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Challenges of internationalization via e-commerce

Case study of Finnish Sustainable Fashion SME expanding to Norway

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ABSTRACT:

This research aims to explore and analyze the key challenges faced by Finnish sustainable fashion SME when expanding to the Norwegian market through e-commerce. The thesis also focuses in understanding the internationalization motives of the company and explore their e-commerce as exporting channel to Norway. While existing academic literature extensively discusses internationalization and export challenges from various business and market perspectives, there is a lack of research specifically focusing on sustainable fashion SMEs expanding into the Norwegian market.

The theoretical framework of the study examines the internationalization process through the Uppsala models and export barrier classifications, emphasizing experiential learning, market knowledge, and the role of digital platforms in international expansion. The theoretical framework was built from the perspective of SME's that uses e-commerce business for cross-border activities. The key themes include introducing the internationalization concepts and pathways, then also introducing the exporting barriers from the lenses of e-commerce.

The methodology of the study is qualitative, using a single-case study design. The empirical data were collected through semi-structured thematic interviews with top management from a Finnish sustainable fashion SME actively involved in cross-border e-commerce. The research approach uses secondary data regarding Norwegian market which later supports the analysis of the research.

The findings identify several recurring challenges, including inadequate market research, complex customs regulations, product pricing difficulties, and limited internal expertise on Norwegian legal requirements. The results suggest that while e-commerce provides a cost-effective and scalable entry model for the Norwegian market, the lack of regulatory knowledge and resource constraints can hinder effective market penetration. The study offers practical insight for SMEs in similar industries and highlights the importance of supporting structures, such as logistics partnerships and external advisory services.

Future research could examine multiple SME from within the sustainable industry or in a larger scale on the internationalization challenges in the Norwegian market. Another future research suggestion would be focusing on finding solutions or best practices on the challenges faced. Lastly, one future research proposal would be researching Internationalization readiness in relation to managerial capabilities.

KEYWORDS: (internationalization, e-commerce, online shop, Norway, International Business, entry strategy, sustainable fashion

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TIIVISTELMÄ:

Tämän tutkimuksen tavoitteena on tutkia keskeisiä haasteita, joita suomalainen kestävään muotiin keskittyvä pk-yritys kohtaa laajentuessaan Norjan markkinoille verkkokaupan avulla. Tutkielma keskittyy yrityksen kansainvälistymismotiivien ymmärtämiseen sekä verkkokaupan hyödyntämiseen vientikanavana Norjaan. Vaikka akateeminen kirjallisuus käsittelee laajasti kansainvälistymistä ja viennin haasteita eri liiketoiminta- ja markkinanäkökulmista, tutkimusta kestävän muodin pk-yritysten kansainvälistymisestä Norjan markkinoille on tehty vähän.

Tutkimuksen teoreettinen viitekehys tarkastelee kansainvälistymisprosessia Uppsalan mallien ja vientiesteiden luokittelun kautta, painottaen kokemuksellista oppimista, markkinatuntemusta sekä digitaalisten alustojen roolia kansainvälistymisessä. Viitekehys on rakennettu pk-yritysten näkökulmasta, jotka käyttävät verkkokauppaa viennissä. Keskeisiä teemoja ovat kansainvälistymisen käsitteet ja etenemismallit sekä vientiesteet verkkokaupan näkökulmasta.

Tutkimusmenetelmä on laadullinen ja perustuu yhden tapaustutkimuksen analyysiin. Empiirinen aineisto kerättiin puolistrukturoiduilla teemahaastatteluilla suomalaisen kestävän muodin pk-yrityksen johdosta, joka toimii aktiivisesti kansainvälisessä verkkokaupassa. Tutkimuksessa hyödynnetään myös sekundääristä aineistoa Norjan markkinasta, joka tukee tutkimuksen analyysipuolta.

Tutkimustuloksissa tunnistetaan useita toistuvia haasteita, kuten puutteellista markkinatutkimusta, monimutkaisia tullimääräyksiä, yrityksen hinnoitteluhaasteita sekä rajallista asiantuntemusta Norjan lainsäädäntöön liittyen. Tulokset osoittavat, että vaikka verkkokauppa tarjoaa kustannustehokkaan ja skaalautuvan markkinoille vientimallin Norjaan, sääntelytiedon puute ja rajalliset resurssit voivat estää tehokkaan markkinoille pääsyn. Tutkimus tarjoaa käytännönläheisiä oivalluksia vastaaville pk-yrityksille ja korostaa verkostorakenteiden, kuten logistiikkakumppanuuksien ja ulkoisten neuvontapalveluiden merkitystä.

Tulevaisuuden tutkimuksissa voitaisiin tarkastella useampia kestävän muotialan pk-yrityksiä tai laajemmassa mittakaavassa kansainvälistymisen haasteita Norjan markkinoilla. Toinen tutkimusehdotus voisi keskittyä ratkaisujen tai parhaiden käytäntöjen löytämiseen tunnistettuihin haasteisiin. Kolmantena tutkimusaiheena voitaisiin tarkastella kansainvälistymisvalmiutta johtajuusosaamisen näkökulmasta.

KEYWORDS: internationalization, e-commerce, online shop, Norway, International Business, entry strategy, sustainable fashion

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Figure 2. Leonidou's Classification of Export Barriers (Leonidou, 2004, p. 283). **Virhe. Kirjanmerkkiä ei ole määritetty.**

1 Introduction

1.1 Background of research

In recent years, sustainability has become a central value in the global fashion industry, with a growing number of brands aligning their business practices with ethical sourcing, circularity, and environmental responsibility. Consumers' demand on sustainable fashion options and increased awareness of fashion's influence on the global waste production have paved the way for fashion brands to push for environmentally responsible production practices. (Sheldrick, 2024). According to a survey held by PwC (2024) the consumers are increasingly prioritizing the consumption of sustainably produced or sourced goods, although the overall cost-of-living and continued inflation have increased in the short time – and for some consumers having a will to pay on average 9,7% more for sustainably produced good.

Nordic countries emerge being the accelerators of sustainable fashion, with many small and medium-sized enterprises (SMEs) operating with environmentally and socially conscious principles at their core (Thorisdottir et al, 2024). SMEs benefit from Internationalization by expanding their customer base, taking advantage of market gap to achieve higher returns, and apply their core strengths across a wider range of markets. (Nisar et al, 2018). Sustainable fashion companies find their sustainable business practices being challenging due to low bargaining power, and increased production costs. Larger global phenomenon such as COVID-19 pandemic has driven market being unstable that impacted in increased unsustainable business practice actions. (Thorisdottir et al, 2024).

As these companies look to scale their impact and customer base, international expansion becomes a critical pathway for companies seeking growth on profitability and customer base (Kor et al, 2016; Nisar et al, 2018). It is typical that companies start expanding their business practices to neighbouring countries (Johanson & Vahlne 1977),

especially within the Nordic region, where cultural, social, and environmental values are assumed to be aligned. Most of the Nordic countries are part of European Union (EU), which has significant impact of creating unified market in Europe, which further enhances trade between European consumers and companies. The free movement of services, capital, goods and people create communal values from economic, social, environmental, and governmental perspectives. Common regulations and business practices cross-border lower the barrier for companies to use the perceived single market for growing their business' regardless of company size. (EUR-lex, 2021).

Although Norway represents a logical and promising target for Nordic sustainable fashion companies, many companies struggle with the operative practicalities when entering the market (Valakari, 2022). Norway is one of the only countries that is not a member of the EU (EUR-lex, 2021), introducing additional challenges of following the country's regulations on trade. According to Vahvaselkä (2009, p. 65), limited knowledge on market or customer base, scarce staff competence or resources, or inability to benefit the access to information or plan long-term plans can become significant challenge for companies to internationalize successfully. Nevertheless, expanding into Norway presents operational and logistical challenges, introducing additional complexity in terms of customs regulations and reporting responsibilities (Valakari, 2022). However, as Norway is the neighbouring country in the Nordics with high purchasing power and increasing demand for sustainable products (Mostafa, 2025), Norway makes an attractive target country for Nordic sustainable fashion companies to expand their operations to.

Norwegian users are used to online shopping, and they favour those companies that offer a smooth shopping experience and convenience, fast shipping, and effortless returns (Mostafa, 2025). The author of the research, experienced in operational and logistical industry, has continuously discussed with companies with e-commerce platform on the operational and logistical hurdles when entering to Norway. Some ranging from navigating the VAT On E-Commerce (known also as VOEC) scheme to

managing returns and meeting Norwegian customer delivery expectations—can hinder or delay expansion efforts. Despite the relevance of these challenges, there is a lack of academic research that specifically addresses how small and medium-sized enterprises (SME) specialized in sustainable fashion handle these issues when entering the Norwegian market with e-commerce.

There are many studies conducted that focused on exporting challenges that companies experience once internationalizing. Researcher Eldrede Kahiya (2018) observed the past five decades of research on export barriers, and highlighted that the most researched barriers have been, for instance, the strong competition in foreign markets, inadequate exporting knowledge or market research of personnel or management and finding suitable agents/distributors. Many of export barrier studies highlight company's functional areas, such as finance, resources, logistics, production, and marketing, as the common approach to identifying the barriers. These barrier scales are anchored by their level of difficulty or severity, or degree of importance or influence. However, there aren't many research conducted that specifies on e-commerce as the exporting model, and precisely those studies focusing to entering Norwegian market. One identified research by Valakari's (2022) have focused on internationalization of an SME and business in the Norwegian market. The research gathered information from the exporting experts that are specialized and have in-depth knowledge on what challenges and obstacles do SMEs face during the internationalization process. Nevertheless, this study aims to explore the internationalization challenges of Finnish sustainable fashion company face when entering the Norwegian market through direct-to-consumer e-commerce.

1.2 Purpose and objectives of the study

The purpose of this study is to explore what challenges Finnish sustainable fashion brands encounter when expanding to Norway via immediate exporting by using e-commerce. This thesis focuses on Finnish small to medium-sized sustainable fashion brand that have either entered or are at the start of entering the Norwegian market through e-commerce business. The study aims to identifying the factors that are seen as

challenges for SME from the fashion industry, however, the study does not directly analyze the financial performance, or branding, and marketing strategies of the SME's entering the new market. Though, the challenges are influenced by these aspects of the company.

The study is guided by the following research objectives:

- To understand the internationalization motives of the company
- To explore their e-commerce as exporting channel
- To empirically Identify the challenges that Finnish case company faces when entering the Norwegian market via e-commerce business

The findings of this research can be insightful for SMEs that are planning to expand their e-commerce to Norway but would like to review the internationalization experiences of other SMEs. The approach of the research is from the sustainable fashion industries SME's point of view, and how they perceive the internationalization entry to Norway. The empirical research is based on qualitative interviews, which limits the generalizability of the findings but allows for deeper insights into real-world experiences. This research follows the European definition of small and medium sized enterprises, which is having below 250 employees within the firm, turnover is less than 50 million euros and balance sheet is as much or below 43 million euros (European Commission, 2025).

Although Norway has complicated regulations for each industry and the goods, and what customs clearance, VAT, or other fees would be applied for certain types of good (Valakari, 2022), the study would limit to conducting research only in one industry, sustainable fashion industry. This research limits exploring only e-commerce as the exporting model for market entry plan, and therefore it will limit other exporting types such as using exporting partners, export agents, or intermediary operating partners. Additionally, this research is conducted to company type of sustainable fashion brand, and therefore other company types such as marketplaces or multi-branded retails would be excluded.

1.3 Structure of the research

The thesis is structured by five main chapters. This introduction chapter begins the research by discussing the background of the research. The introduction chapter brings the context to understanding the motivations of internationalization and its importance to Finnish sustainable fashion brands, leading to introduce the Norwegian market as the neighbouring country with potential market with a glimpse to its challenges for Finnish companies. The chapter leads to introducing the research problem and main questions, that gives the needed structure to the thesis and its key characteristics, followed by sharing the structure of this research.

The second chapter of the research reviews the relevant literature on internationalization concepts and theories, and introducing briefly factors that influence the internationalization. Theoretical framework will continue presenting the internationalization process through exporting, more particularly through e-commerce. And lastly the exporting challenges of e-commerce will be showcased.

The third chapter will outline the research methodology and data collection approach. The research approach is by single-case study with qualitative research, and this chapter will present the methodology more thoroughly. The chapter will follow through introducing the implementation process of the research.

Fourth chapter presents the empirical findings of the held interviews, and the chapter starts by sharing the thought process and motivations of the internationalization. The topic will follow by examination of the case company's knowledge on the Norwegian market on the internationalization process and then continuing to discuss companies' taken actions on internationalization to Norway market and their operational arrangements.

The fifth chapter conducts the analysis from empirical findings. The internationalization motives, market knowledge on Norwegian market, and challenges of the

internationalization will be addressed and finalized by sharing the key challenges. Each theme will be addressed in the light of the literature and theoretical framework.

The last chapter offers conclusions of the research and insights for any business leaders that are interested in expansion to Norwegian market, and key challenges that may cross them during the internationalization plan. The research will be finalized by suggestions for future research.

2 Theoretical framework

The chapter on the theoretical framework will cover the definitions of internationalization while taking into consideration the historical development, the importance of the network, and the influence of technology and the digital era. The second part of this chapter introduces the exporting as an internationalization pathway, and what are the exporting challenges for the companies that enter a new market. The exporting barriers will then be specified for e-commerce businesses. The framework will be used when analysing the findings of the research.

2.1 Internationalization concepts

There are many perspectives on why companies choose to internationalize their operations to other markets. One perspective for Internationalization is aiming to secure the company's growth and profitability by exploring new markets and enlarging the customer audience (Kor et al, 2016). Company's size, the efficiency of manufacturing and marketing, and capable human resources would play an important role in internationalization, and the growth mindset will require investing on resources and capabilities. Internationalization from strategic point of view is part of company's business decisions (Simon, 1955). As strategy is defined by having long-term goals, choosing the direction of operations, investing in resourcing and action plans. Having a strategic orientation on internationalization is a conscious decision to plan on expanding the company's operations outside the homeland, which go accordance to company's strategy on achieving the long-term goals. Whereas another perspective on internationalization based on resource management perspective would give more competitive advantage (Barney, 1991, s.117; Sirmon and Co, 2011).

For enhancing SMEs growth strategies, the geographic expansion is more vital as the domestic market tends to restrict their business scope. SMEs benefits from Internationalization by expanding their customer base, taking advantage of market gap

to achieve higher returns, and apply their core strengths across a wider range of markets. (Nisar et al, 2018).

There are many ways for a company to internationalize into new markets. Some internationalization processes differentiate based on the process time and speed, additionally with different phases of the process, and involvement of various networks and collaborations. Some internationalization processes are riskier for the company than other processes, and other processes may include more risk taking and investments. (Vahvaselkä, 2009, p. 31). There are several theories on internationalization process from traditional to modern time theories, and the diversity of the internationalization that will be introduced in the following subchapters.

2.1.1 Internationalization pathways

The business growth and internationalization are accomplished by organic path, where company does with typically low investments on resources, with current knowledge and experience. And often company's growth is built and invested from company's income and cashflow. (Vahvaselkä, 2009, p. 32). An internationalization model, Uppsala Model, created by Johanson and Vahlne (1977), introduces how companies expand to new markets by increasing their international involvement through increasing experience-based learning and managing risks over time. The concept of this model has incremental process, where the concept takes into consideration that company don't know everything about operating in the target market, but rather learn by performing activities and evaluating the outcomes. (Johanson & Vahlne, 1977, p. 26-28).

Internationalization stages in the model start by first having operations in the home country, and the internationalization process starts operationally by exporting to the first target markets are from neighbouring countries of close psychological distance. Target markets are the perceived low differences between the home country of the company and the target market. The process is expected to be slow and incremental by learning the market and performing activities at the markets. This gradually can move to

companies making decisions to export by using independent representatives. The more activities there is in the market, the more company gains knowledge on market potential, its culture and demand. Later, company moves forward by making more market commitments, such as establishing a sales subsidiary and gradually in the future establishing a production facility abroad. (Johanson & Vahlne, 1997, p. 24-25).

The internationalization process is incremental, and it follows a learning cycle of the Uppsala model, which is showcased in the Figure 1. The current activities done in the new market, such as exporting, generate market knowledge of the target market. Building the market knowledge identifies the opportunities or problems of the target market, and this is assumed to initiate decisions. Learning the relevant parts of the market environment and performance of various activities creates a base for evaluating the alternative decision options. Moreover, the better market knowledge significantly affects the company's future commitment decisions made for the target market, which further leads to more advanced market operations activities. (Johanson & Vahlne, 1977 p. 26-27).

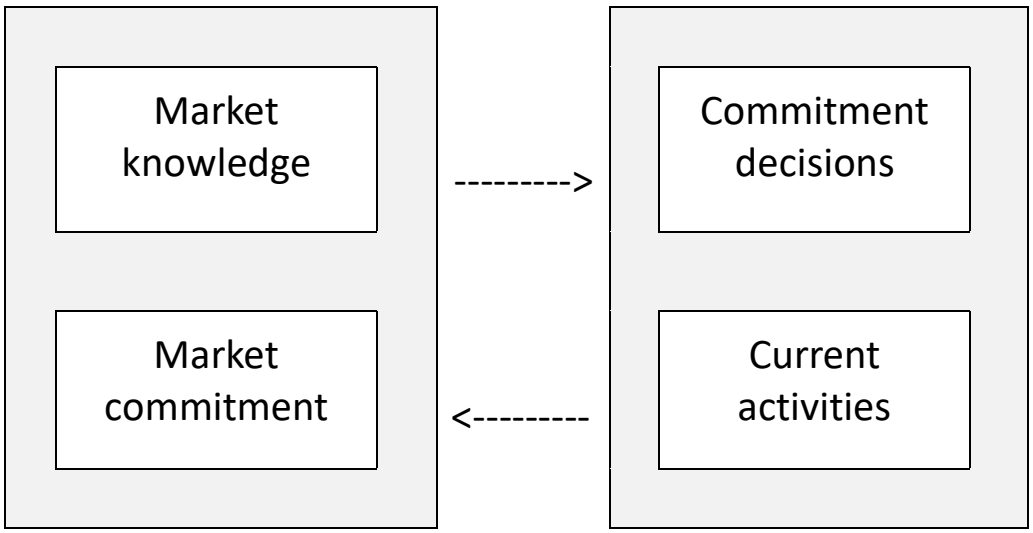

Figure 1. The Basic Mechanism of Internationalization – State and Change Aspects (Johanson & Vahlne, 1977, p. 26)

The speed of growth can be enhanced by taking more risks, learning the market, building experience in internationalization (Vahvaselkä, 2009 p. 32). In Uppsala Model the risk taking is low as companies would enter the target market gradually, and in some cases the process can be seen very slow in time aspect. Johanson and Vahlne developed their Upsala model in 2009, where they included companies' relationships formations and how relationships have become networks.

Companies are seen to be surrounded in networks of relationships, whether it is with suppliers, customers or competitors. The relationship-building of networks emphasizes that companies expand to new markets additional through experience, but through developing trust, commitment, and knowledge in international business relationships. Building market knowledge is not done by only by commitment decisions and performed activities, but also from interacting with partners within the built networks. Concept provides that a company's liability of foreignness is not as significant compared being an outsider to local networks. (Johanson & Vahle, 2009).

In this digital age and the gradual improvement of technology, companies can achieve significantly more rapid internationalization through Born Global internationalisation process. Rapid internationalization has been driven by several key factors, including technological advancements, evolving market dynamics, and shifts in managerial mindset. Technological developments have facilitated faster cross-border information exchange and streamlined production processes. Meanwhile, markets have become increasingly globalized, diminishing the significance of national boundaries and leading to more uniform consumer demand across regions. Additionally, modern managers often possess greater international exposure than in the past. Their familiarity with foreign cultures and markets has helped lower the perceived risks associated with expanding abroad quickly. (Kudina et al, 2008; Vahvaselkä, 2009, p. 34-35)

Companies that are born globalist are defined by having a speedy internationalization from the start of the company, usually of 2-3 years, and having at least 25% of their revenue coming from foreign markets. Born globalist has internationalization process that targets new markets that has the highest market potential, instead of prioritizing the target countries with close phycological distance to their home country. (Kudina et al., 2008; Vahvaselkä, 2009, p. 34-35). Born globalists tend to use different internationalization processes at the same time, which in another term are called hybrid solutions. For instance, born globalist firm can focus their resources and investments to high potential markets, whereas having less resource commitment to markets with lower potential (Vahvaselkä, 2009, p. 35). From managerial aspect, it is common that the managers of the born globalists are well experienced internationally, whether it is having the language skills, higher education, and living abroad, but additionally have built personal networks that reaches to cross-border connections and partnerships as well as financial solutions for internationalization process.

2.2 Internationalization through exporting

Exporting from the domestic market to cross-border markets is the first milestone for starting the internationalization process (Johanson & Vahlne, 1977, p. 26-27). There are various entry models that can be used when entering a new market, and these can be divided into three categories: indirect, direct, and immediate exporting. In indirect exporting, companies utilize an intermediary operating partner from the domestic market. These partners can be an export company, an export agent, or an export group formed by several companies. By using the indirect exporting method, the company's role remains passive, as all aspect of the exporting business are handled by the partner(s). In contrast, direct exporting involves the company managing export operations independently and maintaining direct contact with intermediaries operating in the target market, including import agents, importers, resellers, or brokers. Immediate exporting refers to the sale of products directly to foreign customers without the involvement of intermediaries (Vahvaselkä, 2009, p. 73-74).

As it is important for the companies seek growth by expanding their business to foreign markets, using direct exporting model by setting up a subsidiary in foreign market can pose challenges for SMEs on their internationalization journey. The liabilities of foreignness and behavioral and environmental uncertainties (Nisar et al, 2018) arises from companies that are unable to predict and lead behaviors of individuals of the foreign market, and/or inability to predict future events, which often results from the volatility of the environmental conditions of the new market. As SMEs tend to rely on managerial abilities, uncertainties can cause high transaction and control costs. SMEs might struggle building a competent managerial control structure in the foreign country, as it requires committing to additional resources. As SMEs are often expected of having limited resources, it comes more critical to choose the right exporting pathway into the new market. If the foreign market's characteristics is known by high environmental uncertainties, SMEs are recommended to share ownership and use indirect exporting model by building relations with international joint ventures, which are often a strategic operator in the target country. (Nisar et al, 2018).

The organizational and managerial characteristics are associated with export activities according to research conducted by Cavusgil (1984). The study shows that the characteristics of the most active exporters show a high level of aspirations for business growth by profit and market development and have favourable expectations on the contribution of the exports where they continue exploring the foreign markets systematically. Whereas the least active exporters main aspiration is the company's security. As some business decisions are made by management team, and management's expectations on exporting's effect on company's growth will terminate whether the business decisions are favourable for exporting activities and the extent of resources allocated to the exporting. (Cavusgil, 1984, p. 16-17)

E-commerce constitutes a form of immediate exporting and represents one of the market entry pathways available to companies (Vahvaselkä, 2009, p. 73-75). E-commerce is officially known as electronic commerce, which is an overall concept of trade that

occurs in the internet – whether it is selling products and services, or making purchases online (Havumäki & Jaranga, 2014, s. 19). The typical characteristic of the e-commerce is being present everywhere as far as the standards and technology solutions of the trade transactions are enabled cross-border, and the most potential market are all people who has access to making purchases in the internet. Additionally, e-commerce business' can further target the specific consumer bases with personalized communication, such as localizing the language, giving user-friendly customs for online purchases, and educating their products or services. Trading via e-commerce enables interactive communication between the business and the consumer, and information density by count and quality further enriches the communication. Nevertheless, social technology plays a significant part in which users can create and share the content for connecting with or maintaining their network, which can be applied to businesses too. (Laudon & Traver, 2019, s. 57–61.). The e-commerce has given opportunities to internationalize without making large investments, and it serves as one channel to reach the consumer base. Therefore, it doesn't require a greater company size to be able to Internationalization with e-commerce exporting, but now smaller companies can benefit from the innovation and compete in global market (Vahvaselkä, 2009, p.74).

One motivator of why companies select e-commerce for exporting activities to foreign market compared to other exporting models, has been the transaction cost. This implies that the exporting model for entering the new market is based on which model has the least cost of transaction (Qi et al, 2020, p. 51). This could be in the form of international governance's economic efficiency that leads to better company growth. In practice, if the transaction costs, such as managing relationships, monitoring and enforcement costs, or information, searching, negotiation, and contracture costs, are considered high by the company, companies might search for internalizing the cost and take ownership of the tasks. Another motivator is minimizing the number of intermediaries in traditional exporting for having a product sent from the original business to customers. The intermediaries of traditional exporting would include the exporters, importers, distributors, and retailers. ICT has impacted heavily as the motivator for the companies

to push for e-commerce business, due to the information availability and the speed to process the information have reduces the transaction costs. Although it is also guided that reduces transaction cost is achieved when cost of ICT adaption is less than the cost of externalities affecting this adaptation. (Qi et al, 2020, p. 51-54).

2.2.1 Export challenges in internationalization

The purpose of this research is to understand what challenges companies face during their internationalization process via e-commerce exporting. Companies may face export barriers of which it refers to any obstacles that obstruct the company's ability to initiate, to build, or to sustain operations in the target market. Leonidou (2004) has classified that there are two types of exporting barriers – Internal barriers, that are caused more by companies' internal factors such as resources and capabilities in exporting, and external barriers that sources from the operations at the host or home environment. The figure 2 demonstrates the fundamental elements of internal and external barriers.

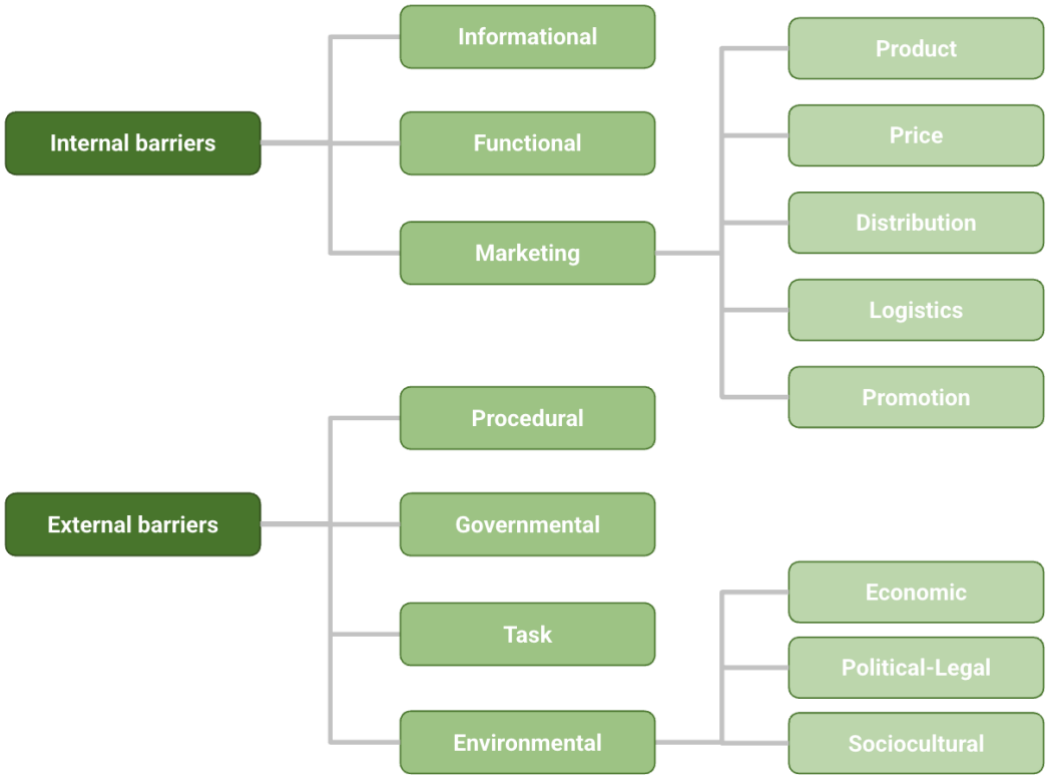

Figure 2. Leonidou's Classification of Export Barriers (Leonidou, 2004, p. 283).

2.2.1.1 Internal barriers

Internal barriers are categorized intro three different barriers: informational, functional and marketing. **Functional barriers** are more related to company's various functions such as unavailable production capacity, shortage, limitation, inadequate managerial or personnel resources, and shortages of finances for exporting activities. **Informational barriers** are more for the companies to be able to analyse, locate, and find market data on the foreign markets, identify the potential business opportunities that the exporting to the target market would provide, and being able to contact the cross-border consumer base. Lack of market knowledge causes a high level of uncertainty on the foreign market environment, and it encounters difficulties to identify the potential of the market, and this results to company's exporting decision being risky due to managerial intuition and personal experience. (Leonidou, 2004, p. 285-287).

In Cavusgil's study on the organizational and managerial characteristics are associated with export activities (1984) showcased that unfavourable expectations on export's contribution to business growth has shown to come from misperceptions. This further confirms Leonidou's classification of export barriers. The misperceptions have been related to payment and credit practices, currency exchange rates, disadvantageous of being a small company in exporting. Some misperceptions could be coming from managers not determining their foreign marketing contributions to company's goals, not devoting adequate time and resources for exploring the foreign marketing opportunities and seeking relevant information for making export decisions or assigning or sharing responsibility of export-related activities. (Cavusgil, 1984, p. 18-19).

In Leonidou's study (2004), **marketing barriers** relate to many central subcategories: product, price, distribution, logistics, and promotion. The potential need to adopt, develop, personalize the product for the target market, or standardizing the product to many markets will be a commitment decision which the managers would make. Making sure that the product also meets the quality standards and product regulations in addition to packaging or labelling requirements of the target market. (Leonidou, 2004,

p. 286-292). Kananen (2010, p. 97-99) also involves that different spoken language on the target market forces companies to localize the instructions or product descriptions or using standardized symbols familiar to the industry. Other market specific barriers to be considerate is weather conditions, understanding preferences or trends, or tariff categories and costs do push companies to evaluate the adaptation of the good or service. Furthermore, when companies standardizing the products or service so that it follows the regulations and standards of many countries instead of creating market-based products or services. Globalized products or services lower the cost of production and is easier to provide the goods or services at many markets. (Kananen, 2010, p. 97-99).

Although products won't face these product-related barriers, it would still be important for the companies to be able to provide the technical or after-sales support services for the end-user, for adapting the usage of the product (Leonidou, 2004, p. 292). According to Vahvaselkä (2009, p.134), any issues on contacting challenges, where enquiry requests aren't being responded or handling the contact requests aren't satisfactory level, or handling the shipping challenges, such as lack of documentation or insufficient insurance, can lead to increased managerial challenges for the company. The managerial challenges can be identified from increased consumer complaints, increase in delays on fulfilling the purchase agreements, or constant increase in handling disputes or ambiguities. These challenges can be traced back to inadequate skillset or knowledge of staff handling the challenges. (Vahvaselkä, 2009, p. 134).

Price would come as a central conversation, if consumer expectation match between product, received value, and price. Distribution channels create complexity for the company due to distribution channels being difference between on home and foreign markets – the distribution can be measured by how the reach and quality of the distribution of service is perceived. Logistics barriers can be caused by transportation delays, demand fluctuations, and unforeseen events that doesn't supply the product to the market adequately. And lastly promotion barriers, such as inability to advertise and

promote the products to consumers efficiently that is also thoughtful of consumption patterns, buying motives, and government regulations. (Leonidou, 2004, p. 286-292).

2.2.1.2 External barriers

Moreover, Leonidou's (2004) external barriers can be broken down into procedural, governmental, task, and environmental barriers. **Procedural barriers** originate from companies being unfamiliar with exporting procedures or documentations, slow cycle of payment collections, and inability to have clear customer communications that refute misunderstandings of the information, poorly led conversations or lack of feedback on business development. Typically, small firms find the customs arrangements of export procedure activities too difficult to manage due to associating them to time lost, excessive cost, and extreme bureaucracy. And this creates a negative attitude towards handling the export, but on the other hand, can be outsourced to consultative service providers or agencies that assists on the tasks. **Governmental barriers** could be coming from home market where a company isn't receiving any assistance or incentives from the government for exporting, or having an unfavourable government rules, restrictions and regulations on exports. **Task barriers** pertain on the company's customers and their competitors in the foreign markets, due to different demographic or social norms compared to home market. Whether it would be from different income levels, education standards to household sizes, but as well to usage patterns and price acceptance can lead to a higher cost for the companies and builds delays in exporting. (Leonidou, 2004, p. 292-294)

Environmental barriers focus on three different sub-categories: economic, political-legal and sociocultural barriers. Economic barriers is related to the poor economic conditions of the foreign market, where the purchasing power is low, unemployment rates are high or having a serious foreign dept can lead to changes on consumer behaviour. The unstable exchange rates or revaluations of the currency at home market or unconvertible foreign currencies can lead to having less favourable prices for anyone. Also, the political instability has a high impact on the performance of the economy

abroad. Strict rules or regulations of the foreign market can impose entry restrictions or price controls, special tax rates, high tariff or nontariff barriers on the exporting which on the other hand increases the export price of the product in that target market. (Leonidou, 2004, p. 294-295)

Kananen (2010) further confirms the environmental barriers of Leonidas, where the target market's political arrangements and regulations can create obstacles to importing goods. These barriers include customs duties, import quotas, product standards and regulations, and subsidies. Customs duties are typically imposed to regulate competition in the domestic market. However, their significance has decreased over the years due to the formation of trade coalitions between countries or economic unions. In addition, countries often impose Value Added Tax (VAT) on imported goods and services. The VAT rate can vary depending on the type of product, service, or category. Import quotas may also be set on specific materials, goods, or textiles in order to protect domestic production. For example, the European Union (EU) imposes quotas on silk imports to regulate market competition and support local producers. Furthermore, companies aiming to enter a foreign market must comply with that country's local standards and regulations. Especially the exporting through E-commerce will request companies to understand target markets regulations or customs in order to distribute their goods or services successfully (Vahvaselkä, 2009 p. 74). Failure to meet these requirements can result in the inability to sell products or services in the market. Some countries gives subsidies to local companies of certain industries like agriculture, which gives them the disproportionate cost advantages compared to foreign companies operating in the same market. (Kananen, 2010, p. 19–21).

Lastly, different sociocultural traits, such as religion, values, and attitudes can be barriers for the company for further planning the targeting approaches and marketing campaigns for the target audience. Additionally various subcultures, cultural contexts, verbal and nonverbal language compared to home market can cause misinterpretation of the culture, misunderstanding the local needs, or misleading market evaluation. And this

causes the sociocultural challenge from environmental barrier aspect. (Leonidou, 2004, p. 295).

2.2.2 Challenges for SMEs' e-commerce businesses

Leonidou's classifications on exporting barriers will work as a blueprint in this research. Other studies differentiate the export barriers to the micro and macro levels. Micro-level barriers are more to do with firm-level challenges, and macro level are more on external factors to the firm (Paul, et al, 2017, p.335). Micro levels are similar to Leonidou's internal barriers; in this case they focus on the company's human resource barriers and resource limitations, knowledge and experience challenges, productivity, technology-based capabilities, company's finances, logistics arrangements, operations, product-related challenges. The macro level barriers, similar to external barriers, focuses on the domestic or foreign institutional barriers, constrictions, and economic environment, as well as marketing barriers and trade promotion policies, and lastly barriers related to the company network, such as industry barriers, and lack of intermediary or subnational institutional support. (Paul, et al, 2017, p.335).

Hence, smaller companies experience higher barriers compared to larger companies, which have the resources and capabilities (Paul, et al, 2017, p.335). More attention should be paid to barriers related to the international experience of managers, marketing capacity, and innovation capacity if a company seeks growth through internationalization. Network relationships leverage a successful internationalization path, and SMEs typically implement informal cooperative strategies with their partners due to their significant influence on the company's increased export knowledge intensity, cross-market trade performance, and competitive advantage. (Paul, et al, 2017, p. 335-336). In case company struggles with the demand challenges in the target market, it can destabilise the company's profitability. Another point is if the demand is higher than company's capacity to fulfil the demand, the shipping of the goods is delayed, and consumers are experiencing dissatisfaction. In case the plan on the demand have been more optimistic, sales are underperforming or less than the investment made for the

exporting, or in case the operating loss is increasing throughout the time. (Vahvaselkä, 2009, p. 135).

E-commerce business' similar barriers as listed in Leonidou's classifications on exporting barriers. As the e-commerce works in digital environment, it also highlights how the technology can comply with different policy areas such as consumer policy, taxation, environment, competition and cross-border export. Consumer policies concerns rise on how companies ensure payment protection and provides trustworthy payment services for boosting consumer engagement in the e-commerce. Adjusting tax collection and fulfilling tax reporting of trade in e-commerce can be a barrier if there are technical limitations in e-commerce. Competition for e-commerce business is scaled, when it also includes brick-and-mortar spaces, price-based restraints, and distributions or marketplace business'. Cross-border trade challenges encounters if foreign market has different regulatory environment and specifications on the different areas of the business, such as logistics, distribution, technical specifications, such as international payments. Environmental challenge may come across when evaluating the transportations efficiency and consumer's demand, with their effect on environment. Nevertheless, the technological changes and innovations are constantly developed and adjusts the e-commerce landscapes that follows the various policies. (OECD, 2019, p.19-25, p. 55-56).

Additionally, demographic factors, education and social conditions of the customer base with being considerate of divides of urban and rural, access to education, and income levels, have an influence on e-commerce. How the mentioned factors are manifesting, can shows correlation to low connectivity, lack of trust of payment options in e-commerce, and inadequate ICT skills, and these can result that a share of potential customer base won't be able to make a purchase online (OECD, 2019, p.19-25, p. 60). Another share of the customer base potentially prefers to shop in-stores and see the product in person instead of making a purchase online without seeing the product (OECD, 2019, p.19-25, p. 54). Another barrier for customer base lack of engagement in e-

commerce can contribute from lack of purchase security (receiving and returning the goods), long delivery time concerns, and problematic reception of products delivered to home (OECD, 2019, p.19-25, p. 55).

3 Research methodology

The chapter begins by presenting the research methodology, followed by a detailed description of the case company selection, and data collection techniques. Lastly, the chapter outlines how the analysis of the data will be conducted, and the insights relevant to the research objectives.

3.1 Research approach and strategy

The research philosophy relates to the defined nature of the knowledge and the knowledge development in an exclusive field (Saunders et al. 2007, p. 101), therefore, it is critical that the philosophy of the research is clear and predetermined to conduct a coherent study. The philosophy of this research follows Interpretivism, as it focuses on understanding the experience of individuals, and how they perceive and respond to challenges in the specific context, which is the internationalization challenges via e-commerce on Norwegian market. The nature of the knowledge is socially constructed, subjective, and context dependent. The role of the researcher is to adopt an empathetic stance, to interact with the research participants, interpret their narratives and meanings, instead of testing objectives and generalizable laws (Saunders et al. 2007, p. 106-107). This research isn't aiming for the fact-based outcome as much as it aims to understand the lived experiences and interpretations of participants of the specified company of certain industry and in specific market, therefore it firmly situates in the interpretivist paradigm.

Saunders, Lewis, and Thornhill (2007, p. 117) state that the research can be approached based on how the theoretical framework would be used in the research. The research can take a deductive or inductive approach, or the research can be managed by a combination of these two approaches. Deductive approach uses the existing theoretical frameworks and is the primary guide on the research methodology, structure, and themes, and the data of the research will be interpreted in the findings. Inductive approach of the research explores a real-life phenomenon with basic level of theoretical

framework built before the empirical work is conducted, however, the theories would be built after the empirical data is collected and analysed. Inductive approach of the research aims to generate insights based on experiences, and seeking theories after the is for understand better the nature of the problem. The combined approach will combine both deductive and inductive approach, by having the basics of theoretical framework, gather the qualitative data, and refine and extend theory on the findings of the research. Saunders et al., 2007 p. 117-118).

This research will follow the combined approach, as firstly the theoretical framework is built to understand the internationalization concepts and pathways, and be aware of exporting barriers from e-commerce perspective. The theoretical framework helps to define the methodology of this research and how the data will be collected. However, to further understand the internationalization challenges particularly in Norwegian market, when analysing and defining the findings of the research data, the analysis will also be supported by researching the theories to further understand the phenomenon.

The research strategy defines on how the research will be conducted, and the choice of the strategy guides on how to reach the research objectives (Saunders et al. 2007 p. 135). The research strategy for this study is a case study that directly quoting Robson (2002, p. 178) “involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence”. The benefits of using the case study strategy are to gain a rich understanding of the context of the research and how the processes are passed in real life. The strategy that is used often in explanatory and exploratory research, may use different data collection techniques or combining them for generating the research answers to questions ‘why’, ‘what’, and ‘how’. (Saunders, 2007, p. 139). The research method of this research will be conducted as a single-case study and the methodology technique of this research is qualitative research, as it focuses on understanding the experiences and phenomenon, explore the factors and events of the phenomenon, and examine the co-dependencies and structures.

Single-case studies focus on critical, extreme, or unique case, which there potentially hasn't been many studies done before (Saunders, 2007, p. 140).

Before the empirical part of thesis is conducted, the selection criteria of the case company and the interviewee are defined. The selection criteria of the company and/or persons for the research interview are based on prior knowledge of their personal experience on the research subject or phenomenon (Hirsjärvi et al, 2009, p. 181-182). As the objectives of this thesis are to explore the internationalization challenges of Finnish sustainable fashion company when entering the Norwegian market through e-commerce, this defines that the research group is sustainable fashion company that has experience on the entry of Norwegian market by using an e-commerce platform, and may share their experiences on internationalization challenges. Additionally, the research is a case study on a sustainable fashion company, the study analyses company representatives' experience over time-based and in-depth conversations, instead of quantifiable facts.

3.2 Case company selection

The case company selected for this study is a Finnish sustainable fashion brand founded in Helsinki in 1980's. By the request of the company managers, the company is presented anonymously in this study. The company is a family-owned business recognized for its timeless and elegant womenswear, which merges Nordic minimalism with responsible design and high-quality craftsmanship. The company has experienced steady growth over the years and currently employs approximately 20 to 30 people. It has extended its market presence beyond Finland, operating a flagship store in Helsinki and engaging in select retail partnerships, moreover, with having an international customer base such as in Germany, Switzerland, and Sweden.

The company has pursued internationalization through a combination of retail partnerships, physical retail channels, and especially via e-commerce as their platform. In recent years, the company has increasingly emphasized cross-border e-commerce as

the strategy to reach environmentally conscious consumers outside of Finland. Its sustainability values are reflected not only in product design and sourcing practices but also in its adoption of more responsible logistics and packaging solutions. The company targets to have customers, regardless of their location in the world, who values sustainable and good-quality clothes as part of their lifestyle. Their current warehouse is located in Finland.

This study focuses on a Finnish small and medium-sized enterprise (SME) whose core values rely on providing sustainable fashion goods, which were produced with sustainable, economic, social, and environmental practices. Additionally, to the common background and familiarity of the industry, the study focuses on the research objectives which was identifying the internationalization challenges when entering to Norwegian market, particularly through e-commerce platform, and by delivering physical products abroad. The core group is considered a niche; it is assumed that the company would share sufficient knowledge and familiarity with the topic. In the company selection process, the company's e-commerce websites were reviewed to check for the availability of delivery options to Norwegian consumers, and to verify that the options are still available during this research. Furthermore, the company has experience on internationalizing to Norway and further experienced on what kind of challenges have they come across in their journey. The company is actively pursuing to further grow their market position in Norway.

3.3 Data collection

The empirical data collection is done through two interviews. The classification of the research interview is established based on the interview structure or standardization levels, how the interview was conducted, and by the number of participants. The degree of standardization determines whether an interview is classified as standardized or non-standardized, and the structure levels are determined in three ways: structured, semi-structured, and unstructured. Structured interviews have standardised questionnaires that are used in every interviewee. Due to standardisation, the questions will remain

unmodified during the interview or with other interviewees, and the interviewee's answers are documented as they are. Semi-structure interviews have a list of themes and questions with flexibility to adapt new questions or follow-up questions during the interview, which supports exploring the research questions and its objectives with discussion. Unstructured interviews are known to be informal, which doesn't have a structures list of questions although the theme would be followed to reach the research objectives. Structured and semi-structure interviews are seen as standardized interviews, whereas unstructured interviews are unstandardized. (Saunders et al., 2007, p. 311-312).

Semi-structured interview is considered to be the most suitable solution in this case study, as it gives the interviewees the freedom to express their experiences and phenomenon, and the flexibility of the answers helps to clarify and deepen the shared information (Hirsjärvi et al., 2009, p. 88). The aim of the semi-structured interview is to cover the topic and the objectives of the resource in a comprehensive format, as surveys and structured interviewees won't provide the opportunity of in-depth understanding or for additional questions that would help to comprehend the given answer. Whereas with unstructured interviews the discussions are at risk of not answering the actual research objectives (Saunders et al., 2007, p. 311-312).

Two semi-structured interviews were conducted in the case company in May 2025. The interview was held internet-mediated through Google Meets. The researcher and the interviewees are familiar with each other due to having an active business relations from workplaces. The researcher held a conversation with one of the interviewees in the past, and the topic was regarding the exporting barriers that the company faces in regards to expansion plans in Norway. Hence, this initiated an interest for the researcher to do a study on this topic. Later in Spring 2025, the interview for this study topic was proposed to the interviewee. The interview was conducted in Finnish, as the language was the native language for the researcher and the interviewees.

The original interview was planned to be a group interview, which would include two managers from the company, and ideally, the interview would illustrate their internationalization experiences based on the view from their respective areas. The primary interviewee was the E-Commerce manager, who's responsibilities rely on the e-commerce operations and from internationalization aspect, and the focus group is on consumer base, more commonly known Business-to-consumer (B2C). and as supportive interviewee was the logistic manager, who's managing the logistics of their importing agencies and their focus groups being other businesses, also more commonly known business-to-business (B2B) customer base. Unfortunately, due to the sickness leave of the logistics manager, the first interview was held only with E-commerce manager. A separate interview was organized later, where logistical manager participated.

The first interview with the e-commerce manager lasted 58 minutes, and the second interview with logistics manager lasted 49 minutes. Both interviews were recorded with the consent of the interviewees. Although the subject was already introduced in advance, both interviews started by having an introduction to the research, and presenting the interview topics and subtopics. The interviewees were told that the data would be treated confidentially and that the stored data, such as the interview record, would be deleted after the research was completed. The semi-structured interviews were conducted based the outlined questionnaire, and this questionnaire can be viewed from the Appendix 1. The order of the questions and the wording of the questions varied, as the questionnaire was built in English, and it was translated to Finnish during the interviews. Moreover, the interviews had a clear topics and structure of the questionnaire, the conversation have been adapted based on the conversation between the researcher and interviewees – some questions were covered in earlier staged of the interview based on the nature of the interview. The interviewees were free to add more answers and insights of earlier topics in the later stages of the interview, as the interviewees' answer gave valuable and additional insights to the research.

This research uses the interview data as the primary data to this research. However, secondary data will be also collected for them to contribute to the data collected from the interviews. The focus of the research is identifying the key internationalization challenges but more precisely to Norwegian market – to further understand and interpret the interview answers, it is necessary to collect secondary data based to support the observation and interpretation. This study collects documentary data on Norwegian market and particularly additional information on the challenges that are found from the interview data. It is common to use secondary data in explanatory research and part of case study strategy, as the secondary data can provide a useful source that answers the research questions (Saunders, 2007, p. 246-248). Government websites and publications, news articles, and public or exclusive surveys are types of secondary data that would be collected for this study.

3.4 Data Analysis

After the research had collected the data from the interviews, the research continued by analyzing the given data. The study aims to interpret the collected data so that it reaches the objectives of the study. The objectives of the research guide on how the collected data would be handled and interpreted. The data collection in a qualitative study is based on documenting the answers from the interviewees that is expressed through words, and answers are classified into categories, and the analysis of the information would be examined through the use of conceptualization. (Saunders et al, 2007, p. 406-407, 472).

According to authors Saunders, Lewis, and Thornhill (2007, p. 473-474), the qualitative data would need to be divided into categories so that the complex nature of the data could be analyzed meaningfully. The collected data of this study will be analyzed based on the thematic analysis. This is seen as the general approach for analyzing the complex data from qualitative method, as the aim of the study was to explore the internationalization challenges based on studied phenomenon. Once the interviews were held and the audio recording was completed, the transcript was read through by

also taking notes. The themes were already predefined before the interviews was held, and they were defined by the research objectives and the theoretical frameworks. In this study, the objectives and theoretical frameworks cover the aspects of internationalization, exporting and exporting challenges, the data analytical part was built based on emerging codes regarding the challenges. Later, these codes were built into themes that were identified from the data collection. Themes were named and these are defined more clearly in the chapter 5. The interview data will be analyzed with combination of secondary data to meet the research objectives.

3.5 Reliability and validity

In qualitative research, the data is collected through organizing an interview, publishing surveys, overall observation and written documentation. Choosing the qualitative research method helps on understanding the operational challenges of internationalization in detailed level, understanding which factors influenced on causing the challenges. This study does not aim to generalize on the industry, nor that others would face similar challenges in their own internationalization process. It is to understand or interpret the shared experiences.

The quality of the research is heavily dependent to its validity and reliability. As the study is held in qualitative research, the data collection and analysis can be interpreted in many ways. Researcher's interpretation on the interviews, collecting and analyzing the data, and making a correct conclusion from the data and ensuring enough evidence for supporting the conclusion, has a high impact when assessing the reliability of the research (Eriksson & Kovalainen, 2008, p. 292; Saunders et al, 2007, p. 318-320).

Implementing semi-structured interview as the qualitative research method can show unreliability and invalidity, as the findings are difficult to generalize to all sustainable fashion companies. Semi-structured interviews can form a bias based by perceptions of the interviewer. (Saunders et al, 2007, p. 318-320). According to Saunders (2007), there three different aspects of biases that should be considered in the study – the

researcher's, also known as the interviewer's bias, interviewee's bias or their biased response, and participation bias. Researcher's biases are shown on how the interviews are held and the conversation is led, with additional to the given comments and spoken behavior. If there is any lack of trust sensed by the interviewee, then the interviewee's answers to interview questions can be accordingly bias. And another research bias would be formed on the way the data would be interpreted in the study. Some argue that interviews and observations are contextual, subjective, and flexible, so standard measures of accuracy may not apply well in the study (Eriksson & Kovalainen 2008: 292). Although the aim is to explore the phenomenon and seek explanations through answers, interviewee still chooses what they reveal or keep hidden information that can be viewed as sensitive. Validity of the research is expected to be held by encouraging free expression of the interviewee and at times help on directing the conversation so that the topic would still be relevant to the research themes. Generalizability of the findings can cause issues as the research is conducted to only one case company(Saunders et al, 2007, p. 319-320). However, the semi structured interview method used in this research is not intended to generalize for larger public, but rather to reflect on the case study's reality at the time when research was conducted. (Saunders et al, 2007, p. 317-320).

The reliability of this research is ensured by building well-structured study, with a thorough explanation of the choice of the research method. Moreover, to minimize the bias and increase the reliability during the interview, the interviewee was prepared with the interview topics in advance, and the themes were presented in the beginning of the interview. During the interview, the questions and the themes were optionally clarified in case there were a risk of misunderstanding the questions. Confidentiality of the interview and collection of the data was spoken in the beginning of the interview, and any requests by the interview were respected, for making sure that the respondent and participation bias would be minimized to its potential for this study.

To increase the validity of this research, the theoretical framework and the interview questionnaires of this study were based on previous literature on internationalization

processes and exporting barriers. The theoretical background was intentionally selected carefully, and also by supporting the theories with various references, studies, and literature of the topic. Besides the fundamentally built theoretical framework, the methodology part was planned and executed while being respectful of the case study company's representative.

It is important to evaluate suitability of secondary data used for the research, so that the relevancy, measurement validity, and sources meets the criteria and objectives of the research (Saunders et al, 2007, p. 263). Secondary sources appear to be relevant when the primary data can be insufficient for in-depth understanding the data, and secondary source would give more context to the primary data. For documentary sources it is needed to check that the data relates to the topic identified in the research, are time-relevant, and exclude data that is unwanted (Saunders et al, 2007, p. 263-265). Unreliable sources, irrelevant or unauthorized publicists will negatively affect the reliability and validity of this research. In order to increase the reliability and validity of secondary data, the researcher checks and verify the author of secondary data whether it is a person or an organization, and that the data is relevant and supports the primary data. Moreover, the secondary data aims to support and meet the research objectives.

4 Findings

This chapter examines the internationalization process and the associated operational and logistical challenges faced by Finnish sustainable fashion company, drawing on insights obtained through interviews with representatives from the case study company. Additionally, many interview answers will follow up with supportive sources regarding Norwegian market that would help understanding the interview answers and their references.

The first theme explores more on the company's background on internationalization, such as beliefs, and history of their exporting practices. The theme will follow up to understanding what motivated the interviewees to expand their business to Norwegian market. And the third theme will highlight three main challenges that the company encountered when internationalizing to Norway.

The research was held by interviewing two managers of the case company, on their expertise on internationalization through their responsibility areas of the business. Although the findings will showcase the exporting activities conducted via e-commerce, the findings will bring other aspects of exporting to further understand the e-commerce business in-depth. Interviewees' answers will follow up with additional sources, such as Norwegian Customs guides, for further interpretation and understanding their answers to their full potential. Moreover, as the interviewees' answers are about their business conducted in Norway, some certain cases other markets are mentioned for pointing the differences between Norwegian market.

4.1 Background of internationalization with e-commerce

The company's representatives state in their interviews that internationalization means for them a path to expand their business abroad, scaling the reach of their products, and business growth. The home market was said to be a small market for them; therefore, it is needed for expansion when aiming for business growth. The e-commerce manager

said that their internationalization started by having partnerships with importing agencies – these agencies sold their products as wholesales at the target markets, and the company takes ownership on distributing the products to the target markets. As the company was founded in the 80s the company has maintained their focus on home country, whereas their importing agencies have taken care of sales activities abroad and the case company handles the operations. The interviewees couldn't tell the exact year or decade when the internationalization path started.

The e-commerce manager recalls that after the exporting activities, a significant internationalization milestone was achieved when the company established their first store in France in late 2010's. Another significant internationalization milestone occurred when the company started the immediate exporting model by launching the new e-commerce platform several years ago. The e-commerce manager states in the interview that this technological solution made it easier to apply all technical solutions, such as adding information regarding their company and products, additional services such as payments, logistics, adding governmental codes, and being able to collect VAT per market. The logistics manager also confirmed that they can add the governmental codes in the products in the e-commerce platform. The usage of the e-commerce platform made it easier for them to sell products abroad. E-commerce manager has been told that the company previously used e-commerce platform WordPress, which wasn't simple to use, and many of the company's operational needs weren't met in the platform or caused manual labour. The usage of old platform resulted to their sales having a low performance, but moving to another platform increased the performance right away.

For the e-commerce manager, it is fundamental to build the e-commerce for international market in mind and reaching the potential consumer base abroad. However, the e-commerce manager couldn't confirm if the e-commerce platform changes were targeted for the internationalization possibilities, as the interviewee started to work at the company after the launch of Shopify was completed, and the interviewee focused on scaling and further development of their e-commerce business.

Additionally, the e-commerce manager said that the company have aggressively increased activities in marketing in the past few years by working and advertising with social media influencers and converting the marketing into sales in the e-commerce.

E-commerce manager states that the company's e-commerce is currently set that any consumer in the world can make a purchase. The only market that was excluded from the market audience in Russia and soon some operational activities will be reduced in USA market. Although the reason behind the decision weren't asked nor discussed due to infamous knowledge, but the answer refers to current political challenges: the foreign ministry of Finland and EU having active sanctions against Russia that restricts local companies' exporting activities in Russia due to their war on Ukraine (Ulkoministeriö, 2025) and USA market undergoing geopolitical instability and tariff uncertainties (Kukko-Liedes, 2025).

4.2 Knowledge on Norwegian market prior the expansion

E-commerce manager said that their market interest on Norway was found via the increased demand by their import agency partner. They have allied with an import agency that makes purchase from the case company and distributes it in Sweden and Norway. The cooperation has been successful as the business growth have been increasing in the past few years. The company wanted to have its own exporting activities in Norwegian market. E-commerce manager adds that the company gained recognition from royalties in Sweden and Denmark that used the company's products in public for many years, and they believe that Norwegians have also given attention to the company's products thought that.

There was no prior knowledge on the Norwegian market according to e-commerce manager, before they started the internationalization process by immediate export – via e-commerce. They expected to gain knowledge through experiences, learning by mistakes and adapting their work when new information was gained. The interviewee is aware that larger companies can make market analysis first before launching the direct

exporting to Norway, but their company are not able to allocate resources to studying the market due to having a small team in the company with limited resources. Logistics manager gave a similar answer, and additionally said that knowledge is gained through their partners and agencies by asking the right questions and looking information from the internet.

E-commerce manager adds that another interest in the Norway market was based on the nationally and commonly known beliefs – the Norwegians have a high living-standards, high-income households, and have great purchasing power. Overall, the Nordic countries are expected to be culturally similar to one another, so it was inevitable for the company to expand to Norway. Business Finland (2024) confirms the interviewee's beliefs – Norway does have a high living standards and their economy have had a steady growth since the 19th century. Hence, Norway takes the fourth place as the highest GDP per capita in the world.

4.3 Internationalization challenges in Norway

Both interviewees state that their e-commerce business is well-equipped from the technology aspect. They have two customer audiences in the e-commerce: the retail sales to Norwegian consumers and wholesales to B2B clients through their import agencies. E-commerce manager focuses on the retail sales to Norwegian consumers, and logistics manager focuses on operative aspect by fulfilling sales activities done by their import agency partners.

E-commerce manager highlights in the beginning of the interview that their own staff is very small that handles the different aspects of the operations, such as customer service, logistics, and warehouse. The responsibilities of the operation areas are usually handled by singular persons. Due to small team and shared area responsibilities, not all staff members are well educated on the internationalization requirements, especially in the Norwegian market, but building the knowledge is dependent in a single person, who has the in-depth understanding of the requirements. E-commerce manager adds lastly that

due to limited staff members their time is spend to more emerging and prioritised tasks, and there hasn't been enough of time to educate the team on the aspects of internationalization.

The limited knowledge on Norway market would be addressed in the following sub chapter, and this has challenged the company conducting efficient internationalization activities. This challenge has been a repetitive theme in both interviews therefore it is presented as the first challenge. The second challenge is addressed to be the customs clearance and governmental regulation of Norway due to its complex documentation and reporting requirements. This challenge will also address their relations with their operations partners and their influence on combating the challenge. Lastly, with the combination of the limited knowledge on the Norwegian market and the customs and governmental regulations, this followed up to company having a challenge to price their products to the right levels.

4.3.1 Limited knowledge on Norway market

Norway has a steady growth in e-commerce business, as many Norwegians are increasingly shopping in e-commerce platforms. Nets' studies show that 94% of Norwegians already shop online (Nets, 2024) due to access to smart phones, being digitally online, and business' adapting their channels to suite the consumer behaviours (Nets, 2023). Online shopping is seen to be more convenient, simpler, and better prices compared to in-store shopping. The most Digi natives of the generations are young people, nevertheless, 88% of elderly people with +65 year of age are already shopping pnline as well. Thirty-eight percent of online shoppers purchased from foreign e-commerce sites in 2023 (Nets, 2023) but the number has dropped to 26% a year later, as shopping from local business is trending preference among all generations (Nets, 2024). 2 out of 5 of online shoppers prefer having their purchase being delivered to nearest pickup points such as post office, another 2 out of 5 persons wants the order home delivered, and the rest would prefer pickup from stores or delivery lockers. Approximately half of the shoppers accepts sustainability over convenience and

therefore, choose the options that have environmental-friendly contribution to society, The consumers prefer transportation of the goods with minimal packaging, and environmental-friendly delivery and return procedures, thus as wasteless transportation as possible. 20% of estimated online spending went to fashion and apparel, which was the third online shopping category after travel and services. Top three payment methods for consumers is credit or debit card as the most preferred, then Vipps, and lastly Paypal, and the choice relies heavily on having a secure, simple, and fast payment option. (Nets, 2023 & 2024).

The interviewee admitted that they haven't done a thorough study on the Norwegian consumer base, for understanding their purchasing behaviour on e-commerce, familiarizing their payment, language, and shipping preferences, and overall finding the right communication channels to reach their consumer base. E-commerce manager was well aware that gaining the knowledge on the consumer base would help them discover the new opportunities and challenges of the market. The manager gave for example, if they would discover that Norwegian consumer base prefers a certain payment options, language and delivery options, the interviewee would explore service provides to adapt the payment options and language for getting better performance.

The case company currently doesn't have their e-commerce platform and the information of the business in the local language, but the main language was kept in English. The assumption is that there isn't an identified language barrier between the English website and the consumer base's current English language skill, however, the e-commerce manager didn't identify weather the lack of Norwegian language have been a barrier for encouraging purchase. The interviewee compared the Norwegian market with their entry to French market – the market has shown a clear demand on their products through exporting agencies, but they haven't seen the e-commerce performing well due to the e-commerce main language being in English and besides of investing in the advertisement of their product in the market whether the e-commerce audience is for consumers or wholesale. Therefore, the interviewee didn't see an identified barrier

in language skills of the Norwegian consumers. Journalist Bård Amundsen (2025) confirms this observation as studies show Norwegians have the second-best English-proficiency among the non-English-speaking countries. E-commerce manager also added in the interview that the consumer base has similarities between all Nordic markets, so the interviewee hasn't identified cultural differences. Logistics manager isn't familiar with Norwegian consumer base as their role is focused on supporting B2B logistics through their exporting agencies.

E-commerce manager is aware that not having enough resources to do market research due to limited resources is reflecting the to not adapt their services in e-commerce to attract the local consumers. Their current development areas that have been added to their action scope in the e-commerce business, is building a translation in the e-commerce in German and French. E-commerce manager believes that these two markets have the highest potential for company's growth, and that the English e-commerce website has been identified as a significant barrier, compared to Norwegian market.

Both interviewees said that they haven't witnessed any political instability in the Norwegian market, such as any swings currency value on Norwegian krone. E-commerce manager understands that political or governmental instabilities would affect their performance, such as the decrease of consumer purchasing power due any recessions. The interviewee also added that they did not need to adjust any of their products to accommodate their products in Norwegian market. They currently follow EU's guidelines on the textile and material industries, and they see this being sufficient. The interviewee sees that EU's regulations have been stricter to fashion industry and there is already a major plan on creating new regulations and action demand that the company's would need to start complying with. "If we don't comply to the new regulations, we won't be able to sell any products in anywhere", said the e-commerce manager. Both interviewees said that they have standardized their products, and they sell the products as they are to Norwegian markets as well, and they haven't seen any restrictions from

Norwegian market on what comes to textiles or materials used in products. They added that in case they come across restrictions in the products, the product won't be sold in the market. Due to large product range in the company, e-commerce manager said that they are able to sell everything else that are aligned with the market regulations.

The Netherlands' Ministry of Foreign Affairs published an article (CBI, 2025) regarding entering the Scandinavian market for apparel. The article made a special note that although Norway isn't part of an European Union, but many EU regulations are enforced through Norway's membership on the European Economic Area (EEA). Following the regulations of EU and REACH regulations is relevant legal requirements for companies delivering to Norway, but additionally national regulations need to be applied. Norway has for instance, specific regulations in textiles, such as the usage of formaldehyde, and Transparency Act that "requiring companies to conduct regular due diligence assessments and report publicly" for ensuring decent working conditions and human rights in business practices (CBI, 2025).

4.3.2 The customs clearance and governmental regulation challenge

"Customs." was a one-word answer from both interviewees, once they were asked what their biggest challenge are when internationalizing to the Norwegian market. The customs clearance is perceived to be a very complex and highly regulated in Norwegian market according to the interviewees. In practice, the company is following a customs tariff regulation where every singular product they sell to Norway would need to have a correct commodity code which further provides the correct customs duty and tax information. The answer refers to the Norwegian customs practice (Tolletaten, 2025, 2. & 4.) that Norway has unique importing regulations that request foreign companies to follow before importing the service or product physically to Norway. Norway can declare or obtain company's customs clearance for goods before importing to Norway. This also mean that each item should have commodity code in the customs tariff, but also the usage of the code shows the company of what are the duty rates, any restrictions or prohibitions that would be applied to the item. Companies are requested to obtain

permission from Norwegian Customs by declaring the goods, otherwise the customs won't approve the importing and the goods will not be delivered to the customer (Tolletaten, 2025, 3.).

Both interviewees mention that in addition to the customs tariff regulation, there are also tax regulations on how and when the VAT can be collected – there are special limitations on the value of the item, that if the value goes above the special limits then the company is not allowed to collect the VAT from the consumers. Moreover, the company needs to register themselves to the tax agency in case they go above certain turnover limit when the regular reporting obligations starts for the company, and they haven't registered their company yet. Both of the interviewees most likely indicate to Norwegian custom's current guideline (Tolletaten, 2025, 2.), where companies need to register themselves to Norwegians VAT on E-commerce (VOEC) scheme, which is administered by Tax Administration in Norway. Hence, companies choosing to import from their e-commerce and are registered to VOEC scheme can collect Norwegian value-added tax (VAT) from private consumers. The VOEC scheme is applied to goods that are intended to be in private use, and the value of the goods can be up to 3,000 NOK per item. When the sold goods are under 3,000 NOK per good, the consumer doesn't pay the customs duties, nor any additional VAT for the imported goods. Furthermore, when the worth of the good exceeds the 3,000 NOK limit, VOEC scheme does not apply, meaning the company cannot collect the VAT and import the good, but the responsibility of the customs clearances, VAT, fees, and transportation relies on the consumer. Norwegian website states company's "*registration is mandatory after posting a turnover of NOK 50,000, but can also take place voluntarily*". (Tolletaten, 2025, 2.).

The Norwegian customs confirms that e-commerce business that are not registered in the VOEC scheme, consumers would need to pay for customs duties upon importation. In addition to customs duties, and for clothes, the payment needs to include 25 % of value added tax (Tolletaten, 2025, 2.). The detailed and complex governmental regulations is not very familiar to the e-commerce manager as mentioned in the

interview, nor they have been reserved their scarce resources for educating the staff. Hence, the company didn't pay the customs fees or VAT fees from consumers purchases, but rather the responsibility has been given to the consumer's to handle. Nevertheless, even if the customs duties obligate the consumers to obey and pay, the company still needs to report the purchase and the items, and clearly inform that the customs duty are for the consumer to solve. (Tolletaten, 2025, 2.). Logistics manager informed as her responsibilities rely on the logistics of B2B clients, the VAT collection is not required.

Both e-commerce manager and logistics manager mention in their interviews, that their company uses logistics partners in sending the completed purchases from Finnish warehouse to Norway market. Some logistics partners do have customs clearance service in the scope of the cooperation, and this resolves the customs reporting obligations for exporting the goods into the Norwegian market. The e-commerce manager mentions that in cases where consumer didn't pay for their customs duties, can happen every now and then, but overall Norwegian customer base is educated well on the customs regulations, therefore this hasn't been seen a high barrier for the business.

Although the customs duties are on the consumer's obligations to cover, the e-commerce manager is well aware that this is another barrier for the consumer to do. It is common for them that any consumer base would like to have effortless and easy purchasing experience, and any "homework" that is left for the consumer can be seen as a barrier. However, due to governmental regulations on the exporting company on customs clearance, tax reporting, and overall business reporting duties, the company currently doesn't have the resources to study and commit to fulfilling these duties, therefore the obligations are given to the consumers.

Though, for gaining the knowledge of the customs obligations, they have been expecting consulting or support from their logistical partners. As mentioned earlier, interviewee also added that they aren't receiving enough of support on internationalization or transportation challenges, but the company is more left to solve these matters alone.

The interviewee brought a significant case as an example – they were not aware that if a customer wants to return the goods, then the company can request a refund on the customs duty fees. This case across that earlier the company have paid the customs duties for items, and if items were returned to them, they didn't know that they were allowed for a refund of the customs fees on the returning items. When this was reported to their logistics partners that were handling the customs clearance on exporting of the items into Norwegian market, then the topic was brought to light to the case company's knowledge. Investigating all the past sold items have been a time-consuming journey for the case company, because all completed documents for the original purchases needed to be found and collected, and in addition to involving the logistics partner in this matter, they also invoiced the company for customs clearance investigation services. At the end of this journey, the refund of the customs fees and logistics partner's invoice on investigation left them with not having any loss but neither collect their profits.

Although the customs clearance, governmental reporting and charges obligations are not well studied in the case company's staff, they chose to outsource some of the obligations to their logistics partner. Due to the event mentioned above, it was clear that the interviewee is expecting to have a better support from the logistics company on how the regulations are. Having this support, the interviewee said that it would benefit all parties – the more the case company gets a better understanding on the regulations from the logistics partners, the better choices the case company can make and focus on growing the business in the market, while also the logistics company can benefit by having more goods for transportation. Although the mentioned case was a significant learning point for the case company, they also understood more on what they can demand from their logistics partners, and also negotiate more on their partnership service fees. The interviewee confesses, that the customs regulations on their returning goods are still an ongoing challenge in their end, as they still have some returning packages that are stored at the customs land borders.

Another barriers from the governmental regulations in Norway have been seen that in some cases, the case company had logistics partners that doesn't have the customs clearance or reporting services in their service scope, but they also lack of information on how the regulations works or where the knowledge can be gained – either by connecting their client companies to the right agencies for help, or connecting them to the right websites for information. The interviewee doesn't know if their logistics partners can share information based on experiences or cases on the similar matters, where the learnings can be shared.

4.3.3 Pricing challenges

Pricing the product to the right levels have been a challenge for the company, according to e-commerce manager. Adding that their pricing strategy have been directly influenced by not fully understanding the market and what attracts the potential consumers to making a purchase. Due to limited knowledge in the consumer base and behaviour, e-commerce manager couldn't tell how the Norwegian consumers perceive the price levels for the products. They stated, "for someone the price points for luxury goods could be higher than expected or the price points below a certain level could be perceived as low-quality". Due to limited knowledge on the consumer base, the e-commerce manager hesitated, if their price points are at the right levels.

Another pricing challenge would be to make decision on what costs should the prices include. E-commerce manager mentions that one of their logistics partner recommended that a share of the shipping cost of the products should be included within the product prices, so the low or non-existent shipping costs would attract consumers to make a purchase. An additional fee would be on the payment methods – when a consumer purchases with foreign currency, the company bares the cost of the currency exchange service which the bank charges. On the other hand, they weren't including any tariff or customs costs in the pricing for the Norwegian consumers during the moment when this interview was held.

As they use the e-commerce for targeting two different audience, the e-commerce manager mentions that they have two different price models in place based on the audience. The retail prices for the Norwegian consumer does not include any customs or VAT fees, but might have the shipping cost partially included. Whereas the wholesale for B2B clients have a pricing model that includes the customs and fees. E-commerce manager mentions that this is causing confusion for the customers. The price levels for B2B clients is more at logistics manager's expertise.

The logistics manager said of being very cost-conscious. They are aware of the additional cost barriers that are caused by the customs and transportation in irregular cases when handling reclamations, complaints, and returns. The logistics manager said that many moving parts in operations cause a slow handling of these cases, and their customs partner invoices for additional services if investigating and reporting these cases to their company and Norwegian customs. The interviewee informed that they were evaluating their costs of exporting activities at the moment when the interview was conducted. Part of this evaluation is checking what would be the cost difference between the handling of customs and logistics themselves, handling them together with their customs and logistics partners, or fully outsourcing the handling to these partners. Logistics manager said that the findings would help them pricing their product more accurately.

5 Analysis

This chapter analyses findings of the research and analyse the findings with theoretical implications.

The internationalization of Finnish sustainable fashion SMEs to Norway, as examined in this research, aligns strongly with established internationalization theories, particularly the Uppsala Model and concepts of e-commerce-driven export pathways. The findings of the case study both affirm and challenge parts of the theory, offering valuable real-world insights into how SMEs manage cross-border expansion via e-commerce, especially when resource constraints and operational barriers are present. The e-commerce manager mentioned that their focus with e-commerce have been reaching the larger customer base and this were aligned with Laudon's and Traver's (2019, s. 57–61.) and Kor's, Mahoney's, Siemsen, and Tan's study (2016) where the e-commerce is characterised for being present everywhere as far as the standards and technology solutions enables the trade transactions abroad, and enlarging the customer audience to people with access to making purchases in the internet.

The Uppsala model (Johanson & Vahlne, 1977; 2009) posits that firms internationalize incrementally, starting with markets of low "psychic distance" and gaining experiential knowledge over time. This approach was evident in the case company's decision to target Norway—a neighbouring Nordic country—without conducting detailed pre-entry market research. Instead, the company relied on assumed cultural and economic similarities, as well as its existing export agency connections. This confirms the model's core idea: companies build commitment and knowledge gradually through experiential learning. The e-commerce manager showcased textbook case, where they gained knowledge on the company's ability to request a refund on the customs duty fees for returning goods. The knowledge followed up by making more commitments and activities such as evaluating the logistics partner role in the refund process, and agreeing

to collaborative procedure, which followed the Basic Mechanism of Internationalization of Uppsala's model (Johanson & Vahlne, 1977, p. 26).

Moreover, the company started the internationalization process very similarly as stated in the Uppsala model – starting by first having operations in the home country, then exporting to the first target markets from neighbouring countries, and gradually to exporting by using independent representatives (Johanson & Vahlne, 1977, p. 24-25). The interview findings show that market knowledge was minimal at the beginning, and that the case company accepted a trial-and-error approach to understand consumer behaviour, pricing expectations, and regulatory barriers. This experiential learning process is core to the Uppsala theory's assumption that knowledge accumulation informs future market commitments (Johanson & Vahlne, 1977, p. 24-25). Additionally, the internationalization concept takes into consideration that company don't know everything about operating in the target market, but rather learn by performing activities and evaluating the outcomes (Johanson & Vahlne, 1977, p. 26-28). The findings on the case company's motivations aligned well with Nisar et al (2018) theory where SMEs benefits from Internationalization by expanding their customer base, taking advantage of market gap to achieve higher returns, and apply their core strengths across a wider range of markets.

The company pursued immediate exporting through e-commerce—classified in the theoretical framework as a lean, direct entry strategy with minimal capital investment. This mode supports the "born global" and digital internationalization theories (Kudina et al., 2008; Vahvaselkä, 2009), which highlight the use of digital platforms to bypass traditional barriers to entry. The technological developments and its effect on the case company's growth on exporting were highlighted in interviewee's answers, and this was supported in the theoretical framework where technological developments have facilitated faster cross-border information exchange and streamlined production processes (Kudina et al., 2008; Vahvaselkä, 2009, p. 34-35). Also, it was highlighted that the case company do focus their resources to the highest potential markets, instead of

the close phycological distance to their home country. This for example showcased when the interviewee mentioned the language translation focuses and resources reserved to German and French.

However, the findings illustrate that e-commerce does not eliminate challenges. Logistical complexities, customs procedures, and regulatory compliance in Norway emerged as major issues, reinforcing the export barrier classifications identified by Leonidou (2004). The first listed challenge on chapter 4.3.1. on limited market knowledge on Norway were closely associated with Leonidou's internal exporting barriers—particularly on informational and functional challenges. These challenges were reflected in the company's lack of in-house knowledge about Norwegian market (Leonidou, 2004, p. 285-287). The case company's limited human and financial resources also meant that it could not invest in market research which caused the functional barrier. On the other hand, Cavusgil (1984, p. 18-19) researched that misperceptions on the market can cause a barrier associated with export activities and not devoting adequate time and resources for exploring the foreign marketing opportunities and seeking relevant information for making export decisions can have a negative impact on the performance. However, e-commerce manager

The company encountered significant external barriers, such as procedural barriers, where the company is unfamiliar with exporting procedures or documentations, and lack of feedback on business development (Leonidou, 2004, p. 292-294). Both interviewees confirmed customs arrangements of export procedure activities too difficult to manage due to associating them to time lost, excessive cost, and extreme bureaucracy, and this went aligned with Leonidou's concern that this is encountered by small firms with little resources (Leonidou, 2004, p. 292-294). And this creates a negative attitude towards handling the export, but on the other hand, can be outsourced to consultative service providers or agencies that assist on the tasks (Leonidou, 2004, p. 292-294), which in this case the interviewees mentioned of outsourcing some of the procedures to their logistics and customs partner. Also strict rules or regulations of the foreign market can

impose entry restrictions or price controls, tax, tariffs, and customs barriers on the exporting, which, on the other hand, increases the export price of the product in that target market. (Leonidou, 2004, p. 294-295)

Governmental barrier was clearly highlighted in the interview - Norwegian market has clear reporting obligations on customs clearance or taxation practices for each item sold. Another encountered challenge was more on Informational barriers, due to a lack of clear guidance from logistics partners and minimal internal expertise. These findings affirm that e-commerce reduces market entry costs but does not eliminate institutional friction, particularly in markets outside the EU, like Norway. According to Kananen (2010, p. 19–21)., the barriers significance has decreased over the years due to the formation of trade coalitions between countries or economic unions, such as in this case with Norway's and EU's EEA coalitions mentioned in CBI's article (2025). Although EU and REACH regulations is relevant legal requirements for companies delivering to Norway, but it is still necessary to obey the national regulations (CBI, 2025), as the failure to meet these requirements can result in the inability to sell products or services in the market (Kananen, 2010, p. 19-21).

However, no economic or sociocultural barriers were identified from the findings. Although e-commerce manager had many assumptions on their Norwegian consumer base, almost all their beliefs were backed with the secondary data. Business Finland (2024) confirmed the interviewee's beliefs of Norwegians having a high living standards and steadily growing economy. Moreover, the assumption also aligned well with Net's research (2024) of Norwegians being Digi-natives and 94% of them already shop online, and Amundsen's article (2025) on Norwegians having the second-best English-proficiency among non-English-speaking countries. OECD's customer base barrier for consumers preferring to shop in-store is very minimal in this comparison, so the Norwegian customer base is very suitable for the case company. As the expectations on the Norwegian's demographics, education etc. is aligned and similar to home market, it

supports Leonidou's theory the barrier would be minimal from task aspect (Leonidou, 2004, p. 292-294)

The updated Uppsala model (2009) emphasizes the role of networks in reducing the "liability of outsidership" in foreign markets. In the case study, however, the company's lack of strong Norwegian network connections limited its ability to gain market-specific knowledge and operational support. A theory where SMEs with limited resources need to be critical on choosing the right exporting pathway into the new market. And if experiencing high environmental uncertainties, SMEs are recommended to share ownership with partners (Nisar et al, 2018) and in this case the interviewees confirm of relying to their partners. This absence of network ties also affected its relationship with logistics partners, which did not provide adequate guidance on customs processes—an area that led to financial and operational inefficiencies, such as mishandled returns and unclaimed customs refunds. E-commerce manager expected to have more collaborative and supportive partners on their internationalization path, and this aligned well with Paul's, Parthasarathy's, and Gupta's research (2017, p. 335-336) where network relationships leverage a successful internationalization path, and SMEs typically implement informal cooperative strategies with their partners due to their significant influence on the company's increased export knowledge intensity, cross-market trade performance, and competitive advantage.

Furthermore, pricing emerged as a strategic and operational challenge, consistent with Leonidou's "marketing barrier" category. The interviewee described difficulties in understanding Norwegian consumers' price sensitivity, setting appropriate shipping costs, and handling currency conversion fees—all factors that directly influence consumer willingness to purchase online. Logistics managers' initiative on costs that they were evaluating the procedure costs of governmental duties and fees, and choosing the most cost-efficient and helps later building their pricing strategy. This was associated well with the transaction cost theory, where companies selection on the exporting model for entering the market is based on which model has the least cost of transaction (Qi et al,

2020, p. 51). And just as according to logistics manager, if the transaction cost via partners is considered high by the company, companies might search for internalizing the cost and take ownership of the tasks. (Qi et al, 2020, p. 51-54).

From case company's product aspect, there were no identified challenges, but the case company had a standardized products that could be sold in all markets and the findings suggest that EU-aligned textile standards were sufficient for operating in Norway. This supports the idea that standardized product offerings (as noted in Kananen, 2010) can help overcome product-related export barriers, lower the production cost, and is easier to provide the products to many markets (Kananen, 2010, p. 97-99). And additionally, the company experiencing marketing challenges on localizing their marketing and adapting customized solutions e-commerce website for the consumer base, whether it is language, payment or shipping solutions based on Norwegian's consumer preferences. And this aligned with marketing challenges by Leonidou's study (Leonidou, 2004, p. 286-292).

6 Conclusion

The aim of this study was to explore, what challenges a sustainable fashion company encounters when internationalizing their e-commerce business to Norway. This study focused on exploring the company's internationalization motives and current knowledge on Norwegian market. The approach of the research is from sustainable fashion industries SME's point of view, and how they perceive the internationalization entry to Norway. This last chapter of this study shares the conclusion of this research, and after inspects how the research reached the research's objectives. The chapter will be finalized by giving insights for business leaders and future research recommendations.

6.1 Summary of the findings

The case company followed very infamous internationalization path such Uppsala model. The findings highlighted that Building the market knowledge identifies the opportunities or problems of the target market, and this is assumed to initiate decisions. (Johanson & Vahlne, 1977 p. 26-27).

The internationalization of the case company into the Norwegian market via e-commerce reflects key philosophies of internationalization theory, particularly the Uppsala Model and e-commerce-driven export strategies. The company's entry followed an incremental path typical of the Uppsala model, starting with nearby, culturally similar markets and gaining experiential knowledge over time. Notably, the company relied heavily on trial-and-error rather than pre-entry market research, underscoring the role of experiential learning and confirming the model's assumptions. However, building the market knowledge identifies the opportunities or problems of the target market, and just as this was showcased in the findings, it contributed to company-initiated decisions (Johanson & Vahlne, 1977 p. 26-27).

This research set out to explore the internationalization challenges encountered by a Finnish sustainable fashion SME entering the Norwegian market via e-commerce.

Through qualitative case study analysis, key challenges were identified in three primary areas: limited market knowledge, complex customs and regulatory procedures, and difficulties with pricing strategies. Furthermore the research on the case company contributed to understanding the case company's internationalization motives and explore their e-commerce practices in their operations.

While the company adopted immediate exporting via e-commerce, which aligns with lean, direct entry strategies and "born global" theory, this mode did not fully eliminate traditional challenges. Internal barriers such as limited market knowledge and resource constraints were evident, along with external barriers like complex Norwegian customs procedures and regulatory demands, aligning with Leonidou's export barrier classifications.

The company also faced procedural and informational barriers, stemming from inadequate guidance from logistics partners and unfamiliarity with customs documentation. However, sociocultural and economic barriers were minimal, supported by secondary data confirming the compatibility of Norwegian consumer behaviour with the interviewees' assumptions. The case company operated with a strong e-commerce infrastructure, but had limited localized knowledge about Norwegian consumer behaviour, purchasing preferences, and regulatory specifics. This limited awareness impacted their ability to adapt services such as payment options and language, which are essential for engaging effectively with the local market. Many findings of the interviews were supported with additional secondary data, that enhanced the understanding and gave more insights on the given answers by the interviewees.

Company's external networks and their support were marginally underperforming, and it did influence the firm's ability to overcome barriers efficiently, as anticipated in the updated Uppsala model (2009), which emphasizes network development. Paul's, Parthasarathy's, and Gupta's research (2017, p. 335-336) concludes that network relationships leverage a successful internationalization path, and implementing informal

cooperative strategies with the partners, increases company's export knowledge intensity, cross-market trade performance, and competitive advantage.

Furthermore, Norway's distinct position outside the European Union introduces another layer of challenges in customs procedures and import regulations. These include the necessity of accurate commodity codes, customs clearance, VAT registrations, and understanding local legal requirements. Despite having a robust platform and internal capabilities, the company faced challenges due to its small team, which encountered difficulties to manage and update their compliance knowledge consistently. This concludes that smaller companies experience higher barriers compared to larger companies, which have the resources and capabilities (Paul, et al, 2017, p.335).

Pricing also emerged as a major issue, influenced by unclear cost structures from duties, VAT, and shipping, compounded by the company's limited access to localized financial data. These factors collectively demonstrate that while e-commerce lowers some traditional internationalization barriers, it introduces new digital and regulatory complexities that SMEs must address strategically. These were tied to marketing barriers, particularly the need for localized payment options, shipping settings, and multilingual interfaces—which can be viewed as a challenge in in e-commerce exports. While product-related barriers were minimal due to standardization of their products, EU-compliant offerings, the firm encountered challenges with strategic and operational adaptation to local consumer preferences.

Overall, the case confirms that while e-commerce enables lower-barrier entry into foreign markets, regulatory, procedural, and operational complexities remain, particularly for SMEs with limited international experience and support networks.

6.2 Theoretical contribution and managerial implications

Theoretical models such as the Uppsala model and Leonidou's classification of export barriers provide a strong foundation for understanding the internationalization process

of Finnish sustainable fashion SME. The empirical findings demonstrate how these theories conclude in real-world scenarios—highlighting the benefits of low-commitment e-commerce entry but also the limitations posed by customs complexity, informational gaps, and internal resource limitations.

The research supported similar findings as have the previous research shown. The study confirms that even in markets with low cultural distance, successful internationalization via e-commerce still requires strategic planning, strong logistics partnerships, and adaptive learning. The integration of theory and findings emphasises the importance of balancing digital efficiency with local market understanding, particularly for SMEs operating under resource constraints.

The theoretical framework contributed well to methodology framework. As this research will follow the combined approach, where the theories were first built to understand the internationalization concepts and pathways, and be aware of exporting barriers from e-commerce perspective. When the interview data and supportive secondary data were collected and analysed, it helped further to understand the internationalization challenges, particularly in Norwegian market. Therefore, the result of this research is considered to be consistent with the research objectives and theoretical work.

In conclusion of this research, the case company representatives' experience on their main challenges when entering Norwegian market with e-commerce have been insightful. The lack of knowledge on the market, the challenge of governmental regulations and customs, and the pricing challenge can impact on company's speed to continue expanding to Norwegian market. The findings framed the practical information on Norwegian market and the consumer base, and this can contribute to understanding more on interviewees' answers.

The first managerial implication would be for the company to pay more attention to barriers related to the international experience of managers. Building knowledge on the

market and its consumer base will further confirm of what kind of decisions of commitment and actions should be made for the target markets. Increasing knowledge on the market would also influence and clarify on what type of price strategy would be conducted for consumers and B2B clients. Product or textile-related restrictions or limitations would be preferably studied as this can cause limitations on being able to sell products to the market or other consequences.

Other managerial implications would be to overcome the challenges on the governmental practices, such as customs clearance, reporting and fees. While the company has limited staff resources, a potential choice would be outsourcing the challenging and complex practices to partners that have the expertise on the subject, so that the company can focus on their core business.

6.3 Limitations and suggestions for further research

This study is limited by its single-case approach, which restricts the generalizability of the findings across other industries or countries. The focus on one company within the sustainable fashion sector provides deep insights but lacks the comparative dimension that multi-case studies or quantitative methods could offer. Additionally, while the research emphasizes operational challenges, it does not deeply examine branding, market positions, competitive advantages, marketing, or financial performance during internationalization. Moreover, this research isn't aiming for the fact-based outcome as much as it aims to understand the lived experiences and interpretations of participants of the specified company of certain industry and in specific market.

Norway is a promising market for e-commerce businesses, as the consumer base is Digi-natives with high-living expectations, and has great potential to research the market further. While this research was conducted as a single-case study that examined the challenges of the case company of their e-commerce business faced during their internationalization journey in Norway, the future research could examine SMEs' e-commerce performance in larger scale within the Finnish or Nordic sustainable industry

or including other industries as well. Further examinations of their internationalization challenges in the Norwegian market could help analyse the main challenges and trends. Ideally, more insights could be generated if companies' e-commerce performance on internationalization were part of the data collection.

Another future research suggestion would be focusing on finding solutions or best practices for the challenges faced during internationalization. Although there is not only one way to expand to new markets, nor solutions provided would be the only solutions that the research would find, but the explorative study would give inspirations and knowledge to the research readers and businesspersons responsible of company's export activities. One suggestion for this would be studying the best practices from companies that had a successful market entry in Norway or involving the exporting experts and agencies that consults companies on exporting activities in Norway and weighting their opinions on the best practices.

Lastly, one future research proposal would be researching Internationalization readiness in relation to managerial capabilities in shaping internationalization success. Ultimately, this research offers practical insights for SMEs in the sustainable fashion sector, emphasizing the need for proactive regulatory knowledge, adaptive resource allocation, and strategic use of digital tools to navigate the complexities of international e-commerce expansion.

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Appendices

Appendix 1. Interview questions

1. Background: Internationalization theme, setting up e-commerce

- What does internationalization mean to you/your company?
- When did you start the internationalization (exporting outside of home country)
- How did the internationalization process started?
- In which market do you currently sell?
- When did your company launch the e-commerce

  If after internationalization - How did you export before e-commerce launch

  If before the internationalization, which group did you target with the launch of the e-commerce

2. Exporting to Norway with e-commerce

- What raised interest in Norway market
  - Knowledge before starting to plan the expansion to Norway
  - Did you do any market research in advance?
  - Was there any demand on your products?
- Building knowledge on Norway operational aspect
- Did you do any adaptations to the e-commerce for Norwegian market?

3. Challenges of internationalizing to Norway with e-commerce

<u>3A Internal challenges</u>

- Did you experience any technology challenges of e-commerce
  - In ICT Infrastructure and services?
  - Did you adjust e-commerce for Norway market (e-commerce platform)
  - How about the applying the payment methods (NOK currency exchange)
- Is company's network (company staff, partners, suppliers) well-educated in internationalization and in its activities
  - What are the key challenges with e-commerce and internationalization within the company?
  - How about with partners (system partners, supply chain partners)
- Did you experience any financing challenges for e-commerce export

3B External challenges

- Did you face any governmental or political challenges in e-commerce business?
    - Do you or the consumer pay for the customs?
    - Does your company collect VAT from Norwegian consumers?
    - Does your company have any challenges with governmental reporting obligations?
    - How about in home market – Have Finland causing any barriers or regulations that complicates your exporting practices to Norway.
- When talking about environmental challenges
    - Economic challenges in the market such as purchase power
    - Instability on currencies, or political instabilities? Example, chance on tax rates
- Cultural challenges
    - Have you experience any challenges regards to consumer behaviour, their lifestyle, or consumer preferences?
    - Did you have to adapt any products that would be more suitable to local preferences or standards?