



WeChat Shop for Small and Medium Enterprises

Establish Presence - Facilitators and Challenges

Giacomo Giagnoli
Student Number 720681
Aalto University School of Business
MSc program in Global Management
2018-2020

Abstract of Master's Thesis

Author Giacomo Giagnoli

Title of thesis “WeChat Shop for Small and Medium Enterprises” - Initial Stage Facilitators and Challenges

Degree Master of Science in International Business

Degree programme Global Management

Thesis advisor(s) Lu Wei

Year of approval 2020 **Number of pages** 90 **Language** English

Abstract

Every year, more companies and entities see China as an attractive opportunity. Consequently, the number of companies trying to enter the Chinese market keeps increasing every year, and it will certainly keep raising in the future. The main reason is that the Chinese market is extremely attractive for companies of all sizes and from any industry. The market is particularly attractive because Chinese people in fact represent the world's biggest middle class, and this middle class recently started experimenting an income growth that is providing them with a constantly increasing budget and various resources to access the market and make purchases.

This thesis describes my research where I attempted to analyze, and explain what are the facilitators and the barriers for small and medium enterprises to approach the Chinese Market using the WeChat E-Shop option. Specifically, the research focuses on how small and medium enterprises with limited resources and limited international experiences can prepare themselves to join the CBEC dimension and establish a presence there. The research also explains the main steps that companies need to go through when they decide to open a WeChat Shop Account and to start selling their products and services through the most used e-platform in China.

My research is based on two main sources: first, the literature review where I researched the main frameworks and models related to CBEC for SMEs, and, second, the findings of my research that I gathered working with two small enterprises that have been going through the whole process and have now successfully opened their shop. The research gap I attempt to cover is how small and medium enterprises can establish their presence in this market through e-commerce.

The main practical implication that can be inferred by my research is that the SME needs to understand what e-commerce is, what it can be used for, and what elements characterize cross-border e-commerce; the company has to clearly perceive the benefits coming from new technologies and how these can influence the competitive environment; finally, the third implication is the Step-by-Step Guide to start the WeChat Shop Account that I created while working with the two companies that have now entered CBEC with China. In addition to the Step-by-Step guide, I also researched the main Service Providers that support companies willing to start their CBEC with China using the WeChat Shop option.

Considering the findings, companies interested in entering China with WeChat e-commerce may understand better how to prepare and how to move to establish their presence into the Chinese e-commerce market deciding what to ask from third parties as a support and what they need to succeed in their operation.

Keywords cross-border e-commerce, small and medium enterprises, WeChat Shop.

Acknowledgements

I would like to show my gratitude to several people who have helped or contributed during my MSc in International Business and my CEMS Master.

First, I thank my mother Elisabetta and my father Antonio for their constant support, love, and patience. I know I asked you a lot in many different ways, and I will always be in debt for all the love and support I received. I also thank my younger brothers, Simone and Andrea, for taking me as a model and I promise you I will always be there for you. I also want to thank my grandparents, Marisa and Gustavo from my father side and Anna and Franco from my mother side, because nothing could have started without their love. Special mention goes to my lovely doggie, Laica: the real MVP in my family.

I thank my closest friends (rigorously in alphabetical order) Beppuccio, Bob, Bodu, Davidu, Goku, Marchio, Valentin. Thousands of things could be said, but what matters the most to me is that whenever I came back to Italy for a few days, you always made me feel like I never left. Thank you for everything brothers, and sorry for the countless times I haven't been a friend as good as the one you would have deserved.

I thank my friends Sciotto and Lollo for the hours-long calls we had. We spoke of everything, from cuisine to business opportunities, from football to love matters. Thank you for your patience, I just hope I haven't annoyed you as much as you annoyed me.

I thank the friends I met in Helsinki 2 years ago: Patrick, Arthur, Noora, Philipp, and Simon. We shared a lot, especially during the first year that we spent in Helsinki all together. I hope life will make us close again in the future.

I thank the amazing friends I met in Paris, we only spent a few months together but I love you all dearly and I can't wait to see you again Francesco, Lorenzo, Luca, Max, Pauline, Thomas, Juliette, Mathilde, David, Simon, Chris, Pierre, Felix, and Lucie.

Finally, a special mention to the person that made me grow the most during my university career. Huge special thanks to you Prof. Enda Flannelly from LUISS University. You have been a professor, a boss, a mentor, an amazing friend, and like a brother to me. I will always be in debt for all the things I took from you. I hope I will be able to do the same for someone else one day. See you later alligator.

Giacomo Giagnoli

Sabaudia 2020

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List of Abbreviations	
CBEC	Cross Border E-Commerce
SMEs	Small and Medium Enterprises
MNEs	Multi National Enterprises
ICT	Information and Communication Technology
IT	Information Technology
TAM	Technology Acceptance Model
TOE	Technology Organization Environment
OE	Organization Environment
IB	International Business
CRM	Customer Relationship Management
B2B	Business to Business
B2C	Business to Consumer
FTZs	Foreign Trade Zones
KPIs	Key Performance Indicators

1. INTRODUCTION

1.1 Background

This thesis derives from my research where I attempted to describe, analyze, and explain what are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option. Specifically, the research focuses on how small and medium enterprises with limited resources and limited international experiences can prepare themselves to join the CBEC dimension and what are the first steps they need to undertake.

The topic is one that interests many companies nowadays. In fact, the number of companies trying to enter the Chinese market keeps increasing every year, and it will keep raising in the future. The reason for this is easily explained when the attractiveness of the Chinese market is considered. Chinese in fact represent the world's biggest middle class, and this middle class recently started experimenting an income growth that is providing them with an increased budget and more resources to access the market. Moreover, in China there is the generation of the digital "little emperors" (generations of the 1990s and 2000s) that is growing up (World Economic Forum, 2018) and this people have now between 20 and 30 years and are able consumer with sources of income. In this context, WeChat Shop is the easiest and most direct way to reach these customers and made them acquire products and services. The reason is that WeChat has become extremely popular among Chinese people, with more than 900 million active users. When it comes to e-commerce, WeChat Shop is the first player in the Chinese country, with almost one billion of active users in China, WeChat Shop e-commerce sales have been increasingly growing in the last years. They had a growth of 22.2% from 2016 to 2017, and they have been kept growing (WeChat Economic and Social Impact Report 2017, 2018).

1.2 Research Gap

The studies and research I quoted offer several relevant information which are fundamental to better understand why e-commerce is positive for business, and what

elements needs to be considered and improved before approaching it. However, they do not provide a comprehensive strategy that SMEs willing to start their cross-border e-commerce with China can follow. My thesis contributes to the internationalization literature, with a focus on e-commerce, SMEs, and China. It provides a new perspective over the WeChat Shop topic, with updated information and a comprehensive approach strategy.

1.3 Research Question

For these reasons, e-commerce in China is been rapidly increasing in relevance, and platform such as WeChat make it easily accessible and easy to use for millions of customers with limited resources. Moreover, WeChat Shop is a business opportunity accessible and available for small and medium enterprises as well. Europe in particular, with well over 90% of business as small and medium enterprises (Eurostat, 2018) and products very much appreciated in China, would be able to take advantage of a huge opportunity for his small and medium enterprises. In this thesis, I will be analyzing how these small and medium enterprises can prepare and regulate themselves to approach the WeChat Shop opportunity and what are the firsts steps they need to undertake by answering to my research question that is:

“What are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop?”

When it is compared to the most common business opportunities and marketing techniques, cross border e-commerce comes out as a relatively recent topic, and the WeChat Shop e-commerce opportunity as an even more recent concept. However, since the mid 90s, researchers like Ghobadian and Gallear (1996) and Palvia (1997) have been observing and studying the various forces that have been leading to e-commerce and these forces are forces such as globalization, transnational partnerships, and global supply chains. Among these, globalization had the most impact on creating global markets, and global supply chains made possible for companies to greatly reduce costs and make

products easier to access. More recently, Li (et al. 2017) researched how a group of small and medium enterprises with limited capabilities and resources can successfully start their digital transformation and approach their own e-commerce business. According to Li, SMEs managers need to work on their managerial and organizational capabilities to have a successful digital transformation, and they can also relate on third-parties. Vilaseca (et. al. 2007) used a multiple linear regression on 2.038 firms to find that the two most relevant factors for a company to successfully approach e-commerce are constant innovation and flexibility. Wang (et al. 2008) researched the advantages electronic marketplaces bring, and S. Rao with by G. Metts (2003) explained factors that make e-commerce development easier or more difficult for SMEs.

1.4 Definition

As explained by Barnes (2001), the CEO of IBM defined e-business saying as something that is:

“All about cycle time, speed, globalization, enhanced productivity, reaching new customers and sharing knowledge across institutions for competitive advantage.”

However, this definition is more what the goal of e-commerce is rather than what e-commerce is made of. In order to understand this, I looked at Poong (et al 2006) research which built an exoskeleton of E-Commerce and explained how it is formed by: Network technology, E-Legal matter, Transaction application solutions, Parties to the relationship, Business Functions, and, finally, by the User Perspective as well.

On the other hand, Cross Broder E-Commerce can be defined as:

“The online trade between a business (retailer or brand) and a consumer (B2C), between two businesses, often brands or wholesalers (B2B), or between two private persons (C2C), e.g. via marketplace platforms such as Amazon or eBay.”

Sergio Villasenor, BigCommerce

Coming to the WeChat Shop, it can be defined as:

“WeChat stores are an E-commerce platform that exist within the WeChat app. They are mobile websites connected to the menu of a WeChat Official Account. With the ability to pay with WeChat Pay, WeChat stores offer ‘one-click-payment’, which makes it even easier for users to shop.”

Juan, QP Software

1.5 Structure of the thesis

My thesis is structured in 5 chapters: introduction, literature review, methodology, findings, and conclusion. The literature review begins with an overview of how e-commerce is defined and what are the main elements that are part of the e-commerce structure. Moreover, I also considered how e-commerce could be identified in relation to small and medium enterprises starting to approach their cross-border e-commerce business. Following, I review and report the main studies and framework related to cross-border e-commerce, and SMEs internationalization that have been published in the last years. I analyzed how digitalization could be approached by small enterprises with limited resources, how small and medium enterprise can leverage their characteristics, and how they could adopt e-commerce effectively. In addition, I consider the relation between small companies and technology, explaining how employees need to clearly perceive the benefits coming from the technology in order to leverage it to its maximum potential. Finally, I considered two relevant entry modes to mainland China for small and medium enterprises: networking, and joint ventures.

The methodology chapter starts explaining more deeply the subject of my research and why I decided to research it. It will then proceed explaining my philosophical assumptions, my methodological approach, and the context I researched. After that, I will evaluate my research considering limitations and ethical concerns.

For the first part of my Findings Chapter, I will proceed explaining what small and medium enterprises would need to take into consideration when approaching cross-border e-commerce. Some of these elements are needed to facilitate the whole process, while at the same time make the process increasingly more difficult and long if not handled in the right way. I will first explain what Managers should consider when approaching cross-border e-commerce, and then what the organization itself can change and improve to approach CBEC. In the second part of the findings chapter, I will enter into the realm of pragmatically and I will explain what are the building blocks that can make companies successfully enter CBEC, and I will end this chapter with a step-by-step guide I created while working with the case companies and that explains what are the steps to open and use an Official WeChat Shop Account.

The study ends with a research summary where the main steps of my research are explained and highlighted, practical implications of my research for companies and professional figures, limitation of the study, and suggestions for future research.

2. Literature Review

2.1 Cross Border E-Commerce towards China

The literature review begins with an overview of how e-commerce is defined and what are the main elements that are part of the e-commerce structure. Moreover, I also considered how e-commerce could be identified in relation to small and medium enterprises starting to approach their cross-border e-commerce business. Following, I review and report the main studies and framework related to cross-border e-commerce, and SMEs internationalization that have been published in the last years. I analyzed how digitalization could be approached by small enterprises with limited resources, how small and medium enterprise can leverage their characteristics, and how they could adopt e-commerce effectively. In addition, I consider the relation between small companies and technology, explaining how employees need to clearly perceive the benefits coming from the technology in order to leverage it to its maximum potential. Finally, I considered two relevant entry modes to mainland China for small and medium enterprises: networking, and joint ventures.

2.2 E-commerce definition

I believe analyzing how e-commerce is been considered through the years is fundamental to understand its role and the opportunities it can provide.

Since the introduction of internet, it commercial exchanges without limitation of time or distance became reality. Laudon and Traver (2003) have seven elements describing e-commerce: ubiquity, global reach, universal standards, richness, interactivity, information density and personalization/customization. A major feat is that any business or customer can access e-commerce from everywhere. For this reason, there is great diversity when it comes to define e-commerce. People different point of views and different cultural backgrounds make it hard to create a unique description for it.

Zwass (1996) defines e-commerce as a structure with three meta-levels: infrastructure, services/products, and structures. Within the model, e-commerce activities

are supported and made possible by the infrastructure level. Molla and Licker (2001) take Zwass (1996) definition and integrate it with Riggins and Rhee (1998) concept; their concept is based on user location and typology of interaction it has with e-commerce. They conclude that e-commerce could be defined in four dimensions according to the user perspective: the nature of the network archetype, the application solutions, the business functions performed or supported and the parties involved in the electronic relationships. Molla and Licker (2001) provide a flexible definition for e-commerce as it is based on how people and organization identify and use e-commerce. Elsie Chan and Paula Swatman (1999) developed the ECCM (electronic commerce component model) that has three meta-views: legal, services and infrastructure. Their definition is mutable as well because it depends from the relevance that the user gives to each of the three elements.

The CEO of IBM defined e-business saying that it is “all about cycle time, speed, globalization, enhanced productivity, reaching new customers and sharing knowledge across institutions for competitive advantage” (Barnes, 2001). From this, it can be inferred that e-business is using e-networks to support company operations, however, as Poong (et al. 2006) writes, e-business is different from e-commerce because there are no transactions involved and that e-commerce can be better defined if the term “transaction” is used in Molla and Licker (2001) framework instead of “application solutions”.

Poong (et al 2006) considers “transaction” instead of “application solution” and also increases Molla and Licker model flexibility stating that B2B and B2C companies will offer a different perspective for each of the four dimensions (the nature of the network archetype, the application solutions, the business functions performed or supported and the parties involved in the electronic relationships).

Poong (et al. 2012) add two more elements to Molla and Licker framework (Figure 1). They introduce the user perspective because e-commerce users are greatly increasing in number throughout all the world with consequent increases in frauds and privacy crimes and it is therefore mandatory to consider the way they perceive e-commerce as well. They also add the “e-legal matter” aspect because several new regulations have been implemented and are implemented to control what happens in internet.

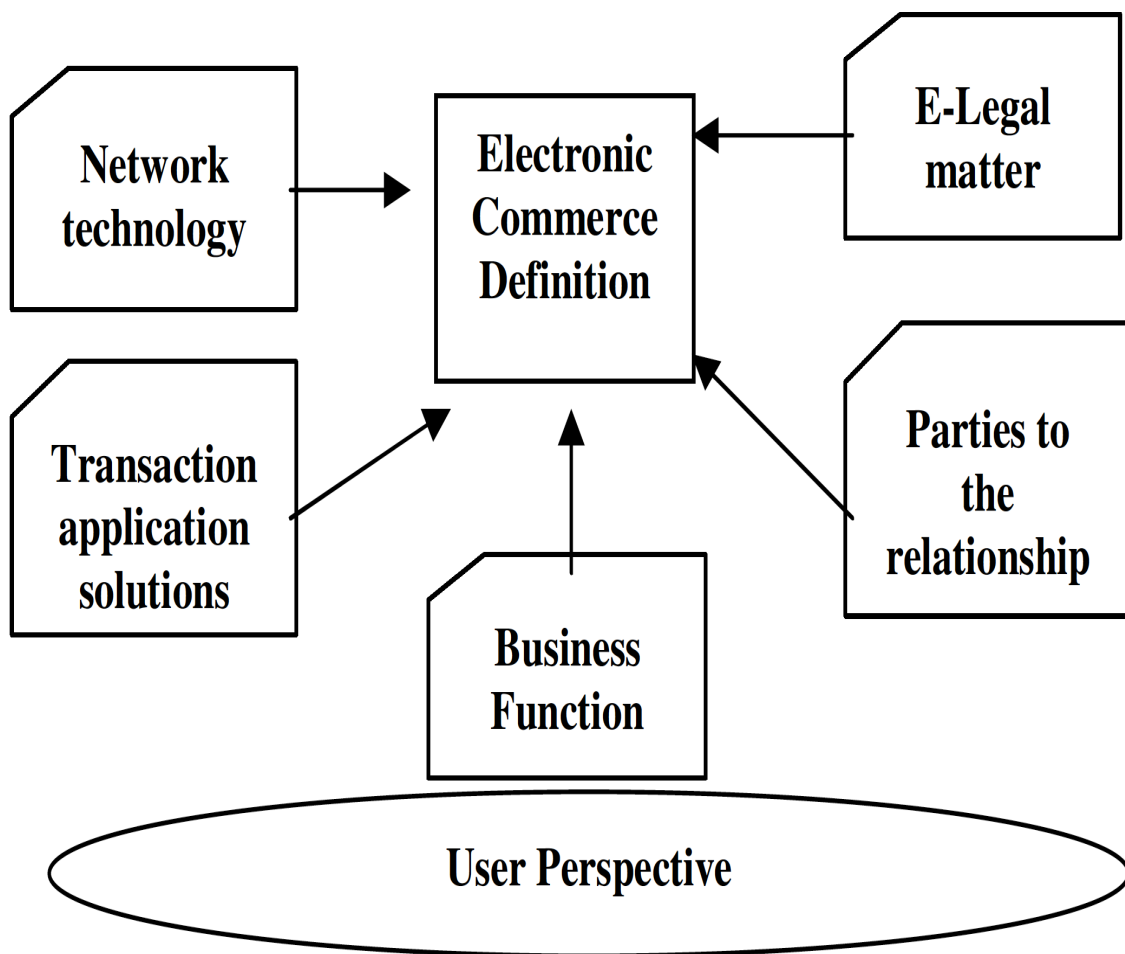


Table 1 Representation of e-commerce elements (Poong, Yew Siang & Zaman, Khaliq-UI & Talha, Mohammad, 2006)

2.3 WeChat

WeChat has, on average, around 1 billion active users per month, considering the fact that Chinese population is around 1.5 billion it means that 66% of the Chinese population is an active user on WeChat. Moreover, WeChat represents 35% of the use that people make of their smartphones, it is the preferred system for online payments, and it basically is the main shop for all Chinese Customers that expect to find everything they need on WeChat.

Several factors made the option of cross-border e-commerce the best way for European small and medium enterprises to operate and sell their products in China. In order to

briefly mention these elements, I would like to point out that CBEC removes the necessity to have authorized importer in China because it is only necessary to check and respect the list of authorized products to be sold in China through CBEC. Moreover, with CBEC the small and medium enterprises can control the whole value chain from the beginning to the end, and using WeChat they have the full trust of Chinese customers that are used to buy on the platform and to the rules for refunds. Finally, removing the need for subsidiary, it allows the company to enter into a foreign market with very low costs.

There are 5 building blocks to consider when an official WeChat Account for cross-border e-commerce is set: the WeChat Account, the WeChat Shop, the Payment Option, the Warehouse and logistics, and the Gateway for payment abroad.

The WeChat account is fundamental because is the means through which the company communicates with customers. It can be used to get followers, to do marketing operations sending them advertisement, and to direct them toward the actual e-shop. Setting an Official Account and not a normal one is the way how companies identify and register themselves showing to the client that can be trusted.

The WeChat Shop is the virtual place that acts as a shop. It is created within WeChat to make it easier for the customer to look for products and information without leaving WeChat. Moreover, staying on WeChat allows the company to use the one-click technology which uses all the data integrated within the WeChat database to allow the client to buy and receive the products just with one single click.

When it comes to the Payment option, it is important to consider that not every Chinese customer has a credit card, and even if they have it they are not used to use it and they don't like to use it. This means that it is necessary to use different kinds of payments and in China the most used payments methods are WeChat Pay, AliPay, and Union Pay debit cards.

Once after the customer has paid the logistic operator in the Free Trade Zone send the product. If the company needs support for this phase, there are plenty of warehouses and operators in the Free Trade Zone that are used to receive and delivery of products. Usually, the WeChat shop operations manager is allowed to modify the fees at any time to adapt to strategies and opportunities, for instance he would be able to reduce shipping

costs for a specific item to push customers towards it. When companies are small and medium enterprises it happens that the support logistic operator decides and manages store's stock, sales, inventory and distribution and that they create value by proposing distribution strategies. Moreover, since the Chinese law orders to WeChat Shops to always respond fast to customer complaints, logistic operators also support the company by taking care of returns while the company itself takes care of refunds that could even be offered as coupons and discounts. In the era of social networks, comments and reviews are more and more relevant, and especially on WeChat. However, what really matters for Chinese customers is the service, meaning that the company has to act fast, and the product that has to be as described online. This is particularly relevant because Chinese costumers always check the comment section before acquiring a product. It is not uncommon for them to be highly critical when unsatisfied and for this reason customer service on WeChat is particularly relevant.

It is necessary to consider these Chinese payment methods because most of the retailers do not accept them. The solution for this issue is to use a “gateway”, that is an intermediary which collects the money paid in RMB through WeChat Pay or AliPay and exchange this money into a currency that can be easily transferred to the small and medium enterprises in Finalnd. This method was created to keep using the popular payment methods so that products could be easily acquired by Chinese customers and then solve the issue using these gateways.

2.4 Cross-Border e-commerce for SMEs

Considering Ghobadian and Gallear (1996) research, it could be observed how forces such as globalization, transnational partnerships have been greatly changing the way business is conducted worldwide in the last twenty years. Already in 1997, Palvia explained that in the future organization would have operated with a global supply chain in order to get competitive advantage. They would have acquired resources and human capital from all over the world and sold the output where it was more convenient. Twenty years after, that is exactly what is happening. Through the years, globalization made small and medium enterprises more relevant because it supported them reducing costs and

increasing efficiencies. They have been enabled to gain effectiveness and less expenses that once were only available to larger businesses (Weller, 2000). Globalization also lowered barriers due to laws or social condition allowing companies from all over the world to enter in certain markets, and it also lowered telecommunication costs (Prasad, 1999).

I consider globalization as the main process that made cross-border e-commerce easier to obtain. It provided networks, connections, and better laws and regulations that made it easier to obtain. Cross-border e-commerce is an activity that can be undertaken by both MNEs and SMEs. These two categories differ under many aspects, and for this reason they both have their advantages and disadvantages when it comes to cross-border e-commerce. I think understanding how SMEs can use their particular traits to exploit cross-border e-commerce is relevant for my research and that is why I analyzed the related literature.

SMEs usually have a flexible structure and not a formal and standardized one, and they usually also have a limited number of workers. These aspects let them be more adaptable towards environmental changes (Storey and Cressy, 1995; Levy, 1998). However, MacGregor and Vrazalic (2005) researched that even with these advantages and with the overall increased use of e-commerce within SMEs, small companies adopting e-commerce were still a small percentage compared to the amount of big enterprises adopting it, and Riquelme (2002) noticed how these bigger firms were also gaining more than most SMEs in sales and costs saving. Poon and Swatman (1999, pp. 9-18) explain how SMEs usually consider e-commerce as a tool or as the use of ICT that could improve their performances supporting their tasks and operations. As pointed out by Grandon and Pearson (2004), most prior e-commerce literature was not focus on how small and medium enterprises could exploit it. Furthermore, even if characterized by a flexible structure, SMEs were not considered likely to have success in e-commerce due to reasons such as (Madrid-Guijarro, 2009) limited access to market information and resources, and limited possibilities to have an effective globalization. As explained by Blili, management techniques such as financial analysis, forecasting, and project management are rarely used by SMEs (Blili and Raymond, 1993) and their resource

poverty (Thong et al., 1997; Welsh and White, 1981) was considered as the main obstacles toward e-commerce.

Today, however, IT is “one of the threads from which the fabric of organization is now woven” (Zammuto, Griffith, Majchrzak, Dougherty, & Faraj, 2007, p. 750), and it is possible to observe an increased number of researches on this point (e.g., Berman, 2012; Chatterjee, Grewal, & Sambamurthy, 2002; Chen, Pan, & Ouyang, 2014; Cui & Pan, 2015). It is common to observe companies undertaking digital transformations, which is considered as a transformation “precipitated by a transformational information technology” (Lucas et al., 2013, p. 372), enabled by Information Technologies and caused by e-commerce and other Internet-related technologies (Besson & Rowe, 2012). This process requires relevant modifications in business processes (Venkatraman, 1994), operational routines (Chen et al., 2014), and organizational capabilities (Tan, Pan, Lu, & Huang, 2015), in addition to entering new markets or exiting current markets (Dehning, Richardson, & Zmud, 2003).

Although it is a complex process, a fair number of small and medium enterprises are successfully undertaking digital transformation. Liang Li, Fang Su, Wei Zhang, and Ji-Ye Mao (2017) studied how a group of small and medium enterprises in China had success with CBEC (cross border e-commerce). CBEC presents certain difficulties and challenges that make it relatively different from domestic markets commerce. These difficulties can be aspects such as language barriers (Lynch & Beck, 2001), cultural differences (Sinkovics, Yamin & Hossinger, 2007), international shipping, customs clearance, and tax compliance (Kim, Dekker, & Heij, 2017). Such challenges can sometimes be an impenetrable wall for SMEs by themselves. For this reason, researchers analyzed how they exploited third party digital platform to transform themselves and start online operations. WeChat Shop is one of these third-party platform, and having over 800 million Chinese users (eMarketer, 2016) it is considered as the best opportunity for SMEs that want to enter the Chinese market.

As explained by a study conducted by Nielson Holdings that analyzed the six major markets for cross-border e-commerce, almost all of them reported that the key quality they look into small and medium enterprises willing to start their cross-border e-

commerce with their country is safety procedures to guarantee that the buyer can buy safety oversea. This is recognized from the main industries and they have started to implement this kind of practices on international platform to guarantee safety. Companies implementing this kind of safety practices on their platform are usually focused on three main key points:

- Fraud and general dishonest business practices;
- Account takeover;
- Regulation of the sale of illegal products, controlled substances and infringing products.

These main themes have regulated marketing strategies for small and medium enterprises that wanted to leverage their international potential using digital platform to sell through cross-border e-commerce.

2.5 E-commerce Frameworks and Models

2.5.1 Li's digital transformation model

Li (et al. 2017) researched how a group of small and medium enterprises successfully undertook digital transformation and started their own cross-border e-commerce, and combined these findings with previous literature. The result was a model (Figure 1) that explained how SMEs with inadequate capabilities and limited resources (Li et al., 2017, p.1143) could use third-party IT services to acquire new capabilities and exploit new opportunities.

I choose to include this model within my literature review because the case companies I am working with small and medium enterprises undertaking digital transformation. I think Li model provides several relevant insights related to how managers working in these companies should act during the digital transformation. It presents several

suggestions that I will use for my research.

According to Li, SMEs owners/managers usually need to improve both managerial and organizational capabilities before starting their digital transformation. In SMEs, managers are the ones starting the process, and their own transformation is first required before improving organizational capability to drive strategic changes. These managers can do so through managerial cognition renewal and managerial social capital development (Li, 2017). According to Chen (2015) and Hamel (1989) managerial cognition is relevant because it is formed by CEO behavioral skills, his philosophy, and his cognitive capabilities themselves. These elements are what let him drive the company when it is time to take risks or harshly compete against rivals while implementing new strategies. On the other hand, Woolcock (1998) defines social capital as information, trust, and norms of reciprocity inherent in a social network.

Li (et al. 2017) explain that a simple event such as a meeting or a presentation can trigger managers and open their eyes. They can identify gaps with competitors using benchmarking techniques and consequently improving their approach implementing what competitors do. Working on the social capital also make social networks stronger, and a high level of social capital facilitate information acquisition, and knowledge and resources management (Adler & Kwon, 2002; Tsai & Ghoshal, 1998).

Li's idea is that DMC (destination management companies) support make SMEs achieve digital transformation easier and with better results. First thing to do is shaping an effective CBEC business team. It has to bring forward the transformation, and help companies undertaking the steps needed to improve platform utilization capabilities and business development capabilities (Li et al. 2017). The first is necessary for the company to adapt to environmental changes, and the business development capabilities is what creates opportunities between organizations (Houterman 2014). Therefore, Li supports the idea of having an internal team supported by the DMC that starts, manages and creates digital transformation. Li also writes that "Entrepreneurs should keep pushing the sequence of managerial capability building—business team building—and organizational capability building to achieve sustainable competitive advantage" (2017 p. 1144). Li's study differs from past research that considers managerial capability as a prerequisite to digital transformation that could not be considered without those capabilities (e.g., Cha

et al., 2015). Li explains how SMEs can increase their managerial capabilities through constant learning, new opportunities, and social networks acquisition while implementing their digital transformation (Li et al. 2017).

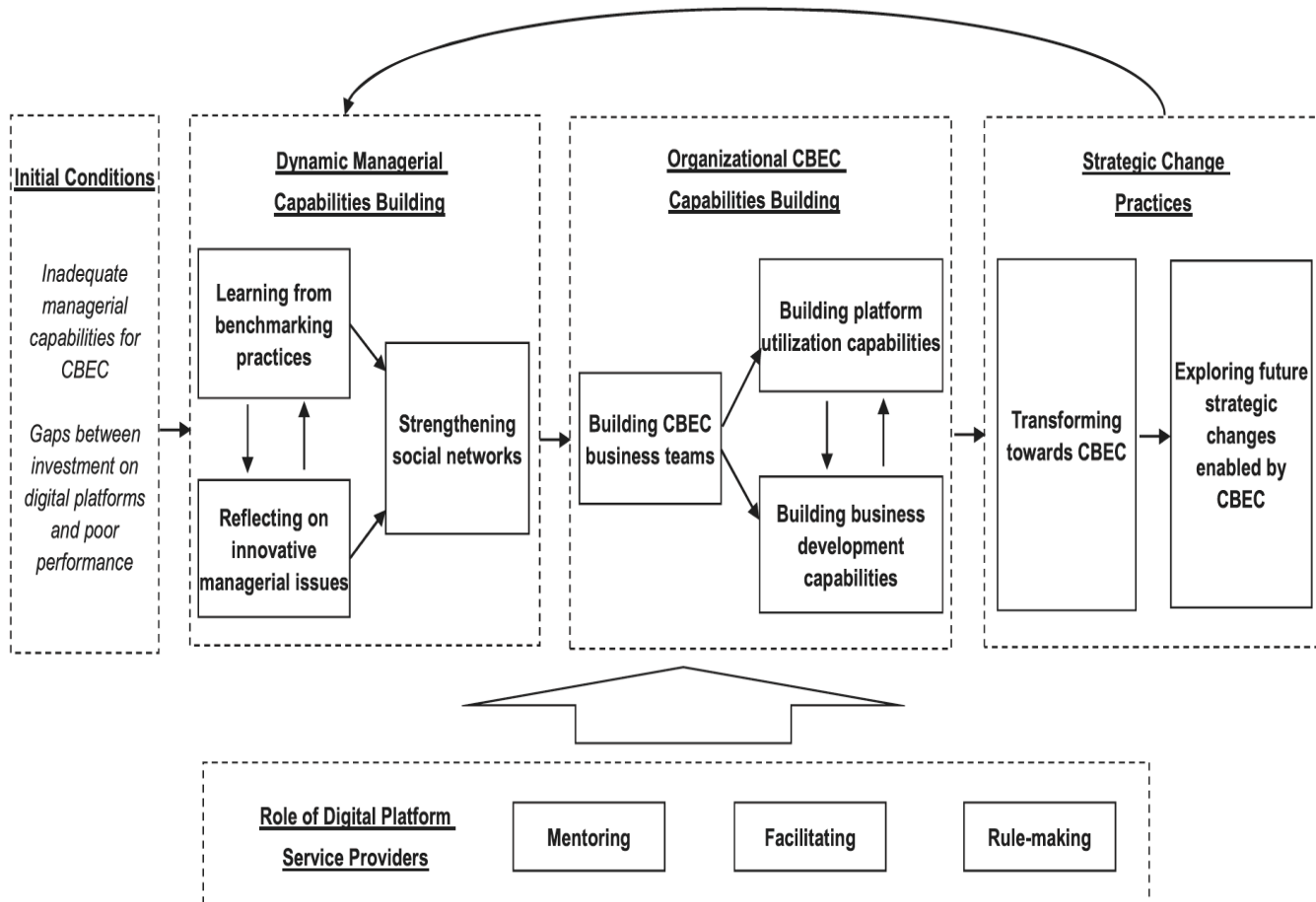


Table 2 Organizational and Managerial capabilities for CBEC (Li et al. 2017)

2.5.2 Vilaseca et al. Integrated Model of the Adoption and Extent of Cross-Border E-Commerce

I included the model within my literature because it explains the attributes a company would need to have an effective cross-border e-commerce. I plan to use it as a base for my framework and my study, where I will research what are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop.

Using a group of 2.038 firms, the model illustrates which elements determine e-commerce

adoption. Cope & Waddell (2001), already identified how firms step towards e-commerce, however, their model is focused on the business grows after adoption and how each step is related to the previous ones in order to improve the process undertaken by these companies. Most of previous research was focused on a specific field like commercial distribution (Doherty, Ellis-Chadwick, & Hart, 1999; O’Keefe, O’Connor, & Hsiang-Jui, 1998) or the banks and finance (Corbitt, 2000). Certain researcher studied specifically B2B e-commerce (Bertschek & Fryges, 2002; Chan & Swatman, 2000; Eid & Trueman, 2004; Eid, Trueman, & Ahmed, 2002), or B2C e-commerce (Corbitt, 2000; Doherty et al., 1999; O’Keefe et al., 1998; Raymond, 2001). Previous studies could also be divided among pre-adoption (e.g. Auger & Gallaughar, 1997), adoption (e.g. Bertschek & Fryges, 2002), and post-adoption (e.g. Chappell & Feindt, 2000). Vilaseca (et. al. 2007) worked on the model to reduce the number of critical factors and narrow down what has to be taken into consideration. The study also explains that e-commerce has specific attributes:

- Interactivity and connectivity, which creates a shared global space for communications and commercial exchanges (Dutta, Kwan, & Segev, 1997).
- Network externalities. The more individual using e-commerce grows, the more increases the set of users (Vilaseca & Torrent, 2004).
- Knowledge goods. Knowledge is now seen as both a resource and a product. E-commerce is effective in trading knowledge, since it is something easy to copy and distribute through the medium, and the variable costs of doing so are so low (Shapiro & Varian, 1999).
- Convenience and low prices. E-commerce comes with the competitive advantages reduced prices because physical establishments are not needed, and operational costs are reduced. Moreover, e-commerce allows to share more information with absolutely no physical or temporal limits (Rodriguez & Ryan, 2000).

The study uses a discriminant analysis (Discriminant Analysis is used to better understand the relationships that may exist among the variables – NCSS) to determine the main factors in e-commerce adaptation. It also says that agility, together with innovative capacity, is mandatory to adapt to global market and effectively use e-

commerce, and that a knowledge-based system has to be preferred to a hierarchical one. Next, it explains that new business opportunities are easier to be taken if strong relationships with customers are maintained. Finally, the level on which IT is supported and accepted within the firm is much more relevant than the extent to which the managers are educated.

Vilaseca (et. al. 2007) used a multiple linear regression (A multiple regression equation has two or more explanatory variables and it evaluates the relative importance of each type of factor considered in the joint explanation of the phenomenon - David A. Freedman, 2009) To understand the relevance of the considered factors. Opposite to their hypothesis, they found that strategic complexity negatively incises on e-commerce development. In fact, past works as well could not identify a positive relation between complex strategies and better e-commerce performances (Chaston & Mangles, 2002; Lee-Kelley et al., 2003; Wang & Cheung, 2004). However, their research confirmed that the more a firm keeps innovating the better they perform in e-commerce, and the more they are used to frequent changes the more they will benefit from these dynamic markets.

To conclude, the study shows what small internal aspects are the most relevant: the firm's strategic orientation, its innovative capacity, and the managers' educational level. Especially, companies with innovative orientation are the best to operate in dynamic and unstable environments.

The study has two main limits: first, each territory differs in terms of what barriers it presents to new technologies (Parente & Prescott, 1994) so it is not possible to have a specific model to adopt e-commerce; second, the influence each culture can have different consequences (Phillips, Calantone, & Lee 1994).

2.5.3 Dynamic Managerial Capabilities Building through Benchmarking

As it will be explained in the theoretical framework, establishing the right presence when entering a foreign market can make the difference between success or failure when approaching the cross-border e-commerce opportunity. This element of presence is supported by facilitating elements, and its successful achievement is put in danger by barriers that make it more difficult. In addition, Managers in the organization need to

acquire specific skills mostly related to the ability of handling innovation and create effective and dynamic strategies. One specific strategy to improve Managers' dynamic managerial capabilities is learning from benchmarking practices. For this reason, in chapter 4.1.3, we are going to analyze three companies that successfully approached e-commerce in China and we will specifically see what are the Main Take-Away from these companies. In fact, even with preparation and support, being a successful e-retailer on WeChat Shop is not an easy task, however, there are several successful brands selling millions of products a day thanks to cross-border e-commerce on WeChat. Three successful cases are Xiaoxiaobao Mama, Xiaoyu Private Kitchen, and You Shu.

Xiaoxiaobao Mama

Xiaoxiaobao Mama creates review articles of baby products, and with its 2,000,000 WeChat Followers makes more than 30,000,000 RMB (4 million EUR) per month.

Its strategy is to sell baby related products (toys, books, food and other consumer goods) using techniques such as group buy and limited time offers. Xiaoxiaobao is a pioneer of WeChat Official Accounts and WeChat stores. In 2014, it was only a content provider for articles, but then the WeChat store was created and they reached an average conversion rate per article of 15. In addition to creating interesting and useful elements proving value for mothers, Xiaoxiaobao Mama also uses two strategies that can be of example for others: Limited number of group buying deals, and the preview of the week.

Limited number of group buying deals

When looking at the WeChat Account, the WeChat store usually presents a note saying, "we are sold out". In fact, costumers need to check at 7:30 am, when the group buying deals of the day are released. In the morning, Xiaoxiaobao sends a communication with 2-6 articles. The first article is usually information for taking care of babies. Two of those articles, on the other hand, will have "group buying" in the title. Limited time and quantity of the deals create urgency. The strategy makes also sense from a statistical point of view, since it goes with the WeChat reading behavior according to which the first half hour after it's been published is the critical time for selling a product.

Preview of the week

Xiaoxiaobao gets customer attention also through a weekly deal preview. It works because upcoming deals are advertised at the end of each article. Making clear what product is coming and why incentivizes readers to check the account the morning after.

Main Take-away

- Group buy and limited time offers.
- Produces content to inform its customers.

Xiaoyu Private Kitchen

The account is specialized on recipes and cooking tips, it has 80,000 followers and revenues (April – August 2016) of 8,000,000 RMB (1 million EUR) thanks to strategies such as pre-order, videos, and limited time group buy. The account size is medium, if not small, however, the conversion rate is high thanks to the passion of its followers. An article with only 20,000 views sold 600 pressure cookers. The high conversion rate is explained by native advertising and promotions.

Native Advertisement

Most of the content is based on very short cooking tutorial videos. These videos teach something to the followers, and make them build trust for the account. This trust-building mechanism explains why followers usually buy right after watching the video.

Promotions

Promotion techniques, for example limited quantity and time offers, are used to excite shoppers.

It is relevant to notice that these strategies are close to the ones used by Xiaoxiaobao Mama and therefore show a trend leading towards the achievement of a high conversion rate.

Main Take-away

- Use short and frequent videos to build customer trust.
- Limited time offers.

You Shu

You Shu is a WeChat Official Account publishing monthly reading list and offering book recommendation with 7,000,000 followers. Its main strategies are WeChat reading groups and collaboration with JD.COM. The account acts as a book club and it is viral thanks to the way it utilizes the WeChat group.

WeChat Group

Various “reading club” can be joined using a QR code created by You Shu and users have to share You Shu content on their WeChat Moment to invite friends to follow You Shu. The Account makes profits selling the books that it recommends and publishers collaborate with You Shu to sell more books.

Main Take-away

- Created a virtual club where its users can interact

2.5.4 Building Blocks in Cross-Border E-Commerce We-Chat with China

WeChat has, on average, around 1 billion active users per month, considering the fact that Chinese population is around 1.5 billion it means that 66% of the Chinese population is an active user on WeChat. Moreover, WeChat represents 35% of the use that people make of their smartphones, it is the preferred system for online payments, and it basically is the main shop for all Chinese Customers that expect to find everything they need on WeChat.

Several factors made the option of cross-border e-commerce the best way for European small and medium enterprises to operate and sell their products in China. In order to briefly mention these elements, I would like to point out that CBEC removes the necessity to have authorized importer in China because it is only necessary to check and respect the list of authorized products to be sold in China through CBEC. Moreover, with CBEC the

small and medium enterprises can control the whole value chain from the beginning to the end, and using WeChat they have the full trust of Chinese customers that are used to buy on the platform and to the rules for refunds. Finally, removing the need for subsidiary, it allows the company to enter into a foreign market with very low costs.

There are 5 building blocks to consider when an official WeChat Account for cross-border e-commerce is set: the WeChat Account, the WeChat Shop, the Payment Option, the Warehouse and logistics, and the Gateway for payment abroad.

The WeChat account is fundamental because is the means through which the company communicates with customers. It can be used to get followers, to do marketing operations sending them advertisement, and to direct them toward the actual e-shop. Setting an Official Account and not a normal one is the way how companies identify and register themselves showing to the client that can be trusted.

The WeChat Shop is the virtual place that acts as a shop. It is created within WeChat to make it easier for the customer to look for products and information without leaving WeChat. Moreover, staying on WeChat allows the company to use the one-click technology which uses all the data integrated within the WeChat database to allow the client to buy and receive the products just with one single click.

When it comes to the Payment option, it is important to consider that not every Chinese customer has a credit card, and even if they have it they are not used to use it and they don't like to use it. This means that it is necessary to use different kinds of payments and in China the most used payments methods are WeChat Pay, AliPay, and Union Pay debit cards.

Once after the customer has paid the logistic operator in the Free Trade Zone send the product. If the company needs support for this phase, there are plenty of warehouses and operators in the Free Trade Zone that are used to receive and delivery of products. Usually, the WeChat shop operations manager is allowed to modify the fees at any time to adapt to strategies and opportunities, for instance he would be able to reduce shipping costs for a specific item to push customers towards it. When companies are small and medium enterprises it happens that the support logistic operator decides and manages store's stock, sales, inventory and distribution and that they create value by proposing

distribution strategies. Moreover, since the Chinese law orders to WeChat Shops to always respond fast to customer complaints, logistic operators also support the company by taking care of returns while the company itself takes care of refunds that could even be offered as coupons and discounts. In the era of social networks, comments and reviews are more and more relevant, and especially on WeChat. However, what really matters for Chinese customers is the service, meaning that the company has to act fast, and the product that has to be as described online. This is particularly relevant because Chinese costumers always check the comment section before acquiring a product. It is not uncommon for them to be highly critical when unsatisfied and for this reason customer service on WeChat is particularly relevant.

It is necessary to consider these Chinese payment methods because most of the retailers do not accept them. The solution for this issue is to use a “gateway”, that is an intermediary which collects the money paid in RMB through WeChat Pay or AliPay and exchange this money into a currency that can be easily transferred to the small and medium enterprises in Finland. This method was created to keep using the popular payment methods so that products could be easily acquired by Chinese customers and then solve the issue using these gateways.



Table 3 Building Blocks Cross-Border E-Commerce with WeChat Store

2.6 SMEs in electronic marketplace

Electronic Marketplaces (EMs) offer increased market efficiency, reduced transaction cost and new revenues (Wang et al, 2008). Garicano and Kaplan (2001) analyzed an e-market selling used cars and found prices lowered by 5% and tangible transaction cost by 80%. In China, e-commerce is constantly growing. Alibaba, is the biggest electronic-market for companies in the world, with 24 millions of corporate users and it is investing in Taobao, which is the first for B2C with 30 million users and is growing at an annual rate of 110% (Wang et al, 2008). Alibaba wants to connect the two e-markets and have companies selling products in Taobao that source for their products on Alibaba through Taobao.

Small and medium sized companies (SMEs) need different strategies, because they have a different situation from larger companies. SMEs can take great advantages from e-commerce within the context of fragmented (Saban and Rau 2005), but they would lose profits in more concentrated industries due to immediate seller comparison by buyers in EMs and high technology investment requirements from large trading partners (Stockdale and Standing 2004). Several researchers have analyzed issues SME have to face, such as what determines the success or failure of e-commerce for SMEs supported by the government (Gengatharen and Standing 2005; Gengatharen et al. 2005; Fisher and Craig 2005), how SMEs can move in e-markets (Saban and Rau 2005) and the relevance that the role of an intermediary can have if it supports a group of small and medium enterprises (Sherer and Adams 2001).

2.6.1 E-commerce development in SMEs: A stage model and its implications

This model is proposed by S. Subba Rao and Glenn Metts (2003), and the study defines a stage model for SMEs growth which explains factors that make e-commerce development easier or more difficult. They use official stats to classify companies, and they also consider some case studies from past literature to make their research stronger.

This model covers an advanced side of e-commerce. It analyzes how e-commerce

can be developed and what aspects have to be considered when doing so. Even if my study is limited to the preparatory and initial stage of e-commerce, I believe that studying the factors that can determine e-commerce failure or success is mandatory even at an early stage.

Past studies from O'Connor and O'Keefe (1997) and Timmers (1999) describe certain business models of electronic commerce. While O'Connor and O'Keefe (1997) model is based on information and transaction, Timmers (1999) bases its own model on functional integration and innovation. These studies usefully describe how a company can use e-commerce in business, but they do not support companies in choosing and preparing their approach toward e-commerce. Subba and Metts decided to work on a model that could describe all the consequential evolutionary steps for e-commerce in a way that they could have supported small and medium enterprises in their e-commerce development at each stage, for this purpose a stage model was obviously their choice. Their proposal is to articulate the e-commerce implementation in four steps (Figure 2), with increasing costs, commitments, and complexity.

- Presence
- Portals
- Transactions integration
- Enterprises integration

Stages of E-Commerce Development and their characteristics

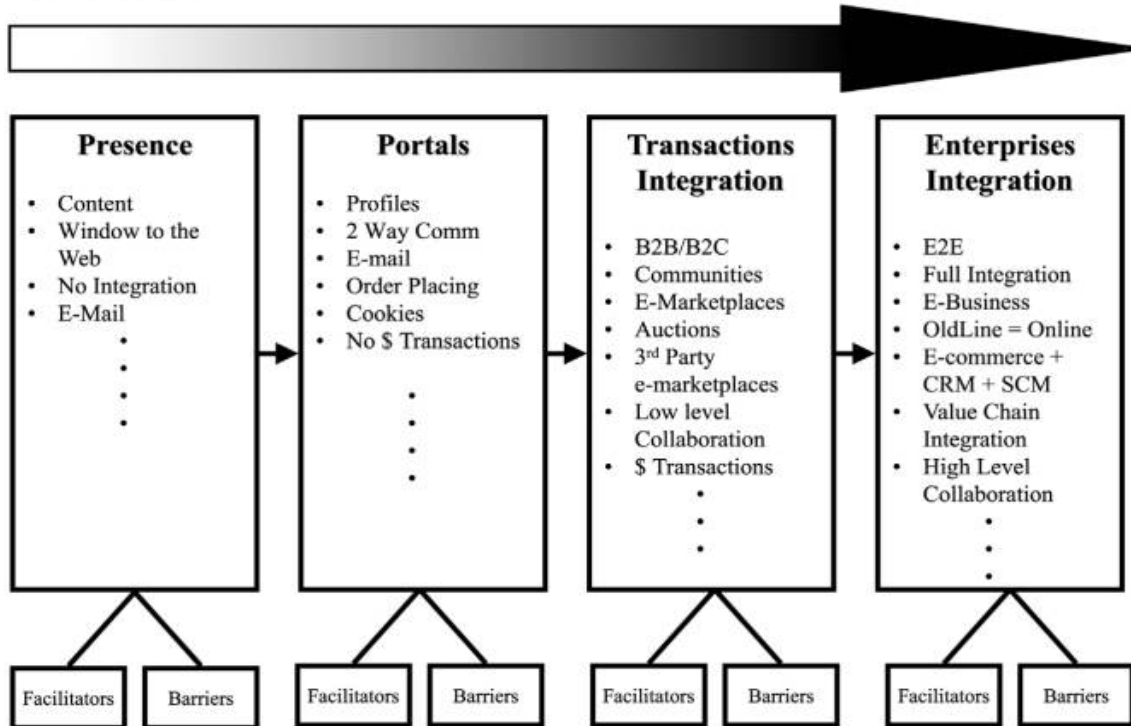


Table 4 Stage of E-Commerce development (S. Subba Rao, Glenn Metts, Carlo A. Mora Monge, 2003)

Relevant characteristic of the model is that, although it appears sequential, a company can actually access every stage if it has already settled the precedents. Certain factors may make it easier to complete a stage, and Subba and Metts (2003) define those as facilitators while the ones that make it harder are defined as barriers. Hoffman et al. (1998) wrote that when innovation plays a relevant role, internal factors are likely to have more weight towards failure or success. Everett and Watson (1998), described these factors as endogenous (internal to the firm and presumably within its control) and exogenous (external to the firm and beyond its control).

Various implication can be drawn from this model from Subba and Metts (2003). First and foremost, it is useful for companies to see and analyze how they are positioned under these stages in comparison with their competitors, and thus decide if it would be effective for them to move toward e-commerce. The two authors describe two steps to

follow in this matter: looking at the barriers, and looking at the facilitators.

Barriers are usually something that can't be controlled or influenced by SMEs, being usually due to policies or law. They suggest companies not to proceed if barriers are out of control and could bring harm to the strategic planning. Facilitators, on the other hand, are usually within the company's sphere of influence. On this regard, it is recommended to understand what relevant factors are missing and therefore planning time and costs required to acquire those factors.

Subba and Metts (2003) study presents certain limitations. A first limitation is that they considered companies divided into class and they considered a firm part of a specific one if it had a specific feature. However, if a company was doing an online transaction it was then included transaction integration stage even if it didn't have any B2B online activities. A second limitation is that the stage model is not prescriptive but descriptive. A third limitation is related to the fact that the results are generalized since they took into consideration eight industry sectors and 17 countries.

2.7 Integrating TAM and TOE models for SMEs Cross-Border E-Commerce effectiveness

TAM is the technology acceptance model and TOE is the technology-organization-environment. I believe including these two models into my literature was mandatory because they specifically analyze and explains what elements and actions can facilitate cross-border e-commerce adoption and use.

E-commerce is considered to support business growth in developing countries because of reduced transaction costs, and easier networking (Hempel and Kwong, 2001; Molla and Licker, 2005a). Also, it is considered to bring several other benefits such as lower communication costs, just-in-time inventory, and quicker response (Chwelos et al., 2001). Previous literature and research has found proofs that e-commerce increases sales, market expansion, internal connectivity, and efficiency in transactions (Melville et al., 2004; Zhu and Kraemer, 2002; Zhu, 2004).

SME's represent firms for a percentage between 96 and 99 per cent in the Economic Co-operation and Development (OECD) nations (Scupola, 2009), and creates

growth for around 80%. SMEs' growth is boosted by shared knowledge and information, innovations, and strategic deployment of knowledge capital (Federici, 2009; Eikebrokk and Olsen, 2007). Researches illustrates that the number of SMEs adopting e-commerce is constantly increasing (Metaxiotis, 2009). The study from Awa, Ojiabo, and Emecheta (2014) uses the technology acceptance model (TAM) and the technology-organization-environment (TOE), which influences the process of e-commerce for SMEs, to understand how SMEs should adopt IT.

Scupola (2009), illustrates how just 30% of ME and 15% of SE employ ICT experts, and this is often due to the little amount of resources owned by SMEs that can't commit toward ICT. Awa (et al. 2014) works to explain how SMEs relate to ICT adoption, and does it using the technology acceptance model and the technology-organization-environment model.

Coming to the TAM, it is the original and first IT adoption theory (Benbasat and Barki, 2007; Awa et al., 2011). It explains how and in which way external variables influences decisions, basing its consideration on economic, utilitarian and attitudinal factors. TAM considers perceived usefulness (PU) and perceived ease of use (PEOU) as the basic motivation toward ICT adoption. TAM was empirically validated (Gounaris and Koritos, 2008), however, it narrows the results in relation to PU and PEOU. Therefore, more factors or an integration with another model is considered relevant (Awa et al. 2014) to increase TAM's utility.

Tornatzky and Fleischer (1990) developed the TOE framework that considers several general aspects to foresee if e-commerce will likely be adopted or not. Technological development (Kauffman and Walden, 2001); organizational conditions, business and organizational reconfiguration (Chatterjee et al., 2002); and industry environment (Kowtha and Choon, 2001) are all factors considered influencing e-commerce adoption (Tornatzky and Fleischer, 1990). Form the technological point of view, e-commerce adoption depends from technological availabilities sharpness of the learning curve. The organizational aspect considers elements like internal culture and the quality of human resource (Jeyaraj et al., 2006; Sabherwal et al., 2006; Tornatzky and Fleischer, 1990).

Environmental factors are competitive pressure, partners' readiness, and government support (Jeyaraj et al., 2006; Zhu et al., 2003; Al-Qirim, 2006; Scupola, 2009). Integrating a model like TOE with another such as the TAM gives more prospective and greater understanding of adoption behavior.

Awa (et al. 2014) mixed TAM and OE adding other aspects (Figure 3) such as: individual difference factors (IDFs), facilitating conditions (FCs), organization mission (OM), perceived trust (PT) and perceived service quality (PSQ). Their main goal was to create something that could include both human and non-human factors.

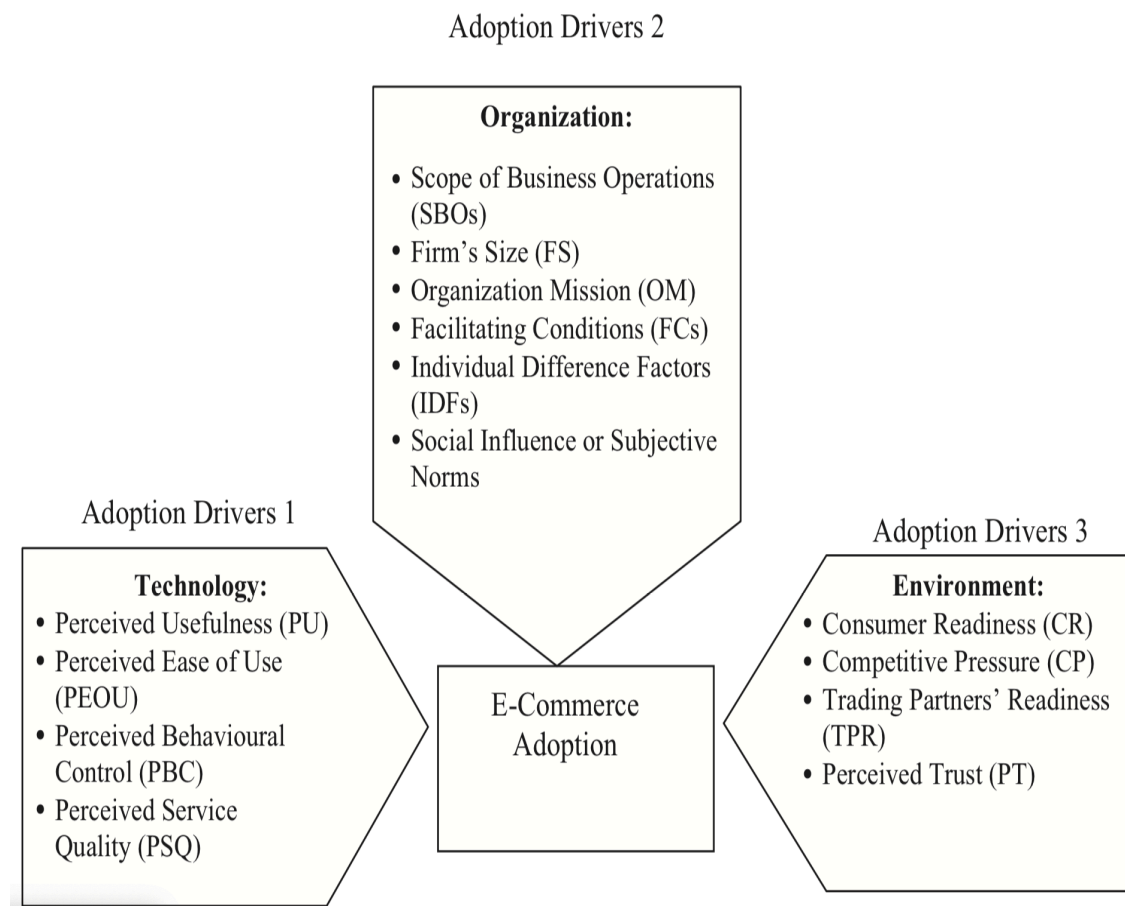


Table 5 Drivers for E-Commerce adoption (H. O. Awa, O. U. Ojiabo, B. C. Emecheta, 2015)

2.8 Summary of Cross-Border E-Commerce framework and models

Many researchers and academics have worked with e-commerce over the last years developing frameworks and model to better understand it in all its aspects. Scholars through the years have worked to develop the researches collected in Figure 4. They analyzed how firms can embrace digitalization, start their e-commerce operations and eventually how firms work within the e-market place. Also, I looked specifically at how SMEs can work with e-commerce, how they organize themselves and how they accept it.

Author and Topic	Idea Summary
Li et al. (2017) Digital Transformation Model	They produced a model for SMEs with few resources to undertake digital transformation using third parties and exploit cross-border e-commerce.
Vilasesca et al. (2007) Integrated Model of E-commerce adoption	Their model is built to explain what attributes facilitate e-commerce adoption.
Rao et al. (2003) Stage model for e-commerce development	They created a stage model with 4 stages of e-commerce development and explains what elements support or create barriers for each stage.
Awa et al. (2014) TAM and TOE integration	The authors explain how the technology acceptance model (TAM) and technology-organization-environment (TOE) can be implemented to support e-commerce adoption.

Table 6 Main frameworks and models

2.9 Networking entry modes as an Internationalization strategy for SMEs

I decided to focus on these internationalization strategies because when small and medium enterprises decide to start their e-commerce then they also need to plan how to enter into the new market and what to take into account. The following study focuses on networking strategies, and the network is one of the biggest asset provided by WeChat. For this reason, I decided to analyze the following strategies to use networking and to include them within my study.

Researchers have extensively studied international business (IB) through the years, even if focusing more on MNEs than on SMEs. Strategies related to how firms could enter a new market in a different country have been one of the main focus related to IB studies. A commonly accepted definition of internationalization within the IB literature is that it is ‘the process of increasing involvement in international operations’ (Welch and Luostarinen, 1988). One of their main concepts is that internationalization is a transformation that goes both inward and outward, not only outward.

Johanson and Vahlne (2003) studied specifically how relationships and networking are the key towards an effective internationalization for companies. According to them, the challenges behind entering a market in a new country are mostly related to how good relationships it is possible to obtain with operators in the new market and, obviously, with customers. Forsgren and Johanson in 1975, and Johanson and Vahlne in 1997, developed the Uppsala Internationalization Model. It was a model identifying four steps to enter a new market (Figure 6): Sporadic export, Export via independent representative, Establishment of a foreign sales subsidiary, Foreign production/manufacturing.

Market (country) \ Mode of operation	FDI (foreign direct investment)			
	No regular export (sporadic export)	Independent representatives (export modes)	Foreign sales subsidiary	Foreign production and sales subsidiary
Market A				
Market B				
Market C				
Market D				
Market N				

The diagram illustrates the progression of internationalization. A horizontal arrow labeled 'Increasing market commitment' points from the 'No regular export' column to the 'Foreign production and sales subsidiary' column. A vertical arrow labeled 'Increasing geographic diversification' points from 'Market A' down to 'Market N'. A diagonal arrow labeled 'Increasing internationalization' points from the top-left cell (Market A, No regular export) towards the bottom-right cell (Market N, Foreign production and sales subsidiary).

Table 7 Entry modes to foreign country (Johanson and Vahlne, 1997)

Following their thoughts on the relevance of networking and relationships, Johanson and Vahlne (2009) modified the old Uppsala mode (1977). First and most relevant difference is that they identify not having business networks as the main obstacle towards a successful entry in another market. They still consider market knowledge very important, however, they place relationships as the first factor to consider.

We have other authors focusing on the relevance of networking. Harris and Wheeler (2005) give five roles that relationships can assume in supporting firms:

- finding partners and opportunities providing market knowledge
- create connections with partners companies would not have found otherwise
- give networks access while conceding credibility to the firm
- allows collaboration with firms experienced in international business

- could present opportunities for international development

It is possible to see entry modes with a focus on the networking aspect. As highlighted from past researchers (Hilmersson and Jansson 2012; Jansson and Sandberg 2008; Sandberg 2013), analyzing the entry node is the key to see how internationalization and networking merge together. The entry node can be direct, dyadic, or triadic. It is direct if the firms directly interact with customers in the new market, it is said dyadic if the company has a subsidiary directly selling, and the entry node is defined as triadic if use a third part in the commerce as intermediary.

Mette Vedel and Per Servais (2017) see the triadic modality under the double light of structural entities and intermediators. Their idea is that using that double prospective several entry modes strategies can be identified:

- 1, Beginning with a triadic mode, and use it to find a partner to form a dyadic relationship. This strategy would use the same principle of the classical intermediaries in IB.
2. Long-term triadic strategy where the intermediary keeps his role.
3. A combined triadic entry strategy, where some transactions between the two main actors are direct and others are through the intermediary according to what is more profitable. The strategy is strongly related with the labor division proposed by Havila et al. (2004).
4. A strategy integrating one or several triadic and dyadic nodes. The resulting strategy could be considered as a multi-channel approach.

2.10 Joint ventures as an Internationalization strategy for SMEs

The joint venture practice is not directly related to the cross-border e-commerce research I am conducting. Nevertheless, it is the most internationalization strategy and I decided to include its main traits in my literature review for this reason. Even if the WeChat shop cannot be considered as a classic joint venture, they share some elements such as the fact that SME and WeChat are working together. In addition, the study I selected analyze the Chinese market providing relevant insights and therefore I decided to put it within my

literature review.

Global markets and firm internationalization has constantly growth in the last decades, and even if it originally was exclusive to MNE it is now becoming a relevant trend for SMEs as well. For smaller firms, exporting was the first choice through the years (Cavusgil, 1980; OECD, 1981; Mulhearn, 1994; Vatne, 1995) with limited Foreign Direct Investment (FDI) (Buckley, 1983; Dunning, 1993; Acs and Preston, 1997). Through the years FDI constantly grew, but mainly due to MNEs activities (Buckley, 1997; Eden et al., 1997). However, SME can as well have their FDI's even if they could fail easier (Buckley et al., 1988). Their limitation is mainly related to financial and managerial assets; however, these difficulties could be overcome using Joint Venture (JV) as an instrument to use resources of the other organization that the first may be lacking (Hennart and Reddy, 1997) and to acquire local knowledge (Gomes-Casseres, 1989) in new markets.

In their study, Kirby and Kaiser (2003) explain how and in which ways joint ventures can support SMEs in their internationalization. They have two main focuses:

- using the frameworks of Beamish and Wang (1989) and Beamish (1993) to understand what elements SMEs that create JV have;
- determine the experiences of SMEs that have entered into joint ventures, following a framework developed from the works of Harrigan (1984), Datta (1988) and Fan (1996).

The study takes into account what process European SMEs undertook and how they created Joint Ventures in the Chinese environment, it also considers the outcomes even if most firms that used joint ventures were bigger firms with more resources (Wu, 1993).

Among the SMEs they analyzed it seems that the larger preferred the undeveloped west area of mainland China, while the smaller went for the east coast which is more developed and therefore presents lower risks. For most firms, the main drivers for choosing a specific location were the presence of trained workers, better if cheap, and of high quality info structures. Reducing costs and insight and opportunities within the market were, however, the main reason why these European SMEs decided to form a JV and go to China. A usual concern, when forming Joint Ventures, is how to divide the

ownership among partners and from their study Kirby and Kaiser (2003) inferred that usually small SMEs have an average ownership of 43%, while larger SMEs usually have at least 51%.

For a long time, many authors kept the point that wholly owned subsidiaries were a superior form of company than joint ventures (Kindleberger, 1979; Caves, 1982; Killing, 1983; Rugman, 1983; Harrigan, 1985) because they valorized specific advantages of the firm and avoided issues related to how each other contribution would be considered. However, Kirby and Kaiser (2003) study explains how Joint Ventures can offer several advantages to SMEs with little resources and market knowledge. It is especially true for the Chinese market where gaining access to particular resources may be fundamental, where the local institutions want to limit foreign owned companies, and where personal connections (*guanxi*) are useful to enter the market (Gomes-Casseres, 1989).

As Lane and Beamish (1990) reported, finding the right partner can be a real challenge for many SMEs without many relationships or resources. SMEs have limited resources, and to avoid wasting them partner selection as to be carefully considered throughout the whole process (Kirby and Kaiser, 2000). Kirby and Kaiser (2003) conclude their research stating that once the difficulty in finding partners will be overcome then joint ventures will probably considerably increase their relevance in international markets.

2.11 SMEs entering China with e-commerce and WeChat

Following, I analyzed the case of two small and medium enterprises that already successfully started their cross-border e-commerce: Emerald Green Baby (Ireland) and Nihao Hygge (Denmark). I decided to include them within my literature review because I believe it is relevant to understand how this process can be, and it was, successfully undertaken by other European small and medium enterprises. These cases are useful to understand strategies, facilitators, and difficulties that can be met while companies undertake these situations.

2.11.1 Emerald Green Baby (Ireland)

A large amount of small and medium enterprises throughout the whole world have started selling their products or services online. China is the most targeted market due to reasons such as a customer base which is increasing in wealth, a lowering of regulation barriers, and a large number of platform such as WeChat Shops and Kaola that can be of great support for SMEs. In this paragraph, we look at two small firms that successfully started their e-commerce with China: Emerald Green Baby from Ireland, and Nihao Hygge from Denmark.

Emerald Green Baby is e-selling mother, baby, health and beauty in China through the cross-border e-commerce site NetEase Kaola (Clifford, 2018). During an event at Shanghai attended by Zhang Lei, chief executive of NetEase Kaola, and Minister for Foreign Affairs Simon Coveney, the Emerald Green co-founder Brian Goff announced the launch of their products through the platform known as Koala. NetEase Kaola was created in 2015 to offer foreign products on the Chinese market, and with 25.8 per cent of the market in 2017 is the biggest player in cross border e-commerce (Clifford, 2018).

“China is the most exciting marketplace you can enter, very difficult but very rewarding. We envisage Emerald Green Baby as being a one-stop shop for Irish products in Irish mother and baby/health and beauty products in China.”

Brian Goff

He confirms how China is a country rich in opportunities and challenges, and explains how logistic challenges were a harsh reality during their first e-commerce phase. They started in 2015 using Taobao as platform, but they were having plenty of logistical challenges so they decided to open an official account on WeChat to advertise their products and they also based within the Shanghai Free trade zone all their logistical operations.

“We looked for Irish companies that had the capacity and the ambition, that were China-ready, and we represent eight of those. We looked at various platforms. We looked at Taobao, which was essentially C-to-C and we realized we’d need to set up a warehouse in the free-trade zone.”

Brian Goff

Before starting their e-commerce activities Emerald Green considered five major factors: target market, e-commerce platform, shipping, local laws, and payment methods.

For them, China was the perfect target due to the huge market and the growth in wealth. Also, there was an increasing demand for products such as quality baby milk that Ireland produces. As Felim Mrade, director at Emerald Green, explains they observed that more and more Chinese people were going out of border to stock up on baby milk and food. Choosing the right platform and learning how to effectively use it represented a tough challenge for them. After considering several options they decided to proceed with Magento because it was highly customizable, and they had an intensive course to learn how to use it. They used three months to set up the shop, and shipping was a relevant matter. They used a software to transform the order received into shipping requests. It was convenient because it considerably sped up the process and they managed to deliver their products within 48h; the delivery speed is something Chinese customers highly regard. Emerald Green had to comply with strict rules, like the number of products that could be acquired by each customer per month.

To increase the PCN (potential customers number), Emerald Green choose to accept payments through Aliplay that is the most common payment solution in China with 450 million users and 80 million transactions per day. They also set up on Taobao, operated by e-commerce giant Alibaba, in order to sell their products directly to Chinese consumers.

Once set up their strategy, they started to advertise their company opening profiles on the main Chinese social media sites which are Baidu, WeChat, YouKu and Weibo. WeChat is part of everyday life for most Chinese: they use it for emails, communication, online shopping. They strategy is to sell both B2B and B2C, advertising their brand increasing awareness that Irish products are of extremely high quality.

“China is where it is at for online retail, it is well ahead of the rest of the world for e-commerce in general and they are leading a seismic shift away from physical stores. Chinese shoppers spent ¥1.3 trillion last year alone online – even a minimal percentage of that market is a massive opportunity for our business today, not to mention the growth projections for China in the future.”

Felim Meade

He also explains how Global Payments is fundamental to operate safely and have protection against frauds.

“Dealing with China, we needed to be 100% confident that we weren’t leaving ourselves open to scams or fraudulent transactions. Being based in Ireland we couldn’t afford to lose shipments or resend them if they went missing. With the security parameters Global Payments offers – fraud checks are done automatically and we know when to question an order and when to reject it. In two years of selling to China, we’ve never once had a chargeback...and I think that’s saying something.”

Felim Meade

2.11.2 Nihao Hygge (Denmark)

Nihao is Chinese for “hello” and the company mission is to turn Chinese awareness into engaged customers building trust. As it is possible to read on their website, they explore and capture inspiring stories across the world and share them with their community of readers online and offline. By being present and interacting across their media brands, they build awareness in the Chinese travel and lifestyle consumer market. Their business model is created to interact with China in a dual way, first through medias in order to create a community and then using e-commerce to sell their products and services using cross-border shipment.

Their media section is called Nihao CPH and uses channels such as Weibo and WeChat where they share Danish culture, lifestyles, and design posting daily contents and partnering with influencer. Nihao Hygge is the platform for e-commerce that they implemented. The e-commerce platform is integrated with the social media to have everything in one place. Their main features are:

- Chinese customer services
- Pre-and-after sales assistance
- Payment through WeChat or UnionPay
- Integrated CRM
- Cross-border shipping

Their business model is to inspire Chinese customers through their media activities and they use giveaway campaigns together with livestreams and offline campaigns to strengthen their relationship with customers. They have shown great tenacity and patience giving recommendation and posting good stories on their media channels to transmit a feeling of authenticity and build a relationship with Chinese customers based on trust.

2.12 Integrated Framework

Taking into account the models revised in the literature review, I propose an integrated version of the four models: Li, Vilasesca (et al., 2007) integrated model of e-commerce adoption and of Rao (et al., 2003) stage model for e-commerce development as theoretical framework for my thesis. My main research question is “What are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option?”. To address this main question, I divided it into two sub questions which are “What elements support SMEs e-commerce adoption and opening of their WeChat shop in China” and “What are the main challenges and stages SMEs faces when they start their e-commerce with China”.

I believe these two frameworks address my research question from different perspectives. The model proposed by Vilasesca contributes providing insights related to the environmental elements that support and facilitate e-commerce adoption, while the model proposed by Subba and Metts focuses on specific steps and stages that companies need to go through and they also explain how to make these stages easier to complete. In Figure 6 I illustrate the new model which I created to integrate the ones from Vilasesca and Subba.

2.12.1 Elements determining E-commerce adoption

The Vilasesca (et al., 2007) integrated model focuses on the first research question “What are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option?” providing insights on which companies should be focused on when starting their internationalization process. As I illustrated in the review, it explains that e-commerce presents certain attributes which are: Interactivity and connectivity that creates a shared global space, network externalities, knowledge as a product/service, and convenience and low prices. It explains that small internal factors such as strategic orientation, innovative capacity, and managers’ educational level are extremely relevant when it comes to operate in a dynamic environment as e-commerce markets that require a high degree of flexibility and adaptability.

2.12.2 Stages for E-commerce development

The stage model proposed by Rao (et al.,2003) presents crucial factors and stages when implementing e-commerce and therefore it is fit to answers to the second research question “What are the main challenges and stages SMEs faces when they start their e-commerce with China?”. The model presents four consecutive stages, each one characterized by increased challenges and expenses.

The first is presence, and it can be undertaken advertising the company on media or website and it is characterized by contents, windows to web, no integration, and possibly e-mails. The second stage is Portals, where a two-way communication with suppliers and customers is set and it is a stage characterized by absence of transactions. The third stage is defined Transaction Integration, and this is the stage where financial transactions with other players are implemented: it requires increased technical capabilities and IT info-structures to implement B2B and/or B2C activities. The fourth one is the Enterprises integration stage, and it is hard to complete because it requires that there is no distinction between offline and online business. In addition, B2B and B2C activities have to be perfectly integrated, and software such as Customer Relationships

Management (CRM) and Supply Chain Management (SCM) must be fully functional and used by the company. This fourth level is thus characterized by a high level of collaboration and integration.

Subba and Metts (2003) proposal is that the model can also be implemented by companies that are already doing e-commerce. This is because, even if it appears sequential, the model is created in a way that companies can actually access it starting from whatever stage if they have the right prerequisites. It is therefore characterized by a high degree of flexibility and adaptability, fundamental characteristics in the e-business field. Subba and Metts (2003) also provide a detailed description of what factors support or damage the company for each stage. They define as “facilitators” the supportive elements as “barriers” the elements that create difficulties.

To provide an example, in the first stage called “Presence” two facilitators are commitment and price flexibility, while two barriers are limited know-how and the need of financial investments. The model, however, is limited because it is descriptive and not prescriptive, and in addition it presents several generalizations taking into account eight industry sectors in 17 countries.

2.12.3 Integrated Framework, environmental and strategical elements supporting E-Commerce

The integrated framework is based on the four stages by Rao (et al.,2003) with their facilitators and integrators, and on the elements supporting E-commerce adoption illustrated by Vilasesca (et al. 2007).

The elements supporting e-commerce adoption that I take into consideration are Strategic Orientation, Innovative Capacity, and Managers’ Educational Level. These environmental elements support the concept of e-commerce itself because they make it easier for companies to accept it and exploit it. In this new framework, they act as base for the four stages that are developed and implemented.

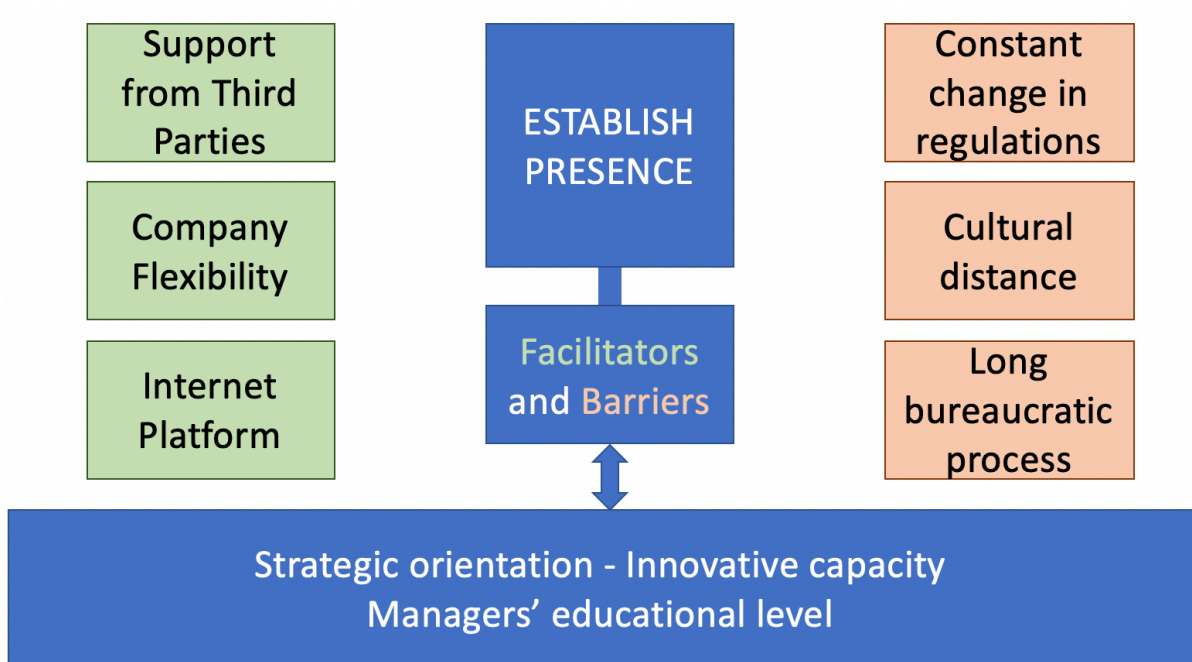


Table 8 New Framework: Establish presence in a foreign country

3 Methodology Chapter

3.1 How Cross-Border E-Commerce has to be approached and what elements facilitate its adoption

The beginning of the methodology chapter explains the subject of my research and why I decided to research it. Then I will explain my philosophical assumptions, my methodological approach, and the context I researched. After that, Finally, I will evaluate my research considering limitations and ethical concerns.

3.2 Focus on the topic

The aim of the thesis is to describe, analyze, and explain how SMEs should prepare and approach the internationalization process to start their cross-border e-commerce activities with China using WeChat Shop. The whole process is considered from the perspective of small and medium enterprises with limited resources that count on third-parties to access the new market.

Every year, the number of companies trying to enter the Chinese market increases, and it will keep increasing in the next years. This is mainly due to the fact that the world's biggest middle class is experimenting an income growth and that the digital “little emperors” (generations of the 1990s and 2000s) are growing up (World Economic Forum, 2018). In this context, WeChat Shop is becoming the first player for e-commerce in China: it has more than 800 million users and WeChat e-commerce sales had a growth of 22.2% from 2016 to 2017, and they keep growing (WeChat Economic and Social Impact Report 2017, 2018).

E-commerce in China is rapidly increasing in relevance, and platform such as WeChat make it accessible for SMEs with limited resources as well. I believe that Europe, where over 90% of business are SMEs (Eurostat, 2018), has countless small and medium business with limited resources that would be willing to take advantage of this huge opportunity. In my thesis, I will be analyzing how they can get ready to approach this opportunity by answering my research question “What are the facilitators and barriers for

small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option?”.

Cross border e-commerce is a relatively recent topic, but the WeChat e-commerce is an even younger concept. However, since the mid 90s, researchers like Ghobadian and Gallear (1996) and Palvia (1997) have been observing the forces that have led to e-commerce such as globalization, transnational partnerships, and global supply chains. More recently, Li (et al. 2017) researched how a group of small and medium enterprises with inadequate capabilities and limited resources can successfully approach their digital transformation and start their own e-commerce. According to Li, SMEs managers need to work on their managerial and organizational capabilities to have a successful digital transformation, and they can also relate on third-parties. Vilaseca (et. al. 2007) used a multiple linear regression on 2.038 firms to find that the two most relevant factors for a company to successfully approach e-commerce are constant innovation and flexibility. Wang (et al. 2008) researched the advantages electronic marketplaces bring, and S. Rao with by G. Metts (2003) explained factors that make e-commerce development easier or more difficult for SMEs.

The studies and researches I quoted definitely offer several relevant information which are fundamental to better understand why e-commerce is positive for business, and what elements needs to be considered and improved before approaching it. However, they do not provide a clear strategy to follow for European SMEs willing to start their cross-border e-commerce with China. Moreover, in order for companies to achieve the best they need updated information. Thus, my thesis contributes to the internationalization literature, with a focus on e-commerce, SMEs, and China. It provides a new perspective over the WeChat Shop topic, with updated information and strategies.

3.3 Philosophical Assumption

I believe starting from my philosophical approach is important because, as Miles and Huberman (1994) considered, the research strategy is strongly influenced by what the author believes, what he knows, and how he considers events and facts. The ontological, epistemological, and methodological point of view explained by Guba and Lincoln

(1994) allow to understand how those three aspects can be considered from my perspective. From an ontological point of view, Guba and Lincoln (1994, p.108) ask “What is the form and nature of reality and, therefore, what is there that can be known about it?”, and for me “Reality” is something that develops and changes within an individual through the external feedbacks he/she receives. From an epistemological point of view, I believe knowledge is something that comes from personal experiences. Following my reasoning, I found the answer to the methodological question “How can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?” Guba and Lincoln (1994, p.108).

In this paper, I study SMEs internationalization and cross-border e-commerce gaining personal experience working with them and supporting their strategies while collecting information, data, and insights. Burrell and Morgan (1979) describe four different research paradigms, and I believe that my research is built in a way that make it more fitting for the interpretative paradigm. In fact, it is “informed by a concern to understand the world as it is, to understand the fundamental nature of the social world at the level of subjective experience” (Burrell and Morgan, 1979, p. 28).

The interpretive approach is not only considering data, but also how they are displayed and obtained (Eriksson and Kovalainen, 2008), and it also focuses on how both individuals and organizations interact and explain themselves (Prasad and Prasad, 2002).

3.4 Methodology

Philosophical assumptions, especially ontological and epistemological, play a big role in choosing a certain methodology. As I previously wrote, my research focus is on subjective experience and it follows an interpretative paradigm. Denzin’s and Lincoln’s (2005) define qualitative research as follows: “Qualitative research involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them” (Denzin and Lincoln, 2005, p. 4). Henceforth, being my research based on personal experience I believe that a qualitative

approach is the most appropriate. It is also effective because I worked first hand with the case companies.

My research question is “What are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option?”. Moreover, case study is a perfect fit for an interpretative approach because they allow you to collect many information related to personal thought of people working for the case company and to the specific environment you are going to study (Lincoln and Guba, 1985). Moreover, Piekkari, Welch and Paavilainen (2009, p. 569) wrote that case study is “a research strategy that examines, through the use of a variety of data sources, a phenomenon in its naturalistic context, with the purpose of ‘confronting’ theory with the empirical world”. I lead my research considering theories and then confronting them with the results of real-life application which I implement myself working with the case companies. Yin (2003) also explains that when the researcher has a direct contact with the object of the research than it defines a case study. This is because the researcher became more involved than when analyzing data. Usually case studies have a rather big pool of data to use, however, the topic I am researching is rather new and innovative. Since there is this limited amount of past research over WeChat Shop as instrument for cross-border e-commerce I plan to use empirical evidences gained through my first-hand work and involvement with case companies.

According to past research, Harré (1979) divides case studies between intensive, that “aim at understanding a unique case from the inside by providing a thick, holistic and contextualized description”, and extensive, which “aim at elaboration, testing or generation of generalizable theoretical constructs by comparing (replicating) a number of cases”. As pointed out by Stoecker (1991), the intensive research design is focused in discovering as much as possible on a limited amount of cases while the extensive design is mostly used when dealing with a relatively big data pool. For my research, I use the intensive approach which is also defined as classic. As explained by Eriksson and Kovalainen (2008), is adequate to analyze subjective cases where the researcher has the opportunity to interpret and understand the collected data thanks to personal knowledge and to direct access to the source and context of the data. Henceforth, it is considered as the best approach for a researcher like me that is trying to understand and study a

phenomenal observing it from both the outside and the inside of case companies. This process where a short amount of cases is deeply described and analyzed is also documented by Geertz (1973). He suggests elaborating a “thick description” in the sense that it clarify the main reason that lies behind the data collected on the case providing a specific interpretation (Shank, 2002; 7476). In my view, I believe it is fundamental to provide a thick description in order to reach the goal of my thesis. I plan to collect insights to better explain and describe the process undertaken by the case companies to explain their strategies and their reasoning. These insights will also include my personal interpretation which is, together with emphasis, a main characteristic of qualitative research (Eriksson and Kovalainen, 2008). Given my double role of both researcher and active part, my interpretation will come from to different perspectives and I believe this will add value to the data collected. These interpretations will also allow me, together with other collected data, to build “a good story worth hearing” (Dyer and Wilkins, 1991). As suggested by Eriksson and Kovalainen, (2008), this will lead me to consider the research under various perspectives: economic, social, cultural, technological, and historical.

The difficulty for the goal-oriented business researcher is often not to jump to generalizing conclusions too soon. The one conducting the research should understand what the main questions are and what is the reasons for the events that he studies. Dubois and Gadde (2002) provide one illustration of this process in their article on an abductive approach to case research in industrial marketing. Humphrey and Scapens (1996) also provide convincing arguments on how theory is always integrated with the investigation of empirical data in case study research in accounting.

Following the idea that intensive case study has to be used for one or few cases, I choose to proceed with a multiple case study based on two different case companies that are two SMEs focused on starting their cross-border e-commerce. As Yin (2003) explains, a two-case study provides more insights than a single one. Also, the empirical knowledge I can earn working with them enhance my knowledge of the topic and the amount of information I can collect.

3.5 Research context

The research context for my thesis and case study is the approach to cross-border e-commerce concerning two Finnish SMEs: Mai Niemi Design House and Equibliss Horse Tours Finland Oy. These companies decided to approach cross-border e-commerce using WeChat Shop in China. After several researches, they came to the conclusion that the best path to follow was the creation of a WeChat Official Account. The WeChat account would have had the double function of both advertising products and linking customers to the e-commerce platform. The main difference between the two companies is that while the Design House sells physical products, Equibliss is instead specialized in services. Mai Niemi Design House is a Finnish manufacturing company providing sustainable clothes following a style that the owner Mai Niemi defines as “recognizable ethno-futuristic style and Scandinavian mythology combines the magic touch of fairytales and legends with modern minimalism, brightness and novelty”. Mai Niemi Design House has received awards such as The Inno Omnia Design Dissident Award and Finnish Textile Industry Finland Phenomena. Equibliss Horse Tours Finland Oy services consist on providing equine activities and riding excursions for incoming travelers in Southern Finland. Their first priorities are safety and convenience for their customers.

In 2018, they both decided to contact Lu Wei, that is an International Business Consultant on China, to bring their business to the next level and start approaching to cross-border e-commerce. They both had some meetings with Lu Wei, and decided to proceed with their plan to start cross-border e-commerce with China using WeChat Shop. WeChat, with its 900 million users in China, is been proving to be the best choice to enter the Chinese market. It has an impressive usage considering that it represents 34% of the total mobile traffic of users in China while Facebook makes up for only 14.1% in North America. However, the most interesting data related to e-commerce is that 97.3% of young users are buying products through WeChat (WeChat Economic and Social Impact Report 2017). Once the company were committed, the consultant Lu Wei started searching someone to support the project and here is when I got personally involved. We agreed that I would have written my thesis on their project while working with them.

After the first meeting, I started my research to understand how a small and medium European enterprise could access the Chinese market using WeChat and how it could prepare itself. From my research, I firstly created a guide which included 9 steps: from getting governmental approval for selling certain products to converting money and receiving payments. What took most time was making sure that every information was up-to-date. To give an example, in December 2018 came into place a new regulation for foreign companies willing to open an Official WeChat Account in China. The biggest challenge was always being flexible and updated due to the fact that WeChat Shop is an extremely new concept where rules change from one day to another and new opportunities can always appear.

During the second half of 2019, the 2 companies entered the Chinese market using cross-border e-commerce through the WeChat Shop Account and are successfully having business there.

3.6 Data collection

For this research, I am using official information found on the companies' websites, on WeChat official website and on the websites of companies which core business is supporting companies that are trying to start their e-commerce with China and that can be defined as "supporters". WeChat official websites contains many different guides where they explain how to create an Official account and how to better approach to it. They list all possible issues and how to solve them, and they also provide different suggestion according to the country the company is from. The website from support companies provide updated insights divided by. They also have a support service which I used to solve certain doubts related to the latest regulation. Both these sources are fundamental to understand how to WeChat Shop works and how it could be approached.

The data I use also include WeChat annual report for the 2017 and business issues with best strategies to approach cross-border e-commerce. The annual report is useful to understand explain why WeChat presents several advantages, and it can be integrated with the business issues to increase effectiveness. Also, I analyzed companies that have successfully undertaken the same process in the past in order to find the main common

points and use them, together with new regulations and opportunities, to develop better approach strategies. Something that is been recently included among WeChat features are Mini-Programs that allow users to visit the e-commerce platform without leaving WeChat and acquiring products with just one click. These sources are also fundamental to understand consumer behavior and discover new trends.

One critical advantage in my research is that I am working with the case companies on the creation of their WeChat Account. This allowed me to have access to all information, and to have more than 10 conversations with each of the owners where they were feeling totally comfortable and open to answer to all my questions. I undoubtedly had all the support I needed for my research. For instance, I participate to most of the meetings. This allowed me to collect data through not only interviews, but also written documents (minutes of meeting and progress reports), and observation. I conducted semi-structured interviews with each owner, and I registered the Skype meetings we had between November 2018 and April 2020 where I analyzed their impression and strategies while the project was going through different stages. I also had individual meetings with Lu Wei that is the Consultant behind the project. I based the interviews on the concept explored in the literature review. To be specific, I asked the interviewees what were, in their opinion, the main business concept to consider in e-commerce, about how they would divide responsibilities and tasks among managers and the IT team, and how they perceive the value of new technologies. I also asked what their goal and expectations were, what they thought about taking risks and how to allow budget and why. Moreover, we also talked about how they consider mistakes and competitors.

I conducted the interview in English. My lack of proficiency in Finnish was not an issue even if I think it would have been interesting to do interviews in their own language. We followed the interview guide, but not strictly. Some new questions came naturally into place while we were talking. The interviews lasted from 40 minutes to 1 hour, and I recorded them. These interviews made me understand owner's ideas, beliefs, ambitions, worries, and personal involvement. The interviews I made with the leading consultant made me understand the project main points and risks from a different perspective. Following I will describe how I analyzed the results.

3.7 Data analysis plan

“There is no particular moment when analysis begins. Analysis is a matter of giving meaning to first impressions as well as to final compilations. Analysis essentially means taking something apart. We take our impressions, our observations, apart.”

Stake, 1995, p. 71

When it comes to data analysis, Yin (2002) suggests two different strategies. While the first one is characterized by pre-formulated propositions and formal coding, the second one is suggested when the development of the case itself will define questions and framework used to organize the study. According to Stake (1995) the second one is preferred when interpretation of research material is more relevant than a formal coding structure. The data I collected can be divided into two main categories: those collected from written sources such as websites, reports, and documents and those collected from first hand interaction such as interviews and observations. The first provided a base to interpret the empirical results, and the interviews were determining to understand the context in which the project was taking place. Since my research consisted in interpreting a process using both collected and empirical data, I decided to proceed with an inductive strategy.

The typology of inductive strategy I used is the theory building process highlighted by Eisenhardt (1989). She explained how the collected data could work as a base for the cases analysis, giving insights and knowledge that will be useful to understand the empirical results. I also consider each case company by itself, confronting the results with the data collected and thus finding common concepts. In order to correctly use the collected data, I did as Stake (1995) suggested and used defined issue questions as well. These questions are different from informative questions which are posed to interviewees because they are used to confront research data collected with actions undertaken by companies in order to find new and different meanings. I also used concept from past theories to reference results I obtained from the empirical data, and this process was defined as sensitizing empirical data from Eisenhardt (1989).

Going more in depth with the interviews analysis, I started transcribing them and I proceeded analyzing the contents. As Patton (2002) explained, analyzing the contents means identifying, coding, and interpreting the data. I was recommended to use the software called Atlas.ti which facilitated data comparison and it only required to import the transcribed interviews. In qualitative research, coding is “how you define what the data you are analyzing are about” (Gibbs, 2007, 38-56)). I defined the data using codes such as risks, goals, ambitions, initiative, and concern. After that, I grouped the codes into themes and the main themes were “confronting new market”, “relations with third-parties”, and “relation with consultant”.

The interviewees were the owner of the two companies. Both owners are Finnish women living in Helsinki, Mai Niemi is the owner of Mai Niemi Design House and Anna Selänne is the owner of Equibliss Horse Tours Finland Oy. Mai is 63 years old, and she used to work for another company in the fashion industry until she funded her company 20 years ago. Anna is 51, and she used to work in the Horse industry until she funded her company 5 years ago. Moreover, I didn't have a proper interview with Wei Lu but thanks to the various meetings and calls we had I got to collect many useful data related to the project. The two interviewees represent two different types of company: service company and physical goodies company.

3.8 Ethical considerations

My study is focused on two SMEs, Mai Niemi Design House and Equibliss Horse Tours Finland Oy, a consultant, and their goal of starting cross-border e-commerce with China using WeChat Shop. As Yin (2003) wrote, the aim and ambition of this research has to be defined in order for it to get an evaluation. The goal I try to reach through my research is to produce more knowledge related to cross-border e-commerce in China for SMEs, with a focus on WeChat Shop and how companies with limited resources can approach and prepare for the process. I planned to use the case companies to better understand what facilitators and challenges can occur when starting cross-border e-commerce with China using WeChat Shop and how better prepare for it. Henceforth the primary criteria to evaluate my study is if I manage to create new research about how small and medium

enterprises with limited resources can approach and prepare for cross-border e-commerce with China using WeChat Shop.

Yin (2003) provided four topics to evaluate qualitative research: construct validity, internal validity, external validity and reliability. The construct validity is given by the number of different sources used for the research, the more they are and the more it is reliable. I used different sources such as: websites, documents, observation, meetings and interviews. Yin (2003) also suggested to have recognizable links between sources to increase accountability, and I did it reporting questions and data sources. It is relevant to highlight that I used triangulation of data to find more insights and confirm some insights that I already had. Internal validity can be confirmed because I followed a business project for my research. This allowed me to identify clear casual relationships for the events that occurred in the cross-border e-commerce planning. External validity is represented by the presence or absence of the possibility to generalize (Yin, 2003). I believe the results are generalizable to a certain extent, because I took into account different prospective from different entities (physical goodies retailer, services retailer, and consultancy), I focused my research on strategies applicable by every SMEs, and I used multiple cases. Reliability of my research is mainly given by three factors: first, I took part of the whole “preparation and approach phase” firsthand and this made it possible for me to study everything without censorships, second, the process is supported by Lu Wei which is expert on the Chinese market, and third, my research took place in the university environment and this gave me access to several documents I could not have consulted otherwise.

The study design is something else to consider. First, multiple-case study is recommended by Piekkari, Welch and Paavilainen (2009) for topics such as International Business. As other case studies related to this field, I used many insights provided by Yin and Eisenhardt. However, I only had two case companies which is less cases than the minimum of four cases recommended by Eisenhardt (1989).

Considering ethical concerns, issues may arise when the researcher enters the field (Eriksson and Kovalainen, 2008). It happened in my research because of constant observation and interviews. Luckily, I had no problem related to voluntary participation or informed consent. In the early stage my research, I spoke with all the involved parties and I explained my study in detail. They all gladly agreed to be part of my study, solving

any problem related to voluntary participation or informed consent. However, we also agreed that I will provide them with the final version of my thesis before publishing it. This is to avoid that any participant could be damaged by my research.

4 Findings

4.1 What are the main facilitators and challenges to take into consideration before starting the actual e-commerce and how to prepare for it

For the first part of my Findings Chapter, I will proceed explaining what small and medium enterprises would need to take into consideration when approaching cross-border e-commerce. Some of these elements are needed to facilitate the whole process, while at the same time make the process increasingly more difficult and long if not handled in the right way. I will first explain what Managers should consider when approaching cross-border e-commerce, and then what the organization itself can change and improve to approach CBEC.

4.1.1 Management Role in approaching CBEC

For my research, I researched and collected information on four companies. Two of them are the case companies I am working with and are trying to approach cross-border e-commerce: Mai Niemi Fashion Designer, and Equibliss Horse Tours Finland Oy. I researched them intensively. The other two are not case companies but they are companies that already undertook the process and are currently selling their products through cross border e-commerce: Emerald Green Baby, and Nihao Hygge. While Nihao Hygge was a company directly built to interact with Chinese customers, Emerald Green Baby was a company built to collect products from different companies and sell them together to the Chinese market through cross-border e-commerce. The main reason why Emerald Green Baby was created with this role was to overcome the inadequate management and internal organization of the other companies that used it as an intermediary to reach Chinese customers. Looking at the case companies, both Mai Niemi Fashion Designer and Equibliss Horse Tours Finland Oy recognized the need to improve their management to approach China and cross-border e-commerce. These companies understood that if they want to succeed in approaching the Chinese market, then they would need to increase their commitment in understanding and using new technologies, and in being flexible with their strategies and plans to constantly adapt to the situation

which is not stable but keeps changing. An example of the constant change can be given by the answer I got from an expert on WeChat Shop and Chinese market that said on February 2019:

1) “Q: Could one third-party Chinese company open one more than one account?”

A: One Chinese company can apply at most 2 WeChat Official Accounts. This policy has been applied since 2018 December.”

Client Success manager, Chinese Company

Therefore, the constant change of context, rules, and institutions requires management commitment to be flexible and understand the purpose of the new technology, which is the first pillar of my Framework to approach CBEC with China using WeChat Shop. I elaborate this because both the case companies and the companies represented by Emerald Green Baby understood that a different management was required and they took steps to improve their management. However, even if it could be concluded that companies need to improve their management in commitment, flexibility, and technology acceptance there are different way to do so. Forming a new entity like Emerald Green Baby could be a solution, but the case companies decided to hire a consultant and have support while undertaking the process. After benchmarking different companies, I observed that from their perspective they realize the need to increase their managerial capabilities when they need to face a new challenge they have no experience with:

2) “I have been interested in the Chinese market but I didn’t know much about China.

This project is proceeding well because of you, we could not have done it without you and Wei Lu.”

Equibliss

When this lack of experience raised, the companies choose to hire a consultant to be supported and to gain the experience needed to proceed on their own. Main issues were related to understand rules and regulations, to research the best way to approach CBEC, and mostly what are the facilitators and barriers for small and medium enterprises to

approach and start cross-border e-commerce with China using the WeChat Shop option. In fact, these were the main tasks given to me and the consultant, and the main topics covered during meetings.

Cross-border e-commerce and its economic, social and environmental aspects have been overall discussed in the literature I found and went through. Several authors analyzed how e-commerce could be integrated within companies, and how small and medium enterprises can approach new technologies.

Cross-border e-commerce in China is regarded as an opportunity, however, the Chinese market is considered difficult to access and a difficult one where to succeed. This is mainly due to the environment, quite different from the European one from both a cultural and a working perspective. This is what came from a past interview to Reach China CEO that explained how Chinese costumers want to find products that can't be found in China and that they have a greater affinity to western product. Consequently, e-commerce offers them a gateway to find those products. On the same line, interviews with CEOs of Mai Niemi Fashion Design and Equibliss clarified:

3) *“Entering the Chinese market is a jump in the darkness for me but I know Chinese customers regard horse services as a high-end service and therefore China is the right market for us to enter”*

Equibliss

4) *“I have been interested in the Chinese market but I didn't know anything about china and Chinese people. WeChat seems very promising because I know that Chinese customers are interested in my products.”*

Mai Niemi Fashion Design

Some characteristics of cross-border e-commerce with China can be found in CBEC with different countries, especially when it comes to SMEs. From a managerial perspective, it is required to committed, to understand why the e-commerce is a plus for the company, and to be flexible enough to adapt to a different environment. When it comes to China,

these elements are required at a higher degree because of the various challenges provided by the new country. As previously written, defining cross-border e-commerce too broadly and generally accept the practices proposed to approach it without considering the context of the targeted market can increase risks. Especially when small and medium enterprises are dealing with a unique market like the Chinese one. Therefore, SMEs approaching China need to be committed and flexible without following general suggestion while facing a new situation. However, the real challenge is understanding how to adapt previous cross-border e-commerce approach models to an environment like the Chinese one that is constantly evolving. It is also necessary to deal with resistance to technology that could arise due to the uncertainty and the need of investments. Examples of concerns related to uncertainty and investments have been given by Airbnb that explained how they weren't sure if AirBnB was going to work in China. We had heard how difficult is it to succeed in China when they were entering the Chinese market by the case company Mai Niemi Design House:

7) I am concerned that they could copy our products. The investments related to logistic is another concern, and we will also need to hire a Social Media Manager for WeChat.

Mai Niemi Design House

To conclude, when approaching cross-border e-commerce with China small and medium enterprises' managers need to be strongly committed in order to face all the challenges that arise when a new technology is adopted and a new market is faced. This is particularly true when it comes to the Chinese market that presents more uncertainty than the average market. To succeed, managers also need to be able to flexibly adapt their strategies and to understand why the technology needs to be adopted would positively increase managers commitment.

Working with the case companies, I could observe the fundamental importance that a proper management has when it comes to approach cross-border e-commerce towards China. Using primary data such as interviews and observation, and secondary data such

as internal documents, past researches, experience of companies that undertake the same process in the past, and recorder interviews, I could define three characteristics a proper management needs when approaching CBEC: commitment, flexibility, and technology purpose comprehension. However, the management can't be the only part of the company that needs certain characteristics when approaching CBEC. The organizational capabilities within the company also need to reflect certain necessities. The way organizational capabilities have to be shaped to approach CBEC is described more in details in the following Chapter.

During my research and analysis, I observed how the Dynamic Managerial capabilities building, and the Organizational Cross Border E-Commerce capabilities building that were explained in the Li's digital transformation model we saw in the literature review, have been then implemented by the case companies. These two companies have in fact focused a good portion of their preparation in building these two capabilities through different practices and via enlarging their networks.

4.1.2 Organizational Capabilities to approach CBEC

The case companies realized that they needed to modify their organizational structure in order to successfully approach cross-border e-commerce. This was not only realized by them, but also from other companies that already did it and that I analyzed as secondary data. This could be explained by the empirical records of how companies enhanced their connectivity and interactivity and increased their network externalities, and it happened that they modified their scope of business and mission to reach new customers and obtain new partners. As can be seen in the extracts below:

8) *I decided to hire a business for digital marketing activities to increase my presence on the digital environment (interactivity and connectivity).*

Equibliss

9) *I decided to use WeChat to increase my customer base and modify my business.*
(Network externalities and Costumers)

Mai Niemi Design House

It is clear that the case companies decided to operate in order to improve their organizational capabilities to approach CBEC with China. They were aware that successfully access the new market using e-commerce technology would have brought them better performances and more opportunities. As demonstrated by the interviews, small and medium enterprises are aware of the benefits that CBEC could provide, and are ready to make changes:

10) *We want to access cross-border e-commerce and enlarge our customer base. For this reason, we have been renewing the shop website, adding the English version and other features. We are changing our target and techniques (scope of business) to acquire new customers in anew country.*

Mai Niemi Design House

The companies were interested in interactivity and connectivity. Interactivity is the opportunity to interact with customers, while connectivity is useful to create a commonly shared space for sharing information. Both companies decided to pursue the two using WeChat as a platform. WeChat is the main social platform in China, and with over 900 million active users it is the favorite and most effective social channel for companies operating within the Chinese market. To prepare and start using it the case companies hired a consultant and went through several researches and preparations. I will explain it better in Chapter 4.2.

Even though interactivity and connectivity are fundamental to approach and fully exploit CBEC, the case companies also worked to understand how Network externalities could be used with Chinese customers. As it is known, the network externality is the effect that an additional user has to how the company product is valued by others who still aren't

clients. In order to maximize network externalities value, they decide to create strategies accordingly. For instance, Equibliss decided as follow:

11) *“We know that Chinese customers are very active on WeChat and constantly share their experience on-line with their friends. Therefore, we will create special activities and amazing opportunities for our first Chinese customers. The goal is to have them share those experience with their friends and to obtain many new customers.”*

Equibliss

The companies also needed to modify their scope of business. The Chinese market is not comparable to the Finnish one for size, strategies, or culture. Usually, administrative costs increase and coordination becomes more difficult when the scope of business increases, and that could be a problem without solution for small and medium enterprises without resources. However, CBEC and WeChat Shop can significantly lower costs related to an increased scope of business due to fact that they do not require to acquire new buildings, or new means of transportation, or to assume many more employees.

“When we decide to export Wine in China from Canada we knew that we would have had to go digital. We were thinking to use the web, but then our advisors told us that it wasn't the case and that it was mandatory to use WeChat. WeChat is like the fusion of all the best apps we have in North America. There are 800million active users in China and they buy everything from there, on average each user complete 10 activities per day in China”

Principal Strategic Market

In this section of the research, we can see how the model identified by Awa (et al, 2015) comes forth. Awa explained how companies can move to increase their effectiveness in adopting cross-border e-commerce adopting technological and organizational drivers. We analyzed how the case companies have been working to increase their managerial and digital capabilities and reach great effectiveness in cross border e-commerce with a particular eye on WeChat and China.

4.2 Open the WeChat account and the WeChat Shop

In the theoretical framework, I explained how the four elements representing what is needed when approaching cross-border e-commerce are naturally influenced by managerial capabilities, and by facilitators and barriers. In the second part of the findings chapter, I will enter into the realm of pragmatically and I will explain what are the building blocks that can make companies successfully enter CBEC, and I will and this chapter with a step-by-step guide I created while working with the case companies and that explains what are the steps to open and use an Official WeChat Shop Account.

4.2.2 Steps to start operating on WeChat

Opening an Official WeChat account for cross-border e-commerce is not an easy task. There are several actions that need to be taken and the time to complete these tasks is not long. In order to succeed, small and medium enterprises need to plan ahead before starting the process, and they need careful plan management and support in order to complete the tasks successfully and start operating with their WeChat account. It is not necessary for the company itself to complete the process but it may be necessary when the budget is low and cost constraints are present. However, due to the high level of complexity it may be necessary to have external support of some sort.

There are 11 steps to open the Official account, and they go from checking that the product the company sells is authorized to be sold in China through cross-border e-commerce, to setting the payment option to receive the money in the EU bank account.

As mentioned, the first step is to check if the product is authorized to be sold in China through cross-border e-commerce. That is a critical phase because it does not depend by any actions that the company may take, and it all depends by the Chinese law. Therefore, before making any plan it is necessary to consult the list of authorized products, for example Vodka cannot be sold in China through CBEC.

Second, the trademark registration. It is strongly recommended to get a trademark registration for the company brand and for all products before starting to sell in China through CBEC. It may seem like a difficult task; however, the European Union has an office in Beijing to support European small and medium enterprises in obtaining trademark registration. Nevertheless, it is a crucial task to avoid that the company brand and products could be stolen and counterfeit by Chinese competitors.

It is also necessary to decide which Foreign Trade Zone is the most fitting for the company and its products. A foreign-trade zone (FTZ) is a class of special economic zone where products can be stored and handled without being subject to customs duty. In China, different FTZs have different characteristics and there currently are eleven Foreign Trade Zones. The right zone has to be decided considering elements such the technological level of the product or even what kind of products are usually stored in a certain zone.

Then, a logistics operator has to be decided. This role is the fundamental support needed to be successful with a cross-border e-commerce WeChat operation. Several elements need to be considered when deciding and analyzing the third party that will take care of the logistic. First, the type and cost of the storage, then, the company need to make sure that the logistic partner can handle to communicate and work in English. Moreover, times and cost of delivery need to be clarified together with the strategy to manage returns and the possibility to receive real time information regarding the stock of products within the warehouse. In order for the company to choose the right logistic provider, the European Commission prepared a database for small and medium enterprises willing to start their cross-border e-commerce with China.

Following, it is required to register the company products with the China Inspection and Quarantine office (CIQ) and to obtain the office approval. This step is linked to the first one requiring the check of the possibility to sell certain products in China through cross-border e-commerce. The difficulty with this step is due to the fact that it has to be completed in Chinese, and if done diligently the whole process should take around five weeks.

The next step, is to finally open the WeChat Official Account and this is the last step before setting up the actual WeChat Store. The process is not particularly difficult,

and many guides and sources can be found on-line describing the process and explaining what needs a particular focus while completing the process. The whole process requires to complete forms, to provide certain documents such as a passport and a visa, and having a Chinese phone number. However, the most difficult part is to provide company information translated into Chinese and for this part it is necessary for small and medium enterprises to ask for support. The process itself is explained in English on the WeChat Official website, however, for companies with little or no experience with China it may be fundamental to ask for support to a Chinese expert or to a local service provider.

Set up the WeChat shop is not easy. Several companies have born in the last year with the core business focused on supporting enterprises willing to start a WeChat Store. The tasks related to opening a digital store are not limited to designing the store and give it a nice appeal for customers. It is also necessary to set the payment route, to create a connection with the storehouse, and to set the gateway option. Moreover, it is also necessary to take care of the customer services such as the return option. Finally, it needs to be considered that most user will navigate the WeChat Store using mobile phones and the design needs to be created considering this aspect and simply adapting the content to both desktop and mobiles is not enough to be appealing for customers. Hire a graphic designer used to the Chinese market and the Chinese customers could be vital when taking these decisions, this is necessary on one hand to understand the last trends in the Chinese market and on the other hand because the store has to be made in Chinese language with English only as a secondary option.

Integrate a payment method with the WeChat shop is critical because Chinese users are used to pay through their smartphones every day. This behavior is quite different from what we are used in Europe and companies need to understand how engraved it is within the mindset of Chinese customers to use it to its full extent. While in Europe it may be considered as a luxurious option for high-end customers, in China everyone is used to pay using virtual money: for the high-end customer to the low incomes inhabitants of rural areas. This fact can be exploited because it means that customers do not need to be educated on online payments and they will accept it as the most common way to pay.

When deciding to pen a bank account in China, companies need to consider which banks operates in the Foreign Trade Zone the company selected, because not every bank

is authorized to operate everywhere. It is also possible that international banks, and not only Chinese banks, also operate in the selected area. The fundamental element that the selected bank needs to have is to be able to convert and transfer money from the Chinese account the company will open and the account in Europe. This aspect deserves a high degree of focus because European companies often forget or ignore the fact that movement of capital from inside to outside China is not always permitted and it is an aspect that deserves consideration. In certain cases, special authorizations may be needed, however, certain banks in Foreign Trade Zones are able to support this process.

Finally, it is necessary to work on the payment gateway which I already introduced in the building blocks of the cross-border e-commerce WeChat Store. Briefly, it is necessary to transfer the money collected from customers using popular Chinese payment methods to bank accounts and to transfer that money to European accounts. Being a critical element, this issue has to be solved at an early stage.

All in all, the WeChat Store presents more advantages than disadvantages. It represents an easy way to access the market, but it is also easy to close the store and get out of the market. Costs are very low, and it can be used to collect data over Chinese customers and to test operational strategies in the Chinese market. Finally, it gives the brand a high level of control due to the opportunity of owning the whole value chain, to set the price for its products without many external variables, and to manage marketing and brand awareness operations by itself. On the other hand, the WeChat Store operation is based over certain unstable elements that could change over time such as the regulation of a Foreign Trade Zone or the list collecting the products that can be sold in China using cross-border e-commerce. Moreover, the process can be tricky and it needs real dedication from the brand, that also needs to understand that CBEC rules could change over time.

5 Conclusion

5.1 Research Summary

The research and my thesis are focused on what are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop. The research started to also support the process of two small Finnish enterprises that were willing to start their e-commerce in the Chinese market.

For the first part of my research, I carefully looked through past literature in order to identify frameworks and methods small and medium enterprises and managers have to take into account when approaching cross-border e-commerce. The review begins with an overview of how e-commerce is defined and considered, and how it could be identified in relation to small and medium enterprises starting their internationalization. As explained by Barnes (2001), the CEO of IBM defined e-business saying as something that is:

“All about cycle time, speed, globalization, enhanced productivity, reaching new customers and sharing knowledge across institutions for competitive advantage.”

However, this definition is more what the goal of e-commerce is rather than what e-commerce is made of. In order to understand this, I looked at Poong (et al 2006) research which built an exoskeleton of E-Commerce and explained how it is formed by: Network technology, E-Legal matter, Transaction application solutions, Parties to the relationship, Business Functions, and, finally, by the User Perspective as well.

When it comes to cross-border e-commerce for small and medium enterprises, I found out that globalization greatly enhanced opportunities for this kind of companies by providing networks and clear rules. SMEs also have the advantage of being more flexible and therefore easier to re-shape to successfully approach the e-commerce industry.

Following, I review and report the main models and framework related to e-commerce. The first model is Li's digital transformation model (2017). Li researched how a group of small and medium enterprises successfully undertook digital transformation and started their own cross-border e-commerce, especially when they are working with limited resources. This can be achieved undertaking various strategies, such as learning from successful competitors, building a team focus on CBEC, and planning future strategies ahead. In addition, Digital Platform that act as Service Providers can support the process through mentoring and rule-making. In the successive paragraph, I will also display my research related to what are the best service providers in the market and what do they offer.

The second model from Vilesaca (et al 2007) focuses on e-commerce attributes and how companies can leverage these attributes to approach cross-border e-commerce. These elements are Interactivity and Connectivity, Network Externalities, Knowledge Goods, and Convenience. These elements also represent some of the facilitators that can simplify and make more effective the e-commerce adoption process SMEs go through.

The third model is the model explored by Subba Rao (et al 2003). The model presents 4 stages through which it is possible to approach E-Commerce, and all these stages are characterized by facilitators and barriers that can make the process easier or more difficult. The 4 stages are Presence, where web content are created but not presented to the customers, Portals, where a way for customers to communicate with the company is set and the software for order placing is integrated, Transactions Integration, where transactions with 3rd party e-marketplaces are integrated together with the tools needed to proceed with money transactions, and Enterprises Integration, where there is a full integration with the e-business and customers can buy products and services.

The fourth model is from Awa (et al 2014). It explains how the technology acceptance model (TAM) and technology organization environment (TOE) can be implemented to support e-commerce adoption. The Technology Acceptance Model is mostly related to what KPIs can be taken into account to see what level of technology acceptance there is inside the company and how the benefits coming for new technologies are perceived. The Technology Organization Environment, takes into consideration four

different elements: Consumer Readiness, Competitive Pressure, Trading Partners' Readiness, and Perceived Trust.

Next, I considered two relevant entry modes to mainland China for small and medium enterprises: networking, and joint ventures. Joint ventures are related to networking but it is not the only reason why they are selected as an entry mode, and this is why I divided in them into two different paragraphs. While the networking option focuses on finding a local partner to lower expenses during the first period, the Joint Venture option requires bigger investments to form a new company and this strategy could be too expensive for most small enterprises.

Subsequently, I integrated the literature review with my own findings that were highlighted while working with the case companies and researching the current state of cross-border e-commerce with China and how companies can use WeChat Shop to start their business. My findings are divided into two main categories: first, what managers and companies themselves can do to better approach this new way of business, and second, a practical guide where I highlight a step-by-step guide for the creation and use of an Official WeChat Shop Account.

5.2 Practical Implications

As illustrated by the literature review and the findings of my research, the main practical implication is the support to the creation of clear strategies for small and medium enterprises that want to approach the cross-border e-commerce sector with China and explain the main facilitators and barriers. Specifically, my research also explains the main steps companies need to go through when they decide to open a WeChat Shop Account and start selling their products and services through the most used e-platform in China. Support from strategies comes from two main sources, first, the literature review where I researched the main frameworks and models related to CBEC for SMEs, and, second, the findings of my research that I gathered working with two small enterprises that have been going through the whole process and have now successfully opened their shop. In addition

to these two companies, I also analyzed 5 additional companies that have successfully entered the e-commerce business in China using WeChat Shop.

The main practical implication that can be inferred by my research is that:

- A) The company needs to understand what e-commerce is, what it can be used for, and what elements characterize cross-border e-commerce.
- B) The company has to clearly perceive the benefits coming from new technologies and how these can influence the competitive environment. Understanding this, will make it possible for the company to increase Dynamic Managerial Capabilities and Organizational Capabilities together while also improving Strategy creation and implementation.
- C) The third practical implication is rather straightforward and it is the Step-by-Step Guide to start the WeChat Shop Account that I created while working with the two companies that have now entered CBEC with China. In addition to the Step-by-Step guide, I also researched Service Providers that support companies willing to start their CBEC with China using the WeChat Shop option.

5.2.1 External support as an effectiveness booster – Digital Solution Providers

In addition to the external consultancy support obtained by the case companies, there are other companies utilizing external digital solution providers which support their transaction towards WeChat -commerce with different but still complementary skills. These companies can be defined as Digital Solution Providers and they offer a more technical support mostly based on IT skills, together with local knowledge and expertise based on experience. Examples of these companies can be “WALKTHECHAT”, “QPSoftware”, “TMO Group” and “Synagie”. Even though unsuccessful experiences

happened, these companies have been successfully supporting hundreds of companies through the years. and negative cases were substantially smaller in number.

WALKTHECHAT offers services related to Store Design, Content Packaging, Store managing, and Advertising. Moreover, it supports its customers and readers with detailed documents containing guidelines for WeChat Pay, Official Accounts, Advertising, Marketing, and Mini-programs. Finally, they manage a Blog where readers can get informed about main trends and success stories from companies that undertook the same journey.

QPSoftware, on the opposite of WALKTHECHAT, is not entirely focused on WeChat Shop and e-commerce. It still recognizes the relevance of WeChat and it provides tailored services for WeChat Shops, however, it also includes such as SEO Google, Business Intelligence, CRM, Web Design, and overall E-Commerce. Like WALKTHECHAT, QPSoftware offers a Blog where users can exploit six trends (E-Commerce, SEO, Mobile, Tech, Social Media, and WeChat) in order to stay updated with the last trends and opportunities.

While TMO Group is not exclusively focused on WeChat Shop support, it still points most of its services towards cross-border e-commerce with China. Its main services are e-commerce Consultancy & Strategy and e-store Development together with Cloud Hosting. Their strength is based on Agile Project Planning and an IT development that aims to be scalable for any different device, these two elements allow TMO to be an effective and successful player in the industry.

Synagie is different from the previous ones. It does not directly support the creation of a WeChat Shop account for e-commerce, but it creates value by improving the performance of companies cross-border e-commerce through three main services: conversion towards and Artificial Intelligence management, augmented analytics to exploit data driven sales, Integration among different channels to save time and focus on sales.

COMPANY	ACCOUNT CREATION	BLOG	CONSULTANCY	ARTIFICIAL INTELLIGENCE
WALKTHECHAT	Green	Green	Red	Red
QPSoftware	Green	Green	Red	Red
TMO Group	Green	Red	Green	Red
Synagie	Red	Red	Green	Green

Table 9 Main Third Parties Platform Service Provider

5.3 Limitations of the study

As all researches and studies, this one presents limitations as well. This research is focused on what are the facilitators and barriers for small and medium enterprises to approach and start cross-border e-commerce with China using the WeChat Shop option. Considering the limitations that come with my research, those are mainly focused on two relevant elements that are the dimension of the company and the country of origin of the company.

The dimension of the company is relevant because my research is focused on small and medium enterprises, and it can't therefore give specific support to big multinational companies.

5.4 Suggestions for future research

Considering future research, it could follow from where my research ends and therefore consider how small and medium enterprises can effectively behave once entered the cross-border e-commerce with China using WeChat Shop. On the other hand, future research could also focus on how companies with more resources and employees could actually better leverage their resources to enter the CBEC with China in a more effective way and establish their presence and their brand through Marketing Strategies involving WeChat. In fact, there are several options for companies with more resources such as building their own Mini-Program on WeChat or involving famous Influencer to market their products.

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