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1 Introduction

This section introduces the topic of e-commerce companies, its relation to the fashion industry and the implications of internationalization. Next, the problem formulation is discussed followed by the purpose of the thesis.

1.1 Background

The internet has changed not only how we tend to socialize with one another but also how organizations carry business development (Aydın & Savrul, 2014). The growth of global e-commerce along with technology and information adoption has driven the international expansions of retail firms (Benmamoun, Singh, Lehnert, & Lee, 2018). The digital revolution changed the environment during the 1900s and opened up the internet by offering new ways of carrying business activities. Furthermore, the internet can provide tools for entrepreneurs to successfully create, develop and examine online business (Fox, 2006). The rapid growth of the online market has attracted much attention where multiple enterprises choose to implement e-commerce to gain a larger customer base and to develop a competitive advantage (Jiang, Shang, Liu, & May, 2015). Furthermore, the competitive advantages are often related to innovation, marketing and know-how competences (Luo, Zhao, & Du, 2005).

E-commerce companies (ECCs) can be identified as companies whose business activities are entirely internet-based (Luo et al., 2005). There are several factors which distinguish an ECC from a traditional business which makes it difficult to apply the conventional models and theories (Luo et al., 2005). Firstly, an ECC is considered intangible while a traditional enterprise demands tangible assets. Secondly, an ECC has a more open and flexible system permitting multidirectional flow of products and information which allows quick responses to customers. Thirdly, ECCs are less physically and culturally constrained than traditional companies. This leads to different internationalization approaches for ECCs and traditional companies (Luo et al., 2005). According to Luo et al. (2005), the internationalization process of ECCs can be described as a gradual learning process where the direction of international expansion is a function of a firm's experience,

capability and evolution. Moreover, dynamic capabilities are found to have an impact on the internationalization process of ECCs (Luo et al., 2005). Dynamic capabilities can be explained as the ability of an organization to sense, seize and transform with the fast-changing external environment (Teece, 2007). Additionally, dynamic capabilities can be divided into exploitative and explorative dynamic capabilities when investigating the internationalization process of ECCs and can be connected to the survival and growth of a firm (Prange & Verdier 2011). Even though ECCs are changing the way businesses operate and generally have fewer physical barriers to new markets, they still face numerous challenges when internationalizing (Luo et al., 2005). In general, developing an ECC can be more complex at the international level since customers are only willing to buy brands they have knowledge about or have previously purchased. Therefore, an ECC could suffer since brand awareness might be lower when entering new markets (Luo et al., 2005). Additionally, difficulties can arise if a business does not have experience in developing global markets since the process can be long and costly. This would lead to ECCs focusing on standard instead of innovative products (Macchion et al., 2017).

The topic of e-commerce is considered a crucial subject for the fashion industry since the industry has the characteristics of being highly dynamic, global and complex (Macchion et al., 2017). In fact, fashion is the largest B2C e-commerce market segment with a market size estimated at USD 524.9 billion in 2018. The market has an expected growth rate of 10.3% per year and reach a size of USD 872.6 billion by the end of 2023 (Statista, 2019). Additionally, e-commerce can help companies gain access to a wider audience and improve market share and profitability (Salmeron & Hurtado, 2006). However, multiple companies decide to develop e-commerce within national borders before globalizing due to the benefits of establishing strong brand awareness before investing in foreign market (Kraemer, Gibbs, & Dedrick, 2005). Even though companies might prefer this strategy, the quick rise of online shops has dramatically changed the industry and competition. There is evidence on how a rapid internationalization brings advantages such as performance and growth, learning, and first or early mover advantage (Schu, Morschett, & Swoboda, 2016). However, limited research has been done regarding the internationalization process limited to only e-commerce (Grochal-Brejda & Szymura, 2018).

1.2 Problem Statement

Based on the reviewed literature, it was found that developing an ECC can bring competitive advantage related to innovation, internationalization and marketing strategies (Luo et al., 2005). As pointed out, ECCs are a way of conducting commerce online which changes business operations on a global level. Yet, these new ways of conducting business carry several challenges. It has not yet been investigated how fashion ECCs deal with those challenges and how their dynamic capabilities could be of any service. Due to the potential growth of the online fashion market and its market share of USD 524.9 billion (Statista, 2019), it could be relevant to investigate ECCs in the fashion industry. Several studies have focused on the internationalization process of traditional enterprises. According to Luo et al. (2005), due to the different factors distinguishing an ECC from a traditional business there is lack of research done on how to internationalize an ECC. However, some literature could be found that investigate this phenomenon where the focus is on different dimensions of the internationalization process of ECCs. Moreover, each study focuses on finding a connection between the internationalization and their proposed theory. Therefore, the existing literature is limited in the sense that the authors seek to find a model or theory to explain the internationalization of ECCs where no further explanation of the process can be found. Even though the studies identified have a different nature and purpose, dynamic capabilities are found to have an impact on the internationalization process of ECCs.

1.3 Research Purpose

The internationalization process of ECCs is found to be a rather unexplored field of study. However, previous research has found a link between the internationalization process of ECCs and dynamic capabilities. In addition, fashion ECCs were found to be of interest as e-commerce is a crucial subject for the fashion industry. Therefore, the aim of this study is to seek a deeper understanding regarding the internationalization process of fashion ECCs. In particular, how dynamic capabilities affect the internationalization process of fashion ECCs and how they manage these capabilities. By further investigating the role of dynamic capabilities, this study could be relevant for ECCs who seek to expand their business internationally. Moreover, since there is limited research within this subject, this paper could contribute to the existing knowledge concerning the internationalization process of ECCs.

2 Literature Review

In this section, a presentation and discussion of the state of the literature regarding the evolution of e-commerce and the role of internationalization are presented. Secondly, the implications of dynamic capabilities are presented including the role of exploitative and explorative dynamic capabilities in the internationalization process. Thirdly, the balance between the two capabilities are discussed and a model is presented which will be used as a foundation for the empirical search. Lastly, this section also includes the research question which this thesis aims to answer and a list of definitions.

A literature search was conducted to gain a greater understanding of this field of study and to identify a potential gap in the literature. First, a basic research on e-commerce was conducted in order to gain more knowledge within the topic. The articles were mainly accessed through the search engine Primo from Jönköping University's library system and complemented by Google Scholar. In order to ensure quality of the publications, filters such as "peer reviewed articles" were applied. Moreover, most recent articles have been preferred as the topic of e-commerce has changed throughout the years due to the rapid technological advances which has impacted ECCs in the fashion industry. Since the emergence of ECCs in relation to internationalization is a topic that is rather unexplored recent articles have been used. Additionally, due to the topic being unexplored, relevant literature is found to be limited. This paper will be based on 24 articles published between the years 2005 and 2019.

2.1 Evolution of E-commerce

As mentioned before, the internet has changed the way we tend to socialize and how organizations carry business development (Aydin & Savrul 2014; Ramanathan, Ramanathan, & Hsiao, 2012). In fact, the evolution of e-commerce can be traced back to 1991 when internet was made available for commercial purposes (Mohapatra, 2013). Today, e-commerce is acknowledged as a new way of conducting business by redefining back-end operations such as product design and development (Sung, 2006; Terzi, 2011). Over the last decades the meaning of e-commerce has changed in relation to the growth of the internet. In the early years, e-commerce was seen as an aid for firms and has later

evolved into a strategic tool for organizations (Mohapatra, 2013). E-commerce can broadly be explained as transactions related to online buying and selling of products or services (Mohapatra, 2013). Due to the attractiveness of e-commerce, growth of sales through physical stores has declined in comparison with the online marketplace. The online-selling poses benefits for ECCs as it is capable of interconnecting and interrelating millions of consumers and firms, enables marketing communications and business opportunities (Mohapatra, 2013). As mentioned before, multiple companies decide to develop e-commerce within national borders before globalizing due to the benefits of establishing strong brand awareness before investing in foreign market (Kraemer et al., 2005).

2.2 ECCs in the Fashion Industry

In response to the growth of the internet, ECCs have emerged and are still affecting both domestic and global economies. As mentioned before, ECCs are changing the way businesses are operating. However, they are facing numerous challenges when conducting business overseas such as encountering stronger interventions by host governments (Luo et al., 2005). Moreover, ECCs could suffer brand awareness when entering new markets as the willingness to buy brands are related to the knowledge about the brand. On the other hand, ECCs generally face fewer physical barriers when crossing national borders and are less subjected to entry barriers associated with costly physical presence and startup facilities (Macchion et al., 2017).

At the same time, the growth of online sales has led to an increase in apparel sales online (Yu, Lee, & Damhorst, 2012). In fact, apparel is the fastest growing product category sold online which indicates the potential growth of the online fashion market (Yu et al., 2012). Moreover, the growth of online apparel shopping can also be connected to the development of virtual product experience technology which makes online shopping more accessible and tangible to consumers (Verhoef, Neslin, & Vrooman, 2007). According to Chaparro-Peláez, Agudo-Peregrina, & Pascual-Miguel (2016), convenience is the main reason for consumers' decision to buy online which is partly due to timesaving. At the same time, there are different dimensions of convenience which are connected to both the flexibility and the choice of payment method. Another reason

motivating the consumers to shop online is the lower prices compared to traditional retailers (Chaparro-Peláez et al., 2016). Furthermore, since the internet is offering a broad variety of products it is easier for the consumers to find niche products and to share recommendations with other customers. Finally, other motivations includes the product availability which may be exclusive to the online channel (Chaparro-Peláez et al., 2016).

Despite the development of technology, online fashion retailers still face the challenge of direct product experience that customers value (Yu et al., 2012). The lack of direct product experience could lead to increase in risk of product performance and negative influence on the costumer responses toward product, brand, or online retailer (Yu et al., 2012). Moreover, risk and distrust can also be connected to online payments and sharing personal information which are identified as barriers for online retailers (Chaparro-Peláez et al., 2016). At the same time, challenges might also arise due to barriers related to the shopping process such as product delivery issues (Chaparro-Peláez et al., 2016). While the topic of e-commerce is proven to be relevant for the fashion industry, Macchion et al. (2017) state that there are few contributions that investigates the adoption of e-commerce in the global fashion industry.

2.3 Internationalization

Previous internationalization theories have mainly focused on the incremental internationalization perspective which agrees that internationalization is a gradual learning process (Luo et al., 2005). The most discussed model from this view is the Uppsala model which has been enriched by other perspectives such as the transaction cost logic, product life cycle theory and the network model (Luo et al., 2005; Grochal-Brejdak & Szymura, 2018). However, changing conditions in the 1980s has led to a need for a new international strategy which cannot be explained through the traditional incremental model (Prange & Verdier, 2011). This is further recognized by Luo et al. (2005) who argue that the previously mentioned theories may not be suitable and applicable to ECCs due to its rapid internationalization speed and its uniqueness compared to traditional MNEs. Furthermore, both Grochal-Brejdak & Szymura (2018) and Prange & Verdier (2011) agree that research within this particular topic is rather unexplored.

Nevertheless, some research could be found which examines the internationalization process of ECCs. Luo et al. (2005) seek to explain the underlying factors for the internationalization speed of ECCs. In this study, the authors found a connection between the internationalization speed of ECCs and the intangible skills they possess. This finding is supported by the resource-based theory in the sense that a firm's new market expansion is dependent on its existing bundle of resources. Moreover, the result also suggests that ECCs and traditional companies may follow different paths of internationalization compared to traditional companies (Luo et al., 2005). On the other hand, Benmamoun et al. (2018) focus their research on the challenges that ECCs face when internationalizing in advanced and in emerging markets. The research found a connection between the framework of leveraging the network, ownership, location and internalization (N-OLI) and ECCs. In particular, ECCs in emerging and advanced markets both possess N-OLI advantages which makes them more capable of pursuing international markets. However, these advantages that ECCs leverage differ in both markets (Benmamoun et al., 2018). On the other hand, Grochal-Brejdak & Szymura (2018) seek to describe the internationalization process of an e-commerce trading firm. The article is mainly based on the theories of inward-outward internationalization and knowledge development. Deriving from these theories, the authors found that the increasing involvement in international affairs of the e-commerce follows the development of knowledge from the interrelated relationships between inward-outward internationalization. These are necessary for the internationalization of the firm (Grochal-Brejdak & Szymura, 2018).

2.4 Dynamic Capabilities

Prior research often analyzes the internationalization capabilities of a firm by implementing a resource-based view (RBV). The RBV explains the internal sources of a firm's sustained competitive advantage and how firms in the same industry differs in performance due to those (Kraaijenbrink, Spender & Groen, 2010). However, Prange & Verdier (2011) argue that this is not sufficient due to the fact that distinctive capabilities are needed for an improved use of resource where the usage of new and existing knowledge is crucial for the internationalization process. This is also supported by Benmaoun et al. (2018), who argue that the applicability of RBV is limited as resources can be created

Hence, RBV is often supported by a dynamic capability perspective, in particular when analyzing high-speed markets with technological and managerial innovations (Cui & Pan, 2015). Dynamic capabilities give an organization the possibility to gain new forms of competitive advantage when developing new managerial, organizational and technological resources in a fast-changing business environment (Cui & Pan, 2015). In addition, skills, processes, procedures, organizational structures, decision rules and disciplines are the factors in focus when discussing dynamic capabilities in an organization (Tallott & Hilliard, 2016). Furthermore, Schu et al., (2016) state that different host countries can affect the development of dynamic capabilities of online retailers. The theory of dynamic capabilities also highlights the importance of possessing capabilities to handle rapid environmental changes in an international context (Mudalige, Ismail, & Malek, 2019). In fact, the readiness of an organization to transform its attitudes, processes and resources can be connected to internationalization success (Mudalige et al., 2019). This is further recognized by Schweizer, Vahlne, & Johnson (2010), who argue that dynamic capabilities add a new dimension to the internationalization literature as firms may not follow a certain internationalization pattern. Furthermore, dynamic capabilities enrich the internationalization literature in the sense that it focuses on internal processes and consider the interplay between organizational processes and resources created by the firm's network (Schweizer et al., 2010).

According to the existing literature, there are several methods and processes to use when developing dynamic capabilities. Cui & Pan (2015) investigate the theory of how dynamic capabilities are achieved when considering RBV. Different environments give rise to different resource orchestrations, and from each of those a capability is achieved. On the other hand, Schu et al., (2016) mainly base their research on the RBV when looking into the internationalization speed of online retailers. From the RBV, the internationalization speed of online retailers is analyzed and how this impacts the individual internationalization steps. As a result, dynamic capabilities are achieved by developing the resources and assets needed in the internationalization process (Schu et al., 2016). On the other hand, Tallott & Hilliard (2016) have conducted a research where dynamic capabilities are the key factors for internationalization in SMEs. Their research is based on the theory that dynamic capabilities can be used by managers as a strategic

decision tool in an organization. Moreover, these capabilities are explained to be sensing, seizing and transforming (Tallott & Hilliard, 2016).

2.5 Exploitative & Explorative Dynamic Capabilities

Prange & Verdier (2011) have developed a framework combining the internationalization process and the application of exploitative and explorative dynamic capabilities in different internationalization processes. Moreover, they investigate how the internationalization process is developed when using either exploitative or explorative dynamic capabilities and how those are connected to the survival and growth of the firm. Exploitative dynamic capabilities can be explained as the ones who support and focus on company survival. These are based on the use of existing knowledge and how business is developed and internationalized through it (Prange & Verdier, 2011). On the other hand, explorative dynamic capabilities are the ones who support and focus on the company's growth. Furthermore, these capabilities are achieved by the development of new information when looking for new international markets (Prange & Verdier, 2011). Both the exploitative and explorative processes have additional capabilities that focus on different aspects of the internationalization of a company.

According to Prange & Verdier (2011), the international exploitation process consists of threshold and consolidation capabilities. Threshold capabilities are responsible for the implementation of knowledge towards a new potential market. In addition, the ability to maintain the competitiveness of a company and its operations when entering a new market is also a part of the threshold capabilities (Prange & Verdier, 2011). Moreover, responding to previously unseen problems is also a part of the threshold capabilities, where the person or organization in mind use previous knowledge to face those (Crispin et al., 2016). Consolidation capabilities focus on opportunity recognition where knowledge is best incorporated in a company's strategy when internationalizing. These capabilities help create structures and routines which a company might use when entering a new market (Prange & Verdier, 2011).

On the other hand, value-adding and disruption capabilities are part of the international exploration process (Prange & Verdier, 2011). These capabilities focus on the achievement of new knowledge and require a more creative but riskful business strategy compared to the implementation of exploitative dynamic capabilities. Value-adding capabilities are in charge of how a business will develop and create value to the customers when entering a new market. On the other hand, disruption capabilities are the ones with a great focus on innovation and how the company incorporates innovative solutions into the business strategy. Moreover, these capabilities prevent age-related problems that might appear and help the business adapt to the changing trends in the industry (Prange & Verdier, 2011).

2.6 Ambidexterity

Ambidexterity is identified as the result of both international survival and growth, which occurs when a constant interplay in a firm's diverse internationalization processes is developed (Prange & Verdier, 2011). This phenomenon is investigated by Prange & Verdier (2011), who focus their research on international ambidexterity towards international performance where survival and growth are key factors of the framework. To conclude the study, Prange and Verdier (2011), state that a balance between exploitative and explorative dynamic capabilities, which is developed as the concept of ambidexterity, plays a key role in the internationalization process of a firm.

In the article "Knowing when to leap: Transitioning between exploitative and explorative R&D", the use of exploitative and explorative dynamic capabilities and how to manage these capabilities within the organization are discussed. In fact, maintaining a balance between exploitation and exploration can be crucial for an organization's survival and success (Mudambi & Swift, 2014). However, the transitions between these modes can be costly and difficult for firms to undertake. This is also recognized by Blarr (2012) who argues that balancing exploitation and exploration can be difficult due to the different structures, processes, capabilities and cultures of the activities. Therefore, Blarr (2012) draws on the theory of ambidexterity and the concept of fit to gain more insight within strategic management. The theory of ambidexterity represents a combination of exploitative and explorative activities and how an organization balances and uses those

activities simultaneously. Moreover, first empirical studies within this topic indicates that firms achieving a high-level balance between both are found more successful than companies that do not balance the two (Blarr, 2012). Numerous scholars from different fields have investigated how to use ambidexterity which has led to multiple theories regarding the phenomenon. Blarr (2012) found that there are challenges regardless of the path that companies follow to achieve and maintain organizational ambidexterity. However, an integration of exploitative and explorative activities is shown to be a key factor for the success of the overall corporation. To summarize the components of the international dynamic capabilities, see Figure 1. This figure is based on the process developed by Prange & Verdier (2011, p.127)

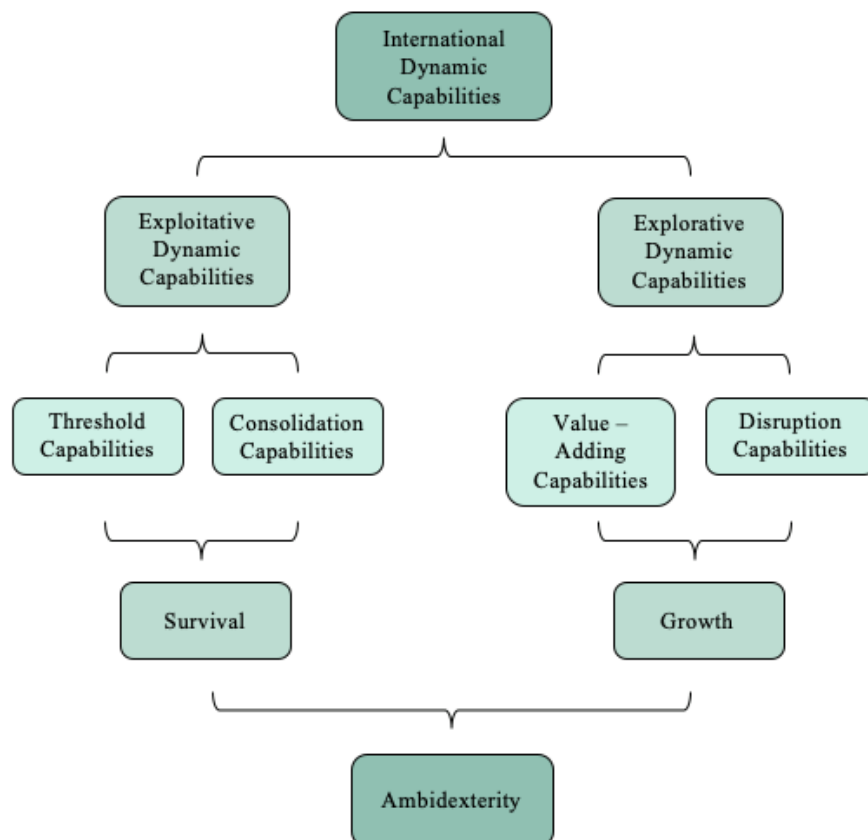


Figure 1. International Dynamic Capabilities

2.7 Research Question

By analyzing the existing literature, a link between the internationalization process of ECCs and dynamic capabilities could be found. For example, the study by Prange & Verdier (2011) shows that exploitative and explorative dynamic capabilities do affect the internationalization process. In fact, the study found that a balance between the two capabilities is needed and how it plays a key role in the internationalization process. This balance is mainly referred to as ambidexterity and has been researched in other contexts as well. Moreover, it was found that the fashion industry is highly dependent on e-commerce. As e-commerce changes the way a business is conducted in the fashion industry it could be relevant to examine fashion ECCs. Additionally, it was found that there are few contributions that investigate e-commerce in the global fashion industry (Macchion et al., 2017). Therefore, a potential gap in the literature could be to further investigate the role of exploitative and explorative dynamic capabilities and how fashion ECCs use those in the internationalization process. By applying the model presented in Figure 1, we aim to answer our research question:

How are exploitative and explorative dynamic capabilities used in the internationalization process of fashion ECCs?

2.8 Definitions

This section summarizes the main definitions and concepts which have been outlined earlier in this paper. We have chosen to insert this section after having discussed them in the literature review to highlight the key definitions and concepts and to ensure that they are thoroughly understood by the reader.

- **E-commerce:** Commercial transactions related to online buying and selling of products or services (Mohapatra, 2013).
- **E-commerce company (ECCs):** Companies whose business activities are entirely internet-based (Luo et al., 2005).
- **Fashion ECC:** In this paper we refer fashion ECCs as ECCs operating in the fashion industry.
- **Exploitative Dynamic Capabilities:** The use of existing knowledge and how business is developed and internationalized through it (Prange & Verdier, 2011).
- **Explorative Dynamic Capabilities:** Development of new information when looking for new international markets (Prange & Verdier, 2011).
- **Threshold Capabilities:** Implementation of knowledge towards a new potential market and the ability to maintain the competitiveness of a company and its operations when entering a new market (Prange & Verdier, 2011).
- **Consolidation Capabilities:** Opportunity recognition where knowledge is best incorporated in a company's strategy when internationalizing and help create structures and routines when entering a new market (Prange & Verdier, 2011).
- **Value-adding Capabilities:** How a business will develop and create value to the customers when entering a new market (Prange & Verdier, 2011).
- **Disruption Capabilities:** Focus on innovation and how the company incorporates innovative solutions into the business strategy (Prange & Verdier, 2011).
- **Ambidexterity:** Result of both international survival and growth, which occurs when a constant interplay in a firm's diverse internationalization processes is developed (Prange & Verdier, 2011)

3 Methodology & Method

The first part of this section will focus on the methodology including the philosophical perspective, research approach and strategy. The second section will present the method used when gathering and analyzing our empirical data, including the sampling method, interview design, data collection, and how the empirical data was analyzed.

3.1 Methodology

3.1.1 Philosophical Perspective

Epistemology can be explained by the way we address reality and refers to the knowledge and justified belief (Saunders, Lewis & Thornhill, 2016). There are two dominant ideologies within epistemology; positivism and interpretivism. Positivism is based on the belief that knowledge is built on reality through scientific methods while interpretivism is influenced by multiple views to build a social development of knowledge (Saunders et al., 2016). According to Miles, Huberman, & Saldaña (2014), a qualitative study is used when one seeks to understand how and why context matters and when making comparisons to discover important patterns and themes across cases. Therefore, a qualitative research was chosen for this study in order to increase the researchers understanding of opinions and motivations in connection to how ECCs use their exploitative and explorative dynamic capabilities when internationalizing. The interpretivist approach tends to use smaller samples, has a natural location and focuses on generating theories, and therefore, more suitable for a qualitative research (Saunders et al., 2016). Thus, we believe that interpretivism suits the purpose of this study. The meaning of interpretivism is to understand the interpretation of individuals and the social phenomena as well as exploring the complexity which is done through qualitative research (Rehman & Alharthi, 2016). Even though using an interpretivist approach may develop rich, subjective and qualitative data there is a risk that it produces results with low reliability. This can be explained by the nature of using small samples. Since our purpose is to investigate how an ECC uses exploitative and explorative dynamic capabilities when internationalizing, the aim is not to discover a truth as in positivism (Rehman & Alharthi 2016). Instead our purpose is to understand the interpretation of multiple individuals regarding the social phenomena which they interact in. Therefore,

the interpretivist approach is argued to be suitable for this study. Furthermore, the qualitative data has been gathered using semi-structured interviews which according to Saunders et al. (2016), is considered an appropriate method when applying an interpretivist approach.

3.1.2 Research Approach

For this study we have chosen the abductive research approach. When conducting an abductive research, data collection is used to explore a phenomenon, identify themes as well as patterns and locate these in a conceptual framework (Saunders et al., 2016). In contrast to deduction and induction the abductive approach focuses on generation or modification of existing theory or model (Saunders et al., 2016). Moreover, the abductive approach seeks to generate information within a specific context (Awuzie & McDermott, 2017). It was discovered that there is a large base of data covering the internationalization process firms. However, a gap in the literature regarding the context of internationalization of ECCs combined with dynamic capabilities could be identified. Furthermore, an abductive approach is appropriate when there is a big collection of information in one context but limited information regarding the specific area of the research (Saunders et al., 2016). Therefore, an abductive approach fits our study since it will allow us to use our findings to build on the existing international dynamic capabilities model using the different capabilities connected to survival and growth. According to Maanen, Sorensen, & Mitchell (2007), the abductive approach is a continuous process where the analysis is preceded by using a combination of concepts and data. This approach allowed us to use theory and data in the analysis to expand our current understanding of internationalization process of fashion ECCs.

According to Mantere & Kretokiv (2013), the aim of an abductive approach is to use existing theory and data in order to expand the current understanding of a theory. At the same time, it allows the researchers to be open to new information which may be deviated from what is considered to be standard. Therefore, an abductive study is considered highly relevant for this thesis since we have used the literature review combined with primary data collected from fashion ECCs to investigate how dynamic capabilities are used in the internationalization. Moreover, our theoretical framework has been used to expand the

existing theory regarding the internationalization process and how this is connected to fashion ECCs, while being open to new findings and developing theories.

3.1.3 Research Strategy

The objective of a research strategy is to give direction and allow researchers to answer the research questions and to meet the objectives of the study (Saunders et al., 2016). Since the aim of our paper is to gather information regarding a phenomenon that is rather unexplored and look for patterns and ideas instead of testing a hypothesis, we claim our research as explorative. Moreover, the aim of this research is to gather information and perspectives from a rather small sample instead of collecting numerical data from a larger sample. According to Saunders et al., (2016) an exploratory study is a valuable mean to ask open questions and to gather insights about a specific topic. In order to present data to answer the research question, interviews with individuals possessing knowledge and experience within the subject will be conducted. Due to the nature of our study, we decided to conduct qualitative semi-structured interviews where we have identified a list of themes and key questions that were covered during the interviews. We believed that semi-structured interviews would allow us to understand the respondents reasoning and opinions regarding the specific topic. Moreover, by following this research strategy, we hoped to gain a deeper understanding of the internationalization process of the different fashion ECCs.

3.2 Method

3.2.1 Sampling Method

The non-probability sampling method has been chosen for our study where the purposive sampling has guided the selection of our interviewees. Purposive sampling can also be referred as judgmental sampling as there is a need to use one's judgement to select cases that will meet the objectives of one's research (Saunders et al., 2016). Due to the purpose of our study we have a clear vision of what sample units are needed. Therefore, purposive sampling is deemed as the most appropriate for our research. One important aspect of our sampling method was to identify and select individuals whom possessed knowledge and experience within our subject. In addition, the availability and willingness to participate was also a crucial factor of our sampling method. Thus, we have constructed four

eligibility criteria that guided the choice of interviewees. The two first criteria are related to the company characteristics. It was important that the company was an ECC operating in the fashion industry and in multiple countries. The next criteria are more individual-related as it was vital that the respondent was working in the company at the time of the interview to ensure that the most relevant and recent information was given. Moreover, it was also important that the interviewees possessed knowledge regarding internationalization of e-commerce. Therefore, we define having a direct key position related to e-commerce as a criterion. We define key position as CEO, Manager, or Wholesale director. The resulting sample that is based on our eligibility criteria is summarized in the table below.

Criteria	Company A <i>Face-to-face</i> 18/3 – 19 49:10 min	Company B <i>Telephone</i> 19/3 – 19 48:35 min	Company C <i>Telephone</i> 19/3 – 19 45:57 min	Company D <i>Telephone</i> 15/4 – 19 40:48 min	Company E <i>Telephone</i> 17/4 – 19 42:12 min	Company F <i>Telephone</i> 18/4 – 19 47:28 min
ECC operating in the fashion industry	Swimwear ECC	Footwear ECC	Fashion ECC	Fashion ECC	Fashion ECC	Swimwear ECC
ECC operating in multiple countries	Main focus; Sweden & Bali Worldwide shipping	Main focus; Europe & North America	Worldwide shipping	Worldwide shipping	Main focus; Scandinavia Shipping in Europe	Main focus; Scandinavia Worldwide shipping
Position in the company	Founder & CEO	Founder & CEO	E-commerce manager	Wholesale director	Marketing manager	Co-owner & Marketing manager
Experience	Founded & developed the business	Founded & developed the business	2 years	2 years	2 years	Founded & developed the business

Table 1 Eligibility Criteria and the Resulting Sample

3.2.2 Interview Design

For this study we conducted qualitative in-depth interviews. The purpose of those was to gain deeper understanding of the different companies' business strategies and operations. Therefore, primary data was collected through interviews with different fashion ECCs. In-depth interviews allow the researcher to explore the participants perspective on a particular idea (Turner, 2010). In fact, one of the main advantages is that in-depth interviews give more detailed information about the topic studied. Therefore, this technique was preferred as it enabled us to explore the interviewees full perspective on the topic. Moreover, this also gives the interviewee the freedom of developing their answers and theories (Easterby-Smith et al., 2018). Primary sources are of great importance to our study due to the fact that we are conducting an exploratory study. In addition, secondary data has been collected for the purpose of gathering information about the companies and understanding their internationalization process. The different company's websites are the main secondary sources used and complemented by LinkedIn, Facebook and Instagram profiles.

When preparing for our interviews, we made sure that our respondents had knowledge about international fashion ECCs and the resources and capabilities that their companies have developed. It was very important to be clear with our interview questions and that the interviewees understood the different concepts mentioned. For this, we created a list with all the concepts and definitions that could potentially be unclear (see Appendix 3). Also, biased and/or leading questions were avoided as it could have influenced the interviewees' answers. Moreover, the interview questions and the list of concepts were sent to the participants beforehand to make sure that they were prepared and to avoid potential confusions or misunderstandings. This was also important for the study as it would make it simpler for the interviewees to give relevant answers. We conducted semi-structured interviews with open-ended questions. Semi-structured interviews often give a higher degree of confidentiality and allows the interviewee to be more personal (Easterby-Smith et al., 2018). We agree that this is important for our research as it gives the interview both structure, flexibility and is in line with our philosophical stands.

The questions were divided into two sections; general questions and key topic questions. The general questions concerned the company's internationalization process and served as "icebreakers" to gain additional knowledge about the company itself. These questions were limited and served the purpose of building trust and developing a comfortable environment. Depending on the knowledge gathered through secondary sources, more opening questions might have been asked to ensure that we have gathered all the relevant information about the company. On the other hand, the key topic questions focused on the exploitative and explorative dynamic capabilities and were divided into four subcategories for the different capabilities investigated in our study; threshold capabilities, consolidation capabilities, value-adding capabilities and disruption capabilities. Furthermore, the interview questions were carefully translated to Swedish as the interviews were conducted in Swedish. The interview questions are presented in Appendix 1 and 2.

3.2.3 Data Collection

We have conducted interviews with six different small to medium sized international fashion ECCs. Five of the interviews were remote interviews which have been done via telephone where the sixth interview was conducted face-to-face. Face-to-face interviews offer the possibility to capture the interviewees body language and other significant verbal and non-verbal details which otherwise are unnoticed. On the other hand, remote interviews offer more flexibility and less commitment compared to the face-to-face interviews (Easterby-Smith et al., 2018). We are aware of the differences among the different approaches and how those might affect the answers given. However, it was important for us to make sure the interviewees' needs were met.

There have been several debates regarding what sample size is adequate for a qualitative research (Dworkin, 2012). However, a large number of articles and books suggest that 5 to 50 participants are sufficient (Dworkin, 2012). Additionally, numerous factors have been identified to be important when deciding on the number of participants in a study such as the quality of data, the scope of the study, the nature of the topic as well as the amount of useful information obtained from each participant (Dworkin, 2012). When selecting the number of participants for our study, the factors which contributed to the

sample size mostly depended on the amount of useful information obtained from each participant. Moreover, by developing criteria when selecting the participants enabled us to gain interviewees who possessed extensive knowledge regarding our topic. Thus, we found that six interviewees from different companies were sufficient in order for us to gain rich and insightful data to answer our research question. The interviews were conducted between the 18th of March and the 18th of April. In addition, the interviews lasted between 40-50 minutes which depended on the availability of secondary data about the company. Due to convenience for the participants, all the interviews were performed in Swedish. Furthermore, these were recorded, which the parties involved approved, and were transcribed shortly afterwards. After transcribing and analyzing the interviews, some data was found missing which led to us conducting additional shorter telephone interviews with some of the companies.

3.2.4 Data Analysis

3.2.4.1 Transcripts

The interviews were examined through audio recording and later transcribed to get a clear view on the material. The qualitative interviews were audio recorded to ensure validity and in order to capture additional contextual information. According to Saunders et al. (2016), without the additional contextual information, important incidents that might affect the interview or observation may be missed. In order to not limit the respondent's ability to convey their knowledge and perceptions about the topics, the interviews were held in Swedish since the interviewers and interviewees were all native Swedish speakers. The interviews were then transcribed and carefully translated into English. The transcription was made in order to not lose any important data gathered from the interviews. Additionally, the transcription made it easier to reflect on the interviews and compare the answers received from the respondents. Furthermore, reading the transcripts to one another helped to get a deeper understanding of the answers and reflect upon the collected information.

After the transcripts were produced, key points were identified to capture the main essence of the interviews. According to Saunders et al. (2016), providing a short summary or collecting main points can be made in order to be conversant with the principal themes that have emerged from the observations. The process of transcribing the interviews made us more familiar with the data which is crucial to be able to engage in the analytical procedure that will follow (Saunders et al., 2016).

3.2.4.2 Coding

After the interviews were transcribed the analysis was preceded by using the coding approach where coding is used to categorize data with similar meaning (Saunders et al., 2016). This was done in order to find similarities and differences in the data by writing down different labels and sorting the gathered data between those. Writing down the findings on a paper and highlighting similar information made it easier to not miss important patterns. After the data was divided into main categories, each category was studied in smaller segments to capture different aspects. This specific approach is named finely detailed coding, where one finds themselves coding smaller segments or units of data (Saunders et al., 2016). Furthermore, when the coding was finalized different categories were derived from the process where similarities and differences were highlighted as well as connected and analyzed.

4 Ethical Consideration & Trustworthiness

In this section, ethical considerations and trustworthiness of this thesis is presented and discussed.

4.1 Ethical Consideration

When conducting a research, it is important to consider ethical issues regarding how the participants of the research are treated and which activities to engage in when collecting data for the study (Bryman & Bell, 2015). Therefore, this section will focus on how we have considered the ethical issues that may arise in the research.

Firstly, when contacting the potential participants, we sent an email carrying information about the study and why their perspective would be of value for the research. Secondly, a week before the date of the interview the questions together with a list of definitions and concepts were sent via email to the participants as well as the timeframe required for the interview. According to Byrne (2017), it is of importance to provide the participants with informed consent to ensure that they are fully aware of the purpose of the research and its potential risks and benefits. Therefore, the purpose of the research was provided at the beginning of the interviews along with the potential risks and benefits. Lastly, we made it clear to the participants that the interview was voluntarily and that they could withdraw at any time.

When conducting interviews, it is also important to identify risks where the interviews could be a potential harm towards participants. Harm in this case is related to physical harm towards the participants' development, stress and loss of self-esteem (Bryman & Bell, 2015). Studies carrying a higher level of risk are often investigating sensitive topics related to political and religious groups or experiments where stress and anxiety may evolve as a consequence (Bryman & Bell, 2015). However, we have not identified any potential risks within our paper besides issues related to confidentiality and anonymity. At the beginning of the interviews the participants were asked to give their consent to have the conversation audio recorded. Moreover, it was explained that the audio-

recording would only be used for the purpose of transcribing the interviews. Furthermore, anonymity was provided to the participants in order to ensure that their integrity will not be violated and to allow the participants to speak freely.

4.2 Trustworthiness & Quality of Research

Bryman & Bell (2015) identify reliability and validity as two important criteria in establishing the quality for a quantitative research. However, there has been some discussion concerning the relevance of these criteria for qualitative studies (Bryman & Bell, 2015). Instead, Shenton (2004) states that the quality of research for qualitative studies should be evaluated by the trustworthiness criteria. There are four criteria that can be used to determine the trustworthiness of a qualitative study; credibility, transferability, dependability and confirmability (Shenton, 2004). Thus, in order to evaluate the quality of our research, we have used the four criteria to determine the trustworthiness.

4.2.1 Credibility

The basic notion with credibility is that both readers and participants of the research should be able to understand and make sense of the research design (Given, 2008). In order to do so, we selected the most appropriate and coherent method of research that would allow us to gain a deeper understanding of our topic. Additionally, much emphasis has been put on selecting participants who possess knowledge relevant for our study. Therefore, we constructed the eligibility criteria to ensure that the participants possess deep knowledge within our topic while being exposed to the topic on a daily basis. This allowed us to obtain truthful responses from the participants, which could increase the credibility of our research.

4.2.2 Transferability

Transferability can be referred to the degree in which the findings of the study can be applicable to other contexts and participants (Korstjens & Moser, 2018). According to Given (2008), transferability should focus on two key considerations which are related to the participants' link to the context being studied and the contextual boundaries of the findings. In order to increase the transferability of our study, we put high emphasis on providing details and explanation of the data collection and analysis. Moreover, we have

provided background information of each participant by mentioning their experience and position in the company. We believe that by doing so, will enhance the possibility for the readers to determine whether our study can be transferred to other contexts.

4.2.3 Dependability

When conducting a qualitative research, the variability and changing environment of the research are two main challenges to take into consideration (Given, 2008). Dependability in a qualitative research considers and acknowledges the evolving research context and how those changes might affect the methodology. For our research, this means that we need to be aware of the environment and how this can affect and change our research as the answers of the interviewees might change in the future. Since we are investigating a phenomenon that is relatively new and unexplored, it is even more important to be aware of this quality aspect. Furthermore, reproducibility is also considered which refers to the possibility for other researchers to reproduce the study (Given, 2008). Therefore, we aimed to provide detailed information regarding our methodology to allow other researchers to understand and have the accurate information in order to be able to reproduce the study.

4.2.4 Confirmability

The interpretation of the different interviews and interviewees is a crucial part of the study. During the coding process, taking into account and interpreting the different expressions and messages regarding the theory studied gave us the possibility to make statements and to find an outcome for the research question. For this, reliability and objectivity must be incorporated both in the interviews and in the coding process, which is the purpose of confirmability (Given, 2008). To do, we made sure that the interviews started with general questions where the interviewees were able to be flexible and comfortable before moving to the more detailed questions. In addition, we avoided stressful situations and made sure that the questions and answers were clear before introducing follow-up questions. Recording the interviews was also an important part for the confirmability of the research as it facilitated the verification and the avoidance of possible modification of the data.

5 Empirical Findings

This section presents the empirical findings that were collected in form of in-depth interviews with representatives from six different ECCs operating in the fashion industry.

5.1 Exploitative Dynamic Capabilities

Exploitation focus on the company survival and how a company uses previous knowledge when entering new markets. Company A, C, D and F do all consider it of importance to develop a stable position in their initial market before expanding. The reason for why the companies has chosen to prioritize a strong position vary between limited resources, language, and cultural differences.

“We are investing in creating a strong position in our initial market since expanding is very time-consuming and expensive.” – Company C

“We prioritize creating a strong position in order to develop a feeling towards the culture and the marketing strategy.” – Company D

Furthermore, company A and F both emphasize the importance of creating a stable position in their initial market before expanding their ECC.

“We will invest to create a stable ground in Sweden before moving on to the next market.” – Company A

“Our focus is on creating a stable market before we expand.” – Company F

When internationalizing an ECC, the majority of the companies consider it valuable to create standardized ways of carrying their business operations. The choice of having a standard way is related to developing the same communications, methods and strategies when internationalizing.

“We want to create a common thread within all markets, for us it is important to create a common ground for the business.” – Company A

“In general, we incorporate the same strategy when we internationalize.” –
Company B

“We have similar working methods for all markets.” – Company E

“We are working on being streamlined and to have the same communication through all channels.” – Company F

Furthermore, company A mentions how additional resources, mainly in form of human resources and knowledge about marketing, could have improved the internationalization process and speed.

“It is obvious for us that if our goal was to expand fast, we would have needed additional knowledge. This we could have gained if we would employ an individual who has a degree within marketing that could develop that particular part of the business.”
– Company A

5.1.1 Threshold Capabilities

The use of threshold capabilities is evident in all companies except for company B. In fact, company C, D, E and F state that they use the knowledge and experience achieved from the first market when they internationalize.

“We use the knowledge and experiences from our existing market when we expand.”

– Company E

However, the way in which each company utilizes its threshold capabilities differs between each company. Company A states that they are focusing on developing their threshold capabilities and grow in the natural rate.

“We have chosen to grow in the rate consistent with our production in the factory. We want to have the time to try everything and test different materials. Developing our knowledge regarding the production of our products is important before expanding.”

– Company A

On the other hand, company D’s threshold capabilities are related to logistics and the knowledge of how to handle an e-commerce site.

“We have a good logistics partner and a site capable of selling to several countries where managing currencies made it possible for us to have an international company.”

– Company D

Similarly, company F’s threshold capabilities are related to the e-commerce site. Moreover, the shopping experience and social media are also found to be relevant in this case.

“The fact that our platform can charge in three different currencies together with social media have made it possible to operate internationally. We are constantly trying to develop our website and improve the process in order to enhance our knowledge and in that way increase the shopping experience.” – Company F

Lastly, company E uses their customer knowledge when expanding to another country.

“Through knowledge of the demographics of our customers, we identified a potential customer group in a nearby market.” – Company E

With this being said, company A and F recognize that in order to expand even further they would need to either gain new resources and/or knowledge.

“If we would have chosen to expand, we would have reached out to investors to gain resources to develop the company. We also believe that more human capital would be needed.” – Company A

“What we would need in order to expand is to be able to offer customer service in several different languages and translate the site into multiple languages.”

– Company F

5.1.2 Consolidation Capabilities

When looking into the consolidation capabilities of the different companies, one could find that all the companies have, in one way or another, applied these types of capabilities into the company. Some companies have a similar view for these capabilities and therefore incorporated the consolidation capabilities in a similar way, whereas others have applied it differently. Moreover, it was found that several companies use contacts and networking for opportunity recognition and to gain knowledge about new markets.

"We have several benefits since we have best friends from Australia who have run companies for over 10 years and have the possibility to talk to people in the same industry." – Company A

"By acquiring local partners and expanding our network in the country we want to internationalize to has enabled us to gain knowledge of that particular market." – Company D

On the other hand, it was found that one company uses their customers as expertise when expanding to a new market. Hence, the importance of contacts and having knowledge or availability to knowledge is emphasized, but where the knowledge is obtained from might differ. Company C also gains knowledge through social network but also through their customers.

"We mainly gain knowledge about the new market through customer interest, studying the existing and upcoming trends, customer feedback, and our social network."
– Company C

Company B also states the importance of networking and how valuable it is to have access to knowledge when internationalizing. Another approach is presented in the interview where research is used to gain knowledge and enables recognition of opportunities which lead to creation of new structures and routines. This is something that both company E and F do when looking into new markets to expand to.

"By conducting a deep market and competitor analysis, we obtain knowledge about the new market we want to expand to." – Company E

"By doing research and testing ourselves through marketing, we gain knowledge about the new market." – Company F

5.2 Explorative Dynamic Capabilities

Exploration refers to how a company works towards growth where new knowledge is developed and implemented. This requires a more creative and innovative approach of a business. When conducting the interviews, one could see that all the companies have developed some explorative dynamic capabilities for the internationalization process. In fact, it was found that company B has a remarkably greater focus on the explorative dynamic capabilities.

"We have not limited ourselves to any particular country or countries but have a broader focus instead." – Company B

Company B, C, D and E have in common how they value language and communication skills when developing the explorative dynamic capabilities. In fact, Company B, C and E mention how they develop new language and communication alternatives when expanding to a new market and how this is crucial for the business.

"We have translated the website into 6 different languages which we believe will make people feel more comfortable and willing to consume if they see the website in their own language." – Company B

“We always have the environment in mind when we expand, mainly in the choice of materials and logistics. We have mainly adapted ourselves by adding languages, payment options and logistics for the business.” – Company C

“Markets differ remarkably from one another, such as customer behavior, fashion trends, payment methods, and delivery methods. Therefore, we locally adapt to a new market and carry out a comprehensive market and competitor analysis.” – Company E

On the other hand, company D states that they do not have the possibility for this. However, they do find it important for a business’ development.

“We do not have the opportunity to adapt to the environment when we internationalize. However, I think that one should definitely do it if you can. It is important to adapt to the country's language, holidays and traditions.” – Company D

Another part of the business that is developed when entering a new market is the marketing strategy. Company A, B and E mention how they find it important to develop their marketing strategies when expanding to a new country.

“We focus on the adaption of the marketing strategy and communication with the customers in each market.” – Company E

Moreover, these three companies state that social media marketing is an important part of the business and something they develop when internationalizing. At the same time, company B also uses a different marketing approach by involving their customers and using them as a marketing tool.

“We invest a lot in marketing through social media and optimization via Google. In addition, I ask my customers to help me with the marketing process. Because of my strong customer relationship, I have been able to take advantage of that relationship and thus spread my brand further and expand.” – Company B

Social media marketing is also an important part of the business strategy for company F. Company F states that the expansion to other countries is due to their social media marketing which has allowed them to reach a broader audience.

“We have chosen to market ourselves via Instagram and Facebook where it has spread to other countries and therefore, we decided to sell to additional countries.” –
Company F

5.2.1 Value-adding Capabilities

In regard to the value-adding capabilities, each company recognizes the need to obtain new knowledge in order to develop the value proposition when internationalizing. In fact, each company incorporates value-adding capabilities in their operations to create value for their customers. The companies create value-adding capabilities in different ways. However, some similarities can be found which are conducting research, extending the product line and enhancing the shopping experience. Company A and B both focus on the aspect of gaining new knowledge internally.

“I have been going to lectures that are about sustainable design and I am constantly doing research to gain new knowledge to develop the company and create value for new customers.” – Company A

“There is always a need to develop and acquire new knowledge to create value for customers. We do this through various courses, seminars, LinkedIn and contacts.”

– Company B

On the other hand, extending the product line is recognized as a way to create value-adding capabilities by company B and F. In fact, company B identifies product development as essential for future expansion.

“To expand, more product development would be needed. In the future I see that we produce more boots models and develop the product line to raincoats for example.”

– Company B

Both company C, E and F focus on developing the shopping experience as a way to create value for new customers. This is mainly done through customizing payment methods, shipment, returns and customer service. In addition, company E also focuses on gaining new knowledge of customers regarding lifestyle and life situation in new markets in order to adapt accordingly.

“We had to adapt customer communication, customer service, payment methods and delivery for each market. In addition, we have looked at the lifestyle and life situation in different markets and adapted to it.” – Company E

Unlike the others, company D focuses on acquiring knowledge to create value for new customers through the relationship with their partners.

“We place great emphasis on having contacts that can provide us with new knowledge in order to create value. We do this through logistics partners and bank contacts regarding payment methods for each country.” – Company D

5.2.2 Disruption Capabilities

Disruption capabilities are used as a part of the exploration process and focus on how a business manage to find innovative solutions and how to incorporate those into their strategies. The companies all agree that it is important to be innovative due to the fast-changing environment in the fashion industry. Furthermore, company E and F both claim that studying competitors is an efficient way to gather new ideas for their business development.

“We definitely feel the need of being innovative to adapt to the changes in the industry. We do this by checking on the competitors together with improving the customer experience and internal recruitment.” – Company E

“We always try to create new content to our social media channels where we search for inspiration by looking at other companies and competitors.” – Company F

Moreover, company A, B, C and D have developed strategies for how to be innovative in their business operations where company A has connected their products with ethical and environmental actions.

“We have a great emphasis towards the environmental issues and how this is connected to the clothing industry. By focusing on this, our swimwear can contribute to a more sustainable world where we can focus on higher quality.” – Company A

On the other hand, company D focuses on how they can be innovative by using human capital.

“We put great emphasis during the recruitment process to hire people who are interested in fast-changing industries and innovative solutions.” – Company D

At the same time, company B uses the clothes and looks of their models to keep up with the fast-changing trends in the fashion industry. This strategy enables company B to offer the customers a standardized product while still being innovative.

“We adapt to fashion trends by changing the clothes and looks on the models who wear our products, by doing this we can show how our boots can be worn together with the latest trends.” – Company B

All companies agree on the importance of preventing age related issues, which, as mentioned previously, is connected to the fast-changing environment that characterize the fashion industry. However, company A and C claim that it is challenging since they do not have the resources needed.

“We do not put a lot of emphasis to gather new knowledge for the company to grow internationally but we consider it important, unfortunately we do not have the time.”
– Company A

“We consider that gaining new knowledge and competences is important to grow but we are struggling to find the time.” – Company C

Moreover, company D and E are focusing on incorporating new knowledge and competences to their companies by engaging the employees in several activities.

“We put a lot of emphasis on learning new knowledge and competences through seminars, web seminars, podcasts, articles and books to grow internationally.” –
Company D

“In order to adapt to changing trends in the industry we try to recruit new staff who possess knowledge that can be of value for the company. We also invest in the employees by working on their skills development.” – Company E

Furthermore, company E uses their customers in order to gather feedback on how they can find innovative solutions to improve the customer experience.

“We try to see the customer experience from 360°, and we are constantly improving our processes. We also arrange customer evenings for all our existing customers to gather feedback about our operations and how to make our processes more effective for the customers.” – Company E

6 Analysis & Interpretation of Findings

This section analyses the findings from the empirical data together with the literature review presented earlier. Factors influencing the exploitative and explorative dynamic capabilities of fashion ECCs are discussed to gain a deeper understanding of its effects and implications.

6.1 Exploitative Dynamic Capabilities

The findings show that four companies in our study focus on establishing a stable position in the initial market before expanding to another country. In fact, company D states that the reason for them prioritizing a stable position is to gain a deeper understanding of the culture, language and marketing before internationalizing. Moreover, four of the companies use the same strategy when expanding their ECCs to new countries, which is connected to the exploitative dynamic capabilities of the firm, and hence, the overall survival of the ECC. This is consistent with previous findings where companies decide to develop e-commerce within national borders before globalizing due to the benefits of establishing strong brand awareness before investing in foreign market (Kraemer et al., 2005). By following this strategy might offset the liability of brand awareness that ECC's could suffer when entering new markets (Luo et al., 2005). Moreover, it is stated by Macchion et al., (2017) that the process of developing a firm towards global markets can be long and costly if the company does not have previous experiences. This could explain why the companies prefer to be stable in a market before expanding and why a streamline is important to several of the companies and therefore, how the threshold capabilities of the companies are developed. Moreover, this is acknowledged by company A who states that if they would possess more knowledge regarding marketing, the internationalization process of the company might have been faster and easier. This we also find to be connected to the threshold capabilities of the company since it is a way of implementing knowledge to new potential markets and a way to maintain competitiveness.

Furthermore, our findings suggest that most of our companies are using social network as a way of developing exploitative dynamic capabilities and more precise the

consolidation capabilities. In fact, it was found that five companies are using their social network in the internationalization process. By leveraging on this has enabled the companies to find new market opportunities in other countries. On the other hand, company E conducts a market- and competitive analysis in order to acquire information of the new market, which shows how the disruption capabilities can be developed in different ways. By either focusing on leveraging the local knowledge that firms acquire through social network or conducting a market- and competitive analysis could also be a way to offset the lack of product experience that online fashion retailers face (Yu et al., 2012).

6.2 Explorative Dynamic Capabilities

The findings show that the majority of the companies put high emphasis on marketing to utilize their explorative dynamic capabilities, and hence, focus on the growth of the firm. Company F states that marketing on social media is the reason behind their decision to internationalize. In fact, online marketing has enabled them to reach customers from multiple countries unintentionally. In response to this, company F has extended the shipping alternative to all countries in order to not lose any potential customers in other markets. Moreover, company B has a unique way of marketing compared to the other companies in our study. In fact, company B takes advantage of their customer relationship in order to spread the brand and expand even further. According to Chaparro-Peláez et al. (2016), online shopping makes it easier for customers to share recommendations with other customers. This highlights the importance of marketing for a firm's growth and could be an explanation of how ECCs use their explorative capabilities.

At the same time, recruitment is found to be of importance to gain new knowledge internally in order for the companies to become more innovative. We find this to be connected to the disruption capabilities as it is a solution for the business to prevent age-related problems which might occur. Company D puts a lot of emphasis on hiring individuals who are interested by the fast-changing environment. Furthermore, company E aims to recruit individuals who possess knowledge which could benefit the company. At the same time, both companies focus on employee development by either creating programs or conducting seminars in order to enhance their personal development. This

shows how company D and E use their human capital within their explorative activities to incorporate innovative solutions and to expand to new potential markets, which is a part of the disruption capabilities.

6.3 Ambidexterity

As mentioned before, the findings suggest that four of our companies are focusing on developing a stable position in their initial market before expanding. At the same time, the companies consider it to be of importance to keep up with the highly dynamic, global and complex characteristics of the fashion industry (Macchion et al., 2017). Therefore, the companies also put a lot of emphasis on developing their explorative dynamic capabilities. In this case, culture, language and communication are identified as characteristics of the industry that the companies need to accommodate to. By doing so, the firms might be able to gain trust and deliver value to the customers. This shows the importance of maintaining a balance between exploitation and exploration which can influence an organization's survival and success (Mudambi & Swift, 2014). In fact, company B has managed to combine the exploitative and explorative dynamic capabilities by offering a standardized product to the customers while at the same time adapting the clothes and appearance of the models to the latest trends.

On the other hand, we found that resources can be a barrier for an ECC when internationalizing. Due to lack of resources, some companies have found it difficult to expand to additional countries. Moreover, the lack of resources can be connected to human capital which they need in both their exploitative and explorative activities. This finding supports the notion that balancing exploitation and exploration may be difficult due to structures, processes, capabilities and cultures of the activities (Blarr, 2012). In this case, the capabilities needed are in the form of human capital.

6.3.1 Customers

Customers are mentioned several times when looking into the use of dynamic capabilities of the companies investigated in this paper. We found that the customers are used as a tool for the development of both exploitative and explorative dynamic capabilities in the internationalization process and are seen as a resource by four of the companies. When looking into the exploitative dynamic capabilities, one could understand that the customers are used as tools for the companies. Company C analyzes their customer behavior patterns to develop the consolidation capabilities and gain knowledge which will help in the selection of the next potential market. This shows how an ECC could take advantage of the customers in order to gain knowledge which might be hard to identify or develop further. Moreover, company E has identified potential customer segments in other countries through the existing knowledge they possess regarding their current customers. This is also an indication of how companies use and incorporate threshold capabilities into the business.

Regarding the explorative dynamic capabilities, the methods of incorporating those to the strategy of the company also differ. Company B uses their customers as a marketing tool through word of mouth marketing to be able to grow and expand. On the other hand, company E has created actual meetings with their customers as a part of their disruption capabilities. We believe that this is connected to the disruption capabilities as creating meetings with the customers is a way to incorporate innovative solutions in their business strategy. By doing so enables the ECCs to overcome the virtual barrier which online retailers face and could be a way to increase the customer loyalty and knowledge of the brand (Macchion et al., 2017). Company E shows how customers can be used as a tool for both the exploitative and explorative dynamic capabilities. Moreover, customer relationship seems to be relevant for both the development and improvement of exploitative and explorative dynamic capabilities which could be an outcome of the lack of physical stores. As mentioned before, ECCs allow quick responses to customers due to the more open and flexible system permitting multidirectional flow of products and information (Luo et al., 2005). This could also be another reason why companies use their customer knowledge as a tool for the business strategy.

6.3.2 Language, Logistics & Payment Method

Through the empirical findings three factors were identified; language, logistics and payment method. It was found that these three have a great impact on the internationalization process of the ECCs. Moreover, these factors were found in both the exploitative and explorative activities. Firstly, language is the factor which all the companies except for company A mention to be crucial when expanding their business. Moreover, the adaption of language is also found to be important in order to enhance customer service, communication and marketing. This may be more crucial for ECCs rather than for traditional firms as the absence of physical stores could make it harder for ECCs to gain the local knowledge when expanding to another country. Furthermore, the trust and willingness to buy is also affected by language, which company B explains to be the major reason behind the multiple language options on their webpage. Likewise, customer value might be affected by language since ECCs face the challenge of direct product experience that customers value, despite the technological developments nowadays (Yu et al., 2012). In the case of our companies, language is mainly seen as a tool in the explorative activities with a greater focus on the value-adding capabilities. At the same time, we also found that language can be of help when developing both threshold and consolidation capabilities.

Secondly, logistics or shipping methods, which some companies refer it to, is another factor which, according to four of the companies, have a great impact on their business operations. In fact, the logistics of the company mainly help increase the value-adding capabilities but also have an impact on the threshold capabilities according to some companies. The reason for why the companies in our study decide to focus on logistics could be to overcome the barriers of online shopping related to product delivery (Chaparro-Peláez et al., 2016).

Thirdly, the companies mention the importance of customizing their payment methods to successfully expand to new countries. This is due to the different attributions connected to each market. Moreover, this shows how a company uses their explorative capabilities by developing new payment alternatives and how to enhance value towards their customers. At the same time, our findings suggest that the companies use their exploitative dynamic capabilities to offer different currencies. This could be a way for our companies to maintain competitiveness and to prevent potential challenges within the internationalization process, which is a part of the threshold capabilities. The availability of different payment methods makes it more convenient for customers to shop online. However, payment methods could also increase the risk and distrust towards online shopping (Chaparro-Peláez et al., 2016). This could be an explanation why the companies use it in both exploitative and explorative activities. Therefore, we believe that the companies put effort into payment methods in order to overcome the risks and distrust associated with it while improving the shopping process (Chaparro-Peláez et al., 2016).

A common denominator between language, logistics, and payment method that could be identified is that they are all used as tools for the development of both exploitative and explorative dynamic capabilities. We found this to be a result of the different countries the companies have chosen to expand to. Schu et al., (2016) state that different host countries can affect the development of dynamic capabilities of online retailers, which in our case shows how language, logistics and payment method can be developed as tools towards both the exploitative and explorative dynamic capabilities. Depending on the country selection, the company might already have the knowledge needed to use those as a tool, and hence, the exploitative dynamic capabilities of the firm will be used. On the other hand, other countries might require new solutions where the company needs to search for new knowledge regarding the three factors, and hence, the explorative dynamic capabilities will be used.

7 Conclusion

This section provides a summary of our key findings together with our concluding remarks.

As the internationalization process of ECCs in the fashion industry is a rather unexplored phenomenon, there is a lack of relevant literature concerning the way ECCs operate when internationalizing. Therefore, the aim of this thesis was to gain a deeper understanding of the potential implications of exploitative and explorative dynamic capabilities for fashion ECCs. This thesis contributes to the existing literature regarding the internationalization process of fashion ECCs as it provides insights on how the fashion ECCs use the exploitative and explorative dynamic capabilities. As there is limited research within this topic, this thesis adds new dimensions to the existing literature that has not yet been addressed.

One main conclusion that can be drawn from this study is that all ECCs use both exploitative and explorative dynamic capabilities when internationalizing, and hence, ambidexterity is present. Moreover, language, logistics and payment method are three major factors used in both activities and could be an explanation for how fashion ECCs uses their exploitative and explorative dynamic capabilities. The reason for why the companies emphasizes the three factors can be connected to the barriers that fashion ECCs could potentially face and by leveraging on those have enabled the ECCs to focus on both survival and growth. Moreover, an explanation for why the companies have been able to use those in both exploitative and explorative activities can be connected to the different countries that the ECCs have chosen to internationalize to. On the other hand, customers are also identified as a factor which impacts the ECCs exploitative and explorative dynamic capabilities. By focusing on the customers could help fashion ECCs increase customer loyalty and overcome the suffering of brand awareness that could arise when internationalizing. Although all the ECCs focus on both the exploitative and explorative dynamic capabilities, some companies in this study find it hard to balance both capabilities. This agrees with previous literature on how achieving ambidexterity could be a challenge for ECCs (Blarr, 2012).

We have also identified other factors that could potentially explain how fashion ECCs use the exploitative and explorative dynamic capabilities. In fact, evidence could be found that the fashion ECCs in our study focus on gaining a stable position in their initial market in order to develop their knowledge before internationalizing. Furthermore, it was found that social network is one major factor influencing the exploitative dynamic capabilities of the ECCs. On the other hand, marketing and recruitment are two factors influencing the use of explorative dynamic capabilities of the ECCs in our study. A conclusion that can be made is that this enables the ECCs to gain new knowledge of potential markets and customers and in that way become innovative and adapt their business strategy when internationalizing.

To conclude, we found seven factors which influence and can explain how fashion ECCs use their exploitative and explorative dynamic capabilities in the internationalization process. The reason for why those factors are found important can be connected to the barriers that ECCs face and how to overcome them. E-commerce has enabled the fashion ECCs to internationalize quickly and offer shipping to multiple countries from inception. However, in the case of our ECCs, the internationalization process can be connected to the rate in which the ECCs use and develop their dynamic capabilities. This agrees with previous notion of how the internationalization process of ECCs can be described as a gradual learning process, where the direction of international expansion is a function of a firm's experience, capability and evolution (Luo et al., 2005). With this being said, dynamic capabilities are a firm's way to develop competitive advantage and is unique for every firm (Cui & Pan, 2015). Therefore, it is important to point out that by only focusing on the factors we have identified does not guarantee success for ECCs when internationalizing. On the contrary, companies need to analyze their own capabilities and find ways to develop and learn them in order to keep up with the fast-changing environment (Teece, 2007). Nevertheless, this thesis has identified factors which relate to how fashion ECCs use their exploitative and explorative dynamic capabilities in the internationalization process and could serve as a guideline for ECCs.

8 Managerial Implications

In this section, we present the implications that can be concluded from the empirical findings.

Today's technological advances have enabled individuals to conduct business online which has led to an increase in online retailing. As ECCs have a different nature than traditional firms, the existing internationalization theories are found to be inadequate in explaining the process of ECCs. Based on the theory and findings of our study, we have found potential factors that influence fashion ECCs when internationalizing. In fact, we have identified seven factors connected to the exploitative and explorative dynamic capabilities used in the internationalization process and how both capabilities are of importance. Firstly, we suggest that examining their social network could help the ECCs to develop their exploitative activities as it could give a better knowledge of how their social network can contribute to the business development and increase the effectiveness of it. Secondly, focusing on marketing and recruitment could help the companies to enhance the explorative dynamic capabilities as one of the findings shows how marketing and the development of it is crucial for several companies when expanding. In addition, recruiting the appropriate individuals could also contribute to additional knowledge that might be needed for the expansion of the business. Lastly, we suggest fashion ECCs to focus on customers, language, logistics and payment method as those factors could be used in both exploitative and explorative activities and hence contribute to the ambidexterity of the business. Ambidexterity is found to be present in all the interviewed companies and therefore, we believe that the factors contributing to the development of it should be considered and improved. To conclude, it was found that fashion ECCs need to balance both exploitative and explorative dynamic capabilities in the internationalization process (Blarr, 2012). Our findings suggest that by focusing on those could help them overcome the challenges and barriers that fashion ECCs face. Moreover, this could make it easier for the ECCs to balance exploitative and explorative dynamic capabilities, and hence, ambidexterity will be achieved.

10 Limitations

This section will present the limitations that we have encountered during the process.

As mentioned previously, the topic regarding the internationalization process of a fashion ECC is rather unexplored. Due to this fact one limitation can be connected to prior research, since it may affect the theoretical foundation of this research. The literature which has been applied to this study has mainly focused on the importance of developing dynamic capabilities, how to combine those, and how ECCs can implement these into their operations when expanding to new markets. However, if the internationalization process would follow another direction there is a risk that our study will only be applicable to the current state of a fashion ECC. Another limitation can be connected to our interviews as the majority were conducted via telephone due to the convenience of the interviewees. This sometimes made it difficult to establish personal connection and disrupted the flow of the conversations. Moreover, body language and emotions could not be observed through the telephone interviews, which could also be a limitation. We are also aware that one limitation can be language restriction which could occur during the process of translating the empirical findings. Since the interviews were held in Swedish and then later translated to English, we were not able to translate word for word but instead interpret the data in a way that the words became equivalent in English. However, to not miss any important data, we made sure to all check the translation and compare it to the data collected to ensure a higher reliability. Another limitation that could be identified is the sample size. Since this research is limited to only six ECCs operating in the fashion industry and selected based on purposive criteria it may be difficult to reflect a general population. By instead using random sampling or survey the research could have resulted in other findings. Furthermore, since this thesis is limited to small- and medium sized ECCs, one could argue that by also studying a large sized ECC could give a better and more accurate representation of how ECCs within the fashion industry use their dynamic capabilities when internationalizing.

12 Further Research

This section presents implications for further research and suggestions for future studies.

The importance of developing and improving the internationalization process of ECCs is highlighted in this paper. Therefore, further research could be a good complement for this topic since digitalization and technology is of great importance for today's generation and is constantly evolving. The topic of the internationalization process of fashion ECCs is broad where more research is needed for the understanding of the internationalization process and its implications. Since this paper is limited to the fashion industry, one could suggest that further research could be conducted across different industries. A comparison of industries could provide a broader perspective to the internationalization process and how this is applied for ECCs. Furthermore, company characteristics such as company size, age and location could be considered for further research as those could also provide important insights to the existing literature. One could also suggest a longitudinal study for further research as it could be interesting to identify the long-term effects. This might give a more accurate and in-depth perspective of the topic. Moreover, researchers could also explore this topic on a larger sample in order to achieve more established findings.

This paper limits itself to the model of international dynamic capabilities where exploitation and exploration are the focus. Thus, it could be of interest to investigate how these aligns to other theories regarding dynamic capabilities and the findings of those. By doing so, further research could elaborate the different theories regarding dynamic capabilities and how those are connected to the internationalization process of ECCs. Furthermore, ambidexterity is also mentioned in this paper and becomes an important part of the analysis and conclusion. Further research could therefore focus on investigating this phenomenon more in depth and how this is created and applied to ECCs. This could be done by combining the theory of ambidexterity with our findings, how it is developed within ECCs and how it contributes to the internationalization process.

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Appendix 1. Interview Questions – English

General Questions

1. What are the main reasons for you e-business to internationalize?
 - a. How do you do it?
2. What do you consider is your competitive advantage?
3. Who's your main competitors?
4. What distinguishes you from your competitors? (compared to other e-businesses)

Exploitative and Explorative Dynamic Capabilities

1. How do you use the knowledge and resources you have in your initial market and apply it when you expand to another country?
 - a. For example, do you just transfer the knowledge to the other market, or have you felt the need to change or add anything to be able to operate in the other market
2. What do you prioritize? The speed of the internationalization (to be establish in as many countries as soon as possible) or a stable position in the market in one country before moving on to the next potential market?
 - a. What is the reason for doing so?
3. When internationalizing, do you try to adapt to the environment by changing the way you operate, or do you try to find new ways to operate?
 - a. What is the reason for doing so?

Threshold Capabilities

1. What conditions made it possible for you to internationalize? What capabilities and knowledge made it possible?
 - a. How so?
2. Is there anything needed or missing in order to expand further, for example resources or capabilities?
 - a. How so?
3. Do you adapt your competitive advantage when internationalizing or have you felt the need to develop new ones?
 - a. What is the reason for doing the way you do?

Consolidation Capabilities

1. How or in what way do you gain knowledge about the new market you want to enter?
 - a. What is the reason for that?
2. How do you use your capabilities and resources to develop a strategy for the new market?
 - a. Why so?

Value-adding Capabilities

1. How do you create value to customers when entering a new market?
2. Have you felt the need to acquire new knowledge to create new capabilities to be able to create value for customers in the new market?
 - a. If so, how do you do it?

Disruption Capabilities

1. As the fashion e-commerce is very fast paced and changing, how do you use your resources and capabilities to adapt to the changing trends in the industry?
2. Have you felt the need to be innovative to keep up with the changes in the industry?
 - a. If so, then in what way and how do you do it?
3. Do you put emphasis on gaining new knowledge for the growth of the company when entering a new market?
 - a. If so, how do you do it?

Appendix 2. Interview Questions – Swedish

General Questions

1. Vad är anledningarna till att ni har valt att ha ett internationellt e-företag?
 - a. Hur har ni lyckats med detta?
2. Vad skulle ni säga är er främsta konkurrensfördel?
3. Vilka är era främsta konkurrenter?
4. Vad är det som utmärker ert företag och gör er unika? (jämfört med andra e-företag?)

Exploitative and Explorative Dynamic Capabilities

1. Hur använder ni er av kunskaper och resurser som ni har i er första marknad när ni expanderar till nya länder?
 - a. Till exempel, överför ni kunskapen till den andra marknaden eller känner ni behov av att addera något för att kunna fungera i den andra marknaden?
2. Vad prioriterar ni, hastigheten av internationaliseringen (att etablera sig i så många länder så snart som möjligt) eller att skapa en stabil position i en marknad innan ni arbetar er vidare till nästa?
 - a. Vad är anledningen till att ni valt detta?
3. När ni internationaliserar er, försöker ni anpassa er till miljön genom att ändra hur ni arbetar eller försöker ni hitta nya sätt att driva företaget?
 - a. Vad är anledningen till att ni valt detta?

Threshold Capabilities

1. Vilka villkor gjorde det möjligt för er att internationalisera företaget? Vilka möjligheter och kunskaper gjorde det möjligt?
 - a. Hur så?
2. Finns det något som behövs eller saknas för att kunna expandera ytterligare, till exempel resurser eller förmågor?
 - a. Hur kommer det sig?
3. Anpassar ni er konkurrensfördel när ni internationaliserar eller har ni behövt utveckla nya konkurrensfördelar?
 - a. Vad är orsaken till det ni har valt detta?

Consolidation Capabilities

1. Hur eller på vilket sätt får ni kunskap om den nya marknaden som ni vill etablera er i?
 - a. Vad är anledning till det?
2. Hur använder ni era resurser och förmågor för att utveckla en strategi för den nya marknaden?
 - a. Varför då?

Value-adding Capabilities

1. Känner ni behovet till att utveckla sättet ni skapar värde till kunderna när ni går in i en ny marknad?
 - a. Om ja, på vilket sätt gör ni det?
2. Har ni känt behovet till att erhålla nya kunskaper för att få nya förmågor/kompetenser för att kunna skapa värde till kunder i den nya marknaden?
 - a. Om ja, hur går ni tillväga?

Disruption Capabilities

1. Eftersom mode e-handel är en marknad som är ständigt utvecklas och rör sig i snabb takt, hur eller på vilket sätt använder ni era resurser och kompetenser för att anpassa er till förändrade trender i branschen?
 - a. Finns det någon anledning till varför ni gör det på just detta sätt?
2. Har ni känt behovet att vara nyskapande och komma på nya idéer och innovationer för att anpassa er till förändringarna i branschen?
 - a. Om ja, hur och på vilket sätt gör ni det på?
3. Sätter ni hög vikt på att lära er nya kunskaper och förmågor för att företaget ska kunna växa när ni internationaliserar?
 - a. Om ja, hur går ni tillväga?

Appendix 3. List of Concepts and Definitions – Swedish

Marknad: Med nya marknader syftar vi på de länder ni har expanderat till.

Konkurrensfördel: Vad har ni för fördelar jämfört med andra företag i branschen, det kan vara ett verktyg som ni använder som sätter ert företag i en mer gynnsam eller överlägsen position jämfört med era konkurrenter.

Kunskap: Med kunskap menar vi den information och/eller erfarenheter som har givit er konkurrensfördel eller gjort att ni har kunnat stanna på eller växa i er marknad. Det kan till exempel vara information om kunder i en specifik marknad eller information om själva marknaden.

Resurs: Till exempel verktyg för att nå ut till kunder eller saker inom ert företag som ni kan använda till er fördel för att kunna utvecklas och expandera, till exempel kunskaper, arbetskraft, eller nätverk.

Förmåga/kompetens: kompetens i detta sammanhang är sättet ni tillämpar era kunskaper för att skapa värde. Det kan vara hur ni använder er av kunskapen som gör det möjligt för er att hitta nya sätt att skapa värde för era kunder.

Värde: Något med värde kan till exempel vara att ni erbjuder en ny betalningsmetod som gör det smidigare för kunderna i den nya marknaden att betala eller erbjuder fri frakt. Alltså något som kunder skulle uppskatta och som gör det attraktivt för dem att handla hos er.