you used any trade facilitating organisations such as the Swedish Trade Council, Chamber Trade, Consultants).
- o. What tools are important for international companies to find each others?
- p. What channels do you use to market your company abroad? (catalogues/brochures, the Internet (home page and banners) trade fairs, tele marketing etc.).
- q. What pro's and con's have you experienced with these marketing channels?

### **Databases and the Internet as tools in the internationalisation process**

- r. Have you registered any business inquiries in a database in order to be found by other companies? Which databases?
- s. What would motivate you to add your company to a database?
- t. How could a database help you when searching for business partners today?
- u. Have you used search engines on the Internet when searching for potential customers?
- v. Have you heard about Chamber Trade's database?