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Internationalization in emerging markets

The effect of digital transformation to strategy and approach

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ABSTRACT:

The role of emerging markets has grown to become an important part of the world market over the past decades. The development of emerging markets has increasingly led to the internationalization of companies into emerging markets. The internationalization of companies and the approach of markets progress through existing internationalization models, which include the eclectic paradigm, the Uppsala model, and institutional theory.

Digital transformation and its development in the 21st century have led to a change in the strategies and approaches of companies. Digital transformation and digital tools bring different world markets closer to each other, and at the same time blur the borders of countries and continents in business operations. In order to succeed in an everchanging interconnected world, companies must increasingly adopt digitalization and its features as a part of their internationalization and strategy in order to achieve success and a stable market position.

Successful entry into emerging markets and success there requires a carefully thought-out strategy that is targeted at a specific market area. In emerging markets, digitalization limitations and inadequate infrastructure pose challenges for companies, forcing them to adapt their own operations. The thoughtless introduction of digital tools does not add value to the company's operations or achieve a competitive advantage over competitors. In emerging markets, the importance of social relationships is still strong, and operating in emerging markets and succeeding there requires the formation and maintenance of the right relationships and partners.

This study focuses on examining the internationalization of Finnish companies in emerging markets. The opportunities and challenges brought by digital transformation are taken into account in internationalization and market approach. The study examines how practices differ from operating in emerging markets, what added value digital transformation brings to the company, and how digitalization should be successfully integrated into the company's operations.

KEYWORDS: Internationalization, Digital Transformation, Emerging Markets, Consumer Engagement

VAASAN YLIOPISTO**Johtamisen akateeminen yksikkö**

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ABSTRACT:

Kehittyvien markkinoiden rooli on kasvanut viimeisten vuosikymmenien aikana tärkeäksi osaksi globaalia maailman markkinaa. Kehittyvien markkinoiden kehitys on johtanut yhä enemmän yritysten kansainvälistymiseen kehittyville markkinoille. Yritysten kansainvälistyminen ja markkinoiden lähestyminen tapahtuu jo olemassa olevien kansainvälistymismallien kautta, johon sisältyy eklektinen paradigma, Uppsalan malli, sekä institutionaalinen teoria.

Digitaalinen transformatio ja sen kehitys 2000-luvulla on johtanut yritysten strategioiden ja lähestymistapojen muutokseen. Digitaalinen transformatio ja digitaaliset työkalut tuovat eri maailman markkinoita lähemmäksi toisiaan, sekä häivyttävät samalla maiden ja maanosien välisiä rajoja yritystoiminnassa. Menestyäkseen alati muuttuvassa ja yhtenäisessä maailmassa, on yritysten enemmän otettava käyttöön digitalisaatioita ja sen ominaisuuksia osaksi kansainvälistymisprosessejaan ja liiketoimintaoperaatioita tavoitellakseen onnistumisia ja vakaata markkina-asemaa.

Onnistunut markkinoille tulo kehittyville markkinoille ja siellä menestyminen vaatii tarkkaan mietittyä strategiaa, joka on kohdistettu tiettyyn markkina-alueeseen. Kehittyvillä markkinoilla digitalisaation rajoitukset sekä vajaa infrastruktuuri aiheuttavat yrityksille haasteita, ja pakottavat muokkaamaan omia toimintojaan. Digitaalisten työkalujen miettimätön käyttöönotto ei tuota lisäarvoa yrityksen toiminnoille tai saavuta kilpailuetua. Kehittyvillä markkinoilla vallitsee edelleen vahvasti sosiaalisten suhteiden tärkeys, ja markkinoilla toimiminen ja siellä onnistuminen tarvitsee oikeiden suhteiden muodostaminen ja ylläpitämisen.

Tämä tutkimus keskittyy selvittämään suomalaisten yritysten kansainvälistymistä kehittyville markkinoille. Kansainvälistymisessä ja markkinoille lähestymisessä otetaan huomioon digitaalisen transformaation mukanaan tuomat mahdollisuudet ja haasteet. Tutkimuksessa tutkitaan, kuinka tavat eroavat kehittyvillä markkinoilla toimimisesta, sekä mitä lisäarvoa digitaalinen transformatio tuo yritykselle ja kuinka digitalisaatiota tulee sisällyttää onnistuneesti osaksi yrityksen toimintaa.

AVAINSANAT: Kansainvälistyminen, Digitaalinen Transformatio, Kehittyvät Markkinat, Kuluttajien Sitouttaminen

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1 Introduction

This chapter introduces the thesis by outlining the study's background, presenting the thesis's research gap, main research question and objectives, and by defining key concepts. It also includes the scope and limitations of the study and concludes with an overview of the thesis structure.

1.1 Background

Over the past decade, emerging markets have played an increasingly vital role in the global economy, and the promise of expansive new growth opportunities, coupled with cost-effective offshoring options, has driven numerous of multinational corporations to expand their investments in these emerging markets (Subramaniam et al., 2014, 5). Emerging markets are the main drivers of the global economy in 2024, accounting more than 70% of the world's overall growth (De Moura Fernandes, 2024). Foreign investors are often drawn to emerging markets because of their potential for high returns on investment (CFI, 2020). In a state of liminality, early internationalizing firms are observed to benefit from the Learning Advantage of Newness (LAN), which refers to the unique ability of these firms to acquire new competencies essential for commercialization and value creation in foreign markets, giving them an edge over firms that internationalize at a later stage (Kusi Appiah, 2022, 65). Strategic agility serves as a critical factor for firms operating in international markets, defined as the capability to continuously adjust and refine strategies in response to evolving international contexts (Del Giudice et al., 2022, 425). This adaptability enables firms to address emerging challenges effectively while fostering the development of innovative and sustainable approaches (Del Giudice et al., 2022, 425).

One of the challenges of expanding abroad, companies encounter significant difficulties in trying to navigate, influence, and benefit from the institutional conditions in their target markets, and their ability to do so is heavily restricted by limited resources, which are themselves shaped by the institutional context of their home countries (Dekel-Dachs

et al., 2021, 881). Emerging economies exhibit several features that distinguish them from well-studied developed markets and create common challenges for operating effectively within their business environments (Marquis & Raynard, 2014, 10). Corporate decision-makers in emerging economies can leverage timely and cost-free insights from their peers' financial decisions, especially as they navigate relatively uncertain and unclear business environments (Zaighum et al., 2024, 15). When a firm invests in an emerging market marked by fragile market systems, unclear property rights, and institutional instability, the experience and understanding it has built regarding the industry, the local institutions, and the socio-cultural context become critical for its ability to survive and expand (Luo, 1999, 509). Aligning corporate political strategies with market strategies is especially vital in emerging markets, where the lines between government and business are frequently unclear (Marquis & Raynard, 2014, 21).

In the global business landscape, firms that rely on knowledge-intensive operations use strategic agility to gain a competitive edge, especially in unpredictable markets, and according to Del Giudice et al. (2022, 425) this ability is essential for companies operating internationally, allowing them to refine their strategies continuously, respond to the new challenges, and develop innovative, sustainable solutions. Dynamic capabilities allow companies to continually improve their operational abilities—the capacity to leverage existing resources to meet organizational goals—thereby supporting the ongoing process of international expansion (Kim et al., 2025, 68). In today's interconnected and digital marketplace, companies must utilize knowledge management systems to navigate international market challenges, demonstrating their potential to enhance innovation capabilities (Santoro et al., 2018, 349). As globalization reshapes the competitive environment for firms, researchers have increasingly emphasized an institution-based perspective to better understand how contextual conditions influence competition, firm performance, and the creation of lasting competitive advantages (Marquis & Raynard, 2014, 7).

Companies must devote considerable time and resources to understanding local socio-cultural dynamics, as each country's unique institutional environment can create various challenges for organizations operating across diverse contexts (Marquis & Raynard, 2014, 34). Achieving success in foreign markets relies on a company's capability to efficiently integrate its firm-specific advantages with the benefits of its geographically diverse locations while leveraging the complementary resources of external partners involved in the exchange (Coviello et al., 2017, 1154). At first, companies often believe they understand the foreign market well, soon to realize how much additional knowledge they still need to acquire (Kim et al., 2025, 68). Recognizing the major differences between emerging and developed market environments is a crucial starting point for understanding how firms can strategically navigate or reshape institutional conditions to strengthen their competitive position (Marquis & Raynard, 2014, 10).

1.2 Research gap

In recent years, organizations across a wide range of industries have undertaken various initiatives to experiment with emerging digital technologies and leverage their potential advantages. These efforts often entail significant changes to core business activities, influencing products and processes as well as organizational structures and managerial practices (Matt et al., 2015, 339). Information technology has emerged as a key driver of firms' digital transformation, and as a result, organizations increasingly regard information technology investment as a strategic means of achieving competitive advantage in highly competitive and rapidly changing market environments (Zhang et al., 2023, 528).

Over the last several decades, globally focused areas of business research have concentrated on the international competitiveness of multinational enterprises, more specifically, scholars have examined the ways in which firms, particularly MNEs, develop and sustain competitive advantages in the global marketplace (Hult, 2012, 195). A forward-looking and innovative foreign-invested firm actively recognizes and exploits new market opportunities beyond the multinational enterprise network, while

sustaining—and accepting the associated costs and risks of—strong capabilities to adapt to market dynamics and contextual changes in the host country (Luo, 1999, 512).

Businesses must remain flexible and innovative while developing strategies that adapt to rapidly changing digital environments. Overall, success in the digital age requires organizations to embrace technological change while keeping consumer trust at the centre of their marketing efforts (Mukherjee, 2024, 67060). Previous literature explores digital transformation (Vial, 2019), and internationalization (Johansson & Vahlne, 1977) separately, and several studies examine multinationals corporations operating in emerging markets, yet there is limited research that directly links digital transformation to how firms from developed countries strategically adapt their internationalization and approach when entering or operating in emerging markets. With the rise of digital transformation and its capabilities, it is essential to study how it effects companies' internationalization.

1.3 Research question and objectives

The research of this thesis aims to respond to the research gap identified and to answer the questions arising from it. The research of the thesis will use the relevant theory discussed therein, correctly guided research questions, and the material obtained from the research as its assist. The research is assisted by the main research question and two subsidiary questions. The main research question of the thesis is: How does digital transformation affect the internationalization approach of companies from developed countries in emerging markets?

To help answer the main research question, this study also includes sub-questions that refine the direction of the main research question and help answer the research gap. The sub-questions are:

- How are developed-country firms adapting their internationalization approach in emerging markets in response to digital transformation and shifting consumer engagement patterns?

- What strategic challenges and opportunities do digital technologies present for internationalization approaches in emerging markets, and how can firms respond effectively?

1.4 Key concepts

In this section, the key concept of this thesis is defined based of the research literature. The key concepts are internationalization, digital transformation, emerging markets, and consumer engagement.

According to Johansson & Vahlne (1977, 23) internationalization is viewed as an incremental evolution of global commitment. Within this process, various commercial and economic factors dictate the specific trajectory and velocity at which a firm expands. The internationalization barrier to global growth is a deficiency in market-specific information, that can be cleared through the accumulation of experience in foreign markets.

According to Reis et al., (2018, 412) Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how organizations operate and deliver value to customers. It is characterized by the use of new digital technologies to enable major business improvements such as enhancing customer experience, streamlining operations, or creating new business models.

According to Rubaj (2023, 432) emerging markets are countries in the process of rapid growth and industrialization, transitioning from lower-income economies to more developed status with increasing global influence. Typically featuring increasing economic freedom, gradual integration with the global marketplace, and expanding middle class, improving standards of living, and increased cooperation with multilateral institutions.

According to Dessart et al. (2016, 11) consumer engagement is a state that reflects context-specific individual dispositions towards engagement foci. Consumer engagement is seen as multi-dimensional concept composed in of a sum of activities, which includes verifying levels of affective, cognitive and behavioural behaviours.

1.5 Research focus

This thesis aims to examine and discover the internationalization approaches that companies from developed countries use as part of their adaptation into emerging markets. The focus on researching internationalization approaches is in the rising role of digital transformation and its effect in the strategy planning and adapting. Digital transformation and digitalisation in emerging markets have made entry easier but also affected how consumer engagement have shifted. Therefore, the literature review focuses on four major areas: internationalization approach, digital transformation, emerging markets, and consumer engagement. Figure 1 shows how this thesis research is positioned and divided by the focus points.

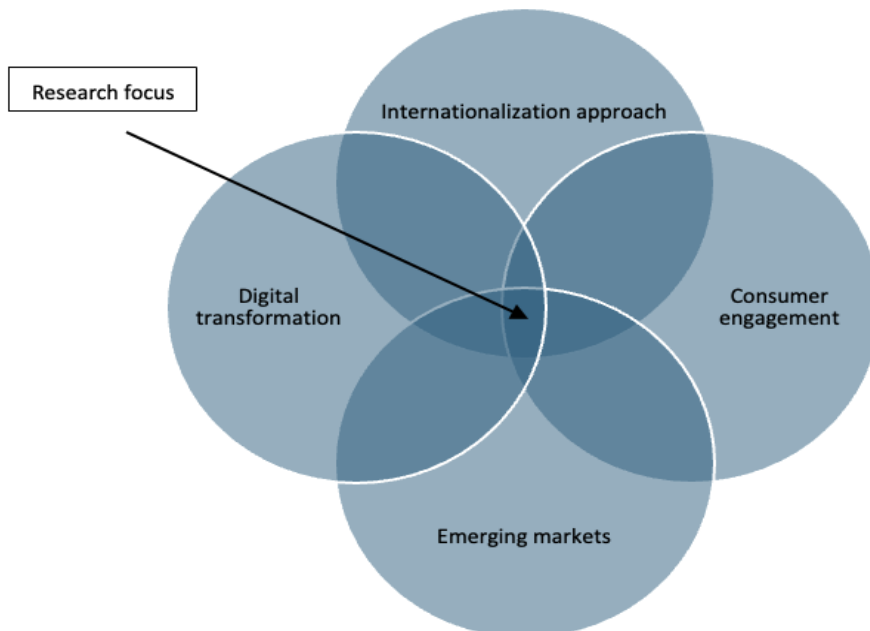


Figure 1. Research focus

2 Literature review

The literature review of this study is divided into three parts. The first part gives the overall view of emerging markets, which focuses on its capabilities and uncertainties. It includes the explanation of its rising in globalisation, and the opportunities it has. The second part is overview on theoretical framework of internationalization, with view on three major internationalization models, the eclectic paradigm, the Uppsala model, and institutional theory. It explains what internationalization approach holds, and how it differs from entering or operating in already developed markets, and how the different theories affect the strategies and adaptation to emerging markets. The third part is digital transformation, what it means and how can one take advance of it. It includes its dynamic capabilities, opportunities and challenges, and how it changes consumer engagement.

2.1 Overview of emerging markets

Emerging markets, often considered less developed than advanced economies, can contribute to a firm's long-term success by leveraging digitalization capabilities which enables firms to optimize resource allocation, enhance energy efficiency, and foster open innovation (Lee & Roh, 2023, 16). The relationship between digitalization and firm performance is increasingly significant, with growing attention on emerging and newly industrialized countries (Sanchez-Riofrio et al., 2022, 1916). In emerging markets, digitalization has a positive impact on company's growth and financial results, and digitally advanced companies perform better and can grow their business in challenging environment (Audretsch & Belitski, 2024, 622). Digital technology plays a crucial role in enhancing business efficiency and reducing carbon emissions, and when integrated with products, services, and processes, digitalization capabilities are increasing as a driving force for achieving sustainable growth in firms (Lee & Roh, 2023, 2).

International dynamic capabilities positively impact financial performance in both early and gradual internationalizing firms; however, this influence evolves over time (Kusi

Appiah, 2022 62). International capabilities for economic performance are described as follows:

Among early internationalizing firms, the results demonstrate that the positive effect of international dynamic capabilities on financial performance increases over time, whereas the positive effect of international dynamic capabilities of financial performance decreases over time among gradual internationalizing firms (Kusi Appiah, 2022, 62).

Managers today are facing unavoidable risks, uncertainty, and partial ignorance in international business processes (Vahlne & Johanson, 2017, 1098). A firm's exposure to systematic risk is shaped by two key factors: the inherent risk characteristics of the individual markets in which it operates, and the degree to which risks across those markets move together. For companies from advanced economies, entering developing or emerging markets is typically associated with higher standalone market risk compared to expanding within other advanced economies. Nevertheless, when considering economic benefits, engagement in developing and emerging markets can—at least from the perspective of managers and shareholders—contribute to a reduction in overall systematic risk, as differences in economic cycles and market dynamics may provide diversification benefits (Oesterle et al., 2013, 197). These distinct challenges highlight the need to carefully consider the institutional conditions that characterize emerging economies and paying close attention for understanding how business activities are shaped and how firms can effectively operate within these markets (Marquis & Raynard, 2014, 15).

Emerging markets are expanding at a fast pace and are increasingly serving as the driving force behind global economic growth (Boso et al., 2018, 210). Yet, the infrastructural limitations encountered by both emerging market firms and foreign competitors operating in these regions are closely linked to institutional challenges (Boso et al., 2018, 203). It has been argued that inadequate infrastructure in many emerging markets leads to fragmented markets, reducing the efficiency of mobility and communication within them (Boso et al., 2018, 203). Since the industrial revolution, technology has significantly reshaped both the functional structures and geographic arrangements of firms (Coviello

et al., 2017, 1152). Advancements in mobility have given us the freedom to decide where and how we work, obtain information, build relationships, and interact with others (Vaz, 2021, 21). For example, many digital firms channel their investments into highly skilled talent instead of tangible assets, and depending on their business model, they can keep most of their physical operations concentrated in the home country (Coviello et al., 2017, 1153).

Another distinctive aspect of emerging markets is their high level of market uncertainty, and companies operating in these environments often encounter volatile and unpredictable conditions that can significantly endanger their continued existence (Boso et al., 2018, 204). Insufficient knowledge arising from cross-country differences, such as variations in language and culture, poses a major challenge to making decisions related to the expansion and management of international business activities (Johanson & Vahlne, 1977, 26). Recognizing the specific socio-cultural conditions of a market and adapting to them appropriately plays a vital role in both an organization's routine activities and its sustained performance (Marquis & Raynard, 2014, 29). There is a shortage of extensive research examining the influence of tribal laws and norms on the development of marketing strategies in emerging markets, as well as how firms in these markets integrate the insights and viewpoints of local tribal leaders into their marketing strategy design and execution (Boso et al., 2018, 210).

Every firm operates within multiple networks made up of numerous two-way relationships, through which they exchange goods and services while also creating new knowledge to enhance the efficiency and coordination of their shared activities (Wu & Vahlne, 2020, 691). Because emerging economies are experiencing rapid development, industrial growth, and modernization, they have become prime targets for exporters, foreign investors, and firms seeking manufacturing or production bases (Marquis & Raynard, 2014, 11). Even with the rise of economic pragmatism and the growing collaboration between multinational enterprises and national governments, globalization has progressed unevenly among different industries and nations (Narula &

Dunning, 1999, 264). Knowledge specific to a country's task and institutional environments plays a crucial role in driving success in international expansion, as such insights are not easily obtainable through traditional market mechanisms (Luo, 1999, 507).

2.2 Theoretical framework of internationalization

Operating in foreign markets allows companies to benefit from activities outside their borders and thus improve their own profitability. However, internationalization is often confused with multinationality, which does not in itself indicate an international shift towards foreign markets. International performance is related to the way in which companies reach the international level over a defined period of time, rather than the level that affects it (Verdier et al., 2010, 19). Internationalization should be implemented through internationalisation processes, which can be divided into four different stages. Each stage always represents a higher level of internationalization, with the first stage being when the company does not have regular export activities. In the second stage, the company's internationalization takes place through independent operators, which can be a low-cost way of entering markets. The next stage is the establishment of a sales company in foreign markets, followed ultimately by foreign production and manufacturing units (Andersen, 1993, 210). First of all, it seems that attitudes are the most important determinant of the internationalization path, and the right attitudes should help companies move more directly and purposefully along the internationalization path (Calof & Beamish, 1992, 129).

The internationalization model depends on the nature of the incentive, attitudes and other mediating variables related to the internal and external environment, and that the prerequisite for international success is that not only the product and the strategy arising from it, but also the attitudes of the company's management must be appropriate (Calof & Beamish, 1992, 129). International activities depend on two main forms of knowledge: general operational knowledge and knowledge that is specific to individual markets. market knowledge is typically developed through direct experience within a particular

market environment, while general knowledge about business activities and processes can be applied and transferred across different countries (Andersen, 1993, 211). Internationalization is a process based on acquiring knowledge to reduce uncertainty through market knowledge. Companies must balance market knowledge, resource dependence, and uncertainty, where a company's market knowledge grows with time and experience (Verdier et al., 2010, 20). Gradually acquiring information about foreign markets reduces business risks, which is why companies develop their international operations over time and in stages (Brouthers et al., 2016, 516). Managing relationships and connections gained from business, receiving ongoing support and learning from them, also helps to reduce these risks. The time spent collecting and analysing information can be significantly reduced by insider knowledge of foreign markets (Almodóvar & Rugman, 2015, 690).

Decision-making is influenced by existing market information, which as it develops influences future commitment and changes in market information (Andersen, 1993, 211). The increasing speed of internationalization and the reduction of its risks are partly behind the globalization of various industries (Verdier et al., 2010, 21). In foreign markets, internationalization often occurs through existing relationships, which reduces the risk of entering the market and succeeding there. The role of networks in internationalization plays a major role, and the effect can be positive, in which relationships help to initiate activities, learn and gain experience, and reduce problems and risks. However, the effect can also be negative if the company is too dependent on each other in its operations, which weakens performance and relationships place restrictions on operations. (Brouthers et al., 2016, 516). The right partners improve efficiency and build new knowledge about the market, and the privileged information arising from the joint interaction of partners can be considered the reason for the emergence of new opportunities (Johanson & Vahlne, 2006, 174).

Experiences lead to the discovery of both opportunities and problems in the market. Such opportunities lead to the expansion of activities in the market, and the

opportunities are noticed by those who operate in the market (Johanson & Vahlne, 1977, 29). As experience grows, the company adapts to international business by adding experienced managers with international expertise. Growth also brings organizational and strategic changes to the company, for example how foreign markets are approached, how new products are developed and adapted to meet the demanding needs of the market, and the opening of local sales outlets (Calof & Beamish, 1995, 115). Digital technologies can drive a company's international expansion, but it should be noted that a direct impact on competitive advantage has not yet been observed from digitalization in cross-border markets. However, indirect effects of digitalization on product and service advantages have been observed, and the positive impact of digitalization on internationalization occurs when it is tied to the company's operations and invested in digital skills (Denicolai et al., 2021, 3). To remain competitive in a rapidly evolving business environment, companies must leverage digital technologies and strategies to streamline operations and achieve success (Joel et al., 2024, 619).

Digital transformation is an ongoing process whose effects are still being explored, and it is not merely a generational shift in information technology or the simple relocation of business processes (Siebel, 2019, 36). Technological expertise facilitates the process of internationalization, which in return creates opportunities to gain knowledge and collaborate with foreign network partners, ultimately reinforcing technological capabilities (Wu & Vahlne, 2020, 695). This shift has stimulated the emergence of alternative business models, notably the Platform economy, in which firms transform established industries by using digital platforms to facilitate novel connections between consumers and service providers (Mukherjee, 2024, 67052). The development of a successful international strategy increasingly depends on an organization's capability to effectively leverage modern digital technologies and must ensure that these digital capabilities are systematically embedded across core business functions (Agusta & Yusnidar, 2024, 165). Digital transformation has introduced new complexities and dynamics into consumers' decision-making processes, and thus into companies' strategic business processes (Mukherjee, 2024, 67055). Forward-thinking companies optimized

their operations, achieving greater speed and resilience compared to traditional methods, which resulted in major productivity gains and the clear emerge of both winners and losers (Siebel, 2019, 39).

To develop the ability to create new sources of value, organizations must implement strategic adjustments along with modifications to their structure, internal processes, and corporate culture (Vial, 2019, 118). The augmented Uppsala model provides a framework for understanding the evolution of multinational business enterprises (MBEs). Key theoretical approaches to explaining multinational evolution also include the eclectic paradigm and internalization theory, which have dominated scholarly perspectives in this field (Vahlne & Johanson, 2017, 1097).

2.2.1 OLI, (Ownership, Location, Internalization)

Economic globalization, along with the rise of global and alliance capitalism, has significantly transformed how both international and domestic business operations are structured and conducted (Cantwell, 2003, 1). By Cantwell et al. (2003, 1) over the past two decades, the eclectic paradigm has been the primary framework for explaining the expansion of multinational enterprises. The eclectic paradigm, also referred to as the OLI theory, serves as a comprehensive analytical framework for empirical research, guiding analysts toward the most relevant theories for addressing a given problem (Cantwell et al., 2).

Economic globalization refers to the growing interconnection and integration of production and markets across national borders for goods, services, and capital, states Narula & Dunning (1999, 261-262) and explains that this process expands the scope and nature of international transactions while intensifying the interdependence between economic actors in different countries. Globalization has enhanced the interplay of OLI characteristics across firms, industries, and national economies (Cantwell et al., 2003, 1). Globalization has reshaped the way multinational companies coordinate their operations across countries as they adapt to shifting firm boundaries (Cantwell et al.,

2003, 19). Effective corporate governance in developing countries requires an initial focus on the characteristics of local markets, which influence the adaptation of governance practices and the configuration of company ownership and control (Cantwell et al., 2003, 49). Broad activities for generating market intelligence may not sufficiently capture the specific and complex dynamics of local market conditions in many emerging economies (Boso et al., 2018, 203).

Over the past twenty years, the eclectic paradigm has emerged as the leading theoretical framework for examining international business, multinational enterprises, and the process of internationalization (Cantwell et al., 2003, 18). Companies are pursuing foreign investment for an expanding range of purposes. Although exploiting existing assets remains the primary driver, the trend of investing abroad to enhance or complement current resources has also become significant (Cantwell et al., 2003, 21). Whether decision alternatives arise from problems or opportunities, they are typically connected to current market operations, and these alternatives often involve extending the organization's boundaries while increasing its commitment to the market (Johanson & Vahlne, 1977, 29). When examining the drivers of a firm internationalization, scholars in international business typically focus on the advantages available to the company, with the OLI paradigm offering widely recognized explanations for how firms select entry strategies and approaches to market development (Oesterle et al., 2013, 187).

Compared with advanced economies, emerging markets generally possess weaker or less developed technological and physical infrastructures (Marquis & Raynard, 2014, 14). Improved information and communication technologies (ICTs) have significantly reduced economic barriers between nations, driving broad productivity gains, and these advancements have also enhanced the coordination of activities across borders (Narula & Dunning, 1999, 270). Globalization has influenced the way multinational corporations' structure and coordinate their cross-border operations as they adapt to the shifting boundaries of the firm (Cantwell et al., 2003, 1). Given that most multinational enterprises expand into emerging economies to capture sustained economic gains by

pre-empting competitors and enlarging their markets, MNEs with more on-site experience are generally more inclined to boost their resource allocation and commitment to the host environment (Luo, 1999, 511). Their operations have expanded not only in scale but also in depth and diversity, changes that are frequently linked to the broader process of globalization (Cantwell et al., 2003, 3).

A knowledge-driven society has made it increasingly vital for MNCs to effectively leverage their ownership advantages while continuously strengthening and renewing their competitive edge. This creates a complex, mutual dependence between what the firm owns, and the advantages provided by specific locations (Cantwell et al., 2003, 19). The level of ownership concentration influences where a firm chooses to carry out its international operations, and companies from advanced economies face higher risks when investing in developing or emerging markets (Oesterle et al., 2013, 193). In emerging markets, companies must gain local knowledge to navigate the unfamiliar informal practices and regulatory conditions effectively (Li & Meyer, 2009, 12).

Companies based in advanced economies, operating in developing or emerging markets is viewed as carrying greater risk compared to doing business in other highly developed countries (Oesterle, 2013, 197). Key obstacles to global success include fierce competitive pressures, the difficulty of overseeing numerous markets while aligning marketing efforts, various risk factors, and the substantial challenges posed by geographic, cultural, and political differences (Hult, 2012, 198). Companies from developed countries are generally expected to direct most of their investments toward other advanced economies, regardless of whether their ownership structures are highly dispersed or tightly concentrated (Oesterle, 2013, 194). It is widely recognized that firms expanding abroad need robust firm-specific advantages to build a viable presence in international markets and to counteract the disadvantages of being foreign or unfamiliar outsiders (Vahlne & Johanson, 2017, 1095).

Governments should keep advancing and reinforcing pre-market reforms to promote the growth of stronger, more competitive businesses, because by investing in dependable and affordable digital communication infrastructure, governments can help create a more dynamic and resilient environment for local firms (Sanchez-Riofrio et al., 2022, 1917). In a knowledge-driven society, effectively leveraging MNCs' ownership advantages, and continually strengthening and maintaining their competitive edge, has become increasingly vital, creating a complex interplay between ownership-based and location-based advantages (Cantwell et al., 2003, 1). This divergence has emerged even though technological catch-up, the expansion of MNE activities, the globalization of markets, and advances in new technologies (especially ICT) should, at least in principle, have increased the diffusion of wealth-generating assets to less developed countries (Narula & Dunning, 1999, 265).

2.2.2 Uppsala internationalization model

The Uppsala model was developed as a dynamic alternative to the static internalization theory and the OLI paradigm, emphasizing the process of internationalization and the evolving interaction between knowledge acquisition and commitments to foreign operations (Wu & Vahlne, 2020, 691). The model should be regarded and evaluated as a unified framework, specifically at the level of strategic actions and responses (Vahlne & Johanson, 2017, 1090). It views internationalization and globalization as evolutionary dimensions, where the various components of the advantage package interact and influence one another (Wu & Vahlne, 2020, 695). The overall framework and core content of the model remain consistent with the version first introduced in 1977 (Vahlne & Johanson, 2017, 1092).

The global landscape of international business is currently experiencing profound changes. Due to its comprehensive perspective, foundation in dynamic processes, and practical assumptions, the Uppsala model remains a valuable framework for understanding the evolution of multinational enterprises (Vahlne & Johanson, 2017, 1098). Internationalization generally demands a dynamic capability, yet in companies

with extensive prior international experience, the process, grounded in established managerial practices, can evolve into an operational capability on its own (Vahlne & Johanson, 2017, 1096). Bell and Pavitt (1997, 89) define capability as “resources and ability needed to generate and manage technical change, including skills, knowledge and experience, and institutional structure and linkages” (Wu & Vahlne, 2020, 696). The development of these capabilities follows patterns similar to those seen in internationalization, for instance, creating a new product generation typically involves uncertainty, knowledge building, and step-by-step commitments (Wu & Vahlne, 2017, 695).

The Uppsala model serves as a micro-level analytical framework that offers comprehensive view of how multinational enterprises evolve where it is essential to clarify the basic assumptions underlying the model (Vahlne & Johanson, 2017, 1089). The Uppsala model introduces a more contemporary perspective on the multinational firm, unlike the traditional neoclassical view, which depicts the firm as a hierarchical structure-bound producer that passively adapts to environmental shifts within atomistic market, The Uppsala approach portrays it as a network participant (Wu & Vahlne, 2020, 691). In this view, the firm is decentralized, process-oriented, entrepreneurial in nature, and actively engaged in identifying and pursuing opportunities through exchange relationships, where developing and maintaining trust is an essential ingredient of the knowledge development process (Wu & Vahlne, 2020, 691).

The Uppsala process model views internationalization as a gradual process marked by a sequence of small, incremental decisions through which firms expand their activities in foreign markets (Luo, 1999, 507). Both the firm’s overall experience and its specific market experience are important, and challenges are typically identified by the sections of the organization that handle market operations, especially by the employees directly engaged in those activities (Johanson & Vahlne, 1977, 29). The model is based on the idea that insufficient knowledge poses a major barrier to international growth, and that this knowledge can be gained progressively through experiential learning from operating

abroad (Luo, 1999, 507). Experiential knowledge is considered valuable because it helps minimize the uncertainty linked to making commitments in foreign markets (Johanson & Vahlne, 2006, 167).

The key point is that developing relationships requires significant time, resources, and involves uncertainty, which helps explain why achieving successful long-term internationalization is a gradual process (Johanson & Vahlne, 2006, 167). The model identifies two main triggers for change: the first involves occasional decision-making regarding whether to allocate resources, while the second focuses on ongoing knowledge development through learning, innovation, and the establishment of trust (Vahlne & Johanson, 2017, 1092). Nevertheless, it remains uncertain how Vahlne and Johanson's (2017) model accounts for major elements such as continuous technological advancement, the drastic simplification of global transactions, and the firm's ability to initiate spontaneous changes to its operations and value proposition (Coviello et al., 2017, 1154).

A firm's international competitive performance is ultimately determined by the relationship between its distinctive internal capabilities, described as firm-specific advantages (FSAs), and the resources derived from its domestic environment, referred to as country-specific advantages (CSAs). Moreover, international competitiveness should be understood primarily as a regional rather than a global phenomenon. Accordingly, international marketing strategies need to consider the complex and multidimensional character of FSAs and CSAs as they operate across various contextual levels (Hult, 2012, 198). The development of opportunities is strongly influenced by the link between internal firm-specific resources and external resources, given that firms have privileged insight into their own resource base (Johanson & Vahlne, 2006, 173-174). Furthermore, the knowledge gained through interaction and experience within business relationships is expected to improve the application of traditional firm-specific advantages, thereby enhancing international performance (Almodóvar & Rugman, 2015, 692). Given that superior performance depends on the alignment of strategic orientation

with environmental conditions, the progressive development of innovativeness and proactiveness through accumulated experience is likely to generate improved operational performance (Luo, 1999, 512).

Digitalization has the potential to reshape the internationalization process by allowing digital firms to enter foreign markets instantly, interact directly with international users, and gain insights from those interactions (Kim et al., 2025, 67). The more familiar a firm becomes with a market, the lower its operating costs and the greater its efficiency is over time, as the firm's experience in a foreign market grows, its understanding deepens, making it more capable and motivated to pursue new opportunities more actively (Luo, 1999, 512). The global expansion of digital products, like mobile apps, seems to allow firms to enter foreign markets more effortlessly (Kim et al., 2025, 64). According to the Uppsala model, app companies progressively improve their applications through updates based on experiential learning, steadily developing their apps into a firm-specific advantage that increases their competitiveness in foreign markets (Kim et al., 2025, 68).

In the last 18 years, marketing researchers have increasingly concentrated on defining marketing capabilities and empirically investigating their impact on firm performance (Morgan et al., 2018, 61). The updated Uppsala model highlights the importance of a firm's capabilities, particularly by distinguishing between operational and dynamic capabilities, and clearly details how these capabilities develop and evolve over time (Kim et al., 2025, 68). Given the challenges of achieving sustainable growth with a single firm's capabilities amid rapid business and environmental changes, it is crucial to explore how cooperation strategies influence open innovation and long-term performance (Lee & Roh, 2023, 17). Throughout the evolution of business enterprises, the one constant has been the pursuit of competitive advantage, and what has changed is that this pursuit now takes place within an increasingly global context, shaping the opportunities and challenges firms face (Hult, 2012, 198).

When two firms are mutually committed to future collaboration, they not only create opportunities to learn from one another but also establish a foundation for generating new knowledge through their interactions (Johanson & Vahlne, 2006, 167). The importance of business relationships and networks is clear. Managers need to recognize that connections not only with customers and suppliers but also with universities and research centres play a crucial role in a firm's international performance and expansion (Almodóvar & Rugman, 2015, 705-706). In this way, the relationship serves as a gateway to new knowledge, and the opportunities it generates extend beyond merely conducting business with the partner firm (Johanson & Vahlne, 2006, 167).

2.2.3 Institutional theory

As the global economy becomes more interconnected and complex, organizations face the major challenge of operating across diverse institutional environments, each bringing its own unique opportunities and obstacles (Marquis & Raynard, 2014, 3). Institutional theory has gained growing attention in international business and management research as a framework for understanding the actions and strategic decisions of multinational enterprises (Tihanyi et al., 2012, 33). Institutional strategy can be understood as the overall approach an organization takes to engage with, shape, and capitalize on the socio-political and cultural structures in its external environment (Marquis & Raynard, 2014, 5). Formal institutions can support international expansion by supplying essential resources, particularly when these resources are distributed according to transparent, universal rules (Dekel-Dachs, 2021, 888).

While the global marketplace has always been fluid and complicated, the changes experienced over the last two decades have been especially significant (Hult, 2012, 198). Experience gained over time is a key factor shaping how firms expand internationally and helps explain differences in their global performance, as it influences how effectively they learn about local markets (Luo, 1999, 505). Institutional theory as central research in international business is more relevant than ever, since constant growth on knowledge on institutional structures in different markets has developed and improved learning

(Tihanyi et al., 2012, 36). Emerging economies are undergoing political and economic shifts toward more market-oriented systems, creating environments that offer significant new opportunities while also presenting substantial uncertainty and challenges (Luo, 1999, 508). With global markets growing more integrated, firms must navigate and perform within diverse institutional contexts. These institutional strategies can typically be grouped into three types: relational, infrastructure-focused, and socio-cultural bridging (Marquis & Raynard, 2014, 16).

The term relational strategies describe an organization's combined efforts to oversee its connections with critical reference groups, which includes building networks to navigate reliance on government institutions and essential stakeholders like employees, suppliers, and customers (Marquis & Raynard, 2014, 16). During international expansion, firms pass on learning through standardized practices embedded in the organization, such as policy frameworks and decision-making protocols (Luo, 1999, 511). Effective coordination of ties with internal and external stakeholders enables organizations to improve their market competitiveness and maintain greater stability and reliability in resource exchanges (Marquis & Raynard, 2014, 17). Because partnership itself can serve as an asset, and well-functioning relationships develop from deliberate investment, possessing such an asset ultimately provides a competitive advantage (Johanson & Vahlne, 2006, 169). Overlooking the adaptability of relational strategies can threaten an organization's market advantage and undermine stable resource exchanges with governments and important stakeholder groups (Marquis & Raynard, 2014, 22).

The quality of institutions plays a significant role in shaping economic growth (Berggren et al. 2012, 188). When infrastructure is missing or insufficient, organizations face several obstacles that must be addressed, and studies on developed markets suggest a range of solutions, such as coordinating collective efforts to tackle these issues (Marquis & Raynard, 2014, 24). In emerging markets, differences in national institutional environments tend to be more pronounced, and when markets operate inefficiently, the lack of well-developed market supporting institutions become particularly visible, since

institutional frameworks are often assumed to function effectively (Peng et al., 2009, 66). Firms use infrastructure-building strategies to navigate markets with limited development and weak social, technological, or physical systems, often responding to absent or insufficient institutions by engaging in collective efforts or establishing global or industry standards to overcome these challenges (Marquis & Raynard, 2014, 16-17). Insufficient institutional support for the overall business environment can be weakened both by poorly developed regulations and by ineffective enforcement of those rules (Dekel-Dachs et al., 2021, 888). Enhancing institutional quality typically requires a sequence of reforms, which often brings a phase of institutional instability. While such instability can support long-term growth by enabling necessary change, it may also involve short-term transition costs that temporarily limit economic performance (Berggren et al., 2012, 188).

When markets function inefficiently due to tangled resources, companies often choose to internalize activities to secure control over those resources, as being insider lowers transaction costs while remaining an outsider result in limited knowledge about the risks and opportunities preset in foreign markets (Almodovar & Rugman, 2015, 690). Communication systems in emerging markets are most times insufficiently developed or lack the capacity found in more advanced economies (Khanna & Palepu, 1997, 42). Socio-cultural bridging involves approaches that address social, cultural, and demographic challenges faced by organizations, particularly in emerging economies where they must train and integrate large youth populations while also coping with ideologically driven tensions and periods of social unrest (Marquis & Raynard, 2014, 17). The development of social capital and new knowledge can only move forward when certain prerequisites are in place, and without these conditions, the process cannot begin (Johanson & Vahlne, 2006, 172).

Companies early in their international expansion tend to favour countries with cultures that are nearby and similar to their own, whereas firms with more advanced global experience no longer show this preference (Luo, 1999, 510). Many emerging markets

face a shortage of highly skilled and well-trained professionals (Khanna & Palepu, 1997, 50). Addressing these difficulties may necessitate substantial investment in workforce training, the relocation of specialists or managers from the firm's home country, and sometimes choosing operating locations based on the local supply of qualified workers (Marquis & Raynard, 2014, 31). While companies often relocate routine activities abroad to take advantage of lower labour costs, they typically move more complex functions internationally as a part of a broader strategy to strengthen global competitiveness by getting into knowledge networks and expertise available in other countries (Hult, 2012, 199).

2.3 Digital transformation

The globalization of markets has become increasingly significant in the 21st century, and as a result, in today's interconnected world, the domestic economy relies on external markets for growth and prosperity (Tan & Sousa, 2013, 4). Digital technologies and evolving business practices are set to fundamentally reshape the competitive landscape and society, and key aspect of this transformation is how digital advancements are refining marketing strategies, ultimately altering the nature of markets on a global scale (Gillpatrick, 2019). Digitalization is a critical strategic challenge that can determine the survival of enterprises, and a successful digital transformation requires the unwavering commitment of the CEO and their leadership team (Leignel et al., 2019, 137). It is important, when creating a new control system to a company for digitalization, to consider not only risk management, but also the value creation of the new strategy, which helps to consider the human side and involve more employees in achieving goals (Leignel et al., 2019, 4).

Digitalization involves using digital tools to streamline and enhance existing processes, whereas digital transformation entails a fundamental shift from traditional methods to entirely new ways of operating (Siebel, 2019, 42). Digital transformation refers to the comprehensive incorporation of digital technologies across all business functions, leading to profound changes in how organizations operate and create value for

customers. It extends beyond simply adopting new technologies; rather, it requires a fundamental reassessment of how technology is leveraged to stimulate growth, enhance operational efficiency, and deliver greater value to consumers (Mukherjee, 2024, 67055). The transformation can influence the internationalization process by shaping its timing, speed, and pattern, as well as impacting location and entry model decisions (Coviello et al., 2017, 1153). It also affects foreign market learning, knowledge integration access to essential resources and capabilities in both home and host markets, and a firm's ability to navigate the challenges of foreignness and outsider status (Coviello et al., 2017, 1153). Digital transformation requires radical changes to essential competitive processes and represents a disruptive shift toward a completely new approach to working and thinking (Siebel, 2019, 42).

Digitalization has been recognized as a key solution for addressing global competition, meeting rising consumer expectations, and adapting to the evolving competitive landscape. Studies indicate that technology represents just one piece of the broader challenge organizations face to stay competitive in today's digital landscape (Vial, 2019, 118). Figure 2 presents the conceptual model of Digital transformation (Vial, 2019), which illustrates digital transformation as a dynamic process, not just adaption of technology. It shows what pressures push organizations toward change, how firms respond strategically, what internal changes are required, and what outcomes may result.

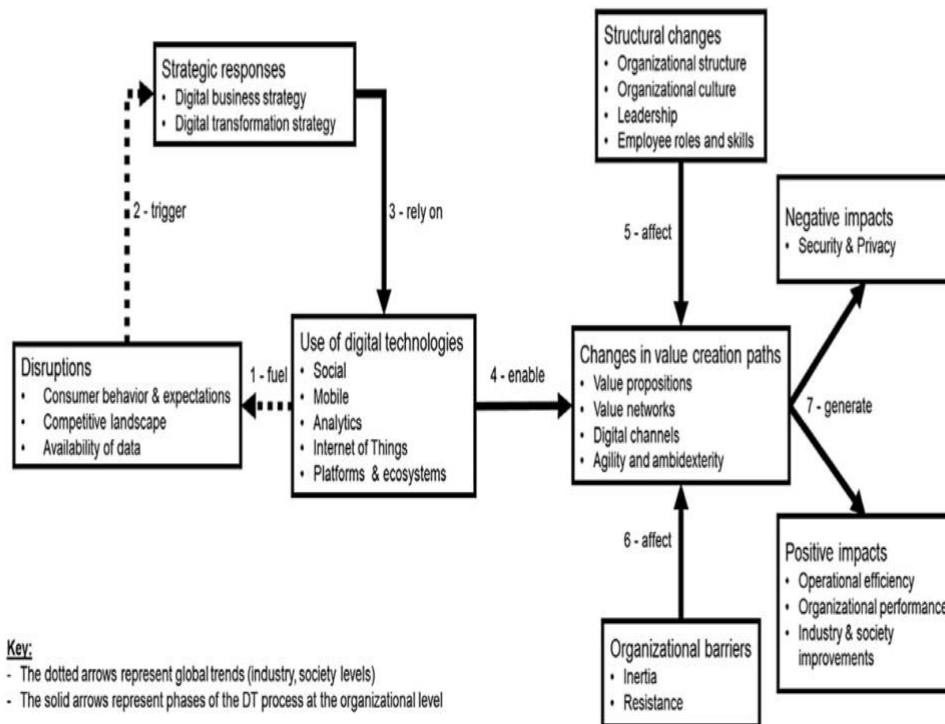


Figure 2. Building blocks of the digital transformation process (Vial, 2019, 122).

Conceptual definition of digital transformation is “a process that aims to improve an entity by triggering significant changes to its properties through combinations of information, computing, communication, and connectivity technologies” (Vial, 2019, 121). Seen in figure 2, the model conceptualizes digital transformation as a process through which external disruptions reshape organizational strategy and value creation. Digital transformation is characterized as a process where digital technologies play a pivotal role in initiating and intensifying disruptions across both societal and industrial spheres. These disruptions bring out strategic actions from organizations, placing them at the centre of the transformation process (Vial, 2019, 122). Organizations increasingly rely on digital technologies to transform traditional value creation mechanisms as a means of sustaining competitiveness. Such transformation demands organizational realignment and the reduction of barriers that restrict effective implementation (Vial, 2019, 122). These realignments, such as changing consumer behaviour, increased digital

connectivity, and intensified global competition, require firms to rethink how they engage with foreign markets (Vial, 2019, 122).

In recent decades, the internet, advancing technologies, and social media have transformed consumer behaviour, due to which these digital-driven shifts present both opportunities and challenges that businesses must navigate in the online space (Saura et al., 2020, 190). Power has shifted from business to consumers, who now have significantly higher expectations regarding on how, where and when their needs are fulfilled (Vaz, 2021, 16). The definition of a great experience has evolved – it's no longer just about the environments companies build around their products, and according to Vaz (2021, 92) it now focuses on how digital technology enhances usability and effectiveness for the customer. Coviello et al. (2017) highlight the importance of accounting for the dynamics of today's digital environment in the updated Uppsala model, arguing that digitalization could significantly alter how firms expand internationally (Kim et al., 2025, 65).

2.3.1 Dynamic capabilities

Digital transformation is the process by which organizations adapt to technological advancements and evolving customer needs to remain competitive. It also involves enhancing process efficiency through the use of digital technologies (Stalmachova et al., 2021, 4). Digital businesses are able, right from launch, to respond to international inquiries and secure recurring income abroad without committing resources to manufacturing, distribution, or local sales teams (Coviello et al., 2017, 1153). Today, companies perceive digital transformation and investments in digitalization as strategic approaches to enhancing productivity, profitability, and overall performance (Nambisan et al., 2019, 1). This is done through monitoring web data, including traffic, lead generation, and conversions, to spot high-potential markets and through employing interactive technologies to expand their user base globally (Coviello et al., 2017, 1153). The extent of digital transformation and its implications continue to develop, with its effect still being analysed (Siebel, 2019, 36). Digital transformation is becoming an

essential driver of both innovation and marketing in our economy, and according to Siebel (2019, 37), merely investing in technology to digitalize existing functions and processes is insufficient for truly transforming a company or industry.

The digital transformation of business is significantly reshaping marketing practices, with wide ranging effects at both micro and macroeconomic levels. According to Gill-Patrick, (2019) microeconomic scale influences all facets of marketing, including product and service configuration, and at macroeconomic level, digital marketing transformation and the resulting of strategies affect national competitiveness, labour markets, innovation, taxation, and other key factors in the economy. In the realms of international business and international entrepreneurship, digitalization plays a pivotal role in accelerating the early internationalization of firms (Kusi Appiah, 2022, V). Both digital and traditional firms pursue internationalization for the same fundamental reason, to leverage their distinctive firm-specific advantages in foreign markets, whether these advantages are shared through technological means or physical channels (Coviello et al., 2017, 1154). During the 1980s, computing was largely centralized, but the introduction of the personal computer brought greater flexibility and enabled more efficient work (Siebel, 2019, 37). Siebel (2019, 40), notes that many organizations began digitalizing functions that did not require real-time operations, as these areas offered productivity improvements with minimal risk. In contrast, industries highly dependent on information systems—such as finance—moved quickly to digitalize their core activities, given the obvious competitive benefits (Siebel, 2019, 40).

To remain competitive, companies must continuously innovate and recognize that the modern digital environment is an integral component of business operations rather than a separate or independent domain (Nunes et al., 2025, 3219). The adoption of digital technologies by firms, or digitalization, increases transaction efficiency and leads to improved organizational performance (Sanchez-Riofrio et al., 2022, 1905). Digitalization has generated and continues to expand a global marketplace for economic and social transactions, as well as their hybrids, where both tangible and intangible assets are

exchanged (Coviello et al., 2017, 1154). Digitalization capability and open innovation are regarded as key drivers of long-term competitiveness across various fields (Lee & Roh, 2023, 1). Although research on digitalization and firm-performance is growing, particularly with a focus on emerging and newly industrialized countries, there is still no agreement on whether digitalization positively or negatively influences firm performance in developing economies (Sanchez-Riofrio, 2022, 1916). Firms need to recognize the tools that provide them with both competitive and corporate advantages (Sanchez-Riofrio, 2022, 1917).

Contemporary digital technologies have transformed how companies organize production and interact with their customers, and in a digital enterprise, aspects such as the production offerings, distribution methods, value chain structure, and pricing strategies can differ significantly from those employed by traditional multinational enterprises (Coviello et al., 2017, 1153). Digitalization plays a central role in enabling firms to build more interconnected value chains, enhance operational efficiency, shorten lead times, and maintain greater oversight of their activities, all of which support business growth. As a result, digitalization has evolved into a critical organizational resource, and companies with higher levels of digital maturity increasingly regard digital technologies and related capabilities as their primary strategic assets (Audretsch & Belitski, 2024, 615).

Digitalization capabilities serve as a key foundation for sharing knowledge and raising awareness, thereby fostering conditions that support innovation, and according to Lee & Roh (2023, 16), this highlights the critical role of digital transformation in emerging markets and aligns with existing research that underscores the value of digitalization in strengthening open innovation. Market digitalization shows a negative relationship with firm performance, a result that is partly explained by organizational inability in adapting to more demanding customers, the growing interconnectivity of supply chains, and the globalization of digital content and service delivery (Sanchez-Riofrio et al., 2022, 1916). Firms' efforts toward digitalization have a positive effect on their involvement in global

value chains (GVCs), and companies that implement digital tools such as high-speed internet and website adoption show a 6-10 percent higher likelihood of engaging in GVCs, a difference that carries substantial economic relevance (Gopalan, 2022, 11).

2.3.2 Consumer engagement

The most significant technological shift of our era isn't a single invention, but rather the dominant influence technology now holds over consumers' everyday lives (Vaz, 2021, 20). Before digitalization, consumer behaviour was influenced mainly by social, cultural, and economic factors, with information obtained through traditional channels such as print media and physical stores (Mukherjee, 2024, 67056). Digital technologies significantly influence consumer behaviour by providing constant access to information and communication tools, such as mobile devices and social media platforms (Vial, 2019, 122). Because many consumers now use social media on a daily basis for purposes such as obtaining information, evaluating products, and seeking entertainment, it is essential for organizations to strategically incorporate social media marketing to connect with their target markets (Tan, 2021, 7).

Internationalization places companies in diverse competitive settings, where success depends on continuously understanding evolving customer needs and actively redefining how value is created and delivered (Nunes et al., 2025, 3218). For personalization to succeed in improving consumer engagement and well-being, it is necessary to identify the enabling and limiting factors, as well as the distinctive characteristics of individual customers (Dwivedi et al., 2021, 8). This transition has underscored the significance of transparency, authenticity, and responsiveness, as consumers increasingly favour brands that align with their values and provide meaningful, personalized engagement (Mukherjee, 2024, 67053). Company management needs to stay alert to the swift pace at which consumers embrace new technologies, because when a growing number of customers begin using digital tools, it becomes both timely and potentially more profitable for the company to upgrade its digital infrastructure (Sanchez-Riofrio et al., 2022, 1917). A well-designed digital

platform alone is not sufficient - delivering a high-quality product or service that ensures a positive user experience is equally essential (Saura et al., 2020, 192).

Companies follow a recurring pattern of learning, uncovering opportunities, reallocating resources, and strengthening their commitments, which steadily reshapes how they operate and perform abroad (Kim et al., 2025, 65). Digital transformation creates both challenges and opportunities for businesses. Companies must continuously adapt to changing technologies and consumer expectations while remaining innovative and competitive (Mukherjee, 2024, 67058). The rise of new technologies has greatly influenced how multinational enterprises perceive country-specific advantages. At the core of this transformation are remarkable developments in information and computer technologies (Narula & Dunning, 1999, 268). However, digital tools offer valuable opportunities to improve customer experiences, strengthen brand loyalty, and support long-term growth (Mukherjee, 2024, 67058). A satisfying digital content journey positively impacts customers' habit to engage with the brand's content in the future (Dwivedi et al., 2021, 12).

Digital businesses are structuring every stage of the customer journey with a focus on data collection (Vaz, 2021, 92). For example, universally accessible platforms such as Google Play let app developers choose which countries to launch in with a single click, giving them immediate entry into international markets (Kim et al., 2025, 64). Companies should prioritize monitoring and managing user opinions and reviews about their products online, considering the specific industry in which they operate (Saura et al., 2020, 191). Advances in technology have enhanced the coordination of cross-border operations, reducing the market failures that typically hinder the international transfer of intermediate goods - particularly intangible assets - and thereby enabling firms that previously lacked the ability to participate in global business to do so (Narula & Dunning, 1999, 270). This fuels their systems for identifying and delivering value, enabling them to adapt to their customers' evolving needs (Vaz, 2021, 92).

Companies targeting international customers now benefit from unprecedented market openness, growing consumer purchasing power, and advanced tools that make reaching global markets easier than ever before (Hult, 2012, 198). However, customers evaluate rougher than ever both a company's actions and the way it conducts them, considering not only their direct interactions but also the practices carried out throughout the entire supply chain (Vaz, 2021, 21). The focus has shifted from simply offering products that satisfy a need to understanding customers more deeply and meeting their needs in a more effective and targeted way (Hult, 2021, 91). Experience spans the full customer journey and cuts across organizational boundaries, and as customers increasingly expect seamless interactions with brands, this comprehensive end-to-end experience design is where digital-native companies excel (Hult, 2021, 91). A firm's digital capabilities enhance both outbound and inbound open innovation, support coopetition strategies, and contribute to improved sustainable performance (Lee & Roh, 2023, 1).

In the current business environment, consumer value is increasingly defined by convenience, personalized offerings, and overall experience, which often separate traditional firms from digitally advanced competitors (Vaz, 2021, 16). Through the use of digital technologies, customers are able to engage more actively in two-way communication with organizations and other stakeholders. As a result, consumers no longer view themselves as dependent on individual firms, and their expectations concerning the quality and scope of services continue to rise (Vial, 2019, 122). Consumers evaluate not only the products and services they directly experience, but also the broader practices and operations of companies throughout the entire supply chain (Vaz, 2021, 21). Through digital transformation, organizations are able to implement modern technologies and online platforms that facilitate marketing approaches focused on data analysis and customer needs. Firms are increasingly required to predict changes in consumer expectations in advance, rather than simply adapting after those changes occur (Vial, 2019, 123).

2.4 Challenges and opportunities

Local expertise and market-specific experience can represent a major source of competitive advantage for multinational enterprises, as they constitute firm-specific intangible resources capable of producing sustained economic returns. However, acquiring this type of knowledge often entails a trade-off, as firms may need to relinquish some degree of control or delegate decision-making authority to local collaborators (Marquis & Raynard, 2014, 32). Insufficient market regulation and weak institutional support from central authorities often give rise to intricate collaborative arrangements involving local communities, government actors, and private firms (Dekel-Dachs, 2021, 890). Emerging economies are often characterized by limited availability of dependable market information, underdeveloped or absent distribution infrastructures, a scarcity of effective communication channels, and regulatory environments marked by weak enforcement and frequent, unpredictable policy changes (Marquis & Raynard, 2014, 26). These circumstances pose significant difficulties for firms by increasing uncertainty and operational complexity, as organizations are required to operate within environments where physical and commercial infrastructures—such as communication and transportation systems—are insufficiently developed (Marquis & Raynard, 2014, 26).

From a socio-cultural perspective, emerging economies frequently encounter challenges such as demographic imbalances, ideologically driven social tensions, and resistance toward expanding migrant labour communities. Effectively responding to these conditions requires firms to acquire a thorough understanding of local socio-cultural contexts, which is essential for sound operational decision-making as well as for long-term strategic formulation (Marquis & Raynard, 2014, 32). Multinational enterprises build experience through their ongoing activities, enabling the development of capabilities that support the effective management of current operations and the expansion into new markets (Li & Meyer, 2009,5). Firms engaged in international expansion exhibit dynamic capabilities, understood as the capacity to combine and adapt internal and external resources in response to evolving environmental conditions. These capabilities are progressively strengthened through accumulated experiential

learning (Kim et al., 2025, 68). Such resources are critical for strengthening firms' existing location-specific firm-specific advantages (FSAs) and for connecting them with non-location-bound FSAs, thereby enabling firms to more fully exploit host-country advantages. Firms that are embedded within relevant business networks tend to outperform those without such relational ties in their international expansion efforts (Almodóvar & Rugman, 2015, 687).

Organizations operating in emerging markets face a range of demographic and social issues, such as the prevalence of younger employees, limited access to skilled labour, and the ongoing process of urbanization (Marquis & Raynard, 2014, 31). In recent years, the relocation of business activities abroad has become a standard practice. Nevertheless, firms tend to offshore simpler tasks more often than highly specialized functions that are central to their main operations (Hult, 2012, 199). Developing a central team of local professionals plays a key role in understanding the specific characteristics and traditions of a region. As a strategy, some firms bring in experienced staff from their home offices to mentor and train local management (Marquis & Raynard, 2014, 31). The growth of organizational knowledge is progressive and strengthens as firms continue to engage in global business activities. Through experience, companies enhance their capabilities and resources, most notably experiential knowledge, leading to greater efficiency and lower operational expenses (Li & Meyer, 2009, 5-6).

Digital transformation is not limited to technological progress; it also generates significant socio-cultural changes that shape consumer attitudes and behaviours. This broader cultural evolution affects how organizations function, requiring them to adjust their strategies and operations to align with the expectations of a continuously connected, fast-moving society (Mukherjee, 2024, 67053). Building on this perspective, opportunities are often identified not through deliberate searches but through an inherent state of alertness and a readiness to notice unexpected possibilities. In this sense, opportunity recognition is more closely linked to companies' continuous engagement in everyday business activities than to isolated, intentional efforts to seek

out new prospects (Johanson & Vahlne, 2006, 173). Organizations need to separate which digital tools and capabilities can generate sustainable competitive and organizational benefits. Adjusting and realigning strategic structures therefore represents an appropriate response to shifts in consumers' evolving digital preferences (Sanchez-Riofrio et al., 2022, 1917). Furthermore, the rise of the digital era has created additional complexities in sustaining consumer trust, especially as firms depend more heavily on data-driven marketing approaches. Existing research emphasizes that trust has become a decisive element in this environment, as consumers tend to interact more readily with brands that exhibit transparency, accountability, and ethical standards in their handling (Mukherjee, 2024, 67053). Moreover, studies indicate that customer preferences in emerging markets often diverge from those in firms' domestic markets. As a result, companies may need to first build acceptance, trust, and legitimacy for the broader product category before they can successfully promote their own specific offerings (Marquis & Raynard, 2014, 28-29).

2.5 Theoretical framework

Earlier sections of the literature review have established the foundations of theoretical foundations. This section will guide the empirical investigation of the study and is visualized in figure 3. It outlines and explains the research framework for internationalization approach in emerging markets, and how the digital transformation affects these strategies. There are three key areas: theoretical work, market adaptation, and implementation and learning.

Theoretical work is based on emerging markets, and internationalization theories: The Uppsala model, The eclectic paradigm, and institutional theory. Emerging markets are playing an increasingly important role in driving global economic growth (Pillania, 2009, 100). The rise of emerging markets has increased the speed of globalization, and the clear causalities between developments is hard to establish, but their interdependence is unmistakable (Cantwell et al., 2003, 3). Market adaptation is combination of internationalization approaches already modified to chosen emerging market and its

characteristics, with the addition of digital transformation and consumer engagement, and the effects they have. Gaining deeper insight into these key differences enables organizations to more effectively manage the complexities and uncertainties associated while operating in emerging market environments (Marquis & Raynard, 2014, 15).

Implementation and learning are to explain the effects that digital transformation makes to already known internationalization theories in emerging markets. How to learn, use, and take advance from it, and what challenges and opportunities it adds to already known and studied theories. As firms accumulate experience in market, they tend to expand their operations progressively and deepen their involvement and alignment with the surrounding market environment (Johanson & Vahlne, 1977, 31). Implementation and learning are eventually the research topic and gap of the thesis and is what the case study is to figure out.

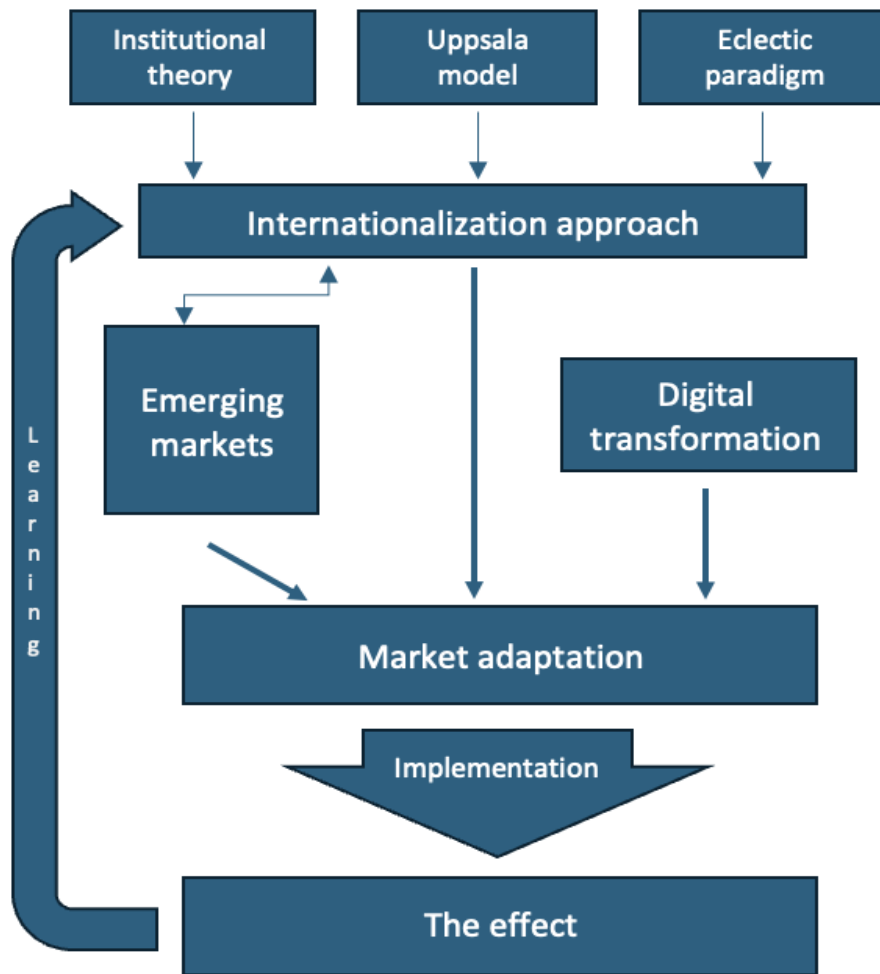


Figure 3. Theoretical framework

3 Research methodology

This chapter explains how the qualitative research methodology is conducted. It introduces the research design and its methods. Next, it discusses the data collection and its analysis and explains the purpose of the study. Lastly, it gives an overview of the companies interviewed, and breakdown of the qualitative data collection.

3.1 Research design

Research is process, which is a systematic way in order to figure out the stated problem or statement. Research should have a clear purpose with known characteristics, such as clear stated purpose for the research, systematic data collect, and systematically interpreted data (Saunders, 2023, 6). The purpose of this research is to answer the stated research gap in internationalization approach in emerging markets.

The core purpose of research is to generate and advance knowledge within a specific discipline, research philosophy shapes the way this process is approached and interpreted. Research philosophy can be understood as a structured set of beliefs and underlying assumptions about how knowledge is created and expanded (Saunders, 2023, 131). The research philosophy used in this research is pragmatism. Philosophy of pragmatism is impatient with different assumptions and philosophies, questioning their relevance, and making prior focus on the research and its difference making in organisational practices (Saunders, 2023, 153). This research aims to examine and discover the internationalization approaches that companies from developed countries use as part of their adaptation into emerging markets. Therefore, focusing on research and understanding the organisational practices are crucial for this subject.

A research design outlines the overall strategy for addressing a research question, fulfilling the study's aim, and accomplishing its objectives. It identifies the data sources to be used and explains the procedures for data collection and analysis. Importantly, a well-developed research design shows that the researcher has carefully considered and

justified the key components and structure of the chosen methodological approach. Research design can be divided between, exploratory, descriptive, explanatory, evaluative, or a combination of these (Saunders, 2023, 178). This thesis uses the combination of two research design, as exploratory design clarifies the understanding of the phenomenon, and explanatory design explain the causal connection between the variables.

Exploratory research design in this thesis is to clarify the meaning of international marketing strategies, emerging markets, and digital transformation, as the research question is likely to start with “what” or “how” (Saunders, 2023, 179). When a phenomenon is relatively new, or there is not yet enough information about it, this type of research is useful (Gray & Gray, 2021, 38). Exploratory research can prove the searched issue useless, as it starts from a broader perspective and narrows down as the research progresses, which may make it irrelevant for future research (Saunders, 2023, 179). On that account, the thesis also uses explanatory research design, which is to explain the relationship between research variables in order to understand the situation which it deals (Saunders, 2023, 180). This thesis explains the relationship, on how digital transformation affects internationalization approach in emerging markets, by exploding the variables and connections these have on each other. The research methodology involves interviews from professionals operating in the field of emerging markets, in order to clarify the understanding of the issue, which makes this an exploratory study. Also, the interviews are to establish the relationships between the variables of the issues, making it an explanatory study.

The chosen approach for research often refers to research strategy, which makes sure the research objectives are met and the questions are answered maintaining consistency with the research design. When the area of the research is relatively less known, case study is practical to keep the research tangled with theory-building. In business studies, case studies are used to explore management challenges, emerging theories, or specific issues, and this method is especially valuable in international business research because

it enables the collection of data across different countries and cultural context (Piekkari et al., 2004, 109). This thesis uses case-study approach, to understand the different challenges and changes in internationalization approach in emerging markets. In this study, four Finnish companies from four different industries were interviewed to get insight for these challenges, making it a multiple case study. This strategy allows to compare the differences and similarities companies faces in different fields of study and markets, since case studies allows to deepen the knowledge of the known phenomenon (Piekkari et al., 2004, 111).

3.2 Data collection and analysis

Verbal reports, personal interviews, and observations are used in case studies to collect the data, in which the attempt is to gain depth and focus on research object (Piekkari et al., 2004, 110). This thesis primary qualitative data is gathered from case company interviews, intending to understand the meanings and perspectives, while analysing the phenomenon. Secondary data is collected from companies' annual reports, investor presentations and industry analyses. Because random selection is often ineffective for studies with a limited number of cases, researchers must instead prioritize purposive sampling strategies (Seawright & Gerring, 2008, 294). This research prioritizes Finnish based companies, which has approached and operates in emerging markets. Qualitative interviews are not to quantify responses or measure variables, instead, qualitative research typically generates approach where the data are used to generate new theories or deepen and extend existing perspectives. The data collection doesn't follow standardised approach, and don't have a fixed structure for predefined answers, which as a result forces the research to organize the information to enable systematic analysis (Saunders, 2023, 185). For exploratory and theory building research, interview-based studies are great approach. Although, interpreting and analysing the qualitative data might be the most difficult job to be done, it is therefore necessary to carefully consider the questions to be used in the interview, as well as who should be interviewed in order to obtain relevant information for the research (Piekkari et al., 2004, 186-187).

This thesis conducts a semi-structured interview because it aligns with the research theme and has more openness to cover strategic objectives. As semi-structured interview is more theme related than just question based, the research purpose sets it to be exploratory and explanatory (Saunders, 2023, 446). The interview for this research is conducted as an online interview, as they are increasingly regarded as a practical and suitable option because they minimize geographical barriers between participants. Online interviews can be conducted one-to-one, or even many-to-many interview models as semi-structured or unstructured interviews. Semi-structured interviews can range from relatively structured to highly flexible, usually organised around specific themes or topic areas, where the interview uses a prepared set of guiding questions (Saunders, 2023, 448). This thesis implements the above-mentioned strategy, involving pre-set questions which follow the addressed themes in the thesis, however, allowing the interview to ask for more detailed questions for understanding. This is necessary in online-based interviews, because visual cues and meanings behind words that physical presence and accents reveal are more difficult and limited to sense through online (Saunders, 2023, 448).

Data collection for this study was conducted by interviewing relevant case companies and employees within close to the topic. The interview was semi-structured qualitative online interview. The purpose of the interview was to obtain knowledge from the studied field and get necessary concrete examples and activities used in the field of emerging markets. The interview questions and topic of the research was provided earlier to interviewees, to ensure they are familiar with the research, and have the capability to answer thoroughly to the questions. Case companies wished to be anonymous, so they are listed as company A, B, C and D on Table 1 below show the collection of the data from interview for clarity for the reader. The table includes date of the interview, interview length, length of transcription, where it was conducted, and where the secondary data is collected.

Table 1. Data collection

Company	Date of the interview	Length of the interview	Transcribed pages	Channel	Secondary data
Company A	6.3.2026	25 minutes	24 pages	Teams	Web pages and company reports
Company B	6.3.2026	32 minutes	36 pages	Teams	Web pages and company reports
Company C	13.3.2026	23 minutes	16 pages	Teams	Web pages and company reports
Company D	24.3.2026	56 minutes	44 pages	Teams	Web pages and company reports

4 Findings and analysis

List of case companies and analysis. Table 2 below show the breakdown and relevance of the interviewed companies for this case research. It shows the field of operation, position of the interviewee in company, which emerging market they operate, segment of the work, and what size the company is.

Table 2. Case company relevance

Company	Company's field of operation	Position of interviewee in company	Operating in emerging market	Segment of work	Company size
Company A	Business intelligence	Account executive	EMEA	B2B / B2G	+250 employees
Company B	Business development & Sales	CEO	GCC	B2B	0-50 employees
Company C	Electrical equipment for process industries	CEO	Asia, South America, Europe	B2B	0-50 employees
Company D	Technology company for underground operations	Senior manager	Global	B2B	+250 employees

4.1 Case company A

Company A is a Finnish based technology, data and design group, which is focused on developing IT services, e-commerce and knowledge management solutions for companies and public administration organizations. It has operations in 9 countries, has worked over 25 years and it employs over 2200 professionals. Company A works with big global companies, providing consult services and developing software projects, and also

handle largely government and authorities' projects and development. They operate in both developed markets and in emerging markets in the area of Europe, Middle East, and Africa (EMEA).

4.1.1 Market approach and entry.

Entering market in Europe and other developed markets differ from entering emerging markets largely, as interviewee states: "The working model in these markets is completely different from each other. If we compare how the market works in Europe, the operation is very different compared to the Middle East." The working model of the market differs, among other things, through connections, and the interviewee emphasizes: "You always have to have some kind of personal connection. Trying to reach new customers, and even if you catch someone, none of them will move forward with you. There has to be a concrete connection to the market, which is formed through various local relationships."

Market entry in emerging market is always a challenge, but with right connections it can be significantly easier. Interviewee states: "It is not enough to have partners operating in the same system, but a broader network is also needed to help the market get started." As the interviewee says, in emerging markets not only the connection to the ones you do business with is enough, but you also have to make connections and yourself visible to right parties in order to get things rolling. Interviewee notes: "Channels of influence must be established in different places to get things moving, because some unnoticeable connection in the background can give their own input on the progress of the matter. If you haven't managed to make connections with the right parties, the operations won't suddenly move forward."

The continuous rise of emerging markets on a global scale makes it hard market to compete. Companies have to offer products which will make them stand out on their competitors. Interviewee points out that: "Just doing something simple traditionally won't work, because there's a lot of competition. Traditional confrontation with price

competition will not work because cheaper manufacturers can be found elsewhere. A company needs to have a differentiating factor and offer something special. This helps it function and survive.” Often, Finnish companies are known for their quality and reliability, and interviewee notes: “You have to have unique skills and references and show this. What has worked so well is Finnish high-quality engineering skills and references from the Nordic countries, which are known to be good.”

4.1.2 Institutional and environmental factors

Constant development and change are always present in emerging markets, and companies have to be ready to adapt quickly to new things the market offers. However, the rapid changes are not always bad or in a way of development, and the interviewee states: “The market is more dynamic. Compared to the market in Europe, major changes occur easily, and it also has a positive effect on customer companies being more ready to adopt new technologies.” As the emerging market is constantly in development, changes can happen fast, and the interviewee states: “There are no obstacles there, like thinking this is how it has always been done. The desire is to engage in disruptive thinking, for example in relation to digitalization projects, meaning that we are ready to do things quickly by implementing new things.” These markets have their own unique ability to respond to market changes and developments, and there is a desire to constantly develop, and interviewee states: “Local decision-makers want to find best-in-breed solutions from different parts of Europe and America and gather ideas from them, with digitalization being a good example.”

As the market is emerging, is the country or continent often also developing, and the interviewee says: “Political and ecological stability is uncertain, and situations can change very quickly, and completely unpredictable things may happen.” Companies have to prepare and consider different institutional and environmental factors, when operating in emerging markets. The interviewee tells: “There are many different things to consider, for example, regarding normal trading principles. Contract technology and approvals are different from Europe and take time. You have to be prepared for the fact

that something that was in a hurry may drag on for a long time for some unknown reason.” External factors often influence operations in emerging markets, and the interviewee states: “Various permissions or clearances are often required, which in their own way the Nordic countries have become accustomed to by sending various notes and permits to many places. Making agreements takes time and must be taken seriously, because if you make a bad agreement, you will be in trouble with it.”

Socio-cultural norms differ from one another, even when operating in a different country, but above all when operating in on another continent. The interviewee says: “It is really important to understand how well you should understand the customer's social-cultural norms. In the traditional market, we don't necessarily understand how to consider simple things, such as measures related to different religions.” Even though, we are talking about business, it is important to pay attention the differences in people and cultural norms, and interviewee tells: “You should always respect the local habits. These are basic habits when you have worked there for a while, but it has been necessary to learn them even though there has been training for this. Even though companies train employees on these things, they often only learn them through practice on site. And most Western guys who go there might stumble over very simple things at the beginning.”

4.1.3 Digital transformation and capabilities

Digital technologies reshape competitive landscape and refine marketing strategies. It has been addressed as key solution for global competition, and push organizations toward change. The interviewee states: “Digitalization and its development provide growth opportunities for companies operating in this field to operate in emerging markets and develop companies significantly there. Using digitalization as a tool, we aim to simplify all processes and companies' business operations by improving previous digitalization processes.” It can therefore be stated that the development of digitalization is positive in emerging markets, as the interviewee states: “All companies benefit from digitalization and its various tools, which can be utilized in basic operations. From

developing markets can bring things that have been found to work in, for example in the Nordic countries, which serve as a reference for development.”

As well as the market, also digitalisation changes have fast pace in development. Interviewee says: “In some emerging markets digitalisation is in many ways ahead of Finnish digitalisation processes, and they work as a unison, differ from Finland where there a different departments and fragmentation. Although digitalization processes have been underway in Finland for a long time, their development has not been as rapid.” Even though, digital transformation is good for development and globalisation, it has to be applied carefully. Sometimes just going fast is not a good solution, and the interviewee elaborates: “For example, in some African countries, many people don't have bank accounts, but they have mobile phones with prepaid plans. Your prepaid account becomes a bank account that people can use to buy things. A good example of how some things change so quickly with digitalization that most people can't keep up.”

The rising effect of digital transformation has also affected consumer engagement and what to expect from companies. Instant access to information, and high expectations have shifted power more to consumers. Interviewee states: “The emerging markets have evolved so, that it is not enough that you are good and have all the necessary tools, but you have to convince why our product is best for them and why they are the best possible partner. This come back to that the market is growing, and competition is harder than ever, and companies have to differentiate themselves from another and be better fit.” As we have showed in research, that consumer engagement also includes consumers easy access to information and change to influence the market, still the habit in emerging markets stays the same. Interviewee states: “It is important to have platform for consumers to reach and share information, but in the end, it does not affect so much here, as much as the contacts and therefore obtain bigger market share. Having platform for customers and different media contents don't help to win markets and deals, it happens in other ways.”

4.2 Case company B

Company B is a Finnish based consultant company, whose purpose is business development and sales, market entry, and supporting clients in internationalization. It has started operations in 2010, and is a small company employing under 50 employees, and works in the area of the Gulf Cooperation Council (GCC). Company B works closely in cooperation with Finnish government and helps Finnish companies to enter and operate successfully in the GCC area. Their mission is to promote the entry of Finnish companies into the market and help their operations in the region. They want to emphasize the collaboration of companies and advocate the potential of working together and helping one another to become potential business companions.

4.2.1 Market approach and entry

Entering new markets, especially entering emerging markets is not easy. There are many things to take into account, and that may lead forgetting even the simplest tasks. Company B's target is to make those tasks easier, interviewee states: "We want to encourage Finnish companies market approach here and how to operate together. The unfortunate truth is, that Finnish companies' cooperation is surprisingly weak." They emphasize the fact, that in business you can see everyone as a threat, or as a possible partner which benefits both of you. Interviewee states: "Partnership between companies for example in Sweden is from a different planet. The partnership and cooperation between companies often benefits both more than working alone, as a thought that 1+1 is more than two is reality in business world."

Often emerging markets are broad and have developments in many areas at the same time, and usually they don't go hand in hand. The interviewee remarks: "The difference in developed and emerging markets are that in emerging markets there are both. Some areas are developed and can be compared to Europe, but some areas are still emerging at early state." Entering to a new market is always a challenge, as there are many things to consider, such as whether there is demand in the area or how much existing

competition there already is. The interviewee states: “In every market everything is needed, but in emerging markets it is extremely important to differentiate yourself. In emerging markets, it is pointless to come and offer basic thing, because there is already a large supply of that and it does not make sense to participate in price competition. You have to find your own segment on what to do, how to be better and how to differentiate yourself from others.” In emerging markets, you have to have specific strengths as a company and advantages towards competitors. Interviewee states: “Our advantage is the long experience in the market. The local knowledge and networks that we have built. Strengths we have is the specific competence that differentiate us.”

In emerging markets, the market conditions differ from developed markets, sometimes largely and sometimes just a little. Interviewee says: “These areas and its conditions feed the questions based on how the market changes. In emerging markets, the conditions variate and companies have to adapt to the change.” Emerging markets often have special characteristics and a desire to develop the market at a rapid pace. The interviewee states: “Changes can happen quickly, as often they look ahead in the future and have a vision how to develop the market and are ready to invest in it. The market is innovative and brave to try new things and projects and gives the market its characteristics.” Rapid changes in emerging markets also put companies in a position where they have to act quickly. However, interviewee notes: “In emerging markets, companies must be willing to experiment and see if something works, and if it does, then develop it further. Failing to respond accordingly to market changes is not the end but rather realizing that this didn’t work and inventing something else. You have to dare take risks and prepare for them”

4.2.2 Institutional and environmental factors

Emerging markets brings new challenges to companies, and often they are related to institutional and environmental factors. Regulations, cultural differences and infrastructure conditions take their own time to get to know of, because things are done differently. Interviewee states: “In emerging markets often most things don’t work in the

first try, but everything can be sorted out. They take their time and a lot of change has already happened and in some cases emerging markets have gone way further in digitalisation than for example compared to Finland.” Developed markets have developed to the point, that it is hard to do changes. Their regulations and laws have moulded over the decades. That is also due to the fact that the experimental face is already gone, and the correct way have found. The interviewee states: “If you compare the bureaucracy in Europe, they say that things go this way and it cannot be changed, and if changes do happen, they take a lot of different processes. This might be the biggest note from emerging markets that here you can make differences. It is because this is indeed emerging market, it develops all the time and is not ready, but the pace is rapid.” For example, compared to European markets, emerging markets need to gain a competitive advantage over other developed markets in some way, and this is currently being done by accelerating some development processes for future advantage that they see in them. The interviewee agrees with that, and notes: “In emerging markets they are ready to make the decisions even overnight if they see the success of it.”

As well as the institutional and environmental factors differ, emerging markets have also cultural differences, which affects those things. Political and ecological instability is present and must be taken into account which the interviewee agrees and adds: “The way people and companies meet is different, there are often different stages in decision making, and people’s communication differs from, for example the European market. However, you should always remember that in business, things argue not people.” The interviewee acknowledges that cultural differences exist but is not something you have most of the time worry. He says: “Often people from Nordic countries are quite neutral, and the style is appreciated that knowledge comes first and common curiosity is welcomed. Companies also often helps by providing guidance on cultural differences that companies should take into account when expanding to these locations.”

Emerging markets are still in the development phase and may include measures that are not viewed favourably elsewhere and are equated with negative actions in the market.

Interviewee states: “These markets are often labelled as unethical, which may come as a problem to company’s marketing and reputation. In the strategy, it must be carefully considered what to do, where to do and how to do it, which is a key thing when entering these markets.” Different markets have their own characteristics, and the world is changing constantly, and so are the habits of working. The most important thing is to know your own values and stick with them. The interviewee states: “When entering in emerging markets or foreign markets, companies must strive to be aware of operating methods and issues, and to act correctly. If you want to act according to certain operating methods, then you must operate in a market where this is the case and carry out activities that correspond to your own values.”

4.2.3 Digital transformation and capabilities

Digital transformation plays a huge part of emerging market development. The opportunities emerging markets have because of digital transformation and digitalisation is constantly rising, and interviewee states: “Digitalisation will help the way emerging market and the society develops. Here it effects on everything, it has increased efficiency a lot, which saves time and ultimately money.” Digitalisation and its effects touch almost every part of the world, and the scale grows all the time. Interviewee states: “The way partnerships and expansion are found, digitalisation and social media is nowadays strong. However, companies must evaluate where, how, and in what scale digital transformation and digitalisation is used and how it adds value to ongoing processes, it is important to find upside.” Digital transformation without strategy is pointless and won’t add any leverage towards competitors just by adding digitalisation processes. Every market doesn’t have the abilities and skills integrating digital practices, so making digital transformations is still very market-specific to produce the desired outcome. Properly integrating digital transformation processes and digitalisation adds value to company processes, and interviewee states: “Digitalisation has confirmed that it is more important to know what you do and how you do it better than competitors. Almost every emerging market has information and communications technology (ICT), and digitalisation has entered everything and is everywhere and therefore is very broad.

Companies that do it should have their own corner to focus on and not try to do everything.”

As well as emerging markets have similar features on each other, they still differ from one another. However, emerging markets is seen as growing, where companies want to expand. The interviewee says: “As we work in emerging market, we have been blessed to be in the position where we are being contacted, because this market is seen as growing and companies want to come here. This has led to us not having to improve our own digital processes, but there has been talk of how to improve this, for example by using digital material in different channels, not just in marketing but also in sharing information to our partners.” This confirms the aspect that just adding digital processes recklessly don’t add any value. It has to be implemented carefully and strategy wise. Interviewee adds: “Digital channels are great and important in emerging markets, however companies must remember what the digital channel is that adds value to own processes.” Different industries require different approaches to digitalization. For some companies, digital channels are very important, but it is important to consider what the digital way and development is. The interviewee states: “Nowadays, and especially in emerging markets, it is important how and to whom to target your digital marketing.”

4.3 Case company C

Company C is a Finnish based technology company specializing in process industry, whose purpose is to develop innovative solutions for various process industries. The company was founded in 2016 and is a small company that employs 20 people. The company grows globally in several markets and operates internationally and collaborates with industrial partners and customers in several countries. The company’s mission is to improve the efficiency and sustainability of industrial processes by providing innovative and reliable technological solutions.

4.3.1 Market approach and entry

Expanding into new markets always presents its own challenges, and companies need to think carefully about where to expand and why. Strategies for expansion differ from one another, as well as the markets, and the interviewee says: “The way things work in the American market is completely different from that in Europe, the spirit and momentum of doing things is so much stronger than in Europe, which can be quite scattered at times. The Asian and Japanese markets are still conservative and cautious, which means they are slower to react. As emerging markets, the Middle East and India are showing strong momentum and potential for rapid growth.” In market entry, there are several things to consider. Interviewee states: “You need to be aware that certain markets have their own challenges. Often, as in our case, the advantage of a company when entering emerging markets is the unique product or service it will offer.”

Which emerging markets to enter is a sum of many things. Interviewee says: “With our innovation, there is no competition and customers find us through digital marketing and contact us with their needs, which partially shifts the choice of managing the project to us. We need to be able to choose the customers based on their needs and where they operate, so that we can serve them well, and the service is not too difficult which wastes our and customers time and money.” There are many things that affect the enter and functioning of the market, interviewee states: “For example, there would be needs in Brazil, but the customs procedures there are strict, which is why operations should be present there. Also, projects in New Zealand are hard to proceed and service customer when it is night time in Europe, that don’t make any sense. In these cases, it is difficult to operate from Finland but rather requires local action.”

When entering different markets, it is important to consider whether there is demand for the product in the market, as well as what kind of culture you are entering and how it will be managed. Interviewee states: “With cultural ignorance you can mess up multiple things in communicating. The importance of personal relationships is culturally bound, for some the product alone matters. Especially in the Far East, relationships have

to be in order, the same is true in South America, and in the Middle East, the top-level relationships are everything when it comes to doing business. In America, people are more practical and result-oriented, and in Europe, almost only the product and the result matter.” These things must be taken into account when entering markets and operating there.

4.3.2 Institutional and environmental factors

The difference in markets places the challenge of expansion, and interviewee states: “The global political situation always poses its own challenges, with some markets performing better than others. In difficult situations, companies need to remember their own goals and strategies, which will help them push forward.” Company C's strategy focuses more on the industry segment-specific market than on the geographical market. In this case, the phased nature of the markets is easily encountered, as some markets struggle for continuity, while others flourish in their operations. This strategy challenges market knowledge in a unique way, the interviewee states: “Finns are very product oriented, Swedes are more solution oriented, while in America is more market category oriented where the product is just a tool. You have to get a lighthouse reference and invest time and money for a company to make global business.”

When entering an emerging market, the product or service must stand out from existing offering. This alone is not enough for success, but the cultural and infrastructural differences in the market must also be taken into account. Interviewee states: “Local knowledge and cultural language skills are the key when you go to do business in emerging markets and another culture. It's really difficult to go and do business from Finland if you don't speak any other world language than English.” There are differences in markets, and in some cases, you can do well with just English. However, it is essential to have some level of language skills in the local market in order to achieve a real partnership and market penetration. The interviewee states: “Knowledge of the culture is important, and if you don't know the culture, you won't do business.” There are different ways to invest in cultural knowledge, and the interviewee says: “We have both

partners who handle resale for us in markets through partner agreements, and our own international employees who handle direct sales to markets where they have cultural experience and language skills. Direct sales are clearly easier when you have your own staff, compared to a partnership, where you have to sell the product to someone who then tries to sell it on to customers.”

Infrastructural challenges and standards differ from market to another. In terms of profitability, these must be taken into account in different markets. The interviewee states: “B2B sales propose challenges, and only within Europe, for example in France there are four different electrical standards. This is a kind of slowdown in markets, as there are different standards and operating methods around the world.” The fact that market areas differ from each other and have internal differences, there are also differences between fields of work. interviewee states: “The operating system must be either changed to purely market-specific or invent a kind of converter to meet different standards. Both market-specific and industry-specific customizations are often required, which creates a lot of differences that need to be achieved from compliance perspective.”

4.3.3 Digital transformation and capabilities

Digital transformation is increasingly taking hold in both emerging and developed markets. The interviewee states: “Digital transformation has changed technology usage a lot over the years and has affected and changed how to contact customers. Every detail is now on internet, which has changed and eased accessibility. However, all that is now gone once artificial intelligence has taken over.” How it impacts companies is both market- and industry-specific. Interviewee states: “The biggest challenge for digital marketing right now is to get into the AI stream. What has changed in the world is that you have to be on the AI stream, so that customers can find businesses.” Getting in the AI stream is not easy, but also how to operate there creates a challenge as well, interviewee says: “AI really enables a lot in digital marketing, but you need to understand how it works and how the algorithms work and adapt. The biggest problem here is its rapid change, which is difficult to keep up with.” As well as the challenges, once figured

out, AI can help businesses to grow, interviewee states: “Our biggest bottleneck in sales is that customers can't find us and don't know that this kind of solution exists. We need to monitor our visibility and be seen in some media that is suitable for the customer, meaning we need to find the right platform.”

Emerging markets are increasingly developing and becoming relevant and competing with developed markets, interviewee states: “In emerging markets, the area is growing and investment is being made. The industry there develops and wants to streamline operations and production. Emerging markets want to show that they can develop and demonstrate that they are responsible in their operations.” Emerging markets want to show their worth and what they are capable of. Interviewee says: “In developed markets in Europe and America, operations require consensus in decisions, while in emerging markets, things tend to move forward when you can demonstrate the benefits of the operations. There companies and operations want the development and to show want they are capable of.” Developed markets are often satisfied with the current status and development. There is a clear reason to go to emerging markets, and interviewee says: “When it comes to emerging markets, there is a big upside, so it is worth the risk going there.”

Customer trust and constant development is key in consumer engagement. “Keeping meetings and opportunity to reach out is important. Often working with a customer is less work compared to gain customers, after that often things roll according to customer’s wishes.” Digitalization has helped companies with engagement, interviewee states: “Digitalization has made it easier to maintain customer connections, as meetings can be arranged through various video services. Monitoring operations has also become easier, as operations and equipment can be monitored remotely and ensure functionality and disruptions are detected early on.”

4.4 Case company D

Company D is a Finnish based technology company for underground operations, manufacturing machinery, offering digital solutions to analyse and optimize mining and tunnelling processes, and expertise for mining operations. The company was founded over 50 years ago and employs almost 2000 people. The company operates globally and has multiple subsidiaries. The company's mission is to solve underground mining challenges by delivering maximum value while generating a sustainable future operation.

4.4.1 Market approach and entry

Entering new markets takes consideration and planning and often is not as simple as thought. Even if you are familiar with the market area, there are still variables, and the interviewee states: "Meeting the right requirements places a challenge, since regions are often fragmented and the market area doesn't operate uniformly. Operating in different markets requires to gain trust first. Customer meetings in person, organizing trade fairs and sharing information works in creating contacts. This way the market provides information on requirements from different regions and how we can operate and expand." However, you can't just appear on the market, you have to have something to stand out. interviewee states: "Our advantage is that we offer everything from start to finish within the customer needs, which sets us apart and has enabled us to achieve market leadership. We offer such a wide range of options that our competitors cannot match ours."

It is not enough that the product itself is in good condition, you have to make yourself visible. Interviewee states: "Local teams must constantly look for new projects, as well in the same country but also in neighbouring countries. Constantly monitoring the market and environment in order to be the first one with an offer. This often means participating early in the design phase." This emphasizes that market knowledge must be acquired and local relationships to be established in advance for projects to be implemented. Interviewee states: "It is really important to know all the upcoming

projects, but the most important thing is to be in touch with the decision makers so that orders can be placed. Relationships to designers and contactors is key.”

4.4.2 Institutional and environmental factors

Operating in emerging markets, environmental obstacles occur, and interviewee states: “Often, constructions sites are really in the early stages of infrastructure which challenges operating. Also, sometimes it is physically difficult just to get to the site.” Even though, the location of the sites places challenges in emerging markets due to its underdeveloped infrastructure, there are other problems also to consider. Interviewee continues: “Furthermore, there sometimes might be local resistance, which can be seen as physical disruption, or even theft. And in some cases, even if things are running smoothly, conflicts may arise between contactors and local government, which then stops and prolongs the progress of processes.” Emerging markets are most of the time geographically distant from Finnish point of view, which means that moving to start projects takes its own time. interviewee states: “emerging markets often have some level of local manufacturing, which gives them an edge to be there faster when the necessary equipment are already there.”

When entering a new market area, institutional impacts must always be considered. Especially when entering to emerging market, where operating methods may differ greatly from developed markets. Interviewee points out: “You should be aware of local laws and customs regulations which affects your business.” There are many ways to resolve these issues, and one of them is to handle them locally. Interviewee states: “Local partners and distributors are expected to monitor the market and be actively involved in promoting projects. The information must be up to date, which sometimes poses its own challenges.” Also, there can be different technical regulations within the same market area, which challenges action. Interviewee states: “Having different settings in the same market area is a challenge, as changing equipment features is not so simple. Things to consider include equipment emissions, electrical currents, and what other features are required from the equipment.” Companies coming from developed markets, often can

offer more than what emerging market have the need or knowledge of. Interviewee states: “In emerging markets institutional and environmental factors are often deficient, which leads that we can offer far more technical and advanced actions that they are able to use.”

Local socio-cultural norms are noteworthy to be aware of in emerging markets, and interviewee points out: “Culture shocks are often present when going to emerging markets, for example, accommodation may be inadequate, dining culture may differ, as well as working methods and construction site areas. For example, especially in Asian market meeting local standards and knowledge of their culture is necessary.” However, this is not something to be afraid of, and interviewee continues: “It is good in advance to find out the policies, but monitoring surroundings and meeting locals takes you far.”

4.4.3 Digital transformation and operations

Global landscape and business operations are in constant move forward, and one of the main reasons are digital transformation and digitalization. Momentum in emerging markets is still somewhat uncertain and uneven, and the interviewee states: “There have been rapid developments in digitalization and its possibilities, but digitalization enables so much in emerging markets that they don’t even need all that information.” Development and progress in digitalization have gone so far, that in emerging markets there is yet no use for all the data that can be monitored. Of course, areas and fields differ from each other, but the development companies from evolved countries have, are ahead of what the capabilities of emerging markets are able to receive. Understanding this also requires companies to have capabilities and competencies in emerging markets, and interviewee continues: “Understanding of customer infrastructure is necessary, how close customer is to have infrastructure in condition that we could actually go with all possibilities.”

The company has made digital transformation as part of their strategy, and interviewee states: “We want to be the market leader and the first to adopt new technologies and

offer them to our customers. Our devices are capable of providing continuous information and the amount of data is a lot.” Transformation and changes in technology bring opportunities, and interviewee states: “Data provides information about devices and helps to anticipate changes. Digital transformation has also led to hiring of skilled people who understand what to offer and what opportunities are available.” There are also challenges, and interviewee states: “The changes that digital transformation have provided are so new that selling them and making the customer understand the possibilities must be demonstrated carefully. It is often the case that emerging markets do not have enough data infrastructure for what we can offer.”

Digital transformation has given the company an advantage over its competitors. It also affects customer relationships, interviewee states: “The amount of information available is so much that customer expectations have risen. For us, benefit and meeting the expectations comes from knowing how to observe the right things. These changes and actions also make it easier for the customer to make decisions and take them into account.” Digitalisation and its opportunities help the company to entry new market areas, gain new projects and expand their operations. Internationalization and entering new markets are about much more than just the benefits of new products and technologies, and interviewee states: “Everything cannot be in digital form, face to face, human to human connection is based for good relations, and digitalisation comes in picture after the trust is build.”

4.5 Cross-case analysis

This chapter explores the similarities and differences between the literature review and empirical findings on the case companies. The cross-case analysis addresses the three models for internationalization, the eclectic paradigm, Uppsala internationalization model, and institutional theory. This is followed by addressing the digital transformation changes. This cross-case analysis is to improve the validity of the research.

Internationalization models can be divided by three main theories on the field, the eclectic paradigm, the Uppsala internationalization model, and institutional theory. All four case companies agree that offering traditional product or service is not a successful strategy in emerging markets. They highlight that personal connections and local networks are mandatory for success, and all view emerging markets as significantly more challenging and fragmented compared to developed markets, such as Europe. The eclectic paradigm is divided into different emphasis between companies. Company A and D prioritize internalization, as they want to control the process, as Company C leans more towards ownership focused with their unique product. Company B challenges the paradigm preferring cooperation over internalization.

Company A utilizes by leveraging high-quality skills and references to differentiate itself to survive the competition from cheaper manufacturers. They distinguish the working model completely different between developed and emerging markets and emphasizes broader network beyond just immediate partners while entering and operating in emerging markets. Company B ownership advantages are rooted in its deep market experience and specialized technical competence. Their assets are long market experience with special competence and established local networks. They define emerging markets nature as dual, where some areas are highly developed while others are in early stage. They advocate cooperations and emphasize that companies should work more together rather than seeing each other as threats. Rather than seeking total control, company B advocate for cooperation and horizontal networks. Company C provides unique product without competition, which allows them to be found through digital marketing. They localize their operations by carefully selecting where to expand, because they prefer local actions when distance or regulations make service difficult. To protect the unique offering, company C favours operating in difficult regions, to ensure direct control over service quality. Company D takes advantage on providing a full start to finish service that competitors cannot match. They view emerging markets as fragmented that don't operate uniformly, which requires specific actions for different regions. They use local teams by monitoring ongoing processes and participate in early

stages on design to secure expansions. They internalize the oversight of the value chain to ensure success in expansion and quality consistency.

To emphasize the Uppsala model, all case companies emphasize institutional navigation and focus on unnoticeable connections. Success in emerging markets is defined by the depth of company's position within both formal and informal networks, as the liability of outsidership is a significant barrier. Handling uncertainty in knowledge, companies A, B, and D try to reduce uncertainty by building relationships and experimenting, which can be categorized as change knowledge and modern Uppsala model logic. Company C follows more analytical path and classical Uppsala model logic, where they try to reduce uncertainty before entry through analysis. This is categorized as state knowledge.

Company A follows the action-oriented path and emphasizes the Uppsala model by focusing on experimental knowledge. They highlight the concrete connections through local relationships to move forward. Company D also follows the path of gaining trust first through personal meetings, trade fairs, and sharing information before expanding. Both firms prioritize concrete local relationships and focus on trust-building activities. They illustrate that insider is the primary driver of successful entry into emerging markets. Company B leans even more on experimentation than A or D. Company B suggest that companies should dare to take risks and experiment what works and adapt or reinvent of failure. They emphasize organizational agility and experimentation and treat internationalization as a dynamic process of co-evolution. Company B acknowledges that emerging markets are often innovative and have rapid visions and changes, that requires companies to adapt quickly. Whereas company C is sensitive on physic distance, and analyse pros and cons before market entry, and notes that markets differ from each other which should be taken into account. All case companies address that the emerging markets differentiate in institutional level, and highlights the formal and informal networks, that being in in touch with decision makers, top-level relationships, and unnoticeable connections in the background is key to receive operations and their progress.

All the four case companies have similarities towards internationalization in emerging markets. They all agree that offering basic product is a recipe for failure and can't highlight enough the personal connections and local networks for success in emerging markets. All companies view emerging markets as significantly more challenging and fragmented compared to developed European markets. Digital technologies trigger strategic responses and structural changes to create value, and company A view digital transformation as a primary tool to simplify business operations and processes, as well as company B while adding digital transformation means to increase efficiency, saving both time and money. They view it as essential part of development in emerging markets. Company D uses digital transformation as a core part of their strategy to be a market leader. They utilize advanced devices that provide continuous data streams. Company C differs from other three companies and is transitioning from basic digital accessibility to AI stream, since they have identified a bottleneck in digital platforms and visibility. Company A identifies that digital development in emerging markets can be more rapid, and they aim to seize growth opportunities by improving previous digitalization processes to remain competitive, as well as company B which seizes value by focusing on a specific corner where they can outperform competitors. Companies B and D both address the sensing of market-specific digital practices that all emerging markets don't have the ability to integrate digital practices, and company D uses data to anticipate changes and monitor customer infrastructure to analyse is the market ready for advanced digital offerings.

Company C and D use digitalization to facilitate remote monitoring of equipment and operations. Company C actively reshapes their marketing and sales strategies to adapt to the rapid changes of AI, while company B adopts strategy-led transformation using digital channels for sharing information with partners rather than just for marketing. Company B avoid reckless digital adoption that adds no value, as well as company A recognize that while platforms for information sharing is important, they still emphasize the traditional contacts to obtain markets share. Company D maintains a structural

balance where digitalization only follows the building of face-to-face trust and transforms customer expectations by providing superior observation and decision-making data.

All four case companies share the agree that digital transformation is mandatory for global competition and growth but emphasizes that digital transformation should not be done for its own sake, it must add value or increase efficiency. They share the recognition that digital tools have raised consumer expectations and shifted market power. Although all companies share same values toward digital transformation and its capabilities, they approach it differently. As we can see on table 3, company A can be seen as relationship builder, company B as adaptive partner, company C as global navigator, and company D as strategic integrator.

Table 3. Company differences on international business operations

Feature	Company A	Company B	Company C	Company D
Primary Advantage	Quality and references	Experience and cooperation	Unique innovation	Full-service range
Market approach	Relationship-led	Trial and error	Customer-led digitally	Early design phase
Growth view	Connections are hurdles	Adaptability is key	Momentum varies by region	Trust-building first
Market view	Emerging market rapid changes	Digital integration is highly market specific	Emerging markets move fast with evidence	Emerging markets lack infra for data
Core dynamic capability	Consumer power shifts	Transforming via strategic niches	Sensing and adapting AI algorithms	Market leadership through expert data us
Human element	Platform don't replace contacts	Focus on outperforming others	Digitalization eases remote relationship maintenance	Face to face trust must precede digitalization

5 Conclusion

This research studied emerging markets, internationalization models, digital transformation, and how they are connected in today's global business landscape. The purpose of the research was to study internationalization models and the rising effect of digital transformation and digitalisation, and how they affect internationalization and approach while entering and operating in emerging markets. The research was executed by recognizing a research gap, implementing proper main research question, and two subsidiary question to help answer the research gap.

The research was conducted by firstly processing literature and theoretical framework. The literature review included by addressing the overview of emerging markets, which continued by discussing the theoretical framework of internationalization. This included the model of eclectic paradigm, the Uppsala model, and institutional theory. After this, digital transformation and its dynamic capabilities was analysed, including consumer engagement and lastly the opportunities and threats of it. The theoretical framework served as the basis for the methodological part of the study, which was conducted by interviewing four Finnish companies. The companies operate in emerging markets, where they use internationalization approaches and digitalization to achieve success. The companies were interviewed one by one and was asked set of research based relevant questions to ensure the relevant of the theory. After the interview answers, cross-case analysis was conducted between companies and their answers.

This study's research gap was to study how digital transformation affect internationalization and approach of companies from developed countries in emerging markets. Traditional internationalization theories explain slower, step-by-step approach to emerging markets, whereas digital transformation enables shift from incremental approach to accelerated entry. Digital transformation gives companies a chance to leap over stages by, for example reducing physical presence initially, since internationalization is no longer based entirely on physical distance. Data-driven decision making identifies market demands more accurately than traditional market research, which makes market

approach easier. However, as digital tools reduce the physical distance, the findings indicate that physical distance still might remain high. Findings suggest that even if companies reach markets via digital tools, the lack of local feeling can lead to failure. Internationalization approach is becoming more of a hybrid model, where initial market approach is done digitally to test the market. This is followed by the implementation of physical infrastructure once a footprint has been created and is found to be functional.

The first subsidiary question was how are developed-country firms adapting their internationalization approach in emerging markets in response to digital transformation and shifting consumer engagement patterns? Digital transformation allows redefining the location advantages, and companies can leverage digital infrastructure in emerging markets and reach customers early stage without investment on physical assets. Therefore, companies can bypass local distributors by using digital platforms, allowing higher control over the brand. However, findings indicate that in emerging markets, relationships and local networking are still very valuable and help more than digital assets, especially when navigating government bureaucracies and to avoid local institutional voids. Digital transformation however allows better monitoring and reacting on rapid shifts in emerging markets via digital tools.

The second subsidiary question was what strategic challenges and opportunities do digital technologies present for internationalization approaches in emerging markets, and how can firms respond effectively? Digital technologies allow companies to approach multiple emerging markets simultaneously, as digital transformation bridges the information gap on institutional voids. However, different phases and speed inside emerging markets create fragment market areas, what causes both institutional voids on logistical issues, which also affects the adoption of digital technologies. Digital transformation accelerates internationalization, however the findings may suggest that too fast market approach via digitalisation can lead to a lack of long-term commitment, which disagrees the traditional internationalization theories.

To summarize, in emerging markets digital transformation does not replace traditional internationalization models but rather upgrades and makes them more effective. Digital transformation provides tools and assets for efficiency in market approach, and simplifies business processes increasing operational efficiency. The findings show that simply adding digitalization to operations without strategic implication does not add value to the company's operations. Digital technologies allow to gain experimental knowledge faster, but still the final commitment relies on building trust in the market. In emerging markets, the local networking and trust is still the key, as the unnoticeable connections and top-level relationships remain primary key to progress.

5.1 Managerial implications

The results of this study provide clear insights for companies' internationalization regarding what should be considered when entering emerging markets. The key and most important observation, based on theory and especially the interviews, is the importance of relationships in internationalization. building connections, maintaining them and th importance of cooperation are particularly emphasized in emerging markets and represent the biggest factor determining success or failure there.

In addition, companies should offer exceptional products in emerging markets. Products that enable them to create a competitive advantage over others. Competing on price with ordinary products in emerging markets is extremely difficult, and success in these market conditions require specialization and a differentiated offering. Participating in price competition is not a winning strategy.

The results also highlight that infrastructure in emerging markets is often fragmented. Within the same market area, there may be significant differences both in terms of infrastructure and in levels of development, such as opportunities enabled by digitalization. Some areas within emerging markets are already ahead of developed markets in terms of technology, which must be taken into account when approaching these markets.

The opportunities created by digital transformation do not always provide a direct advantage in emerging markets, because the infrastructure required to enable digitalization may be lacking. When entering and operating in emerging markets, companies must consider what opportunities the market offers and how they can leverage and adapt those opportunities alongside their own technological development in order to gain a competitive advantage.

The study emphasizes the existence of differences between areas and highlights how advantage information, relationships operating within the market, and the opportunities created by digital transformation together form the key to successful internationalization in emerging markets.

5.2 Limitations and suggestions for future research

The research provided understanding of the theoretical framework as well as practical implications, there are still limitations to this study to acknowledge. The study focused on Finnish companies, so the answers cannot necessarily be generalized outside Finnish based companies. Also, it had different companies in different fields of operations, which causes limitations on how digital transformation and its impacts affect different fields of emerging markets, and cannot be generalized to all fields. However, the study focused on how practical changes relate to existing theories of internationalization, which can be used in the future.

Data collection through interviews also adds limitations to this study. The interviews were conducted in Finnish, so translating the interviews to English and correctly understanding the information poses limitations. However, in addition to the interviews, companies own websites were used as secondary data source, which allowed to verify information obtained from the interviews. It also should be remembered that only one person from each company was interviewed in the interviews, so their knowledge and expertise pose its own limitations. Company A and Company B was interviewed together,

which causes limitations on proper conversation just between the interviewer and interviewee. However, this opened up the conversation between interviewees and opened up the answers from structured interview. By comparing practical matters. Also, conducted interviews were rather short and mostly answered the questions and the topic discussed in it. Longer interviews would have the possibility to get deeper knowledge and understanding the topic more thoroughly.

The research open valuable topics for future research. This research found how digital transformation affects internationalization and approach in emerging markets. Future research could study what are the ways in digital transformation that add value to strategy, and how to avoid implementing the wrong digitalization tools. The research noted the great importance of relationships and contacts in emerging markets, which can be considered, can digitalisation and its tools ever completely bypass these informal institutions, or will they always require traditional networking alongside them. The research also highlighted the importance of new internationalization theories, such as international new ventures theory (INV), how rapid expansion of born global companies brought with globalization is more common. It would be useful to study how old and current models differ from each other, and how today's digital and interconnected world benefits more from advanced theories.

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Appendices

Appendix 1. Interview Questions

Company's background information

1. What is the company's field of operation?
2. How large is the company? (0-50, 50-250, 250+).
3. In which emerging markets company operates? (Afrika, Asia, Europe, Oceania, South America). Multiple answers possible.
4. Does your company work in B2G, B2B, B2C, or platform/digital network? (multiple answers possible).
5. What is your position in the company?

International marketing approach in emerging markets

6. If you compare your most important emerging market with European markets, what are the key differences in marketing strategy and execution? Provide concrete examples?
7. What are the main strengths or advantages your company relies on when competing in emerging markets?
8. How do local market conditions typically influence how your company markets its products or services in emerging markets? How does it differ from marketing in developed markets?

Market entry, learning & networks

9. How does your company typically approach the situation, when entering or expanding in an emerging market?
10. How important are market experience and local knowledge in shaping your company's marketing activities in these markets? If so, what these characteristics are?
11. What role do local partners, distributors, or other networks usually play in supporting marketing and market development?

Institutional & environmental factors

12. What kinds of institutional or structural challenges does your company typically face in emerging markets, and how to prepare for these? For example, regulation, infrastructure, cultural differences, political or economic instability?
13. Have institutional conditions in emerging markets affected how your company uses digital technologies in marketing? If so, how?
14. How important is understanding local socio-cultural norms when designing marketing or customer engagement activities? If so, what are these norms that need to understand?

Digital transformation & international marketing

15. How would you describe your company's digital transformation in recent years? Has digitalization influenced the way your company approaches international marketing, and how?
16. In emerging markets specifically, has digitalization changed how your company operates or reaches customers/clients? If so, how?
17. Does digital technology affect how your company decides where or how to expand internationally? If so, how does it affect?

Organizational capabilities & adaptation

18. How does your company typically identify and respond to changes in technology, market conditions, or customer/client behaviour in emerging markets? And is there someone who is monitoring the emerge of these changes?
19. Has digital transformation required changes in internal processes, skills, or ways of working related to international marketing? If so, what are these changes?
20. What kinds of capabilities or competencies are becoming increasingly important for companies operating digitally in emerging markets?

Consumer engagement & market changes

21. How have customer/client expectations or behaviours changed in emerging markets in recent years? If not, why is that?
22. What role do digital platforms, online channels, or social media play in how companies engage with customers/clients in emerging markets?
23. How do you see digital transformation shaping international marketing strategies in emerging markets, and what should companies keep in my when operating there?