

Entrepreneurial marketing and born global internationalisation in China

Abstract

Purpose – This study explores the entrepreneurial marketing (EM) behaviour of Swedish born globals entering the Chinese market through their international networks. Drawing from network theory of small firm internationalisation, this study is positioned in the domain of EM and thus captures the relevance of EM behaviour to explain how born globals internationalise through their networks.

Design/methodology/approach – A qualitative case study approach of two Swedish born global companies active in the Chinese market is employed. Network theory helps analyse the data in the three phases of firm internationalisation processes.

Findings – The study shows the importance of networks for the enactment of EM for born globals. The study traces the evolution of network development in the market entry process of born globals and highlights the importance of aligning network leverage with contextual factors for market performance.

Practical implications – Management of different types of networks is essential in the entry process and further growth of born globals in the Chinese market. In addition, born globals operating in psychically distant and complex institutionally contexts can especially gain support from intermediary networks.

Originality/value – This study extends knowledge of international entrepreneurship by demonstrating that born global managers can enact EM behaviour by leveraging networks to gain rapid entry into the Chinese market. It further highlights the role of firms' networks in the EM activities in their internationalisation. The conceptual underpinnings of EM and network theory provide greater understanding of how born globals enter and grow their psychically distant markets.

Keywords Born Globals, Entrepreneurial Marketing, Networks, Sweden, China

Paper type Research paper

INTRODUCTION

Globalisation and international trade have increased dramatically, owing to the effects of lower trade barriers, greater demand from and growth in emerging markets and the spread of technological improvements across most sectors (Coviello, 2006; Awuah *et al.* 2011). These developments have created opportunities for small European firms to expand and grow in rapidly emerging global markets. Such international activities have given rise to international entrepreneurship (IE), defined as the ‘discovery, enactment, evaluation and exploitation of opportunities across national borders – to create goods and services’ (Oviatt and McDougall 2005, p. 540). Born global ventures are quintessentially an important type of IE firm (Andersson and Wictor, 2003; Knight and Cavusgil, 2004; Crick, 2009). The born global is a firm that aims to ‘derive a substantial proportion of its revenue from the sale of its products in international markets’ (Knight, 1997, p. 1).

However, some researchers have criticised the ‘global’ part in the born global concept, arguing that there are few genuine born globals with activities in the world’s three political and economic centres (i.e. NAFTA, EU and the largest Asia-Pacific economies) (Lopez *et al.*, 2009; Rugman and Almodóvar, 2011). This study concurs with this view and suggests that born globals are business organisations that have a global mindset from inception and aim to derive significant competitive advantages from the use of resources and the sale of outputs in multiple countries spanning the three economic trading blocs (Andersson *et al.*, 2013).

In the general marketing domain, extant studies have also revealed that small entrepreneurial firms differ in their marketing approaches from their larger counterparts. Marketing scholars (e.g. Carson and Gilmore, 2000) have recognised entrepreneurial marketing (EM) to explain this behaviour in small entrepreneurial firms. That is, EM is ‘a process of

pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility' (Hills *et al.*, 2010, p. 6).

Research on born globals has grown significantly in recent decades (Jones *et al.*, 2011; Servantie *et al.*, 2016). In general, ample IE studies have investigated born globals entering advanced developed economies, while few studies have explored international entrepreneurial, or born global, behaviour of firms entering more institutionally and psychically distant market contexts, such as China. China has had a long history of economic closure that resulted in a lack of export and import culture in the past. However, the onset of Chinese trade and economic liberalisation in the early 2000s has created a more open business environment, with more opportunities for foreign firms to enter the Chinese market (Alon *et al.*, 2013). China's global reputation as an economic superpower has further led to growing import dependence through the willingness of local companies to seek foreign supply (Yiu *et al.*, 2007).

Similarly, but to a lesser degree, research has explored the role of networks in institutionally distant markets in internationalisation processes (Kiss and Danis, 2008). Previous research suggests that national contexts play a critical role in the scope and scale of firms' international activities (Meyer *et al.*, 2011). Most studies adopting the network perspective have examined the effect of psychic and institutional distance on born global internationalisation across developed economies (Johanson and Vahlne, 1977, 2003). The rapidly changing environment in new emerging economies, such as China, may differ from internationalisation processes identified in prior research (Johanson and Vahlne 1977; Coviello, 2006). Building relationships and networks is complex and takes time and effort, especially when entering different cultures and business environments (Miocevic, 2016). An assumption in the network

view is that firms can generate revenues by developing relationships with firms in international markets through three ways (Johanson and Mattsson, 1988): by entering networks new to the firm (international extension), by increasing commitment to international markets in which the firm already has a position (international penetration), and by increasing co-ordination between firm networks and activities in different countries (international integration). This categorisation is useful to glean deeper insight into how firms can enter and further develop their position in a foreign market.

Furthermore, while extant studies have offered important insights into the characteristics and behaviours of born globals, they have paid little attention to their marketing strategies (Rialp *et al.*, 2005). Only a few studies have applied marketing concepts to understand how IE firms behave and operate when entering, growing and expanding into foreign markets. For example, specific marketing studies in the context of IE firms have focused on branding (Luostarinen and Gabrielsson, 2002; Gabrielsson, 2005; Gabrielsson and Gabrielsson, 2013), marketing capabilities (Weerawardena *et al.*, 2007; Evers *et al.*, 2012), market orientation (e.g. Armario *et al.*, 2008; Evers, 2011; Arpa *et al.*, 2012), and, more recently, EM (Sullivan Mort *et al.*, 2012; Hallbäck and Gabrielsson, 2013, Yang and Gabrielsson, 2017). By their very definition, born globals take advantage of global opportunities and compete in a global arena, and thus an international marketing strategy (i.e. creating, promoting, distributing and pricing products to meet the needs of international customers) is imperative for their international performance in foreign markets (Zou *et al.*, 1997; Evers, 2011).

Acquisition of foreign market knowledge is an essential ingredient of a firm's market orientation for value creation (Zahra *et al.*, 2000) and a core ingredient for the successful implementation of its international marketing strategy (Armario *et al.*, 2008; Ruokonen *et al.*,

2008; Evers, 2011). However, in foreign markets, and particularly psychically and institutionally distant markets such as China, European-based born globals can be challenged in acquiring and managing knowledge and thus need to be more proactive in their internationalisation into these markets. Managing cross-cultural sales and commercial negotiations and communications with their Chinese exchange partners and customers can also create hurdles in their international marketing processes, especially for rapidly developing ventures such as born globals (Keupp and Gassman, 2009; Jones *et al.*, 2011), which typically possess limited resources for international growth.

The field of EM is a particularly suitable concept for explaining the marketing of small and resource-constrained entrepreneurial firms, operating in dynamic and complex markets (Hills and LaForge, 1992; Carson and Gilmore, 2000; Coviello *et al.*, 2000; Bjerke and Hultman, 2002; Morris *et al.*, 2002; Hills *et al.*, 2008). Although research on born globals is undoubtedly dynamic and complex, research using EM as a conceptual lens in the IE domain has been rather scarce (Kocak and Abimbola, 2009; Sullivan Mort *et al.*, 2012; Hallbäck and Gabrielsson, 2013; Yang and Gabrielsson, 2017). Nonetheless, the strong explanatory potential of EM in specific contexts implies that EM can add significant value to understanding born globals.

In summary, although literature on the role of born globals' networks and EM has developed considerably in the past two decades, research has thus far not examined the effects of network relationships at the marketing–entrepreneurship interface for understanding born globals. The interface between born global behaviour and EM concepts thus becomes an important domain to position this study in the field of IE. Drawing from EM concepts and the network perspective of small firm internationalisation, this article examines born globals' EM

behaviour in their internationalisation into China through their networks. Incorporating the EM literature into the study of networks in born globals advances understanding of these firms' internationalisation processes.

The article proceeds with a literature review. First, the review presents the relevance and explanatory potential of EM as a conceptual approach in explaining born global marketing behaviour in foreign markets. Second, this study examines the role of network theory in small firm internationalisation processes, with a specific focus on the role of networks in the Chinese context. The Method section discusses the case study approach, including details on case selection and data collection. For the case data analysis, we selected Johanson and Mattsson's (1988) model of network internationalisation as a useful approach to collect and analyse the data by examining the role of networks in different internationalisation phases. The model also allows us to trace the enactment of EM behaviour of the studied born globals along international market entry and growth. Next, we discuss the findings and offer propositions underpinning the contributions of the study. Finally, the article concludes with research contributions, managerial implications and avenues for further research.

LITERATURE REVIEW

EM and small firm internationalisation

Research often identifies marketing as one of the greatest challenges for founders/entrepreneurs (Carson, 1985; Huang and Brown, 1999; Nwankwo and Gbadamosi, 2010; Resnick *et al.*, 2016). Considering that small entrepreneurial firms differ fundamentally from large, more administrative firms in their approach to marketing and that an inherent overlap exists between marketing and entrepreneurship, the field of EM has developed considerably in the past two decades (e.g. Carson and Gilmore, 2000; Bjerke and Hultman, 2002; Morris *et al.*, 2002; Crick,

2004; Hills *et al.*, 2008; Franco *et al.*, 2014; Whalen *et al.*, 2015). EM is ‘the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation’ (Morris *et al.*, 2002, p. 5).

When the focus of traditional marketing theory is on resource allocation and the efficient use of the firm’s existing resources, in EM, actions are not constrained by resources currently controlled by the firm. Instead, entrepreneurs aim to do more with less, including obtaining new resources, obtaining other actors’ resources, stretching resources, combining resources and using resources in new ways (Bjerke and Hultman, 2002; Morris *et al.*, 2002; Sullivan Mort *et al.*, 2012). Relationships and networks are thus deemed a means to facilitate, aid and enhance marketing (Hills and Hultman, 2006; Evers and O’Gorman, 2011; Kraus *et al.*, 2012; Sullivan Mort *et al.*, 2012; Whalen *et al.*, 2015).

In capturing the interface between entrepreneurship and marketing, Morris *et al.* (2002) identify seven underlining dimensions of EM. The first four dimensions of EM—proactiveness, risk management, innovation focus and opportunity driven—reflect the components of the entrepreneurial orientation construct (Covin and Slevin, 1986; Lumpkin and Dess, 2001). The next two—customer intensity and value creation—are representative of the market orientation construct (Kohli and Jaworski, 1990; Kohli *et al.*, 1993; Slater and Narver, 1995; Ritter, 2006). The last dimension, resource leveraging, encompasses the ability to do more with less and to access resources external to the firm, available in social and business networks (Morris *et al.*, 2002).

While the study of EM in the international domain has been limited, the nature of born globals fits well within the marketing–entrepreneurship interface (Evers, 2011; Sullivan Mort *et*

al., 2012) because these firms display the typical characteristics of entrepreneurship: proactiveness, opportunity seeking, innovativeness and risk management (McDougall and Oviatt, 2000; Sullivan Mort and Weerawardena, 2006) and require marketing for the implementation of international marketing strategies (Evers *et al.*, 2012). In particular, the born global literature has not paid enough attention to the role of the customer in international marketing strategy. Morrish *et al.* (2010) and Morrish (2011) argue that a customer-centric view is just as important as the more dominant entrepreneur-centric view in achieving competitive advantage. Within the EM domain, customer intensity signifies full ‘immersion in the marketplace, contributing to an understanding of customers and clientele rarely achieved by large corporations’ (Hills, 2012). This creates a heightened level of ‘responsiveness to the marketplace and seemingly intuitive ability to anticipate changes in customer demands’ (Collinson and Shaw, 2001, p. 764).

EM can thus be a useful perspective, as entrepreneurial marketers rely on connections with customers and other market actors in a process of market sensing for the development and implementation of marketing strategy (Stokes, 2000; Ramaswami and Srivastava, 2009; Morrish *et al.*, 2010; Morrish, 2011). This is acutely important in foreign markets, in which conditions can differ fundamentally from the past experience of the firm (Kiss and Danis, 2008; Meyer *et al.*, 2011). Furthermore, obtaining market knowledge for value creation (Zahra *et al.*, 2000) is difficult. The EM concept can thus offer insights into the international behaviours of born globals engaging in the psychically and institutionally distant market of China.

The role of networks in small firm internationalisation

During the past two decades, the network approach to internationalisation has emerged as a leading framework to describe and explain internationalisation. In the 1980s, many studies found the dominant relevance of different networks in driving the internationalisation of small firms,

which in turn led to the work of Johanson and Mattsson (1988) and their network model of small firm internationalisation. The authors argued that companies are dependent on resources that other firms control and, through a position in a network, have access to network resources. The focal firm's knowledge acquisition of customers and foreign markets occurs incrementally through its interaction in networks (Johanson and Mattsson, 1988). The model also proposes that company survival is dependant on developing and building international networks throughout the three internationalisation phases of extension, penetration and integration (Johanson and Mattsson, 1988; Johanson and Vahlne, 2003). Since the introduction of Johanson and Mattsson's network model, an extensive amount of research has examined the influence of international networks in international firms (Johansson and Vahlne, 1990, 1992, 2003; Oviatt and McDougall, 1994; Coviello and Munro, 1997; Madsen and Servais, 1997; Chetty and Holm, 2000; Autio, 2005; Evers and O'Gorman, 2011; Jones *et al.*, 2011).

Relationships and networks are important facilitators of internationalisation. Networks are important for various stages of the internationalisation process, from the identification and exploitation of market opportunities to the growth and performance of the firm, as their presence in international markets becomes established (Johanson and Mattsson, 1988; Johanson and Vahlne, 1992, 2003, 2009; Johannisson and Mønsted, 1997; Coviello and McAuley, 1999; Shirokova and McDougall-Covin, 2012; Andersson *et al.*, 2013; Fernhaber and Li, 2013). Relationships and networks are important tools for gaining access to relevant market information and other immaterial and material resources (Evers and O'Gorman, 2011; Söderqvist, 2011; Vasilchenko and Morrish, 2011; Sullivan Mort *et al.*, 2012). Growing firms can compensate for a lack of internal resources by taking advantage of the resources they can leverage from various external actors (Evers *et al.*, 2012), with ultimately significant consequences for the marketing

performance of born globals. Networks can also be a source of aspiration and inspiration in, for example, international and technology development (Prashantham and Birkinshaw, 2015).

Networks can be classified as business networks (also referred to as inter-organisational networks or formal networks) and social networks (also referred to as personal networks or informal networks) (Söderqvist, 2011). More comprehensively, Evers and O’Gorman (2011) classify social and business networks as horizontal or vertical. Vertical *social* networks (also referred to as informal business acquaintances) are those positioned in the supply chain but do not currently have a direct business relationship (business exchange) with the firm, while vertical *business* networks are those the firm has with its current business partners, suppliers, agents and clients. In turn, horizontal *social* networks include relationships with family, friends, relatives and community organisations (Hoang and Antoncic, 2003; Evers and O’Gorman, 2011), while horizontal *business* networks include relationships with state support agencies, research institutions and trade associations and potential competitors, which may pool together to share resources (Evers and O’Gorman, 2011). For born globals, institutional networks (e.g. state export development agency), also termed intermediary networks, are particularly important because they can facilitate market information, financial support, business contacts and partner searches for internationalisation (O’Gorman and Evers, 2011; Oparaocha, 2015).

Both social and business networks can have a significant impact on a firm’s internationalisation process, as they provide access to resources that are not internally available. For example, specific market knowledge is required in the internationalisation process, such as opportunity recognition, to access further resources, strategic choices and the specifics of foreign business contexts, as are skills to establish and further develop network relationships (Chetty and Holm, 2000; Söderqvist, 2011). Empirical evidence further verifies the importance of networks

in internationalisation processes by showing that existing business networks are influential in the selection of both location and entry mode for small firms (Bell, 1995; Zain and Ng, 2006). Relationships with actors in other markets can also help firms identify opportunities and enter these markets (Domurath and Patzelt, 2016).

Similarly, the social networks of the entrepreneur and firm employees can have an impact on firm internationalisation, from the identification of new business opportunities (Ellis and Pecotich, 2001; Ellis, 2011) to the provision of important resources (Musteen *et al.*, 2010) and, in particular, valuable information (Zhou *et al.*, 2007) and knowledge about international business practices (Sorenson, 2003; Ge and Wang, 2013). Through referrals and recommendations, existing social ties can enhance a firm's legitimacy and credibility with others (Zain and Ng, 2006; Ge and Wang, 2013), because personal connections are largely built on goodwill and trust (Zhou *et al.*, 2007). Although networks in firm internationalisation have been a well-studied phenomenon, studies focusing on transition economies and emerging markets are still few (Manolova *et al.*, 2010, Musteen *et al.*, 2014).

The firm's network relationships in China

The networked system of the Chinese market reflects 'network capitalism' that 'works through the implicit and fluid dynamics of relationships' (Boxiot and Child, 1996, p. 000). Research often portrays China as a 'relational society' that has major influences on both social and business behaviours (De Keijzer, 1992). Within the Chinese business culture, the term *guanxi* refers to a network of multi-lateral relationships (Zolkiewski and Feng, 2011), which can be visualised as layers of relationships (Styles and Ambler, 1994). With trust implicated in the central layers, family relationships are paramount. The next layer is that between relatives, based on some kind of expectation of future return. Beyond family ties are outer networks of friends

and other connections (Zolkiewski and Feng, 2011).

Guanxi involves exchanging both economic favours and affection; however, the affection incorporated in *guanxi* is more important than the monetary value in social interactions (Wang, 2007). *Guanxi* is extremely network-specific, and it is based on particularistic relationships that cannot be generalised to members of other social networks (Wang, 2007). *Guanxi* is embedded in Chinese culture, and its utilisation in business dealings can be a strategic response to the unpredictability of government action and control. Therefore, *guanxi* can sometimes substitute for formal institutional support (Xin and Pearce, 1996). As *guanxi* originates in Confucian tradition, the Chinese adopt a slow and incremental long-term approach to relationship development in business. This further implies that *guanxi* is difficult to break and, once formed, inherent obligations are hard to avoid (Styles and Ambler, 1994).

According to Rauch and Trindade (2002), *guanxi* has a substantial impact on bilateral trade between countries and especially for firms entering the Chinese market. *Guanxi* can provide foreign firms with essential market information and referral services and can also act as community enforcement to prevent opportunistic behaviours. However, while *guanxi* with outsiders is a critical aspect of the internationalisation process, its workings may be the same as the networking processes inside China, following more or less the same rules, and thus it can be difficult to achieve (Zhou *et al.*, 2007).

METHOD

Research design: a case study approach

This study is exploratory in nature, and thus we determined that a case study approach was the most appropriate for our aim (Yin, 1994). We used purposeful sampling to identify cases that fit our aim and research questions (Miles and Huberman, 1994). As a first criterion, we chose firms

in the business-to-business (B2B) sector. Prior research has shown that internationalisation processes vary in different marketing situations (Andersson, 2006), and in this study, we wanted to focus on one sector. Investigating a single industry enables more valid comparison of ventures (Hallen and Eisenhardt, 2012). Extant research has also shown the importance of networks in the B2B sector. The research team had long-term connections with firms in the B2B sector, which was beneficial for data collection. We chose two Swedish firms, as we had good access to samples. To preserve confidentiality, the names of our case firms are fictitious. A second criterion was that the firms should fit with our definition of born globals as ‘organisations that have a global mindset from inception and aim to derive significant competitive advantages from the use of resources and the sale of outputs in multiple countries spanning the three economic trading blocs of NAFTA, EU and Asia-Pacific’ (Andersson *et al.*, 2013, p. 869).

Born globals are an especially useful group of firms to examine to discern EM behaviours in international markets. Born globals’ behaviour is initiated by the entrepreneurs’ global mindset and the commitment of resources leading to international growth (Knight and Cavusgil, 2004). We argue that a born global is ‘forever’ this type of firm, as it develops distinguishing features from inception. One distinguishing feature is that it lacks the deeply rooted administrative heritage found in firms with a focus on domestic markets (Miller and Friesen, 1984; Collis, 1991). Firms with a long-term focus on the domestic market must unlearn routines rooted in the domestic context before they can learn new, internationally oriented routines. An early entrance into international markets forces born globals to adapt to new contexts and develop new knowledge that leads to new routines and creates a long-term entrepreneurial culture in the firm (Barkema and Vermeulen, 1998; Autio *et al.*, 2000; Andersson and Evers, 2015).

As the focus of this inquiry addresses the born global phases of entry and international growth in the Chinese market, we selected case firms that have been operating in the Chinese market for at least 10 years, so that data could be collected on the three phases of the network model (Johanson and Mattsson, 1988). This study does not focus on the first year after inception but on how a born global develops in later phases of its internationalisation process (Gabrielsson and Gabrielsson, 2013). Case studies are suitable to study phenomena in their contexts (Pettigrew, 1973; Gibbert *et al.*, 2008), as in this study, in which the Chinese context and B2B born globals are important contexts. The approach adopted in this study can thus provide valuable insights into the born global domain, as internationalisation, as a dynamic and complex process, includes not only the initial entry into foreign markets but also subsequent activities of firms with an established global presence (Coviello and Jones, 2004; Dimitratos and Jones, 2005; Sullivan Mort and Weerawardena, 2006).

Data collection

The research team conducted studies on the internationalisation process of the selected case firms, through interviews with top management in the firms. This was also complemented with secondary data sources such as web sites, annual reports and journal articles. Primary company data were collected. To acquire a deeper understanding of the entering process in the Chinese market, in-depth interviews were conducted with personnel directly responsible for this market in each case firm¹ (i.e. the business development manager for the Asian market in the BETA case and the sales and marketing manager for the Chinese market in the ALFA case). The latter is from China, which improved local insights into the Chinese market and the use of networks for ALFA. Both interviewees had strong relevant knowledge of and experience in the Chinese

¹ These interviews were carried out by the master students Xuelin Chen and Yini Zhang, and we acknowledge their part in the data collection.

market.

The interview guide consisted of three parts. The first part collected basic information about the company and the interviewee. The second part focused on the Chinese market, which contributes to more knowledge of the Chinese context. The third and main part of the interview guide gathered information about networks; this part dealt with the three phases of the internationalisation process based on Johanson and Mattsson's (1988) network model. These phases are 'when the firm started to expand to the Chinese market', 'when the firm started to develop in the Chinese market' and 'when the firm started to integrate international markets'.

The interview with the Swedish interviewee (BETA) was conducted in English, and the interview with the Chinese interviewee (ALFA) was carried out in Mandarin. After the interviews, we further translated the Chinese interviewee's answers into English from the recording. Data analysis included several steps. The information from the interviews and other sources were written as descriptive narratives. Data from the interviews with the personnel responsible for China were compared and triangulated with secondary data (e.g. from websites) and earlier interviews with top management.

Data analysis

The data analysis included within- and cross-case displays of field notes in tables, to find patterns and themes in the data (Miles and Huberman, 1994). For data analysis, we used the framework Johanson and Mattsson (1988) developed, which suggests that small firm internationalisation through networks can be divided into three phases: international extension, penetration and international integration. We draw on these phases to analyse the case born globals' approach to managing relationships in the Chinese market.

International extension

International extension means that a firm enters a foreign market by building network relationships in a country that is new to the firm (Johanson and Mattsson, 1988). This includes developing existing relationships and establishing new relationships with customers, distributors, agents or suppliers and other relevant actors (Johanson and Vahlne, 2003). A fruitful relationship is the result of considerable investment and is an important firm resource (Dyer and Singh, 1998). The greater the psychic distance (e.g., between Sweden and China, all other things being equal), the more difficult it is to build new relationships. This phase is distinguished from the next phase by the concept of ‘insidership’ (Johanson and Vahlne, 2009). Through relationships, firms learn and build trust and commitment, both of which are fundamental to reaching a position to be able to do business in the market.

Penetration

The penetration phase means that firms develop relationships and increase resource commitments in markets in which they already have a position (Johanson and Mattsson, 1988). The firm and its partners have common interests or objectives for the future development of their resources, which become important considerations when they conduct business activities (Johanson and Vahlne, 2003). As an insider in the network, the firm’s market knowledge (e.g. about laws, institutions) increases and enables it to reinforce its commitment to the specific market (Eriksson *et al.*, 1997; Johanson and Vahlne, 2009). This phase is distinguished from the international integration phase by the strong focus on network building within one target market.

International integration

The phase of international integration signifies an increased connection and co-ordination between the firm’s networks in different countries. The integration phase also signals a high degree of internationalisation and strengthens the firm’s competitive standing in foreign markets

(Johanson and Mattsson, 1988; Chetty and Holm, 2000). In this stage, knowledge is not specific to a certain market; rather, it is transferred through variations in the firm's experience in different markets (Barkema and Vermeulen, 1998; Johanson and Vahlne, 2009).

In each of these three phases, we identified similar behaviour that illustrated EM enacted through the leverage of networks (Tables 1 and 2) as presented in the findings. By using the terminology developed in EM and network literature, we could identify EM behaviour in a cross-case analysis in the different phases for Swedish firms entering the Chinese market (Table 3). We engaged in repeated iterations between extant EM literature and our two cases to identify the firm behaviour when entering the Chinese market (see Hallen and Eisenhardt, 2012). In line with Gibbert et al. (2008), we used a framework explicitly derived from literature to understand the firm's entry into China. We also used pattern matching and compared case firm behaviour with each other across our theoretical framework.

CASE SUMMARIES

ALFA

Background

ALFA is a high-tech company founded in 1988 and situated in the Southwest of Sweden. The company is specialised in communication technology for industrial automation equipment. ALFA is now operating in 10 countries and has agents and distributors in more than 50 countries. It has subsidiaries in the United States, Japan and Germany, and ALFA offices were set up in France, Italy and China.

From inception, ALFA aimed for a global market, and a Japanese company quickly became one of its first large customers. The company's core values are customer commitment and innovation, with a competitive positioning strategy based on differentiation (i.e. high price

and high quality).

ALFA tends to adopt a long-term approach and emphasises relationship building in its approach to business. Top management believes that close relationships with customers are vital for sales and that significant initial investment in relationship building is necessary for customer commitment. This often includes developing relationships with the many participants involved in organisational buying processes.

The company typically approaches foreign markets with little planned and systematic marketing research, focusing instead on technology/product development, innovation, sales activities and customer orientation. In addition, market choice is often intuitive. For example, business counsellors initially advised the company to approach the similar market of Denmark, but against this advice, the firm targeted Japan.

ALFA in the Chinese market

ALFA entered the Chinese market in 2002, when a Chinese agent who mainly partnered with foreign manufacturers first approached the firm. However, fully relying on agents did not suit ALFA's strategy: growth was slow. Consequently, ALFA decided to open an office in Beijing in 2005, with the help of Business Sweden, an organisation owned by the Swedish government that provides support for Swedish firms that want to expand internationally. ALFA thus increased its investment in the market, finding more agents and developing its own human resources.

Following the acquisition of a German company, ALFA expanded its Chinese network with new customers, collaborators and agents, which were part of the German's company network. Furthermore, the Beijing office added new members to the sales team who were Chinese nationals. These new employees provided ALFA with access to their networks (*guanxi*), which significantly aided the company in addressing the challenges of the Chinese business

environment.

ALFA's presence in the Chinese market strengthened, thereby allowing the firm to focus more on integrating its international business networks. The company proactively involved the Beijing office in its international networks, which led to the identification of new opportunities. In turn, this marked the initiation of new rounds of internationalisation. Table 1 describes the entry and subsequent growth of ALFA in China, with the implicit leverage of social and business networks for the enactment of EM.

BETA

Background

BETA was founded in 1993 and is located in the West of Sweden. The company is owned by BETA Group AB, which is listed on the Nasdaq Stockholm First North. BETA is specialised in filtration equipment for industrial applications and also offers expertise in the total application of such equipment. Its CEO compares the company to BMW: selling premium products and world leading in product performance.

The general internationalisation pattern of BETA is to start up in new countries via distributors and then to transition to subsidiaries when sales grow. BETA is present in Europe, North and South America and Asia, and the company's top markets (United States, Sweden, China and Germany) are managed through wholly owned subsidiaries. The company's reputation is an important generator of value. The CEO claims that BETA keeps its promises: no matter the cost, if the company's customers have a problem, BETA will fix it. The CEO showed an aggressive attitude towards sales and growth, and in line with the company's values, losing a customer is unacceptable.

BETA in the Chinese market

BETA entered China, following one of its customers with whom it had cooperated in the German market before. Afterwards, the company slowly increased its visibility in the Chinese market mainly by participating in trade shows and exhibitions and leveraging its networks of early customers.

BETA opened its first office in Beijing in 2011. To facilitate the process, BETA took advantage of the services offered by Business Sweden. After the successful establishment of the Beijing office, BETA tried to find new business opportunities in the Chinese market. This process was facilitated by its Chinese employees, who worked together with the head office for market development. It finally chose Shanghai and Guangzhou as new business areas in the Chinese market. This further process of market penetration was mainly achieved through an expansion of its networks of local distributors covering the respective geographic areas, as well as by hiring new local employees for its sales team. The recommendations and advice of the existing employees helped aid in this process.

As BETA became more established in China, it attempted to connect and coordinate networks in different markets with its Chinese network, which led to new international business opportunities. Table 2 describes the entry and subsequent growth of BETA in China, with the implicit leverage of social and business networks for the enactment of EM.

INSERT TABLES 1 AND 2 HERE

DISCUSSION OF CASE FINDINGS

International extension

In the phase of international extension, it is important for firms to gain access to the new market, which largely depends on firms' newly developed or already-built networks (Johanson and Mattsson, 1988). The two firms approached the market through their existing business networks

with either agents (in the case of ALFA) or customers (in the case of BETA). Both cases explicitly illustrate resource leveraging for market entry. Resource leveraging or resource enhancing (Hills *et al.*, 2008) means doing more with less and obtaining new resources in innovative ways (Gruber, 2004; Miles and Darroch, 2006, Sullivan Mort *et al.*, 2012).

Furthermore, ALFA was more intuitive in its approach, while BETA decided to collaborate with an existing customer and to provide support for each other in the Chinese market. The approach adopted by BETA illustrates collaboration as a risk management technique, which is typical in EM (Morris *et al.*, 2002). Within EM approaches, as opposed to analysis, planning, implementation and control, which in traditional marketing mitigate risks and decrease firm vulnerability, firms are more intuitive and pragmatic in their decision making (Carson and Gilmore, 2000), and risks are managed through higher flexibility (Carson and Gilmore, 1999). These findings are also in line with prior research that argues that companies' business networks influence both market selection (Bell, 1995) and modes of entry (Zain and Ng, 2006), thus influencing their strategy and patterns of behaviour overall (Coviello and Munroe, 1997).

In this initial stage, the two companies were faced with the challenge of improving market visibility to acquire market information and more potential customers. While ALFA proactivity engaged in promoting its products via an industrial website, BETA solved this problem by leveraging existing customers to recruit new customers (Anderson *et al.*, 1994). EM activities often include efforts to increase firm legitimacy in a market through associations with actors that already have a good standing in the market, such as customers or partners. Doing so is particularly difficult to achieve in China, where *guanxi* is the typically main source of referral services (Rauch and Trindade, 2002).

Both ALFA and BETA used their existing business networks to make sense of the market. This evidence shows an entrepreneurial approach to market analysis that is not random but different (Bjerke and Hultman, 2002). That is, both companies relied on the initial stages of market sensing, employed learn-by-doing approaches (instead of formal market research) and gathered information through informal networking (Stokes, 2000; Morris *et al.*, 2002; Hills *et al.*, 2008). However, they also recognised that sole dependence on distributors or agents in the Chinese market was problematic, as it could not guarantee long-term performance and also prevented the companies from building direct relationships with their customers. The change in strategy in the Chinese market to get closer to the customer indicates the companies a high level of customer focus, which is an important dimension of EM.

Penetration

The penetration stage for both companies is marked by the decision to invest directly in China by setting up a sales office or subsidiary. Leveraging resources through their domestic business networks, both ALFA and BETA turned to Business Sweden for help with their increased commitment in the Chinese market. Business Sweden, as an intermediary network (O’Gorman and Evers, 2011) was instrumental in the provision of human resources, which can be a significant issue in distant markets (Chetty and Holm, 2000), and also assisted the companies in acquiring market-specific knowledge, such as regulations in China.

During the penetration stage, the two companies further developed and proactively increased their business networks in the Chinese market (Johanson and Mattsson, 1988). Through their development of local networks and integration in the *guanxi* system, the two Swedish companies minimised the risks inherent in the Chinese market. BETA strengthened its relationships and cooperation with local distributors to increase business, while ALFA mainly developed its future collaborations with new customers in China. These customers shared common interests and objectives with ALFA, and their cooperation ensured a better chance of firm success (Anderson *et al.*, 1994).

The companies found ways to increase future development in the market and, at the same time, decrease risk. They achieved this by proactively acquiring and developing more contacts from their existing business networks (Forsgren, 2002; Sorenson, 2003; Zhou *et al.*, 2007). Working proactively and mitigating the company's risk profile through value-creation mechanisms are important characteristics of born globals (Zhou, 2007; Jantunen *et al.*, 2008) and key dimensions of EM (Morris *et al.*, 2002; Morrish, 2011).

These newly developed networks provided the companies with information and knowledge, which are extremely beneficial for firms' successful expansion into a foreign market (Anderson *et al.*, 1994; Björkman and Forsgren, 2000; Mudambi and Zahra, 2007; Ge and Wang, 2013). The two cases show that the knowledge accessed through networks can have an important impact on various marketing processes, from idea generation to customer service. Thus, through collaborations and insights from its network partners, ALFA brought new product ideas to fruition. Similarly, the extensive Chinese networks and partnership relationships were instrumental in providing the appropriate level of customer service required by Chinese customers, thus building trust. Trust was equally emphasised by BETA.

Building trustworthy relationship with customers in the *guanxi*-governed Chinese market required a combination of business and social relationships (Kiss and Danis, 2010; Ge and Wang, 2013). Söderqvist (2011) argues that sometimes it is difficult to distinguish business from social networks because the features of both may show in one relationship. This is illustrated in ALFA's organisation of conferences for its agents. Focused on collaboration, these innovative marketing approaches emphasise value co-creation among partners, which is an important attribute of EM strategy (Morris *et al.*, 2002). Closeness to important marketing stakeholders can lead to a heightened level of responsiveness to customer demands (Collison and Shaw, 2001).

In the case of BETA, this was obvious in the realisation that, while the firm typically tends to focus on business relationships (rather than developing personal relationships) in most markets, it needed to adapt its approach for market development in China. Adaptation decisions are one of the most significant decisions in international marketing (Theodosiou and Leonidou, 2003; Schmid and Kotulla, 2011) and include various strategic decisions. In this case, BETA's responsiveness to the 'Chinese touch' shows adaptability and flexibility, which are important EM attributes.

The overlap between social and business ties is also illustrated in the way both companies extended their sales force in China. To gain access to human resources necessary in this phase, BETA largely depended on its business networks developed by its Chinese team (Chetty and Holm, 2000) to find the right people who could generate good business results. Unlike BETA, ALFA developed its human resources mainly through social networks (Musteen *et al.*, 2010). On the recommendations of the sales and marketing manager's colleagues, ALFA recruited eligible employees who had the necessary professional backgrounds. ALFA therefore possessed better knowledge of potential employees, as information and resources provided by social networks tend to be trustworthy (Kiss and Danis, 2010).

Apart from contributing to its pool of human resources, social networks helped ALFA obtain relevant information and knowledge (Ellis, 2011; Shirokova and McDougall-Covin, 2012). The sales and marketing manager relied on his friends' and colleagues' knowledge about imports and exports in China. ALFA further leveraged its social networks in the implementation of an incentive stock options plan. These findings show that *guanxi* can sometimes substitute for formal institutional support, in line with previous findings (Xin and Pearce, 1996).

In the case of BETA, the general manager of the Beijing subsidiary identified new

business opportunities and provided market information to BETA when it tried to enter new geographic areas in China. These findings are consistent with those of Ellis and Pecotich (2001), showing that firms tend to depend on their known contacts to reduce uncertainty in foreign markets.

International integration

The phase of international integration requires that firms increase the connection of networks in different countries (Johanson and Mattsson, 1988). The integration phase strongly illustrates proactiveness and opportunity seeking for both ALFA and BETA. The data analysis indicates that the two companies increased their international networks via their business connections. For example, ALFA joined a networking group organised by an American partner, an opportunity that facilitated access to more international customers and competitors. For BETA, its head office often provided the Chinese team with good contacts it had in other markets. The head office has generally been instrumental in facilitating communication between different parts of the organisation, as it deals with sharing leads and offering solutions to problems in different markets. As a result, the Chinese subsidiary absorbs knowledge from other parts of the organisation and also contributes knowledge to subsidiaries in other markets. This evidence shows that both companies have benefitted from the international integration of their networks, in terms of obtaining new contacts and new market information (Johanson and Vahlne, 2003), to further develop their international marketing strategy. Furthermore, by coordinating networks and activities in different markets, the companies gained opportunities for obtaining various resources (Chetty and Holm, 2000). For example, ALFA acquired new ideas for product development through its relationships with leading international companies that promote international standards in the industry. Thus, as the two cases illustrate, business networks play a

significant role in obtaining resources that could improve firms' international marketing efforts (Evers *et al.*, 2012; Ge and Wang, 2013).

By proactively developing and integrating their networks, the two firms were able to collaborate with customers, other firms and network actors, which not only reduced their environmental uncertainty and vulnerability but also helped them gain access to new opportunities, illustrating EM behaviours for international market development. Proactivity suggests that firms can create change, just as well as adapt to change created by others (Morris *et al.*, 2002), which is best illustrated in the two cases in the international integration phase. These findings are in line with Spence and Crick (2006), who found both planned and emergent strategies in the internationalisation of Canadian and UK high-tech small and medium-sized enterprises. The view that firms can be proactive creators and co-creators of their environments is present in both marketing (Gaddefors and Anderson, 2009; Vargo, 2011) and entrepreneurship (Sarasvathy, 2001; Ardichvili *et al.*, 2003) theory.

Cross-case analysis

The empirical evidence in this study illustrates clearly how networks and EM behaviour have facilitated value creation for ALFA and BETA, which is the epitome of the marketing–entrepreneurship interface (Schindehutte *et al.*, 2008). Market closeness and intensity can better position firms to develop value propositions based on points of value that really matter to customers (Morris *et al.*, 2002). While the Chinese market can be problematic (Styles and Ambler, 1994; Boxiot and Child, 1996; Rauch and Trindade, 2002), the two cases illustrate how network relationships and EM behaviours can fast-track the process. Table 3 summarises the cross-case analysis showing the EM behaviours in the three phases of internationalisation (Johanson and Mattsson, 1988).

INSERT TABLE 3 HERE

The case study illustrates how the two firms maintained and developed their networks with customers, distributors and other multi-national companies in the international extension phase. When identifying opportunities in China, the managerial behaviour across the two case firms emulated behavioural tendencies of EM when leveraging existing business networks. Through these networks, the companies acquired market information, identified opportunities and leveraged resources to create value for customers. In EM, the most critical form of leveraging is ‘the ability to use other people’s resources to accomplish the marketer’s purpose’ (Morris *et al.*, 2002, p. 8). Thus, we propose the following:

Proposition 1: In the international extension phase, born globals undertake resource leveraging by using existing networks to acquire information and identify opportunities to facilitate entry into the new market.

In the penetration phase, the case firms focused on expanding their networks in China through both social and business contacts. The firms showed more proactivity in their network and marketing behaviour; in this phase, it was not the firms’ existing networks that were crucial for further market penetration (Manolova *et al.*, 2010), but their EM behaviour, notably being proactively engaged in building new networks to create opportunities (Andersson and Evers, 2015). Thus:

Proposition 2: In the penetration phase, born globals proactively build new networks to acquire new information for creating opportunities in the new market.

The coordination of networks and activities in international markets in the final phase further shows increased levels of proactiveness in the firms’ international strategy. In this stage,

the firms exploited knowledge and information gained from other markets to create opportunities on the Chinese market. Thus:

Proposition 3: In the international integration phase, born globals proactively use existing networks to exploit knowledge in other foreign markets to create opportunities in the new market.

Furthermore, international integration contributes to international extension and penetration (Johanson and Mattsson, 1988). When companies attain new international contacts or opportunities from their networks, they can begin to increase their international commitment by going through the first two phases again. Therefore, internationalisation is a constant process and involves the establishment, maintenance, development, break down and restructure of relationships (Johanson and Mattsson, 1988; Johanson and Vahlne, 2009).

ALFA and BETA achieved international market development in the Chinese context by investing in network relationships and EM behaviours. These findings show the complementarity between network relationships' development and leverage and EM activities of born globals, which adds to previous research in the area (Coviello and Munro, 1995, 1997; Kocak and Abimbola, 2009; Sullivan Mort *et al.*, 2012; Hallbäck and Gabrielsson, 2013; Yang and Gabrielsson, 2017). The findings of the study also support the view that EM can be effective throughout all stages of a firm's life cycle, as growth-oriented firms are continuously trying to create or discover opportunities (Morrish *et al.*, 2010).

The cases also emphasise the importance of building trust in business relationships. Valuable networks are typically developed over time and require considerable effort. This is particularly relevant in the networked Chinese market, a 'relational society' (De Keijzer, 1992) governed by *guanxi*. *Guanxi* is typically limited to insiders (Wang, 2007), so foreigners have

difficulty in experiencing or building the same types of networks. *Guanxi* is a complex mix of different types of relationships that are time-consuming and difficult to develop (Styles and Ambler, 1994); by contrast, Western relationships tend to be either private or business-related. Therefore, the two companies had to depend on their local networks in China and include local employees to benefit from *guanxi* in business interactions. The findings thus confirm that *guanxi* is critical for firm's internationalisation into China (Zhou *et al.*, 2007).

CONCLUSION

The purpose of the study was to deepen understanding of the role of network relationships in the enactment of EM in the international growth of born globals in psychically and institutionally distant markets. To this end, the study explored the international growth of two Swedish firms in China. Within the context of small firms from open economies entering the Chinese market, the findings suggest that current knowledge of the internationalisation process can be enhanced by integrating networks and the conceptual underpinnings of EM. First, this study showed that business networks have a considerable impact on the processes of international extension, penetration and international integration. In the phase of international extension, business networks mainly help companies overcome the barriers of the Chinese market, such as limited human resources, complex regulations, low market visibility and insufficient customer base by providing resources, market-specific knowledge and information. Business networks also influence companies' modes of entry into China. By using business networks previously established in other markets, companies can gain easier access to China. In the penetration process, the most important benefit gained through business networks is obtaining additional relationships, which further increase companies' business and social networks. These additional relationships contribute to the companies' improved business development and increased

business activities in the Chinese market. During the international integration phase, companies can share technologies and solutions that they have applied in other markets by connecting business networks in different countries. When a Chinese company enters another international market, companies can gain access to new business opportunities in that market through already-established networks with that company.

Second, in this study, social networks have a greater impact on the penetration process phase than the other two phases. In the penetration phase, social networks play an important role in collecting different kinds of information in a faster way. Most important, companies can more frequently use the social networks between Chinese people.

Third, this study shows that there is no clear distinction between business and social networks in China and that building trust is important in developing networks. *Guanxi* in China is more complicated and time-consuming to build than Western networks, and as such, foreign companies need to rely on their Chinese staff or local employees when using *guanxi* in business activities.

Fourth, this study identified EM behaviours alongside each of the three phases of internationalisation. In particular, resource leveraging, such as obtaining foreign market knowledge through networks, appears instrumental in all three phases of internationalisation. However, this study also reveals how international EM behaviour differs in the three phases. EM behaviour of born global managers was most common in the penetration and integration phases. EM proactive network behaviour led to the creation of new opportunities in the penetration phase and continued in the international integration phase, by channelling across international networks to exploit knowledge and information from other markets to create opportunities in China. This study suggests that an EM approach to internationalisation is imperative and can also enable born

globals to achieve superior performance in foreign markets (Kocak and Abimbola, 2009; Sullivan Mort *et al.*, 2012).

The study contributes to IE and international marketing research. In particular, it enhances understanding of the importance of networks for the enactment of EM for born globals. The study traces the evolution of network development in born globals and highlights the importance of aligning EM behaviours with network leverage and contextual factors for market performance. Thus, this study shows that alongside the network perspective, EM provides a rich approach for understanding internationalizing processes of born globals.

Managerial and government implications

From a practical standpoint, the study has relevance to owners/managers of firms targeting psychically distant markets. The study shows how management of different types of networks is essential in the entry process and further growth in the Chinese market. In the initial market entry phase, the study shows how firms use client followership to enter the Chinese market (Bell, 1995). This strategy is helpful for firms, as it can overcome the barriers typically associated with the highly networked environment of the Chinese market. Furthermore, an intermediary network organisation (O’Gorman and Evers, 2011), such as Business Sweden, can help firms build knowledge about the specific environment of a country, improving the likelihood of market entry and further growth. In line with Oparaocha (2015) and O’Gorman and Evers (2011), institutional networks were valuable for firms to find partners and to acquire market information and financial support. In the penetration step, it is also important to recruit local staff to gain access to local networks. In the next step, firms can use knowledge from different countries to improve their competitive advantage.

The results also suggest implications for governments. Governments can have a

considerable impact on the success and outcome of network operations through intermediary network organisations, such as Business Sweden. Companies operating in complex institutionally contexts, such as China, can especially gain support from intermediary networks. Intermediary network organisations can establish relationships with relevant local government authorities and organisations to provide firms entering the market with sufficient, relevant and up-to-date information and resources.

Limitations and further research

This study is subject to several limitations that provide avenues for further research. First, generalisation of the findings is limited because of the exploratory nature of the study and the size of the research sample. To provide sufficiently generalizable results, supportive data with a larger research sample would be helpful. Second, the study's research sample consists of two companies operating in the B2B sector. Additional insights might arise from similar studies conducted with firms selling directly to consumer markets. Future studies could also explicitly investigate the influence of industry factors on internationalisation. As noted previously, IE research remains in a vacuum when it comes to the marketing domain. Future studies could explore the role of networks and EM behaviour to glean deeper insights into how born globals acquire and leverage their networks for foreign expansion and growth.

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Table 1. ALFAs' entry and growth in the Chinese market

ALFA	Growth in the Chinese market	EM enacted through the leverage of networks
International extension	<p>Chinese agent contacts ALFA.</p> <p>Direct exports begin, with little planning and no systematic market research conducted.</p> <p>ALFA promotes its products via Chinese industrial websites to obtain industry insights.</p> <p>Current position (relying on agents) does not suit ALFA's typical long-term approach. Steps are taken to strengthen firm commitment to the market, with the goal to gain direct access to customers.</p>	<p>New foreign business networks are formed and leveraged.</p> <p>Opportunity seeking; the firm's approach is intuitive.</p> <p>Proactiveness and resource leveraging to build international business networks: agent network increases and develops. This is leveraged to obtain market insights.</p> <p>Customer intensity</p>
Penetration	<p>Business Sweden helps ALFA open an office in Beijing.</p> <p>ALFA develops relationships with agents. ALFA invests in customer relationships to obtain customer commitment.</p> <p>ALFA targets new customers in the Chinese market through existing customers: <i>"Some of our early customers knew that we were looking for partners in China and would like to collaborate with us" (ALFA rep).</i></p> <p>ALFA acquires a German company with Chinese customers.</p> <p>ALFA organises conferences for agents for the purpose of analysing market and</p>	<p>Resource leveraging: Business Sweden provides access to tangible (e.g. finance, human resources) and intangible (e.g. advice, market information) resources.</p> <p>Customer intensity</p> <p>Opportunity seeking and proactiveness: existing customers' (business networks') relationships are leveraged to gain new customers.</p> <p>Proactiveness</p> <p>Value co-creation, collaboration, innovation</p>

	<p>customer demands together: <i>“They (the agents) are likely to find new customer demands” (ALFA rep).</i></p> <p>Customer relationships are deepened: <i>“The fundamental bases for any customer decisions are that they trust our company, sales team and technical quality, or they can see the value from our products”(ALFA rep).</i></p> <p>New employees are recruited for the Beijing office through <i>guanxi</i>: <i>“This informal way of hiring facilitates the complex recruitment process and we could get to know more about that employee. Besides, it is difficult to know a person simply through one or two interviews” (ALFA rep).</i></p> <p>Relevant business information and tacit knowledge acquired through Chinese agent’s personal network: <i>“Business partners and friends are usually interconnected” (ALFA rep).</i></p> <p><i>“It is hard to get to know everything and find the best solution merely through company to company relationships and behaviors” (ALFA rep).</i></p> <p>ALFA aims to strengthen employee commitment in the Chinese market. Chinese agents’ personal networks are leveraged further for the implementation of an employee-incentive stock option plan.</p>	<p>Customer intensity and value creation</p> <p>Resource leveraging, risk management and innovative recruiting (i.e. Chinese agent/employee contacts individuals from personal networks to recruit the right candidates, leveraging <i>guanxi</i>)</p> <p>Resource leveraging: former school colleague provides important information and advice in relation to import/e export issues in China (personal and business networks overlap)</p> <p>Resource leveraging and risk management</p>
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Table 2. BETA’s entry and growth in the Chinese market

BETA	Growth in the Chinese market	EM enacted through the leverage of networks
International extension	<p>BETA follows existing German customer in the Chinese market in an agreed-on attempt to help each other.</p> <p><i>“They just called us, and we came, then we would help each other to find</i></p>	<p>Existing business networks are leveraged for new market entry</p> <p>Resource leveraging and risk management decreased through collaboration</p>

	<p><i>the way. So it is all about building the network all the time. It never stops” (BETA rep).</i></p> <p>BETA develops its customer relationships and obtains new contacts in the Chinese market.</p> <p>BETA obtains new customers through current customers.</p> <p>Participation in trade shows and exhibitions help increase visibility and gain access to new contacts.</p>	<p>Proactiveness, resource leveraging and network expansion: business contacts are leveraged for building new networks</p> <p>Resource leveraging and opportunity seeking</p> <p>Proactiveness; increasing legitimacy</p>
<p>Penetration</p>	<p>BETA opens sales office in Beijing with the help of Business Sweden.</p> <p>Business Sweden provides tangible (e.g. office space, human resources) and intangible (e.g. information) resources. Local employees help BETA with market insights.</p> <p>BETA’s strategy in the Chinese market is to maintain its differentiation position of high prices. The higher prices (than those of competitors must clearly signal the higher quality and superiority). Service is an important selling, point and customer satisfaction is critical.</p> <p>Relationship marketing is very important. The company invests in activities and events aimed at their distributors, with a main focus on product training and development. While typically in other markets little is done to build personal relationships with individuals within the industry, in the Chinese market, BETA understands the importance of Guanxi.</p> <p><i>“You need to be personal if you do business on this level” (BETA rep).</i></p> <p>Sales team is enlarged with local</p>	<p>Opportunity seeking and risk management</p> <p>Resource leveraging</p> <p>Customer intensity, innovation, value creation</p> <p>Adaptability to the market, flexible approach</p> <p>Risk management and resource leveraging, business networks are leveraged, <i>guanxi</i> awareness</p> <p>Resource leveraging and opportunity seeking</p> <p>Proactiveness and innovation</p>

	<p>employees. This is based on the assumption that the sales team must incorporate local employees to leverage <i>guanxi</i>. BETA is aware of the cultural specificity of <i>guanxi</i>, referring to it as the ‘Chinese touch’, Business and social networks are not completely different from each other.</p> <p>BETA targets new geographic regions in China, and the relationship with the distributors is depended.</p> <p><i>“Most of these distributors today have become friends” (BETA rep)</i></p> <p>BETA focuses on building trust when developing relationships with customers in China.</p> <p><i>“Doing business is all about trust, and trust can only be built if you trust each other” (BETA rep).</i></p>	<p>Customer intensity Synergies are created, as BETA combines <i>guanxi</i> network with its professional sales techniques</p>
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