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**THE UTILIZATION OF CHINESE SOCIAL MEDIA IN INTERNATIONALIZATION INTO
CHINA: PERSPECTIVE OF A WESTERN COMPANY**

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TIIVISTELMÄ

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Tämän laadullisen tutkimuksen tarkoitus on analysoida länsimaalaisten yritysten sosiaalisen median käyttöä kansainvälistymisessä Kiinaan ja määrittellä sosiaalisen median olemuksen vaikutus kansainvälistymisprosessille. Lisäksi, hyödyt ja haasteet, joita länsimaalainen yritys voi kohdata Kiinan sosiaalista mediaa käyttäessään, on esitetty.

Kilpailuedut, tieto, verkostot ja suhteet, sekä kulut ja riskit ovat tekijöitä, jotka voidaan määrittellä tärkeimmiksi menestyksekkäälle kansainvälistymisprosessille. Hyvä sosiaalisen median läsnäolo voi luoda kilpailuetuja länsimaiselle yritykselle, lisäksi kilpailuetuja voidaan hyödyntää markkinointiviestinnässä. Tietoa sekä verkostoja voidaan parantaa sosiaalisen median kaksisuuntaista viestintää käyttäen ja täten hyödyntää näitä tekijöitä kansainvälistymisessä. Kuitenkin, nämä tekijät takaavat vain vähäisen vaikutuksen kansainvälistymiselle. Kansainvälistymiselle suurin hyöty saadaan pienentyneistä markkinointikustannuksista kustannustehokkaan sosiaalisen median käytön vuoksi.

Tutkimuksen tulokset paljastivat kustannustehokkaan brändinäkyvyyden olevan suurin sosiaalisen median tuoma hyöty Kiinaan kansainvälistyttäessä. Siitä huolimatta yrityksillä oli vaikeuksia rajallisten resurssien johdosta, vaikka sosiaalisen median suuri merkitys erityisesti Kiinassa on kaikkien tiedossa. Yritysten tulisi määrittellä haluamansa tavoitteet sosiaaliselle medialle tukemaan kansainvälistymistä ja mitoittaa sosiaalisen median resurssit tavoitteiden mukaan. Sosiaalisen median kulttuurinen adaptaatio on tärkeää Kiinassa. Kuluttajatuoteyritykset hyötyvät sosiaalisesta mediasta hieman B2B yrityksiä enemmän mutta esimerkiksi luotettavan brändin rakennuksessa sosiaalinen media hyödyttää molempien tyyppien yrityksiä.

ABSTRACT

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The purpose of this qualitative research is to analyze western-based companies' social media usage in internationalization into China and to identify social media presence' impact on the internationalization process. Additionally, the benefits and challenges a western company may face while using social media in China will be illustrated.

Competitive advantages, knowledge, networks and relations, and costs and risks could be identified as the key antecedents for successful internationalization. A great social media presence could create a competitive advantage for a western company while competitive advantages may be communicated in social media marketing, knowledge and networks can be enhanced and utilized in internationalization via social media two-way communication. The biggest benefit for internationalization resulted from decreased marketing costs due to cost-effectiveness of social media.

The results revealed that cost effective brand awareness was the main benefit from the social media usage in internationalization into China. However, companies struggled with the limited resources and despite of understanding the importance of Chinese social media, lacked sufficient resources for the social media operations. Companies should determine clear strategy and goals that they are willing to achieve via social media in internationalization process, and allocate required resources according to the social media strategy. Localization of the social media operations is important in China, and business-to-consumer companies tend to benefit more from the social media presence. Business-to-business companies may increase the brand's credibility by successful Chinese social media operations.

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Lappeenranta, 15 August, 2015.

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1. INTRODUCTION

“Today, everything is about Social Media.” (Kaplan and Haenlein, 2010). It also seems that everything is about China. Therefore, the combination of social media and China may be crucial for western companies seeking international growth. Technological development has reduced physical distance from country to another, knowledge about foreign cultures and economies’ growth targets have boosted international business activities and reduced the barriers for companies to seek larger customer base than the home market can offer. Due to the world’s largest population and growing economy, China is an attractive destination for western companies to enter. However, the relatively closed economy, unique language and different culture may make it a challenging market to conquer. Social media platforms have covered the whole globe among end users; therefore, companies have tried to make the best out of it in order to expand business. In case of China, social media services are also different compared to other countries due to government policies and linguistic reasons. Whereas social media is widely used among Chinese citizens, it appears to be a lucrative way to benefit from when internationalizing into China. This research will introduce the benefits and challenges Chinese social media usage poses for a western company in internationalization process into China.

GDP growth has made Chinese economy constantly stronger, recently the effect has reached middle class as well. Over billion citizens create a huge market for all kinds of products and services. Since joining WTO 2001, imports / GDP ratio has increased up to 32% being higher than in EU or in the United States. (Napoli, 2014.) Despite the closed image, China is nowadays open for foreign direct investments as well as imported products whereas everything is not meaningful to produce completely in China. Although it must be kept in mind that imports may be later re-exported as final products. GDP growth also increases nation-wide consumption and demand. China provides huge potential for lots of different kinds of western companies. Luxury products have demand among richer part of the population; increasing middle class has raising demand for trendy products.

Social media in China plays a major role. New generation of customers are called “netizens”, amount of them increasing all the time being 420M in 2011. (Crampton, 2011.) Amount of social network users is estimated to reach half a billion in 2018, by latest. (The Statistics Portal, 2015.) As a result of limiting access of western social media companies, state-approved ecosystems have grown fast. Added with average 2.7 hours per person

time spent online, social media turns out to be an important channel for western businesses to interact with Chinese citizens. (Meyer, Michael and Nettesheim, 2009). ”

Internationalization has been a widely researched topic during recent decades among academics, for instance, from the perspectives of internationalization theories (Ahokangas, Juho and Haapanen, 2010; Barclay, 2000; de Blas and Russ, 2013; Chetty and Blankenburg Holm, 2000; Johanson and Vahlne 1978 and 1990) or internationalization barriers (Al-Hyari, Al-Weshah and Alnsour, 2012; Hutchinson, Fleck and Lloyd-Reason, 2009; Korsakiene, 2014; Yaprak, 2012). Recently an academic research has provided lots of studies and publications focusing on social media marketing (Berthon et al, 2012; Chen, Fay and Wang, 2011; Holloman, 2014; Weinberg, 2009) and its role in international business (Dervojeda et al, 2014; Hamill, 2013; Maltby, 2012; Restrepo, 2013.) China's importance as a major market has been widely recognized and articles related to the Chinese social media have been published as well (Crampton, 2011; Shih, Lin and Luarn, 2014.) However, articles considering the combination of China and Chinese social media especially in the scope of internationalization could not be found and that research gap is aimed to be filled by this research. During the process of conducting this research Xia and Pedraza-Jiménez (2015) published an article touching on the topic of Chinese social media in internationalization in China. This research aims to provide both managerial implications and academic insight into the issue of Chinese social media usage in internationalization at that particular market. The aim is to combine the academic, existing literature about the best practices on how to utilize social media in marketing and internationalization process into Chinese market. Additionally, the outcomes of the article by Xia and Pedraza-Jiménez may be either confirmed or questioned. Managerial implications are withdrawn from comparison between theoretical approach and results from the empirical data to illustrate how businesses have succeeded in real. The purpose is to fill the theory-practice gap existing at the academic research field.

To conclude, the main objective of this research is to reveal the impact of social media for western based companies in internationalization into China and benefits that the company may achieve by social media usage. Additionally, potential challenges are highlighted.

1.2 Literature review overview

The literature of this research is divided into three parts: social media marketing, internationalization and Chinese market. Smedescu (2013) simplifies social media

marketing as “applying traditional marketing to the new Internet-based means of interaction”, therefore social media marketing can be stated being a form of marketing taking place in social media. Key characteristics of social media include interactivity, connectivity and web-based platform where all the features occur (Saxena, 2013; Dube, 2014). Companies may utilize social media to achieve various goals, such as an increase in brand awareness or market knowledge, or improved customer relations (Zarella, 2009; Singh, Lehnert and Bostick, 2012). To succeed in social media marketing, a proper strategy is a necessity. In its strategy the company should determine the desired end results and the resources required to achieve the prospering outcome (Weinberg, 2009, 49-50). Other key features in social media marketing strategy could be value creation format for the customers, listening to the customers and measuring the social media results (Bear, 2014; Harlow, 2015). Listening is a part of communication process between the company and its customers. Companies tend to aim at engaging with customers with the use of attractive content (Parent, Plangger and Bal, 2011) to eventually attract attention in communities and trigger the customers to discuss with each other. This consumer engagement process includes push and pull effects where company pushes material for the communities while pulling viewers in its influence circle. Lastly, measuring may be conducted by the use of various metrics such as advocacy, dialog and support KPIs (Holloman, 2014, 16-17. Illustrated in Appendix 2) or as suggested by Aichner and Jacob (2015), by measuring the number of visits, tags, page views and so on occurring in social media. Key features are “how the success looks like” and the return on investment (Holloman, 2014, 15).

The second major topic, internationalization, can be defined as a process of adapting firms’ operations to international environments (Calof and Beamish, 1995). Internationalization process has four major stages from development till stability via commercialization and growth (Kazanjian, 1988). Internationalization requires motives such as growth seeking, increase in knowledge and networks or motives related to the supply chain linkages (European Commission, 2007; OECD, 2009). Companies’ international paths differ from each other, and may be analyzed basing on various theories in academia. From the main theories (i.e. Dunning, 1980; Vernon, 1979; Vahlne and Johanson, 1978, 2013; Autio et al. 2000) it is possible to withdraw four key factors for internationalization: competitive advantages, knowledge, ‘networks and relations’, and ‘costs and risks’. In internationalization, competitive advantages can result, for instance, from ownership advantages arising from three categories: property rights and/or intangible assets; advantages of common governance; and institutional advantages

(Lundan, 2010). Claver and Quer (2005) state that an ownership advantage is a must for a company willing to invest abroad. Knowledge can take place in forms of objective and experiential knowledge, market-specific knowledge or foreign organizing knowledge (Casillas, Barbero and Sapienza, 2015). One reason why knowledge is stated being an important factor for successful internationalization is stated by Johanson and Valhne (1990) who regard the role of knowledge acquisition in internationalization process as a factor that increases commitment in international activities. Networks and relations become important in order to gain access to external resources at the foreign markets and to eventually be able to sell the products for the customers (Johanson and Mattsson, 1987). Costs and risks are seen as one of the main barriers for internationalization due to different reasons. These can be different risk aversion levels in the companies, risks in being the first mover or follower at the foreign market (Knickerbocker 1973) or from vaguer asset specificity, overall uncertainties and frequencies of the transactions at the foreign markets (Mroczek, 2014).

All of the key features mentioned above may be utilized via social media in internationalization. Hamill (2013) states that social media may be helpful in overcoming the internationalization barriers. Competitive advantages may be utilized in social media communication or operations in order to build an effective social media communication network, new knowledge from foreign markets may be gained via social media platforms, networks and relations and be enhanced and marketing costs decreased by social media usage. Xia and Pedraza-Jiménez (2015) illustrate, for instance, market and digital consumer research, listening to the social word-of-mouth and identification of the social media's opinion leaders as important factors how to succeed in international social media operations.

The last theoretical chapter deals with the PEST analysis of the Chinese market. While having 1,4 billion inhabitants and GDP per capita almost \$10,000USD, China has become the largest economy on earth. However, economic freedom ranks at the place 139th (Datamonitor, 2009; the Heritage Foundation, 2015). Understanding the Chinese market, its unique language and culture are important factors in successful social media utilization in international context. Understanding the special Chinese characteristics is also important to maximize the benefits from localization (Barclay, 2000, 186) that is one key to success as well. As China is a single-party communist dictatorship, state owned businesses are supported (Tse, 2010). Therefore, western social media platforms may not operate in China and foreign market entrants have to utilize Chinese social media

platforms. Industry-specific entry barriers may exist as well. In terms of social media, governmental actions may turn out to be beneficial for social media operations. Especially lately when the Chinese government has been supporting e-commerce, and social media platforms can have straight linkage to these e-commerce platforms (Makos, 2015). Economically, huge market potential has attracted a great amount of companies, both foreign and local, which has created fierce competition at the Chinese market. (MarketWatch, 2013).

Social media in China is a huge phenomenon and provides a convenient, participative and open dialogue platform for the marketing purposes (Zhou and Wang, 2014). Chinese social media is proved to be “fan-centric”, meaning that businesses should always fill their promises in order to maintain the satisfaction of the fan base (Shih, Lin and Luarn, 2014; Habibi, Laroche and Richard, 2014). Confucianism as a main cultural characteristic, and Guanxi, a highly particularistic relationship between two parties, are important factors in Chinese culture, but are additionally explaining the popularity of Chinese social media.

1.3 Research questions

The main objective of this research is to reveal the impact of social media for western-based companies in internationalization into China. The purpose is to conduct the research from secondary sources and build theoretical summary from social media marketing. This knowledge will be thereafter combined with theoretical knowledge from internationalization, taking into account the characteristics of Chinese culture. The aim is as well to figure out the patterns how western companies succeed in Chinese social media and whether they find benefits or challenges from the social media usage. In order to reach the objectives of this research, the main research question was formulated as followed:

What kind of impact does social media play in company's internationalization process into China?

The sub questions to support the main questions are the following:

What are the main benefits a western company might achieve when utilizing Chinese social media?

What are the main challenges a western company might face when utilizing Chinese social media?

Therefore, the objective is to research the firms' social media path in China in correlation to their internationalization process. The research aims at both theoretical and managerial contributions.

1.4 Theoretical framework

Theoretical framework is based on the literature review and it is illustrated in two parts. Figure 1 illustrates the social media's potential for internationalization in correlation to the success factors of internationalization. Figure 2 aims at combining an overview of the linkage between social media operations and firm's internationalization in the Chinese context. Post-research framework will be formed based on the comparison of literature review and the primary data and illustrated at the end of the research.

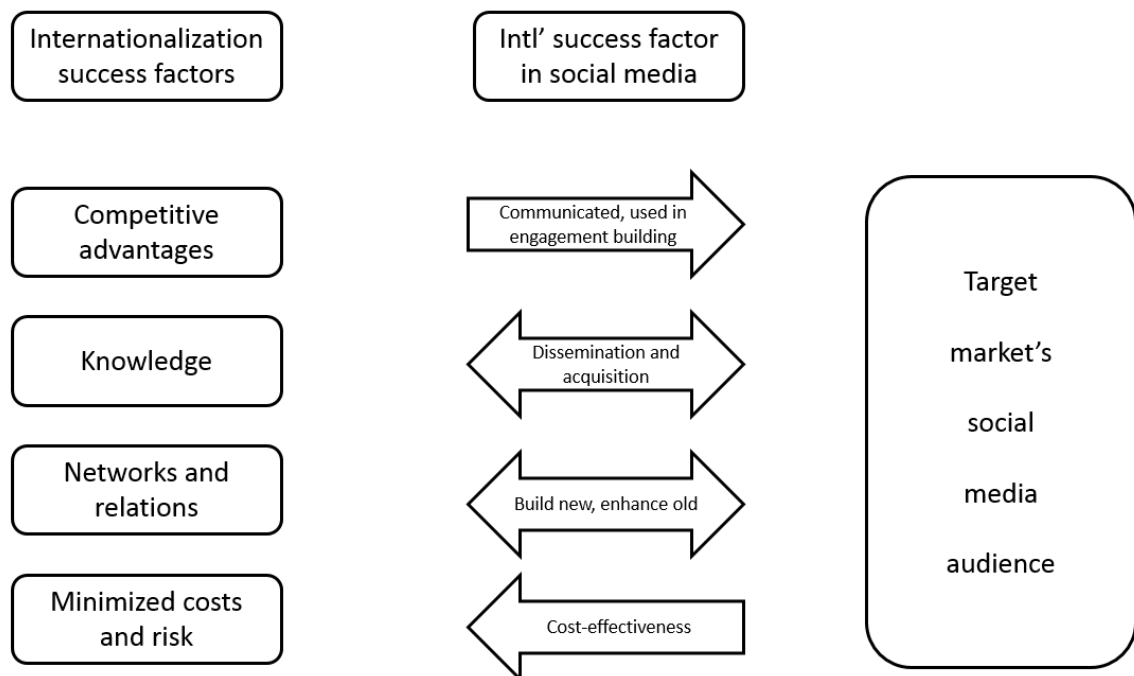


Figure 1. Pre-empirical theoretical framework 1: social media usage in internationalization

Figure 1 illustrates that internationalization depends on a few key variables, four of them determined as the major ones being competitive advantages, knowledge, networks and

relations and costs and risks. In internationalization competitive advantages may be communicated to the audiences while knowledge and networks and relations may be built in two way communication with the target market's audience. Social media is proved to be a cost-efficient channel to reach the target audience.

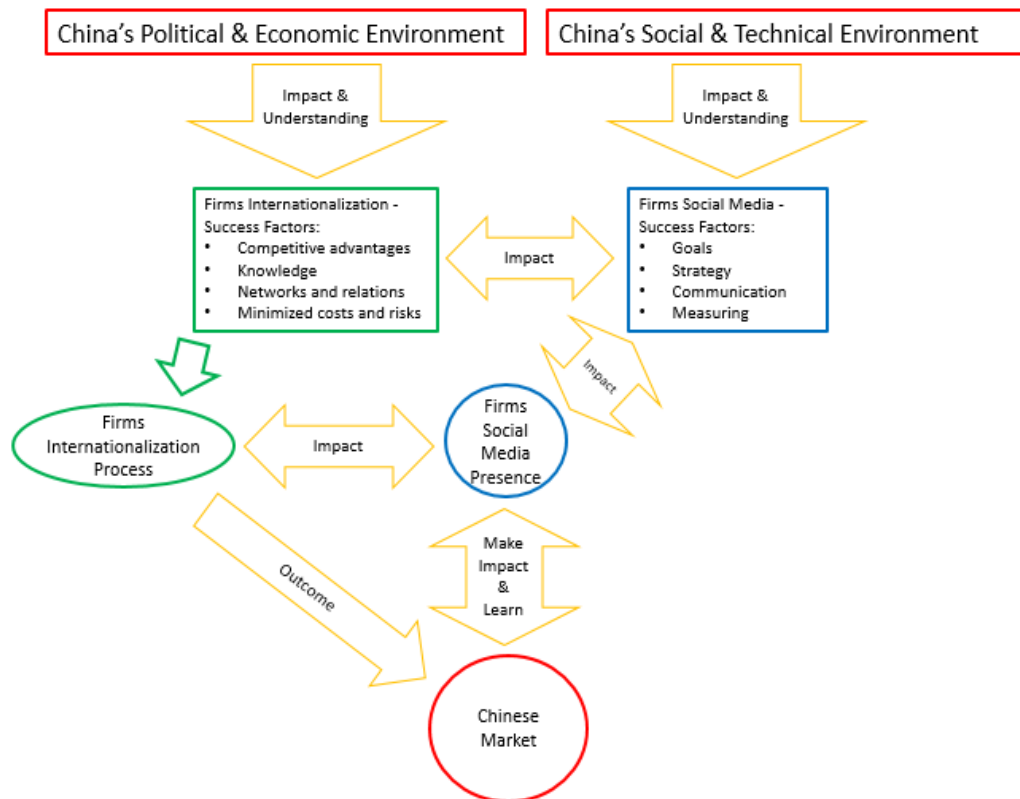


Figure 2. Pre-empirical theoretical framework 2: internationalization and social media in Chinese context

In figure 2 social media's potential role in the internationalization process in Chinese market's context is illustrated and the framework enhanced from the figure 1. Successful internationalization process starts from the knowledge of the entered market, for instance, in terms of the components of the PEST analysis. Political and economic environment pose more impact on the internationalization process itself whereas social and technological attributes are more vital for the social media utilization. Social media can be one part in the internationalization of the firm and can be influenced by the success factors and internationalization strategy of the firm. However, social media utilization may also have an impact on the internationalization strategy. In the figure 2 above, success factors for internationalization and for social media usage were revealed. These success factors

were defined based on the literature review and are discussed more thoroughly in the following chapters.

After social media set up and formulated, the social media presence can have impact on the Chinese end users in social media, but also the firm can learn from its market via social media channels. The impacts and learnings achieved via the social media presence may have impact on the earlier decisions in the social media's success factors. Social media presence in the end may provide impact on the overall internationalization process into the Chinese market, and the other non-social media related issues accurate in the internationalization process may be benefited in social media usage. Current framework may be applicable for internationalization in other countries as well, China – related details will be illustrated in chapter 4.

1.5 Key concept definitions

The key concepts of this research beneficial to be defined in this section are internationalization, social media, social media marketing and social media platform. Some of the key concepts may be defined in other words as well, but the following were chosen as the definitions in this research. All of the definitions are withdrawn from academic literature.

Internationalization can be defined as “the outcome of intentions to expand internationally and consequent efforts to do so” (Schweizer, Vahlne and Johanson, 2010). Additional definition presented by Calof and Beamish, 1995, states internationalization to be “the process of adapting firms’ operations (strategy, structure, resource etc.) to international environments”. Therefore, the definition for internationalization takes into account longer period of time and operations, as well as continuous, consequent efforts to do international business.

Social media are “web-based applications and interactive platforms that facilitate the creation, discussion, modification and exchange of user-generated content” (Aichner and Jacob, 2015; Kaplan and Haenlein, 2010; Kietzmann et al. 2011). These interactive platforms are different in western world and in China. Western examples would be, for instance, Facebook, WhatsApp and LinkedIn; Chinese examples: Sina Weibo and WeChat.

Social media marketing is “a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels” (Weinberg, 2009, 3).

Social media platform was already mentioned in the definition of social media and was illustrated by examples of Facebook and LinkedIn. Term “social media platform” is used in this research and it states “an operating system that leverages the power of social connectivity to virally distribute applications” (O’Neill, 2008). Term “social network” is used as an equivalent term for “social media platform”; however, it is important to distinguish these terms clearly whereas social networks exists offline as well. Thereby, term “social media platform” is used in this research while discussion social media.

1.6 Delimitations

As stated in the introduction, this research focuses on three key pillars: 1) social media usage in 2) internationalization process 3) in Chinese context. These decisions were decided by the author of this research and therefore are the major delimitations for this research.

China was chosen as the target market in order to limit the research on a specific, highly potential market. Additionally, due to, for instance, cultural and linguistic differences, internationalization into China is partly a different path compared to the other markets. Only social media was chosen for the scope from the digital marketing channels. Social media is only one part in the company’s marketing mix. Additionally, it belongs to the scheme of “digital marketing” and may be linked to search engine optimization, digital marketing, websites, e-commerce or mobile applications. In order to focus the research on a specific digital tool, social media was selected for this research. Other marketing mix or digital marketing related issues may be mentioned in the research if adequate for the social media functionalities.

Case selection was limited to five companies and one public organization. Data collection was conducted in interview format instead of a survey in order to be able to get more broaden and to be able to present additional, supporting questions in real time. Whereas only company representatives were interviewed, the opinions and the scope of the research are from companies’ internal perspective. Therefore, the external feedback considering the social media presence of the company from, for example, clients,

followers or stakeholders is not revealed. Delimitating factor for this decision results from the language barrier. Whereas the author is not able to fluently communicate in Chinese, accessibility to the local audience is limited. Additionally, primary data gathering from the Chinese social media sites was relatively difficult and it is not conducted due to linguistic reasons.

1.7 Research methodology

The research includes both theoretical and empirical parts. In the theoretical part, previous academic literature was utilized to build a thorough picture of the main topics; social media, internationalization and China. The quality of the literature used has aimed to keep high and a number of scientific articles had been chosen for the research from journals such as Journal of Interactive Marketing, Journal of International Marketing, International Journal of Information Management and European Journal of Marketing. The academic articles were searched by using databases like EBSCO, ProQuest and Emerald. Whereas social media is a relatively new phenomenon, lots of expertise resulting from both academic and practice backgrounds exists in online sources such as TopRank Online Marketing, Social Media Strategies Summit and Social Times. Articles and materials from these sources were utilized if the author's and publishers expertise was notable from social media operations and the platform providing the material was reliable.

The empirical section of the research is based on qualitative research, including data gathered from six different individuals. Data were gathered in form of semi-structured interviews. All of the interviewees had a long business experience from the Chinese business and experience as well as from the social media operations. Four of the cases were considered as a sample for the research, these interviewees did not personally operate the social media accounts of the company, but were a part of the management making decisions related to the social media operations. Two of the cases were selected as a best-practice benchmark cases. These interviewees operated organization's or companies' social media accounts personally, had a greater knowledge about the actual social media operations in China and had knowledge about western companies social media performance as well.

1.8 Structure of the thesis

The research consists of six different parts: Introduction, literature review, research methodology, empirical findings, analysis and conclusions. The structure is formulated in logical, progressing manner that is easy to follow. In the introductory chapter, the topic's importance is opened, as well as the pre-empirical theoretical framework is illustrated. Literature review is presented in three different sections. First part discusses about social media marketing in general, second part focuses on internationalization theories and the key success factors that are important for successful internationalization. In the end of the internationalization chapter, social media marketing's potential in internationalization is revealed. The last literature chapter focuses on Chinese market in format of PEST analysis and takes a closer look into Chinese social media literature.

Third part of the thesis illustrates the research methodology in detail. Fourth section reveals the empirical findings, the outcome of the interviews. Empirical findings are divided in sub-topics in terms of key major findings that popped up during the data analysis. Fifth section is the analysis, which combines the literature review and the empirical data and therefore summarizes the outcomes of the research. Lastly, conclusions are formed. In the conclusion chapter both theoretical and managerial of the research are illustrated as well as suggestions for the further research.

2. Social media marketing

Social media marketing belongs to the larger context of digital marketing. Based on the Institute of Direct and Digital Marketing (2008), digital marketing can be defined briefly as the use of digital technologies to support marketing activities. Chaffey et al. (2009) allocate digital marketing in six categories: search marketing, online PR, online partnership, interactive ads, opt-in e-mail and social media marketing. Social media marketing is therefore one piece of digital marketing and in business activities should be synchronized with all the other marketing activities, including traditional off-line marketing. In this research, the main focus will be on social media marketing in order to build a thorough picture of this specific issue. Smedescu (2013) simplifies social media marketing as “applying traditional marketing to the new Internet-based means of interaction” that supports the definition of the Institute of Direct and Digital Marketing (2008).

Social media builds up from the words “social” and “media”. Basically, social media marketing aims at leveraging the social aspects through its media to the target audience (Weinberg, 2009, xv.) According to Davis et al. (2012), social media refers to media used to enable social interaction. This referral supports Weinberg’s (2009, 2; 21) social media conceptualization whereas she highlights communication as the key factor behind the social media. Another affecting factor is term “creative consumers” who are the dynamos of the new media world (Berthon et al. 2012). Behavior of consumers combined with the community spirit provided by social media providers have enabled the success. Creative consumer is a great part of social media’s overall success whereas the whole concept of social media builds on the crowds. Singh, Lehnert and Bostick (2012) state that 75% of global Internet users had social media accounts in year 2010, Dervojeda et al. (2014) support them by stating the global social media user amount being 1.73 billion people.

2.1 Characteristics of social media

This chapter will provide more detailed characterization for social media. This section begins with social media characteristics, followed by social media types and users. Thereafter, social media’s usage in business will be illustrated. According to Saxena (2013), in order to being defined as a social media it has to fill seven characteristics:

- 1) Web space (free web space to upload content)
- 2) Web address (unique web address that becomes their web identity)

- 3) Build profiles (users are asked to enter personal details that site mines to connect individuals)
- 4) Connect with friends (users encouraged to publish posts and connect with friends)
- 5) Upload content in real time (tools to post content in real time)
- 6) Enable conversations (enables comment and conversational features)
- 7) Post have time stamp (all posts timely marked and stored)

The list provided by Saxena (2013) deals with the technical characteristics required from the site to be a social media. However, as users are the key influencers instead of the platform provider, it is important to have a look at characterization from perspectives allowing more emphasis on the users end. Dube (2014) implied a research conducted by Mislove et al. (2007) and concluded social networking sites differentiating from traditional websites based on the following five key words:

- 1) User-based
- 2) Interactive
- 3) Community-driven
- 4) Relationships
- 5) Emotion over content

Kietzmann et al. (2011) provide a honeycomb model to illustrate the functions of social media that are illustrated in figure 3. These functions are important reason for the success of social media as a phenomenon.

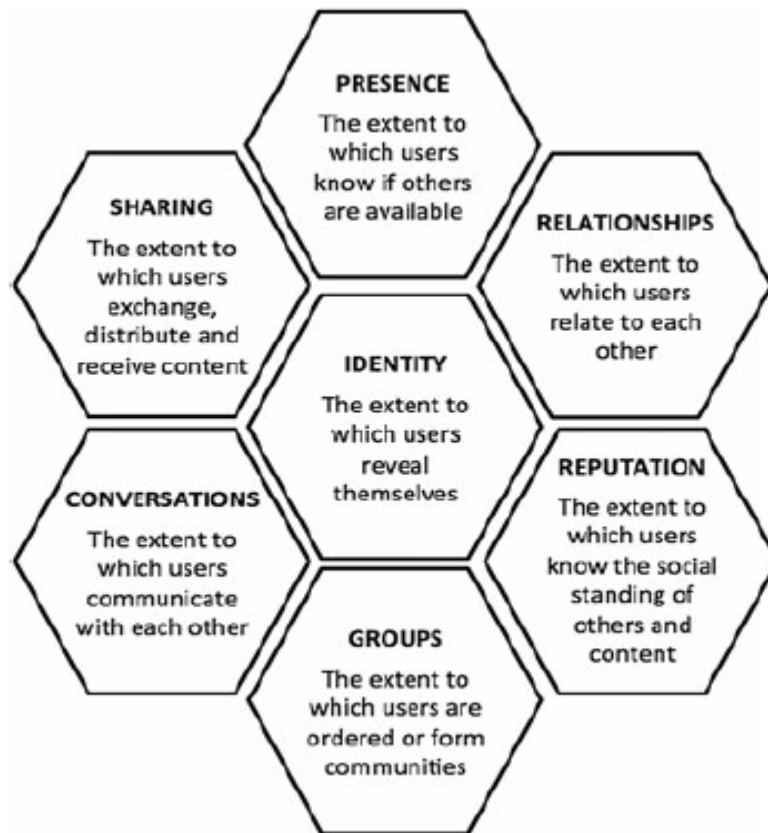


Figure 3. Honeycomb of social media functionalities by Kietzmann et al. (2011)

Functionalities of social media based on the honeycomb model include individualistic characteristics (identity), which creates base for the communicative actions (sharing, conversations) and therefore leads into feelings of belonging (groups, relationships). These factors both drive people to use social media and create benefits for users, also encourage people to belong into social media's and networks.

Kietzmann et al. (2011) place identity as a key factor, similarly as Dube (2014) highlights the user-based factor. Both authors regard interactivity and relationships important social media characteristics. By combining the key elements from all of these listings it is possible to conclude that social media requires the few technical characteristics to enable the interactivity. It is a place where to build communities and communicate while simultaneously creating and maintaining own identity.

2.2 Types of social media

The main characteristics of the social media are similar from type and platform to another but differences exists as well. The variety of selection of social media's has a growing

pace and no standard classification of social media types exists, therefore the number of allocation strategies differs from author to another. The following table 1 summarizes a few of the listings provided by industry experts and academics.

Table 1. Types of social media

Zhu & Chen, Business Horizons (2015)	Ullagaddi, Klout (2014)	Parent, Plangger & Bal, Business Horizons (2011)	SEOPressor (N.A.)	Sorokina, Hootsuite (2015)
Profile-based	Personal networks	Egocentric sites	Social Networks	Personal Networks
Content-based	Content sharing networks	Community sites	Bookmarking Sites	Bookmarking Sites
	Shared interest communities	Opportunistic sites	Social News	Social Publishing
		Passion-centric sites	Media Sharing	Media Sharing Networks
		Media sharing sites	Micro-blogging	Interest-based Networks
			Blog comments and forums	Discussing forums
				Online Reviews
				E-commerce

The characterization starts from the broader profile / content deviation by Zhu and Chen (2015). Ullagaddi (2014) has the same principles although the author adds shared interest communities as a separate category. Allocation provided by Sorokina (2015) represents more detailed characterization, which for instance takes into account for instance discussion forums as a specific unit. What is common within all these categorizations is that the base is on social networking sites or personal networks, divided between content or personal main details. It is notable that social media sites are able to categorize in large variety of categories, and the development of social media creates constantly new social media types. Whereas Zhu and Chen (2015) do not take into consideration the community or passion centric versions of social media, listing provided by Parent, Plangger and Bal (2011) succeeds providing a bit more thorough categorization. The important factor for this research arises from the fact that despite the large variety of different types of social media platforms, the key elements deal with personal profiles and content discussed and shared (Zhu and Chen, 2015; Ullagaddi, 2014; Parent, Plangger and Bal, 2011; SEOPressor, N.A; and Sorokina, 2015).

2.3 Users of social media

Whereas end users eventually run social media and actually make it social, it is important to provide a closer look at the users and their differentiating behavior. Singh, Lehnert and Bostick (2012) referred to a Forrest Research's social technographic survey that focused on 13 countries and allocated seven types of global social media users. These types are illustrated in the table 2 below. To provide more thorough illustration, three other possible social media user type categorizations are illustrated in the same table, provided by Nica (2014); Zeckman (2012); and Rozen, Askalani and Senn (2012).

Table 2. Social media user allocations

Nica, <i>Social Media Strategies Summit</i> (2014)	Zeckman, <i>TopRank Online Marketing</i> (2012)	Rozen, Askalani & Senn, <i>Aimia</i> (2012)	Singh, Lehnert & Bostick, <i>Thunderbird International Business Review</i> (2012)
Social butterflies	Power User	Sparks	Creators
Informers	Chronic Over Sharer	Mix-n-Minglers	Conversationalists
Unsatisfied customers	Predictable User	Cliquers	Critics
Never there	Newbie	Newcomers	Collectors
	Lurker	Onlookers	Joiners
		No shows	Spectators
			Inactives

It is notable that all of the allocations divide the users in the categories of active users that are willing to create social content and take part in discussions; to persons who are willing to express criticism in social media channels, persons who are just reading what is happening in the social channels and to the persons who are inactive in social media. For the purposes of this research, the categorization from Singh, Lehnert and Bostick (2012) is chosen due most clear and thorough user type classification. As the social media's popularity is highlighted earlier in this research (Crampton, 2011), it is important to notify the usage differences. There is a difference from honeycomb section to another in Kietzmann et al.'s (2011) model related to features and importance levels that matter for the social media uses. For businesses it is important to realize these differences from user group to another. Business impact of social media user type allocation is discussed in later parts of this research.

2.4 Social media for business

Ramsay (2010) stated that in all of its forms, business involvement in social media is having an increasing tendency. Implications and best practices how to perform in social media have been researched a lot, this section will illustrate the main issues.

Honeycomb of social media from Kietzmann et al. (2011) provided earlier can be leveraged for the business perspective. The author illustrates the meaningfulness of each part of the honeycomb in the business context in the figure 4.

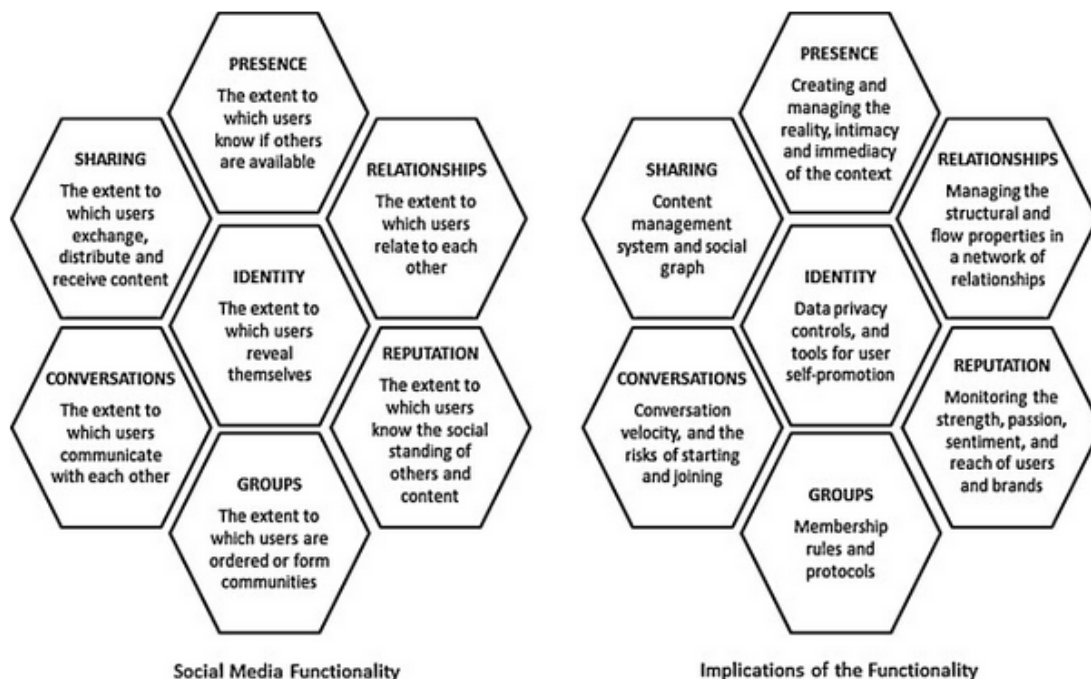


Figure 4. Implications of social media functionalities by Kietzmann et al. (2011)

These seven characteristics are important to actually successfully manage the social media presence and to gain success for business as well. From the Kietzmann et al.'s framework it is possible to conclude the business implication related to the importance of controls and monitoring activities. Implications include membership rules, risks related to joining conversations, data privacy and content management system. Additionally, Weinberg (2009, 2) states a key benefit of social media for businesses being the fact that it connects service providers, companies and corporations with large audience of influencers and consumers.

Holloman (2014, 11-14) provides additional reasons for companies to encourage them to enter social media. These include cheapness, chance to influence opinions and improve customer relations, connect one-to-one with the customers, and “because your competitors are using it as well”. The common challenges the businesses face in social media usage are difficulties in measuring the social media marketing efforts and lack of clear social media strategies. Other benefits for instance could be effective marketing research and public relations, influencing the opinion leaders, lowered cost-to-serve and built brand loyalty (Ang, 2011).

2.4.1 Success factors of social media usage in business

Weinberg (2009, 19-20; 39; 49; 63-65) lists a key issues for a company to become a successful player in social media, which can be summarized as followed:

- 1) Goal setting in social environment
- 2) Strategy
- 3) Participation
- 4) Communication

Just a presence itself in social media does not generate any business (Berthon et al. 2012). In order to generate business, companies have to understand the ways to utilize social media. Kietzmann et al. (2011) highlighted the following factors in order to succeed:

- 1) Understanding of the customer behavior and their needs
- 2) Company's overall strategy's suitability for social media
- 3) Role of curator in social media activities
- 4) Continuous scanning of the social media's environment

These allocations simplify in a logical, well-organized way the steps a company has to have for successful social media operations. In order to summarize and simplify the previous suggestions, figure 5 illustrates the steps to take in social media usage. All of the following four steps will be discussed more thoroughly in the following chapters due to the importance of each of these steps. Kietzmann et al.'s role of curator and scanning are summarized as “measuring” for the steps in social media business usage.

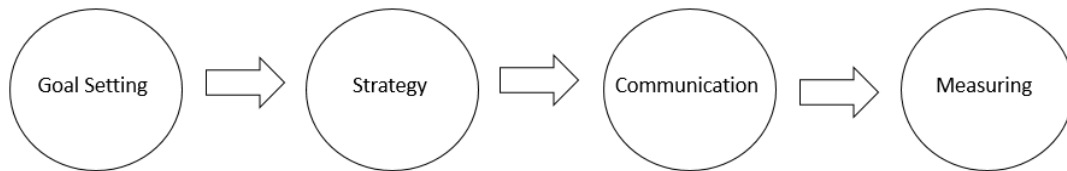


Figure 5. Steps in social media usage in business

2.4.2 Goal setting

Goal setting is crucial in order to know what the aim of the operations is. Nooruddin and Zhang (2012) and Weinberg (2009, 32-33) defined goal setting as an important factor. Moreover, the goal setting should be done keeping in mind the social environment. Social media provides great tool for business on global scale. Singh, Lehnert and Bostick (2012) allocate most important reasons how to utilize social media for business purposes. These include:

- 1) Creation of brand communities
- 2) Use of crowd sourcing models
- 3) Gain consumer insights
- 4) Enhance product and brand awareness
- 5) Improve search engine optimization results
- 6) Reduce customer acquisition and service costs
- 7) Optimize marketing and communication efforts.

Zarrella (2009) provides a social media hierarchy pyramid that deals with different goals of social media operations, the main goal being strategic target and image as a customer centric organization. These goal setting was listed as followed:

- 1) Be a customer centric organization
- 2) Seek out product and marketing feedback
- 3) Build relationships with customers
- 4) Find and fight fires

In the Zarrella's (2009) framework the base is on preventative crisis managerial actions, which can be done in social media in communication with the clientele. Above that comes relationship-building, feedback and on top of the framework – aim at being defined as a customer-centric organization.

Weinberg (2009, 4-6) also provides an own set of exemplar goals why to use social media for business purposes. She highlighted:

- 1) Bringing traffic to website
- 2) Driving relevant links to website
- 3) Making consumers brand-aware
- 4) Driving conversions
- 5) Triggering conversations.

Holloman (2014, 25-30) illustrates some of the most common goals for social media usage as well.

- 1) Brand exposure
- 2) Improved customer relations
- 3) Drive traffic to the website
- 4) Increase market intelligence
- 5) Generate leads

As a summary, the exemplar goals from the authors mentioned above can be categorized into two types of goal categories, illustrated in the following figure 6.

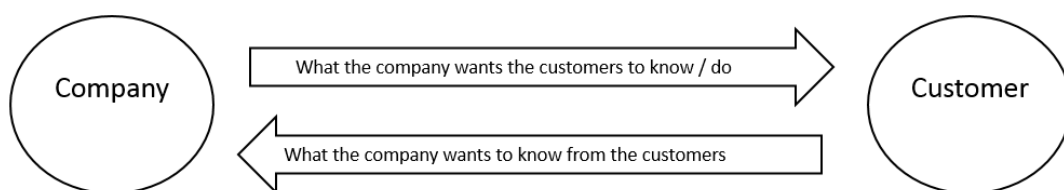


Figure 6. Goals of social media usage

Social media usage aims at increased activity of the consumers, and followers in the social media. For instance increased brand awareness and enhanced conversations can be seen as a goals that belong to the upper arrow, gathering feedback or keeping track what the customers are talking about the company in social media to prevent larger damage, belong to the lower arrow. The goals should be set to be social media specific, but can belong to the broader marketing mix as well.

2.4.3 Strategy

Nowadays companies are utilizing social media driven market environment and they have built social media strategies in order to engage customers and boost their business. The reason behind the social media strategies is the complicated nature of social media, which requires specific emphasis. Weinberg (2009, 49) highlights two key points in the process of social media strategy planning:

- 1) Determining the desired end result
- 2) Determining the needed resources

Therefore, goal setting can be seen as the first building block of the social media strategy. Due to its importance, it was revealed before this strategy section. To define social media strategy, Bear (2014) and Harlow (2015) also break the strategy into different tasks to accomplish. These included technology agnostic, value creation for the customers, listening to the customers and measuring the results of social media. Therefore, it can be stated that all the steps mentioned in the section 2.4.1 belong into the social media strategy. Every company needs to define own strategy for their social media operations. (Xia and Pedraza-Jiménez, 2015). Additionally, the social media strategy must be cohesive with the other operational activities to maximize its effectiveness (Harlow, 2015). Berthon et al. (2012) present axioms for social media marketing strategy. They state that social media is a function of the technology, culture, and government of a particular country. These authors also state that social media strategy requires speed and flexibility. Bureaucratic internal rules may harm the execution of social media plans.

Social media platform selection is considered as one part of the social media strategy in this research. The right selection of the social media platform(s) for the business purpose(s) is seen important whereas not all social media platforms are useful for business usage (Aichner and Jacob, 2015). Kim and Lee (2011) state the importance of market segmentation by referring recognizable academic literature from 1956 (Smith) and 1978 (Wind). They conclude market segmentation being a marketing attitude that differentiates the heterogeneous markets as a group of smaller, homogenous markets. Homogenous market allocation is conducted based on differing preferences and desires of consumers in order to achieve more precise customer satisfaction fulfillment. Segmenting the market is a managerial task – identification outcome of the homogenous target groups normally differ from manager to another. Besides goal setting and strategy

formulation, target market segmentation is an important issue to consider to support the strategic decisions. Wedel and Kamakura (2002) summarize three main issues to consider in the academic literature, all of them having important managerial implications:

- 1) Development of better theoretical underpinning of heterogeneity, with the purpose of identifying variables affecting the allocation.
- 2) Development of models that integrate segmentation, one-to-one marketing, targeting and positioning.
- 3) Empirical testing of the predictive validity of segment solutions and the study of stability of segments over time.

Managerial implications affect both social media marketing strategy formulation and measuring the success. First and second development scheme illustrate that companies should be aware of variables while defining homogeneity groups within the heterogeneity market; development of models include allocation of marketing tools for each segmented group. Confirming stability of the homogeneity groups over time requires continuous follow-ups and metrics analysis from the company.

Dervojeda et al. (2014) discuss about social media platforms and the importance of platform selection. Factors affecting the selection include amount of monthly users, average brand community size and interaction rate. Whereas characteristics differ from platform to another, companies have to determine right platforms in order to find the most suitable match with the goals of social media presence.

2.4.4 Communication

Weinberg (2009, 52-53) discusses about social media communication. The key features according to the author were listening and consistency in the communication. Additionally, phenomenon “participation is marketing” was highlighted. Weinberg (2009, 39) states that “you need to listen and communicate consistently and regularly so that you don’t lose sight of what individuals say about you.” Therefore, the perspective should be aiming at understanding the customer opinions and influencing them. Issue closely linked to this topic is word-of-mouth marketing. It is a tool for companies to benefit from customer-to-customer ongoing communication that takes place a lot in social media. Chen, Fay and Wang (2011) proved the high quality being one of the greatest reasons to refer a product online. Sernovitz (2006) divides word-of-mouth into organic and amplified word-of-mouth.

Organic word-of-mouth means natural conversations, which people are likely to discuss daily. Amplified word-of-mouth besides can be enhanced through certain activities and is created by companies to make people talk. Company driven word-of-mouth can be also defined as stimulated WOM (Schmitt et al, 2011).

In order to succeed in social media communication, especially at the early phases, Weinberg (2009, 52) states a few key issues to success:

- 1) Know the demographics of the individuals you are pitching to
- 2) Know the community's likes and dislikes
- 3) Contribute on a consistent basis to the community constituents
- 4) Establish yourself as an active participant of the community

These characteristics in communication support the earlier mentioned issues of consistency. Demographic knowledge also supports Kim and Lee (2011) in audience segmentation. Whereas the above list relates mostly to company-consumer communication, participation is at least as important as sending the messages (Weinberg, 2009, 53).

Parent, Plangger and Bal (2011) illustrate six progressive levels of social media participation, revealed in figure 7 as the levels of social media participation.

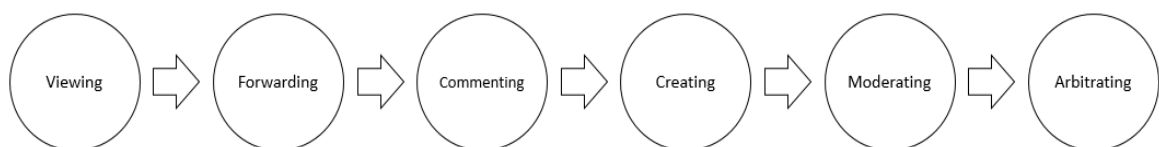


Figure 7. The six progressive levels of participation by Parent, Plangger and Bal (2011)

These six levels illustrate the levels that consumers may engage in social media discussion with businesses. Viewing states seeing the social media content, forwarders take action by sending it to others and by commenting is it possible to stand out from the crowd by sharing own thoughts. By creating content consumers provide something new for the forum they want the content being posted, then moderate the discussion around the post and arbitrating states the position of rendering judgement. (Parent, Plangger and Bal, 2011). These levels are important in the process of engaging with the customers. It also helps in understanding the social media user types, showed in table 2; some users stick at the first phase while the others may proceed until arbitrating phase.

Shih, Lin and Luarn (2014) discuss about social media for businesses from the fan engagement perspective that is one of the goals in combinations. Social media or community managers have become typical jobs in multinational companies in order to manage vividness of social media. Weinberg (2009, 54-55) highlights also the need for community managers or consulting agencies in case that company's own resources are not sufficient for proper social media operations. Professionalism and proper social media usage is a key to success. If willing to create a brand community in social media companies have few main actions to conquer in social media: Engage fans with interesting topics; address them honestly and positively, monitor reviews attentively, unite as a family (Shih, Lin and Luarn, 2014; Parent, Plangger and Bal, 2011).

Social media engagement process has push and pull effects. (Parent, Plangger and Bal, 2011). These characteristics influence the 6C engagement model whereas companies aim, through content created, at pulling viewers on their website or social media sites. The created content and delivery via social media channels represents the push – effect.

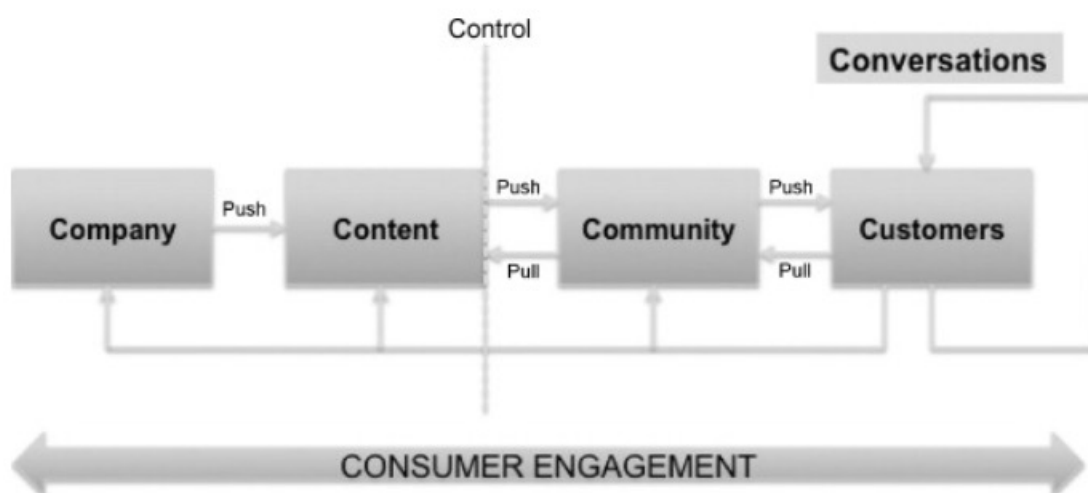


Figure 8. The 6C model of social media engagement by Parent, Plangger and Bal (2011)

The framework above provides a way of the companies engaging with their customers in social media. Ang (2011) utilizes only four “C”s whereas the author focuses only on connectivity, conversations, content creation and collaboration in engagement creation. This is highlighted as an important factor for successful social media communication process. In the engagement process content provider may push the content to the crowds, which starts to drive the engagement process further in terms of community discussions, connectivity and word-of-mouth conversations. (Parent, Plangger and Bal,

2011; Ang, 2011). As Kietzmann et al. (2011, 2012) illustrated the functionalities of social media in their honeycomb model, it connects with the engagement model in terms of all seven factors. Company may build identity and reputation in social media, via content creation and engagement through the content companies may participate and trigger conversations, participate groups, maintain relationships and either personally share and encourage users to share material.

2.4.5 Measuring

According to Holloman (2014, 15) the most important factor for measuring social media is to be clear what success looks like and what is the return for the business. Examples given were cheaper customer acquisition, exploring a new route to the market or improved customer service. Return-on-investment is the key metrics for these actions. Additionally, key performance indicators (KPIs) for social media operations could be determined. These can be allocated in three different groups: Advocacy KPIs, Dialog KPIs and Support KPIs (Holloman, 2014, 16-17). More detailed examples of these KPIs can be found from Appendix 2. Aichner and Jacob (2015) also state the importance of measuring social media behavior and define important metrics such as number of visits, tags, page views, members / fans, impressions and the average length of time visitors spend on the website. Knorpp (2011) states the importance of what it actually measured. The author questions measuring reach or volume whereas social media mostly aims at engagement with the customers. According to the author, these metrics do not provide value for a conversations and quality of those. Knorpp (2011) suggests using qualitative measurements to actually find out the feelings of the consumers instead of only numerical contributions provided by the brand. To summarize, the numerical social media metrics are summarized in two categories, illustrated in the figure 9 below.

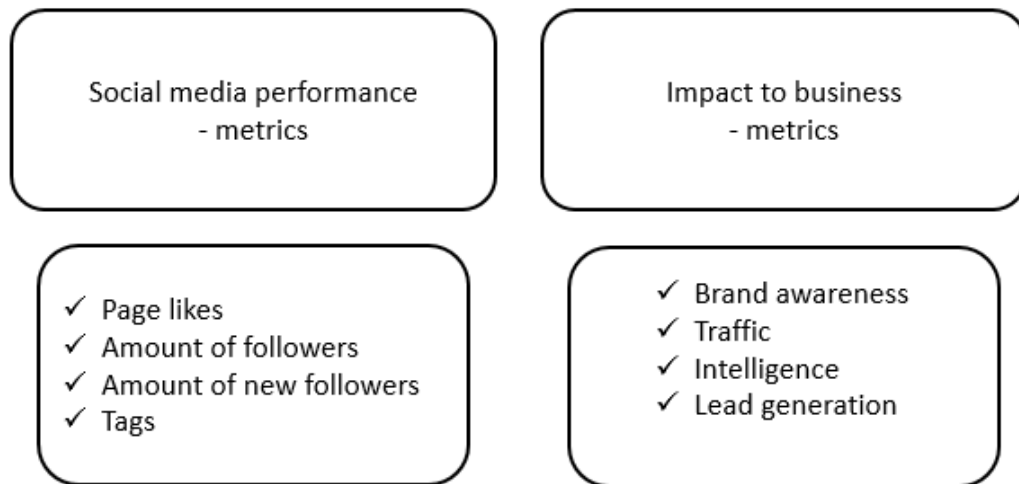


Figure 9. Two categories of metrics to measure social media performance

Based on the literature, it is possible to measure both the performance of the social media sites and the online presence but the companies are often conscious what the performance of the social media site matters for them. Fortunately, impacts on business can be also measured in terms of brand awareness, traffic from social media to the website and the amount of new sales leads generated thanks to the social media performance. Parent, Plangger and Bal (2011) reveal a reason why higher profit margins for products may be withdrawn due to engagement in social media. They transformed willingness to pay – ratio into willingness to participate – ratio in order to demonstrate the impact of consumer engagement. Great consumer engagement is afterwards proved to provide positive, measurable returns for the business.

Figure 10 states the social media measuring framework provided by Peters et al. (2013). The framework states that marketing input depends on the motives, network structure, content, and social roles and interactions that lead into marketing outcomes. Different issues may be measured from each section from the main variables, such as content may be measured by valence, volume and quality.

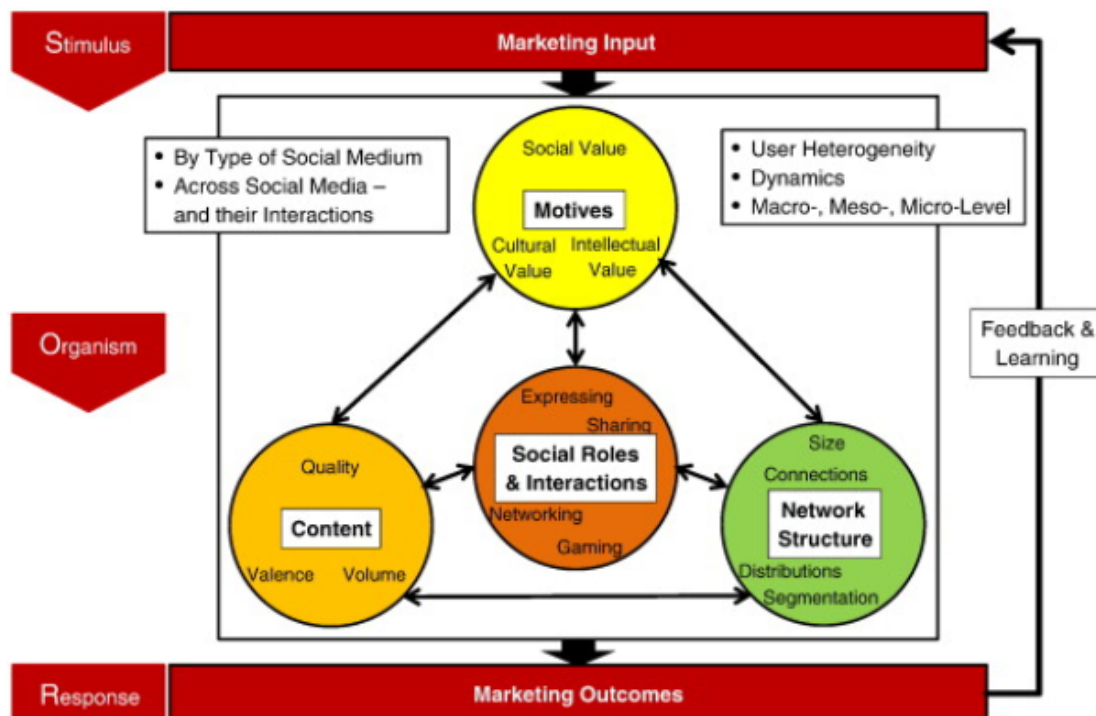


Figure 10. Framework for social media metrics by Peters et al. (2013)

This framework thoroughly summarizes and expands the measuring tools suggested by Holloman (2014), Aichner and Jacob (2015) and Knorpp (2011). Peters et al. (2013) highlight important issues that differ from traditional marketing when discussing about traditional marketing metrics. They state that in social media context transitions and shifts occur in many ways, such as:

- From control to influence
- From quantity to quality
- From general to specific

The issues mentioned above reflect the special characteristics of social media marketing. Lost control over the message should be accepted and aim to measure the influence of the message and presence. Quantity may be kept as the key in the measuring (Holloman, 2014) but quality should receive emphasis as well. (Knorpp, 2011). High quality social media presence is seen as more beneficial for businesses instead of pure quantity of social media attributes (Peters et al, 2013). Social media content may be targeted and specified more clearly than in traditional marketing, which is the reason why specificity is supported by Peters et al. (2013). Specificity may be also beneficial in measuring while breaking down the consumers in more targeted portions.

3. INTERNATIONALIZATION

Internationalization is a widely researched topic explained by wide selection of theories. Internationalization may be defined as “the outcome of intentions to expand internationally and consequent efforts to do so” (Schweizer, Vahlne and Johanson, 2010) or as “the process of adapting firms’ operations (strategy, structure, resource etc.) to international environments” (Calof and Beamish, 1995). Therefore, internationalization can be seen resulting from intentions to expand across the borders by adapting company’s operations in different environments. By using the term “consequent efforts” Schweizer, Vahlne and Johanson (2010) highlight the fact that internationalization differs over time and requires on-going operations from the company. Kuivalainen et al. (2012) illustrate this timely phenomenon in the scope of internationalizing SMEs by stating that the company “may go through a number of patterns which form part of a distinct (and sometimes stereotypical) internationalization path/pathway.” Despite of few referrals to small and medium sized businesses, this research does not take any scope of specific sized companies’ internationalization process. However, the SME literature is sometimes beneficial to explain the issues related to the internationalization process as a whole.

In academic literature, the internationalization path may be divided in different stages; Kazanjian (1988) provides one of the main allocations used. He allocates the companies in four stages depending on the current internationalization process.

- 1) Stage 1: Conception and Development (Resource acquisition and technology development)
- 2) Stage 2: Commercialization (Production related start-up)
- 3) Stage 3: Growth (Sales / market share growth and organizational issues)
- 4) Stage 4: Stability (Profitability, internal controls, and future growth base.)

Intentions to expand are commonly considered as drivers of internationalization. The main drivers why companies internationalize differ from company to another, small and medium-sized enterprises may have different motives than larger companies. Eventually, general key principals are the same, including growth motives, knowledge related motives and network or supply chain links (European Commission, 2007; OECD, 2009). In academic research drivers have been typically allocated in market seeking, resource seeking, efficiency seeking and strategic asset seeking motives (Dunning, 2000). OECD results and allocation from academic research are supporting each other. In case of small

and medium sized enterprises external motives may be small size or saturation of the home market, domestic competition, and technological changes in industry or unfavorable laws. Internal motives whereas are profit goals, availability of labor, personal relationships and / or desire to reduce risk (Korsakiene, 2014). Internal and external allocation can be even expanded, for instance in four driver categories illustrated by Zucchella, Palamara and Denicolai (2007). They allocate the drivers in business specific; location specific; network specific and entrepreneurial specific drivers.

What it comes to the barriers of internationalization, European Commission's (2007) report and its analysis by OECD (2009) allocate the barriers in four main categories: financial limitations, inadequate knowledge about foreign markets, inability to contact potential overseas customers and lack of managerial time, skills and knowledge. Al-Hyari, Al-Weshah and Alnsour (2011) reveal that exporting barriers are mainly similar in developed and developing countries, most important barriers in the case of Jordanian small and medium sized enterprises being financial and informational barriers, political factors, and economic situation in the region and/or lack of competitive pricing to customers in foreign markets. In case of Czech companies internal barriers were seen more influential than external barriers. Main barriers according to Toulouva, Votoupalova and Kubickova (2015) are lack of language skills of foreign market experience and information. Other reasons according to these authors are the high cost of promotion in foreign markets, lack of public support or subsidies and lack of finance. Hutchinson, Fleck and Floyd-Reason (2009) showed that in UK retail sector internal barriers were as well greater than external barriers. Internal barriers highlighted were lack of managerial vision, control of business and lack of market knowledge. Lack of managerial vision may result from financial and/or personality reasons, as mentioned internationalization barriers by European Commission and OECD. Additionally, transferring company concept overseas, lack of resources and a lack of consolidation in the home market, legislation, currency, cultural differences and logistics were mentioned as internationalization barriers by Hutchinson, Fleck and Floyd-Reason (2009).

3.1 Internationalization theories

The following table 3 briefly summarizes ten of the key internationalization theories to propose ways how to analyze companies' international business operations and the stages of development of these operations.

Table 3. Summary of the internationalization theories.

Internationalization theory	Main idea and key characteristics	Researches
"Born Global" enterprises	Theoretical concept for a new venture that acts to satisfy a global niche from day one. The definition focuses on new ventures that are international by design, not by emergence.	Tanev (2012), topic researched as well e.g. by Oviatt and McDougall, 1995; Autio et al., 2000)
Eclectic theory of international production	Framework that summarizes three types of factors to account for international production: location-specific endowments (available for everyone in any given location) ownership-specific endowments (creatable by enterprise itself) and internalizing advantages (internalizing better option than selling.)	Dunning (1980, 2000) Dunning and McQueen (1981), Hill, Hwang and Kim (1990), Tolentino, (2001)
Internalization theory	Basic principle of the theory states that exploitation of firms' knowledge-based assets across national boundaries is often most efficiently undertaken internally within the hierarchical structure of the company.	Buckley and Strange (2011)
Monopolistic advantage theory	Firms will engage in FDI once they have advantages, mainly operational ones. These advantages are necessary for FDI in order to compete with indigenous companies having strong market and legal knowledge.	Main theory by Stephen Hymer 1976, utilized, researched and/or analyzed by Barclay (2000), de Blas and Niles Russ (2013) and Parry (1977)
Network theory	Theory emphasizing the company network relationships in internationalization and the effect that when a company internationalizes, the number and strength of the relationship between different parts in business network increases. Companies can be allocated by analyzing two degrees of internationalization: the market and the firm; and therefore form four groups for the companies: The early starter – the late starter – the lonely international – the international among others.	Chetty and Blankenburg Holm (2000) Johanson and Mattsson (1987) Hadley and Wilson (2003)
Oligopolistic reaction theory	Multinationals tend to act to counter each other's investments in foreign operations.	Knickerbocker (1973)
Product cycle theory	Internationalization theory following the product life cycle. At early stages production in home country and exporting sales, at maturity phases and during the time of global demand, production shifts to developing countries and products may be imported also to the home market.	Vernon (1979)
Stage theory – Uppsala model	The internationalization starts from markets close the home market in psychic distance and gradually entering markets further away, emphasis on organizational learning, knowledge and experience. Exemplar stages: no exporting – exporting via agents – joint venture – wholly owned subsidiary.	Vahlne and Johanson (1978, 2013)
Stage theory – Innovation-related internationalization model	Internationalization is a process analogous to the stages of product adoption. Each stage of internationalization is considered as a new invention for the firm. Exemplar stages by Cavusgil: Domestic market – pre-export – experimental involvement – active involvement – committed involvement	Gankema, Snuif and Zwart (2000), they cited Bilkey and Tesar (1977), Cavusgil (1980), Reid (1981) and Czinkota (1982)
Transaction cost theory	Transaction cost based analysis while deciding foreign country entry modes. Three-dimensional allocation has been generally used: asset specificity, uncertainty and frequency.	Mroczek (2014), cited Williamsson (1985)

Based on the main theories summarized above, four main factors were illustrative. The main characters that appear are competitive advantages, knowledge networks and business relations, and costs and risks. These factors will be illustrated in the following

sections and the social media's potential impact and/or correlation to these factors is revealed in the section 3.3.

3.2 Important factors in internationalization

From the ten theories analyzed, it was possible to determine four key areas that are important for companies in successful internationalization process. These are:

- 1) Competitive advantages (Mainly monopolistic advantage theory, born global enterprises and eclectic theory.)
- 2) Knowledge (Mainly eclectic theory, internalization theory, born global enterprises and stage theories.)
- 3) Networks and relations (Mainly network theory and born global enterprises.)
- 4) Costs and risks (Mainly oligopolistic reaction theory, product cycle theory and transaction cost theory.)

The theories mentioned in correlation to the important internationalization factor illustrate the most accurate attribute(s) for the specific theory. Next step is to investigate more these four important factors in internationalization process.

3.2.1 Competitive advantages

Competitive advantages can be seen as sustainable and temporary ones. Ahokangas, Juho and Haapanen (2010) state that in internationalization, all competitive advantages required can be seen as temporary at the early stages of the process but may become sustainable competitive advantages during the internationalization. Claver and Quer (2005) regard the main requirement for a company to invest abroad being an ownership advantage, resulting from either tangible or intangible assets

Monopolistic advantage theory, formed by Stephen Hymer, is discussed by de Blas and Niles Russ (2013) where they state two key principals of the theory: in internationalization companies may exploit their firm-specific advantages by acquisitions in the new market either to boost sales or make the acquisition from the strategic point of view to skip the trade barrier at the new market. These competitive advantages are sought by financially heavy acquisition. Barclay (2000, 185) also discusses Hymer's theory by highlighting its hypothesis that no relationship exists between the multinational enterprise's use of its

unique advantages and the presence of domestic competition at the new market. According to Barclay's study, the theory was supported, and a positive correlation was found at new markets by combining own unique advantages and localization-specific advantages (2000, 186). According to Parry (1977), form and extend of company's international operations is determined by the nature of firm-specific advantages in context of relevant foreign market imperfections.

Eclectic theory by Dunning, also called as OLI – framework after created by the author in 1993, talks about competitive advantages as well. While the theory is formed on the three main pillars, ownership- and location-specific endowments are mainly forming the competitive advantages in internationalization. According to Dunning (1980), ownership advantages relative to enterprises from other countries, and location advantages that mainly have impact on production, play a major role while building competitive advantages at international markets. Ownership advantages can be seen evolved over time (Lopes, 2010). Until 1980 ownership-specific advantages could have been characterized in general, firm-specific and product-specific, during 1980s firm- and product-specific and 1990s onwards mainly firm-specific advantages have been important while creating competitive advantages due to globalized competitive environment. Lundan (2010) illustrates three categories of ownership advantages to make it easier to evaluate and allocate the issue.

- 1) Property rights and/or intangible asset advantages
- 2) Advantages of common governance
- 3) Institutional advantages

First category includes aspects like product innovations, organizational and marketing systems, non-codifiable knowledge, accumulated experience in marketing and finance, and ability to reduce costs. Common governance advantages are derived from scale and scope of multinational operations and institutional advantages can be for instance codes of conduct, corporate culture, leadership and management of diversity (Lundan, 2010).

3.2.2 Knowledge

Knowledge has been highlighted as a key success factor for internationalization (Scott-Kennel and von Batenburg, 2012; Johanson and Valhne 1990; Casillas, Barbero and Sapienza, 2015). Defining knowledge is a challenging task due to its large amount of

variations, for instance objective and experiential knowledge, market-specific knowledge, foreign organizing knowledge, foreign institutional knowledge, internal and external knowledge, and so on (Casillas, Barbero and Sapienza, 2015). In this research having internationalization in the scope, internationalization knowledge itself is the main terminology to use. It can be defined based on business practicalities how to learn in local markets and as a general experiential knowledge about internationalization (Fletcher, Harris and Richey, 2013). According to these authors, internationalization knowledge may also be stated representing “firm-specific organizational knowledge that requires organizational learning process in its acquisition and transfer from country to country”.

The theories illustrated in table 3 discuss about knowledge in different forms. Johanson and Valhne (1990) reflect the role of knowledge acquisition in internationalization process as a factor that increases commitment in international activities. The commitment, afterwards, increases knowledge acquisition. Buckley and Strange (2011) discuss about internalization theory, which highlights the knowledge-based assets’ exploitation in internationalization process and therefore supports the importance of the knowledge.

Casillas, Barbero and Sapienza (2015) discuss about knowledge acquisition in internationalization and illustrate different ways how companies gather knowledge: congenital knowledge that is acquired by founders during earlier job history; grafted knowledge brought to the company by hired managers and vicarious learning from outside as a knowledge gaining process. Huber (1991) presents same knowledge acquisition patterns in earlier research that includes five knowledge acquisition processes for organizations: congenital learning, experiential learning, vicarious learning, grafting and searching. Scott-Kennel and von Batenburg (2012) discuss about different dimensions of knowledge, which are the following:

- 1) Knowledge intensity = company’s dependency on intellectually skilled workforce and their complex knowledge.
- 2) Tacitness = company’s dependency on human capital that is hard to codify and transfer between individuals.
- 3) Source of knowledge = whether the knowledge is driven from internal or external sources.

Scott-Kennel and von Batenburg (2012) also highlight experiential knowledge that can be defined as knowledge accumulated by being active in foreign markets.

3.2.3 Networks and relations

Networks and existing business relations are one enabling factor for internationalization. Business networks may be defined as the relationships a company has with the actors in a business network (Chetty and Blankenburg Holm, 2000). For example, actors represent customers, distributors, suppliers and government. Johanson and Mattsson (1987) support the importance of networks by highlighting the vitality of networks in order to gain access to external resources at the foreign markets and to eventually be able to sell the products for the customers. These authors also allocate networks into stable and changing networks during the operational path. Basic assumption in the network model relies on individual company's dependency on the resources controlled by other companies. This concept is another reason highlighting the importance of the networks.

3.2.4 Costs and risks

Costs and risks appear in many of the theories whereas besides opportunities, internationalization poses investments for the parent company. Knickerbocker (1973) provided oligopolistic reaction theory that explains the reasons why companies tend to follow their rivals to the foreign market. Loss of possibility to first-mover advantages appears but the perceived risks in both entering the new market and opportunity costs not to enter may thrive the internationalization of the company. The author's theory stated that countering of competitors' foreign direct investment took more place in the industries where capacities of marketing organizations were more crucial for the competitive advantage compared to the product-based advantages.

Transaction cost theory discussed by Mroczek (2014) tells that asset specificity, uncertainty and frequency are the key units of the theory. The author uses definition of "the costs of running the economic system" for the transaction cost. Therefore these form an additional burden for foreign market operations. According to the author, asset specificity states whether the international contract requires individually detailed solutions or standardized procedures. Uncertainty arouses from the imperfect information in decision making between the parties, which can be stated being behavioral uncertainty. For instance environmental, political or legal changes are referred as external uncertainties posing risks for foreign business. Frequency of the business transactions determines the risk level as well, which poses impact on the foreign market operation mode.

Product cycle theory by Vernon (1979) whereas states that company internationalization moves along the product life cycles and therefore company developments. The theory balances between the facts about production costs and market saturations – if international operations provide opportunities that seem to be more profitable for the company, internationalization starts to occur.

3.3 Social media in internationalization process

Important factors in social media marketing were illustrated in chapter 2, and key theories and characteristics for internationalization earlier in this chapter. This section will reveal the combination of social media's attributes in internationalization.

Hamill (2013) states that social media can be helpful in overcoming the 'traditional' barriers to internationalize that were discussed in the beginning of this chapter. Table 4 reveals the authors action plan for international social media operations in correlation to the success factor determined in section 3.2.

Table 4. Digital / Social media supported internationalization by Hamill (2013)

Digital / Social media supported internationalization: 10 Action points by Hamill (2013)	Explanation and usage of each action point via social media	Impacted internationalization success factor
Know Your Market	Market research, assess internal readiness to international activities.	Knowledge, (Costs and Risks; Competitive advantages)
Shut Up and Listen	Develop knowledge, seek for business opportunities	Knowledge
First Impressions Count	Digital and social image created for international atmosphere to catch the audience's interest.	(Networks and) Relations
Tell Your Story	Social media and content marketing strategy to deliver for clients.	(Networks and) Relations
Build Relationships	Expand the networks and tighten the existing connections.	Networks and Relations
Participate in International Networks	Increase visibility.	Networks and Relations
e-Marketplaces	New sales channels.	(Networks and Relations)
International Trade Missions	Online tools do not replace offline presence. Social media can be used for building the relations in advance.	Networks and Relations
Internal Social Business	Internal efficiency and innovativeness can reduce costs.	Costs and Risks (Competitive advantage)
Measure Performance	Individuals' channels, overall buzz and business impact should be measured to keep on track with the operations and maximize the benefits.	(Competitive advantage)

Therefore, it can be stated that all four key attributes of internationalization are able to be benefitted from in social media channels. Knowledge and networks seem to benefit mostly, although the benefit for these success factors is easy to determine whereas the

benefit and correlation for competitive advantage is harder, and may form over time. Restrepo (2013) researched social media's influence on knowledge and networks in internationalization. According to the author, knowledge may be used in either information dissemination or acquisition in social media while the benefits of social media for networks may be divided in sections of visibility, efficiency and intimacy. Restrepo (2013) connects with Hamill (2013) in terms of social media usage to increase credibility, reach bigger audiences, increase engagement and support marketing activities. Acquired information may be utilized to identify new market opportunities, consumer needs and trends as well as analyze competitors. Networking is divided in sections of visibility, efficiency and intimacy. Visibility supporting goals such as brand awareness (Singh, Lehnert and Bostick, 2012; Holloman, 2014, 25-30), efficiency helps in cost cutting (Mroczek, 2014) and intimacy states marketing strategic support and close communication with different audiences. Restrepo (2013) states that just being present in social media is not enough and may even become harmful, therefore active participation is important. Dervojeda et al. (2014) also highlight information dissemination as one of the social media's benefits in internationalization. Other benefits included customer segmentation and targeting, market research functions, sales channel, especially for younger generations.

Whereas this research deals with the Chinese business culture, a few key features related to social media in internationalization in Chinese business context are hereby revealed, the following chapter takes even more detailed look into Chinese business's and culture's specialties. Burson and Marsteller, a public relations and communications company has provided a seven-step guide for entering Weibo, revealed and analyzed by Nooruddin and Zhang (2012). This guide provides a great toolkit for social media entry in China, having seven major steps a company should take. These are the following:

- 1) Choose your direction
- 2) Explore your potential
- 3) Define goals
- 4) Design your presence
- 5) Manage your streams
- 6) Plan your action
- 7) Optimize

It is notable that the list by Nooruddin and Zhang (2012) is comparable to other markets or platforms. In the context of China and the country's digitally-savvy consumers, Meyer,

Michael and Nettesheim (2009) provided a roadmap to the future's social media usage. They advised companies to be visible online, benefit from new influencers, advertise brand and build trust online and crowd-source some marketing activities to the creative user base if possible. Jelen and Alon (2004) researched, from educational perspective, the possibilities for educational activities overseas without actual presence in China. Social media tools nowadays can utilize the same learning provided by the study. The most important factors in successful overseas operations are receptiveness of the locals, infrastructural considerations, market penetration strategies and necessary adaptations of crucial parts of the delivered service. These characteristics can be seen as a background for suitable overseas market entry despite the differences in changes in the market nature occurred during the last decade and completely different business context. What it comes to the market entry, web design relates into the digital marketing strategy. According to Echo (2012), Chinese styled website is not a must for new entrants. This info links partly into the social media strategy, whereas social media cites also allow more or less designed options, within the frame of platform provider.

Xia and Pedraza-Jiménez (2015) stated understaffing for social media team and lack of professional consulting as a challenges in international social media environment in the case of China. They also reported unfamiliar social media platforms, lack of understanding of the Chinese digital consumers, difficulties to identify the right platforms and challenges in measuring the return on investment as challenges for western enterprises in the research published in 2015.

As a solution for those problems, Xia and Pedraza-Jiménez (2015) suggest five steps to take in order to succeed:

- 1) Do market research and digital consumer research
- 2) Listen to WOM (word-of-mouth)
- 3) Identify the KOLs (key opinion leaders)
- 4) Mind the young generation
- 5) Attend social media marketing training courses

Maltby (2013) states that being a good community member and demonstrating expertise are tools how credibility may be enhanced via social media in internationalization, which supports the trust-building process suggested by Meyer, Michael and Nettesheim (2009). When linking the suggestions of the listings above with the information provided in table 4,

it is possible to conclude knowledge and 'networks and relations' being the key main functionalities in which social media usage could help the internationalization process, supported by the research of Restrepo (2013). Listening and participating is also highlighted by Berthon et al. (2012). They state that marketers should listen and learn instead of preaching. Learning is divided between learning from the customers but also to learn how to engage with the foreign audience. Personal attitude and language should be culturally adopted to the foreign market's situation.

4. PEST ANALYSIS OF CHINA

China is a huge market that attracts a large variety of businesses nowadays. Due to its unique culture, foreign companies may have some issues that need to be taken into account due to the special market conditions in China. This section will have a brief look at the issues foreign companies should keep in mind when entering the market. There are clearly great opportunities in China but the challenges may appear as well.

The reason for the China-specific chapter arises from the importance of the market entry barriers. According to Yaprak (2012), those may decrease the likelihood, scope and speed of the market entry. Cultural and business understanding may help in overcoming these market entry barriers. Therefore, a format of PEST analysis became chosen as the country analysis format. PEST analysis is created by Aguilar in 1967 and it takes into account political, economic, social and technological factors that commonly have an impact on the business (Arline, 2014). The author also illustrates a widely known variation – PESTLE analysis that adds legal and environmental factors for the PEST analysis. However, for the purposes of this research, legal aspects are illustrated with the political issues and environmental aspects are discussed within the economic factors.

Whereas social media usage of a western company entering China is in focus of this research, it requires more detailed orientation. Therefore, technological section of this research includes more detailed social media related information. The other sections will talk about the social media in the case of accurate implications arising from political, economic or social environment. The PEST analysis is conducted to highlight the factors important for a western company operating or entering the Chinese market.

4.1 Political situation

In 2015 China is ranked as the 139th in terms of economic freedom (The Heritage Foundation, 2015). The economic freedom score is mainly impacted by political and legislative factors. A few main indicators cause China to rank that poorly in comparison to the other countries, even though China has made slow but continuous development since 1995. These include poor property rights, corruption, regulatory inefficiency and hurdles for foreign investments and businesses compared to the state-owned ones.

As appendix 1 illustrates, China is led by a single-party communist dictatorship. The willingness to support state-owned companies arises from that fact. Tse (2010) also lists that as a hurdle for new foreign market entrants even though the author confirms that China has made the economy more available and less regulated for foreign direct investments. The communist party will determine the pace of control eliminations, which forces the foreign companies understanding the local procedures and to modify the business according to the political and legal requirements.

For social media the political environment causes a sort of a burden. Whereas the state-owned business are supported, western social media providers may not operate in China due to media controls (Tse, 2010). The author reports that Google felt being forced to conduct “self-censorship” in their Chinese operations in the first decade of 2000s, lead to their decision to exit the market. Political decisions may cause limitations for the market entry and business operations form. Joint venture, representative office or wholly owned enterprise may be forced to set up, and industry-specific limitations may occur in case of the limitation being beneficial for Chinese government. For instance foreign carmakers have been limited to joint venture with maximum 50% of the stake (Tse, 2010).

Chinese government has lately supported the development of e-commerce (Makos, 2015). However, regulations to support privacy, intellectual property rights or taxes are weak or non-existing. That poses challenges and risks for the entering businesses. Especially e-commerce related legal aspects are still poorly developed for instance in terms of recognition of digital signatures, consumer rights and validation of electronic contracts.

4.2 Economic situation

In late 2014, China became the largest economy on earth in terms of GDP (Stiglitz, 2015). The estimates reveal that China will remain as the number one economy in terms of size for a long time in the future. As appendix 1 illustrates, the key figures in China include the largest worldwide GDP and the total population of 1.4 billion people. The size of the market is therefore huge, lately having growth rates above 7% year to year. As a large market the number of private companies is also huge, and increasing rapidly. Tse (2010) reported that from 140 000 private companies in 1992, the amount had risen to 6.6 million by the end of 2008. According to the MarketWatch (2013), the amount of private companies rose above 40 million in January 2013. In 2013, half of the businesses is

reported to be at the east coast, 30% are based in central areas and 20% in the western China. Heavy investments and cheap labor costs have been enabling factors for the growth. However, the extensive usage of raw materials has led to waste and environmental damages (Tse, 2010). These are aimed to be reduced in the future, which is assumed making Chinese economy even more competitive in the future. Even though the political situation may be challenging for entering western companies, for the Chinese economy the policies have been beneficial in recent decades (Datamonitor, 2009).

Urbanization is one of the factors shaping the Chinese economic situation due to differences in rural and urban consumption habits. Currently there is more brands in China than any other country and migration of 200 million people boosts the consumption. Amount of possible brands has had an impact that Chinese consumers have relatively low levels of brand loyalty (Tse, 2010). Due to GDP growth, middle class has increased and they have become more demanding as consumers. Whereas China is a country having large land area, infrastructure needs to be in good condition. This has occurred during the recent years and the central and western China can be more easily reached than earlier. This may boost the market even more (Tse 2010).

4.3 Social situation

In social terms, inequality and poor labor laws may place the citizens in unequal positions. Inequality occurs between rural and urban citizens and from region to another, urban migration may be seen as a challenge for the government and county decision makers to successfully deal with. One-child policy and increase in life expectancy and decrease in infant mortality as well as decline in poverty can be seen as improvements in the Chinese society (Datamonitor 2009). China has placed lots of stakes on universities and education and reached over 90% of literacy rate (Makos, 2015) but graduate unemployment has become a threat. One-child policy has also caused gender imbalance. Inequality also exists between rural and urban areas in terms of availability of services, like healthcare. Overall, the citizens are stated to be satisfied as long as the economic growth continues and they are able to personally benefit from it. (Datamonitor, 2009). This also helps to guarantee the political stability (Tse 2010).

Makos (2015) confirms that Chinese consumers tend to shop online and spend a vast amount of their spare time among online shopping. However, part of the consumers feel there is risks involved in online shopping and prefer traditional consumption patterns.

Social media benefits from the online usage. Social media may also benefit from the cultural values of Chinese economy. Chinese culture is based on the Confucianism that emphasizes relationalism and harmony (Nie and Lämsä, 2013). Another factor in the Chinese that cannot be left without considerations is the impact of social networks, Guanxi. Belonging into a group is an important factor in Confucianism culture that may be conducted in social media as well. Nie and Lämsä (2013) define guanxi as “a highly particularistic relationship between two parties, which can vary in magnitude and direction.” These authors illustrate a popular saying as well. It states that “whom you know is more important than what you know.” Dimensions of trust, obligation and respect are seen important in the creation of interpersonal communication and relationship-building. The impact of guanxi should be taken into account while building relationships in China, but on the negative side, guanxi may be seen as a reason and threat for corruption. As highlighted by Kim and Lee (2011), concept of market segmentation is vital for social media’s success. Especially in the Chinese social media it becomes important due to high amount of platforms and the difference in user base of each platform.

4.4 Technological situation

Technological situation and development in PEST analysis can refer for instance to the new products or production technology developments, new distribution or purchasing mechanisms or new working methods like mobile telecommunications (Makos 2015). Internet usage in China has had improving tendency and social media has become really common tool in daily life of Chinese people. These issues will be illustrated in the later sections of this chapter. As mentioned, e-commerce has been in the focus of Chinese government and therefore the country has taken great leaps in technological development. This section will provide closer looks into Chinese internet usage as being base for social media’s popularity. Additionally, the specific details about Chinese social media types and users are illustrated due to the existing differences compared to the western cultures.

4.4.1 Internet usage in China

Social media usage requires obviously functional nationwide Internet network. China Internet Network Information Center reports China having 649 million Internet users with penetration rate of 47.9% by the end of 2014 (CNNIC, 2015). Amount of mobile Internet users counts 557 million citizens, 81% of them using mobile phones to go online.

According to CNNIC (2014), 28.2% of Chinese Internet users were living in rural areas. Proportion of rural Internet usage is estimated to drop in the future, relatively, due to on-going urbanization process in China. About the age groups using Internet; 20-29 years old users consist the largest portion (30.7%) while younger group (10-19 years old) is catching them up by 24.5% usage ratio. Population above 50 years old counts 7.3% of the Internet users with 0.3 percentage point increase from year 2013.

Significant figures from CNNIC 2015 report include the portion of 91.2% mobile users who use instant messaging applications. 60% of Internet users have positive attitude towards sharing information online. For businesses 63.5% increase in e-commerce and 73.2% increase in online payments are significant developments from 2013 to 2014. At 2014 mobile phone utilization ratio (83.4%) has exceeded PC ratio (80.9%) for the first time. This supports the increase of social media penetration. Time spent online reaches 25.9 hour per week on average in China, from which significant amount is spent on social media sites. Like the Internet penetration rate, time spent online has had increasing rate during the whole decade (CNNIC, 2014). In general, level of education and living in cities instead of rural areas boosts Internet and social media usage. While having a look at the future growth prospects, smart phone market is reported become almost saturated while considering customer's change from cell phone into smart phones. Year-on-year smart phone sales dropped by 24.7% during the first quarter of 2014. Mobile phones are the most common devices to use Internet (83.4%) followed by PCs (69.6%) and notebooks (43.7%).

4.4.2 Social media in China

"In China today, ignoring social media is a business risk", states Crampton, 2011. According to the author's article, social media has become the shared commons where Chinese citizens share and offer opinions, ask advices and provide reviews and recommendations, and discuss brands. Due to cultural impact, the social media users are different in China. So are the platforms due to the political restriction of western social media platforms but also due to the platform creation to match Chinese users' desires (Xia and Pedraza-Jiménez, 2015). Table 5 below illustrates the Chinese counterparts for the western social media platforms.

Table 5. Popular Chinese social media platforms with their occidental counterparts by Xia and Pedraza-Jiménez (2015)

Social media types	Chinese social media platforms	Occidental counterparts
Microblogging	<i>Sina Weibo; Tencent Weibo</i>	<i>Twitter</i>
Social network sites	<i>Qzone; Renren; Kaixin; WeChat friends</i>	<i>Facebook</i>
Video sharing sites	<i>Youku; Tudou</i>	<i>YouTube</i>
Photo sharing sites	<i>Bababian; Babidou</i>	<i>Flickr</i>
Instant messaging	<i>QQ</i>	<i>MSN</i>
Q&A	<i>Tianya Wenda; Baidu Zhidao</i>	<i>Answers</i>
Wikis	<i>Hudong Baike; Baidu Baike</i>	<i>Wikipedia</i>
LBS	<i>Jiebang</i>	<i>Foursquare</i>

Zhou and Wang (2014) researched city marketing in China was researched and revealed that social media provided a convenient, participative and open dialogue platform for the marketing purposes. General public were able to express their ideas more openly within relatively strict political environment. This reflects the eagerness of local citizens in China to interact within the social media. That makes the market attractive for businesses. Moreover, the article aroused comparative point that traditional marketing cannot be forgotten in China due to income disparity. That information is good to keep in mind when modifying social media strategies and target segments for the product offerings. While table 2 stated that the users of social media are different, Xia and 'Pedraza-Jiménez (2015) confirm that differences exist from social media platform to another in terms of their users. For instance Renren serves mostly college students, QQ a lot of lower income digital consumers and Sina Weibo attracts more educated citizens.

Besides eager attitude to interact, fan-centric social media is presented by Shih, Lin and Luarn (2014). They provide a framework that aims at uniting customers as a family with the company. Chinese social media customers are really fan-centric. According to them, businesses should always fill their promises in order to maintain the satisfaction of the fan base. This also correlates with Berthon et al.'s (2012) findings, whereas high quality was

more eagerly referred in social media. From a company perspective Shih, Lin and Luarn (2014) provide important notification that high quality services also tend to have high operational costs. Therefore the actual profitability of social media should be closely determined in the social media strategy before starting these operations. Erdogmus and Cicek (2012) build on the importance of the social media. Their research reveals that active presence in social media is a great factor when building brand loyalty.

Fan-centric way of seeing social media is also supported by Habibi, Laroche and Richard (2014). They researched brand communities in social media and came up with conclusion of the popularity of those communities. Also, from company perspective, these communities were favorable tools for enhancing the brand value. Not only the brand communities where to discuss and change opinions but group buying has become one new feature of the social media nowadays in China (Xia and Pedraza-Jiménez, 2015). Social media accounts have become a popular way to log in to these sites. These authors additionally highlighted the fact that integration of social media and e-commerce is becoming a great factor in success of companies, online operations due to its increasing popularity.

4.4.3 Users of social media in China

Whereas social media relies on user activity, understanding of the user behavior is important factor while analyzing social media from business perspective. Chinese social media is a unique but favorable world due to many factors. Singh, Lehnert and Bostick (2012) confirm China being globally a leading region in terms of consumer publishing and sharing info online, also global leader in micro-blogging in Sina Weibo. Factors affecting this trend include huge customer base and lately high Internet growth rates but also due to cultural and social characteristics. Willingness to share leads also to openness towards brand involvement. Country-wide Chinese consumers are eager to participate in social media discussions but Xia and Pedraza-Jiménez (2015) illustrate the different user profiles, presented in table 6. Additionally, the authors report that mobile usage is having increasing importance and a greater tendency, and that majority of Chinese citizens are using social networks on their mobile devices, which confirms the data by CNNIC, 2014.

Table 6. Functions of Chinese digital consumers on social media platforms by Xia and Pedraza-Jiménez (2015)

Profiles	Functions
Celebrities	Huge influence on topics they share; Key opinion leaders
Web stars	Huge influence on topics they share
Pundits/experts	Great influence on purchase decision for their followers; Contributors of electronic word-of-mouth; Key opinion leaders
Content curators	Reliable sources
Retweeters	Very active; Maintain large following
Visitors	Not very active; Have their own ideas on products
Bystanders	No

These user categorizations are similar with the use types illustrated in chapter 2. However, the authors illustrate the functions for businesses how to potentially benefit from the different categories of social media users. Webstars and experts were mentioned to have lots of followers and possibility to great contribution for the business due to their expertise on a certain topic and roots as a “normal person”. Celebrities tended to have low contribution level. Content curators and retweeters were analyzed having also high contribution level for a smaller audience. According to Singh, Lehnert and Bostick (2012), in China most popular behavioral groups include spectators, collectors and critics, as showed in table 2. Reasons why to use social media include connectivity with friends and family, reading content, engaging in connections with like-minded people, making friends, creating content, reading reviews and finding jobs. Maintaining relationships with friends was seen the most common reason for social media usage in China. However, for new entrants China may be a tough market, whereas “there is an oversupply of everything” (Makkonen & Yao, 2014). Despite the “critics” are only a one social media user group, they are extremely powerful especially in China. Fan et al. (2014) proved that anger and negative feelings are both communicated more actively and will spread to wider audiences more rapidly in social media than positive issues. The authors stated that “Weibo is a convenient and ubiquitously channel for Chinese to share their concern about the continuous social problems and diplomatic issues.” Additionally, business-related

anger may spread from user to another as fast as political anger, which increases risks for negative publicity for businesses in case of negative things occurring.

5. RESEARCH METHODOLOGY

Saunders, Lewis and Thornhill (2009, 5) define research as a systematic process aiming at finding results and increasing researcher(s)' knowledge on the topic. Some authors define methodology as the theory of how research should be undertaken. This research paper has the main objective of identifying the role of social media in internationalization process in the context of Chinese market. Additionally, the benefits and challenges that a western company can face by applying Chinese social media will be illustrated. Objective is to be reached by conducting literature review from secondary sources in order to find common, existing practices how social media should be utilized both in business and in internationalization. Internationalization is illustrated in terms of academic literature and as the combination of social media and internationalization. Governmental publications and articles from experiences business persons are also benefitted from in applicable situations. Social media literature will be combined into internationalization literature within the context of entering Chinese market. The aim of the literature review is to provide theoretical framework in a clear, easy-to-read format that combines social media with internationalization in the context of Chinese market. Primary data collection was conducted as semi-structured interviews so that the best practices from the real-life business world could be illustrated and how well those will support the theoretical optimum. Interviews were chosen to find out the decision-making process and in-depth reasoning for the actions that companies take in Chinese social media. Comparisons were after the interviews withdrawn from the primary data into literature review in order to find out commonalities, differences and sum up the best practices in the end of the research, discussed in the analysis chapter. In this chapter the research approach, design and methods will be illustrated in order to thoroughly answer the research questions.

5.1 Research approach

Saunders, Lewis and Thornhill (2009, 107) state research philosophy being over-arching term relating to the development of knowledge and the nature of that knowledge. Semi-structured in-depth interviews will provide the greatest amount of knowledge from the business experts in context of this research. By utilizing this philosophy, it is possible to gain insights to fulfill the research objectives from the practical, managerial side, but from the theoretical side as well.

The most suitable research approach is the inductive research approach. For research aiming at finding best practices of social media utilization in China, collecting literature review and primary data from the companies and afterwards combining this knowledge to develop theory, is the most convenient and sensible approach. Whereas deductive method would benefit from prior-research hypothesis, it turns out to be unsuitable due to the perspective of this study. If the research scope would be to analyze companies' current performance for the sake of history, deductive approach could do it. However, as using future-looking approach, inductive approach becomes more accurate. While Saunders, Lewis and Thornhill (2009, 127) compare deductive and inductive research approach they state inductive approach having "less concern with need to generalize". Forming the post-research theoretical framework requires a generalization from the sample and can be done to reveal the overall behavior of the businesses.

5.2 Research design

Research design resembles the general plan how to conduct the research (Saunders, Lewis and Thornhill, 2009, 124-126.) This research is exploratory in nature, whereas it is revealing the process of social media utilization in the internationalization process. The research problem, what kind of impact does the Chinese social media utilization pose for the internationalization process is also exploratory. Research will be qualitative case study explained in detail in the next section. Overall, the research will obtain qualitative research method and semi-structured interviews, in order to answer the research questions and reach the research objective.

In the research, the secondary data was combined from various types of literature. Three different sections were formed to differentiate the issues from each other. However, linkages were formed to between sections to compile the gathered knowledge into purposes of this research. Based on the literature review, interview outline was formed and interviews conducted based on the similar outline. Depending on the interviewee, questions were modified to focus on the major issues with each respondent. Overall, interview flow was consistent with each respondent besides one case who preferred providing answers in written form. Empirical data from the interviews was afterwards analyzed based on the main topics and in correlation to the literature to finally provide answers for the research questions.

5.3 Case study research

Case study is defined as “a strategy for doing research, which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence” (Robson, 2002). Whereas social media is changing rapidly, time-framed real life context is important for my research. This research has longitudinal characteristics, focusing on past few years, depending on the companies’ operations in Chinese social media, and due to uncertain future results may not be assumed been decade-lasting. Saunders, Lewis and Thornhill (2009, 155-156) state the main strength of longitudinal research being the capacity to analyze change and development. Despite the rapidly changing market environment, it should be possible to find patterns from company behavioral in terms of social media marketing that are not violated while the time goes on. Using multiple cases as a sample is vital for my research in order to research and find answers to the research questions.

5.4 Case selection

For the research six different cases became chosen for the sample. There are two main principals in the case selection to make this research conductible. First, the company is required to have an active presence in one or more social media platform in China. Secondly, the person interviewed had to be responsible of social media related actions in the company. Geographical boundaries limit the case company being a western company from origins; size or business field is not limited at this stage. Consistency among the researched companies would increase the comparability of the analysis from company to another. Based on online search made by the author, fourteen potential participants were defined and contacted via email. The companies that did not participate did so due to timely limitations and/or company protocols not to take part in research projects.

The case companies were divided in two different groups. Four of the cases illustrate the traditional sample, two of the case became chosen as the “best-practice” benchmark cases. Two of the cases were chosen as benchmarks due to the interviewees’ great level of expertise and unsuitability to compare with the other cases. This kind of case selection helps in comparing the company performance to the literature review and also to compare the business experts’ opinions to the academic theories. Table 7 in section 6.1 will reveal the cases in detail.

5.5 Data collection

Primary data collection was conducted via Skype-interviews, which were recorded and analyzed afterwards. The interviews were transcribed immediately after the interview in order to get the data in written form that enables thorough analysis. Type of interviews used was semi-structured interview. Whereas semi-structured interviews allow researchers to modify the list of questions based on each specific interview, it enables changes from company to another that may be beneficial to answer properly the research questions (Saunders, Lewis and Thornhill). Same authors additionally support semi-structured interviews in order to elaborate respondents' responses when required. This approach is seen being beneficial and useful while answering the research questions. One of the interviews was conducted only via emails due to a request by the interviewee.

5.6 Data analysis

Qualitative data analysis requires written format of the interviews in order to transform it into analyzable format. This process will be conducted as soon as possible after each specific interview takes place. All of the interviews were written down from the record right after the interview took place. The analysis focused on the issues what and how the questions were responded. All work related to formatting the interviews was self-made due to financial restrictions. Data analysis in my research will take forms of reduction, displays and conclusion drawing (Saunders, Lewis and Thornhill, 2009). Reductions are conducted in the analysis in order to focus on the most relevant findings and to limit the analysis on these topics. In the analysis section, the important findings were withdrawn and considered separately. Empirical findings illustrate the outcome from the primary data collection and shows both the sample cases behavior as well as benchmark cases behavior. Best practices from the benchmark cases and from the literature are afterwards illustrated in the analysis section to withdraw reliable conclusions for the research. Benchmark cases are named by numbers (1-2) and the sample cases by letters (A-D) in order to clearly differentiate the findings from the different case groups.

6. EMPIRICAL FINDINGS

This section illustrates the findings of the empirical data collection. The sample consists of different players at the Chinese social media market which are presented anonymously. After presenting the cases, this chapter illustrates the empirical findings based on the different topics both relevant to answer the research questions, and correspondent to the literature. Findings will reveal issues related to the respondents opinions of the Chinese social media, companies strategy and opinions behind the social media usage, and operational practices. This chapter only deals with the empirical findings; the following analysis – chapter will have a look at the comparisons between the literature review. Both sample and benchmark cases opinions are discussed in this chapter. To illustrate only the relevant empirical findings, not all of the cases may not be referred in every section if there is a lack relevant contribution for the specific sub-topic.

6.1 Case descriptions

The table 7 summarizes the cases used for this research, and the data collection method. Hereafter the case companies and organizations are elaborated in context of Chinese business and Chinese social media. The internationalization process is also revealed. Additionally, the experience and expertise of the respondent is revealed. Three of the case companies interview use social media independently for the purposes of their own operations, one is working globally as a non-profit marketing organization for a regional wine industry through social media agency in China. From the benchmark cases, another one is a provider of social media services for both western and Chinese clients and is considered as an expertise interview and a benchmark case. Another benchmark case – governmental office, operates its social media sites independently with high success.

Case A.

The company is a Finland-based energy and environmental technology company. They have production both in Finland and China. Case A company had the first exporting activities in China in mid-1990s and own factory was set up in 2003.

Interviewee: General Manager of the Chinese business unit, more than two years of business experience in China. Holds personal Chinese social media accounts, company's social media is taken care by the marketing director. The company holds social media accounts in Sina Weibo and WeChat.

Case B.

A French wine communication and marketing organization promotes the French wines on global basis at three different types of markets: mature, high potential and emerging markets. In their categorization China belongs to the emerging markets and currently 0.4% of the export sales of the Case B's products come from Chinese market. They utilize an external, international social media agency for their Chinese social media operations.

Interviewee: Export Assistant, responsible for Export Communications in Canada and Asia. The agency taking care of the Case B's social media runs accounts in Sina Weibo and WeChat.

Case C.

Case C is a Finnish producer and seller of products for ecological farming and green area management as well as environmental products. They have a subsidiary in China, set up in 2008. The Chinese business has had two important areas: Importing products for professional Chinese clients and manufacturing of products for exporting from China to Europe. They sell straight for end customers but mainly operate on business-to-business basis. In China, the importance of sourcing activities has lately decreased and the grab a foothold at the Chinese market has taken a bigger role.

Interviewee: More than twenty years of working history in the company in different positions. From 2010 to 2014 the interviewee lead the Case C's subsidiary in China, currently works as a managing director of a parent company's branch in Finland. During the interviewee's time in China the company made strategic decisions to put more effort on Chinese market in terms of capturing more market size and to create brand awareness at the market. Interviewee holds personal social media accounts, company's social media is taken care by the marketing staff. The company holds social media accounts in QQ and WeChat.

Case D.

Case D represents a Pan-European company focusing on domain business in China. They hold a global business license for their operations but are currently waiting for an accreditation from Chinese governmental organization to fully start Chinese operations. They got the global license in early 2014, opened a representative office in fall 2014.

Interviewee: CEO and partner. Interviewee holds a personal social media account in China, company's social media will be taken care by the marketing staff. The company holds social media accounts in Sina Weibo and WeChat but the usage has been very narrow due to the accreditation process.

Benchmark cases:

Case 1.

Case 1 was originally an American-Chinese joint venture formed in 2008. The American parent company was founded in the United States of America in mid-1990s. Currently the Case 1 company is independently owned and managed Chinese company. The reason why they were picked up for interviewee for this research was the western roots but also the business field: they serve roughly 200 clients and take care of their social media operations as well. In the beginning they were purely focused on search engine optimization but during the years the demand for other digital services, including social media, has increased.

Interviewee: International Business Development Director. Personal experience to work with many western clients in the case company, as well as in other social media agencies for many years.

Case 2.

Another benchmark case holds as well a great Chinese social media experience. European country's presence in Chinese social media has been pretty strong due to their marketing efforts. Due to long presence in China, western origins and successful social media presence, the embassy was chosen as one of the interviews to find out the best practices how to create success stories in Chinese social media.

Interviewee: Counselor, responsible of press and culture. In charge of the embassy's communication in all of the channels. In cooperation with assistant, they take care of the social media accounts that are set up to promote and make the country visible. Experienced in communications in China since 2001 in different duties.

Table 7. Summary of the Cases in the context of Chinese business and social media.

	Importance of the Chinese business	Business field	History in China	Suitable internationalization theory / theories	Social media platforms used in China	Followers / Fans in social media	Date and form of the interview
Case A - FIN	33% of the turnover	Industrial machinery	Exporting since 1994; own production since 2003	Monopolistic advantage ; product cycle; and stage-theories	Weibo and WeChat since 2013	WeChat 280; Weibo 90	Skype interview, May 29 th . Filled by questions via email June 1 st .
Case B - FRA	0,4% of sales	Wine communication and marketing	Agency cooperation in marketing, exporting the products	Network theory	Weibo since 2013, WeChat since 2014	Weibo 12300, WeChat 500	Response s to the interview questions in written form. Received June 11 th .
Case C - FIN	Less than 10% of the turnover	Gardening	Sourcing activities since 2001, joint venture formed in 2008	Monopolistic advantage theory; Stage theory – Uppsala model	WeChat, QQ	Coming	Skype interview June 18 th .
Case D – Pan-European	75% of sales, increasing	Domain Registrars	Representative office in 2014	Born Global	Weibo, WeChat	Accounts set up but inactive, operations starting late 2015.	Skype interview on July 3 rd .
Case 1 – USA - Benchmark	N.A.	Digital business agency	Joint venture formed in 2008, currently privately earned and managed Chinese company.	N.A.	N.A. (Depends from client to another)	N.A. (Depends from client to another)	Skype interview on June 11 th .
Case 2 - European Benchmark	Governmental representatives	-	N.A.	N.A.	Weibo since 2012, WeChat since 2014	Weibo 53000, WeChat 4000	Skype interview on July 2 nd .

6.2 Characteristics and importance of Chinese social media for business

“Ease way to reach next to smartphones a maximum of targets in country of 1,3Billion people and nearly 1 million km² anytime, almost anywhere.”

– Case B Interviewee.

All of the respondents stated that Chinese social media can be a really useful tool in business nowadays. For Case A’s business social media was not major tool due to the nature of their business – “no B2B deals are made in social media.” However, they also felt their social media presence has provided a small positive vibe for the company and may be more useful tool in the future. Currently they feel that it has caused no benefits for their business but no harms either. Interviewee also felt that for B2C companies, social media is more vital communication channel. Case C interviewee highlighted the groups that formed in Chinese social media and pointed out that the size of the group can become extremely large even though the topic would be niche. Therefore the business presence in these groups becomes important.

Cost advantage of Chinese social media compared to other advertising channels was highlighted as well. Case C company found it impossible in terms of costs and corruption to be able to advertise in, and to cooperate with, the traditional media, like press and other channels. Therefore, social media is a way to publish articles when there is someone to write the posts. Case C states that the target they have for the social media operations would be absolutely impossible to reach without social media usage in their company’s situation. Similarly, Case B reports that limited budget and low-costs of social media make it a favorable tool to use. Case D hopes being able to reach large crowds by a reasonable marketing effort via social media communication.

“The role of Chinese social media is so huge that Finnish companies do not even realize it.” – Case C Interviewee.

“Wildly spread, frequently used (many times per day thanks to smart phones)”

– Case B Interviewee.

Chinese social media users are coming from all age groups. Case A stated that Chinese business men were really active WeChat users and the social media usage was more

widespread among all generations, including the older ones. Case 2 and Case D respondents on the other hand highlighted the fact that if the Chinese youth is among the target audience, social media is a great tool to reach them. Additionally, Cases D and 2 state that people are on mobile and therefore in social media almost all the time. The older generations were active in following and commenting in the social networks of the Case A. The importance arises both from the huge user masses but also from the activity level how users behave in social media. Additionally, social media is much more important for the users than it is in the western world, according to the Case C interviewee. Traditional media is not trusted among general public, therefore the reliable information is searched from social media. The importance of social media is noticed at the Case C company whereas they stated it has to be taken into account in all of the actions and communication, starting from the packaging of the products.

The benchmark cases also highlighted the importance of Chinese social media. Case 2 states that the amount of websites in China is enormous but the social media has even become more important than the traditional websites. The interviewee also reports that the commercialization of social media and its linkage to the online shopping is more advanced in China compared to the western world. Integration of online shopping to other activities is stated to be a megatrend in Chinese market, which is seen as a great application for business usage. Case 2 differentiates the social media benefits for B2C companies arousing from sales due to online shopping linkage. For B2B companies the interviewee highlights the fact that whereas the competition of talented employees is fierce in China, social media presence and therefore brand awareness and credibility among the crowd shouldn't be undervalued in long-term business planning. The interviewee states that even though the social media users may be relatively young, they will be the future social media savvy talents in the future.

6.3 Reasons and motivations to start using Chinese social media

To summarize, western companies tend to use Chinese social media for brand awareness creation and the launch results from the trendy phenomenon of social media and due to the large user base of social media. Case C is using social media for B2C services, Cases B and C aim to educate the population at the Chinese market for the service offering of the companies. They aim at building a trend for their products, during the company's operation at home market, they succeeded in that during the times when social media did

not exist. Table 8 below provides case-specific motives and goals of social media operations.

Table 8. Motivations, goals and outcomes of the social media usage

	Motivation to launch social media accounts	Goal for social media operations / outcome of the social media usage
Case A	Popularity of social media among Chinese people – felt the importance to be present.	Goal: Brand awareness and visibility among the stakeholders. Outcome: Small positive vibe online among key stakeholders.
Case B	Popularity of social media among Chinese people, social media cost effective channel to reach the audience.	Create brand awareness, educate the audience, and create traffic on the website and on social media sites.
Case C	No finances for traditional marketing and the Chinese populations lack of faith in traditional media channels.	To be among the first companies at the new market that is just opening up and hasn't really existed earlier; create brand awareness (brand recall) and educate the market.
Case D	Reach the target audiences cost-effectively, opportunity to influence opinion leaders.	Reach the target audiences cost-effectively, opportunity to influence opinion leaders.
Case 1	Client specific reasons.	Client specific reasons.
Case 2	Booming phenomenon when it became, great channel to reach large masses.	Make the parent country well-known in China, drive traffic to the website.

6.4 Social media strategy

“Local audiences, local platforms, local strategies are the thing.”

– Case 1 Interviewee.

Case B mainly focuses their social media service on importers and distributors to increase sales on the Chinese market. Strategy is mostly push-driven communication but push & pull strategy is partly utilized as well due to usage of various communication methods. They have specified the communication strategy for the Chinese market whereas the global or western strategy does not function at the Chinese market in their business field. Whereas Case B utilizes external agency for social media operations, the agency adopts the tone, message and overall communication to be suitable for the Chinese audience. The company controls the content of the message, to reach the localization as suggested by Case 1 interviewee. Case 1 highlights localization as the key element of social media strategy. The interviewee states that many western companies tend to just copy the strategy used at the western social media platforms in the platforms that are considered being equivalents for the western social media sites. However, the platforms are not the same, which leads into not very engaging social media behavior.

Case C also focuses on educating the market and has built the social media strategy on that purpose. Responsible company image is built by providing content including basic knowledge of the company's area of operations. They also aim at “educating the customers to want things they cannot currently want.”

When it comes to the synchronization of the social media strategy in a bigger picture of the whole marketing mix, Case C uses similar content than in the parent country, translated to Chinese. Case B operates as a global marketing organization and aims at collecting a world-wide data set about best, most effective social media publications. However, at Chinese market the cultural adaptation requires more orientation than at the other markets the company operates. This localization has impacted the strategic decisions as well. Case D aims at marketing the products in various channels with a synchronized marketing message. Chinese government is one of the important partners for the Case D. Therefore, the company has made a strategic decision not to operate yet in social media before all the accreditations are in order. Therefore, great government

relations are important for them. Additionally, Case D aims at utilizing the existing, well-known Chinese brands in their marketing activities due to existing business relations with these brands. Not to build everything purely from scratch in terms of social media is preliminarily seen as an effective marketing tool.

Case D has formed a preliminary marketing strategy that's execution will begin in late 2015. They have decided to use rapid development cycle process, in other words, try different things and based on the actual impact for their own social media accounts, they aim at continuing with the best practices and disregarding the unsuccessful operations as soon as possible. Therefore, trial and error is a key part of their strategy. Case A mentioned not to have any social media strategy. It is used as an information channel and nice add-on to the other communication channels. After noticing the amount of people in social media they decided to launch the account to see what they could benefit from those, so trial and error in a way as well.

In their operations, Case 2 highlights the fact that following the social media trends is an important factor in social media planning, and the achieved success previously is not guarantee of the future. Case 2 is relatively satisfied to the number of followers they have been able to gather in Weibo during the three years of operations. However, they have to be aware of the possible new trends and aim at modifying the strategy fast, if required. As the governmental organization has many targets in their communication, for instance cultural awareness, educational purposes and business-related improvements, they have currently modified the social media accounts for "parent country as a society" promotions and narrowed the scope of communications. Business related goals are aimed to reach in more traditional media. Therefore, the strategy evolves over time, in their case from liberal to more narrowed communication.

The platform selection was pretty consistent in all of the cases. Microblogging site SinaWeibo was used in five cases (Case C did not use it), WeChat platform in all of the cases. Additionally, QQ was used by Case C company in communication, however it was stated to be less important social media channel for them. Case D reported that in the illustration from the media agency other platforms were also revealed but the final selection was made based on the popularity of the main two platforms.

"WeChat is the most convenient in China."

– Case C Interviewee

“Marketing agency recommended to use Weibo and WeChat.”

– Cases B and D.

“A lot of western brands are really risk averse so they just choose WeChat and Weibo because ‘I only have budget for this’”

– Case 1 Interviewee

The platforms used by the case companies support the trend from Case 1. The company’s SEO operations expanded to social media services and Weibo and WeChat have had the greatest demand among western companies. The reason to choose these platforms comes purely from the volume – western companies have the knowledge about the amount of users in the circulation of these platforms and therefore follow the trend lead by the end users.

Case 2 and Case D respondents pointed out the fact that Weibo is having decreasing tendency in terms of popularity and activity of the users. However, the current mass in that social media is still huge and the case companies felt it is important to be present in this channel; additionally they thought that reaching their target audiences can be done both in Weibo and WeChat. Case 2 interviewee pointed out that in their Weibo account the amount of followers has been slowly but steadily increasing despite the overall platform negative growth. Case 2 kept track on their own behavior and as own account was popular, did not see the point to slow down. Also, when spent efforts for gathering over 50 000 followers they felt it would be waste of the network. However, leading the trend was stated to be important and they also aimed at guiding Weibo users to their WeChat accounts influence circle. Therefore, the main factors leading the platform selection process were popularity of the platforms among end users. The companies investigated therefore did not segment the target audience of stakeholders they were willing to reach but they thought these platforms are the best ways to reach their target audiences.

Case D illustrated businesses as their main target group, but also private investors at their business field. Additionally, they stated that every human being is a consumer and online user as well. Therefore, in terms of brand awareness, Case D felt that in these two biggest social media sites it is possible to reach both the businesses and a large number of the end users. In social media platform selection Case 1 expert highlights the fact that the

knowledge of the platform used and to know the own target audience in order to engage with the audience.

6.5 Communication in social media

The reported social media behavior frequencies are stated below:

Case A: roughly one post per month.

Case B: one post per week.

Case C: Weekly basis.

Case D: Aim: one post per day.

Case 1: Client dependent – from several per day to once per week.

Case 2: Weekly communication.

When it comes to the content posted in social media, Case 2 points out the importance of supply and demand in the communication – they keep analyzing what the audience would be willing to read and aim at providing various content to serve the audience. They also reported their worries concerning the supply strategy in communication: many companies may push posts from issues the company is good at without taking into account what are hot topics in certain times or what the audience is attracted and willing to read. Case 2 interviewee stated that in their communication noticing the megatrends, being active in right channels and maintain proper balance between supply and demand factors in the communication. Currently Case 2 interviewee felt they need to profile the social media channel from a liberal account to more narrowed communication. In the beginning the large variety of communicated topics was felt to be wise way of communication in order to attract large audiences, but due to experience they feel that it is wise to narrow the scope to certain issues.

Case A company relies on news related to their business field, product updates and information, award feedback. They receive some response from their audience but reported that “the feedback is not too much.” Most liked publications for them have been news and references including interesting content for the followers.

Case B company builds their message also around their key product – wines. However, they also publish items from the home area, French culture and state that funny posts are the best ones for recruiting new fans for their social media sites. The company keeps

track on the types of posts that are popular and tries to analyze the response from the fans, simultaneously aiming at providing versatile content for their audience.

Speaking about campaigning in social media, those can be effective for rapid follower gains or visibility increases. Casa A has not campaigned in social media, neither has Case B. Case A relies publishes mostly informative posts in social media that may be interesting for the key followers, business-wise. Case B utilizes various types of posts but hasn't campaigned either. Case B utilizes diffusion of the posts and answers in case of receiving feedback from the followers. Case B interviewee reports satisfaction towards the interactivity with the fans. Case D aims at active communication, campaigns are not planned yet.

Cases C and 2 whereas have utilized social media campaigning with various success rates. Case C aimed, and found, China-wide university student groups in cooperation with NGOs. In the campaign different duties were conducted with the case company and the students, including social media activity. However, the activity rate of the students was dissatisfying for the Case C company. Case 2 has successfully benefitted from social media campaign and gained 25 000 of new followers due to a one month campaign. The success was a result from an interesting content that was asked to share with a possibility to win a favorable prize.

Case D aims at active communication with daily posts in social media when they are able to fully launch the social media operations.

Case 1 reported overall social media behavior of western companies and stated that the size of the company or the money spent on the operations are not the most crucial issues; localization is seen the communication key to succeed. Best practices of Chinese brands may be the best practices for western companies as well. In a broader picture western companies are stated using social media in China in a different way compared to the local companies but because "they do not know how to use it right." For instance seasons, topics and types of conversations are not same in China, which should be taken into account in social media communication.

6.6 Measuring the social media behavior

Performance measurements that the interviewee's responded have been mostly quantitative and based on few key figures:

- Amount of followers (Cases B, C, D, 2)
- Growth rate of followers (Cases B, C, 2)
- Number of posts by fans (Case B, Case 2)
- Views per post (Case 2)

The impact of measuring relates to the strategic decisions. In the annual checking Case B felt causing positive impact due to the social media and therefore decided to continue it but without extra budget. Case C utilized 10% of monthly growth rate target as a performance metrics for the personnel responsible of the social media accounts. Similarly in cases B and C, Case C also decides to continue operations in China and in its social media due to the positive tendency of the social media operations. Business transactions have reported to be increasing and even though social media does not straight correlate on that, it has seen to have positive impact. Case A reports not to measure social media usage systematically. Case 2 categorizes their measuring operations into two sections: quantitative social media performance measuring as mentioned above, and "hunch". By "hunch" as a measurement they meant that the amount of followers may not be a credible figure due to the risk of fake users in social media. They state it is important to be able to analyze what kind of posts generate the best performance based on the amount of views, how much the posts are commented and shared. Case 2 reports, based on their experience, that even though the shared numbers might be small, it is possible to use those as an indicative figures while planning the social media behavior in the future. Gut feeling may be beneficial in many scenarios. Case 1 reports other metrics being useful compared to the listing above. The interviewee states traffic at the website or sales originated from the social channels important issues to have a look at whereas these metrics eliminate the impact of the fake followers of social media accounts. However, they also state that the social media should not be seen as a pure sales channel whereas companies may not have expertise to properly do that, yet.

6.7 Social media in internationalization

While analyzing the social media's impact for the internationalization process, the internationalization process of the company and the reasons to enter Chinese market were revealed first. Additionally, the competitive advantages at the Chinese market were revealed. The following table 9 summarizes the results. Benchmark cases 1 and 2 are not illustrated in the following table due to their lack of specific business-driven goals and internationalization path.

Table 9. Social media in western company's internationalization

	Internationalization into China	Current competitive advantages	Western company image in marketing and internationalization	Social media in company's internationalization process
Case A	Since 1990s, exporting, own production for over a decade	Long history, strong presence compared to the competitors, high-end quality but affordable pricing due to own production.	Yes – they promote European design and quality in all of the actions.	No impact.
Case B	Exporting activities	Quality of the product, the positive image of the home-country.	Well-known home-region benefits, marketing message adapted to the Chinese audience.	Nice addition that came in use lately, activities in China started before social media.
Case C	Sourcing activities started in 2001, own subsidiary in 2008.	Purity and security of the products, Scandinavian origins – chance to use e.g. pure nature and quality of raw materials in branding.	Yes – used a lot. Purity and high-quality of the product used a lot.	Social media started after a long history of operations in China. Social media provides a cost-efficient channel to try to capture larger market for the brand's products. Nowadays social media taken into account in all of the actions.
Case D	Representative office opened 2014, sales have been rolling since 2013 for Chinese clients and international	Able to provide a marketing and communication channel in Chinese for Chinese customers. SEO benefits for the clients.	Western background and employees are noticed to be attractive in Chinese business circles but the company aims at building "more Chinese image than Chinese companies themselves."	One important communication and marketing channel for the company.

	clients willing to enter China.		Highlights independent foreign image and the aim to be Chinese.	
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What it comes to the western brand image, Case D interviewee pointed out that in China, the growth is more and more coming from the rural areas instead of Beijing and Shanghai, and the western brand image might be even more influential in these areas. Case 2 stated that whereas differentiation from the huge masses in Chinese digital world is important, western roots of the company may be one of the major differentiating factors. The interviewee mentioned a Swedish housing brand IKEA and a Swedish air purifier producer Blue Air as brands that utilize their national flags in offline marketing, but the similarly the western background was benefitted in online atmosphere. This pattern is stated to be equally beneficial for business-to-business and business-to-consumer companies.

In internationalization, social media may have influence on market risk reductions. Case D assumes cost-wise risk reduction being possible. They also believe that learning from the clients is possible in social media. At their business field while launching new product category, the creativity of the followers in product usage may be beneficial for the company. Case C feels as well that in social media, following other industry players may be beneficial for the company to learn from the market. Cases A and B did not feel learned much due to social media activities. While the respondents in these case companies were not able to fluently communicate in Chinese, they felt it hard to properly network and dig information from the Chinese social media sites. Therefore, native Chinese speakers have been responsible from these actions in the case companies.

Speaking of networking, company accounts as well as personal social media accounts have been important in networking for most of the case companies. Case A and Case D have been able to network within the important stakeholder groups in social media, Case C company states being able to get new connections in terms of linkage between social media sites and their online store presence.

Case 1 interviewee pointed out that the audience in Chinese social media is already huge and whereas social media is a cost-effective channel, companies understand the

opportunities of online world. Many companies have been stated setting up a website and social media accounts without a physical presence at the market. Starting small, creating the awareness via marketing activities and after a positive feedback companies may start to get more in action. This kind of pattern has been used and cost-effective, country-wide penetration has been seen the biggest benefit or this kind of social media usage in internationalization in China. However, Case 1 interviewee also stated that despite the huge importance of social media in China, digital presence will not replace offline presence or relationships formed in other channels. Social media therefore helps in establishing businesses in China but does not replace offline partnerships.

6.8 Biggest gains and challenges of social media usage in China

To summarize, cost-effective brand awareness was the most commonly reported major gain from the social media operations. Despite the relative minor impact and small effort placed on social media, Case A interviewee felt that the company can make the brand, and company name, a bit more visible for the key stakeholders in social media. Similarly, case B felt the wide visibility for consumers being the major gain of Chinese social media usage. To make the brand name and logo visible for a “large, really large population” was the major gain the Case C had achieved from social media usage. They were also relatively satisfied for the chosen direction of the social media communication and felt it being the right one for their company’s situation.

Case D hoped that social media will become an effective communication, influence and sales channel for the company products. Additionally they hoped being able to influence the opinion leaders in social media and therefore indirectly have impact on larger masses behind the company’s own first-tier followers.

“The success does not depend on the one or two more hundred million users but it depends on the companies’ own behavior.” – Case 1 Interviewee

Speaking about challenges, the major one arouses from the lack of resources. As a benchmark, Case 1 provided an overview opinion that often the budget is not enough and it is focused on one-way communication. This statement was supported in all of the case companies, also including another benchmark Case 2.

“I am quite disappointed in the performance of quite a few foreign brands”

– Case 1 Interviewee.

“I think I have a pretty thorough overall picture how Finnish companies make use of social media and ... I think it is quite in its infancy”

– Case 2 Interviewee.

Reason for the dissatisfaction may be explained by the interviewee's explanation how social media may be commonly taken care of in the companies: Not enough resources will be allocated for social media communication. Therefore it end up with junior staff just posting x times per day. Therefore the results are dissatisfying and social media continues not to get enough investment. Table 10 below illustrates the social media resources used in the case companies and in the second benchmark case.

“If it was my money, I'd be spending what it takes to be successful and integrating with the other things so there's a wider plan, and I'd have measured expectations about the time to succeed and what success looks like.”

– Case 1 Interviewee.

Table 10. Social media resources in the case companies

	Used resources:	Satisfaction for social media operations:	Plan to grow resources:
Case A	No special resources. Marketing director takes care of social media accounts on the side of the main duties.	Satisfied, social media currently not playing a major role.	"Maybe at some point it could be upgraded." Company is planning for application to support website, might use external advising services simultaneously for social media.
Case B	1 Community manager from the external agency. 4000€ / year. Annual meeting with the agency about the ongoing operations once a year.	Satisfied for Weibo, dissatisfied for WeChat. Satisfaction based on the increasing number of followers compared to the French competitors.	"Unfortunately not." China is not a core market for the company.
Case C	1 employee to run social media. Lack of resources in post formation: translations from Finnish to English and to Chinese.	The direction of social media operations is right but the speed is inadequate. Also, the volume of the social media activity should be larger.	Yes – hired more personnel lately. Freelancers aimed to acquire as well to provide materiel for company's social media channels.
Case D	1 own employee, going to spend estimated 50% of time on social media; external media agency going to operate social media as well.	N.A.	If required and sales growth makes it possible, yes.
Case 1	Client specific resources depending on the clients investment.	N.A.	N.A.
Case 2	2 members responsible for communication, social media one of the many communication channels used.	Satisfied for the results / resources ratio.	Benchmarked governmental operations operate on larger resources so they hope to increase but unsecured. Cooperative actions with other parties planned to increase social media activity.

"Resources are never enough for social media."

– Case 2 Interviewee

Besides the challenge caused by resources, Case 1 interviewee additionally reported obstacles from the operational side of social media. These were the difficulty to grow followers with underfunded project and the large amount of fake followers that have become a phenomenon especially in Weibo. Case 2 also mentioned fake followers as a

problem, whereas it causes incredibility for the measured actions. Fake followers make the engagement building more difficult according to the Case 1 interviewee. Benchmark cases also mentioned lack of control as a fear for social media usage. Case 2 also felt it a problem that more and more channels and platforms are popping up all the time that could be beneficial to be present at. Whereas inactive platforms are reported to be unsuitable, lack of time and human resources has forced the organization to narrow the scope of social media operations.

Challenges were more various depending on a company. Case C's problems in differentiation was felt to be a challenge. After they had launched an online business in the Chinese web store Taobao, they had 3600 more or less direct competitors. They found it challenging to differentiate more clearly, be heavily present on customer service in social media channels, and to provide continuously more material on the social media sites. Therefore, it became a question of resources. Case D had a same threat in mind whereas they aimed at operating in social media at daily frequency, therefore maintaining the interest for the stakeholders and followers "every day and in every post" has been seen as a prior challenge. However, they had a preliminary plan to increase resources if required.

As the challenge or worry of the interesting content to publish in social media was arisen by the case companies, it was also mentioned by Case 1 benchmark interviewee:

"I bet companies may complain about lack of results but probably do not know why, and probably they expect in the future it will get better. But my opinion is it won't get better unless they change the approach to be more exciting and relatable."

– Case 1 Interviewee.

Case B interviewee felt that in social media they have lost a very formal tone in marketing communication that is not suitable for social media. That contradicted with their target type of communication. Case A interviewee commented that "I don't think we can cause harm by our social media usage." When their targets for the social media operations were minimal, the challenges were felt minimal as well. Related to the causing harm issue, Case C pointed out that negative issues related to the company may spread out really fast in social media and may cause lots of negative publicity. No matter if the information is based on truth or not, and Chinese social media users may be eager to take part in that

kind of activities as well. Therefore, Case C felt that they need to be extremely cautious what to post online in order to prevent possible damages.

Case A interviewee had hopes for social media and its larger importance in the future. When comparing to the Case 1 quotation above, they seemed rely on the future without increasing social media efforts much. Case C and Case D companies seem to have proactive strategy for future development whereas Case B had decreasing level of investment on social media operations over time.

Case 2 Interviewee reports the fast phase of social media development as a challenge. When the resources are limited it has forced the organization to decide where to focus in social media, whereas the amount of platforms and channels is large. Being able to follow the market trends and end-user behavior is seen important but sometimes challenging to conduct in practice. Long decision making process and lack of resources in case 2 organization have posed challenges for the rapid development phase as well. Before social media boomed in 2011, the organization worked on a website focused on marketing purposes. During the time used for the digital presence development, website in that case, the world had changed and moved to the “social media world” according to the Case 2 interviewee.

7. ANALYSIS

In the analysis chapter the gathered secondary data, illustrated in chapters 2-4, will be compared to the empirical findings. The purpose is to find similarities and differences between the academic patterns and the actual business behavior and the results for the research. Firstly, the case companies' performances are analyzed one by one. In the same section, discussion about the accuracy of the pre-empirical theoretical framework 1 is conducted and post-theoretical framework 1 is illustrated. Afterwards, social media marketing's success in a whole is analyzed. Thirdly, China-specific issues for the social media are revealed. Lastly the internationalization process into China will be analyzed in context of the occurred social media operations. Post-empirical theoretical frameworks 2 is also discussed and revealed in the last analysis section to combine the internationalization theories with the Chinese market context.

7.1 Analysis of the case company performances

As the cases were illustrated one by one in the previous chapter, this section of the analysis will go through the cases one by one in order to provide a brief, case-specific analysis of the social media operations in internationalization.

Case A. The company had two decades of experience from Chinese market and operated at business-to-business sector in industrial machinery. They can be seen following product cycle theory and monopolistic advantage theory and operating at the stability stage of internationalization (Kazanjian, 1988). Due to business-to-business environment and long history in China, the company felt social media having relatively low importance for them. However, the company tended to follow Kietzmann. et al.'s (2011) honeycomb model in terms of managing the relationships with the key stakeholder that is valuable asset in Chinese culture (Nie and Lämsä, 2013). Additionally, as listed in section 3.2, competitive advantages, costs and risks were the influential factors to support internationalization in the theories explaining the company's path in China. Existing competitive advantages were benefitted in social media with a low cost operations. Therefore, it is possible to build a linkage between internationalization and social media usage for this case company but currently its importance is minor.

The company could take into account a few key takeaways from the benchmark case respondents. Case 1 industrial expert noted that many companies tend to believe social

media playing more important role in the future but currently are reluctant to put more effort on social media operations, which can be seen as the situation in Case 1 operations. Whereas the company recognizes the importance of the social media and keeps an eye on the communities they belong, clearer strategy and goals for social media operations now on might be beneficial in a long run as well. In terms of figure 6 and the goals of social media usage, Case A aims only at providing content for the audiences and creating engagement (Parent, Plangger and Bal). Case 2 interviewee highlighted, especially in for the business-to-business companies, the importance of high-quality social media presence in talent recruiting. This can be supported by Hamill's (2013) statement about importance of first online impressions and Chinese citizens' reliance on social media while seeking reliable information (Case C and D interviewees.) Whereas the future talents were stated being a scarce resource in China and all generations start to be social media savvy, functional social media networks may be useful for Case A. The company has existing business networks in social media but future expansions and new contacts could be achievable via social media channels (Hamill, 2013).

Case B. This case illustrates internationalization stage theory, Uppsala-theory more specifically and the operations are export-driven due to wine production in the home country. Internationalization stage may be seen as between commercialization and growth (Kazanjan, 1988). Case B was the only company that currently utilizes external social media agency for their social media operations. While knowledge is a key determinant in internationalization according to the Uppsala theory, Case B company aimed at increasing the knowledge at the target market and to use external knowledge from the agency to perform better. However, in their case the agency cooperation occurred with annual meetings or in special occasions. Therefore, the knowledge from the agency to the parent company cannot be seen flowing as well as it would by operating the social media by themselves. Whereas sales at the Chinese market represent 0.4% of the total sales, globally Chinese market is not a major market for them.

Case B has social media strategy in China set up according to the suggestions by Weinberg (2009) and goal selection chosen according to academics (Berthon et al, 2012; Nooruddin and Zhang, 2012). As the other sample cases and the note made by benchmark Case 1, this case has limited resources as well that forces the social media operation remain relatively minimal.

Case C. The company aimed at educating the market and creating brand awareness via social media presence in China. Internationalization can be seen obeying product cycle theory and Uppsala-theory in the case of China, currently operating at the growth stage at the Chinese market (Kazanjian, 1988). Similarly with the Case B, this company has aimed to knowledge transfer via social media channels to fasten internationalization. Low costs of social media have made it possible to aim reaching such a large potential customer base. Educating the market was not mentioned by literature but brand awareness was one of the major goals (Berthon et al, 2012; Holloman, 2014, 25-30; Singh, Lehnert and Bostick, 2012). In terms of engagement they have succeeded to found communities where to influence (Parent, Plangger and Bal, 2011) and aimed at provide high-quality content. However, the company could improve the engagement at the customer end and participate more in conversations according to figure 8. Measuring was conducted based on the social media performance – metrics (Holloman, 2014, 16-17; Aichner and Jacob, 2015) and included in the incentive system of the social media responsible employee. This pattern was functional according to the management and was not recommended by the literature.

Case D. This company can be stated being a born global enterprise due to online business's characteristics. Internationalization stage of the company has moved from the stage 1 to upper level and currently could be defined as a commercializing company, aiming at the growth stage soon (Kazanjian, 1988). They have formed preliminary social media strategy according to the theoretical scheme of this research and aim at building an effective communication channel from the social media. From the internationalization success factors, this could end up being a competitive advantage for the company. Marketing costs are impacted as well in a positive way. The company's strategy for the social media operations is following the principals illustrated by Weinberg (2009) and consumer engagement has remained in a focus in the plans (Parent, Plangger and Bal, 2011; Ang, 2011). On-going trend in the measuring was aimed to reach (Holloman, 2014; Case 2 interviewee).

To summarize the case A-D performances, it can be noted that Xia and Pedraza-Jiménez (2015) suggested steps for western based companies to take in order to succeed in Chinese social media operations. These included market research, listening to word-of-mouth, identifying key opinion leaders, minding the young generation and attending social media marketing training courses. It can be conclude that these steps might be helpful to guarantee success if the allocated resources would be adequate. In practice, while

operating with scarce resources, trial-and-error has been more widely used strategy. Case D reported that market research was done and the target being to influence the key opinion leaders. Other cases that already used social media had not placed much resources on the social media user segmentation or market research. Whereas platform selection turned to WeChat and Sina Weibo, the users were not allocated much as was suggested by Nica (2014), Zeckman (2012), Rozen, Askalani and Senn (2012) and Singh, Lehnert and Bostick (2012).

Case 1. Both of the benchmark cases support majority of the literature. Case 1 as an industry expert highlighted the facts that enough resources should be placed for social media operations in order to reach the goals. (Weinberg, 2009). Therefore the social media's benefits could be maximized. Case 1 illustrated expert opinions and observations, and proved many facts from the theory. The best practices how to benefit from the social media, according to the Case 1 interviewee included strategic decisions (Weinberg 2009, 49). Results wanted to achieve should be determined and resources required should be allocated to reach the objectives. Localized operations are highlighted in the communication to maximize the engagement (Jelen and Alon, 2004.) Measuring should take into account various metrics, both from social media presence but the social media's impact for the business in order to decrease the risk for fake followers. (Holloman, 2014, 16-17; Knorpp, 2011.) Whereas the amount of users is already huge, (Kaplan and Haenlein, 2010) the companies should actively and properly grab a foothold in social media in China. In internationalization, social media can be seen as a tool to create cost-effectively presence at the Chinese market even before the physical presence but the physical presence itself is seen required for the success at the market. (Hamill, 2013.) Localization is the key for success and whereas Chinese users are really active and demanding in social media (Singh, Lehnert and Bostick, 2012), the companies should match to their demands by social media presence that satisfies the audience.

Case 2. Public organization has achieved a great success by their social media operations and interviewee's decades long expertise from communication was important for this research. Case 2 proved the importance of social media in China and along with other respondents stated it being even more important than other digital presence. Their goals mostly obeyed Holloman (2014, 25-30) and communication succeeded to create engagement relatively well according to Parent, Plangger and Bal's (2011) model. Campaigning was a successful tool when the reward for users was interesting. The

organization pointed out the rapid development of social media platforms (Parent, Plangger and Bal, 2011; Sorokina, 2015) and the fact that the social media users have to keep up with the development and follow the trends. Supported by Case 1 interviewee, localization in operations is the key to succeed and active usage of the platforms is mandatory. Case 2 suffered from the shortage in resources for social media like the other case companies.

To conclude, western companies understand the importance of the Chinese social media and its potential to be a great channel in reaching specific goals. Despite the large variety of social media types and platforms available (Parent, Plangger and Bal, 2011; Sorokina, 2015) the companies use only the major platforms in China (WeChat, Sina Weibo). The selection has done based on the huge amount of users at each platform. Companies tend to attract influencers and opinion leaders in Chinese social media (Xia and Pedraza-Jiménez (2015) on strategic level but success in this is hardly measured, whereas the used measurement are mostly based on social media's overall success rates. Therefore, the companies tend not to segment social media users based on the possible allocations (Nica, 2014; Zeckman, 2012; Rozen, Askalani and Senn, 2012; Singh, Lehnert and Bostick, 2012) and it has not seen relevant for the business due to relatively short resources. Based on the empirical data, social media has a linkage to the internationalization success factors as followed:

- Competitive advantages
 - Used in social media communication, aim in engagement (Parent, Plangger and Bal, 2011) and brand building in terms of trust and positive brand attributes (Meyer, Michael and Nettesheim, 2009; Hamill, 2013).
- Knowledge
 - Social media operators tend to gain knowledge from their social media audiences, occurs while they utilize the social media. However, knowledge gain seems to be relatively unsystematic social media goal.
- Networks and relations
 - Social media helps in creating new networks and enhancing old relations, importance in the content provided to create engagement and entertainment (Parent, Plangger and Bal, 2011; Xia and Pedraza-Jiménez, 2015; Ang, 2011).
- Costs and risks
 - The main driver for social media utilization in internationalization – cost effective communication channel may help in reducing marketing costs.

However, despite the low cost, companies lack resources for social media operations.

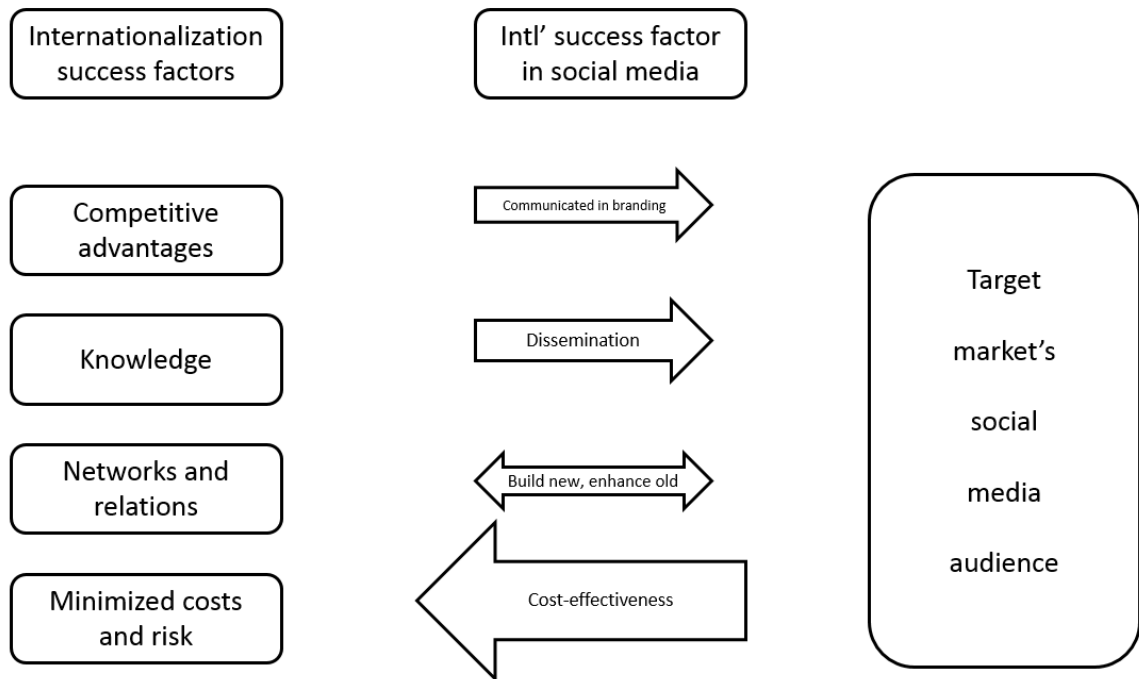


Figure 11. Post-empirical framework 1: social media usage in internationalization

The figure 11 above is a correspondent for the figure 1 and generalizes the social media's usage in internationalization in terms companies' actions. According to that figure 1, social media could be combined with the internationalization success factors in terms of communicating competitive advantages, two-way communication for knowledge and networks and that social media provides cost savings for the company. In figure 11 that framework is mostly proved to be accurate. Whereas in the beginning the arrows were sized equally due to equal importance of each factor, it can be noted that cost effectiveness is the major reason for companies to enter social media. Another differences from the pre-empirical theoretical framework is that information dissemination is the major form of knowledge transfer and acquisition is remained in a minor role. Whereas companies have operated by scarce resources, communication is mostly one-way communication. The framework is not the best practice framework but illustrates the situation among the companies research. Pre-empirical framework supports the best practice linkage of internationalization and social media if companies could operate without scarce resources.

7.2 Social media marketing

Steps to take in social media planning were combined from various sources and summarized to goal setting, strategy, communication and measuring sections in research (figure 5). In table 8, the empirical motivations to launch social media accounts were summarized. It is notable that cost-efficiency of social media as a marketing tool was the major reason for the social media usage. Brand awareness was the most common goal among the case companies, influencing opinions leaders and driving traffic to other digital channels were used as well. These goals are coherent with the results illustrated by Singh, Lehnert and Bostick, 2012; Zarralla, 2009; Weinberg, 2009; and Holloman, 2014. Additionally, educating the market was clearly in two of the cases and between the lines in one case. Educating the market was not illustrated as a goal for social media operations by the academics.

In figure 6 the goals were separated in two types: what the company wants the customers to know and vice versa. The goals for social media were chosen to provide knowledge for the followers, not to learn from them. Directing customers to other company's channels was aimed at changing the customer behavior. Mostly the social media operations aimed at informing the customers even though learning from them occurred as well. As Holloman (2014) states "increased market intelligence" as a common goal, it was not officially set as a common goal in the case companies. However, the respondents stated that obviously the personnel operating the social media will learn from the customers but nothing specific was sought.

Weinberg (2009) stated determination of desired results and needed resources as a key factors of the social media strategy. Figure 12 below illustrates the comparison between the suggestion and actual situation in the case companies.

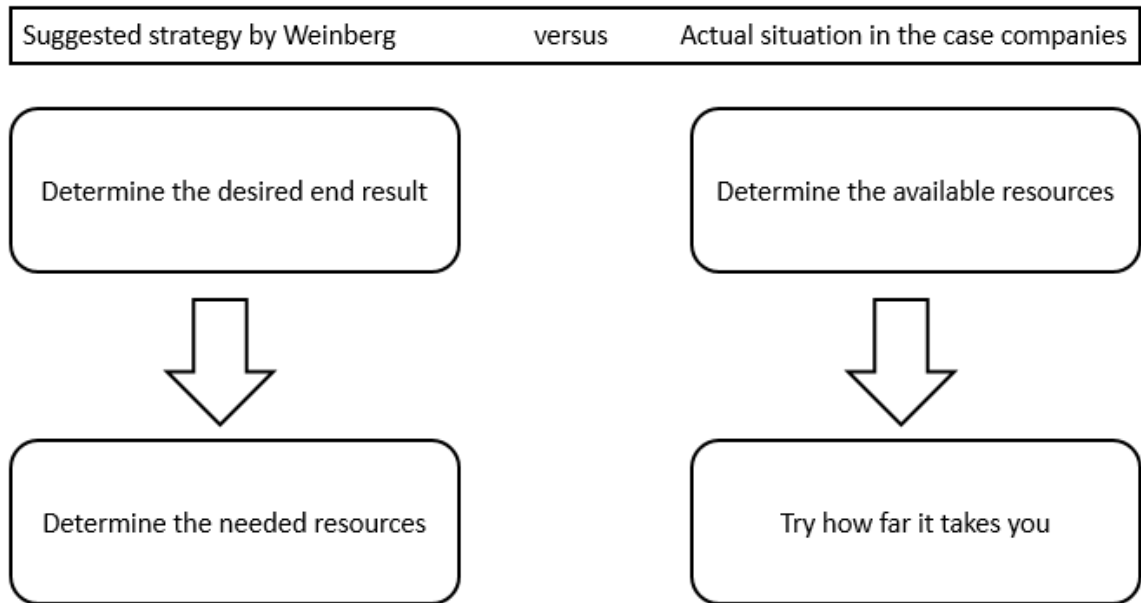


Figure 12. Theoretical and actual social media strategy formulation

There were two major reasons for the decision to start using social media in China: Huge amount of users and lack of resources in other marketing activities. Either the case company did not require that much social media in their business (Case A) or they didn't have enough resources to do it as well they wanted to (Case B, C, 2, supported by Case 1). That led to strategic decisions distracting with the academic suggestion. As Case 1 interviewee reported, in many western companies lack of resources leads to poor strategy that does not receive enough focus from the management, which leads to poor results and the resources are not expanding in the future either.

Communication was identified as the third success factor for social media usage. Listening and consistency were highlighted by Weinberg (2009) as important features. In terms of consistent social media publishing activities the case companies performed according to the suggestions but "listening" of the social media audience was not reported being In crucial role in the social media communication. Figure 8 illustrates the process how consumer engagement occurs and in that process only the "Company" and "Content" factors are mainly thought. Companies seemed to understand the principles of the importance of the communication floating between the communities and customers and aimed at engaging with them. Lack of thorough effort was though recognizable, for instance normally companies were unaware of the conversations occurring in social media. Case companies place effort on the content of the topics they are addressing to their audiences, as was suggested by Shih, Lin and Luarn (2014) in the fan engagement

process. In terms of content creation and human resources available for the social media communications, the companies utilized the community management as suggested by Shih, Lin and Luarn (2014). The communicating process was however mostly included in the job duties of the marketing representatives. Therefore, none of the case companies focused on social media with a pure community manager.

Parent, Plangger and Bal (2011) illustrated the social media participation levels that were shown in figure 7. From these participation levels it was notable that the case companies aimed at increasing the “viewing” section, were keen on getting their messages forwarded as well. Commenting and the higher levels of the user participation were not highlighted in the companies’ strategical viewpoint.

One of the largest imbalances occurred between the theoretical suggestions and the current activities in the measuring activity. Figure 9 illustrated a summary of the social media metrics from Aichner and Jacob, 2015; and Holloman, 2014. The goals companies had were obviously linked to the impact on business. However, the measuring activities were mostly targeted to the most common social media performance metrics, which do not provide straightforward correlation to the business. For instance brand awareness or traffic at the website were not measured in any of the case companies as issues to measure despite the importance of these goals to the social media. Social media performance was measured relatively by use of the most logical social media performance metrics. Additionally, fake followers were mentioned by the interviewees in empirical section and obviously these would decrease the credibility of the metrics related to metrics related to social media accounts.

Customer engagement highlighted by Parent, Plangger and Bal (2011) was taken into account in the communication – the messages provide were aimed to attract the attention and arouse interest among the key stakeholder groups. Specific posts were analyzed and the differences in interesting issues in terms of social media activity were revealed. However, the impact of these engaging post activities were not measured and for instance the social media performance metrics illustrated by Holloman, 2014, and showed in Appendix 2, were not mentioned by any respondent.

7.3 China – related issues for social media in internationalization

Chinese political environment poses the most notable implications for both the social media usage and the internationalization. Ban of the western social media platforms forces western companies to use Chinese social media. Other political and legal restrictions are obviously industry-specific but important to keep in mind. Case D company faced a force to get an accreditation before fully starting the business operations in China, which was a minor setback for the firm. However, the political climate may also support the business. Case A may benefit from the legislative changes in its business field due to product characteristics. Freedom of the press is limited, which has seen as a highlighting factor for the social media usage. All of the cases responded either the possibility to influence opinion leaders via social media or the fact that Chinese citizens do not believe traditional media anymore. Locals tend to seek the reliable information from social media that increases the importance of social media presence for companies as well. Self-censorship was mentioned by Tse (2010) in the social media communication and was supported by Case C interviewee. They stated being really careful in all of the social publications not to cause any harm. However, the self-censorship was mostly linked to the fact that in Chinese social media the bad consumer feedbacks tend to spread out fast and cause bad publicity that the company wanted to avoid.

In economic terms, heavy competition exists at Chinese markets as reported by MarketWatch (2013) and supported by Case C. Tse (2010) reported that the urbanization and newly build infrastructure have made it easier to reach the Chinese consumers China-wide. However, the case companies lacked the knowledge where the followers physically existed. Spreading the feedback is an example of a social impact of China that was already mentioned in the previous paragraph. All of the interviewees stated that the social media is a huge thing in China that can be supported for instance by the fact that China is globally a leading region in terms of customer publishing and sharing info online, as mentioned by Singh, Lehnert and Bostick (2012).

7.4 Social media in internationalization into China

The internationalization theories make it possible to analyze the internationalization paths of the case companies that were illustrated in table 9. Additionally, internationalization stages by Kazanjian (1988) have been revealed in this research. The companies represented basically all of the stages and had different lengths of operational expertise from China. Due to differences from B2B to B2C companies and industry levels, reliable

conclusions about the linkage between the company's internationalization stage and social media activity may not be withdrawn. However, it seems that companies in need of capturing more market are keener on being active in social media utilization.

In the section 1.4 the pre-empirical theoretical frameworks were illustrated. Figure 13 below illustrates the post-empirical theoretical framework considering the current situation how the social media is utilized in the internationalization process in China and therefore is correspondent for the pre-empirical theoretical framework 2 in figure 2. The previous post-empirical framework shows the social media's usage in internationalization overall. While taking into account the Chinese context, it is notable that PEST factors of China pose impact as a whole on the social media operations and may not be separated. Additionally, brand awareness is the key outcome that is searched in China and social media the tool due to its low costs. Overall, social media's business implications differ from a company to another. Currently the case companies reported positive vibes around the social media for businesses but actual impact for internationalization was hard to define. Social media has been one of the tools in internationalization.

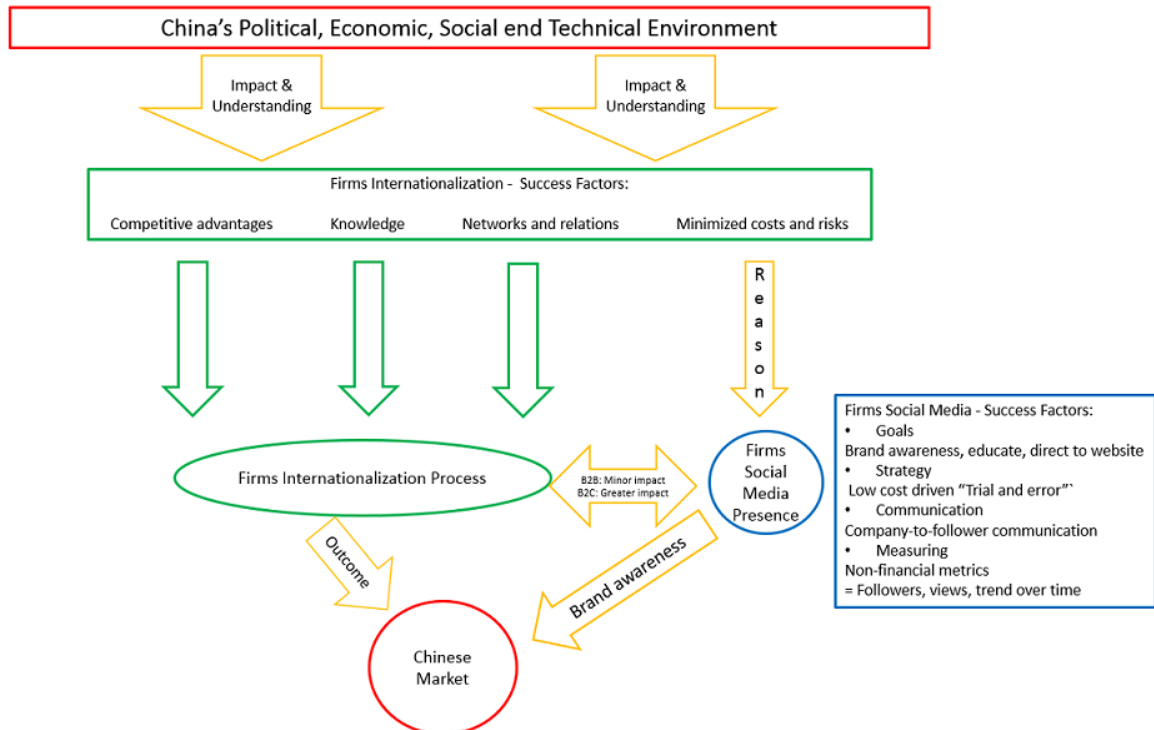


Figure 13. Post-empirical framework 2: internationalization and social media in Chinese context

There are a few major differences when comparing figure 13 to the pre-empirical theoretical framework. First of all, main driver for western companies' social media usage is the aim to create cost-effective brand awareness in the Chinese social media. Success factors of internationalization are benefitted from in social media communication as a tool to create brand awareness, especially existing competitive advantages. Limited budget is the ultimate reason to use social media, besides the fact that consumers are using it as well. Therefore, social media usage is relatively separate item in the internationalization process. The possibilities to get knowledge from the Chinese market thanks to social media usage are not utilized to support the internationalization. Networks and relations are aimed to build but that has not been the major focus of the social media operations. To conclude, social media is seen as an important marketing tool and it could create benefits for the internationalization path especially at business-to-consumer communication. Although in practice western companies do not facilitate social media as an internationalization tool besides the brand awareness creation.

8. DISCUSSION AND CONCLUSIONS

Objective of this study was to find out the impact of social media usage for internationalization in the context of Chinese market. Additionally, the specific benefits and challenges for the internationalization were aimed to reveal. The following sections will illustrate the theoretical and managerial implications of this research simultaneously while summarizing the answers for the research questions. The last section of this chapter will conclude the limitations of this research and suggestions for the further studies.

8.1 Theoretical implications

Timing of the research and the importance of the topic can be seen high whereas Xia and Pedraza-Jiménez (2015) published their article partly considering the same topic during the completion of this research. As stated in the beginning of the research, the main research question is the following:

What kind of impact does the social media play in company's internationalization process into China?

From the ten key internationalization theories competitive advantages, knowledge, networks and relations, and minimized costs and risks were summarized as the key success factors and discussed in chapter 3. The general social media literature was revealed in chapter 2. Cheapness (Holloman, 2014, 11-14) can be confirmed as one of the major reasons to use social media for business purposes. What it comes to the western companies' utilization of social media in China, literature suggest planning, preparations and active participation in the on-going operations (Berthon et al, 2012; Kietzmann et al, 2011; Nooruddin and Zhang, 2012). In practice companies do not strictly obey these patterns, instead they tend to use trial-and-error and resource-based approach. Lack of resources may decrease the tendency to participate actively in social media communications.

Xia and Pedraza-Jiménez (2015) provide partly consistent results with this research. Their research revealed that local (=Chinese) companies face problems with lack of clear social media strategies, difficulties in measuring the social media efforts, understaffing of the social media teams and lack of professional consulting from agencies. Actually, western-based companies had the similar challenges than the local companies. The challenges

western companies were reported to have included unfamiliarity with the local social media platforms, lack of understanding of Chinese digital consumers, difficulties in identifying the right platforms and difficulties in measuring the returns on investments. Thanks to hiring locals to operate the social media sites, these challenges that western companies tend to face were not reported that much compared to the challenges a local companies face. Although, western companies stated neither putting attention on platform identification nor Chinese digital user segmentation, as Nica, 2014; Zeckman, 2012; Rozen, Askalani and Senn, 2012; and Singh, Lehnert and Bostick, 2012, suggested to do in order to maximize the social media performance's success.

As noted by European Commission (2007) and OECD (2009), main internationalization barriers were financial limitations, inadequate knowledge about foreign markets, inability to contact potential overseas customers and lack of managerial time, skills and knowledge. As showed in table 4, Hamill (2013) introduced action points how to use social media for internationalization. Empirical evidence proved that social media is seen as a beneficial internationalization tool and Hamill's action points can be seen matching with the barriers to internationalize, which proves social media's beneficial attributes in internationalization.

The sub-questions of the research have some theoretical implications as well. The sub-questions focused on the benefits and challenges of the Chinese social media usage in internationalization. Xia and Pedraza-Jiménez (2015) proposed steps to take in order to succeed (illustrated in section 4.3) in Chinese social media usage. In practice, companies tended not to follow these instructions even though some of the steps were taken.

8.2 Managerial implications

It can be concluded that social media is a beneficial tool in internationalization process but it requires a great emphasis and the results cannot be obtained without focusing on the goals and operations. Additionally, its impact is mainly limited to communication and marketing channel towards the target market's customers.

The theoretical framework and the literature review provide a thorough tool-kit on how to maximize the benefits from social media usage in internationalization. The empirical data collection adds to the theory and clarifies the importance of specific goal setting and strategy in the on-going social media operations in China. The question about resources

always arises and forms a challenge but the proper results and success can be obtained only by using adequate resources. The goals determined should be aimed to achieve for instance by hiring China-savvy, social media expert(s) and to instruct them to actively participate in social media discussions to reach the goals. Literature suggest high emphasis on strategy and resource-intensive actions that may be sometimes unrealistic in practice. However, based on the benchmark analyses, without adequate resources the risk increases that the social media utilization remains poor and ineffective to the target audience. Despite the fact that in social media companies may obtain cost-effective presence at the Chinese market, in the case of this research, and they may get results with scarce resources, in the fast paced social media development following the trend with the social media savvy Chinese consumers would be really important.

To conclude the managerial implications in terms of the research questions, it is possible to state that social media presence in China can be beneficial for both new market entrants and for the companies already operating at the market. For internationalization Chinese social media can mostly help in reduced marketing costs and increased brand awareness at the market. However, offline presence cannot be undervalued despite the popularity of online presence. This research confirms Weinberg's (2009; 49-50) statement that a company must determine the desired end result and the resources needed to achieve the results. This behavioral suggestion can be supported by Case 1 interviewee's citation in section 6.8 that highlights the importance of the fact that "how success looks like" – use resources required to see that to be able to analyze the further actions based on actual effort, instead of doing what can be done by the resources announced.

As sub-questions dealt with benefits and challenges social media provides, brand awareness and visibility for the consumers was seen as the major benefit whereas lack of resources ended up being the major challenge. These benefits and challenges are linked to the managerial implication explained above. The decision makers behind the social media activities might need to try to place more resources on social media to seek even greater benefits for the company.

8.3 Limitations and suggestions for further research

The results of the research can be stated being credible but some limitations exists. First of all, the companies represent a variety of different industries and differ from each other in business operations and scope of customers. It is impossible to generalize that these

companies cover the whole scope of “western companies” but in social media landscape the behavioral patterns of these companies could be combined together. The commonality within the sample results from the western origins. Another limitation arises from the lack of author’s Chinese skills, which have disabled a thorough analysis of the case companies’ social media presence that could have been a useful addition for the research. The interviewees also lacked proper Chinese skills in the cases A-D. Therefore the respondents were unable to provide completely knowledge-based responses especially to the questions related to the practical social media usage. However, these respondents could provide proper answers from the managerial perspective and illustrated the decision-making process in social media utilization. China as a target market decreases the credibility of some sources provided by the government. Despite the official origins, the information provided by the Chinese government may be favoring the own actions.

When it comes to the future research, there are various opportunities for that based on the topic and outcome of this research. Additionally, it is relatively accurate topic whereas Xia and Pedraza-Jiménez (2015) published their article about Chinese social media strategies during this research process and their results were partly linked to the western companies in Chinese social media. Whereas the Chinese social media was in scope of this research, could be possible to research the social media usage of western companies in other cultures, if the results would be similar or not. The operational social media usage remained in minor focus and the antecedents of a really effective social media publication could be research. The research could be also more focused on a certain country or industry. Additionally, a clear focus on either business-to-business or business-to-consumer types of companies might be considerable option as a further research area in order to provide more specific managerial implications for a certain types of companies.

Whereas this research included three major parts (China, social media and internationalization), more specified research could be conducted by looking at narrower category of some of the topics. For instance, effectiveness of social media in different regions of China might be analyzed. In terms of internationalization, knowledge acquisition or network and relationship building in social media context might be another area of further research.

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APPENDICES

Appendix 1. China – Key Facts

China – Key Facts	
Country and capital	
Full name	The People's Republic of China,
Capital	Beijing
Government	
Government type	Single-party communist dictatorship
Head of State	Xi Jinping
Head of Government	Li Keqiang
Population	1,4 billion
Currency	Renminbi (yuan)
GDP figures	
GDP (PPP)	\$13,4 trillion
GDP per capita	\$9844 per capita
Growth rate YtoY	7,7% growth
Internet domain	.cn
Demographic details	
Life expectancy	74 years
Ethnic composition	Han Chinese 92% / Other 8%
Major religions	Officially atheist
Country area	9 596 960 km ²
Language	Mandarin Chinese
Exports	Machinery and equipment, plastics, optical and medical equipment, iron and steel.
Imports	Oil and mineral fuels, plastics, data processing equipment, optical and medical equipment, organic chemicals.

Sources: Datamonitor (2009); The Heritage Foundation (2015)

Appendix 2. Social media KPIs by Holloman (2014)

Advocacy KPIs

$$\text{Active Audience} = \frac{\text{Active advocates (last 30 days)}}{\text{Total advocates}}$$

$$\text{Audience Engagement} = \frac{\text{Unique advocacy influencers}}{\text{Total advocacy influence}}$$

$$\text{Conversation Reach} = \frac{\text{Number of advocacy driven conversations}}{\text{Total volume advocacy traffic}}$$

Dialog KPIs

$$\text{Share of voice} = \frac{\text{Brand Mentions}}{\text{Total Mentioned (Brand + Competitors)}}$$

$$\text{Audience Engagement} = \frac{\text{Comments + Shares + Trackbacks}}{\text{Total Views}}$$

$$\text{Conversation Reach} = \frac{\text{Total People Participants}}{\text{Total Audience Exposure}}$$

Support KPIs

$$\text{Issue Resolution Rate} = \frac{\text{Total issues resolved satisfactorily}}{\text{Total service issues}}$$

$$\text{Resolution Time} = \frac{\text{Total inquire response time}}{\text{Total number service inquiries}}$$

$$\text{Satisfaction Source} = \frac{\text{Customer feedback input}}{\text{All customer feedback}}$$

Appendix 3. Interview Outline

Background information:

- Company name & business field
- Key customers
- Company's annual turnover
 - o Turnover from China
- Company's entry mode in China
- Interviewee: title and history in the company
 - o Experience from social media operations in China
- Social media platforms used in China
 - o Current ones
 - o Previous but abandoned ones?
 - o Length of operations / platform
 - o Followers or users / platform

Chinese Social media in general:

- How would you describe Chinese social media?
- How do you describe Chinese social media for business purposes?
- What were the reasons to start using Chinese social media?

Company's social media resources:

- What kind of resources the company uses for the social media
 - o Financial
 - o Timely
 - o Personnel
 - o Other?
- Have the resources evolved over time?
 - o How much resources the pre-launch and launch itself required?
- How much resources on-going operations require?

Social media strategy:

- What kind of social media strategy does your company have?
- How is it synchronized with company's marketing strategy?
- How was the social media strategy formed (before the launch in China?)
- How did / do Chinese cultural specifics effect company's strategy?
- Has the strategy evolved over time in social media operations?

Goal setting:

- What kind of goals the company had had for social media before they started to use it?
- Why these goals were chosen?
- How social media has helped to achieve these goals in comparison to situation of not using social media?

Platform selection:

- Specific goals / platform in case of using more than one?
- Why the specific platforms were chosen?
- How much were the potential follower-base / platform users analyzed while making the platform selection?

Communication:

- How actively the company posts in social media?

- What kind of posts does the company normally make?
 - Why these kind of posts?
- How actively the company has participated in social media communication?
- Has the company put emphasis on user segmentation on its social media sites?
- Is the company tracking what is spoken about it in social media?
 - How does the company react on positive discussions?
 - How does the company react on neutral discussions?
 - How does the company react on negative discussions?
- On-going basis, how well the communication obeys the chosen strategy?
- Does the company drive specific campaigns in social media?
 - How successful these campaigns have been?
- In which directions does communication mostly flow in your company's case?
(company -> audience; audience -> company)

Measuring

- How frequently does the company measure the social media presence?
- How the company has measured the success of its social media presence?
- Financial metrics used?
- Non-financial metrics used?
- Has the company reached its financial and non-financial objectives?
- How the outcomes from measuring have impacted company behavior?

Social media in internationalization process:

- At which point of internationalization your company started to use Chinese social media?
- How social media has impacted the internationalization process in China?
 - Impact on market entry?
 - Impact on on-going operations after market entry?
- Has the length of operations in China affected the social media behavior?
- Can company's social media presence reduce uncertainties / unfamiliarity in market environment?
- Have you learned about your customers / Chinese market thanks to social media presence?
- Networks:
 - Have you been able to get new business networks thanks to social media?
 - Have your existing networks strengthened thanks to social media?
- Has your company managed to reduce costs related to international operations due to social media?
- Has social media had any impact on the risks in Chinese market entry in your company's case?
- Have you been able to benefit from your existing competitive advantages / strengthen those in social media?

Western company in Chinese social media

- Has the company's western origins impacted the social media operations in any form?
 - If yes, what was the company reaction to the occurring impacts?
- Has your company aimed at building clearly Chinese social media image or maintained western roots?
- Do you consider your social media presence as a competitive advantage in China?
If yes, why so? If no, could it be in the future?

Pros and cons:

- Related to the social media operations, are you satisfied with your performance?

- o In which way yes, in which way not satisfied?
- What have been the biggest gains for the company from social media operations?
- What have been the biggest challenges the company has faced while using Chinese social media?
- Future: Is the company planning to expand its social media usage?
 - o In terms of resources / used platform
 - o In terms of adding new platforms

Thank you!

