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Turku School of
Economics

“They are not just content creators anymore”

The role of influencer marketing in SMEs' internationalization

Master's thesis
in Marketing

Author:
Anni Telanne

Supervisor:
PhD Mariia Syväri

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Author: Anni Telanne

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The business landscape and our everyday lives have undergone a transformation due to the widespread use of the internet and digital media. Consequently, SMEs find themselves at a crossroads, seeking pathways to global growth in a world dominated by digital connections. The rapid globalization of the world and advancements in technology have enabled smaller businesses to expand their operations internationally, and web-based tools have given them the same advantages as they do for big corporations. As a result of the increasing use of the internet, traditional marketing has changed rapidly, and new ways of marketing have arisen. Social media influencers have become popular over the past few years, making influencer marketing a prominent part of marketing strategies. Even though the utilization of influencer marketing has increased tremendously over the past few years, there is very little research of how SMEs could utilize influencer marketing during their internationalization.

This thesis examines what role influencer marketing plays in the internationalization of SMEs. The aim of this study is to increase the knowledge of SMEs' internationalization, in addition to understanding how and why they utilize influencer marketing, through examining the enablers and barriers. This study was carried out as a qualitative study and the research data was collected by interviewing seven Finnish SMEs who had utilized influencer marketing as part of their internationalization.

According to the study results, influencer marketing has played a pivotal role in SMEs' internationalization and its role will increase in the future, though change its shape. This study contributes to the existing literature of SMEs' internationalization and influencer marketing by presenting the enablers and barriers of utilizing influencer marketing. The enablers are *brand awareness, credibility, approachability, market knowledge* and *networks creation*, whereas the barriers of utilizing influencer marketing are *cost vs effectiveness, consistency, budget constraints, choosing the right influencers, regulations and laws, and cultural differences*. Based on the enablers and barriers, this study suggests a framework for SMEs on how to overcome the barriers of influencer marketing and how to embed influencer marketing into their internationalization. Based on the emerged framework, this study suggests that SMEs should focus on building a thorough strategy for utilizing influencer marketing and carefully consider how influencer marketing could enhance their foreign market expansion. Furthermore, influencer marketing could play a bigger role in SMEs' internationalization and they could be embedded into the company's core decision-making processes. This study indicates that building and maintaining meaningful relationships with influencers has become valuable during internationalization and suggests that other companies considering influencer marketing during internationalization should consider how to build and maintain deeper relationships with influencers.

Key words: SMEs, internationalization, influencer marketing.

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Internet ja digitaalinen media ovat vaikuttaneet sekä yritysmaailmaan että jokapäiväiseen elämäämme. Globalisaatio ja teknologinen kehitys ovat näin ollen antaneet pienemmille yrityksille mahdollisuuden laajentaa liiketoimintaa ulkomaille. Seurauksena internetin käytön lisääntymisestä, perinteinen tapa markkinoida on muuttunut ja uusia markkinointitapoja on syntynyt. Sosiaalisen median vaikuttajat ovat kasvattaneet suosiotaan viime vuosien aikana, minkä takia vaikuttajamarkkinoinnista on tullut näkyvä osa yritysten markkinointistrategiaa. Vaikka vaikuttajamarkkinoinnin hyödyntäminen on lisääntynyt valtavasti viime vuosina, ei ole tutkittu, miten pk-yritykset voisivat hyödyntää vaikuttajamarkkinointia kansainvälistymisensä aikana.

Tässä tutkimuksessa tarkastellaan, mikä rooli vaikuttajamarkkinoinnilla on PK-yritysten kansainvälistymisessä. Tutkimuksen tavoitteena on lisätä tietoa PK-yritysten kansainvälistymisestä, miten ja miksi ne hyödyntävät vaikuttajamarkkinointia tutkimalla vaikuttajamarkkinoinnin mahdollistajia ja esteitä. Tutkimus toteutettiin kvalitatiivisena tutkimuksena ja tutkimusaineisto kerättiin haastattelemalla seitsemää suomalaista PK-yritystä, jotka olivat hyödyntäneet vaikuttajamarkkinointia osana kansainvälistymistään.

Tutkimuksen tuloksista kävi ilmi, että vaikuttajamarkkinoinnilla on ollut keskeinen rooli PK-yritysten kansainvälistymisessä ja sen rooli kasvaa tulevaisuudessa, joskin eri muodossa. Tämä tutkimus edistää PK-yritysten kansainvälistymisen ja vaikuttajamarkkinoinnin olemassa olevaa kirjallisuutta esittelemällä vaikuttajamarkkinoinnin mahdollistajia ja esteitä. Mahdollistajia ovat *bränditunnettuuden kasvattaminen, uskottavuus, lähestyttävyyys, markkinatuntemus ja verkostojen luominen*, kun taas vaikuttajamarkkinoinnin hyödyntämisen esteitä ovat *hintaa vs. tehokkuus, johdonmukaisuus, budjettirajoitteet, oikeiden vaikuttajien valinta, säädökset ja lait sekä kulttuurierot*. Mahdollistajien ja esteiden pohjalta tässä tutkimuksessa ehdotetaan PK-yrityksille työkalu, miten vaikuttajamarkkinoinnin esteet voidaan ylittää ja miten vaikuttajamarkkinointi voidaan sisällyttää PK-yritysten kansainvälistymiseen. Työkalun perusteella tämä tutkimus ehdottaa, että PK-yritysten tulisi keskittyä rakentamaan perusteellinen strategia vaikuttajamarkkinoinnin hyödyntämiseksi ja pohtia huolellisesti, miten vaikuttajamarkkinointi voisi tehostaa kansainvälistymistä. Lisäksi vaikuttajamarkkinoinnilla voisi olla suurempi rooli PK-yritysten kansainvälistymisessä ja ne voitaisiin ottaa isommaksi osaksi yritysten päätöksentekoon. Tämä tutkimus osoittaa, että merkityksellisten suhteiden rakentaminen ja ylläpitäminen vaikuttajien kanssa on tärkeää kansainvälistymisen aikana. Lisäksi tämä tutkimus ehdottaa, että yritykset, jotka harkitsevat vaikuttajamarkkinoinnin hyödyntämistä kansainvälistymisen aikana tulisi pohtia, miten rakentaa ja ylläpitää syvempiä suhteita vaikuttajien kanssa.

Avainsanat: PK-yritykset, kansainvälistyminen, vaikuttajamarkkinointi.

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1 Introduction

1.1 Background

“Kim Kardashian advertised Finnish long drink for free, company owners baffled: No deal has been made” (Ilta Sanomat 2021). The aforementioned quotation is a perfect example of the power influencers possess in today’s global and highly digitalized world.

The business landscape and our everyday lives have undergone a transformation due to the widespread use of the internet and digital media. Consequently, Small and Medium-sized Enterprises (SMEs) find themselves at a crossroads, seeking pathways to global growth in a world dominated by digital connections. The rapid globalization of the world and advancements in technology have enabled smaller businesses to expand their operations internationally and web-based tools have given the same advantages as they do for big corporations. (Bell & Loane 2010, 213–214; Jean & Kim 2020, 1; Westerlund 2020, 48.) The internet has provided new opportunities for SMEs to reach audiences they could not previously reach and at a cost that is no longer prohibitive (Mazzarol 2015, 88). Furthermore, it has enabled SMEs to engage with their customers more efficiently and respond more swiftly to changing circumstances than ever before, as noted by Bell & Loane (2010, 215). As a result of the increasing use of the internet, new ways of marketing have arisen.

Social media influencers have become increasingly popular over the past few years, making influencer marketing a prominent part of many marketing strategies, especially for businesses that operate in the business-to-customer market. The global market size of influencer marketing has more than doubled since 2019 and is expected to surpass 337 million dollars in 2027. In Europe alone, content creator market reached 1.32 billion euros and B2C brands are planning on increasing influencer marketing budgets by 44%. (Martínez-López 2023, 86.) Influencer marketing plays a pivotal role in SMEs growth in domestic markets but in order to scale up the business, SMEs could leverage influencer marketing in their internationalization and cultivate better marketing performance which will result in increased brand recognition in target markets (Zhou et al. 2021, 122; Martínez-López 2023, 86). According to Makrides et al. (2020, 5), the increased competition in today’s digitalized marketplace poses challenges to companies that cannot stay ahead on the changing trends. Due to low hierarchy and flexibility (Ghobadian & Gallear 1996, 87), solutions related to influencer marketing could give SMEs the ability

to expand business overseas cost-effectively. Consequently, SMEs ability to increase economic benefit by expanding to foreign markets could rise by implementing influencer marketing strategies.

SMEs are essential to the economic growth of businesses worldwide. As they represent 90% of businesses and 50% of employment globally, SMEs play an important role in creating jobs and boosting global economic development (World Bank, 2024). SMEs are not only an important part of job creation, but they also foster innovation and a great set of entrepreneurial abilities such as flexibility and creativity. SMEs have a unique set of capabilities which differentiate them from bigger organizations. Additionally, SMEs are capable of creating and maintaining networks efficiently and they are known to have closer relationships with their customers compared to larger companies (Resnick et al. 2016, 156–157). These aforementioned capabilities allow SMEs to expand business to foreign markets quite efficiently compared to larger companies.

In this era of social media influencers shaping trends and opinions with a single post, the question arises: Can these digital opinion leaders become catalysts for small and medium-sized businesses looking to transcend geographical boundaries?

The internationalization of SMEs and influencer marketing have both been researched widely by multiple scholars in the past, although separately. Majority of the studies related to SMEs internationalization in the modern era focus on the role of social media in the internationalization of SMEs (Rienda et al. 2020; Mazzarol 2015; Taiminen & Karjaluoto, 2015; Westerlund 2020). However, there are only few studies focusing on influencer marketing and SMEs internationalization which indicates that there is research gap on what role specifically influencer marketing plays in the internationalization of SMEs. Therefore, this thesis aims to examine how SMEs could utilize influencer marketing when expanding business abroad and what barriers or enablers might occur when adapting influencer marketing strategies while expanding to foreign markets. This thesis aims to provide valuable information on proven marketing activities for SMEs considering international expansion. The findings could help in speeding up Finnish SMEs' internationalization and eventually in creating jobs and foreign investments through establishing a framework SMEs can utilize during that process.

1.2 Purpose and structure of the thesis

The purpose of this thesis is to examine the role of influencer marketing in the internationalization of SMEs. More specifically, the thesis aims to explore how SMEs utilize influencer marketing in their internationalization process and gain comprehensive understanding of using influencer marketing in internationalization. The focus will be on the internationalization of SMEs including the choice of target markets and foreign market entry, and what are the enablers and barriers of using influencer marketing. Consequently, this thesis could offer SMEs crucial viewpoints and ideas on how to enhance or carry out their internationalization strategies in the future. This thesis is divided into following three sub-questions:

- *How and why do SMEs expand to foreign markets?*
- *How and why do companies utilize influencer marketing?*
- *What are the enablers and barriers of influencer marketing in SMEs' internationalization?*

On the basis of the literature review and empirical data, this study aims to provide an up-to-date version of the enablers and barriers of utilizing influencer marketing during internationalization. Based on this, the research aims to create a framework for utilizing influencer marketing during SMEs' internationalization. The overall aim of the framework is to provide managerial contribution to the industry in support of the growth and expansion of SMEs.

In order to gain a comprehensive view of the research problem, this master's thesis includes interviews on several representatives of SMEs which have expanded business to foreign markets by utilizing influencer marketing. The aim of the study is to find out, in particular, how and why the management of the SMEs have chosen to utilize influencer marketing when expanding business to foreign markets and what has been the role of influencer marketing in the internationalization process of these SMEs in question. The companies interviewed in the study are all SMEs operating in the B2C industry.

This thesis is constructed as follows; Chapter 1 focuses on the introduction of the thesis which includes presenting the main research problem and sub-questions which will guide the author to answer the main problem with empirical research.

Chapters 2,3 and 4 focus on building the theoretical framework. Firstly, traditional internationalization theories are presented and what role they play in SMEs internationalization, followed up by internationalization in the modern era, which focuses on the role of social media in expanding to foreign markets. Secondly, previous research on influencer marketing is presented, which includes celebrity endorsements and social media influencers. Lastly, chapter 4 will focus on the enablers and barriers of utilizing influencer marketing in SMEs internationalization process and what role SMEs characteristics play in the process. Also, theoretical framework is presented at the end of chapter 4.

Chapter 5 focuses on methodology including the method of data collection and analysis. Qualitative research is briefly presented and justifies the choice of qualitative research method. Additionally, operationalization table is presented and a semi-structured theme interview to be used as a data collection method. The chapter also presents the exact description of the companies to be interviewed, as well as the interview situations. Furthermore, the trustworthiness of the study is evaluated as well as the ethical assessment of the study.

Chapter 6 presents empirical findings of the research and chapter 7 focuses on discussing the empirical findings in light of existing research.

Chapter 8 presents the theoretical and managerial contributions. Furthermore, limitations and suggestions for future research are presented.

1.3 Key concepts

1.3.1 SMEs

Previous research has not produced a generally acceptable definition of SMEs, and different researchers define SMEs differently based on their geographical location. SMEs are businesses whose personnel and revenue numbers fall below certain limits. SMEs have a limit of 250 employees according to the EU standard (Eurostat 2019), 500 in the US definition (Office of the United States Trade Representative 2019) and up to 3000 for Chinese companies (Ecovis Beijing 2019). According to the European Commission (2024), SMEs can be defined as enterprises that employ fewer than 250 persons and have an annual turnover maximum of 50 million euros and/or an annual balance sheet maximum of 43 million euros. SMEs account for the majority of businesses worldwide

and are important contributors to job creation global economic development as they represent 90% of businesses and 50% of employment globally. (World Bank 2024.) In this thesis, micro-enterprises are excluded, and mid-cap companies included in order to balance out the empirical findings and gain a comprehensive view on SMEs internationalization and influencer marketing strategies.

1.3.2 Internationalization

Internationalization is a complex phenomenon which is often defined differently according to scholars depending on the phenomenon they include. Internationalization is often defined as the process of expanding business operations across national borders (Welch & Luostarinen, 1988, 36; Johanson & Vahlne, 1990, 20) as some scholars such as Calof and Beamish (1995, 116) define internationalization as “the process of adapting companies operations (strategy, structure, resource, etc.) to international environments”.

1.3.3 Influencer marketing

Influencer marketing is a form of social media marketing in which the desired target audience is reached through influential opinion leaders (influencers). Followers rely on the influencers' opinions and make purchasing decisions based on the influencer's views and experiences. As a result, influencers and their followers can take part in co-creating the brand image through different social media channels. (Evans et al. 2017, 139; Lou & Yuan 2019, 58–60.) Influencers with strong personal brands have become important marketing assets because of their unique relationships with their followers. In addition to having strong personal brands, influencers usually possess persuasive qualities such as attractiveness, credibility and expertise in niche markets. Using opinion leaders to influence consumers' decisions is actually an established phenomenon and dates back to the 1950s. In recent decades, celebrity endorsements have been widely leveraged for marketing purposes (Knoll & Matthews, 2017, 55) and the increased popularity of social media has had a remarkable impact on leveraging these endorsements (Appel et al. 2020, 82).

2 Internationalization of SMEs

In the field of international business, research on internationalization has mainly focused on Multinational Enterprises (MNEs) and the studies linked to SMEs are quite new in the literature (Korsakienė et al. 2012, 298). Internationalization as a term has been defined differently by multiple scholars. Various definitions of internationalization can be seen in Table 1 below.

Author	Definition
Luostarinen & Welch (1988, 36)	“Internationalization is the process of increasing involvement in international operations.”
Johanson & Vahlne (1990, 20)	“Internationalization means building networks of business relationships in other countries through extension, penetration and integration.”
Ruzzier et al. (2006, 477)	“Internationalization is geographical expansion of economic activities over a national country’s border.”

Table 1 Various definitions of internationalization

Based on these definitions, internationalization can be seen as a process of expanding business to foreign countries. As mentioned previously, SMEs play an important part in the growth and change of economy, and in recent decades, SMEs have recognized the benefits of expanding their businesses into foreign markets both in developed and developing markets (Johanson & Martín Martín 2015, 476–477; Ojala 2015). Consequently, several scholars in the field of international business have examined the internationalization process of SMEs through the traditional internationalization theories (Korsakienė et al. 2012, 295).

2.1 Traditional internationalization theories¹

2.1.1 The Uppsala Internationalization Theory

One of the most cited theoretical frameworks for internationalization is The Uppsala Internationalization Theory (The U-model). Johanson and Vahlne (1977) created the U-model for use in a study of Swedish companies seeking to expand their business internationally. One of the reasons why companies fail in their internationalization is the lack of resources and market knowledge and it is caused by psychic distance (Johanson

¹ The content of this chapter is somewhat based on the author's previous Bachelor's thesis: Telanne, A (2021) The role of influencer marketing in the internationalization of Small and Medium-sized Enterprises. Bachelor's thesis. Turku School of Economics, Turku

& Vahlne 1977, 26). Psychic distance is defined by Johanson and Vahlne (1977, 24) as the differences between cultures, languages, and political systems. Therefore, the linearity of the internationalization process can be explained by the concept of psychic distance (Johanson & Wiedersheim-Paul 1975, 308–309). According to this theory, companies' internationalization starts in countries that are geographically close to their home markets, and the target market is chosen based on the characteristics similar to those of their domestic market. This reduced uncertainty also reduces the risks associated with operating abroad. Based on this study, it was found that companies internationalize gradually when adjusting to the new market and it is accomplished through four phases of the U-model. Two variables are considered; state variables, including market knowledge and commitment, as well as change variables, which include commitment decisions and current activities. (Johanson & Vahlne 1977, 26–28.) Each step of the process is likely to be influenced by the choice to enter foreign markets (Dominguez & Mayrhofer 2017, 1052). The model created by Johanson and Vahlne (1977) can be seen below in Figure 1.

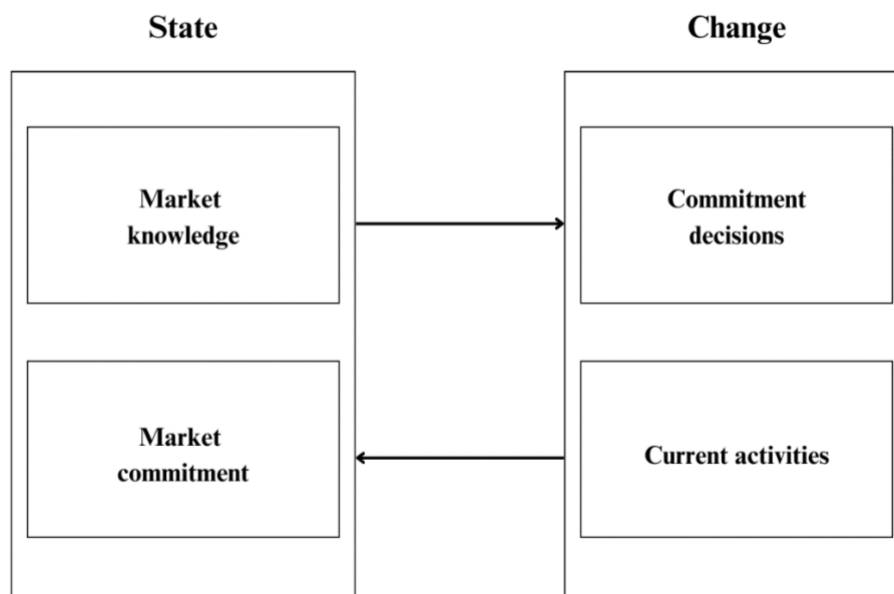


Figure 1 The U-model (Johanson & Vahlne 1977, 26)

The state variables (market knowledge and market commitment) refer to the resources used in the foreign market that could influence the possibility and risk of a company's expansion. Market commitment means the use of resources in conducting the internationalization process, whereas market knowledge helps the management in decision-making. Change variables result from state variables. (Johanson & Vahlne 1977,

26–29.) According to the model, companies gain knowledge of the markets through decision-making and ongoing activities. This approach reduces uncertainty, which in turn motivates the company to commit to more overseas operations.

Even though the U-model has been widely cited in the academic literature, it has also become one of the most criticized frameworks. Firstly, company behavior has changed rapidly since the 1970s. The internationalization process is not linear anymore and companies tend to combine multiple different internationalization strategies. In addition, companies have the ability to try different internationalization strategies and combine them due to globalization and rapid technological improvements. Consequently, they have the ability to make quick decisions and change their strategy. (Johanson & Vahlne 2009, 1411–1412; Hedlund & Kverneland 1985, 45–46; Oviatt & McDougall 1994, 50.) Additionally, the importance of the psychic distance has diminished, and companies are not paying as much attention to the sequence in which internationalization takes place. For example, the ‘born global’ companies are a good example as they aim to internationalize from the start-up. (Johanson & Vahlne 2009, 1420; Madsen & Servais 1997, 564.) This will be examined later in this chapter.

Because the U-model was originally created to examine the internationalization process of larger companies, many scholars have studied the effect of the U-model in the internationalization process of SMEs. According to a study by Bell (1995), small software companies similarly started expanding their business to markets that are closer to their home markets. However, Bell (1995, 65–66) stated that the main factors affecting the companies’ internationalization targets were niche markets and industry-specific characteristics, rather than low psychic distance. On the contrary, Arenius (2005, 120) stated that higher psychic distance would slow down the internationalization of SMEs as they would have difficulties in gaining relevant information, which is in line with the original concept of psychic distance. Additionally, Coviello and Munro (1997, 376) stated that the internationalization of SMEs depends on network relationships. According to their study, SMEs start gaining access to networks that are closer to their home markets, and over time start creating networks in countries with greater psychic distance. However, according to a study by Ojala (2008, 142), SMEs select their target countries based on other reasons than psychic distance. SMEs can select markets based on, for example, market size and industry structure. Consequently, Ojala (2008, 142–143) stated that even though the Uppsala model seems to be valid to some extent, in today’s globalized world,

SMEs are forced to find ways to conduct business in countries with greater geographical distance in order to gain competitive advantage.

2.1.2 The Network Approach

As a response to the criticisms of the Uppsala Model, Johanson and Mattsson (1988) developed a new theory called the Network Approach. According to Johansson and Mattsson (1988, 3) many companies started to utilize networks in their internationalization processes. Additionally, the purpose of networks in the internationalization of SMEs started to grow. According to Ojala and Tyrväinen (2009, 264–266) the primary difference between the Uppsala Model and Network approach is that Network approach emphasized neither psychic distance nor geographical positions in the selection of foreign market choices. They argued that in comparison to the Uppsala Model, in the Network approach companies do not tend to operate gradually. In conclusion, the Uppsala model emphasizes the enhancement of a company's internal resources whereas the Network approach emphasizes the company's ability to utilize networks and other parties to complement the company's set of resources.

Johanson and Mattsson (1988, 288–290) define networks as relationships with different participants such as customers, suppliers, distributors, competitors and government officials. These networks consist of formal relationships such as business partners, informal relationships such as family and friends, and intermediate relationships. According to Ojala and Tyrväinen (2009, 4), studies have shown that relationships have a significant effect on where companies decide to expand their business and usually companies tend to start from the markets that are geographically close to their home market. Networks can benefit SMEs in tackling some of the problems in entering foreign markets, such as lack of knowledge or technology (Chetty et al. 2000, 485). According to the network approach, companies can develop crucial relationships and consequently overcome difficulties, such as the 'liability of outsidership', and reduce risks during foreign market entry.

There are four categories of internationalization process identified by Johanson and Mattsson (1988, 298 – 306). These categories are presented below:

- *The early starters* are companies with few or no international relationships, which puts them in the same position as their competitors. Since the company does not

have the knowledge of the target market, it seeks the assistance of an agent to enter foreign markets. With the help of an agent, the early starter company is able to acquire knowledge of the target market and reduce costs and uncertainty.

- *The lonely international* companies have already established a network in the target market but are operating in a domestic market environment. Usually the lonely international firms have previous knowledge and experience of foreign markets which makes them more likely to succeed in internationalization.
- *Late starter* companies are already operating in an international environment and have indirect relationships with foreign business networks. Therefore, markets that are closer to their home market might be difficult since their competitors already have a competitive advantage. In consequence, the late starter companies might start expanding their business to markets that are geographically distant to their home markets in order to gain competitive advantage.
- *The international among others* are highly internationalized companies which are operating in an environment that is also highly internationalized. These companies have the knowledge of foreign markets and resources which enable them to expand their business quickly and for instance, set up subsidiaries.

However, there seems to be disagreements on how companies can utilize networks in the internationalization process. Ruzzier et al. (2006, 485) have stated that many of the network-based theories tend to neglect the power of individuals and especially entrepreneurs, as well as the strategic position of SMEs in the internationalization process. Crick and Spence (2005, 180–181) in turn argue that companies with good technological capabilities can utilize existing networks to increase business activities abroad only to a certain extent. This argument is in line with Bell (1995, 72), who stated that the network approach fails to explain the internationalization process of companies who have no networks when expanding to foreign countries. This can usually be the case with, for example, ‘born global’ companies who tend to internationalize from inception and therefore have not yet established strong networks in foreign countries. On the contrary, based on the study conducted by Loane and Bell (2006, 477–479), companies that already have suitable networks tend to build new connections actively which, in turn, eases the market entry. On the whole, the network approach emphasizes the power of building networks and in turn getting access to foreign markets. However, according to

the criticism, the network approach fails to explain the individualistic effects of the company's internationalization process and how companies should act if they have no current networks nor technological capabilities.

In light of the criticism, Johanson and Vahlne enhanced the original U-model to better meet the needs of current business activities. According to Johanson and Vahlne (2009), the revisited model is based on the importance of networks rather than the internal capabilities of the company. The core argument is divided into two perspectives. Firstly, markets consist of networks which are created through relationships. Companies are linked to these networks in various ways. As a result, companies must gain 'insidership' in relevant networks in order to internationalize effectively as well as decrease the 'liability of outsidership' in the target markets. Additionally, relationships offer a chance to learn and build trust and commitment which are essential elements to internationalization.

Based on the original U-model (Johanson & Vahlne 1977), the difficulty of building new relationships was determined by how large the psychic distance was, which was a result of the liability of foreignness. However, under the new model, the biggest threat to a company's internationalization process is becoming an 'outsider' as the company does not hold a consistent network position in the foreign market. Due to this, the company will suffer from the 'liability of outsidership' and foreignness, and in turn, will complicate the process of becoming an "insider" (Johanson & Vahlne 2009, 1415). In the redesigned U-model, presented in Figure 2 below, the variables are modified to emphasize the importance of networks in the internationalization process.

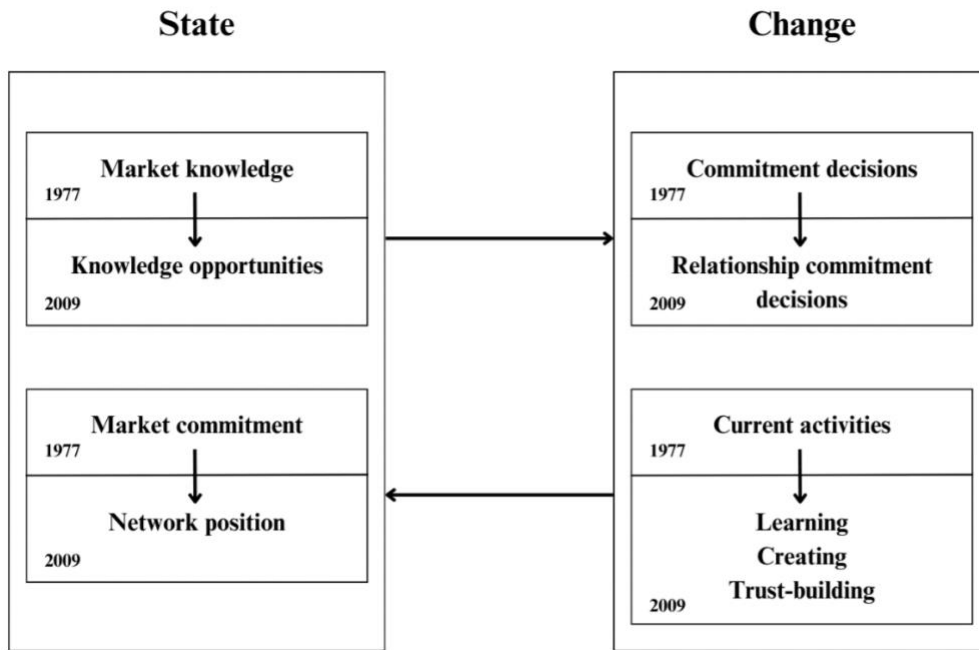


Figure 2 The business network internationalization model (Johanson & Vahlne 2009, 1424)
 Johanson and Vahlne have revisited the model depicted in figure 2 multiple times in the recent decades, and the newest model was created in 2017 depicted in figure 3.

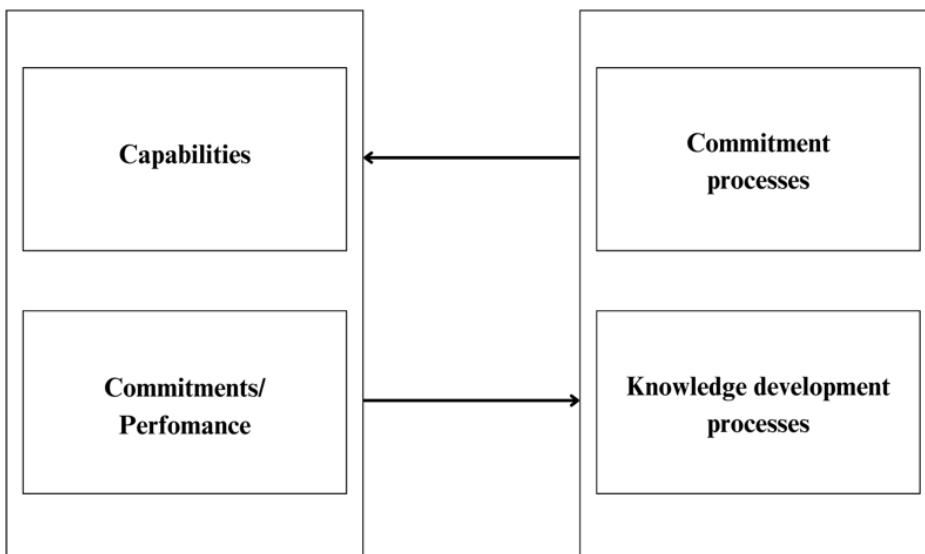


Figure 3 The Uppsala Model (Johanson & Vahlne 2017,1092)
 In the newest model, Johanson and Vahlne (2017, 1087) wanted to examine the internationalization process of companies through the concept of multi-business enterprises (MBEs) rather than focusing solely on MNEs. According to Johanson and Vahlne (2017, 1087–1089) the key element in internationalization is the focus on processes rather than structures, entrepreneurial skills rather than passive skills and

networks rather than a single unit. The revisited model is process-based and acts as a 'micro-level tool of analysis' and the main goals for a company's internationalization are ownership, control and company-specific advantages. These goals are achieved through efficient management and scale advantages. Johanson and Vahlne (2017, 1091) have stated that the uncertainty and partial ignorance are crucial elements that affect how managers operate, and that these elements are associated with the resources that are at stake when a decision is made. Consequently, in order to reduce uncertainty, companies must proceed incrementally.

Even though the newest U-model was created recently, it has received some criticism from different scholars. Dominguez and Mayrhofer (2017, 1053) have for example argued that the revisited Uppsala Model ignores the changes in company's internationalization process as it tends to focus only on increasing the activities in foreign markets and do not take into account the possibilities of decreasing the commitments nor withdrawing from foreign markets.

Nonetheless, Johanson and Vahlne (2017) remodeled the U-model; the main idea of the U-model remains which is to start expanding business to markets that are closer to home markets and less risky. When a company has gained sufficient knowledge and experience from the geographically close markets, it can start expanding to more risky markets. The Born Global theory derives from the gradual process of the Uppsala model and its constraints. Next, the Born Global theory will be presented.

2.1.3 The Born Global Theory

As globalization accelerated in the 1980s, smaller companies began to internationalize more rapidly. They were typically young, entrepreneurial companies hoping to attract customers from all around the world. Following that, scholars and industry leaders started referring to these companies as 'born globals'. (Cavusgil & Knight 2015, 3.) Globalization, the Internet, and other modern technological advancements have made it possible for smaller businesses to expand internationally.

So far, there is no agreed upon definition for born globals, and different scholars tend to define it differently in the literature. According to Oviatt and McDougall (1994, 49) born global refers to a business organization, that from the very beginning, seeks a competitive advantage by using resources and sales in more than one country. On the other hand,

Knight and Cavusgil (2015, 4) define born globals as small and technologically advanced companies that operate in global markets from the inception. Furthermore, Madsen and Servais (1997, 564) define born globals as companies that view the world as one market instead of limiting themselves to a particular country.

According to the research by Chetty and Campbell-Hun (2004, 63), born globals usually believe that the global market outweighs the risks of expansion, and that psychic distance does not matter when choosing the target market. In other words, born globals are companies which seek growth in the international markets right from the get-go, and have a passion and the ability to seek a competitive advantage in multiple countries abroad. In addition, born globals are companies that already possess sufficient technological capabilities.

Despite the fact that the Born Global theory states that companies are willing to take risks, as well as tolerate uncertainty in foreign markets, it stresses that such companies must have prior knowledge and experience of foreign markets in order to succeed (Chetty & Campbell-Hunt 2004, 62). According to Madsen and Servais (1997, 564– 566), born globals differ from the traditional companies in that the managers of born globals have experience of working and living abroad. In addition, the managers or founders of born global companies usually have a comprehensive education. Consequently, the born global companies are able to speed up their expansion to foreign markets due to the prior experience of their managers and founders. In addition, Knight and Cavusgil (1996; 2005, 5–6) argue that one of the key elements of the rapid internationalization of born globals is the advances in information and communications technology (ICT) which aids born globals to acquire knowledge, maintain relationships and develop strategies.

2.2 The role of marketing in internationalization

Marketing plays a crucial role in the internationalization of businesses. In an era marked by globalization, digitalization and interconnected economies, businesses are increasingly looking beyond national borders to expand their reach and tap into new markets. (Katsikeas et al. 2020, 405; Donthu et al. 2021, 804; Oliveira et al. 2023; 414) Internationalization, the process of expanding business activities across borders (Ruzzier et al. 2006, 477), is a strategic choice for many organizations seeking sustained growth and competitiveness. This is particularly true for resource-constrained companies such as SMEs, which now have the motive, opportunity and flexibility to exploit opportunities in

foreign markets more efficiently than ever before (Bell & Loane, 2010, 214; Katsikeas et al.2020, 405). In this context, the role of marketing in internationalization becomes paramount. Marketing serves as a guiding force, facilitating the adaptation of products and strategies to diverse cultural, economic, and social landscapes (Sheth, 2020, 7).

One of the foundational aspects of internationalization is understanding the dynamics of the target markets. Market research plays a crucial role in providing insights into target market selection, as well as, consumer behaviour, cultural nuances, and market trends. (Katsikeas et al. 2020, 408.) Furthermore, digitalization has allowed companies to more effectively monitor and analyse potential target markets and their characteristics, as geographical and psychological distance are no longer a serious obstacle to a company's choice of foreign markets (Mazzarol, 2015, 84; Katsikeas et al. 2020, 410). A comprehensive understanding of these factors allows companies to tailor their products and marketing strategies to meet the specific needs and preferences of diverse consumer segments. Market research thus becomes an irreplaceable tool for companies venturing into new markets. However, the new digital era has also identified the competition in global markets since an increasing number of new companies from different countries are being lured to compete in the international arena (Katsikeas et al. 2020, 409). Furthermore, digitalization can provide companies with tools to monitor the movements and performance of competitors and consequently, respond quickly to their marketing strategies (Kannan & Li, 2017, 33).

Successful internationalization depends on the ability to adapt products and marketing messages to local contexts. Even though there has been a vast debate on whether the product strategy should be localized or customised to specific markets, digitalization offers tremendous opportunities for international companies to adapt their products to specific customer segments on specific target markets through the personalization and customization of digital marketing (Katsikeas et al.2020, 411). Marketing strategies that are effective in one country may not resonate as strongly in another due to cultural differences, language barriers, or varying consumer expectations. Therefore, a key role of marketing in internationalization is the adaptation and localization of products and campaigns. This involves customizing product features, packaging, and promotional content to align with the cultural and social norms of the target market. (Solberg & Durrieu, 2022, 1534.)

Marketing is instrumental in building and managing brands. Establishing a strong and consistent brand image across borders fosters consumer trust and loyalty. (Godey et al. 2016, 5833-5834.) Through international marketing efforts and digital tools, companies can create a cohesive brand identity that transcends geographical boundaries. According to Gao et al. (2018, 45), this not only enhances brand recognition but also contributes to the development of a global consumer base. For instance, consumer engagement in social platforms can generate a great amount of electronic word-of-mouth (eWOM) information (Kannan & Li, 2017, 28), which can at best spread to countless countries across the world, fostering brand equity. Strategic marketing campaigns, including advertising and public relations, play a vital role in shaping perceptions and fostering positive brand associations on a global scale.

2.2.1 Internationalization in the era of digital marketing

Since the rise of the internet and development of other technological innovations, traditional marketing has changed rapidly. Due to this transformation, a new marketing approach called digital marketing, has emerged. (Makdrides et al. 2020, 4.) Kannan and Li (2017, 23) define digital marketing as an adaptive digital marketing process enabling companies to work in collaboration with customers and partners to create, communicate, deliver and sustain value to all stakeholders. Digital channels have changed the way of communication and interaction between companies and consumers towards two-way interactions. As a result, companies are able to communicate with customers more effectively and reach out to new markets across borders which they could not reach previously (Makrides et al. 2020, 5; Jean & Kim, 2020, 1). Consequently, the way of expanding business to foreign markets has changed, enabling companies to enhance strategic decisions regarding internationalization.

However, technology also poses challenges for companies as the marketplace and consumer behaviour are constantly changing. These challenges drive companies across the industries to adopt the use of digital marketing strategies. Digital marketing and social media especially give opportunities for SMEs to gain new customers and reach existing customers more efficiently. (Bell & Loane 2010, 215; Taiminen & Karjaluo 2015.) Therefore, digital marketing can be seen as a solution for SMEs aiming to expand to foreign markets, previously prohibited due to the lack of resources. It has been stated that

the typical marketing strategies do not apply to SMEs because their marketing style is mostly spontaneous, reactive and informal (Reijonen 2010, 291). However, some SMEs do engage in formal marketing practices such as marketing planning (Hill 2001, 212), and especially those SMEs are more likely to succeed in increasing their brand awareness in foreign markets by utilizing digital marketing activities (Parry et al. 2012, 7).

In the contemporary business landscape, digital marketing and technological integration have become irreplaceable tools for internationalization. Leveraging online platforms, social media, and e-commerce channels allows companies to reach global audiences efficiently. Digital marketing strategies enable targeted communication and engagement with diverse consumer segments, transcending geographical barriers. Next, the role of social media in internationalization is presented.

2.2.2 The role of social media in internationalization

Social media is part of digital marketing and has become a strategic tool for companies to sustain and create value for different stakeholders. Social media can be defined differently according to scholars. This is depicted in Table 2 below.

Author	Definition
Kaplan & Hanlein (2010, 61)	“Social media is a group of Internet-based applications that build on the ideological and technological foundations for Web 2.0 and that allow the creation and exchange of user-generated content. “
Carr & Hayes (2015, 50)	“Social media is an Internet-based channel that allows users to opportunistically interact and selectively self-present, either in real-time or asynchronously, with both broad and narrow audience who derive value from user-generated content and the perception of interaction with others.”
Schjoedt et al. (2020, 6)	“Social media is an Internet-based application that facilitate social networking and the creation and exchange of user-generated content.”

Table 2 Various definitions of social media

In comparison to other collaborative technologies, social media is inexpensive, does not require advanced technological knowledge, and can be easily implemented by SMEs compared to other costly and complex technologies (Atanassova & Clark, 2015, 8). In fact, social media enables SMEs to connect with separately located networks in a practical and cost-effective way despite their limited partners and geographic location (Adebanjo & Michaelides 2010, 246; Barnes et al. 2012, 688).

According to Kaplan and Hanlein (2010, 67) a business strategy that incorporates social media will require new approaches. Due to the rise of social media, creation of messages and content has changed from a controlled environment in established companies to an uncontrolled one on the digital platforms (Ruggieri et al. 2018, 1222–1223). This change has not only changed the way of conducting marketing activities, but also affected the traditional ways of conducting business. Instead of viewing customers as passive participants, companies must engage them in the value creation process and make them active contributors to business practices. (Kao et al. 2016, 143.)

As the technology advances and the popularity of social media increases, consumers are becoming more knowledgeable and cannot be easily controlled or manipulated by companies. As a result, consumers no longer accept messages passively, but prefer to participate in the communication process. Furthermore, consumers are more likely to trust the opinions of people like themselves rather than those of brands. (Uzunoglu & Misci Kip 2014, 600.) As a result, companies have been forced to rethink their marketing strategies and focus more on the possibilities of utilizing social media in advertising. Due to the rise of social media, eWOM (electronic word of mouth), which is an updated form of the classic marketing term WOM (word-of-mouth), has become popular on the internet and in social media. Through eWOM, consumers are able to pass information and share their experiences of companies' products and services with each other. (Lis, 2013, 129; Vrontis et al. 2021, 618.) Even though eWOM is an effective way to engage and connect with customers, companies should also be careful and ensure that consumers don't use it to spread wrong messages, especially within the international landscape. This can consequently harm the company's international performance and brand image. (Katsikeas et al. 2020, 416.)

2.2.3 SMEs' marketing characteristics

SMEs are recognized for their unique set of characteristics which affect their way of conducting marketing activities (Hill 2001, 175). As mentioned previously, the marketing activities of SMEs are usually simplistic, informal and reactive (Gilmore et al. 2006, 280). However, SMEs are also considered to be significant sources of innovation due to their smaller size and flatter structure. In addition, the lack of bureaucracy enables SMEs to communicate, collaborate and share knowledge more effectively. (Laforet & Tann 2006, 365.) SMEs are also agile, and they are known to have closer relationships with their

customers compared to larger companies (Resnick et al. 2016, 156–157). Consequently, SMEs are more likely to survive from turbulent environments.

For SMEs to survive, their main goal for marketing activities is selling, which is achieved by developing strong relationships with their customers (Reijonen 2010, 281). Additionally, Herve et al. (2020, 32) have stated that for SMEs to succeed internationally, they must maintain advantages that differentiate them from the local competition. This can be achieved by maximizing the entry mode attractiveness and targeting niche markets with high quality and innovative products.

3 Influencer marketing as a marketing strategy²

As a result of the growth of social media, influencer marketing has become a widely utilized marketing strategy (Martínez-López et al.2020, 579; Lou & Yuan, 2019, 58). The history of influencer marketing dates back to the 1950s when Katz and Lazarsfield (1955) researched the effect of using opinion leaders in spreading communication messages to consumers rather than mass media spreading messages to consumers. However, even before the rise of social media influencers, celebrity endorsements were a widely utilized strategy among larger companies.

This section will first present the examination and review of the traditional celebrity endorsement and the central theories on the practises companies can choose the most suitable celebrities to promote their brands. After examining the history of the celebrity endorsements, social media influencers will be presented by reviewing the literature and presenting a model on how it has been studied in the past.

3.1 Traditional celebrity endorsement

As mentioned in the introduction of this thesis, celebrity endorsements are not a new marketing method. Essentially, celebrity endorsement refers to the technique of using celebrities to advertise products and services in order to contribute to a company's brand image (Erdogan, 1999, 291). According to Song and Kim (2020, 802), the actress Audrey Hepburn is still associated with Givenchy since she wore a Givenchy dress in the film *Breakfast at Tiffany's*, as well as, Marilyn Monroe is still associated with Chanel No.5 perfume since she was the face of the brand in advertisements. This poses the question; how does the celebrity endorsement work and what are its advantages and disadvantages?

A celebrity endorser is a well-known individual, such as a celebrity, who uses their recognition to promote consumer goods by appearing in advertisements (McCracken 1989, 310). Bergkvist & Zhou (2016, 645) have stated that even though this definition is the most used by other scholars in the literature, it is somewhat outdated because celebrities may endorse not only consumer goods but also business-to-business products and services, political parties, and non-profit organizations.

² The content of this chapter is largely based on the author's previous Bachelor's thesis: Telanne, A (2021) The role of influencer marketing in the internationalization of Small and Medium-sized enterprises. Bachelor's thesis. Turku School of Economics, Turku

A celebrity endorser is usually a famous and influential person, such as an actor, a singer, or an athlete. An important purpose of this strategy is to connect a brand or a product with the attributes of a celebrity, such as fame and idolization. As a result, people are more likely to purchase the products or services associated with the celebrities. According to McCormick (2016, 39), celebrities are hired as endorsers for three main reasons:

- Their advertisements attract more attention
- They are competitive against similar brands
- They have a greater effect on customers' buying intentions and attitudes towards the brand

Traditional celebrity endorsements have been widely studied in the past. Especially the method of choosing the correct endorsers has been a popular topic among scholars. Next, two theories; The Source Credibility Model (Hovland & Weiss 1951) and The Meaning Transfer Model (McCracken 1989), will be presented in order to provide a view on how companies can choose endorsers to promote their brand.

The Source Credibility Model was originally created by Hovland and Weiss in the 1950s. According to this model, there are three factors that affect how consumers perceive the source credibility of the endorser. These factors are trustworthiness, attractiveness and expertise of the endorser. (Ohanian 1990, 41–43.) If a consumer identifies negative feelings on all the three factors, this will negatively affect the perception of the endorser and the brand (Fleck et al. 2012, 4). According to Martínez-López et al. (2020, 581;584), consumers trust individuals who they feel are similar to themselves, and therefore the messages spread by trustworthy individuals can be perceived as more authentic than messages that seem biased or in favour of the brand. Consequently, credibility is easily reduced when influencers convey a message and it is unclear whether there is a sponsorship involved. Additionally, Dwivedi et al. (2015, 451) argue that the credibility of the endorser is ultimately the perception of the consumers, which can be examined through the attractiveness, expertise and trustworthiness of the endorser.

However, according to Fleck et al. (2012, 3) the Source Credibility Model fails to take into account the different characteristics of the source (endorser/influencer) as it focuses only on the characteristics of the endorser rather than focusing on the individuals.

Therefore, it is argued that McCracken's Meaning Transfer Model (1989) aims to better answer the question of how to choose endorsers. See Figure 3 below.

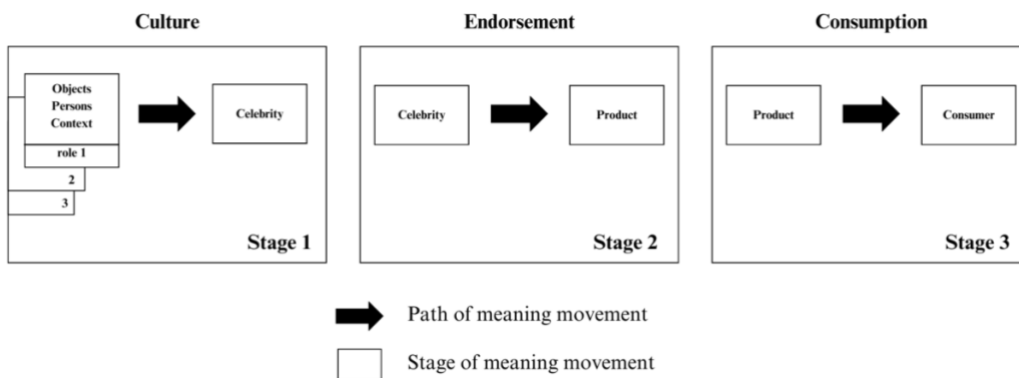


Figure 4 The Meaning Transfer Model (McCracken 1989, 315)

McCracken created the model to identify suitable celebrity endorsers from the cultural point of view. The model includes three stages; the formation of the celebrity image, the transfer of the meaning from the celebrity to the product and lastly from the product to the customers (Erdogan 1999, 305). According to McCracken (1989, 312–313), celebrities carry a cultural meaning which is then transferred into a brand or a product, and from there transferred to the customers. The model suggests that consumers choose specific products or services to develop their identities. McCracken (1989) argues that celebrities share a cultural significance and that the success of the endorsement is not only based on their credibility and attractiveness. Therefore, before choosing which celebrities or influencers represent their brands, companies must ensure that the selected individuals convey the right cultural messages (Fleck et al. 2012, 3–4).

Celebrity endorsements have traditionally been associated with the development of the brand awareness and image, but there has also been research on the relationship between increased sales and celebrity endorsement. Chung et al. (2013) conducted research in which they studied the effect the professional golf player Tiger Woods had on the sales of Nike golf balls. As a result of the study, approximately 57% of Nike's 181-million-dollar endorsement deal with Tiger Woods was recovered in just golf ball sales in the United States. Wood's endorsement also increased golf ball prices by 2.5%.

Even though the connection between increased sales and celebrity endorsements has been shown in studies, it has not always been supported. According to research conducted by Song and Kim (2020, 815), consumers' positive attitudes toward endorsement advertisements were more likely to influence their brand attitude and engagement rather

than purchase intentions. This is in line with McCormick (2016, 43), who argues that the purchase intentions are shaped by whether the consumers experience the fit between the celebrity and the brand as good, regardless of their attitudes. In addition, according to a study conducted by Makrides et al. (2020), consumers were more likely to purchase products which were recommended by family and friends, rather than rely on celebrity endorsers recommendations.

Kim et al. (2018) found that a successful celebrity endorsement is related to the brand loyalty and relationships between brands and consumers. According to Hess and Story (2005), studies have shown that strong consumer-brand relationships increase the satisfaction, trust, and loyalty among customers. Even though companies aim to build better relationships between brands and consumers, brand failures are extremely common, and they can be very costly to the company financially. According to Erdogan (1999, 295), the threats of celebrity endorsement include, for example, public controversy, image change, loss of audience, and overshadowing. It has been shown in several studies that consumers' attitudes towards a product can be influenced by negative information about a celebrity. Consequently, negative information about the celebrity might harm both the company's products and its brand image. (Till & Shrimp, 1998, 67; Amos et al. 2008, 213.)

3.2 Influencer marketing

The traditional celebrity endorsement strategies have changed rapidly in recent years. New types of celebrities have emerged due to the increased use of social media. These celebrities are known as social media influencers (Pöyry et al. 2019, 337–338). There is a difference between a traditional celebrity endorser and an influencer on social media that needs to be distinguished. The traditional celebrity endorsers are people who are associated with a brand or a product in order to enhance the brand image and/or awareness of the product and have gained popularity outside social media (Wiedmann & von Mettenheim 2020, 708). Whereas, a social media influencer is someone who builds a strong community among their followers through constant interaction. Consequently, influencers are able to advertise a company's services and products by utilizing word-of-mouth advertising. (Lis 2013, 129.)

Advances in communication technologies have had an effect on delivering messages effectively (Uzunoglu & Misci Kip 2014, 592–593). The history of using opinion leaders

to affect consumers attitudes dates back to the 1950s when Lazarsfield et al. (1948) conducted a research on voters in the 1940 Presidential Elections of the United States. According to the study, mass media had little direct impact on the voter audiences, but instead, the messages were spread through opinion leaders who influenced the more passive segments of the population. This is how the two-step flow model was created. The theory was further developed by Katz and Lazarsfield (1955) who argued that rather than having direct and general effects on individuals, mass media should spread messages through opinion leaders, who first interpret them and then pass the information on to other people within their network. (see Vrontis et al. 2021, 618.) The two-step flow model is presented below in Figure 5.

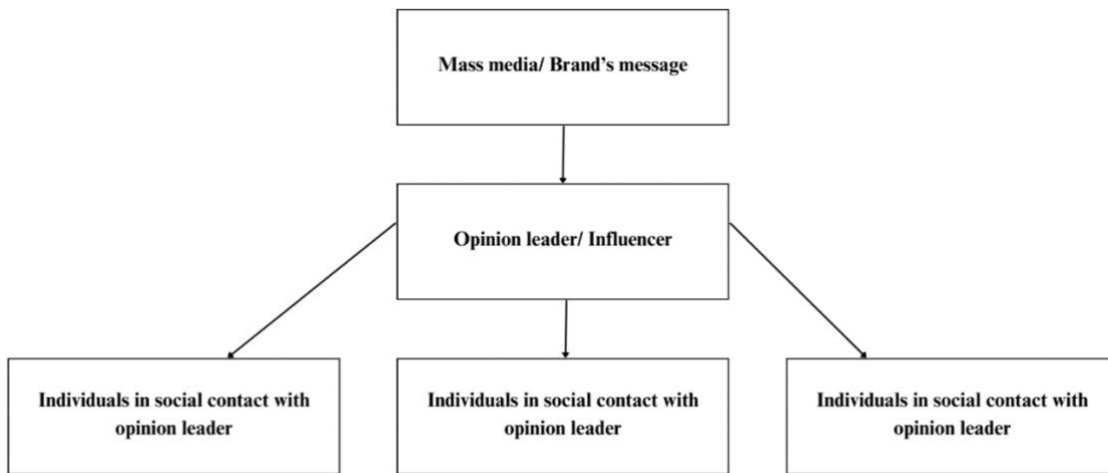


Figure 5 Two-step flow model (modified from Katz & Lazarsfield 1955)

Based on this model, the opinion leaders are characterized by three factors; personification of their values, their competence, and the strategic social location. The first factor relates to the values of the opinion leader, the second relates to the expertise area of the opinion leader, and the third relates to the size of the network the opinion leader has. According to this theory, interpersonal communication has a greater impact on individuals' attitudes than mass communication.

There is a similar phenomenon in social media and among social media influencers. Influencers can increase the impact of a company's message by acting as the messengers, disseminating it to a broader audience as Katz and Lazarfield predicted back in the 1950s. However, in the current digital environment, personal interaction is no longer reliant on geographical proximity as it was stated in the traditional two-step flow model. (Uzunoğlu & Misci Kip 2014, 598.) Therefore, Uzunoğlu & Misci Kip (2014) have created a new

model called the multi-step flow model to better illustrate the flow of communication in the digital environment seen in Figure 6 below.

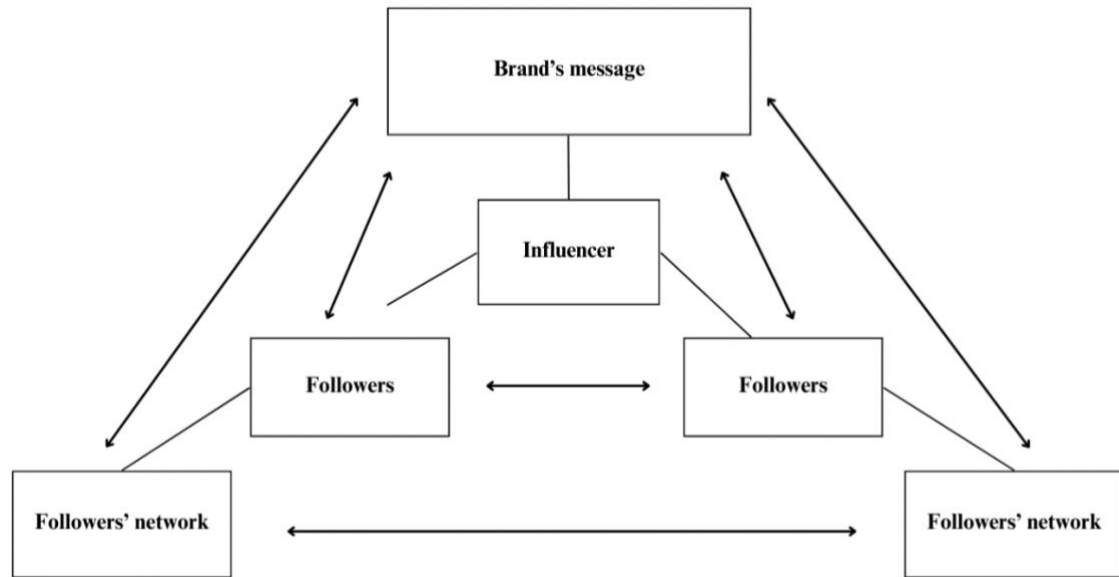


Figure 6 The multi-step flow model (modified from Uzunoğlu & Misci Kip 2014, 599)

According to the model depicted in Figure 6, the brand's message is communicated to the influencer via communication activities. Then, the influencer interprets the message and is transmitted to the followers, who in turn like and share the message to their social networks. Both the sender and the receiver are involved in the two-way communication process, unlike the one-way communication process in the two-step flow model. Therefore, the two-step flow model is remodeled to align with the digital environment becoming a multi-step flow model as every receiver is a potential sender. However, there is a risk that the intended message changes and transforms into a negative meaning if the communication process is not constructed strategically. (Uzunoğlu & Misci Kip 2014, 598.)

Brands and marketers use influencer marketing to promote their branded content to both the influencers' followers and to the company's target customers. Influencer marketing involves selecting influencers or opinion leaders to create and/or publish branded content. (Lou & Yuan, 2019, 59.) Companies can collaborate with influencers in multiple ways. Usually, influencers are asked to share sponsored content on their social media platforms and sometimes influencers are asked to attend or even host events. In fact, social media influencers have been recognized to be more influential and credible than the traditional celebrity endorsers. (Djafarova & Rushworth 2017, 5; Schouten et al. 2020, 258–259.) Influencers can be divided into four different categories based on the number of followers

and characteristics (Yesiloglu & Costello, 2020, 46–47). These categories are presented below:

- *Mega-influencers* are well-known celebrities or social media individuals with more than 1 million followers. Usually mega-influencers are famous because of their background such as a professional athlete, a model or an actor. Mega-influencers are usually used solely to increase brand awareness.
- *Macro-influencers* are influencers with 500 000 to 1 000 000 followers. Macro-influencers usually have a high targeted coverage in a particular market and a good quality of content.
- *Micro-influencers* are influencers with 1000 to 100 000 followers. Even though they have less followers, their authenticity is high as their small and loyal audience have a high level of trust and involvement towards the influencer.
- *Nano-influencers* are influencers with less than 1000 followers, and they have immediate influence in a special community. Nano-influencers may be the most credible in a particular community and have the highest level of engagement. However, Nano-influencers still do not provide much coverage.

According to a study conducted by Shouten et al. (2020) wishful identification, similarity and trust are the most important factors the influencers are seen more effective than traditional celebrity endorsers. However, the study indicates that the effectiveness of the collaboration depends on the product-endorser combinations. It is important that the endorsed product or service enhances the feeling of similarity and wishful identification among followers. In addition, it is vital that the influencer is perceived as similar to its audience in order to conduct a successful collaboration (Shouten et al. 2020, 276). This is in line with Martinez-Lopez (2020), who argued that high influencer-product congruence increases the trustworthiness and post credibility of the influencer which will result in greater follower interest and high intention to search for more information.

According to Ye et al. (2021, 173), consumers are overrun by influencers promoting all types of products due to the massive growth of influencer marketing. Therefore, it is crucial for companies to start developing long-term relationships with influencers to gain competitive advantage as well as give

influencers the freedom in content creation (Lin et al. 2018, 440). Furthermore, if companies and influencers work together on a sustained basis, followers are more likely to associate specific influencers with certain brands, which could result in creating an online community among the influencer and their followers, resulting in consumer value co-creation (Gannon & Brothero 2018, 596; Ye et al. 2021, 173). The company should provide influencers with fair compensation, such as social status, free products, and financial payments, in order to maintain a long-term relationship. Consequently, influencers would feel valued and respected which would motivate them to engage more with the brand. (Lin et al. 2018, 440.) A good real-life example of this is an athleisure brand GymShark.

GymShark was founded in 2012 by Ben Franchis when he identified a market gap in sports clothing. GymShark started to develop affordable and fashionable sports clothing for the younger generation for everyday use – the term athleisure was coined (econsultancy.com, 2021). GymShark started as an SME and focused on niche products and it has now become a 1.3-billion-dollar business. GymShark was one of the first companies to adopt influencer marketing as part of their business strategy (Forbes.com, 2021). The goal for using Influencer marketing as part of GymShark's marketing strategy was to create a community around the world who shared a passion for sports athleisure. Therefore, they chose social media personas who had the power to make their brand visible, would want to work with them for a long time and would love their products. Eventually, the influencers would become brand ambassadors for GymShark. GymShark was able to grow exponentially due to the fact that there were no other company doing the same thing in eCommerce. (Beeketing.com, 2021.)

4 Enablers and barriers of influencer marketing in SMEs' internationalization³

Even though the use of social media as part of the internationalization of SMEs has been researched in the past (Maltby 2012; Atanassova & Clark 2015; Bocconcelli et al. 2017), there is very little literature on the role of influencer marketing in the companies' internationalization process. As presented earlier with a case study, there are SMEs which have utilized influencer marketing as part of their business strategy and become successful in foreign markets. Consequently, influencer marketing strategy could aid SMEs when entering foreign markets. This chapter will focus on the role of influencer marketing in the internationalization process of SMEs by presenting the enablers and barriers of using influencer marketing in the internationalization of SMEs. The enablers and barriers are formed by combining and analyzing literature both from SMEs' internationalization and influencer marketing. The enablers of using influencer marketing in SMEs internationalization are *networking*, *increased brand awareness* and *cost-efficiency*. Whereas the barriers of using influencer marketing in SMEs internationalization are *choosing the right influencers*, *lack of resources*, *risk-taking* and *regulatory issues*. In addition, a framework will be presented to demonstrate the method of choosing the right influencers by SMEs based on three elements: reach, relevance and resonance.

4.1 Enablers of influencer marketing during the internationalization of SMEs

The first enabler for using influencer marketing is *efficient networking*. According to Coviello et al. (2017, 1158) the use of digital channels and social media enables SMEs to reduce operating costs and enhance communication and interaction with all stakeholders. As Johanson and Vahlne (2009) stated, companies should aim to become members of networks in order to reduce liability of outsidership. Networking is a relevant factor especially for SMEs that are not part of any network yet, as it enables SMEs to overcome their weaknesses and improve competitive position in the markets (Bocconcelli et al. 2017, 695). SMEs can start by contacting local influencers which they see as similar to their brand and values and start establishing a relationship with them. SMEs must also

³ The content of this chapter is largely based on the author's previous Bachelor's thesis: Telanne, A (2021) The role of influencer marketing in the internationalization of Small and Medium-sized enterprises. Bachelor's thesis. Turku School of Economics, Turku

consider whether to start creating networks to markets with greater psychic distance or lower psychic distance. As stated earlier, born globals who have not established networks in foreign markets could start from the markets that are geographically closer to home markets to ease the market entry. Even though SMEs tend to start internationalization from the markets that are closer to home market due to the ease of creating networks, SMEs must also consider other characteristics of the target markets such as market size and industry structure as stated earlier.

Influencer marketing enables SMEs to have better control over brand image in foreign markets, which results in *increased brand awareness*. Because of increased use of social media, consumers are able to access information about brands' products and services quicker through social media networks, blogs or websites that post reviews and recommendations (Martínez-López et al. 2020, 582). Consequently, consumers are accustomed to being in charge of their shopping experiences and being able to search information online (Vrontis et al. 2021, 617). In turn, companies will lose part of the control over their brand image (Vernuccio & Ceccotti 2015, 443). SMEs can increase their brand awareness and brand image in foreign markets by utilizing social media influencers as they are seen as credible intermediaries (Uzunoglu & Kip 2014, 594). According to Lou and Yuan (2019), influencer's expertise and attractiveness contribute to followers' brand awareness when viewing branded social media posts, thus boosting the influencer's trust and credibility.

The third enabler for using influencer marketing as part of the internationalization process of SMEs is *cost-efficiency*. As mentioned earlier, influencer marketing can act as a relatively cost-effective marketing strategy to enter foreign markets. Influencers can help SMEs to overcome the 'liability of outsidership' by enhancing their brand image and credibility in the foreign markets (Fraccastoro & Gabrielsson 2018, 12–13). However, it is crucial for SMEs to create a thorough influencer marketing strategy in order to succeed in controlling the resource scarcity they are suffering from. In order for SMEs to succeed in using influencer marketing as part of their internationalization process, the companies must choose the right influencers to match with their brand image and values (Yesiloglu & Costello, 2020). In order to do so, SMEs could utilize the three R's of influence created by Backaler (2018) in figure 6 below.



Figure 7 The three R's of influence (Backaler 2018, 92–93)

According to Backaler et al. (2018), *Reach* refers to the number of followers an influencer has on their social sites. Usually companies aim to collaborate with influencers who have access to a large number of people. However, partnering up with an influencer based on the number of the followers might not guarantee success. For example, Micro-influencers with 1000 to 100 000 followers have been proven to have high authenticity and loyal audience which results in greater brand awareness and increased purchase intentions compared to for example mega-influencers with more than 1 million followers. (Wiedmann & von. Mettenheim 2020, 708.)

Relevance refers to the degree to which the values and image of the influencer align with the brand's values (Solis & Webber 2012, 10). The relevance of the influencer can be determined by the content they create or by the audience they reach. Influencers are chosen based on the similarities with the brand's target audience with regard to values, culture, and demographics. For SMEs to assess the relevance of an influencer, they will need to evaluate several characteristics such as the influencer's authority, trustworthiness and authenticity. The influencer's relevance can be determined by looking at what kind of sponsorships they have had done previously and making sure that their content, values, language and expertise align with the company's (Yesiloglu & Costello, 2020, 49–50).

Resonance refers to the degree of engagement among the followers with the content that the influencer publishes. The degree of resonance determines how engaged the followers

are with the message and whether they will actively share it to other individuals in their social network. There is a close relationship between resonance and relevance, and the latter would not exist without the former. (Yesiloglu & Costello, 2020; Backaler, 2018, 92–93.)

4.2 Barriers of influencer marketing during the internationalization of SMEs

Even though influencer marketing is an effective way of increasing brand awareness and creating brand image in foreign markets, it can also be costly to SMEs if problems occur. According to Jiang et al. (2015), selecting the right influencers that matches the company's brand and values is crucial in order to maintain a good brand image. However, this movement has led to companies controlling the influencers' messages which can have a negative effect on the follower-related responses to the brand. It has been studied that if followers recognize the content to be controlled by the brand, they see it as inauthentic and it has a direct negative effect on the brand image (Woods 2016). In addition, if followers are sceptical about the influencer motives or beliefs, it can have a negative impact on the brand awareness and purchase intentions (Lou & Yuan 2019, 69; De Cicco et al 2020, 735). Therefore, it is crucial for SMEs to take into account the ways they can conduct influencer marketing so that it can still be seen as credible and have a positive effect on consumers' opinion about the influencer and the brand, which will result in increased brand image and brand awareness (Martinez-Lopez et al. 2020, 582). Nonetheless, SMEs have less control over what is said about their brand online which is another reason why SMEs should focus on *choosing the right influencers* to represent their brand (Konstantopoulou 2018, 18).

Also, *resource-related factors* must be taken into account when SMEs consider utilizing influencer marketing. Typically, SMEs suffer from a lack of financial resources which prevents them from expanding business to foreign countries (Steinhäuser et al. 2021, 167) and from the adoption of digital marketing (Taiminen and Karjaluoto 2015, 8). Even though digital marketing can be considered as a cost-effective way compared to other marketing strategies, SMEs might suffer from the labour intensity of the strategy as influencer marketing requires a dialogical communication style, constant attention and active participation (Taiminen & Karjaluoto 2015, 8). However, according to the study by Taiminen and Karjaluoto (2015), only 2 of the 13 SMEs that participated in the research said that monetary resources were the biggest barrier to adopting digital

marketing. In fact, lack of knowledge and human resources were the main factors why SMEs have not included digital marketing as part of their business activities. The typical marketing activities do not apply to SMEs as they tend to act more spontaneously and therefore Influencer marketing could be a prominent strategy for SMEs to conduct. However, it has been proven that those SMEs who engage in marketing planning, are more likely to succeed across borders (Hill 2001, 212; Parry et al. 2012, 7). Although influencer marketing is not directly proportional to digital marketing, lack of knowledge and human resources can still act as barriers when adapting influencer marketing as part of internationalization process. As mentioned earlier, successful adoption of influencer marketing requires strategical thinking and good planning, and these might pose some challenges for SMEs using influencer marketing in internationalization.

SMEs do not hesitate to take risks when expanding to foreign markets even without experiential knowledge. SMEs can take advantage of their ability to establish networks early in the internationalization process to accelerate the expansion to new markets. (Dominguez & Mayrhofer 2017, 1061.) Therefore, *the tendency to take risks* might also become a barrier for utilizing influencer marketing when expanding to foreign markets. If the SME has no experience nor information of the target market, it might be difficult to even seek for influencers. Therefore, to ease the process of entering into foreign markets that the SME has no knowledge of, it would be desirable to create a strategy for using influencer marketing and for example, contact a local PR office in the target market in order to decrease the possibility of harming the brand image. As Lin et al. (2018, 440) stated, in order to create competitive advantage in the target market, it is crucial for a company to start creating long-term relationships with influencers, for example by giving influencers a fair compensation. However, due to the characteristics of SMEs, they usually act upon intuition rather than a long-term plan and might not have the financial means for fair compensation. If SMEs are not able to create long-term relationships with different networks in the target market, it could be argued that influencer marketing would not be the right strategy for them.

Social media influencers may also face challenges due to the external environment in which they operate which can affect the effectiveness of using influencer marketing. For example, regulation issues regarding sponsorship closure, for example, could result in negative feedback from customers. (Zhou et al. 2021, 123–124.) Therefore, the regulations and guidelines of many countries require that sponsored online messages

disclose the advertisement to avoid conflict of interest and misleading practices (Djafarova & Rushworth 2017). According to Boerman et al. (2017, 89), if the consumers recognized the posts to be sponsored, they were more hesitant about the product and questioned whether the endorser genuinely uses the product. In other words, the commercial purpose of the message sent by an influencer reduced the effectiveness of the campaign. On the contrary, Costello and Urbanska (2020, 186) found that there was no significant difference among consumers whether the post was sponsored or not which would have affected the influencer's credibility. SMEs must have *the knowledge of the regulations* in the target market. In addition, SMEs must make sure that the influencers observe the laws and regulations to avoid misunderstandings among consumers. Overview of the enablers and barriers of using influencer marketing during the internationalization of SMEs can be seen in Table 3 below.

Enablers	Barriers
Networking	Choosing the right influencers
Increased brand awareness	Lack of resources
Cost-efficiency	Risk-taking
	Regulatory issues

Table 3 The enablers and barriers of using influencer marketing in the internationalization of SMEs

To conclude, influencer marketing could play an important role in the internationalization process of SMEs. However, SMEs should consider the set of resources they already have and how to overcome the scarcity of resources. Consequently, the ability to create new networks in target markets and maintain those important networks would be the solution to expand prominently to foreign markets.

4.3 Theoretical framework

The aim of this theoretical framework of the thesis is to provide comprehensive overview on SMEs internationalization and influencer marketing. The literature review was conducted by combining studies of traditional internationalization theories and examining them in the context of SMEs. Studies of celebrity endorsements and influencer marketing were provided and analyzed to create thorough overview of influencer marketing and how it is utilized by organizations nowadays on digital environment. Additionally, these aforementioned subjects were combined and analyzed through enablers and barriers on the role of influencer marketing in the internationalization of SMEs. The theoretical

framework is presented in Figure 8 below. The framework is used to conduct empirical research in the context of using influencer marketing in SMEs internationalization process.

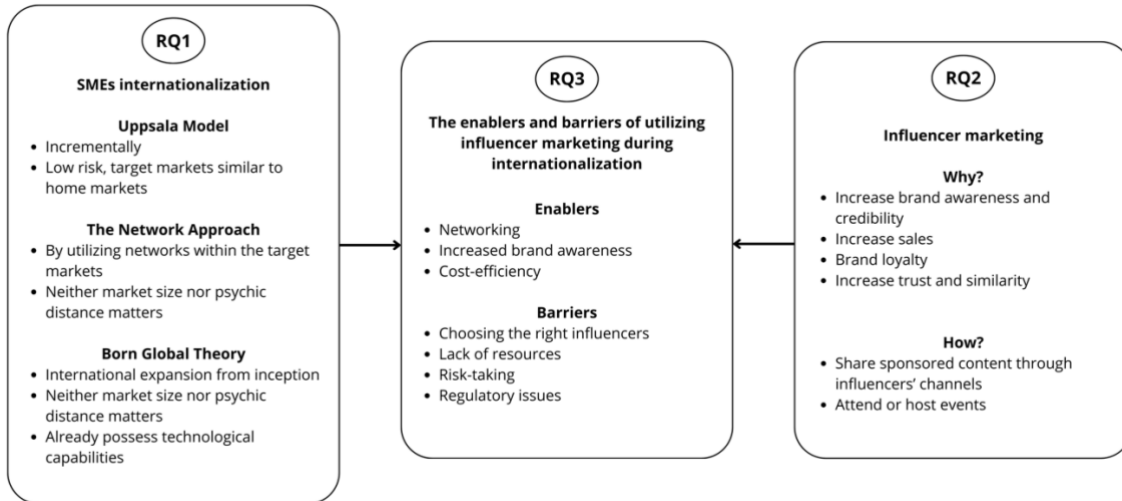


Figure 8 Theoretical Framework

The theoretical framework was built on the basis of a literature review. The theoretical framework depicts SMEs internationalization and what role influencer marketing plays in that process. Usually internationalization of companies is researched through different theories and the theories presented in this thesis are The Uppsala Model, The Network Approach and Born Global theory. The Uppsala Model suggests that companies internationalize incrementally, starting with markets that are psychologically and geographically close to their home market to minimize risk. This model emphasizes learning and adaptation as companies gradually deepen their international engagements. The Network Approach proposes that success in internationalization can be achieved by leveraging networks within the target markets. Unlike the Uppsala Model, it dismisses the significance of psychic distance and market size, focusing instead on the value of relationships and network affiliations. And lastly, the Born Global theory refers to businesses that, from their inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries. These companies don't follow the incremental steps suggested by the Uppsala Model but are instead 'born' with a global view and already have the necessary technological capabilities.

The theoretical framework of this study suggests that SMEs can benefit from integrating influencer marketing into their internationalization strategies, as influencers can aid in overcoming barriers of entry into new markets by enhancing brand recognition and trust

through their established networks and influence. The overall success of expanding to foreign markets lies upon SMEs' ability to navigate the challenges associated with influencer marketing, like aligning with the right influencer whose audience matches the target market of the SME and ensuring regulatory compliance across different international markets. Also, a strategic, relationship-oriented approach is more likely to produce long-term benefits compared to one-off or transactional engagements.

The theoretical framework outlines a comprehensive view of how SMEs can approach internationalization by combining traditional internationalization strategies with contemporary marketing strategies, specifically through the use of influencers to create a more profound market impact. This theoretical framework is intended to structure the phenomenon in question and to define the essential questions for empirical research.

5 Methodology

This chapter justifies the methodological choices of the research. First, a qualitative research is presented, followed by a selection of data collection and analysis. Finally, the reliability and ethical assessment of the research are assessed.

5.1 Qualitative research

The aim of this study is to understand what role influencer marketing plays in the internationalization of SMEs. A qualitative research method was chosen for the study because it primarily seeks to understand phenomena that are complex and difficult to understand rather than create causal relationships between variables (Gummesson 2005, 312). Qualitative methods provide deeper understanding on social phenomena compared to quantitative methods and it typically involves collecting and analysing non-numeric data, such as textual information, interviews, observations, and visual materials, to gain insights into the complexities of social phenomena (Stewart et al. 2008, 235; 238). Consequently, qualitative research is often used to explore and generate theories, identify patterns, and provide a deep understanding of the studied subjects or issues. In qualitative research, the experiences of the interviewees play a key role, and the purpose of the study is fulfilled by providing a theoretical interpretation of the phenomenon under study (Puusa & Juuti 2011, 48). The purpose is to get more detailed descriptions from SMEs and thus learn to better understand their views on the subject and at the same time fill the research gap related to the subject. Responses from SMEs representatives can be analyzed together with the theory in order to gain comprehensive view on the subject and create value both academically and practically.

5.2 Data collection

As one of the qualitative research methods, a semi-structured thematic interview was chosen as the data collection method for this study. Qualitative approaches are related to interpretation and understanding, which is the purpose of this work. In qualitative research methods, data collection and its analysis aim at a comprehensive understanding of the research topic (Eriksson & Kovalainen 2008, 5). The purpose of this research interview is to study the views, experiences, or beliefs of individuals on specific themes. Interviews are the most suitable choice as a qualitative research method when there is already some information about the research phenomenon. A thematic interview is also suitable when precise questions are difficult to formulate. (Stewart et al. 2008, 292.) A

characteristic feature of a traditional thematic interview is that the topics of the interview are defined in advance. The same topics are repeated with all interviewees, although their handling order or scope may vary. In a semi-structured interview, participants are asked the same questions, but are not given ready-made answer options, and the participants answer the questions in their own words. (Hirsjärvi et al. 2009, 208.) Semi-structured interviews were chosen for this study due to their suitability when the research is small-scale and provide a flexible method allowing participants to express their insights (Abedin et al. 2021, 203). In addition, a semi-structured format can allow the researcher to be open to meaningful unpredictable discussions, while also being guided by predetermined research themes and direct questions (Tuomi & Sarajärvi 2018, 86).

In this study, the participants were asked the same questions and they had the liberty to answer the questions in their own words. The researcher asked clarifying questions if some answers needed more explanation. The purpose of the interview frame is to ensure that the interview progresses smoothly, and the necessary questions are asked. In a thematic interview, the discussion can be steered in the right direction if necessary, as the discussion may show things that have not been taken into account when planning the interview frame. Although the interviews usually proceed according to predefined themes and prepared questions, it is also possible for the interviewer to ask new questions or alternatively not to ask pre-planned questions in the thematic interview. (Koskinen et al. 2005, 108.) This was found to be useful in this study, as the interviewees were asked more specific questions in addition to the pre-prepared interview frame. In addition, some of the questions in the interview frame were omitted, as they were already answered in connection to previous questions. It is typical for thematic interviews that the interviewees have experienced a situation related to the theme of the interview before. For this reason, interviews are directed to the subjective experiences of the participants. (Hirsjärvi & Hurme 2000, 47.) In this study, all interviewees had experienced the situation related to the purpose of the study in the past, i.e. they had utilized influencers as part of the internationalization strategy.

The interview questions were formed to answer the purpose and sub-questions of this thesis utilizing themes based on the theoretical framework (Tuomi & Sarajärvi 2018, 109-110). Based on the purpose and sub-questions of this thesis, four larger themes were defined in the research interview form: *Internationalization*, *Influencer collaboration*, *Influencer marketing as part of internationalization*, and *Influencer marketing objectives*

and performance in the internationalization process. The following operationalization table describes how the purpose and sub-questions of the research are answered based on theory and interview form. The operationalization table of the study illustrates the purpose of the study, sub-questions, theoretical framework, themes of the thematic interview, and interview questions of the thematic interview, which can be found in Appendix 1.

Operationalization table

The purpose of the thesis
The purpose of this thesis is to examine the role of influencer marketing in the internationalization of SMEs.

Sub-questions of the thesis	Theory	Themes of the interview	Examples of research questions
How and why do SMEs expand to foreign markets?	SMEs internationalization	Internationalization	Why did you initially decide to expand your business abroad? (Reasons for internationalization) How did you choose the target market to expand to? (market research, etc.) What challenges have you faced when entering a new market?
How and why do companies utilize influencer marketing?	Influencer marketing	Influencer collaboration	Why do you work with influencers? How have you chosen influencers to collaborate with? (criteria, e.g. number of followers, personal brand, etc.)
What are the enablers and barriers of influencer marketing in SMEs' internationalization?	Enablers and barriers of using influencer marketing in internationalization	Influencer marketing as part of internationalization; Influencer marketing objectives and performance in the internationalization process	In which channels have you done influencer marketing (international context)? What are the benefits of influencer marketing in internationalization? What challenges have you faced in utilizing influencer marketing during internationalization? How do you see the role of influencer marketing in your organization in the future? (international context) What goals have you set for influencer marketing in the internationalization process? How do you measure/follow the results of influencer marketing in internationalization?

Table 4 Operationalization table

The material for this thesis was collected from small and medium-sized companies in Finland which have expanded to foreign markets and utilized influencer marketing in

their internationalization process. One of the companies interviewed is a midcap-sized company. The participating SMEs were identified through the researcher's own networks, LinkedIn and Google search engine. When suitable companies were found, they were approached via e-mail and/or LinkedIn message and asked about their interest in participating in the research. In total, 7 interviews were conducted. Table 5 provides information on the conducted interviews. The table specifies the company represented by the person interviewed, the job position of the interviewee in the company, the date and duration of the interview. The interviews were held in Finnish and transcribed from Finnish to English by the researcher.

Company	Interviewee's job title	Date	Duration
A	Chief Operating Officer and Chief Marketing Officer	14.11.2023	57 minutes
B	Co-founder, board member, member of the BOD	15.11.2023	46 minutes
C	Marketing Manager	19.12.2024	25 minutes
D	Chief Marketing Officer	3.1.2024	22 minutes
E	Chief Executive Officer	9.1.2024	51 minutes
F	Chief Executive Officer/Founder	8.1.2024	48 minutes
G	The Chief Financial Officer and the chair of the Advisor Board	12.1.2024	Written

Table 5 List of interviewees

Company A is an E-commerce company which operates in the fashion clothing and textile industry. The interviewees were the company's Chief Operating Officer and Chief Marketing Officer. The Chief Operating Officer is responsible for the internationalization operations and the Chief Marketing Officer is responsible for the marketing planning and the influencer marketing strategy of the company.

Company B is a born global company which operates in the alcohol beverage industry. Company B has expanded to foreign markets from the get-go and they do not have active operations in the home market. The interviewee was the Co-founder of the company. In addition, the interviewee acts as a board member and member of the Board of Directors within the company. The interviewee is responsible for strategic business operations, sales of the target market and regulatory compliance.

Company C is an E-commerce company which operates in the sports and outdoor clothing industry. The interviewee is the marketing manager of the company and responsible for marketing planning, collaborations, PR and earned media.

Company D is an E-commerce company which operates in the design clothing and lifestyle industry. The interviewee is the Chief Marketing Officer and responsible for the overall execution of global marketing initiatives.

Company E is an E-commerce company which operates as a niche product brand house. The interviewee is the Chief Executive Officer of the company and is responsible for various tasks including e-commerce, international operations and marketing.

Company F is an E-commerce company which focuses on sustainable consumer products. The interviewee is the Co-founder and Chief Executive Officer of the company. The interviewee is responsible for various tasks but mainly focuses on production relationships, e-commerce development and marketing.

Company G is an E-commerce company which operates in the fashion clothing industry. The interviewees were the Chief Financial Officer of the company and the Chair of the Advisory Board. The Chief Financial Officer is responsible for Digital Global Initiative and Program Manager tasks. The Chair of the Advisory Board is responsible for the company's shareholder strategy, financing and business growth strategies.

All of the 7 interviews were conducted within two months. The first interview was conducted face-to-face and the rest virtually on Google Meet. The responses from one of the interviewees were collected in written format via email. The interview frame was sent to the interviewees who requested to see it in advance. The interview frame can be found in Appendix 1. The duration of the interviews varied from 22 minutes to 57 minutes and all of the interviews were recorded with the dictating application of iPhone. The interviews were then transcribed as accurately as possible. However, fill words such as “like” and “uhm” were omitted from the transcription.

5.3 Data analysis

The main purpose of this research was to produce qualitatively relevant information on the research topic and to improve the understanding of the phenomenon in question. This study combined both the theory and collected data, and in order to gain a comprehensive

view of the topic, *abductive approach* was used to analyze the phenomenon in question. Abductive approach can be seen as an intermediate between inductive and deductive logic (Graneheim et al. 2017, 31). Inductive logic is based on an empirical world through which research is transferred to theory, and deductive logic focuses on a theory through which one moves to empiricism (Eriksson & Kovalainen 2011, 22-23). In abductive content analysis, the analysis of data is not based directly on theory. However, the relationship of the material to the theory can be identified, and thus confirmations of the theory can be sought from the interpretations that have emerged from the material. (Tuomi & Sarajärvi 2018, 140.) The data collected in this study on SMEs internationalization and the use of influencer marketing guide the analysis. Empirical research seeks to find new information and consequently create new information related to the current state of SMEs internationalization, the use of influencer marketing, and understand why and how SMEs can utilize influencer marketing in their internationalization. In most approaches of qualitative research, there is also a constant interaction between data collection and analysis, as analysis often starts right at the beginning of the data collection and continues simultaneously throughout the process (Daymon & Holloway 2011, 323.) As in this case, data analysis was done simultaneously when conducting interviews.

Thematic content analysis was used to analyze the collected data. From the comprehensive understanding of the literature and collected interview data, the themes formed to analyze the data are *SMEs internationalization, influencer marketing, and the role of influencer marketing in internationalization*. The process of analyzing the material in this research included various practical steps. First, the recorded audio files of the conducted interviews were transcribed into plain text and ample time was spent on carefully reading the transcripts in order to gain a comprehensive understanding of the concepts and connections behind them. The data was then encoded with bolding and underlining. Bolding was used to highlight the main points, while underlining was used to highlight the interesting aspects of the information. Then, the coded material was divided and gathered to different charts according to operationalization table and consequently analyzed manually by grouping them into identified themes. The analysis of the interviews was carried out by identifying themes arising from the transcribed materials on the basis of the theoretical framework. The collected interview data showed both unifying and distinguishing factors among interviewed companies. These factors are presented comprehensively in the findings chapter. However, the analysis of the material

did not examine those themes that were irrelevant to the purpose of the research. Furthermore, in accordance with the abductive research logic, the theoretical framework and the theoretical background of the research were reviewed in connection with the analysis of the data, so that the theoretical framework and empirical data are consistent and correspond to the purpose of the research.

5.4 Trustworthiness of the study

In qualitative research, ensuring the trustworthiness of the study findings is crucial to maintaining the integrity and validity of the research process (Eriksson & Kovalainen 2008, 291). The dimensions “validity” and “reliability” are conventionally used as measurements of trustworthiness in quantitative research. Reliability in research refers to how consistently a measure, procedure or instrument produces the same results upon repeated use. It is crucial to ensure that if another researcher replicates the study, they are able to obtain similar outcomes. This concept underpins the repeatability and dependability of research findings, ensuring a certain level of consistency across different studies. Validity in research depicts how accurately the results and conclusions of a study reflect the actual phenomena or events being investigated. Essentially, when we say that research findings are valid, it implies that they are both true and reliable, offering a correct depiction and interpretation of the situation under study. However, in qualitative research their accuracy as evaluative criteria have been questioned. (Eriksson & Kovalainen 2008, 293.) Therefore, to analyze qualitative research, four primary criteria are used to evaluate the trustworthiness of the study. These criteria are: *credibility, transferability, dependability, and confirmability*. (Eriksson & Kovalainen 2016, 307–308).

Credibility refers to the degree to which the research findings accurately and convincingly portray the reality or phenomena being studied (Eriksson & Kovalainen 2008, 295). Techniques like data triangulation, member checks, and rigorous data collection methods are used to assure credibility (Shenton 2004, 67–69; Sinkovics et al. 2008, 696 – 698). Data triangulation involves using multiple data sources or methods to validate the findings, enhancing the study credibility (Shenton 2004, 65–66). By comparing and cross-verifying results from different sources, it strengthens the study conclusions. The challenge in triangulation is the possibility of ending up with controversial, paradoxical, and even conflicting research results. (Eriksson & Kovalainen 2008, 293.) However, these may also be a source of new and exciting angles, ideas and research questions. For

this study, the face-to-face and virtual interviews, as well as the researcher's observations constitute the primary data collection method. Secondary data is collected from multiple academic sources to aid the analyzing process and cross-examine the results from the interviews. Member checks is a process where participants review the research findings or data interpretation to ensure accuracy and resonance with their experiences (Eriksson & Kovalainen 2008, 293; Lincoln & Guba, 1985, 314–315). After finishing the analysis of the data, the researcher sent a document to the interviewees allowing them the opportunity to check the analysis and quotations of their own interview. The interviewees had the chance to comment whether there was something they would like to edit or notify if misinterpretations had occurred as the quotations were translated from Finnish to English. Member checks helps the researcher to confirm the validity of the data. The process could have been enhanced if the researcher had sent the transcribed interviews to the interviewees to further increase the credibility of the data. Rigorous data collection methods ensure that the data collected accurately represents the phenomenon being studied, contributing significantly to the overall credibility of the study (Shenton 2004, 69). This involves carefully selecting appropriate data sources, using diverse and relevant methods, and ensuring that the data collection process is transparent and consistent. The goal is to gather rich, in-depth data that provides a comprehensive understanding of the subject matter, while maintaining a high standard of quality and accuracy in the research. The credibility of this study was enhanced by thorough semi-structure thematic interviews, accurate descriptions of the interviewees, the use of quotations and the description of the analysis methods used. Furthermore, credibility is enhanced when the reader is able to follow the researcher's reasoning through direct quotations raised on the basis of the collected data.

Transferability addresses the applicability of the study findings to similar contexts or individuals, not to broader contexts (Eriksson & Kovalainen 2008, 295). However, in this study, interviews are used as a research method, in which case it must be taken into account that the researcher's analysis relies on the interpretations and ideas made by the interviewees. According to Puusa and Juuti (2011, 73), the role of the researcher is then to present the views of the interviewees through analysis, in which case the situational dependence of the material is emphasized, and generalization must be approached with moderation. The aim of this research is not to generalize the research results, but to clarify the understanding of the phenomenon. In this case, it is not appropriate to consider

transferability as a measure of the quality of the research. The material for this study consists of a comparatively small number of interviews, and therefore, extensive transferability is not possible.

The trustworthiness of a study can be also evaluated by its *dependability*. Dependability refers to thorough description of the study procedures and analysis to allow for replication (Eriksson & Kovalainen 2008, 295). Furthermore, the reader is able to evaluate whether the research methodologies were accurately described and further executed in the research. In order to enhance dependability of this research, the researcher provided thorough justification on how data was collected, what choices were made during the research and how the data was analysed. Furthermore, the dependability of the study was enhanced by it being conducted under a supervised thesis process.

And lastly, *confirmability* is used to evaluate the trustworthiness of the study. Confirmability ensures that the findings are not significantly influenced by the participant or researcher bias. (Eriksson & Kovalainen 2008, 295.) It involves checking and rechecking data throughout the collection and analysis process. Even though objectivity is not the aim in qualitative research, it is important that the findings reflect the interviewees' thoughts and beliefs accurately. (Shenton 2004, 72) To ensure that the researcher's own biases do not affect the analysis of the data, aforementioned triangulation is used to strengthen the confirmability of the research. According to Lincoln & Guba (1985, 317–318), audit trail is also criterion used to increase the confirmability of the research. It involves keeping a detailed record of the steps taken during the research, including data collection, analysis decisions, and changes made throughout the study. This documentation allows other researchers to follow the researcher's path, understand the decision-making process, and evaluate the study conclusions. It is essentially a form of quality control that helps ensure the research integrity and reproducibility. Therefore, the operationalization table presented earlier aims to provide the reader a thorough relationship between the theory, research questions, structure and interview questions, and guides the reader to follow the researcher's process from the beginning to the conclusions.

5.5 Ethical assessment of the study

The researcher familiarized themselves with the principles of research integrity before the research process. Therefore, all the data conducted in the research was collected according to the principles of The European Code of Conduct for Research Integrity (HTK, 2023). The European Code of Conduct for Research Integrity includes 8 different practises which of 2 are now evaluated:

- Ethics and anticipation
- Processing and management of data

According to HTK (2023) the researcher must become familiar with any permits, consents and prior ethical review needed for scientific activities before the collection of research data is started. In research, prioritizing the anonymity and confidentiality of participants is crucial. This involves ensuring that personal information and research data are securely stored and not disclosed. Researchers should take proactive measures to safeguard participant identities, maintaining their privacy throughout and after the research process. It is important to anticipate potential threats to confidentiality and anonymity and have strategies in place to mitigate these risks. This approach respects the privacy rights of participants and upholds ethical research standards. (Eriksson & Kovalainen (2008, 295.) The anonymity of the participants was maintained comprehensively. The participants were informed in advance that their personal and the companies' identities will remain anonymous. Furthermore, the participants had the possibility to check the analysed data and quotations in advance and correct any misinterpretations. According to Eriksson & Kovalainen (2008, 71), it is essential that participation is voluntary. This means individuals should never feel compelled or obligated to take part in a study. Researchers have a responsibility to ensure that potential participants understand their participation is completely optional and that they have the right to decline or withdraw from the study at any stage without any negative consequences. This principle upholds the ethical standards of autonomy and informed consent in research. Participating in this research was voluntary. The researcher sent emails to potential participants detailing the study topic, focus, data collection, research implementation and data retention. The interviews were agreed via email which acts as a consent to participate in the study.

According to The European Code of Conduct for Research Integrity (HTK, 2023), processing and management of data is crucial in order to maintain the ethical standards of the research. Additionally, informed consent is integral to ensuring voluntary participation in research. It involves providing participants with comprehensive information about the study, including its purpose, procedures, and the researchers' identities and affiliations, as well as any potential sponsors. Participants should also be informed about why they were selected and how the data might be used in the future. Transparency in these details enables participants to make an informed decision about their involvement. Additionally, researchers should commit to answering any questions to further aid participants in understanding the study and their role in it. This process is essential for participants to form a well-informed opinion about their participation and to seek additional information whenever necessary. (Eriksson & Kovalainen (2008, 72.)

Before the interviews, the participants were explained how the data is collected, stored and lastly destroyed. The researcher also expressed their will to answer any questions that might occur before, during or after the research process to ensure transparency. Furthermore, when the researcher sent the interviewees the quotations for review, the interviewees were asked to sign a data protection form which describes how the study complies with the EU's General Data Protection Regulation (GDPR) regulations. The form explains how the data is collected, stored and managed. The form also informs that the interviews are recorded and how these recording files are managed. All of the interviewees signed the form before the study was finished. The researcher also coded the transcribed interview data, so that it remains confidential and anonymous.

6 Findings

This chapter presents the findings of the research on the basis of the material formed by the interviews. The empirical material for this study has been compiled from 7 expert interviews conducted between October 2023 and January 2024. In this chapter, interviewees are referred to using the letters depicted in Table 6. The findings of this chapter are presented through three themes: *SMEs' internationalization*, *influencer marketing* and *the role of influencer marketing in internationalization*.

6.1 SMEs' internationalization

The first theme is SMEs' internationalization and objectives which aim to understand the reasons behind internationalization, target market selection, foreign market entry, the challenges of expanding business to foreign markets, and how these companies measure the success of internationalization. Six of the seven companies interviewed are SMEs and one of them is a mid-cap company. The table below presents in which industries the companies operate, their revenue, and staff records based on 2022 financial information.

Company	Industry	Revenue	Staff
A	Fashion clothing	5 million	22
B	Alcohol beverages	40-50 million	40-45
C	Outdoor clothing	40 million	55
D	Design & lifestyle clothing	160 million	365
E	Niche sustainable products	2.5 million	8
F	Niche product brand house	23 million	70
G	Design fashion clothing	4 million	16

Table 6 List of the companies' industries, revenue and staff size

As seen in Table 6, the interviewed companies vary across industries, revenue, and staff size. All of the companies interviewed operate in the B2C industry and mostly within design and clothing. Few of the companies operate within the niche product industry. The table depicts the differences between the companies and aids the reader to recognize any industry or size-related differences between the answers.

Reasons behind internationalization

According to the interviews, all of the companies consider Finland as a small market, and to gain competitive advantage and secure future growth potential, expanding to foreign markets is inevitable. Especially E-commerce companies noticed that even though they

did not actively sell to foreign markets, there was still demand in other countries which, in fact, accelerated the internationalization process. Furthermore, maintaining a strong market position in Finland was considered important to many of the companies, as for most of them, the majority of the sales still generate within the home markets. The latter is usually the case with the majority of SMEs expanding to foreign markets. A strong market position domestically enables SMEs to both maintain good brand awareness and financial stability which reduces the reliance on external financing and mitigates the risks associated with global expansion.

” We are a small market and in order to secure the potential for future growth... it would be good to include international sales.” (Company E)

“The Finnish market is limited within the design industry, reasonably small in terms of growth.” (Company G)

Few of the companies recognized that when operating in a niche industry, home markets are too small to ensure future growth. Therefore, it is crucial to identify where the demand is and aim there first. This was the case with companies E and F, for example. Their audience within the home market is quite small and in order to further develop business operations and ensure moderate growth, expanding to foreign markets is inevitable. Furthermore, company B is a born global company which has expanded to foreign markets from inception. The reason for its internationalization is recognizing a market gap in a specific industry and deciding to enter a foreign market with a new product.

” We thought that if there is no such product, it would be good idea to establish it there.” (Company B)

“It is not worth counting growth in the Finnish market as it is just such an impossibly small market and then when we talk about our products and market, it is on the internet i.e. it is a global niche where you can find customers in different market areas. That crowd practically meets on the internet and it's a global niche, which we then decided to bet on.” (Company F)

Target market selection

Choosing the right target markets is a critical decision for any business, especially for SMEs considering international expansion. The question which aimed to understand how the interviewed companies choose target markets raised some different answers among interviewees. For some of the companies, choice of target markets was, and still is, a multifaceted process which has been shaped over time due to different socioeconomic and company-specific situations. Moreover, for many companies, the original idea of a suitable target market has proven to be wrong after several experiments within the target market.

“It is a multi-stage thing that since we started from zero, we started doing different market research in person, i.e. calling the resellers and then going to different international fairs....” (Company A)

For most of the companies, the choice of potential target markets started with market research and evaluating demand in different markets. As Johanson & Vahlne (1977) stated, usually companies tend to expand to markets that are geographically closer to home markets in order to decrease the risk of psychic distance. This was the case with few of the companies interviewed. Even though, some of the companies started to internationalize first to markets closer to home markets, they soon realized that it might not be the most efficient way as some difficulties arose. For example, companies E and F started their internationalization to Sweden as they thought it would be an easy market to expand to due to its similarities in culture and location. However, they soon realized that the neighbouring country is relatively difficult in terms of competition and small size.

“About 5 years ago, we first started to test the Swedish market with a slightly bigger bucket and got Business Finland's support for it at the time. The pages and contents were translated into Swedish... and what many Finnish companies state that Sweden is a difficult market. It is thought that it is easy the neighboring country, let's go there, but there are competitive brands there and the Swedes know how to build its consumer brands better than the Finns on average, so we didn't get that kind of demand there.”
(Company E)

After re-evaluating the potential of other markets that are further from the home market, the United States was seen as a potential growth market for companies E and F. The companies emphasized the importance of the size of the target market, language, potential demand and future growth potential. Especially for the E-commerce companies, the ease of aiming for a new market through digital channels and marketing activities were seen as an advantage. Furthermore, the United States was the target market for company B from the get-go. The founders were already familiar with the market by living there, so they had already gained knowledge of the target market and local relationships. Additionally, one of the founders is an American with good contacts. This is usually the case with born global companies. This can be summarized as having a global mindset and how important it is to have a global mindset over localized view of markets.

“We started to think bigger about what the biggest market in this global niche with the most money and volume is. It is the United States and that's what we chose as our target market.” (Company F)

Asian market was also considered as a strong target market for few of the companies. The interviewees emphasized the fact that Asian consumers are keen on Scandinavian design and the potential for Finnish products to succeed in Asian markets is increasing. Especially for companies A, D, E and G the Asian market has been a potential target market from very early on. Company G has expanded to Asian markets through licensing contracts and with the help of a local partner. They emphasized the importance of finding a good reliable partner who knows the target market and target audience preferences. However, only company D of these three has successfully enabled to create strong market position in the Asian market due to their thorough internationalization strategy. Company D is a mid-cap company, so they already have certain capabilities such as human resources, financial resources and the ability to implement strategy when it comes to expansion. Company D also emphasizes the different roles of different target markets. For them, some target markets are more focused on increasing sales whereas other markets can have a positioning role in their ecosystem. Furthermore, company F noticed that after the launch of a special collection, the demand in Japan increased and they realized that their products resonate with Japanese consumers. Alongside the United States, they decided to expand to the Asian markets as well. They are in the beginning their journey but have already established good initial partnerships and reseller networks.

“Asia in particular is a strong focus in terms of future growth. Asia is a growing consumer market in many respects, with a lot of purchasing power and a rising middle class willing to spend more money into these types of products.” (Company D)

Furthermore, the Scandinavian and other European countries are important target markets for most of the companies. European countries can be excellent target markets for Finnish companies for several reasons. The geographical proximity, shared economic and political structures, and cultural similarities offer significant advantages for Finnish SMEs. For example, company A stated that the expansion to European countries came quite organically when establishing the E-commerce right from the inception. Alongside E-commerce, social media was also a good accelerator for increasing brand awareness abroad, for example, in Estonia and other Nordic countries such as Sweden. Furthermore, the European countries are important target markets for companies C and G, as they are able to create and manage networks within these countries more easily compared to countries with higher psychic distance.

“Everything happened organically so it was really affordable for us and we achieved demand very quickly both in Finland and, for example, in Estonia. Estonia rose quickly through our own E-commerce and we received a lot of orders from Estonia. It is still our biggest export country and it has grown completely organic during these years.”

(Company A)

Foreign market entry

Foreign market entry among SMEs involves a range of strategies and methods to establish a presence in international markets. Table 7 below presents how these companies enter foreign markets.

Company	Foreign market entry
A	E-commerce, influencers, pop up events, digital marketing, building reseller networks and searching for importers.
B	Native founder’s relationships, creation of own product in the target market, investor meetings and successful pre-seed round.
C	Localized E-commerce & international E-commerce, building reseller networks.
D	E-commerce, physical stores.
E	E-commerce, digital marketing, creation of reseller and distribution networks.

F	E-commerce, influencers, digital marketing and organic content.
G	E-commerce, reseller networks and other online platforms.

Table 7 Foreign market entry approaches

As seen in Table 7, most of the companies have similar approaches to entering foreign markets. Especially the companies with E-commerce tend to mix multiple approaches such as direct to consumer (DTC) sales, reseller networks and digital marketing. Furthermore, for companies A and F, establishing influencer networks within the target market was seen as an important element of entering foreign markets. For example, company F attended an industry related fair back in 2017, in the United States, with the focus of establishing connections with local influencers. They succeeded in creating strong relationships with two of the most popular influencers within the industry which resulted in stronger brand recognition and further expansion potential in the United States. Furthermore, the efficient use of digital marketing was also an important element in their foreign market entry.

“There [at the fair] we indeed met these influencers and thus laid the foundation for future collaborations.” (Company F)

As mentioned earlier, digital marketing strategies enable targeted communication and engagement with diverse consumer segments, transcending geographical barriers. This is particularly true for resource-constrained companies, especially SMEs, which now have the motive and flexibility to exploit opportunities and confront challenges in foreign markets more effectively and efficiently than ever before. Companies E and F emphasize that they have been able to target specific audiences within the target market through digital marketing. Company E highlights the fact that digital marketing is also extremely cost-efficient way to reach potential consumers globally. Furthermore, company A mentioned that especially during the COVID-19 pandemic, they were able to continue their international expansion through digital channels and, in fact, invested in digital marketing more during that period.

“80-90% of our marketing mix goes to digital channels, which in itself is a terribly effective way for a small company that you can reach people globally and precisely.”
(Company F)

Companies A, C and G emphasize the meaning of strengthening reseller and importer networks alongside E-commerce operations. For example, company C has had international E-commerce for several decades but they still see that establishing new reseller relationships and maintaining previous ones are as important. Furthermore, Company C mentioned that they adopt more and more different marketing efforts to support the growth of sales and brand awareness among target markets. Especially strengthening reseller and importer networks within the European and Asian markets was seen vital in order to enhance and maintain their market position.

Challenges during internationalization

The next theme focused on understanding the challenges these companies have faced during internationalization. Usually, SMEs suffer from challenges related to lack of financial and human resources, logistics and supply chain management, finding and managing international stakeholders, and regulatory and compliance issues. The challenges of internationalization among the interviewed companies are depicted in Table 8 below.

Company	Challenges in internationalization
A	COVID-19, establishing importer relationships, industry related problems such as the decrease in resellers and the decrease of industry related fairs, limited resource allocation with scarcity of resources, limited budget.
B	Entering new market with a new product, COVID-19 affected the alcohol industry, increase in transportation costs, issues in production & maintaining a good team spirit with a quickly growing team.
C	COVID-19 affected creating new networks, no knowledge of new target markets, no contacts within the influencers and media network.
D	Establishing brand recognition and awareness, aligning operations to different cultures.
E	Establishing competitive advantage, creation of volume with limited budget, culture and language barriers.
F	Logistics, customs related issues and IPR, COVID-19, inflation and increase in interest rates.
G	COVID-19 & lockdown, the change in buying behavior due to inflation and increase in interest rates.

Table 8 Challenges in SMEs' internationalization

All of the companies mentioned similar challenges in internationalization and especially one challenge was mentioned repeatedly; creating and managing network relationships in target markets. For example, company A mentioned that their industry has changed

tremendously during the years affecting both creating and managing established networks since some of the operators have ceased. However, the COVID-19 pandemic was mentioned within the same context when interviewees discussed creating and managing networks. Company C mentioned that during the pandemic it was difficult to create new networks and all the resources were allocated towards managing the existing ones. In addition, company G mentioned that the changes in buying behaviour due to inflation and increase in interest rates have affected the expansion to foreign markets. Even though company B mentioned that COVID-19 affected their operations in the alcohol industry due to bar closures, they were also able to benefit from it as the demand for canned drinks increased tremendously. They were able to respond to the demand faster compared to competitors which resulted in them having more shelf space from grocery stores.

“Of course, especially COVID-19 was a challenging time when it was not possible to travel, so new relationships were difficult to be established at that point. We had our long-time contacts, but finding new business was more difficult without the possibility to meet potential customers face-to-face.” (Company C)

Another challenge that was mentioned in the interviews was resource allocation with the scarcity of resources. Especially companies A and E mentioned the difficulties balancing a limited budget and simultaneously maintaining the company profitability and increasing brand awareness within new target markets.

“As a smaller SME, the constant challenge is how you can efficiently allocate your limited resources to places where you get the maximum result and increase brand awareness at the same time.” (Company A)

“We have been doing a lot of social media advertising for years now in Finland, and we have found out what works, but when you go to a bigger market such as the US which is like 50 times bigger than Finland. So, whether achieving the same results is possible with a small budget or requires ten times the cost.” (Company E)

Company F mentioned that while entering the US markets, they faced some difficulties related to taxes, regulations and IPR. Also, when selling to other continents, logistical issues emerged. The interviewee mentioned that they have to be very careful and persistent with these issues as they might end up being long processes to handle.

Measuring the success of internationalization

The last theme focused on understanding how these companies measure the success of expanding to foreign markets. All of the companies interviewed had similar answers. The most common measure for understanding the success of international expansion is sales; particularly, the share of international sales compared to overall sales. Measuring the share of sales is easy especially for the E-commerce companies as they can observe the analytics which show the share of sales in each country. Furthermore, company F mentioned that they also focus on the “operational reflection” as they measure the metrics of digital marketing and social media influencer campaigns.

“But then, of course, there is a much more operational reflection in between, especially on the side of digital marketing...what is our share of voice, with which influencers we cooperate with, what is our international organic content engagement and such... of course they are looked at very carefully.” (Company F)

6.2 Influencer marketing

All of the companies interviewed have had experience in utilizing influencers or celebrity endorsers in their marketing efforts. Even though some of the companies had quite similar approaches to influencer marketing, some interesting perspectives arose. These perspectives relate to how these companies perceive influencer marketing and how they utilize it.

Reasons for utilizing influencer marketing

As stated earlier, influencer marketing is not a new marketing strategy and it actually dates back to the 1950s, when Katz and Lazarfield (1955) started to research the effect of using opinion leaders in spreading communication messages to consumers rather than mass media spreading messages to consumers. As stated earlier, celebrity endorsers and social media influencers can act as extremely effective ways for increasing brand awareness and credibility, and consequently, generate sales. All of the companies mentioned similar reasons for utilizing influencer marketing. The most common answer was to increase brand awareness and visibility. For example, companies A, C and G mentioned that influencers are an effective way of representing the brand voice and brand

image. Consequently, the brand is able to increase the consideration among possible consumers to purchasing phase. Furthermore, company D mentioned that they utilize influencer collaborations for different roles such as increasing brand awareness and building positioning especially when entering new markets.

“All influencer co-operation and other earned media play an important role in increasing awareness. When you are a new brand in a new market, first you must increase the awareness of who you are and what kind of a brand you are. Through the increased awareness you can then build consideration.” (Company C)

Company B mentioned that from the very beginning it was clear, that they had to put more effort into social media marketing as it is more cost-efficient compared to traditional media marketing. However, influencer collaboration became a part of their marketing mix unintentionally through mutual networks when they had the chance to collaborate with famous athletes and actors in the US. These celebrities invested in the company and therefore the collaborations are utilized differently. Consequently, the company has put more effort into social media influencer collaborations that are utilized to target different demographic areas and target audiences in the US.

“Then again, influencer marketing was not the plan in the first place, but then it came a little bit by chance...A couple of Finnish hockey players reached out and invested in us, and not too long after we ran into a famous American actor at an event and he wanted to get involved and ended up investing as well.” (Company B)

Company E emphasizes the fact that their reason for utilizing influencer marketing is to create authentic content which resonates with the target audience. However, the interviewee states that the influencer marketing industry is competitive and it is extremely difficult to come across content that feels authentic rather than paid advertising. Furthermore, as the influencer marketing industry is so competitive, the cost of influencer hiring has increased tremendously. Company E states that it is difficult to justify the effectiveness of these campaigns with the costs being so high. This contradicts with company B’s perspective, which operates solely in the US where traditional media is far more expensive compared to Finland.

“The reason for doing influencer marketing is that the content would be genuine or that it wouldn’t seem like being paid but nowadays, of course, that kind of influencer marketing is pretty effectively diminished, and authenticity is really rare.” (Company E)

Criteria affecting the choice of influencers

As stated earlier, choosing the right influencers can significantly increase SMEs ability to create networks and gain foothold within the target markets. Table 9 below presents the companies’ criteria affecting the choice of influencers.

Company	Criteria affecting the choice of influencers
A	Brand match, influencer’s own interest towards the brand and its products, engagement rate, personal brand.
B	Brand match, social media influencers to reach different demographic areas and audiences.
C	Brand match, personal brand, influencer’s target audience aligns with the brands.
D	Brand match, the influencer must align with the values of the company.
E	Brand match and cultural values align.
F	Brand match, reach, target audiences align.
G	Brand match, media impact.

Table 9 Criteria of choosing the influencers

As seen in Table 9, the brand match between the brand and the influencer is the most important criterion when choosing the influencers. Company A states that the process of choosing influencers has changed during the years but the match between the influencer and the brand has remained as the most important criteria. The interviewee says that it is important that the influencer truly likes the products of the brand and that their values align. This is the case with all of the companies interviewed. When the brand match between the influencer and the brand is good, the content comes across genuine rather than forced. Also, many of the companies stated that sometimes influencers reach out to the companies if they see that their values align with those of the brand’s. Typically, smaller influencers reach out to companies compared to bigger influencers. Even though they reach out to the companies, it is not a guarantee of a future collaboration as the companies are very careful of the collaborations they establish.

“If we think about the Finnish and international side and influencer cooperation in general, it’s based on the fact that somehow the influencer has to align with our brand.

When we started doing influencer cooperation, the most important criterion was that the influencer really likes our brand and likes our products and it often started from the fact that the influencers themselves contacted us. “(Company A)

A few of the companies have established a triangle model to rate and evaluate different influencers. Usually, the triangle consists of bigger influencers on top with whom they are already collaborating or are potential partners for future collaborations. The middle of the triangle consists of mid-sized influencers with whom they are currently collaborating, and the bottom of the triangle consists of smaller influencers with whom they have collaborated for shorter periods. For example, companies C and F have established triangle models for rating different influencers which guide their process of choosing and prospecting potential influencers.

Influencer contacting and compensation

Most of the companies contact potential influencers by themselves, whereas few companies utilize PR offices. Some of the companies combine both own resources and PR offices depending on the collaboration. For example, company C mentioned that they utilize PR offices for mostly individual influencer campaigns, whereas with longer collaborations they usually contact the influencer by themselves. Company A contacts influencers by themselves as they see it as more efficient and easier way. Furthermore, company F contacts influencers in varied ways based on to which category they belong. Usually, smaller and middle-sized influencers contact the company directly. However, sometimes the company recognizes potential influencers from social media that would align with their brand and decide to contact them directly. They mention that the biggest influencers are contacted via personal relationships.

“A lot of those micro and middle-sized influencers might contact us themselves... Then, the big players almost exclusively rely on personal relationships. “(Company F)

All of the companies compensate influencers they collaborate with. However, some differences emerged within the answers whether the compensation is monetary or product-based. Also, some of the E-commerce companies based their compensation on affiliate-based agreements. Furthermore, some companies had different policies regarding different influencers based on the length of the collaboration and the number

of followers. For example, companies A, E and F mention that they compensate smaller influencers with product-based compensations.

Company A has recently noticed that smaller influencers are becoming more popular within the industry and their audience is more engaged compared to bigger influencers. Consequently, they developed a concept where these influencers commit to the collaboration for a certain period of time and get an affiliate-based compensation in exchange for the content they create. Company B also noticed that smaller influencers who are becoming more popular are, in fact, great partners in increasing brand awareness.

“Well then, we developed this concept that was introduced at the point when it was noticed that these smaller influencers started to rise, and in fact they are in a certain way better regarding this concept because their followers are more committed.

“(Company A)

Most of the companies offer bigger influencers monetary compensation. However, company F stated that they try to avoid purely transactional collaborations as it might decrease the impact of increasing brand awareness and brand image. Furthermore, transactional collaborations might come across less authentic to the target audiences. The interviewee states that they focus on creating collaborations, such as events, together with the bigger influencers which, in turn, benefit both the brand and the influencer. However, even though avoiding purely transactional collaborations, company F mentioned that maintaining and improving relationships with bigger influencers is laborious and requires a lot of resources, even at the expense of spare time.

“With the bigger influencers...we have tried to avoid purely transactional model and rather focus on creating different cooperation projects...for example sponsored their flights to an event in Finland...created content together and it's on us. It's practically paid, but it's a different kind of payment and that's the demarcation that we try to avoid that kind of outright ad buying because it's not that effective, especially from the brand image perspective.” (Company F)

Furthermore, the compensation of influencers depends on the length of the collaboration. Most of the companies aim for establishing long-term collaborations as it is more credible and authentic to both the brands' audiences and the influencers' audiences. The

interviewees also mention that collaboration with influencers on a sustained basis makes the collaboration more effective as the influencers are already acquainted with the brands' values and course of actions. Furthermore, some of the companies have worked with the same influencers for over 10 years which indicates success of the collaboration.

“But, yes, primarily, we are trying to build long-term relationships. Quite simply because it makes the collaboration much more authentic and on the other hand also more impactful when there is an understandable reason for doing it...” (Company D)

Furthermore, company F states that they do shorter contract-based collaborations with some influencers, but they try to avoid strict guidelines with longer collaborations. They believe in a more relationship-based model where the influencers have the freedom to express themselves in an authentic way which results in a more authentic outcome.

“Otherwise it’s more relationship-based i.e. it is perhaps something that is good to note...I know that many brands have pretty specific guidelines for influencers, how they talk about a product or service or in what light it is presented or otherwise, but we don't give any strict like guidelines for that...it's worked for us because then the content what you see is quite authentic.” (Company F)

6.3 The role of influencer marketing in internationalization

The third theme focuses on understanding how and why the interviewed companies utilize influencer marketing in their internationalization. All of the companies interviewed have had some experience in utilizing influencers or celebrity endorsers in their internationalization. The findings helped in understanding the enablers and barriers of utilizing influencer marketing in internationalization of SMEs, how they measure the success of influencer marketing collaborations and how these companies perceive the role of influencer marketing in the future.

Channels for utilizing influencer marketing during internationalization

Table 10 below depicts in which channels the companies have utilized influencer marketing, especially during internationalization.

Company	Channels
A	Instagram, pop ups and influencer events.
B	Instagram, Facebook, dating apps, TikTok (regulatory issues emerged), interviews, TV shows, events.
C	Social media, events, PR interviews.
D	Instagram and TikTok and other local channels depending on the market, events.
E	Instagram and Youtube.
F	Youtube, Instagram, Facebook, events.
G	Instagram, Facebook, LinkedIn, own channels, TV and Newspapers.

Table 10 Channels of using influencer marketing in internationalization

Most of the companies have utilized influencer marketing from the inception within different channels. The most common channels for utilizing influencer marketing are social media channels, such as Instagram and Facebook. Furthermore, some of the companies have organized events both for the influencers and in collaboration with them. These events are used to gain awareness within the target market, get foothold and create new networks.

For example, company A has arranged pop ups and influencer events from the very beginning of their journey in different countries and it has proven to be an efficient way for them to increase brand awareness within different target markets. However, the COVID-19 pandemic posed some challenges and almost all the marketing efforts were allocated mainly to digital marketing and domestic influencer collaborations. Additionally, company D has arranged different kind of events for influencers and other people from various creative fields. Company D perceives influencer collaborations as a larger phenomenon which is not limited to only social media influencer campaigns, but also represents interesting or influential people from different fields that align with the brand's lifestyle.

“We perceive influencers and impact a bit more broadly, i.e. not only say as fashion influencers, but we believe that our consumers follow a fairly large group of different people from different creative fields.” (Company D)

Furthermore, company F states that the events and fairs they attended have been crucial in terms of internationalization and in the expansion to the United States. Through these events the company has been able to connect with the biggest influencers in the industry

and create new relationships, which have consequently increased their brand awareness and credibility within the target market.

Company B has utilized influencer marketing in various channels. They cooperate with both social media influencers and celebrities for a variety of purposes. They utilize social media influencers through different digital marketing campaigns to target specific audiences in specific geographical areas. The celebrities, who have invested in the company, are utilized differently for example on social media, TV shows, interviews and in events. Besides gaining brand awareness, these celebrity endorsements have helped the company to reach different channels such as media and TV, and gain positive PR.

Measuring the success of influencer marketing during internationalization

The next theme aims to understand how these companies measure the success of international influencer campaigns. The answers were similar for most of the companies interviewed. The most important criteria for measuring the success of the campaigns were reach, impressions, content engagement rate and conversion. Especially the E-commerce companies mentioned that they usually look at the website traffic and conversion during bigger influencer collaborations. Conversion can be measured as a rate of how many visitors influencers can drive to company's website and how many of them convert to a sale. Furthermore, E-commerce companies are able to measure the results by checking the conversion metrics which correlate to the affiliate code-based collaborations. Affiliate code-based collaborations mean that the influencers are given a specific code, for example a discount code, which they promote in their advertising and get a predetermined amount for each code converted to a sale. Even though the aforementioned metrics are important, some of the companies mentioned that the metrics do not always tell the whole truth. For example, company B mentioned that alongside hard data, it is crucial to assess whether the influencers are excited about the brand and product they are promoting, which in turn correlates positively to the conversion.

“This won't come through in hard data, but it's also important to assess which influencers are truly excited about the brand or product over the course of a given contractual term. Almost always, the content and conversion will be much stronger with a partner who is truly excited about the brand versus someone who clearly got paid to post a few times.” (Company B)

The enablers and barriers of utilizing influencer marketing during internationalization

The next section of this analysis focuses on understanding the enablers and barriers of influencer marketing in SMEs' internationalization and what role it plays and could play in the future. As stated earlier, influencer marketing could play an important part in SMEs internationalization as it is perceived as a cost-effective way of entering foreign markets. Furthermore, influencers could aid SMEs with overcoming the 'liability of foreignness' (Johanson & Vahlne 2009, 1415) by connecting with the right stakeholders and aid with increasing brand awareness and brand recognition. Table 11 below presents what are the enables and barriers of utilizing influencer marketing in internationalization among the interviewed companies.

Company	Enablers	Barriers
A	Brand awareness, credibility and sales, network creation	Cost vs effectiveness, consistency, budget constraints
B	Brand awareness, WOM, Media awareness through celebrities, cost-efficiency	Choosing the right influencers, cost vs effectiveness
C	Brand awareness	Choosing the right influencers
D	Brand awareness, approachability	Budget constraints, regulations and laws
E	Brand awareness, market knowledge	Cost vs effectiveness, choosing the right influencers, consistency, budget constraints
F	Brand awareness, network creation, market knowledge	Choosing the right influencers, maintaining relationships, cultural differences
G	Brand awareness, brand value, sales, new international networks	Cost vs effectiveness

Table 11 The enablers and barriers of utilizing influencer marketing during SMEs' internationalization

As seen in Table 11, the most common enabler for utilizing influencer marketing during internationalization is increasing brand awareness. All of the companies mentioned that influencer collaborations are a powerful tool to increase brand recognition within the target market and to target relevant audience. When collaborating with the right influencers who align with the brand's target audience, companies are able to increase their brand recognition and credibility within the target markets. Company D mentioned

that increasing approachability, alongside brand awareness, is also an important factor when entering a new market. Collaborating with local influencers, the brand is able to come closer to the consumer and consequently increase approachability.

“...our brand comes closer to people's own lives and that's almost the greatest benefit we get through influencers.” (Company D)

Furthermore, creating new networks within the target market is also an advantage most of the companies mentioned. For example, companies A and F emphasized the advantage of being able to create new networks through influencers within the target market. They stated that when they were able to connect with a few bigger influencers, it created a “snowball-effect” and increased brand recognition and credibility. Credibility is extremely important when entering a new market as an SME, since consumers are unaware of their brand and products or services. Influencers can act as the perfect intermediary both when creating new networks and increasing credibility among potential consumers.

“...So we saw it quite quickly during those first years that when we cooperated with American influencers in that segment of ours, it created a considerable amount of goodwill and credibility for us in the market...this Finnish company is worth buying stuff from and ordering it from Helsinki to San Antonio.” (Company F)

Additionally, gaining knowledge of target markets was seen as an enabler for few of the companies. Few of the companies emphasize that the influencers act as an effective data funnel on how the target audience behaves. Consequently, the companies are able to gain valuable information on content creation, product development and targeting.

Only one of the interviewed companies mentioned influencer marketing to be cost-efficient. Furthermore, the company in question is a born global company which has expanded to foreign markets from the inception and have no domestic operations. Therefore, they have no point of comparison compared to the other interviewed companies which have both domestic and international operations. Furthermore, company B mentioned that influencer marketing and celebrity endorsements have both aided them with positive WOM and increased brand awareness through different media channels.

“But then also the fact that if you have an influencer who you follow and you are interested in, it will be a stronger marketing message for you than seeing someone on a billboard on the street with a picture of the product.” (Company B)

Even though influencer marketing could be an effective way of expanding to foreign markets, there might occur some barriers which can affect the internationalization of SMEs. One of the most common barriers mentioned was the importance of choosing the right influencers who align with the brand’s values and course of actions. Choosing the right influencers is extremely important for SMEs in terms of avoiding the risk of backlash and wasted resources.

“Probably the most important thing is to choose the right people. Not everything works out and that's part of the deal. Then, of course, when I said that we do a lot of collaborations with up-and-coming influencers, then they might start to raise their prices quite noticeably at some point...that's one challenge.” (Company A)

However, another factor that affects the choice of influencers is budget constraints. Even though the company is able to connect with the right influencers, it might be too expensive for SMEs. Few of the companies stated that in order to consistently manage influencer marketing within target markets, a bigger marketing budget is inevitable.

“...Of course, you have to have long collaborations and regularly do them and find the best [influencers] of them all...but I would say the biggest problem is that you need such a big marketing budget in advance that it then starts to convert into sales.” (Company A)

Furthermore, another barrier that was mentioned relatively often was the cost versus effectiveness in influencer collaborations. Many of the companies mentioned that in order to benefit from influencer marketing, it must be done consistently and diligently. However, it is sometimes difficult to measure the success of influencer marketing campaigns, and usually the margin of error is larger for bigger companies. Most of the interviewed companies have been considering significantly about how effective influencer marketing really is and how the cost of the collaboration corresponds to the effectiveness of the campaign. As SMEs suffer from lack of resources, it might affect the success of managing influencer marketing campaigns within target markets.

Also, some of the companies mentioned that cultural differences and regulatory issues might pose some challenges when utilizing influencer marketing during internationalization. SMEs must be aware of the target markets' regulations and laws in order to successfully manage influencer marketing campaigns. For example, company D mentioned that even though local regulations might pose some challenges they still consider it to be part of the process and more of a reality rather than a challenge.

“Of course, we have to be really aware of what we are doing, that we are compliant with local laws, and clearly communicate the difference between earned and paid visibility. But in a certain way I see that influencer marketing is such a daily topic for us that I don't think of these things as a challenge but rather as a part of the operating environment that we have to take into account.” (Company D)

Furthermore, company F mentioned that as they approach influencer marketing more relationship-based rather than transaction-based, it is laborious and might pose some cultural difficulties. As company F operates in the United States, problems with the time zones, and the influencers local cultural way of managing collaborations and timelines have raised some problems.

“And when we've chosen the path that, especially with the bigger ones, we're trying to have a personal relationship, then it just takes a shocking amount of work...It is challenging from time to time...and sometimes for a Finnish person accustomed to reasonably structured work, the unpredictability is challenging for us.” (Company F)

The role of influencer marketing in internationalization

The next theme of the interview focused on understanding what role influencer marketing plays in the companies' internationalization and how they perceive the role of influencer marketing in the future. Most of the companies stated that influencer marketing has played a pivotal role when expanding to foreign markets. The companies stated that influencer marketing has had an instrumental role in increasing brand awareness in target markets and consequently, gaining brand recognition and brand loyalty. For example, company F stated that without influencer collaborations their internationalization could have been slower and more expensive. Furthermore, company F stated that their ability to utilize influencer collaboration alongside paid digital advertising has played a substantial role.

“It has been quite instrumental that if we hadn't put in the time and effort, we probably would have made progress much slower and it would have been more expensive. The fact that it [influencer collaboration] was backed up by our paid marketing directly related to the attractiveness of the brand, has played an essential role.” (Company F)

Furthermore, the companies state that influencer collaborations have become an important part of the marketing mix and will be utilized to establish potential target markets and audiences.

“Influencer marketing has played, and will continue to play, a very important role in finding new target audiences.” (Company D)

Consequently, in terms of the role of influencer marketing in the future, most of the companies stated that the role will increase but might change its shape. For example, company A mentioned that in the future, influencers could play a bigger role in the company's business operations, for example by shareholding. The company mentioned that influencers have not only such great knowledge of different industries, but also of different target audiences. Therefore, influencers could be brought into the company's core business decision-making process to create added value beyond their content creation services; they are valued for their expertise. Company A already has experience of this as they have a well-known Finnish celebrity as a shareholder within their company.

“We see that in the future, influencers are part of the brand... Whether it is through board [of directors] or with share ownership. I would say that it is the future and their [influencers] role will be significant. They are not just content creators anymore, but they also add value with their expertise.” (Company A)

Furthermore, company F mentioned that even though influencer marketing has played and will play an important part in establishing brand recognition within foreign markets, shortcuts to success are unlikely as the industry has established quite a stable position. However, they see that influencer marketing could play an important role for them when establishing new markets in Europe, for example in Germany.

Even though most of the companies see the role of influencer marketing increasing in the future, company E had some doubts. Company E has contemplated whether the cost can be reasoned according to the effectiveness of the campaigns. Lately, they have combined

influencer marketing campaigns with traditional media campaigns and pondered whether they should decrease the efforts of influencer marketing.

“In an optimal situation, we still want to take advantage of all of the channels, find a suitable relationship for them so that advertising would be more multidimensional...but evaluating the effectiveness of influencer marketing and the ambiguity of pricing to such an extent feels really expensive to the ears of a small company, and we have to be really precise of the actions we take.” (Company E)

7 Discussion

The purpose of this study was to analyze the role influencer marketing plays in the internationalization of SMEs. This chapter discusses the key results of the research, the connection to existing academic literature and how the results adapt or contradict to the previously presented theoretical framework. Also, a revised table of the enablers and barriers of utilizing influencer marketing during internationalization is presented, as well as a framework for SMEs on how to overcome the barriers of utilizing influencer marketing during foreign market expansion.

7.1 SMEs' internationalization

The first sub-question of the study aims to answer *how and why SMEs expand to foreign markets*. Next, this sub-question is analyzed through both the empirical data and the theoretical framework.

As stated earlier, the internationalization process is not linear anymore and companies tend to utilize multiple internationalization strategies (Johanson & Vahlne 2009, 1411–1412; Hedlund & Kverneland 1985, 45–46; Oviatt & McDougall 1994, 50.) This is in line with the empirical data, as all of the interviewed companies have a variety of different strategies when expanding to foreign markets. The empirical data indicates that companies tend to expand to foreign markets in order to create competitive advantage and ensure future growth. To do this, Ojala (2008, 142–143) suggests that the SMEs are forced to find ways to conduct business in countries with greater psychic or geographical distance. According to the empirical data, some of the companies started their internationalization to countries with lower psychic distance (Johanson & Vahlne 1977, 24) in order to decrease the risk of operating abroad. However, they soon realized that, in fact, countries that are geographically closer to home markets might not always be the most convenient choice of target markets because of the market size and structure. Therefore, some of the companies realized that they must select their target markets based on other reasons than psychic distance.

Emerging from the empirical data, companies select their target markets based on the countries' characteristics and market size rather than psychic distance. Furthermore, especially in today's globalized world, SMEs tend to utilize their technological capabilities such as knowledge of digital marketing and E-commerce operations to test and scout possible target markets, which is the case with the interviewed SMEs. These

findings are in line with Bell (1995, 65–66) and Ojala (2008, 142) who stated that SMEs select their target markets based on other reasons than psychic distance, such as niche markets and industry-specific characteristics. Furthermore, according to the Born Global theory, these young, entrepreneurial companies have sufficient technological capabilities and prior knowledge of the target markets (Knight & Cavusgil 1996; 2005, 5–6), which is in line with one of the companies interviewed. One of the companies had experience of living in the country of the target market and had already established good networks with important stakeholders. Even though the Born Global theory suggests that the global market outweighs the risks of expansion and that psychic distance does not matter when choosing the target markets (Chetty & Campbell-Hun 2004, 63), the theory is in line with most of the companies interviewed as they are able to target countries with higher psychic distance through E-commerce operations and digital marketing efforts which, in turn, eases the market entry.

In addition, the companies interviewed were able to target Asian countries through strong relationships, which is in line with the Network Approach that suggests SMEs ability to create networks eases the ‘liability of outsidership’ and reduces risks during foreign market entry (Johanson & Mattsson 1988, 288–290). Even though these networks are defined as relationships with customers, suppliers, distributors, competitors and government officials (Johanson & Mattsson 1988, 288–290), a key finding in this study is that influencers and celebrities can also be defined as crucial networks when expanding to foreign markets. In fact, the empirical data shows that networks with local influencers and celebrities were seen as the most crucial part in their internationalization process and the reason for their success of expanding to foreign markets. Due to their size, resource constraints, and typically lower levels of international experience compared to larger corporations, SMEs often have to be more strategic and innovative in their approach to entering into foreign markets. For SMEs, choosing the right market entry strategy involves balancing the potential risks and rewards, as well as considering their resources, capabilities, and long-term strategic objectives. Each market and situation is unique, and the most suitable entry strategy may involve a combination of multiple methods as the empirical data suggests.

Furthermore, the empirical data indicates that most of the interviewed companies emphasize the importance of digital marketing operations and how it has enabled them to enter foreign markets more cost-efficiently compared to more traditional foreign market

entry strategies, such as setting up physical stores. This is in line with Javalgi et al. (2012, 740) who stated that digital marketing strategies enable targeted communication and engagement with diverse consumer segments, transcending geographical barriers.

Even though some of the interviewed companies mentioned that creating and managing relationships with local influencers enhanced their chance of increasing brand recognition within the target markets, the most common challenge with the interviewed companies is creating and managing network relationships in target market, which is in line with (Johansson & Mattsson 1988) who state that companies can develop crucial relationships and consequently overcome difficulties, such as the ‘liability of outsidership’, and reduce risks during foreign market entry. However, according to the empirical data, the creation of networks was often connected to the period of the COVID-19 pandemic, when SMEs’ efforts were allocated to maintaining business operations in domestic markets and maintaining already established networks in the foreign markets.

7.2 Influencer marketing

The second sub-question of this study aims to answer *why and how companies utilize influencer marketing*.

According to the empirical data, SMEs utilize influencer marketing primarily to boost brand awareness and credibility, leading to increased sales. However, influencer marketing is not straightforward; it has evolved into a competitive and expensive strategy, with companies striving for authentic content. This is in line with Ye et al. (2021, 173), who state that consumers are overrun by influencers promoting all types of products due to the massive growth of influencer marketing. Furthermore, consumers are nowadays smart, and they are able to recognize whether the content is authentic, and whether the collaboration genuinely aligns with both the brands’ and the influencers’ values. This is in line with the empirical data as some of the companies have recognized the increased amount of sponsored content and how it has affected their outlook on the effectiveness of influencer marketing campaigns. Additionally, the empirical data indicates that it is crucial to choose the right influencers to represent the brand in order to convey the brands’ messages correctly and credibly to the right target audiences. This is in line with Martínez-López et al. (2020, 581, 584) who state that consumers trust individuals who they feel are similar to themselves, and therefore the messages spread by trustworthy individuals can be perceived as more authentic than messages that seem biased or in

favour of the brand. Therefore, it is crucial for companies to consider developing long-term relationships with influencers to gain competitive advantage and give influencers the freedom in content creation (Lin et al. 2018, 440).

Even though social media influencers are seen more effective compared to traditional celebrity endorsers (Shouten et al. (2020) in terms of desired identification, similarity and trust, the empirical data indicates that companies who have utilized celebrity endorsers have been able to target different consumer segments and increase brand awareness in both digital channels and traditional media channels. Uzunoglu & Kip 2014 (594) state that social media influencers are seen as credible intermediaries. However, the credibility of the influencers has shifted during the years, as consumers focus more on the product-endorser fit. Therefore, it is crucial to consider with whom the company decides to collaborate and how the collaboration aligns with the brand's values. According to the empirical data, companies who utilized celebrities, have established the collaboration based on the celebrities' interest towards the company. This strengthens the credibility of the collaboration among consumers and increases both the celebrities' and the company's brand awareness.

An interesting finding of the empirical data is that companies deliberately avoid purely transactional collaborations as it might come across less authentic to target audiences and consequently decrease brand awareness and brand image. Furthermore, the transactional compensation method is a result of systematic and long-term relationship creation with influencers and can be quite time-consuming, especially for resource-constrained SMEs. However, the compensation methods differ; with some SMEs favouring product-based or affiliate compensations, especially for smaller influencers, and monetary or event-based compensation for larger influencers. The empirical data indicates the importance of compensating influencers as it makes them feel valued and respected, and in turn, motivate them to engage more with the brand (Lin et al. 2018, 440).

7.3 The enablers and barriers of influencer marketing in SMEs' internationalization

The third sub-question of the study aims to answer *why and how SMEs utilize influencer marketing in their internationalization*. Additionally, the sub-question aims to understand what the role of influencer marketing is and how SMEs perceive the role of influencer marketing in internationalization in the future. There is little prior research on how SMEs'

can utilize influencer marketing in their internationalization, and therefore the discussion is based on the theoretical framework presented earlier.

According to the empirical data, one of the most important enablers of utilizing influencer marketing in internationalization is *increasing brand awareness*, resulting in greater brand recognition and credibility within the target markets. Furthermore, a key finding in this research is that SMEs are able to increase their *approachability* through local influencer collaborations within their target markets. Local influencers can act as credible intermediaries (Uzunoglu & Kip 2014, 594) and consequently, the brand is able to come closer to people's lives.

Even though one of the challenges in internationalization is gaining knowledge of the target markets (Johanson & Vahlne 1977, 26), one of the key findings of this research is that SMEs are able to gain knowledge of the target markets through local influencers. SMEs usually suffer from 'liability of outsidership' within target markets (Johanson & Vahlne 2009) and influencers can aid companies overcoming this by offering their knowledge of the target market and potential preferences of the target consumers. Consequently, the companies are able to gain valuable information on, for example, content creation, product development and targeting.

Furthermore, the empirical data indicates that *network creation* is seen as an enabler when utilizing influencer marketing in internationalization. For instance, the interviewed companies were able to target Asian countries through strong relationships. This is in line with the Network Approach which posits that SMEs ability to create networks eases the 'liability of outsidership' and diminishes the risks associated with entering foreign markets (Johanson & Mattsson 1988, 288–290). And as stated earlier, even though these networks are defined as relationships with customers, suppliers, distributors, competitors and government officials (Johanson & Mattsson 1988, 288–290), the empirical data shows that influencers and celebrity endorsements can also be defined as crucial networks when expanding to foreign markets. In fact, the empirical data indicates that networks with local influencers and celebrity endorsers were seen as the most crucial part in their internationalization process and the reason for their success.

Additionally, the empirical data indicates that companies employing celebrity endorsements have succeeded in reaching diverse customer groups and enhancing their brand recognition across both digital and traditional media platforms which contradicts

with Shouten et al. (2020) who states that social media influencers are seen more effective compared to traditional celebrity endorsers. Even though most of the interviewed companies had experience of only utilizing social media influencers, the empirical data indicates that celebrities could act as more credible intermediaries to represent the brand and increase brand awareness in target markets. This might not be the case with social media influencers as consumers might perceive them more biased compared to celebrity endorsers.

Even though influencer marketing could act as an effective way of expanding to foreign markets, prior research and empirical data shows that utilizing influencer marketing could pose some challenges, especially for SMEs.

According to prior research, influencer marketing can be seen as a cost-effective way of expanding to foreign markets (Adebanjo & Michaelides 2010, 246; Barnes et al. 2012, 688). However, the empirical data indicates otherwise. As influencer marketing has gained popularity, the cost of influencer compensation have increased and forced SMEs to rethink whether *the cost of the collaborations corresponds to the results of the campaign*. However, only one of the interviewed companies mentioned influencer marketing to be cost-efficient. Furthermore, the company in question is a born global company which has expanded to foreign markets from the inception and has no domestic operations. Therefore, they have no point of comparison compared to the other interviewed companies which have both domestic and international operations.

This study suggests that it could be more cost-efficient to allocate resources towards other digital marketing efforts or combine digital marketing with traditional marketing efforts. According to Javalgi et al. (2012, 740), digital marketing strategies enable targeted communication and engagement with diverse consumer segments, transcending geographical barriers. This is particularly true for resource-constrained companies, especially SMEs, which now have the motive and flexibility to exploit opportunities and confront challenges in foreign markets more effectively and efficiently than ever before (Katsikeas et al. 2020, 405). This is in line with the empirical data as the majority of the interviewed companies highlight the significance of digital marketing activities, noting that these strategies have facilitated their entry into international markets in a more cost-effective manner than traditional approaches like establishing brick-and-mortars. Even though digital marketing can be seen as a more cost-effective way of entering into foreign

markets, empirical data suggests that the role of influencer marketing has been vital for some of the interviewed companies.

According to empirical data, *choosing the right influencers* is also a barrier which can occur during SMEs internationalization, which is in line with prior research. According to Jiang et al. (2015), selecting the right influencers that match with the company's brand and values is crucial in order to maintain a good brand image, especially when expanding to foreign markets. This is in line with empirical data, as companies have recognized that the influencers must align with the brands' values and beliefs in order to convey the right messages to the right audiences. Additionally, if consumers are sceptical about the influencers' motives or beliefs, it can have a negative impact on the brand image and purchase intentions (Lou & Yuan 2019, 69; De Cicco et al 2020, 735). Empirical data suggests that the most successful collaborations have stemmed from deeper and longer connections with both social media influencers and celebrity endorsers. A crucial finding of the empirical data is that one of the companies in particular *avoids purely transactional collaborations* as it might come across less authentic to target audiences and consequently decrease brand awareness and brand image (see page 67). Furthermore, transactional compensation method is a result of systematic and long-term relationship creation with influencers and can be quite time-consuming, especially for resource-constrained SMEs.

Another barrier effecting the use of influencer marketing is SMEs' *budget constraints*. Typically, SMEs suffer from lack of resources which forces them to think wisely how to allocate their scarcity of resources. Therefore, as SMEs have faced challenges with justifying the effectiveness of influencer marketing collaborations, the emphasis on budget constraints has become more obvious, especially during internationalization. To overcome this, SMEs can leverage micro-influencers who often have a more dedicated and engaged audience compared to macro-influencers (Yesiloglu & Costello, 2020, 46–47). Micro-influencers can offer a cost-effective alternative, providing higher engagement rates and niche market penetration. Furthermore, SMEs could consider utilizing celebrities by bringing them closer to the core business decision-making process through share ownership. Consequently, the celebrities could aid the SMEs by sharing knowledge of the target market and help establish new networks within the target market. Through share ownership, the celebrities aid the SMEs with budget constraints and the resources could be allocated toward long-term actions rather than individual influencer

marketing campaigns. Furthermore, as influencer marketing requires consistency, the emphasis on strategical thinking and long-term course of actions becomes vital.

According to the empirical data, another barrier while utilizing influencer marketing during SMEs internationalization is *cultural differences*. Influencer campaigns that succeed in one country may falter in another due to cultural mismatches. Therefore, SMEs ability to engage in strategic marketing planning (Hill 2001, 212; Parry et al. 2012, 7) becomes paramount. Furthermore, SMEs ability to partner with local influencers who embody the local cultural values and can communicate the brand's message in a way that resonates with the target audiences will help to overcome the barrier of cultural nuances. Therefore, before choosing which celebrities or influencers to represent their brands, companies must ensure that the selected individuals convey the right cultural messages (Fleck et al. 2012, 3–4).

And lastly, *regulations and laws* of the target market could pose some challenges for SMEs while utilizing influencer marketing during internationalization. Even though the empirical data indicates that the differences in regulations and laws were evident in basic business operations, such as taxes and IPR issues, their emphasis on influencer marketing activities must be considered. Zhou et al. 2021 (123–124) state, that regulation issues, for example sponsorship closure, could result in negative feedback from customers, which in turn could affect negatively the effectiveness of the campaigns and in worst-case scenario harm the brand's image within the target market.

Emerging from the empirical data, a revised table of the enablers and barriers of utilizing influencer marketing in SMEs' internationalization is depicted in Table 12 below.

Enablers	Barriers
Brand awareness	Cost vs Effectiveness
Credibility	Consistency
Approachability	Budget constraints
Market knowledge	Choosing the right influencers
Network creation	Regulations and laws
	Cultural differences

Table 12 Revised table of the enables and barriers of influencer marketing in SMEs' internationalization

This study indicates that the role of influencer marketing in SMEs' internationalization is valuable as it helps to tackle some of the usual challenges of SMEs' internationalization, such as resource constraints (Steinhäuser et al. 2021, 167), network creation (Bell 1995, 72), and maintaining brand recognition (Reijonen 2010, 291). According to the empirical data, the companies' internationalization would be slower and more expensive without the utilization of influencer marketing efforts. Furthermore, the role of influencer marketing in SMEs' internationalization will increase in the future, but most likely, change its shape.

According to the empirical data, influencers and celebrity endorsers could have a bigger role in companies' business operations, for example through share ownership or participating in board of directors. Thus, adding value to companies' day-to-day operations by offering their expertise and, in turn, receiving compensation through shareholding. However, as stated earlier, choosing the right influencers to work with is crucial in order to avoid reputational damage towards brand image within the target markets. Therefore, this study indicates that successful utilization of influencer marketing stems from the companies' ability to create and nurture deeper relationships with influencers or celebrities, who in turn offer their expertise to expand to foreign markets most effectively. Furthermore, it can be seen from this study that influencers are not just content creators anymore but can meaningfully contribute to companies' value creation and support with enabling internationalization and overcoming barriers.

Based on the enablers and barriers presented in Table 12, SMEs' internationalization requires strategic planning, perseverance and long-term orientation. Influencer marketing could play an important role in SMEs internationalization, but the most successful and cost-effective foreign market entry is likely to include a versatile utilization of multi-channel marketing, such as combining traditional media, digital marketing and influencer marketing. Furthermore, a successful entry into foreign markets requires SMEs to adapt and embed a global mindset in all business operations.

Bringing together the research findings into a practical tool, Figure 9 below aims to depict how SMEs from different industries could adapt influencer marketing as part of their internationalization and what factors they should consider. The Figure is formed on the basis of the theoretical framework and findings from the empirical data. The framework

presented in Figure 9 below offers SMEs a valuable tool to plan and execute influencer marketing during internationalization more effectively.

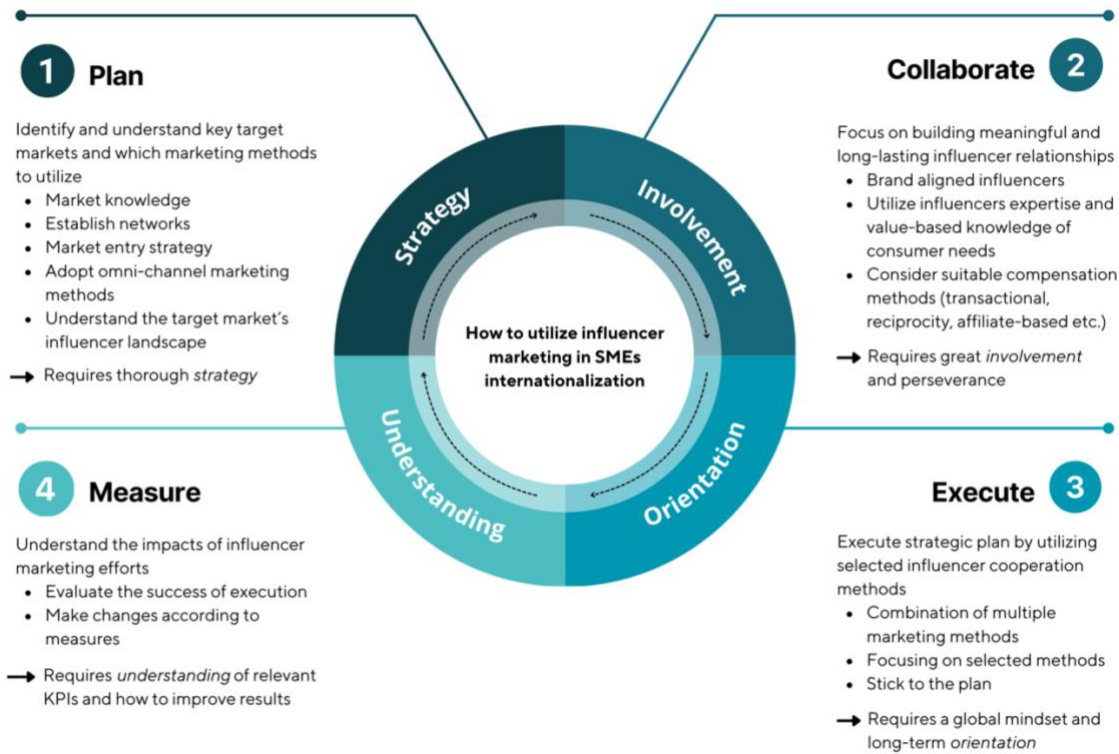


Figure 9 Framework for utilizing influencer marketing during SMEs' internationalization

Figure 9 depicts how SMEs could successfully implement influencer marketing into their internationalization and how to overcome the aforementioned barriers by considering four steps:

- *strategy*
- *involvement*
- *orientation*
- *understanding*

The figure depicts a process of implementing influencer marketing and it starts with planning a thorough strategy. SMEs considering foreign market expansion must first identify potential target markets depending on their industry and decide foreign market entry strategy. This requires thorough *strategy*, target market knowledge, establishing key networks within target market and market entry execution. Furthermore, SMEs must adopt omni-channel marketing methods and gain understanding of the target market's influencer landscape. This might include a combination of multiple marketing methods

such as combining digital marketing with social media influencer or perhaps utilizing celebrity endorsers within traditional media channels. Either way, SMEs involvement in influencer collaboration should be aligned with the brand's values and goals. After establishing a thorough market entry strategy, SMEs must consider with whom they need to collaborate with in order to create brand awareness and gain brand recognition within target markets. During this phase SMEs must consider how to build long-lasting and meaningful relationships with selected influencers which aligns with the brand's values and goals. During this phase, SMEs could gain relevant information of target market's consumer needs through influencers expertise. However, SMEs should consider suitable compensation methods in terms of gaining and maintaining good brand recognition in target market and building long-lasting relationships with influencers. This requires great *involvement* and perseverance. Thirdly, the process includes the execution of the strategic plan by utilizing the selected influencer collaboration methods. During this phase, it is extremely important that SMEs "stick to the plan" so that success of the strategy can be measured. "Sticking to the plan" allows measuring the strategy and chosen marketing methods as efficiently as possible. This stage requires a great level of *orientation* and a global mindset by focusing on the selected methods. Lastly, in order to establish whether the selected influencer marketing strategy has succeeded, the SMEs must measure the effectiveness of the actions. In order to measure the effectiveness of the plan, SMEs must have an *understanding* of the most important KPIs and how to improve based on them. Then the process starts over by re-evaluating the selected strategy and how to improve it based on the results and metrics. Influencer marketing is not static; it evolves with consumer trends and technological advancements. SMEs should remain flexible and be at the forefront of adapting to new platforms and innovative modes of communication.

8 Conclusions

8.1 Theoretical contribution

The digital revolution has reshaped the business world and everyday life, providing SMEs with exceptional opportunities for global expansion. SMEs can now compete on an international stage by leveraging the internet and digital media while enjoying the benefits once exclusive to larger corporations. This shift from traditional marketing to digital platforms has seen the rise of social media influencers, who now play a critical role in contemporary marketing strategies. Even though the phenomenon is more relevant as ever before, there is hardly any studies on the role of influencer marketing in SMEs' internationalization. Thus, this study provides new insights into the role of influencer marketing in the internationalization of SMEs and how to utilize it most efficiently.

There are previous studies of SMEs' internationalization and influencer marketing in general, although separately. Majority of the studies focus on the role of social media or digital marketing in internationalization. Thus, the purpose of this study was to produce a deeper understanding of the internationalization of SMEs and examine what is the role of influencer marketing in SMEs' internationalization. In order to answer the purpose of the study, three sub-questions were formed:

- *How and why do SMEs expand to foreign markets?*
- *How and why do companies utilize influencer marketing?*
- *What are the enablers and barriers of influencer marketing in SMEs' internationalization?*

The answers to the sub-questions were formed on the basis of thematic interviews conducted in the study. The responses from the material were compared to a theoretical framework built on the basis of a literature review.

Based on the theoretical framework and empirical findings, a new revised table of the enablers and barriers of utilizing influencer marketing (see Table 12) was formed. The revised table brings added value not only to existing literature of SMEs' internationalization but also to the literature of influencer marketing, as it identifies different factors that can affect the success of SMEs' foreign market expansion while utilizing influencer marketing.

Furthermore, the table illustrates how SMEs can overcome some of the barriers by taking advantage of the enablers. The table is based on the previous theoretical framework built on the basis of literature review, which combines both traditional internationalization theories (Johanson & Vahlne 1990; Johansson & Mattson 1988; Oviatt & McDougall 1994) and influencer marketing theories (Hovland & Weiss 1951; McCracken 1989; Uzunoğlu & Misci Kip 2014). Even though the revised table somewhat aligns with the previously formed table, it also brings new knowledge to the literature. For example, previous literature has not recognized the importance of creating meaningful and long-lasting relationships with influencers and consequently help SMEs overcome some of the barriers related to foreign market expansion. Secondly, this study has recognized how SMEs struggle with justifying the cost versus effectiveness of influencer marketing campaigns. This is also a new contribution to the literature as previous literature argues influencer marketing to be a cost-effective way of expanding to foreign markets. Furthermore, network creation during the SMEs' internationalization has focused on creating networks with traditional stakeholders, such as customers, suppliers and distributors (Johanson & Mattsson 1988). However, this study emphasizes the importance of creating networks with local influencers within target markets to gain expert knowledge and ease the market entry.

Previous literature did not provide information on what the role of influencer marketing could be in SMEs' internationalization. Thus, this study provides new information to literature by indicating that the role of influencer marketing in SMEs' internationalization is vital as it helps to tackle some usual challenges SMEs face when entering foreign markets, such as resource constraints (Steinhäuser et al. 2021, 167), network creation (Bell 1995, 72), and maintaining brand recognition (Reijonen 2010, 291). Furthermore, this study provides new information on how the role of influencer marketing could change in the future. This study indicates that the role of influencer marketing in SMEs' internationalization will increase, but most likely, change its shape. According to the findings, influencers and celebrity endorsers could have a bigger role in companies' business operations, for example through share ownership or participating in board of directors. Thus, adding value to the companies' day-to-day operations by offering their expertise, and in turn, receiving compensation through shareholding. These findings also contribute to the theoretical discussion of influencer marketing and SMEs' internationalization.

8.2 Managerial implications

Several implications emerged from the results of this study on how SMEs can utilize influencer marketing during internationalization. The key findings were related to SMEs' international operations, the selection of influencers, the implementation of influencer collaboration and the measurement of influencer marketing results during internationalization. One of the most important components SMEs must take into account is the ever-changing landscape of influencer marketing and how to implement influencer marketing collaboration most efficiently into companies' operations so that it aligns with the companies' objectives and values.

On the basis of the theoretical framework and empirical data, a framework for utilizing influencer marketing during SMEs' internationalization was created (see page 86), which can be used as a strategic tool for SMEs considering the utilization of influencer marketing during internationalization. The framework aims to depict the internationalization process of SMEs from planning phase to measuring phase. Furthermore, the key components of the framework consist of the elements on how to overcome the most common barriers while utilizing influencer marketing during internationalization: *strategy, involvement, orientation and understanding*.

This study suggests that in order to successfully implement influencer marketing to SMEs' internationalization, a comprehensive *strategy* must be created, which consists of a thorough target market research, market entry strategies and the implementation of omni-channel marketing methods. Thus, laying a good foundation for internationalization efforts. Next, SMEs should focus on building long-lasting and meaningful relationships with influencers they perceive to be most beneficial for the company within the target market. For example, these relationships could be with celebrity endorsers or social media influencers who have a true interest towards the brand and its products or services. Furthermore, based on the analysis of the empirical data, one of the companies has been very successful in their internationalization due to avoiding purely transactional partnerships. This has enabled them to gain authentic and approachable brand recognition within target markets and overcome barriers of market entry. To avoid purely transactional partnerships, SMEs could integrate influencers into the company's operations through share ownership or base collaborations on reciprocity. However, this stage requires great *involvement* and perseverance. Thirdly, the framework depicts that

phase three focuses on executing the strategic plan by utilizing selected influencer marketing methods. During this phase, it is extremely important that SMEs have the ability to “stick to the plan” so that it is possible to measure the success of the execution. Furthermore, SMEs should embed a global mindset on all business operations so that the international expansion is cohesive and remains effective. This requires SMEs ability for long-term *orientation*. Lastly, the plan consists of a measurement phase where SMEs evaluate and measure the success of the strategy. This requires a good *understanding* of the most relevant KPIs for the SME in question and knowledge on how to improve.

To conclude, influencer marketing could play a pivotal role in SMEs’ internationalization in the future. Furthermore, it can be seen from this study that influencers are not just content creators anymore but can meaningfully contribute to companies’ value creation and support with enabling internationalization and overcoming barriers. However, based on the analysis of the empirical data, SMEs should adopt a thorough strategy into their business operations and consider which influencer methods would suit their needs and how to implement them into their core business operations.

8.3 Limitations and suggestions for future research

The results of this study should be considered with certain limitations. The purpose of the study was to produce an in-depth understanding of the current phenomenon in a previously unexplored context. The study was therefore conducted using semi-structured theme interviews. After seven expert interviews, a saturation point was reached in the research data. The limited number of interviews allowed for detailed examination with the internationalization of the interviewed companies and the utilization of influencer marketing. However, the number of interviews can be perceived as a limitation. Most of the interviewed companies operate within the same B2C industry, thus the results for the empirical data can be considered transferable with companies operating in a similar industry. However, generalizing the results to a larger number of companies across different industries is not entirely possible.

Additionally, the interviewed companies varied significantly in size, potentially undermining the study’s results. Furthermore, some of the companies have been operating for a longer time compared to others. Even though they were all operating in the B2C industry, the differences between the sizes and experience might have an effect on the results of this study. The limitations arising from the differences between the interviewed

companies were due to the availability of suitable companies and researcher's limited time scope to conduct the research. In addition, most of the interviewed companies are based in Finland which can be considered as a limitation. Therefore, the results of this study cannot be generalized to consider B2C companies from different countries due to different company or country-specific characteristics.

Furthermore, SMEs' internationalization was analysed through the three most common internationalization theories, which can also be considered a limitation to the study. Embedding additional academic research on market entry strategies and other internationalization theories could increase the theoretical contribution of the study.

The conducted study highlighted several possible topics for further research. Firstly, as the number of interviewed companies was rather limited, a similar qualitative study could be carried out in the future for a wider group of SMEs. In addition, the research could be expanded so that companies would be interviewed before expanding to a foreign country and after. In this case, interesting information could be obtained, for example, on how the planned and realised influencer marketing methods differ. Furthermore, it would be interesting to interview SMEs that have successfully expanded to foreign markets and utilized influencer marketing for a longer period of time.

Secondly, another suggestion for future research could focus on industry-specific and company-specific characteristics which might affect SMEs' ability to adapt influencer marketing strategies. Thus, the research could focus on what specific internationalization methods SMEs have utilized and how influencer marketing differs among companies operating within different industries.

Thirdly, future research could focus on how SMEs operating in the B2B industry utilize influencer marketing during their internationalization. B2B marketing is quite different compared to B2C, so it would be quite interesting to see how the utilized influencer marketing methods differ in B2B setting compared to B2C companies' international expansion.

And lastly, it would be interesting to conduct quantitative research by gathering data and measuring how influencer marketing has affected the company's value during internationalization. The measurements could include, for example, the percentual increase in brand awareness and brand recognition. Consequently, the research could

focus on examining whether the resources allocated towards influencer marketing correlate positively with the overall increased value of the company during internationalization.

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Appendices

Appendix 1 Interview frame

Background information

- Company turnover and number of employees according to financial data for 2022?
- What is your title and role in the company?
- Can the name of the company and the job description of the interviewee be mentioned in the thesis?
- Can snippets of an interview be used as direct quotes?
- Can the interview be recorded?

Theme 1 Internationalization

- Why did you originally decide to expand business abroad?
- How did you choose the target market to expand to? (market research, etc.)
- What are your main means of internationalization? How did you start internationalization?
- Do you measure the success of internationalization? How?
- What challenges have you faced in internationalization?

Theme 2 Influencer co-operation

- Why do you collaborate with influencers?
- How have you chosen the influencers to collaborate with? (criteria, e.g. number of followers, personal brand, etc.)
- How have you contacted the influencers? (software, office, etc.)
- Do you pay compensation to influencers for co-operation? Justification.
- How long contracts do you usually make with influencers? Why?

Theme 3 Influencer marketing as part of internationalization

- How long have you been using influencer marketing as part of internationalization?
- In which channels have you done influencer marketing (international context)?
- What are the benefits of influencer marketing for your company in internationalization?
- What challenges have you faced in utilizing influencer marketing during internationalization?
- What significance/role has influencer marketing played in the internationalization of the company?
- How do you see the role of influencer marketing in your organization in the future?

Theme 4 Influencer marketing goals and effectiveness in internationalization

- What goals have you set for influencer marketing in internationalization? Why?
- How do you measure/follow the results of influencer marketing in internationalization?
- How has influencer marketing affected brand awareness in the target market? (feedback from stakeholders)

Appendix 2 Interview invitation

Moikka XXX!

Kirjoitan paraikaa Pro Graduani Turun kauppakorkeakoulussa. Gradun aiheena on "The role of influencer marketing in SMEs' internationalization" eli tutkimuksen tarkoituksena on selvittää, mikä rooli vaikuttajamarkkinoinnilla ja -yhteistyöllä on PK-yritysten kansainvälistymisessä.

Tutkimuksen tavoitteena on löytää keinoja, miten edistää suomalaisten PK-yritysten kansainvälistymistä ja seurauksena ohjata ulkomaisia investointeja Suomeen. Vaikuttajamarkkinoinnin ja digitalisaation kasvun myötä myös PK-yrityksillä on mahdollisuus kansainvälistyä resurssitehokkaammin ja minua kiinnostaa todella paljon juuri PK-yritysten toimintatavat ja kansainvälistymisen mahdollisuudet sekä haasteet.

Uskon, että tutkimus voi antaa XXX konkreettisia ideoita ja mielenkiintoisia oivalluksia vaikuttajamarkkinoinnin toteutukseen kohdemarkkinoilla.

Tutkimus toteutetaan puolistrukturoituina teemahaastatteluina. Haastattelen noin 5-8 PK-yritystä, joista osa on keskisuuria yrityksiä. Haastattelu on jaettu neljän teeman alle: kansainvälistyminen ja sen tavoitteet, vaikuttajayhteistyö, vaikuttajamarkkinointi osana kansainvälistymistä sekä vaikuttajamarkkinoinnin tavoitteet ja tuloksellisuus. Olen koonnut teemojen alle kysymyksiä, joihin voi avoimesti vastata. Haastattelu kestää alle tunnin ja se toteutetaan virtuaalisesti Google Meetsissä.

Kokoan tutkimuksen tuloksista PowerPointin, jossa on kiteytettynä tärkeimmät löydökset tutkimuksesta. Voin joko lähettää PowerPointin teille tai voimme myös käydä sen yhdessä läpi tutkimuksen valmistuttua.

Olisi mielekästä, jos XXX osallistuisi tutkimukseeni. Juttelen mielelläni tutkimuksen tarkoituksesta, tavoitteista ja toteutuksesta lisää!

Ystävällisin terveisin,

Anni Telanne
Puhelinnumero
Sähköposti