Internationalization challenges among born globals

A roadmap for higher success

Karin Nilsson
Paulina Sawicki

Industrial and Management Engineering, master's level
2019

Luleå University of Technology
Department of Business Administration, Technology and Social Sciences
ACKNOWLEDGEMENTS

This thesis is the final part of our master’s program in Industrial Engineering and Management, with a specialization in Innovation and Strategic Business Development, at Luleå University of Technology.

In this section, we want to take a moment and express gratitude for all the people who have made this master thesis possible. Firstly, we would like to thank our supervisor at the university, Sara Thorgren, for pushing us beyond our limits and believing in us. This report would not have happened without your guidance. Secondly, we would like to give a big round of applause to our supervisors at the case company, who have supported us from day one. We are very thankful for all your help throughout this process. Finally, we would like to express appreciation towards our fellow students at Luleå University of Technology, who have provided us with valuable feedback during the seminars.

Thank you.

Luleå, June 2019

Karin Nilsson  

Paulina Sawicki


**ABSTRACT**

**Purpose** – The purpose of this study is to advance the understanding of internationalization among born global companies. In order to fulfil the purpose, three foreign market entries were investigated at a Swedish born global that offers digital streaming services for audiobooks.

**Method** – We conducted a qualitative single case study with a grounded theory approach. The main data was collected through 22 interviews and 13 documents. The data analysis was two-folded; 1) content analysis for charting the market entries, and 2) thematic analysis for identifying challenges and how to address these.

**Findings** – Our findings is divided into three parts. First, we present five challenges that born global companies might experience when they enter new foreign markets. These five challenges are sorted as primary; 1) lack of networks, 2) new-to-the-world, and 3) lack of partnerships, and secondary; 4) lack of market-specific knowledge, and 5) lack of support. Second, we provide eight actions that can be addressed to either one or more of the five challenges. The two actions that are most significant, i.e. can address the most challenges are; 1) utilize established investor, and 2) hire local and experienced employee on-site. Finally, the two research questions are compiled into a roadmap that provides a start-to-end guide for how conquer challenges for internationalization.

**Theoretical and practical implications** – This study contributes to current internationalization literature by extending the view of born globals’ internationalization process. More specifically, it provides knowledge about possible challenges and how to address them, which previous literature has not explored. We believe that born globals can use the developed roadmap to increase their success rate. We also believe that the newly identified challenges can be used as a complement to the already explored success factors, in order to provide managers at born globals with a more holistic view of how to succeed with their internationalization journey.

**Keywords:** internationalization; early internationalization; born global; challenges.
# TABLE OF CONTENT

1. **INTRODUCTION** ........................................................................................................... 1

2. **THEORETICAL FOUNDATION** ................................................................................... 4
   2.1 Characteristics of BGs .............................................................................................. 4
       2.1.1 Internationalization process for BGs ................................................................. 5
   2.2 Possible challenges for BGs' internationalization .................................................... 7
       2.2.1 Networks ........................................................................................................... 8
       2.2.2 Partnerships ..................................................................................................... 8
       2.2.3 Market-specific knowledge ............................................................................. 9

3. **METHOD** .................................................................................................................. 10
   3.1 Research approach ................................................................................................... 10
       3.1.1 Case selection .................................................................................................. 11
   3.2 Three phases of data collection and analysis .......................................................... 12
       3.2.1 Phase one – Charting market entries ................................................................ 12
       3.2.2 Phase two – Identifying challenges for market entry ...................................... 13
       3.2.3 Phase three – Identifying actions that can address challenges ....................... 18
   3.4 Quality improvement measures ............................................................................... 20

4. **FINDINGS** .................................................................................................................. 22
   4.1 Market entries .......................................................................................................... 22
   4.2 Identified challenges .................................................................................................. 24
       4.2.1 Lack of networks ............................................................................................. 24
       4.2.2 Lack of partnerships ........................................................................................ 25
       4.2.3 Lack of market-specific knowledge .................................................................. 27
       4.2.4 Lack of support ................................................................................................ 29
       4.2.5 New-to-the-world ............................................................................................ 30
       4.2.6 Conclusion of challenges ................................................................................ 33
   4.3 Identified actions ........................................................................................................ 34
       4.3.1 Utilize established investor .............................................................................. 35
       4.3.2 Hire local and experienced employee on-site .................................................. 36
       4.3.3 Initiate co-production ....................................................................................... 38
       4.3.4 Prove the value ............................................................................................... 39
4.3.5 Create a buzz ................................................................. 40
4.3.6 Assign local and experienced teams .................................. 40
4.3.7 Create dedication within the teams ..................................... 41
4.3.8 Introduce communication routines ...................................... 42
4.3.9 Conclusion of actions ....................................................... 43
4.4 Roadmap ........................................................................ 43
5. DISCUSSION AND CONCLUSION ......................................... 45
  5.1 Theoretical contribution ..................................................... 45
  5.2 Practical implications ....................................................... 46
  5.3 Limitations and future research .......................................... 46
  5.4 Final reflections .............................................................. 47
6. REFERENCES ..................................................................... 49
APPENDIX 1 – Interview guide for the semi-structured interviews .......... I
APPENDIX 2 – Alpha market entry ............................................. II
APPENDIX 3 – Beta market entry ............................................... III
APPENDIX 4 – Gamma market entry ........................................... IV
APPENDIX 5 – Delta market entry ............................................. V
APPENDIX 6 – Categorization of quotes from phase three ..................... VI
1. **INTRODUCTION**

In a fast-changing business environment, companies are forced to explore opportunities that are outside their home country (Amit & Zott, 2012) and to respond to markets at an increasingly faster pace (Ruzzier, Hisrich, & Antoncic, 2006). However, historically, internationalization has been something companies strive for once they are well-established and has been defined as “*a process in which firms gradually increase their international involvement*” (Johanson & Vahlne, 1977). In other words, the traditional way of internationalizing has been a slow and incremental process. In fact, many large multinational enterprises [MNEs], such as the computer company Dell, did not start their international expansion until they had gained significant market share in their home market (Karra, Phillips, & Tracey, 2008). Although Dell has become a successful company, it probably would have expanded at an even faster rate if it had internationalized earlier. This is in line with Karra, Phillips, and Tracey (2018) who argue that the sooner a company organizes its activities abroad, the faster it develops an important source of competitive advantage. Fortunately, changes during the past two decades have made early internationalization possible. This is mainly due to evolving technology and increased globalization, which in turn has allowed the cost of internationalization to significantly drop (Knight & Cavusgil, 2004). This lower price has enabled more companies to internationalize early on (Andersson & Evangelista, 2006; Freeman, Edwards, & Schroder, 2006; Karra, Phillips, & Tracey, 2008; Knight & Liesch, 2016; Taylor & Jack, 2013) allowing even smaller, more resource-poor companies to compete with large MNEs.

The shift from incremental- to early internationalization has led to a rising phenomenon, the so called born globals [BGs], who are not only challenging the large players but also changing the traditional views on internationalization (Knight & Liesch, 2016). Over the past two decades the phenomenon has been investigated from various perspectives and many researchers have made attempts to define the term (Knight 2015; Knight & Cavusgil, 2004; Oviatt & McDougall, 1994; Weerawardena, Mort, Liesch, & Knight, 2007). One way to describe a BG is that it “*undertakes international business at or near*
its founding” (Knight, 2015). The fact that BGs continue to emerge in large numbers worldwide underpins that companies of any size, age, experience, and resource-base can succeed internationally today (Knight & Liesch, 2016).

Despite the intention to internationalize right from start, few BGs are actually “born” global, instead they tend to internationalize within the first three years of existence (Knight & Liesch, 2016). Exactly when, where and how a BG internationalizes is dependent on each company’s unique circumstances (Knight & Liesch, 2016). However, one of the factors that has proven to affect how fast BGs internationalizes is technology (Oviatt & McDougall, 2005). An illustrating example of a BG that has managed to speed up its internationalization process is Spotify, which offers one of the world’s leading music streaming services today. The company launched in Sweden in 2008 and after three years it had entered two new international markets. Today, 11 years after its founding, it is present in 79 markets, which shows that technology can in fact be a contributing factor for increasing the pace of a company’s internationalization.

Internationalization is a topic that has been researched for nearly a century, after it emerged as a concept in the 1920s (Ruzzier, Hisrich, & Antoncic, 2006). As a result, the internationalization process of traditional companies, i.e. small-to-medium enterprises [SMEs] and MNEs, is well-explored and frequently represented in literature (Knight & Liesch, 2016). Further research is, however, needed on the internationalization of companies that are in the early stages of existence (Rialp, Rialp, & Knight, 2005; Ruzzier, Hisrich & Antoncic, 2006). Additionally, since BGs is a growing phenomenon deeper understanding of the topic is requested (Knight & Liesch, 2016). The literature that can be found about BGs mainly focuses on success factors for early internationalization (e.g. Cannone, Pisoni, & Onetti, 2014; Freeman, Edwards, & Schroder, 2006; Jin, Chung, Yang, & Jeong, 2018; Karra, Phillips, & Tracey, 2008; Weerawardena et al., 2007) whereas the opposite spectrum of the topic – challenges – has been left in the dark so far (Baum, Schwens, & Kabst, 2013). Thus, current literature falls short when it comes to explaining what potential challenges that exist for the internationalization of BGs.
Although the national borders seem to be blurred out from a BG’s perspective (Knight & Liesch, 2016), there are still challenges to face. In the early stages of a company’s existence, both financial- and human capital are often substantially smaller than for established companies (Freeman, Edwards & Schroder, 2006; Han, 2006). Despite the fact that the cost of internationalization has significantly decreased, BGs might still not have enough resources to afford unsuccessful attempts to internationalize. As managers of BGs are more likely to take higher risks (Knight & Liesch, 2016), they may rush out to internationalize and overlook the key challenges that can lower their survival rate (Baum, Schwens, & Kabst, 2013). By failing to understand possible challenges, and how to address these, managers at BGs are left in the dark when it comes to practically work towards achieving their goals of internationalization. Thus, we argue that it is important to enhance the understanding for the possible challenges in order to increase BGs’ success rate. To this background, the purpose of this study is to advance the understanding of internationalization among BGs. More specifically, we focus on the challenges that can exist when BGs enter new foreign markets. Thus, our study aims to answer the following research questions:

**RQ1:** What are possible challenges when born globals enter new foreign markets?

**RQ2:** How can born globals address such possible challenges?

In order to answer the research questions, we conducted a single case study at a Swedish BG that provides digital streaming services for audiobooks in four markets. Our study examines the gaps regarding early internationalization and specifically focus on the BG-perspective. Thus, our study looks beyond the traditional views on internationalization that previous literature has mainly explored. Our study also has practical implications, primarily for BGs that are in the early stages of existence. However, we do not exclude that the practical implications of this study can be valuable to other situations and contexts as well.
2. THEORETICAL FOUNDATION

This chapter aims to provide a background about BGs and their internationalization process. First, we discuss the characteristics of BGs, including what BGs are and how they internationalize, in order to provide an understanding for how these types of companies operate during foreign market entries. Second, based on the characteristics of BGs, we present potential challenges for their internationalization.

2.1 Characteristics of BGs

Businesses that investigate internationalization in their early stages are often referred to as BGs (Knight & Cavusgil, 2004). In fact, this early intention to go international is the characteristic that initially identified BGs as a phenomenon around two decades ago (McDougall & Oviatt, 1994; Rennie, 1993). According to Cavusgil and Knight (2015), BGs are nothing else than young SMEs that, despite constraints of limited resources, seek to internationalize early. The leadership of BGs is usually characterized by founders or employees that champion international expansion, and an entrepreneurial orientation typically underlie the entire organization (Cavusgil & Knight, 2015). According to Taylor and Jack (2013), the entrepreneurial drive is one of the most important factors for BGs’ early international intention. In other words, scarce financial, human, and tangible resources which are often associated with new businesses, do not deter BGs to achieve an early internationalization (Knight & Cavusgil, 2004).

Along with BGs’ entrepreneurial orientation comes an innovative and proactive approach to internationalization (Knight & Cavusgil, 2004). Knight and Cavusgil (2004) suggest that the innovative culture is a contributing factor to early internationalization, arguing that young companies with a strong innovative culture tend to internationalize earlier than companies that lack that type of culture. Knight and Cavusgil (2004) further suggest that BGs leverage their innovativeness to be able to challenge MNEs. While substantial bureaucratization usually hinders large, well-established companies from undertaking innovative activities, BGs are more flexible, less bureaucratic, and generally enjoy when innovativeness is encouraged (Knight & Cavusgil, 2004). The innovativeness among BGs
is also illustrated by their products. Innovative products can for example help BGs that operate in large industries to minimize direct competition by creating industry niches (Taylor & Jack, 2013). According to Cavusgil and Knight (2015), BGs tend to have value-added offerings, often springing from the latest advances in technology, science, or design. These offerings are, besides from innovative, usually also differentiated, cutting-edge, and unique (Cavusgil & Knight, 2015). For example, this is found in the publishing industry, which has gone through a radical change during the last decade by shifting from producing physical books to offering streaming services for audiobooks (Hall, 2016). This new cutting-edge offer is challenging the traditional way of consuming books, which is affecting the entire publishing industry.

Despite BGs’ shortcomings from being young and small, Øyna and Alon (2018) state that BGs have found ways to compete with MNEs internationally. Knight and Cavusgil (2004) enlighten BGs’ ability to leverage a set of knowledge-based capabilities as crucial for their success in foreign markets. Furthermore, by forming alliances and collaborations, BGs are able to compensate for their lack of resources, limited access to economies of scale, and risk aversion (Freeman, Edwards, & Schroder, 2006). Similarly, Oviatt and McDougall (1994) suggest that BGs tend to arrange strategic alliances to be able to use foreign resources, such as manufacturing capacity or marketing. A study by Cavusgil and Knight (2015) shows that BGs have the ability to effectively build global networks of collaborators, e.g. with distributors and suppliers. In summary, BGs are inherently entrepreneurial and innovative companies (Knight & Cavusgil, 2004), with important dynamic capabilities, such as innovation, learning, and networking (Øyna & Alon, 2018), which altogether facilitate an early internationalization.

2.1.1 Internationalization process for BGs

The internationalization process of BGs is often described based on several dimensions that are used to express the uniqueness of BGs (Zahra & George 2002; Rialp, Rialp, & Knight 2005). These dimensions are named and described differently by various authors (e.g., Øyna & Alon, 2018; Taylor & Jack, 2013). However, we have chosen to use two of the dimensions discussed by Øyna and Alon (2018), since we see them most relevant
for describing BGs’ internationalization process in this study. These dimensions are; 1) speed of internationalization, and 2) scope of internationalization. We discuss them in the following section.

**Speed of internationalization**

The speed of internationalization refers to “the time from inception until the internationalization starts and the subsequent internationalization process” (Øyna & Alon, 2018). As mentioned before, the speed of internationalization is the characteristic that initially differentiated BGs. However, Oviatt and McDougall (2005) take that argument one step further by claiming that the speed of internationalization is the only dimension that distinguishes BGs from traditional companies’ internationalization process. In contrast to organizations that evolve gradually from domestic companies to MNEs, BGs begin with a proactive international strategy already from inception (Oviatt & McDougall, 1994). According to Oviatt and McDougall’s (1994) definition, BGs start their international expansion at or near their founding. More specifically, Knight and Liesch (2016) suggest that BGs usually internationalize within the first three years of existence.

**Scope of internationalization**

The scope of internationalization captures “the international or global diversity, where diversity refers to number and spread of international markets entered” (Øyna & Alon, 2018). It is common to believe that BGs have a large geographical scope, as the term *global* implies activities in several regions of the world (Øyna & Alon, 2018). However, Chetty and Campbell-Hunt (2004) show that many BGs are in reality “born regional” or “born international”. Despite BGs’ somewhat misleading name, they often start in their home market, i.e. regionally, or with just some presence outside their home market, i.e. international (Øyna & Alon, 2018). Thus, the geographical expansion is often more incremental and appears at a later stage (Lopez, Kundu, & Ciravegna, 2009). Oviatt and McDougall (1994) suggest that BGs have these early international intentions largely due to competitive forces that prevents success in the domestic market. For example, countries with small domestic markets tend to have a higher amount of BGs than
countries with large domestic markets (Cavusgil & Knight, 2015). However, most of BGs’ international revenue is retrieved from countries surrounding the home market (Øyna & Alon, 2018). This is, according to Øyna and Alon (2018), due to the fact that internationalization to foreign markets that are culturally and institutionally similar to the home market is expected to be easier, e.g. going from one Scandinavian country to another.

2.2 Possible challenges for BGs’ internationalization

When it comes to describing internationalization among BGs, previous literature falls short in explaining what possible challenges BGs are exposed to (Baum, Schwens, & Kabst, 2013). As far as scholars have come to conclude, BGs may no longer experience the same challenges that former internationalization theory enlighten (e.g. Oviatt & McDougall, 1994; Knight & Cavusgil, 2004). For example, according to a study by Knight and Cavusgil (2004), youth and lack of experience, as well as limited resources, are no longer barriers for BGs’ internationalization. By inherently being entrepreneurial and leveraging their innovativeness, BGs are able to overcome traditional internationalization challenges and reach an early international success. Based on the literature regarding the internationalization process of BGs described earlier, BGs are defined to reach international success by not only internationalizing early, but also by eventually entering a wider scope of countries. In order for BGs to achieve this, a vast number of studies show that networks, (e.g., Andersson & Evangelista, 2006; Freeman, Edwards, & Schroder, 2006; Knight & Cavusgil, 2004; Vanninen, Kuivalainen, & Ciravegna, 2017), partnerships, (e.g., Freeman, Edwards, & Schroder, 2006; Knight & Cavusgil, 2004; Oviatt & McDougall, 1994) and market-specific knowledge, (e.g., Andersson & Evangelista, 2006; Karra, Phillips, & Tracey, 2008; Vanninen, Kuivalainen, & Ciravegna, 2017) are crucial for their success.

As mentioned, the majority of studies regarding BGs have focused on success factors for early internationalization. However, we argue that BGs still are exposed to - so far theoretically unexplored - challenges. With new circumstances to face, the challenges for BGs will most certainly differ from the challenges for traditional internationalization.
Thus, springing from literature regarding BGs’ international success, the theoretical foundation for our study will be that the lack of 1) networks, 2) partnerships, and 3) market-specific knowledge, can be possible challenges for BGs. In what follows, each challenge is described separately.

2.2.1 Networks

Previous literature has repeatedly discussed the importance of networks in order to succeed with the internationalization process of BGs (e.g., Andersson & Evangelista, 2006; Felzensztein et al., 2015; Freeman, Edwards, & Schroder, 2006; Vanninen, Kuivalainen, & Ciravegna, 2017). However, when it comes to defining networks in an organizational context, previous literature lack an applicable definition. Thus, we will use the definition of ego networks by Smith, Collins, and Clark (2005) as a foundation for defining networks in this study. Ego networks is defined as “the number of an individual’s direct contacts and strength of the ties” (Smith, Collins, & Clark, 2005). There is no similar definition for networks in an organizational context, and thus, we have applied the individual level definition of ego networks to an organizational level, with some adjustments. We excluded the strength of the ties since the scope of our study only allows us to consider the number of direct contacts, not the interrelationship between them. This leads us to view networks in this study as “the sum of a BG’s contacts found in its employees’ ego networks”. Research has shown that the greater the number of networks utilized by BGs, the more likely they are to target multiple foreign markets (Felzensztein et al., 2015). Furthermore, studies have shown that BGs use networks to overcome the liability of their smallness, foreignness, and newness (Coviello 2006; He & Wei, 2013). Thus, we enter our investigation with the assumption that lack of networks may be a possible challenge for BGs.

2.2.2 Partnerships

Partnerships refers to the agreement between two or more partners, such as suppliers, distributors, customers, or other stakeholders, to cooperate in achieving mutual goals. Creating partnerships with large foreign customers or suppliers can help BGs to expand
to new international markets and offer an opportunity to share risks and costs (Freeman, Edwards, & Schroder, 2006). This is in line with Knight and Cavusgil (2004) who state that the high uncertainty associated with new foreign markets can be reduced by utilizing local distributor competencies, which has been shown to be a critical factor for BGs’ international success. Vanninen, Kuivalainen, and Ciravegna (2017) further argue that partnering or forming alliances with local partners can increase knowledge about certain market areas and allows companies to become embedded in the new local setting. By identifying from prior research that partnerships are such a crucial part for enabling risk sharing (Freeman, Edwards, & Schroder, 2006; Knight & Cavusgil, 2004), compensating for the lack of resources (Oviatt & McDougall, 1994), and gaining foreign market knowledge (Vanninen, Kuivalainen, & Ciravegna, 2017), we enter our investigation with the assumption that lack of partnerships may be a possible challenge for BGs.

2.2.3 Market-specific knowledge

Market-specific knowledge refers to the knowledge BGs have about the foreign markets they enter. According to Karra, Phillips, and Tracey (2008), acquiring detailed knowledge about the target market is crucial for BGs’ international success. Characteristic for BGs is that they are fast to acquire international experiences, that in turn may take years for traditional companies to acquire (Knight & Cavusgil, 2004). This is mainly due to the early increase in country scope compared to traditional companies. Andersson and Evangelista (2006) show that, even though the leader of the BG did not have previous experiences and knowledge about the local market, he or she made sure someone else in the team had the knowledge needed. However, since BGs are often faced with limited human resources (Cavusgil & Knight, 2015), it might not allow them to acquire knowledge about multiple international markets. Thus, we also enter our investigation with the assumption that lack of market-specific knowledge may be a possible challenge for BGs.
3. METHOD

3.1 Research approach

By applying a qualitative approach, we focused on acquiring meaning instead of generalizability (David & Sutton, 2011). Deeper insight of the subject was considered more relevant than acquiring big amounts of numerical data, as this study aims to contribute to gaps in the well-explored internationalization literature. This study also relies on grounded theory, which David and Sutton (2011) refer to as an abductive method for conducting research. More specifically, it allows theory to be generated through continuous collection and analysis of data (Murphy, Klotz, & Kreiner, 2017). Since theory is built on data, it was considered a suitable method for a single case study.

In qualitative studies of exploratory character like ours, data collection and data analysis interweave in many cases (David & Sutton, 2011). Furthermore, data analysis of qualitative studies often combine elements of both inductive and deductive approaches. This iterative process is also characteristic for the grounded theory approach that we are using. The main benefit with this approach is the possibility to constantly compare the latest generated data to preliminary explanations from past results (David & Sutton, 2011). Thus, many parts of the report, such as the research questions and theoretical foundation, were regularly evaluated and updated throughout the entire study. See Figure 1 for an overview of our research approach.

![Figure 1. Grounded theory approach.](image-url)
3.1.1 Case selection

This single case study has been carried out at a Swedish company that offers digital streaming services for audiobooks. The company was founded in 2015 and managed to go outside its home market within the first year of existence. Today, over three years after its founding, the company operates in four markets and has plans to further expand its business internationally. Because of these events, the company is considered to be a BG. There are two additional reasons for why this company was adequate for exploring the research questions; 1) rapid growth; from 1 to 56 employees in less than four years, and from 69 million SEK in 2017 to 145 million SEK in 2018, and 2) dynamic international experience; it has gone through both successful and less successful attempts to internationalize.

The case company is an active player in the publishing industry and has strong support from one investor, who owns one of the biggest publishing houses in Sweden. The investor also owns publishing houses in all three foreign markets the case company has entered. In this study, the markets are referred to as Alpha, Beta, Gamma, and Delta. Alpha (Sweden) is the home market, whereas Beta (Scandinavia), Gamma (Europe), and Delta (Europe) are foreign markets. Figure 2 illustrates when each of these market entries took place.

\textit{Figure 2. Timeline over the four market entries.}
3.2 Three phases of data collection and analysis

In this study, primary and secondary data was collected and analyzed in three phases. Primary data was collected through interviews, whereas secondary data was gathered through internal and external documents. In total, 22 interviews were conducted and 13 documents were reviewed. Additionally, observations and informal meetings proceeded during the entire time we were stationed at the head office of the case company (January through May 2019). The methods that were used for data analysis were; 1) content analysis, and 2) thematic analysis.

3.2.1 Phase one – Charting market entries

In the first phase, the purpose was to chart all four market entries Alpha, Beta, Gamma, and Delta. Even though this data was crucial for creating a basic understanding of the case company and the industry it operates in, it had limited contributions to the findings of the study. The data collection in this phase consisted of two steps; 1) documented material, and 2) in-depth review.

Our supervisors, the CEO and the Management Trainee at the case company, shared documents that contained basic information about all four market entries. In total, we reviewed 13 documents that our supervisors identified relevant for our study. The documents mainly consisted of board meeting reports and strategy documents. We were also provided links to published news articles about the company’s internationalization journey. Based on this information, we started to create timelines, one for each market entry, containing dates of important events.

After we had reviewed the documents and formed a base for each timeline, we had an in-depth review with the CEO of the case company. Over the course of one and a half hours, we got a thorough explanation of the company’s journey from start until today. When necessary, we asked clarifying questions to get a better understanding of the different market entries. The review was recorded and later transcribed, and the data was used to continue charting important events for each timeline.
In order to set a base for the market entries and make rough drafts of the timelines, we used content analysis, which means that interesting segments were extracted from the collected data (David & Sutton, 2011). The content that we were interested in were specific events and dates for each market entry, that appeared explicit in the data, which we then extracted and mapped out on a timeline. In order to create structured timelines right from start, Microsoft Excel was used.

3.2.2 Phase two – Identifying challenges for market entry

In the second phase, the purpose was two-fold; 1) to continue filling all four timelines with more details, and 2) to identify what challenges that existed for each of the three foreign market entries; Beta, Gamma, and Delta. In order to fulfil the purpose, semi-structured interviews were conducted with knowledgeable employees within each market, i.e. we interviewed people who were highly involved in either one or more market entries. According to David and Sutton (2011) interviews are appropriate when conducting qualitative studies, since the aim is to describe a subject in depth.

In total, we conducted twelve semi-structured interviews with eight different informants. The informants were chosen based on two aspects; 1) recommendations from our supervisors, and 2) the insights from the data collected in phase one. Since our aim was to analyze each market entry on its own, we conducted separate interviews for each foreign market, even though some informants had participated in multiple market entries. Thus, two informants participated in more than one interview.

Both of us were present during all interviews, where one person took notes and the other led the interview. The notetaker was the one who transcribed the interview and then we switched roles for the following interview. This process repeated itself until all twelve interviews were conducted. We used our interview guide that we had developed, which was based on the theoretical foundation (chapter 2 in the report) and the data collected in phase one. However, we continuously updated it as we conducted the interviews, in order adjust the questions to each informant’s experiences and the market they were
interviewed for. Our goal was to conduct all interviews face-to-face [F2F], however, due to some informants being located in other areas two of them had to be done on Skype.

In order to give the informants some time to prepare for their interview, the timeline and a description of what topics we would focus on were sent to them prior to the interview. The first part of the interview served as a way to get to know the informant’s background and their position at the case company. Next, we went through the timeline together with the informant so that they could fill out gaps or alter anything that was not accurate. The last part of the interview aimed to identify challenges. See Appendix 1 for a general outline of the interview guide. The timelines were updated after every interview and then the “new” updated version was sent to the next informant, that we had scheduled an interview with about the same market entry. On average every interview lasted for 57 minutes, and all were recorded and transcribed. For a detailed description of the semi-structured interviews, see Table 1.
We used an inductive approach to analyze the data from the semi-structured interviews. In this phase, we iterated between data collection and data analysis by first conducting a few interviews, which we then transcribed and analyzed, before we continued with more interviews. This enabled us to continuously review and update our interview guide as well as the timelines, and this routine proceeded throughout the entire phase. However,
for the sole purpose of extracting specific events and dates for the timelines, we continued with content analysis.

We used a thematic approach to analyze the semi-structured interviews. More specifically, we used a four-step thematic approach to identify and analyze patterns within our data collected in phase two. Step one and two, as explained below, were repeated to achieve an iterative process between data collection and data analysis. Thus, step three and four did not start until all twelve interviews had been conducted. See Figure 3 for an overview of our thematic analysis approach.

**Step 1 – Using literature to create a basis for initial thematic analysis**

The challenges that had been identified in the theoretical foundation, i.e. lack of networks, lack of partnerships, and lack of markets-specific knowledge, were labelled as themes in Microsoft Excel and formed the base for our thematic analysis.

**Step 2 – Coding data based on themes from literature**

As a next step, we familiarized ourselves with the collected data as we were transcribing the interviews and started identifying relevant quotes, i.e. quotes regarding challenges, from the transcriptions. These quotes were then extracted and matched with one of the three themes in the Excel-spreadsheet. However, if a quote did not match with one of the identified themes, it was placed in a separate column named as “Other”. Table 2
provides an overview of the qualifying criteria and representative quotes for each of the themes from literature and the “Other” category.

Table 2. Overview of themes and qualifying criteria in phase two.

<table>
<thead>
<tr>
<th>Order</th>
<th>Title</th>
<th>Description of title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Themes</td>
<td>Identified challenges</td>
</tr>
<tr>
<td>2nd</td>
<td>Criteria</td>
<td>Requirements for qualifying as a representative quote</td>
</tr>
<tr>
<td>3rd</td>
<td>Representative quotes</td>
<td>Statements from the informants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Themes</th>
<th>Criteria</th>
<th>Representative quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Networks</td>
<td>• Difficulties in entering foreign markets without networks</td>
<td>Had we entered [Beta] as nobody it would have been much harder I think.</td>
</tr>
<tr>
<td></td>
<td>• Difficulties in finding networks</td>
<td>So the connections we thought we had at the publishing house turned out to not be as reliable and the other one quit …. And then there was not really any point of contact left that we could use, that also had a network in the publishing industry.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In order for us to meet the right decision-makers we need a network there [in Delta]. Then we have to find that network and we need to find those connections, and this is difficult to accomplish when we are located in Sweden.</td>
</tr>
<tr>
<td>Lack of Partnerships</td>
<td>• Difficulties in finding potential partners</td>
<td>The publishers are living in their own world where they just ‘why not read the book as it is?’</td>
</tr>
<tr>
<td></td>
<td>• Difficulties in creating partnerships</td>
<td>The biggest problem in the [Gamma] market is that publishers didn’t realize that you will not cannibalize the market by introducing audiobooks, you will not cannibalize print by introducing them.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The message that came from [the publishers] was ‘Don’t rock the boat, we’re afraid of how [Competitor] is going to react’.</td>
</tr>
<tr>
<td>Lack of Market-specific knowledge</td>
<td>• Difficulties in entering a foreign market without local knowledge</td>
<td>If I wouldn’t have been from [Beta] …. Then I don’t think we could’ve picked the right radio-voices for the [Beta] commercial. These are the kind of tricky cultural things that you really just can’t know if you aren’t from that country.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If you give me [Case company] to market and you say ‘okay start in Los Angeles and New York’ like done! I have contacts for that. It’s a lot easier. Like I know exactly who to speak to, I know what influencers to work with because they’re my friends, like I have a lot of friends who are influencers …. In [Gamma] it’s a little bit harder.</td>
</tr>
<tr>
<td>Other</td>
<td>• Difficulties in entering foreign market that do not fit with the challenges from the literature</td>
<td>I had no idea what [the CEO] was doing and [the CEO] certainly didn't have much information about what I was doing over here. It was like we just every now and then were calling and using email, it just doesn’t work.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The biggest challenge was to make people understand the commercial potential, because if you never have seen a single revenue stream it is like air.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Since [Competitor] is so dominant [in Gamma], no one was used to an unlimited service. It was really …. It was almost a bigger difference, I would say, to go into [Gamma] and be unlimited than to go into [Beta] with a completely new service that did not exist from the beginning.</td>
</tr>
</tbody>
</table>
**Step 3 – Creating new themes from data**

Once all data had been coded, the segments that had been coded in the “Other” column were analyzed for similarities and differences. Quotes that were similar to each other formed a new theme, while quotes that were not similar to any other quotes stayed in the “Other” column. This resulted in four new themes in addition to those the literature had generated.

**Step 4 – Validating themes both derived from literature and data**

As a final step, all seven themes (three from the literature + four from the “Other” column) were reviewed and compared against each other. The themes that had the most quotes were sorted as relevant, whereas the ones that had substantially fewer quotes were sorted as irrelevant, leaving us with five final themes. Thereafter, these five themes were once again reviewed in order to find the most suitable title for each of them, depending on what the quotes stated. After the final themes had been properly defined, they were analyzed in-depth in order to create the findings for the report. The final themes were; 1) *lack of networks* (derived from literature + supported by data), 2) *lack of partnerships* (derived from literature + supported by data), 3) *lack of market-specific knowledge* (derived from literature + supported by data), 4) *lack of support* (derived from data), and 5) *new-to-the-world* (derived from data).

**3.2.3 Phase three – Identifying actions that can address challenges**

In the third and last phase, the objective was to identify possible actions that can address the challenges found in phase two. In total, we conducted ten interviews about Beta, Gamma, and Delta, with the same informants that we interviewed in phase two. Both of us attended all these interviews, and we followed the same structure of leader and note-taker as for the semi-structured interviews. Since the follow-up interviews were much more concrete, they were shorter in length than the semi-structured interviews. On average every interview lasted for 26 minutes, and all were recorded and later transcribed. See Table 3 for a detailed description of the follow-up interviews.
We began the interviews by confirming the identified challenges for each foreign market and by validating the timelines to see if we had charted the market entries in a proper way. See Appendix 2-5 for the final timelines. In addition, these interviews were used to establish when the identified challenges had occurred for each of the foreign markets Beta, Gamma, and Delta. More specifically, we asked the informants to place each challenge on the timeline, one by one, where they considered it to be most prominent. However, as the main focus of the follow-up interviews was to find actions for the identified challenges, the majority of the time was spent on asking questions about possible actions.

Table 3. Description of the follow-up interviews.

<table>
<thead>
<tr>
<th>No.</th>
<th>Informant code</th>
<th>Position</th>
<th>Market entry</th>
<th>Type</th>
<th>Duration (minutes)</th>
<th>Transcribed words</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>0006</td>
<td>Marketing Manager</td>
<td>Delta</td>
<td>F2F</td>
<td>33</td>
<td>2248</td>
<td>2019/03/09</td>
</tr>
<tr>
<td>14</td>
<td>0004</td>
<td>International Expansion Director</td>
<td>Beta</td>
<td>F2F</td>
<td>15</td>
<td>2514</td>
<td>2019/03/10</td>
</tr>
<tr>
<td>15</td>
<td>0004</td>
<td>International Expansion Director</td>
<td>Gamma</td>
<td>F2F</td>
<td>17</td>
<td>3227</td>
<td>2019/03/10</td>
</tr>
<tr>
<td>16</td>
<td>0005</td>
<td>CEO</td>
<td>Beta</td>
<td>F2F</td>
<td>21</td>
<td>3525</td>
<td>2019/03/10</td>
</tr>
<tr>
<td>17</td>
<td>0005</td>
<td>CEO</td>
<td>Gamma</td>
<td>F2F</td>
<td>23</td>
<td>4573</td>
<td>2019/03/10</td>
</tr>
<tr>
<td>18</td>
<td>0005</td>
<td>CEO</td>
<td>Delta</td>
<td>F2F</td>
<td>26</td>
<td>4973</td>
<td>2019/03/10</td>
</tr>
<tr>
<td>19</td>
<td>0002</td>
<td>Marketing Manager</td>
<td>Beta</td>
<td>F2F</td>
<td>19</td>
<td>2924</td>
<td>2019/03/11</td>
</tr>
<tr>
<td>20</td>
<td>0003</td>
<td>Business Development Manager (former Content Manager)</td>
<td>Beta</td>
<td>Skype</td>
<td>27</td>
<td>2632</td>
<td>2019/03/11</td>
</tr>
<tr>
<td>21</td>
<td>0008</td>
<td>Publisher Relations Director</td>
<td>Delta</td>
<td>Skype</td>
<td>33</td>
<td>3289</td>
<td>2019/03/11</td>
</tr>
<tr>
<td>22</td>
<td>0007</td>
<td>Management Trainee (former Marketing Manager)</td>
<td>Gamma</td>
<td>F2F</td>
<td>41</td>
<td>4472</td>
<td>2019/03/12</td>
</tr>
</tbody>
</table>
We used an inductive approach to analyze what actions that may address the identified challenges. We created five separate spreadsheets in Microsoft Excel, one for each challenge from phase two. The actions were not only sorted by challenge, but also after which market they were applicable to, i.e. Beta, Gamma, or Delta. See Appendix 6 for an overview of how we structured the categorization of quotes from phase three.

After the base of the analysis had been set, we followed the same steps as for the thematic analysis in phase two. However, in this phase we had no known themes from the literature. Instead, quotes that were similar to each other formed a new theme. In total, eight themes were found; 1) utilize established investor, 2) hire local and experienced employee on-site, 3) initiate co-production, 4) prove the value, 5) create a buzz, 6) assign local and experienced teams, 7) create dedication within the teams, and 8) introduce communication routines.

3.4 Quality improvement measures

According to Lincoln and Guba (1985) there are four criteria that need to be evaluated to ensure the trustworthiness of a qualitative study; credibility, transferability, dependability, and confirmability.

To ensure credibility, i.e. interpret a statement correctly (Murphy, Klotz, & Kreiner, 2017), we both attended all the interviews and the majority were conducted F2F (18 out of 22 interviews). As a result, misinterpretations could easily be avoided by being able to ask additional questions straight away. Furthermore, this allowed us to investigate any interesting events more in detail. Since we were stationed at the case company’s head office during the entire study, the employees knew who we were from day one and most of them had been in contact with us multiple times prior to the interviews. We believe this was a contributing factor to why the informants opened up to us, which in turn gave a more clear and realistic picture of the market entries.

Since the findings are based on a single case study, where only one viewpoint has been investigated, it is hard to achieve high transferability (Murphy, Klotz, & Kreiner, 2017). Despite this we have tried to establish this criterion, i.e. increase the probability of
applying our findings to similar situations (Shenton, 2004). To achieve transferability, we have provided information about the nature of the case company and their current state. This allows researchers and managers at other companies to determine, based on their own judgement and experience, if the results can be applied to other contexts. Moreover, since we analyzed three foreign market entries, our findings can be applied to companies that either want to internationalize or are already in the process of expanding their business. In other words, our findings can be applied to different settings depending on each BG’s unique situation, which increases the transferability of this study.

To establish _dependability_ for our study, i.e. making sure the work process can be repeated in the future (Shenton, 2004), we have tried to be as transparent with the method as possible. For example, we have described our research approach and data analysis in detail. Dependability also refers to consistency, which can be achieved through multiple data sources and joint coding (Murphy, Klotz, & Kreiner, 2017). By including both primary and secondary sources we drew our conclusions based on a broader collection of data, and by engaging in joint coding we achieved a more thorough interview analysis. Finally, we also received both written and verbal feedback from six other students and our supervisor at Luleå University of Technology. The four sessions took place during the spring of 2019 and have helped us maintain a consistency throughout our study.

The final criterion, _confirmability_, refers to demonstrating that conclusions have been made based on data. This was met through three main actions; 1) by applying grounded theory, i.e. building theory upon collected data, 2) by using a structured (thematic) analysis approach, and 3) by basing the findings on the informants’ answers rather than on our own preconceptions.
4. FINDINGS

This chapter aims to answer this study’s research questions by presenting its empirical findings. First, we provide a background to the case company’s specific circumstances on each of the three foreign markets. Second, we address the first research question by describing what challenges BGs are exposed to and by presenting a model of when these challenges arise. Next, we address the second research question by presenting actions for how BGs can manage the identified challenges. Finally, we provide a roadmap that summarizes the findings into a start-to-end guide for managers at BGs.

4.1 Market entries

All of the foreign markets that the case company have entered is based on a strategic decision to only enter markets where the investor has a strong presence. In what follows, we will describe; 1) the circumstances for each of the foreign markets at the time of entry, and 2) the case company’s current situation on each market. Separate timelines for the three foreign market entries are presented in Appendix 3-5.

4.1.1 Beta market entry

Beta is a Scandinavian country close to the home market, and the first foreign market that the case company entered. In addition to the investor’s strong presence in Beta, the market was chosen due to its closeness and similarities with the home market. As opposite to the home market, Beta did not have an established market for audiobooks. This was described by the International Expansion Director (I0004): “The [Beta] market was very immature. A lot of response we got was ‘audiobook - what is that? That is something for the blind and elderly.’”

The only competitor was a local company that provided e-books, but audiobooks were nearly non-existent at the time of entry. Thus, in Beta, the case company has been the market leader since day one, and today Beta is one of their core markets.
4.1.2 Gamma market entry

Gamma is a European country and the second foreign market that the case company entered. Gamma is approximately six times as big as the home market, with a large international language. By the time of entry, audiobooks existed in large-scale, but mostly physically in the form of CDs. When it comes to providing digital audiobooks, the dominating player was a large international company with a well-established brand, that controls the vast majority of the audiobook sales in Europe. Instead of offering unlimited streaming, the competitor provides a subscription service that includes one book a month.

Even though the case company’s investor had a presence in Gamma, it turned out to be weaker than first expected. The CEO (I0005) illustrated this by describing: “Our entire rationalization is to enter markets where we already have a presence, where we can own the entire content and everything like that. And that house of cards collapsed.”

By not getting access to content from the biggest publishers, the case company has not been able to move forward with the Gamma market entry. Although persistent attempts have been made, the case company has decided to pause their efforts and instead focus their resources on other markets until the publishers agree on releasing content.

4.1.3 Delta market entry

The third, and latest, foreign market entry is Delta. Delta is, similar to Gamma, a European country approximately eight times as big as the home market. The informants further describe Delta as the world’s largest market for audiobooks (I0004, I0005). By the time of entry, Delta was mature when it comes to audiobooks, and customers were used to listening to them. However, the market was mainly physical, i.e. audiobooks were mostly bought on CDs, and various competitors existed. However, similar to Gamma, there was one dominating player (same as in Gamma) when it comes to digital audiobooks. This was illustrated by the CEO (I0005): “All [people in Delta] associate audiobooks to either CDs or [Competitor].”

Today, the case company sees a lot of potential in the Delta market. Thus, Delta is one of their core markets and high investments are currently made there.
4.2 Identified challenges

In this part, we aim to answer the study’s first research question: *What are possible challenges when born globals enter new foreign markets?* By analyzing the three markets Beta, Gamma, and Delta, we have identified five possible challenges that exist during the internationalization of BGs. First, we have been able to confirm that the three success factors found in the literature, i.e. networks, partnerships, and market-specific knowledge, are in fact challenges when they are lacking. Second, we have identified two additional challenges, lack of support and new-to-the-world, which are also important to consider when entering new foreign markets.

4.2.1 Lack of networks

We have found that lack of networks is the first challenge that BGs are faced with when entering new foreign markets. Therefore, it becomes one of the most important challenges to address, preferably prior to an entry. For example, lack of networks was not an issue in Beta because of two reasons; 1) the investor owned the biggest publishing house in the country, and 2) before entering the market, the case company hired a local Content Manager who had years of experience from the publishing industry. In other words, they used their networks to overcome their smallness and newness. If the case company had entered the market as a brand new player, it probably would have been more difficult to find the right networks and succeed in Beta. This was illustrated by the International Expansion Manager (I0004): “Had we entered [Beta] as nobody it would have been much harder I think.”

Networks, however, became a much bigger issue in Gamma, simply because they were closer to being “nobody” on that market. Even though the investor had an established business there, the connections they had did not work out as planned. This was described by the CEO:

> So the connections we thought we had at the publishing house turned out to not be as reliable and the other one quit …. And then there was not really any point of contact left that we could use, that also had a network in the publishing industry. (I0005)
Simply put, the case company could not rely on their investor in order to get in touch with the right people in Gamma. Instead, they had to enter the market as a young unestablished firm, and it became a big struggle to connect with people that could help them succeed. The CEO of the case company also expressed a concern for this regarding the Delta market:

> In order for us to meet the right decision-makers we need a network there [in Delta]. Then we have to find that network and we need to find those connections, and this is difficult to accomplish when we are located in Sweden. (I0005)

In other words, lack of networks is hard to overcome when you are entering a market as a new foreign player, which often BGs are. In this case, the company had a powerful investor on their side, which owned publishing houses in all the three markets they entered. In Beta they were the leading publishing house which definitely helped them get in touch with the right people from start, whereas in Delta and especially Gamma the investor was not as established and thus, lack of networks became a bigger challenge.

### 4.2.2 Lack of partnerships

We have found that lack of partnerships is, just like the previous challenge, one of the most important ones to solve for BGs to succeed with their internationalization. When stating this, we are specifically referring to the publisher partnerships because without it, the case company would not have any content in their streaming service and the end-user would therefore not have any audiobooks to listen to.

Out of all the markets, forming partnerships with publishers has been the biggest challenge in Gamma. Today, over two years after their entry, the case company is still struggling with this and has not managed to get any big publishers on board yet. Since the value of the product is completely dependent on establishing these partnerships, in every new market they enter, this issue has managed to put a stop to the Gamma entry. The challenge seems to be due to two reasons, which was expressed by the CEO (I0005): “The publishers are living in their own world where they just ‘why not read the book as it is?’”, and the Management Trainee (I0007): “The biggest problem in the [Gamma]
market is that publishers didn’t realize that you will not cannibalize the market by introducing audiobooks, you will not cannibalize print by introducing them.”

In other words, the challenge is due to conservative thinking of the publishing industry and the fear that a new digital product will disrupt their current sales channels. Again, without having the publishers on board they cannot offer any value to the end-user. Therefore, this challenge becomes very important to solve, at least in cases where BGs are dependent on external suppliers.

Lack of partnerships was, however, not as challenging in Beta because they decided to offer the publishers a co-production deal. More specifically, the case company started co-creating audiobooks, which were almost non-existent on the Beta market at the time, with the publishers. This is in line with the literature that suggests partnerships with local suppliers can be a good way of sharing risk and cost. The co-production approach was, however, not attempted in Gamma and Delta. This was mainly because audiobooks already existed, so there was no point of producing them. Furthermore, competitors were offering audiobooks to end-users at the time they entered the market. Therefore, publishers did not see the need of accepting a new model, especially from an unknown player. This was illustrated by the CEO (I0005): “The message that came from [the publishers] was ‘Don’t rock the boat, we’re afraid of how [Competitor] is going to react.’”

Getting the publishers on board has mainly been a challenge in two markets, Gamma and Delta. When it comes to the other spectrum of partnerships, i.e. marketing partners, it is not as crucial but with time it becomes more important in terms of growth opportunities. This was explained by the Publisher Relations Director for Delta:

I think for [Case company] or for any new player in the market that is something that is really hard to get, that is what you mentioned already the marketing partnerships. Of course it would help if Lufthansa or [Delta] train system, telecommunication system or whatever would be behind us, would back us, or someone else that has high credibility. I think not for entering the market, but for growth. (I0008)
In summary, partnerships with publishers are crucial and need to be established in order to ensure value for the end-user. This has been a challenge in both Gamma and Delta, and has not yet been addressed in Gamma. Marketing partnerships, on the other hand, is a potential challenge that should be managed later on, after partnerships with the publishers have been formed.

4.2.3 Lack of market-specific knowledge

We have found that lack of market-specific knowledge is an unavoidable challenge that BGs naturally face when entering new foreign markets. As stated in the literature, acquiring unique knowledge about new markets is crucial for BGs’ international success. We have found that the further away a company expands, the higher the probability that they will know less about that specific market. In other words, lack of market-specific knowledge is a complex challenge that BGs slowly can overcome as they learn more about the market they are entering. Thus, this challenge cannot be addressed at once but rather with time as it needs to be considered all along. This was illustrated by the International Expansion Director (I0004): “It [market-specific knowledge] becomes somewhat secondary because it doesn’t exist until we are present and have some sort of strength on a market.”

Lack of market-specific knowledge is a challenge that has existed in all three markets, in some more than others. For example, Beta is a country that is located close to Sweden and has about the same population. Hence, the case company knew a lot beforehand about that market. Additionally, they could increase their knowledge about the local conditions by using their investor’s experience. Moreover, they hired a Content Manager before they entered the market, that was not only from Beta but also had rich experience from the publishing industry. This is, as seen in the literature, a good way for BGs to gather both knowledge and experience about a market. Otherwise, lack of market-specific knowledge would have been a much bigger challenge in Beta. This was expressed by two informants, the International Expansion Director (I0004): “Don’t think you can do just about everything from the Stockholm office. You can do most of the things but you need to have someone locally.”, as well as the Business Development Manager:
If I wouldn’t have been from [Beta] …. Then I don’t think we could’ve picked the right radio-voices for the [Beta] commercial. These are the kind of tricky cultural things that you really just can’t know if you aren’t from that country. (I0003)

The same thing applies to Delta, especially since this market is located further away than Beta. Even though Delta is located in Europe, the same continent as the home market, it is important to not be too confident with what you already know about a market. The Publisher Relations Director for Delta described this clearly:

So I think it would be difficult if a Swedish or a Polish or an American or whatever company would try to enter the [Delta] market, like we know everything and we just do it exactly the same way as we did it in Sweden and we will be successful. (I0008)

In other words, it would have been much harder to enter Delta without any local knowledge or experience. However, compared to Beta and Delta, Gamma did not have any local representative on-site. Instead, they hired a Market Manager from the United States that started working from the head office in Stockholm. Since neither the case company nor the Marketing Manager had any useful networks in Gamma, they had no connections to pull information from. This was expressed by the former Marketing Manager for Gamma:

If you give me [Case company] to market and you say ‘okay start in Los Angeles and New York’ like done! I have contacts for that. It’s a lot easier. Like I know exactly who to speak to, I know what influencers to work with because they’re my friends, like I have a lot of friends who are influencers …. In [Gamma] it’s a little bit harder. (I0007)

Simply put, the Marketing Manager had no access to people that could share their experience about the Gamma market and help increase the company’s market-specific knowledge. Thus, this challenge is partly connected to networks (section 4.2.1 Lack of networks) and since this was lacking in Gamma as well, acquiring local knowledge became a tough struggle during the market entry.

In summary, market-specific knowledge is not something BGs obtain over night or that can be handed to them, even if they have the right connections, partnerships or local representatives on-site. It is something BGs learn over time, which has been illustrated
through the examples above from Beta, Gamma, and Delta. However, lack of market-specific knowledge seems to be a bigger challenge the further away a company expands from its home-market, which can possibly explain the reason for why BGs many times start regionally and are not “born global” from inception.

4.2.4 Lack of support

We have found that lack of support is a challenge that BGs face mainly due to their ambition to enter multiple markets quickly, as they are struggling with limited resources. This is an internal challenge that we have seen appear in two ways; 1) limited time and resources for the specific market, and 2) insufficient interest in the market entry from other teams at the company. Lack of support has existed for all three market entries, but has varied in intensity.

In the early stages of each market entry, the foreign market teams consisted of only one or two employees, which has resulted in a perceived feeling of being alone in the beginning. The Business Development Manager further described:

    It [working alone] may also be something that you underestimate a little, when you start you say like ‘it is quite okay, I am really good at doing things on my own’, but the truth is that nobody is really good at doing things alone in the long-run. (I0003)

Furthermore, expanding into foreign markets sometimes requires hiring people that are located in the specific market, which naturally creates a physical distance within the company. This was expressed by Delta’s Publishing Relations Director and Beta’s Business Development Manager:

    It works well for me but of course it is different sitting in Stockholm with the whole team. Getting all the information just by sitting desk to desk, or having to pull information via Skype or Slack or .... It is a difference. (I0008)

    I had no idea what [the CEO] was doing and [the CEO] certainly didn't have much information about what I was doing over here. It was like we just every now and then were calling and using email, it just doesn't work. (I0003)
Lack of support is a challenge that seems to be diminished in line with success on the market. This is illustrated by comparing the foreign market entries. In Beta, almost all marketing attempts exceeded the expectations, and according to the informants, lack of support was only present in the beginning of the market entry. In Gamma on the other hand, where the case company had more of a struggle with the market entry, the challenge was present for a longer period of time. The former Marketing Manager for Gamma expressed this challenge when Gamma and Delta were being launched in parallel:

> When I was working my ass off, excuse me, and like really trying and everyone here is really trying and then [Gamma] doesn’t become the star of the show because [Delta] is launching, and [Delta] is doing great and let’s talk about [Gamma] later, and I was like [the informant sighs deeply] and that was, that for me was the frustrating part. (I0007)

When it comes to support and interest from the rest of the company, the Marketing Manager for Delta described the difference when the CEO and the investor decided to put more effort into the Delta market entry:

> It becomes so much more prioritized now and everyone thinks [Delta] and everyone thinks that ‘ah how fun it is that [Delta] works’, so everyone thinks of [Delta] so much more. And that doesn’t mean .... I mean even in the beginning they said like ‘oh how exciting it will be with [Delta]’, but really, no one has bothered so much before. That came a little bit later, really. (I0006)

In summary, lack of support is a challenge that comes in different shapes and sizes during the internationalization of BGs. It is an internal challenge that is highly connected to the limited resources that BGs are faced with, which can limit their ability to commit equally to every foreign market they enter. Lack of support is a challenge that is hard to address at once, instead it is a challenge that is present more or less all the time. Therefore, it needs to be considered and handled continuously.

### 4.2.5 New-to-the-world

The final challenge that we have found concerns offering a new, innovative product, which we refer to as new-to-the-world. This challenge has appeared in the early stages of all three market entries, and is related to the struggle of proving the value of a product
that is unknown to partners and/or end-users. It is a challenge that is crucial to address in order to enter a new market.

For the case company, new-to-the-world is a challenge that has mainly been identified when it comes to forming partnerships, and more specifically with the publishers. The CEO (I0005) illustrated this by describing: “The biggest challenge was to make people understand the commercial potential, because if you have never seen a single revenue stream it is like air.”

The challenge springs from the fact that BGs’ offerings usually are cutting-edge, differentiated and include the latest technology – just like the case company’s audiobook streaming. The Publisher Relations Director (I0008) exemplified the newness in the Delta market: “Not new-to-the-world regarding audiobooks of course, as you said that is known. And not regarding digital that is also known for 15 years, but new-to-the-world when it comes to streaming.”

There seems to be an agreement among the informants that the publishers were afraid of how this new, innovative product would affect their existing business. However, the informants expressed the challenge differently depending on the specific market’s maturity. For example, in Beta, where audiobooks were nearly non-existent at the time of entry, the challenge was to convince publishers to start producing audiobooks. This was expressed by two informants, the Business Development Manager (I0003): “The publishers had no idea how to produce audiobooks, except for the three largest … But the rest were totally..[Beta] had no audiobooks at all.”, as well as the CEO:

No publishers wanted to invest or actually produce. So we had a huge challenge when it comes to shifting from the abstract ‘this can be a revenue’, in an industry that had really bad confidence …. To show that there are new revenue opportunities. (I0005)

In Gamma and Delta on the other hand, audiobooks were not new itself, but as described in section 4.2.2 Lack of partnerships, the case company struggled to meet the conservative publishing industry with their innovative product. The Publisher Relations Director
described that the bad image of streaming in Delta can be a potential explanation to the publishers’ unwillingness to collaborate:

Streaming has a very very bad image, at least in [Delta], and it comes to .... Yeah, where it comes [to] the publishing industry, for the artists’ industry and the rights holders. And even to some customers who are interested in fair remuneration, in fair treatments, it has a bad image that no artist can earn money, no publishing house can earn any money. (I0008)

The Marketing Manager for Beta further described that the struggle with the publishers was connected to the risk of losing control by challenging the present status quo:

They [the publishers] were afraid of this change because after all it will be a disruption in the market when you go from physical to digital. All of them have lived on their physical books and were afraid .... That they cannot control it in the same way when it becomes a completely new business model. (I0002)

When it comes to making end-users realize the value of the case company’s product, the challenge is expressed differently for the markets. In Beta, where audiobooks were mainly used by the blind and elderly, the challenge was to change that perception. However, in Gamma and Delta, where audiobooks were already known and used, the challenge was to rather explain the differentiation compared to the already established competitor. The International Expansion Director contrasted this challenge for Beta and Gamma:

Since [Competitor] is so dominant [in Gamma], no one was used to an unlimited service. It was really..it was almost a bigger difference, I would say, to go into [Gamma] and be unlimited than to go into [Beta] with a completely new service that did not exist from the beginning. (I0004)

The CEO (I0005) described this challenge from a different angle - to get end-users in Delta to switch from their existing product: “So when we come with a new-to-the-word product .... We have an explanation burden on us to explain a huge difference and they just ‘Okay but I’m happy with what I have, what are you talking about here?’.”

In summary, new-to-the-world can be a challenge for BGs as they often offer products that are unknown or new to a market. The challenge mainly appears due to the lack of existing proof of the product’s value. Potential partners can be unwilling to risk investing in something they do not understand that challenges their existing business, while end-
users can lack incitements to switch from their existing product. Thus, finding a way to prove the product’s potential becomes crucial for BGs’ internationalization.

4.2.6 Conclusion of challenges

Based on the discussion above, we have found that the five identified challenges can be divided into two categories; 1) primary, and 2) secondary. Lack of networks, new-to-the-world, and lack of partnerships arise in that specific order and are crucial to address in order to proceed with a market entry. Thus, we refer to these challenges as primary. As stated in the findings, lack of networks is the most crucial challenge that should be solved in the beginning or preferably prior to a market entry. When that is established, new-to-the-world need to be solved in order to create partnerships, simply because potential partners will not agree to a deal without understanding the value of the product. This is why these three primary challenges arise in a specific order, which we recommend BGs to consider when entering new foreign markets.

Lack of market-specific knowledge and lack of support, on the other hand, are challenges that are present more or less all the time and should therefore be handled continuously. In comparison to the three primary challenges, these two are not as crucial to solve but can rather boost the internationalization process and help in terms of growth. Thus, we refer to these challenges as secondary. Figure 4 illustrates the five identified challenges on a timeline of a foreign market entry.
4.3 Identified actions

In this part, we aim to answer the study’s second research question: *How can born globals address such possible challenges?* Even though we have touched on some of the actions in the previous sections (2.2 Identified challenges), this part aims to provide a more in-depth review of the eight actions that address the identified challenges. Since several actions address multiple challenges, we have summarized them and which challenges they address in Table 4.

*Table 4. Actions for the identified challenges.*

<table>
<thead>
<tr>
<th>Action</th>
<th>Addressed challenge(s)</th>
<th>Symbols for the challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilize established investor</td>
<td>△ □ ◇ +</td>
<td>△ Lack of Networks</td>
</tr>
<tr>
<td>Hire local and experienced employee on-site</td>
<td>△ □ ◇</td>
<td>○ New-to-the-world</td>
</tr>
<tr>
<td>Initiate co-production</td>
<td>□</td>
<td>□ Lack of Partnerships</td>
</tr>
<tr>
<td>Prove the value</td>
<td>□</td>
<td>◇ Lack of Market-specific knowledge</td>
</tr>
<tr>
<td>Create a buzz</td>
<td>□</td>
<td>+ Lack of Support</td>
</tr>
<tr>
<td>Assign local and experienced teams</td>
<td>□ ◇</td>
<td></td>
</tr>
<tr>
<td>Create dedication within the teams</td>
<td>□ ◇ +</td>
<td></td>
</tr>
<tr>
<td>Introduce communication routines</td>
<td>+</td>
<td></td>
</tr>
</tbody>
</table>
In what follows, each of the eight actions is described. Representative quotes from the informants are provided to illustrate why these actions have the potential to address the identified challenges.

4.3.1 Utilize established investor

The action that addresses all five challenges is to utilize an established investor. Thus, for BGs that do not have an investor from start, the first step would be to find an investor with relevant connections within the industry that they are in. The case company has one of Sweden’s largest publishers as an investor, that owns publishing houses in all foreign markets they entered. In this case, the investor’s position within the publishing industry could, among others, be utilized to get access to partners and to increase their credibility. Representative quotes for this action are summarized in Table 5.
Table 5. Representative quotes for action: utilize established investor.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>We solved [Lack of Networks] by being [Investor]. We had a publishing house with hundreds of employees and we also owned the largest TV-channel so we could make the biggest media purchases …. So we had some networks established.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Delta</td>
<td>It was [CEO of Investor Delta] who opened up for meetings during fall 2016, and me and [Publisher contact] met the responsible for audiobooks and CEO for the other three biggest publishing houses.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Delta</td>
<td>[Publisher contact] guaranteed that our model is sustainable.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>I do not think that it would have been possible to convince the market if we hadn’t had an employee like [On-site employee] with social networks, that we had a publisher that showed that we invest a lot for the smaller publishers ‘Oh [Investor] goes all in here, and [Investor] starts earning profits on this because [Investor] starts sending out press releases of how much they earn digitally. Then we might not have been able to convince them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>We always stressed this that we are coming from the book publishing industry. And of course that gave us a lot of credit in advance. It would have been harder probably if I had said I’m coming from a tech–company based in the US or something.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>You don’t cooperate with an unknown partner. Or in [Beta] they did, because it was enough that we were [Investor] and that we actually showed that we were investing, and we were investing a lot of money and could show that we are here and we are going to take a large share of the cake.</td>
<td></td>
<td>Increased credibility</td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>Of course it helped us to be a publisher, a well-known publisher brand in [Delta].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Delta</td>
<td>We had it presented to us 'why do people choose this service, what types of competitors exist'.and things like that. So we used our own publisher as an insight machine in the beginning.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>[On-site employee] was put in a context with old colleagues, [she] had worked at the publishing house before. …. She wasn’t all alone …. She had the publisher close, she has used them as a sounding board sooo much. She has participated in almost all meetings when they discussed the way forward and things like that.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>When it comes to publishing people it is people I know from before,.before I started at [Company name]. So for me it has been easy to find a working community through that.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Delta</td>
<td>[On-site employee] sat at the publishing house, and she had [Publisher contact] as a sounding board, she went around and met her old friends at other publishing houses and things like that.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.2 Hire local and experienced employee on-site

The next action we have identified is to hire an employee on-site, i.e. someone located at the specific market, who is able to build and maintain relationships locally.
Furthermore, we want to highlight that this employee should ideally be both local and experienced in order to have an understanding for the specific market, as well as relevant connections within the specific industry. This action addresses four of the five identified challenges, which can be seen in Table 6.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>10004</td>
<td>Beta</td>
<td>I think it is good that [On-site employee] has been in the publishing industry for such a long time and know people…. She has a relation with people there.</td>
<td></td>
<td>Established relationships from earlier experiences</td>
</tr>
<tr>
<td>10008</td>
<td>Delta</td>
<td>With the publishers it’s not an issue, I know all of them. I know all the publishing houses since 15 years, so with them it is not an issue. We had a HUGE advantage when we entered the market.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10003</td>
<td>Beta</td>
<td>It is possible to enter without a local host who knows everyone. I think it is possible. But I think it takes soo much longer time …. I guess that’s the difference, things that take 10 minutes for me can take several days for someone who don’t know who to call or e-mail.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10008</td>
<td>Delta</td>
<td>It was a nice coincidence that they [the publishers] knew me and for me it was nice to talk with them in a new situation now for a new company. I think it was, it matched well.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10005</td>
<td>Beta</td>
<td>I don’t know how many times [On-site employee] has taken a coffee with people in the publishing industry in [Beta], but probably several times a week to just explain and explain.</td>
<td></td>
<td>Frequent meetings</td>
</tr>
<tr>
<td>10004</td>
<td>Beta</td>
<td>Because the publishers want to…to know what they [the publishers] should produce and for them to have a positive image of us they need someone like [On-site employee] who comes and takes a coffee, sits down and talk, and builds that relation on-site, which is much harder to do from Stockholm even though it’s just an hour away.</td>
<td></td>
<td>Build and maintain relationships on-site</td>
</tr>
<tr>
<td>10005</td>
<td>Delta</td>
<td>When it comes to the publishers we already have [On-site employee]. She is our person that evangelizes and keeps up the talk with the industry and keeps the contacts warm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10002</td>
<td>Beta</td>
<td>Smaller partnerships work absolutely fine to take over the phone or e-mail…. However, for more strategical or larger or long-term partnerships then it’s good to establish a relationship. And then it helps to be on-site.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10003</td>
<td>Beta</td>
<td>I think it’s my job to share information to [the CEO and Beta team] about things I hear over here …. I get to know things that they never would have in Stockholm, when you’re not on-site.</td>
<td></td>
<td>Collect information on-site</td>
</tr>
<tr>
<td>10003</td>
<td>Beta</td>
<td>It’s million times easier to acquire that knowledge when you are here. You can ask around and google, and that is hard to do from the outside.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3.3 *Initiate co-production*

The next action is to initiate co-production, which the case company did in Beta to address the challenges *new-to-the-world* and *lack of partnerships*. In order to accomplish this, the case company started their own production company. The co-production model aimed to help publishers to start producing, and thus increase the amount of audiobooks that the case company could offer to end-users in Beta. In Table 7 we have summarized representative quotes of how this action worked in practice.

Table 7. Representative quotes for action: initiate co-production.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>We needed to evangelize to the entire industry, and we had to do this [Production company]-thing. It was a way to show what type of product it could be, how you could make money, we take a share of the risk because we believe in it so much.</td>
<td>Change the perception of audiobooks</td>
<td>☐</td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>We went in and said..this book should be an audiobook and we can take..we can produce it as an audiobook, the publisher got to keep the rights. The only thing we did was to put our logo and said ‘this is produced with [Production company]’. We took the costs to produce an audiobook and then we shared the profits for 5 years I think.</td>
<td>Shared risk</td>
<td>☐</td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>…to dare to invest, even though the investment wasn’t huge …. [The publishers] didn’t dare in the beginning. And that was one of the things what we had to prove with [Production company].</td>
<td>Help publishers to produce audiobooks</td>
<td>☐</td>
</tr>
<tr>
<td>I0002</td>
<td>Beta</td>
<td>And with [Production company] and producing ourselves and help the publishers to produce audiobooks to get over the threshold.</td>
<td>Show publishers to produce audiobooks</td>
<td>☐</td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>Then [the publishers] started to see ‘ah it starts to come in money from these things’. And as soon as a publisher saw that and said ‘ah okay but we might want a larger share’. Then we said ‘no take all the rights, buy us out!’ We wanted to teach a man to fish and they will have food for the entire life..instead of doing it ourselves. So we wanted to show the publishers that they get profit and potential, for them to be more automatic.</td>
<td>Show revenue</td>
<td>☐</td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>…when the customers come in, but not that many customers because they need more content, some money comes in. Some money goes to the publishers, the publishers start to feel that they are making money, and then they can produce another audiobook or two. They join the service, and more customers are coming in..so that’s a positive spiral that keeps spinning.</td>
<td>Show revenue</td>
<td>☐</td>
</tr>
</tbody>
</table>
4.3.4 Prove the value

The next action we have found is to prove the value. When it comes to the challenges *new-two-the-world* and *lack of partnerships*, the case company struggled in all markets to make publishers understand the value of the product. However, they were able to overcome these challenges and prove the value of their product by being transparent and show revenues to the publishers. Illustrating quotes that describe this action can be seen in Table 8.

Table 8. Representative quotes for action: prove the value.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>You have to overcome this very bad image, okay you need to understand this is what [Company] does, this is what [other companies] do, this is the way we do, it is a difference. What definitely helped us overcome this bad image is definitely money. Or more precise having a transparent, fair remuneration model.</td>
<td></td>
<td>Transparency</td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>Show numbers from Sweden of what happened here.</td>
<td></td>
<td>Showcase other markets</td>
</tr>
<tr>
<td>I0005</td>
<td>-</td>
<td>Have we proven ourselves in [Delta] then we have much more credibility if we’re going to [Gamma]. In the same way, have we proven ourselves in [Gamma] then probably even [Delta] would have gone even faster.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0002</td>
<td>Beta</td>
<td>So that was pretty hard in the beginning and it has been...I was probably also more in the beginning like we had meetings with the publishers and you had to be very explanatory, how this works and show examples from Sweden how the market has developed here when it was so far ahead [compared to Beta].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>Somewhere in the end of 2016 and especially in 2017 we started to grow pretty fast and then people started to, especially at [Investor], to believe in this. So that also changed pretty quickly …. They don’t believe until they see the numbers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>The only thing that is going to get them [the publishers] to change their minds is if they see revenue …. You can have the same discussion 10 times, if they don’t start seeing revenue, they will never make a decision.</td>
<td></td>
<td>Show revenue</td>
</tr>
<tr>
<td>I0004</td>
<td>Gamma</td>
<td>Most of the time we pay an advance to the really big publishers in order to get the books from the beginning. Because they want to know that they earn some money, so then they get their advance, and this advance we could pay off pretty quickly, so after only a couple of months after we had done this they told us ‘well this is going really well’.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Gamma</td>
<td>To get a volume of maybe a couple of thousands of users pretty quickly so that a publisher can start seeing some revenue and they might start talking more about us and that they feel like [Company name] is actually for real, it’s not just a startup who just lays there’.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3.5 Create a buzz

To address the challenge of having a *new-to-the-world* product in Beta, the case company created a buzz around audiobooks, which is the fifth action we have identified. By actively seeking media attention and using influencers to create awareness, the case company was able to convince the market that audiobook streaming is the future trend. The same strategy is now applied to the Delta market. Table 9 summarizes representative quotes to illustrate this action.

Table 9. Representative quotes for action: create a buzz.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>It was a plan from the very beginning that we are going to morning TV-shows. That they [TV-shows] are going to sit and discuss this stuff [audiobook trend].</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0002</td>
<td>Beta</td>
<td>We have like in all marketing and then with PR-campaigns tried, all the time, to somehow hype or create a hype about this [audiobooks], that this is the new big thing and tried to talk about it in a way 'this is the new thing'. So we have tried to sell it in this way, that this is the new trend and the new Netflix.</td>
<td>Actively seek media attention</td>
<td></td>
</tr>
<tr>
<td>I0004</td>
<td>Beta</td>
<td>We talked to author-organizations, we talked to translator-organizations, we talked to everyone who wanted to listen to us. Even if it doesn’t give anything right now and maybe it’s all useless, we are still going to talk to them, we are going to talk to agents, everyone are going to know that this exists and what an amazing opportunity this is going to be..how this is going to affect the future.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>Perhaps a celebrity, like if [Author] for example would be in [Delta], or a similar author or a prominent person that might help a little bit to give more awareness and ‘oh if she is doing it, then I need to look at it’.</td>
<td>Use influencers</td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>When we had to convince the end-users we had to look for..cool people. Like we tried to find those influencer-people that felt like the exact opposite to the preconceptions.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.6 Assign local and experienced teams

The next action is to assign local and experienced teams, which addresses the challenges *lack of partnerships* and *lack of market-specific knowledge*. For example, local employees have increased the case company’s credibility towards partners, and local market knowledge as well as unique expertise within the teams have increased the market-specific knowledge. This action is illustrated by representative quotes in Table 10.
Table 10. Representative quotes for action: assign local and experienced teams.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>Still there are some differences and that’s why I said before having a [Delta] team and not only one person, but we can always say ‘hey we have 5 people working on the [Delta] market specifically and we are all [Delta people] and...’, it sounds funny but I think it is important.</td>
<td></td>
<td>Increased credibility</td>
</tr>
<tr>
<td>I0006</td>
<td>Delta</td>
<td>Alright now they have a [Delta] person and she knows this stuff and she has worked for publishing houses. They [the publishers] were instantly a bit calmer and were like ‘ah now they have found a person who knows this’...</td>
<td></td>
<td>Local market knowledge</td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>You need a team that knows the local language, who understands the market, has been exposed to commercials in that country, and understands how people discuss new services, and that can travel over there and be there sometimes and feel the atmosphere. So you need people that understands the local market.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>I interpret things in a different way than for example [the CEO] interprets. Because I just know that this person is from [Beta] and now they mean this.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>Pretty quickly we got [I0002] who...ehh at that time she had worked in Sweden at [Different company] with products in [Beta] and purchased marketing, so [I0002] could pretty fast start looking at ‘ah now we should buy bloggers or podcast’.</td>
<td></td>
<td>Unique expertise</td>
</tr>
<tr>
<td>I0006</td>
<td>Delta</td>
<td>I have worked at publishing houses in [Delta] and have well, a lot experience from that and so.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Delta</td>
<td>We had already recruited, a bit earlier, a person who was responsible for partnerships in [Delta], and that was [Name of employee].she was supposed to travel there and talk to the publishers, because she knew [Delta language], she had lived in [City in Delta] when she was younger and had previously worked at [Different company] and sold nuclear power in [Delta].</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.7 Create dedication within the teams

The next action, create dedication within the teams, addresses the challenge lack of support. By having teams that focus on one market only, and by hiring champions that are dedicated to one specific market, the market’s priority has been increased. Representative quotes are summarized in Table 11.
Table 11. Representative quotes for action: create dedication within the teams.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>I would add that it was an important milestone that [Marketing Manager Beta] was hired in the summer of 2016, so that we had a [Beta] dedicated Marketing Coordinator.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>I had [I0004] who was dedicated project leader and only focused on [Beta], [I0002] who came in and only focused on [Beta], [I0003] who was on-site in [Beta] and only focused on [Beta], and then [Name of new employee] came in a bit later as well. And I, at least during the first 6-months, focused a lot on [Beta].</td>
<td></td>
<td>Focus on one market</td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>[It] might be a good idea to have a dedicated team working only for one country. Because then you know, I can go to this developer and he’s doing everything I want, or we want, for [Delta] or for [Gamma] or for...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0002</td>
<td>Beta</td>
<td>Sometimes you had to like, a bit in the beginning, defend [Beta] and take that role in the company that you...even if it wasn’t in my role-description I was somehow [Beta] and tried to take the fights in order for [Beta] to be prioritized.</td>
<td></td>
<td>Hire champions</td>
</tr>
<tr>
<td>I0004</td>
<td>Gamma</td>
<td>I think you need to have dedicated people who are responsible...maybe not like a ‘Country Manager’, but you need to have someone who’s dedicated to actually create this type of success and then request the resources that are needed.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.8 Introduce communication routines

The final action that we have identified is to introduce communication routines, which addresses the challenge lack of support. This action is mainly applicable for the on-site employees to get them to feel more involved in the day-to-day activities at the head office. This can be achieved through regular meetings and by having a common platform, e.g. Slack that the case company is using. Table 12 summarizes representative quotes to illustrate this action.
Table 12. Representative quotes for action: introduce communication routines.

<table>
<thead>
<tr>
<th>Informant code</th>
<th>Market</th>
<th>Representative quotes</th>
<th>Code</th>
<th>Addressed challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>I0005</td>
<td>Beta</td>
<td>I traveled quite a lot last year to [Beta], but at the same time I had weekly phone-meetings with [On-site employee].</td>
<td>Regular meetings</td>
<td></td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>But I think, uhm, for the small [Delta] team I think it [Skype meetings] would help for various reasons, feeling more involved.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>So Slack is good as a .... to have a continuous conversation about what is going on.</td>
<td>Common platform</td>
<td>+</td>
</tr>
<tr>
<td>I0003</td>
<td>Beta</td>
<td>But honestly..if Slack didn’t exist, if we were only to call and email, then I think it would be pretty tough and clumsy because e-mail doesn’t work as well as Slack.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0008</td>
<td>Delta</td>
<td>Slack is in a way..it would help if I would understand Swedish but, then Slack would definitely be a good way of being more part of the company.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I0006</td>
<td>Delta</td>
<td>If I work a week from home then I still would be able to keep myself up-to-date with everything because I can read everything on Slack and hang along, be a part of it all.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.9 Conclusion of actions

As discussed in this chapter, we have identified eight actions that address the identified challenges that BGs can face during their internationalization journey. These actions aim to answer the how when it comes to fulfilling our study’s purpose to advance the understanding of internationalization among BGs. We would like to highlight two of the eight actions that address the most challenges. These are; 1) utilize established investor, and 2) hire local and experienced employee on-site. Furthermore, these two actions address the three primary challenges, i.e. lack of networks, new-to-the-world, and lack of partnerships, which are all critical to manage for achieving a successful internationalization. Thus, in order to succeed internationally, we suggest that BGs consider these two actions as a starting point when entering new foreign markets.

4.4 Roadmap

In order to advance the understanding for BGs’ internationalization, we have summarized our findings into a roadmap, see Figure 5. The roadmap includes the identified challenges, in prioritized order, and the specific actions required to address each of the five challenges. Thus, the roadmap can serve as a start-to-end guide for BGs that either consider or have
decided to enter a new foreign market. The reason for why the secondary challenges, along with their actions, are placed at the end of the roadmap is simply because they are not as crucial for a foreign market entry as the primary. By providing this roadmap, we aim to enlighten managers at BGs in their internationalization journey.

Figure 5. Roadmap of the identified challenges and actions.
5. DISCUSSION AND CONCLUSION

Through this study we have advanced the understanding of internationalization among born global companies. This knowledge is becoming increasingly important as more companies are expanding their businesses across national boundaries. Not only does this study present what specific challenges that exist during the internationalization of BGs, and when these challenges appear during a foreign market entry, it also provides possible actions for each of these challenges. Together these (three) components offer managers at BGs a roadmap that can help them succeed with their internationalization journey. By investigating the previously unexplored challenges, we have also been able to contribute to the current internationalization literature. Hence, our study provides meaningful implications for both theory and practitioners.

5.1 Theoretical contribution

Our study provides theoretical contributions in three ways. First, we have contributed to the literature by focusing on the BG-perspective, as more research is needed on the internationalization of companies that are in their early stages of existence (Rialp, Rialp, & Knight, 2005; Ruzzier, Hisrich & Antoncic, 2006). Second, as previous literature has mainly investigated success factors for BGs (e.g. Cannone, Pisoni, & Onetti, 2014; Freeman, Edwards, & Schroder, 2006; Jin, Chung, Yang, & Jeong, 2018; Karra, Phillips, & Tracey, 2008; Weerawardena et al., 2007), this study takes on a different spin by exploring the opposite spectrum, i.e. challenges, that has so far been left in the dark (Baum, Schwens, & Kabst, 2013). By focusing on identifying challenges for BGs in the literature, we have managed to confirm that the lack of the three success factors are possible challenges for the internationalization of BGs; 1) networks, 2) partnerships, and 3) market-specific knowledge. Moreover, we have identified two additional challenges that are new to the internationalization literature; 4) lack of support, and 5) new-to-the-world. Especially lack of support intrigued us, mainly because it is distinct in being an internal challenge that is not dependent on any outside factors (such as partners or potential customers). Thus, it becomes a challenge that is easier to control than the other four, as it is entirely regulated by the top management and/or employees. In summary,
this study has contributed with five possible challenges that should be considered in order to ensure BGs' international success. Finally, we believe that the findings of this study can provide academia with a more holistic view of the internationalization of young firms. This can be achieved by combining the already explored success factors with the newly identified challenges from this study. By providing these theoretical insights, we believe our study fulfills its purpose to advance the understanding of BGs' internationalization.

### 5.2 Practical implications

Our study contributes with three main implications for management practice. First, it expands the understanding of what challenges that exist when BGs enter new foreign markets. By being aware of what challenges that can possibly arise, managers can get a better understanding of how to succeed with their internationalization journey. This knowledge is relevant as more BGs continue to emerge in large numbers today (Knight & Liesch, 2016). Second, our study illustrates when each of these challenges appear during foreign market entry. Since we make a distinction between primary and secondary challenges, the when becomes important to be aware of to handle the challenges in a suitable way. Thus, the order in which BGs manage the challenges can be critical for their overall international success. Finally, our study provides detailed information on how to solve, or in best case avoid, the identified challenges. In other words, these insights can be used to either address an existing challenge, or as a way to avoid a challenge altogether and therefore become a more proactive BG. Thus, our findings can serve as a practical tool that can be used for different purposes depending on each BG’s unique situation. In summary, this study answers the questions; 1) what, 2) when, and 3) how – which together form the final roadmap that can be used for conquering challenges with internationalization.

### 5.3 Limitations and future research

Despite several contributions to the internationalization literature, specifically towards the BG niche, this study has three main limitations that both academics and practitioners
should be aware of when interpreting the findings. First, although the findings are based on a cross-case analysis of three different market entries, it is difficult to increase the overall generalizability of a single case study. Future research should therefore investigate if the findings are valid in a multiple case study setting. Second, this study was conducted on a BG in the publishing industry that; 1) had strong support from their investor in terms of networks and resources, and 2) is completely dependent on establishing partnerships with the publishers in order to provide value for the end-user. Thus, it is important to be aware that some, or all, of the challenges might not necessarily be applicable to different contexts and situations. Future research should therefore validate the findings in other industries. Last, this study is limited by the fact that the case company is a young BG that has entered three international markets, which are all located within Europe. Therefore, we recommend future research to build upon the findings of this study and examine if the identified challenges are also applicable for BGs that have; 1) gotten further into their internationalization process, i.e. entered more than three markets, or 2) expanded outside of Europe to other continents.

5.4 Final reflections

In addition to the theoretical and practical implications discussed above, there are two additional aspects we would like to highlight, which we realized while working on this study and find merit in mentioning.

First, by diving deep into the early internationalization literature we discovered that the BG-phenomenon is defined in many different ways by researchers (e.g., Knight 2015; Knight & Cavusgil, 2004; Oviatt & McDougall, 1994; Weerawardena, Mort, Liesch, & Knight, 2007). Thus, the three-year internationalization rule, i.e. that BGs tend to internationalize within the first three years of existence (Knight & Liesch, 2016), does not necessarily apply to all BGs. Since the term is quite scattered, and therefore diffuse, we believe that the findings of this study can be just as applicable to companies that internationalize within four or five years. In other words, companies that internationalize later on can be just as “born global” as the ones who internationalize within the three-year limit.
Second, it seems that the order in which a company deals with the identified challenges is crucial for the overall foreign market entry success. The further we got into this study, we discovered that the challenges and their actions correlate. Thus, we believe that the identified challenges and actions should not just be seen as separate entities but also as an interrelated system. Because of this discovery, we managed to not only answer the what and how, but also the when, which led us to develop the final roadmap. Even though the roadmap might not have been intended from the beginning, we believe it ties together the study into a more valuable contribution, both for practitioners and academia.
6. REFERENCES


APPENDIX 1 – Interview guide for the semi-structured interviews

Respondent:
Market:
Date:
Duration:

**Background questions:**

Position

Time at case company

Previous working experience

**General questions:**

View on internationalization

Circumstances before entering market X (e.g., competitors or market maturity)

**Market entry:**

[The interviewer presents the last updated version of the timeline and asks the informant to fill out any missing events that he/she considers important for market entry X]

**Questions about challenges:**

Challenges during market entry X

[If the informant did not mention any of the challenges from the theoretical foundation, i.e. lack of networks, lack of partnerships, and lack of market-specific knowledge, the interviewer asked about them for market entry X]

**Final questions:**

[The interviewer asks the informant if there is anything else he/she would like to add]
APPENDIX 2 – Alpha market entry
APPENDIX 3 – Beta market entry
APPENDIX 4 – Gamma market entry
APPENDIX 5 – Delta market entry
APPENDIX 6 – Categorization of quotes from phase three

Quotes regarding how to address each challenge were sorted based on market entry.

<table>
<thead>
<tr>
<th>Respondent Beta</th>
<th>Respondent Gamma</th>
<th>Respondent Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>10002</td>
<td>Quote</td>
<td></td>
</tr>
<tr>
<td>Quote</td>
<td>10007</td>
<td>Quote</td>
</tr>
<tr>
<td>Quote</td>
<td></td>
<td>10008</td>
</tr>
<tr>
<td>10003</td>
<td>Quote</td>
<td></td>
</tr>
<tr>
<td>Quote</td>
<td></td>
<td>10008</td>
</tr>
<tr>
<td>Quote</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quote</td>
<td>10005</td>
<td>Quote</td>
</tr>
</tbody>
</table>

Each challenge had a separate sheet in the excel spreadsheet.
Each challenge had a separate sheet in the excel spreadsheet. The quotes were compiled in a new spreadsheet where quotes with similar statements were organized in the same column. Based on what the quotes stated, we named the actions accordingly.