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Lappeenranta University of Technology

Master's Programme in International Marketing Management (MIMM)

Master's thesis

Customer value creation in born global companies

Master's Thesis

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ABSTRACT

| | |
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The purpose of this master's thesis is to study customer value creation in born global companies. The main objective is to identify the types of value enabling customer value creation in born global companies, and to establish their relative importance. After an introduction to the born global academic literature and the customer value creation literature, the empirical part consists of a multiple case study, examining the state of customer value creation in the case companies, along with the subsequent analysis.

The results of this research indicate that high-tech born global companies perceive customer value creation as a crucial function of their operations, but their value creation thinking is often one-dimensional. Technology based born globals often place high value on the product and the technology behind it, mainly striving to incorporate performance- and relationship value in their value offerings, but they're unable to utilize their opportunity creation to the fullest, and they lag behind their more established competitors that are able to diversify their value offerings.

TIIVISTELMÄ

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Tämä kvalitatiivinen tutkimus selvittää miten syntymästään kansainväliset (born global) yritykset luovat asiakkailleen arvoa. Kolmen suomalaisen case-yrityksen tilannetta analysoiden tutkimuksen tarkoituksena on kehittää teoriaa aiheesta, luoda uutta tietoa arvonluonnista nopeasti kansainvälistyvien yritysten tapauksessa, sekä tarjota uusia näkökulmia ilmiön tutkimiseen tulevaisuudessa. Arvonluontia tutkitaan selvittämällä erilaisia arvotyyppejä joita syntymästään kansainväliset yritykset pyrkivät luomaan.

Syntymästään kansainväliset born global -yritykset kansainvälistyvät nopeammin ja aggressiivisemmin kuin perinteisen kaavan kautta kansainvälistyvät yritykset. 90-luvun aikana ja enenevässä määrin sen jälkeen ilmaantuneita syntymästään kansainvälisiä yrityksiä on tutkittu monesta näkökulmasta, mutta asiakasarvonluontia ei ole tässä kontekstissa tutkittu. Arvonluonti on tärkeä käsite nykypäivän kansainvälisen liiketoiminnan ja markkinoinnin tutkimuksessa, sekä ajankohtainen kaikille yrityksille, jotka pyrkivät selvittämään asiakkaittensa tarpeita ja tarjoamaan parasta mahdollista palvelua asiakkailleen.

Tutkimuksen empiiriset tulokset osoittavat, että korkean teknologian born global -yritykset kokevat asiakasarvon luomisen tärkeänä osana yrityksen aktiviteetteja, mutta heidän arvonluontiajattelunsa on usein yksiulotteista. Teknologiavetoiset syntymästään kansainväliset yritykset arvostavat usein tuotteensa teknologisia ominaisuuksia ja pyrkivät luomaan erityisesti suoritusarvoa ja suhdearvoa, mutta jäävät niitä yrityksiä jälkeen, jotka kykenevät monipuolistamaan arvonluontiaan ja näin palvelemaan asiakkaitaan paremmin.

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After five years of international business and international marketing management at LUT, and a year in South Korea, the time has finally come to finish my studies and move on. Firstly, I want to thank my supervisor, professor Olli Kuivalainen for his valuable advice and time in making sure I stay on track with my thesis. I also want to extend my thanks to Sanna-Katriina Asikainen and all the other professors during the thesis seminar process and throughout my studies who have taught me their craft and offered me words of advice and encouragement.

This thesis ended up taking longer than initially intended, but all in good time, as they say. The project was a rollercoaster of emotions. At first, there was excitement and enthusiasm to get the project started. Then, there was a lull as final courses needed completion before I could fully focus on the thesis. Finally, there was a rush and scramble to get the last few pages finished up in time. Overall, this thesis has taught me patience and that sometimes you have to take one step back to take two steps forward.

Last, but definitely not least, I want to thank my friends and family for being there and supporting me during my studies. Thank you for keeping me in your thoughts and prayers, and encouraging me throughout this journey that hopefully doesn't end here, but carries me towards new challenges.

Lappeenranta, 21st of March, 2016

Joni Helminen

1. Introduction

This chapter will serve as an introduction to the thesis. The background of the study will be explained, as well as the research questions that guide the central themes of the thesis, supported by a theoretical framework. This introduction chapter also includes any necessary definitions of key concepts, limitations and delimitations of the study as well as the theoretical framework of the study. Finally, a brief outlook on the research methodology and the structure of the thesis is presented.

1.1 Background of the study

The internationalization of businesses, generally understood as the process of increasing involvement in international operations across borders (Welch & Luostarinen, 1988) has become an essential part of many firms today that must strive to succeed in a more accessible, open and more globalized world than ever. Consequently, the internationalization of the firm has received much academic interest in the last four decades, and rightly so. The behavioral-based sequential or gradualist approach, also known as the Internationalization Process Model or Uppsala-Model (Johanson & Vahlne, 1988; Cavusgil, 1980) has been at the center of academic attention in the field of internationalization for a long time. This model views internationalization as a lengthy process that develops in stages, assuming that market knowledge is acquired primarily through experience from current business activities first in the domestic market, then in increasingly psychologically distant foreign markets.

This stage-based approach, however, was criticized in the early 1990s by a number of scholars that identified the emergence of firms that internationalize extremely early (Oviatt & McDougall, 1994; Rennie, 1993; Knight & Cavusgil 1996) and the research field of International Entrepreneurship (IE) emerged as the intersection of entrepreneurship and internationalization perspectives to study this phenomenon (McDougall & Oviatt, 2000).

Several reasons exist for why it is important to study the born global phenomenon. First, it seems that a large and increasing number of firms can be classified as born globals. Lindmark et al. (1994) reported that nearly 50 percent of high tech start-ups in the Nordic countries began exporting within two years of their establishment. Madsen & Servais (1997) predicted that the born global phenomenon will become more widespread in the future. The growing interest in academic literature today also depicts and corresponds to the relevance it currently has, and will continue to have, in the global business field.

As for the other side of the coin, this thesis aims to examine customer value creation in these born global companies. Value creation is an important concept for small entrepreneurs and managers in large MNEs alike for multiple reasons. An increasingly common perspective on managing organizations argues that creating and delivering superior customer value to high-value customers will increase the value of an organization (Slywotzky, 1996). The creation of customer value has long been recognized as a central concept in marketing (Woodruff, 1997), and the fundamental basis for all marketing activity (Holbrook, 1994) and its been suggested as the purpose of organizations (Slater, 1997). In recent years, value creation has continued to be a heavily discussed topic in the fields of marketing (f.ex. Matthyssens et al., 2015; Anker et al., 2015; etc.) and international business (f.ex. Deshpande et al., 2012; Jensen et al., 2014; etc.), among others. At this junction, it's important to note that this thesis will focus on value creation purely from the perspective of the firm. Thus, when we discuss value creation, the term will be used solely in the context of customer value creation.

In the last few decades, the academic field has focused on numerous issues and attributes surround the born global phenomenon, and these will be introduced more thoroughly in the literature review in chapter 2. Upon examining the extant research, it became apparent that customer value creation has received little to no attention in the born global setting. Many of the scholars studying the phenomenon implicitly mention for example the global niche position of the born global firms, and how innovation is generally important for these tech-based start-ups to

achieve growth (Mort & Weerawardena, 2006; Knight et al., 2004; etc.), among other success factors. This means that implicitly value creation has been studied within some born global firms and the topic has been touched on, but explicitly value creation has not received the attention it deserves. The realization that this clear research gap exists was the original spark that ignited this thesis topic. While the business concept of customer value creation is relatively new, and the studies concerning it are still few, ultimately this thesis hopes to make a contribution in this area.

1.2 Research questions

The aim of this thesis is very straightforward. The overarching idea is to study customer value creation in born global companies in a larger scale, but more specifically to identify types of value enabling customer value creation in born global companies. This translates directly to the main research question:

"What are the types of value enabling customer value creation in born global companies?"

The sub-questions delve deeper into the topic. Once the types of value enabling customer value creation in our case born global companies have been identified, it will be important to establish their relative importance, at least in the context of the case firms, so the first sub-question is:

"What is the relative importance of these value types i.e. what kind of customer value creation is more important for the company and why?"

The second sub question will flow naturally from the interview and secondary data collected, combined with the studies conducted before and found in the academic journals, as none of them have been conducted in the born global setting and some analysis can be made from cross-referencing. While this research question deserves its own topic, and it would be interesting to study this in a wider setting, it

will be taken into account in the context of this thesis' case companies. Thus, the third sub question is:

"How does customer value creation contribute to the success of the born global case companies?"

The research questions may require some justification or background information, as customer value creation could be examined from multiple different angles, so the idea here is to give the reader some context on why these questions were chosen. While customer value creation is undoubtedly an important concept for managers and entrepreneurs, often times the people responsible for creating value for their customers can have a hard time putting it into words and communicating their explicit value creation process. In this sense, customer value creation, as a construct, can be considered somewhat subjective. The interviews in this thesis also reinforce this perspective; the managers and CEOs understand their product, the technological process behind the product, the service, the market, and perhaps even the underlying needs of their customers, but they all still explain their value creation processes in very different manner, i.e. in their own words. This stems from the fundamental subjectivity of a very abstract, and perhaps difficult to grasp concept of "how we, as a company, perceive or think, we create value for our customers".

Finding the answer to the main research question will help managers in this conundrum, and this thesis provides two frameworks for managers to concretize the concept of customer value creation in their own companies, identifying the value types their products or services primarily enforce. Understanding this standpoint provides managers a different point of view, a new angle, to recognize how their company currently creates value, what are the types of value they currently satisfy for their customers, and how they can improve and innovate their products or services to better satisfy a larger range of value types for their existing and new customers.

1.3 Theoretical Framework

The theoretical framework for this thesis is depicted in Figure 1.

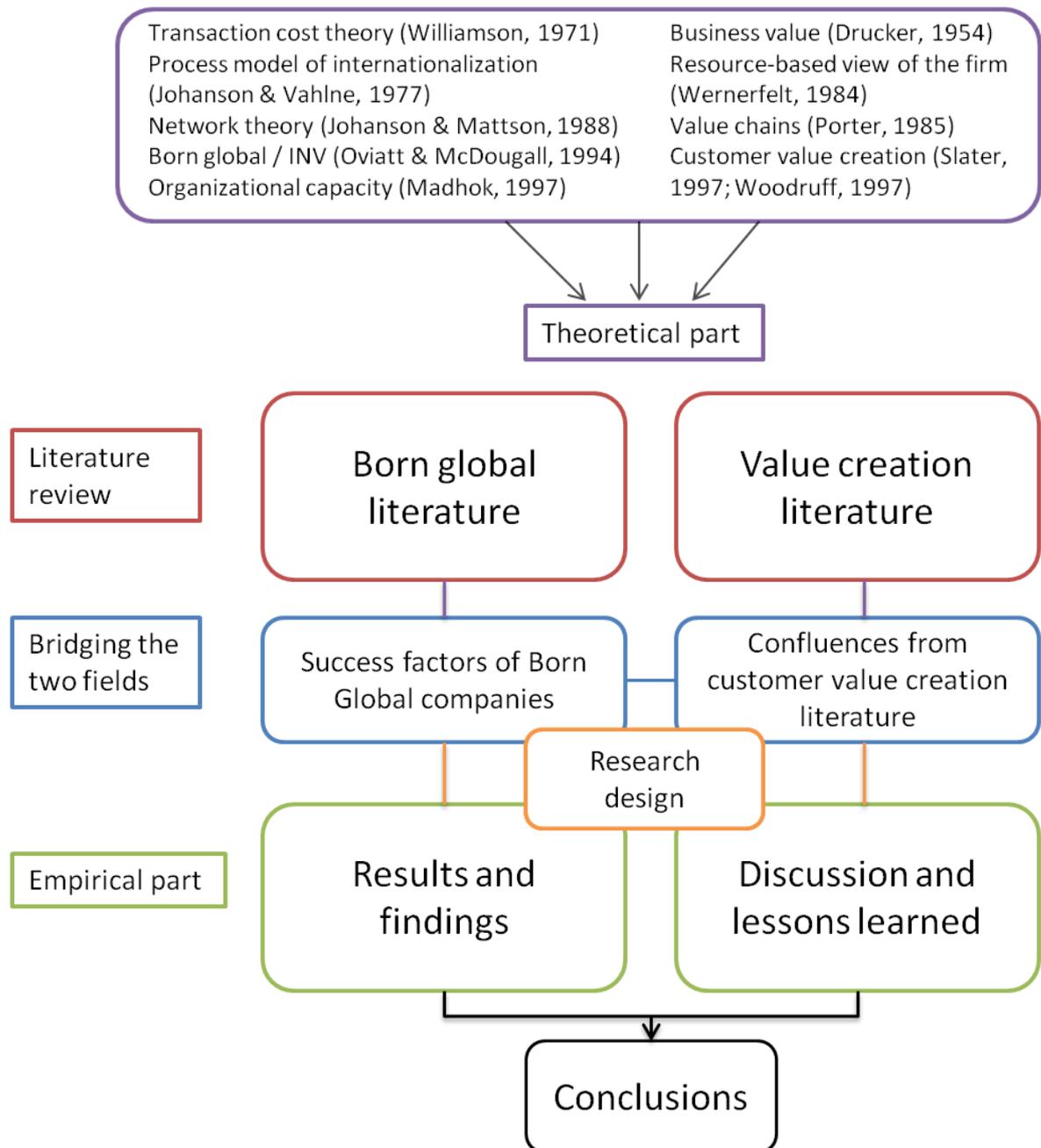


Figure 1. Theoretical framework.

This figure highlights the theoretical foundations behind the thesis. On one hand, the focus of the study are the born global companies, and the born global phenomenon. The born global phenomenon, and on a larger scale theories on internationalization, are ultimately based in some the cornerstones of modern economics that include transaction cost theory (Williamson, 1971), internationalization theory (Buckley & Casson, 1976), as well as behavioral theories of the process model of internationalization (Johanson & Vahlne, 1977), network theory (Johanson & Mattson, 1988) and later the organizational capability perspective (Madhok, 1997), among others, leading up and contributing to the seminal work of Oviatt & McDougall (1994) on emerging international new ventures.

On the other hand this thesis attempts to understand value creation, or customer value creation, in this born global context. The theoretical framework for value creation goes back all the way to Drucker 's (1954) concepts of creating customer value, to Porter's (1985) value chain thinking and the resource-based view of the firm (Wernerfelt, 1984). Customer value creation as a subset of the value creation literature is relatively recent, leading up the notable early proponents of the customer value creation in Slater (1997), Woodruff (1997) and Hunt & Morgan (1999). Some of these theories will be taken a closer look in the theoretical part of this thesis in chapters two and three.

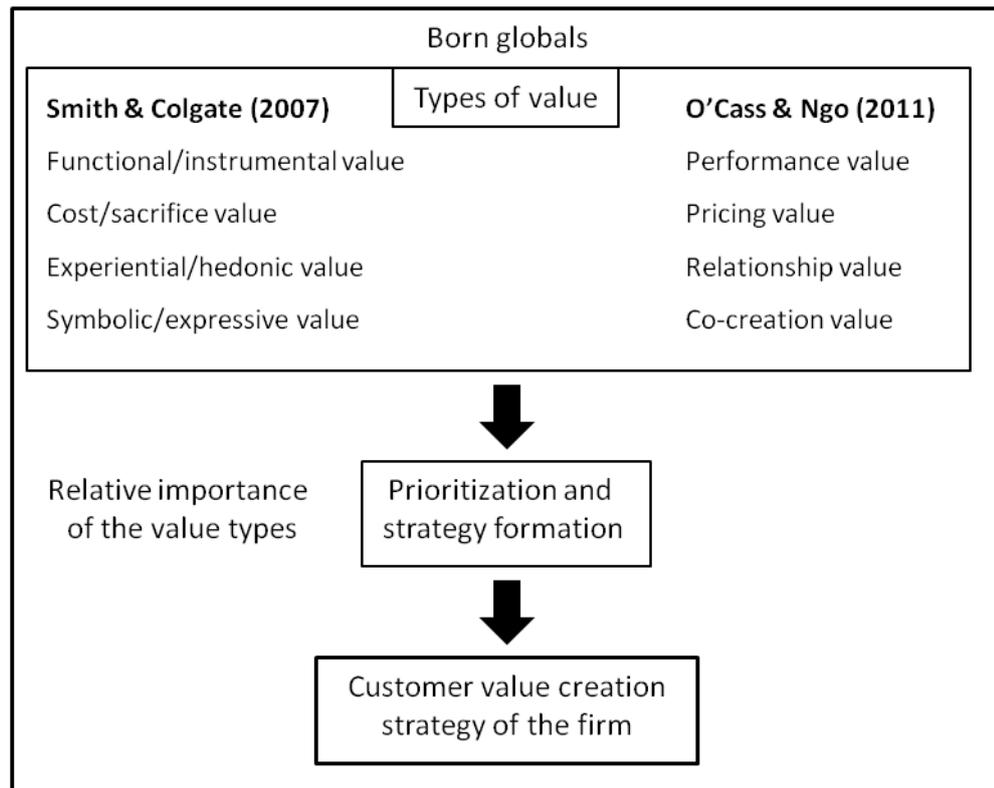


Figure 2. Value type frameworks in the born global context

Another way to present the theoretical framework of this thesis, is to focus on the key frameworks utilized in this thesis, the customer value creation frameworks from Smith & Colgate (2007) and O'Cass & Ngo (2011). Both of these frameworks identify four different value types that suggest different value creation strategies for firms. Figure 2 depicts these two frameworks in the born global context, in relation to the research questions that were chosen for this thesis. It also highlights the strategic significance of identifying these value types as part of the firm's value offering, and ultimately as part of the firm's customer value creation strategy. These customer value creation frameworks will be introduced more thoroughly in chapter three.

1.4 Definitions and key concepts

When it comes to the terminology used surrounding the born global phenomenon, Svensson (2006) argues that despite some disagreement in terminology, the different terms (INV, BG, Global Start-Ups, etc.) seem to refer to the same phenomenon. The most recent notable development in this discussion is by Coviello (2015), where she argues that using the terms "INV" and "BG" synonymously and/or interchangeably is inaccurate, as is any reference to firms as "INVs/BGs". Rather, it is important to recognize that by definition, these organizational forms differ. The key differences include how established the firm is, whether the company actively utilizes multiple value chain activities close to birth, the regional versus truly global focus -debate, and other such aspects.

The case companies in this thesis all share certain key thresholds: They've started significant international operations within 3 years of their inception and all of them have a larger than regional focus with sale of outputs in multiple countries and in at least two continents. This thesis will use the term "born global" (BG) to refer to these early internationalizing firms, and to similar firms in a similar context. The definition of a born global firm for this thesis will follow suit with other scholars, and will choose the definition by Oviatt & McDougall (1994): **Born global** firms are "business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries" (Oviatt & McDougall, 1994).

The term **customer value** can also be interpreted in different ways, and it has at least two dominant meanings; value for the customer (customer perceived value or customer received value) and value for the firm (the value of the customer) (Smith & Colgate, 2007). As the latter has become more commonly known as customer lifetime value, in this thesis the term "customer value" will focus on the former. The customer value creation research field is still relatively novel, thus there are several prominent definitions. Woodruff defines customer value as "a customer's perceived preference for, and evaluation of, those product attributes, attribute performances, and consequences arising from use that facilitates (or blocks)

achieving the customer's goals and purposes in use situations" (Woodruff, 1997). Holbrook, on the other hand, defines customer value as an "interactive, relativistic preference and experience" (Holbrook, 2005). Another definition is offered by Gale (1994), with customer value as being "what customers get (benefits, quality, worth, utility) from the purchase and use of a product versus what they pay (price, costs, sacrifices). While all of definitions above are useful in their own right, they carry slight differences in connotations and emphasis. Since this thesis is more empirically focused on the information we uncover from the case companies, and for the sake of clarity, this master's thesis prefers, and will adopt Gale's (1994) simpler definition.

Another important term for this thesis, are the *value types* or *value type* mentioned in the research questions. While this topic will be covered in more detail in further on in this thesis, the concept of value type is still useful to introduce here. As mentioned before, the customer value research field, being somewhat scattered, currently has varying definitions of customer value. This also means that there doesn't seem to be any definitive framework or typology of customer value that could be considered the research field standard. Park, Jawarsky & MacInnis (1986) describe three basic consumer needs that reflect value dimensions - functional needs, symbolic needs and experiential needs that translate directly to three basic value types: functional value, symbolic value and experiential value. This was later expanded on by different scholars, most notably by Sheth, Newman and Gross (1991), Woodall (2003), Smith & Colgate in 2007, as well as O'Cass & Ngo (2011). The customer value creation frameworks most frequently used in this thesis come from Smith & Colgate (2007) and O'Cass & Ngo (2011), and while there has been no explicit definition of value type from these scholars, it's appropriate to stay consistent: Understanding what customers value in different contexts is central to marketing strategy and marketing thought. In the context of customer value, value can be broken down to different types of value that drive consumer choice (Smith & Colgate, 2007). While these specific types of value or their methods of classification may differ in different contexts, and depending on which framework you choose to apply in your business, identifying

value types in your business will serve as a tool for opportunity recognition and product concept specification. It also provides a foundation for measuring or assessing different value creation strategies.

The following is a list of useful terms that are somehow related to the topic and may appear in this study. The following terms are introduced here to improve readers' understanding of the terminology used in this study and make reading easier, and hopefully prevent any misunderstandings. The definitions are based on the relevant academic literature, or other reputable sources.

Blue ocean strategy: Blue ocean is the uncontested market space for an unknown industry or innovation. In an established industry, companies compete with each other for every piece of available market share. This type of industry is described as a red ocean, representing saturated market share, bloodied by competition. To avoid costly competition, firms can innovate or expand in an attempt to find a blue ocean. (Kim & Mauborgne, 2005)

International entrepreneurship (IE): International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations (Oviatt & MacDougall 2000, 903).

Ingredient branding: "Ingredient-branding is creating a brand for an ingredient or a component of a product, to project the high quality or performance of the ingredient" (Kotler & Pfoertsch, 2010).

Psychic distance: "The sum of factors preventing the flow of information from and to the market" (Johanson & Vahlne, 1977).

Value co-creation: "Value co-creation is the joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically. It is a co-creational activity performed by the actors and the recipients in mutual integrated networks by the means of operant resources for mutual benefits" (Ehrental et al., 2012; Grönroos, 2011; Vargo & Lusch, 2004).

1.5 Delimitations

Delimitations are important to establish and define the limits or boundaries of the study. These limits are especially important for thesis projects, and are set so that the goals of the thesis do not become impossibly large to complete. Given the time constraints and the lack of funding, and in the interest of actually graduating one day, the logistics of the study also dictate that limits have to be set somewhere.

As a delimitation, it's important to note which firms can be classified as born globals. Many scholars have noted the lack of unified standards for classifying firms as "born globals". The period from domestic establishment to initial foreign market entry is often 3 years or less (Autio et al., 2000; McDougall and Oviatt, 2000; OECD, 1997; Rennie, 1993), but some scholars have proposed the speed as 6 years or less (Zahra et al., 2000; Shrader et al., 2000; etc), and foreign sales volumes of 5% or more (Zahra et al., 2000; McDougall & Oviatt, 1996; etc). This thesis will use the following definition influenced by Knight et al. (Knight, Madsen and Servais 2004) and Oviatt & McDougall (1994): A born global firm is a company that has achieved a foreign sales volume of at least 25% within 3 years of its inception and that seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries. Thus, the case firms chosen for this study follow these guidelines.

The case firms chosen for this thesis all operate in different high tech industries, so the observations and results may only be applicable in these fields. Additionally, the chosen case companies have also been in the market with their primary products for at least two years in order to guarantee a minimum level of

experience in customer value creation. While many BG companies tend to have long R&D times, the specific focus of value creation required the case firms in this thesis to have been actively operating in their respective markets for an adequate amount of time to make meaningful observations.

As born global companies are typically highly connected internationally through their extensive networks, it may be possible to generalize the results of the study internationally, or cross-reference data with companies from similarly small domestic markets, or from countries with low psychic distance to Finland. A more extensive study with larger sample size may enable comparison and generalization of the results. Relating to this, is the angle of value creation that was chosen for this thesis. Value creation, as a subjective construct, could also be investigated from multiple different angles, for example the customer's point of view, interviewing customers and then cross-analyzing with data from the companies. While these angles would be important to study in the future, the delimitation for this thesis is clear; value creation in this thesis is solely discussed from the company's point of view.

Other delimitations that should be mentioned, are that this thesis will focus solely on the customer value creation aspect of the selected case companies. The logical pairing of the topic of value creation would be to look at value capture in a similar setting, but that will be left for future research. Additionally, only three case companies were chosen for this study. More insight could be gained by including more companies, or conducting a quantitative research alongside a qualitative research, to generate more data surrounding this topic and make way for future researchers.

1.6 Research methodology & data collection

The theoretical base of this thesis is structured around existing literature on two fronts. The primary theoretical base is the born global literature, including international entrepreneurship literature, in so far as it's relevant. On the second

front, the theoretical base on value creation focuses on customer value, and customer value creation literature. Subthemes like value co-creation and value creation strategies are also included to an extent. The literature was collected from academic books, journals and dissertations.

The empirical part of this thesis is descriptive in nature, and the research was done using a qualitative research method utilizing theme interviews with entrepreneurs, CEOs, or other knowledgeable key personnel in the respective case companies. The chosen case companies had to have certain conditions met to be selected, such as fitting under the previously defined born global definition and having a minimum of two years of experience operating in the market. The interviews were conducted in May 2015, either by phone or VoiP-services (Voice over IP) such as Skype. Databases, company websites and other sources were used as supporting information alongside the primary interviews. Thematic analysis of the transcribed data is the main source of novel information, and the results were cross-referenced with theoretical information from academic journals where applicable. This thesis adopts a multiple-case study approach. While relevant data could be collected from a single-case study, multiple case-study design often brings more data to the research, making it more robust (Yin, 2009, p. 53). Multiple case study as a research method works well in this type of study, making it possible to analyze the cases separately in detail, but also conduct cross-case analysis. The research methodology of this thesis will be more thoroughly introduced in chapter 4.

1.7 Structure of the thesis

This master's thesis consists of four main parts that are divided into six chapters. After this introduction, the thesis continues into the theoretical part. The second chapter consists of the literature review, and will deal first with the born global literature, and then the value creation, as well as the customer value creation literature. Afterwards, a synthesis of sorts is formed to bridge the born global and customer value creation literatures together.

Following this, the research design chapter will introduce the case companies and discuss the research methods used. The empirical part consists of the main analysis of the interviews and the collected data, presenting findings and cross-referencing with existing literature. Finally, conclusions will answer the research questions and wrap up the findings, along with some discussion and future research topics.

2. Literature review

A literature review summarizes the current knowledge of the field, including any substantive findings as well as theoretical and methodological contributions to a particular topic (Baglione, 2012). The main goal of this literature review, just as any literature review, is to situate this thesis within the current body of literature, and to provide context for the reader. The primary context of this thesis is the existing born global literature, thus the bulk of the chosen articles touch on this field. As the topic of the thesis surrounds the value creation concept in born global setting, the second important concept is value creation, customer value creation and the wide array of literature surrounding this context. Some prominent sub-themes such as value co-creation will also be shortly examined to provide a holistic picture. After the two research fields have been introduced, a synthesis chapter of sorts is presented to bring the two fields together.

2.1 The history of born global research

For several decades research in international business focused on established and large firms. Starting in the late 1970s, some researches became interested in the incremental process through which smaller exporting firms gradually internationalized to physically distant markets (Johanson & Vahlne, 1977; Welch & Luostarinen 1988; Cavusgil 1980). While the early internationalization literature was influenced by general marketing theories, followed by a view of internationalization as a choice mainly between exporting and FDI (Foreign Direct Investment) decisions, the studies of internationalization in Swedish companies resulted in the formation of the Uppsala model (Johanson & Vahlne, 1977) in the late 1970s. Later in 1988 the network aspect was added to the model by Johanson and Mattson which led to the network model of internationalization.

In the late 1980s and early 1990s, a few scholars began identifying companies that opted to undertake internationalization as early as from their inception. These companies seemed to adopt more flexible managerial attitudes and practices

(Ganitsky, 1989). In 1989, McDougall in her seminal paper defined international entrepreneurship (IE) as the emerge of new companies that, "from their inception, engage in international business thus viewing their operating domain as international from the initial stages of the firm's operation". She identified such companies as "International New Ventures (INVs)" that, from the inception of the company, emphasized aggressive foreign market entry with the help of an international orientation and perspective from the firms' managers. The term "born global" was introduced by Rennie in 1993, to describe companies that internationalize at or near their founding, based on his research on Australian exporting firms. He identified that many Australian firms targeted foreign markets from inception, in large part due to the relatively small size of Australia's domestic market. These Australian firms would begin exporting, on average, only two years after founding and obtained a substantial slice of their revenue from abroad, all the while competing successfully against large, established players across the globe.

Oviatt and McDougall (1994) in their seminal work provided the first conceptual definition in the academic literature of INVs, defining them as "business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries". The authors identified four types of INVs, (1) Export/import start-ups, (2) Multinational traders, (3) Geographically focused start-ups and (4) Global start-ups with increasing degrees of internationality, respectively. They also noted that many such firms found success by controlling, rather than owning, unique resources, especially knowledge. The most referenced conceptual framework also comes from Oviatt and McDougall (1994) as they explain why these instantly international new ventures may become possible. Their theoretical approach describes four necessary and sufficient elements for explaining the existence of sustainable INVs: (1) organizational formation through internalization of some transactions; (2) strong reliance on alternative governance structures to access resources; (3) establishment of foreign location advantages; and (4) control over unique resources.

While the 2004 JIBS Decade awarded Oviatt's and McDougall's (1994) paper has been widely highly acclaimed and still resonates in current research, scholars have also been critical about for example the typology (Madsen, 2013; Crick, 2009) and the probability of survival among the four INV types (Zahra, 2005) and they note how researchers have yet to examine these issues thoroughly.

Knight and Cavusgil, on the other hand, (1996) defined born global companies as "small, technology-oriented companies that operate in international markets from the earliest days of their establishment." Knight and Cavusgil were proactive in arguing that the emergence of born global firms challenges traditional views of company internationalization (e.g. Johanson & Vahlne, 1977), and the academic literature on born global firms has largely increased since.

2.2 Existing research on born global firms

To start the literature review off, thirty widely referenced articles from a variety of different scholars were chosen for a closer look on the specific research topics that have been covered.

| Author(s) | Year | Journal | Internationalization process | Characteristics & Capabilities | Networks | Knowledge | Other |
|---------------------------------------|------|---|------------------------------|--------------------------------|----------|-----------|--|
| Acedo & Jones | 2007 | Journal of World Business | X | | | | Risk perception & speed of Int. |
| Freeman, Edwards & Schroder | 2006 | J. of International Marketing | X | | X | | Networks & Alliances |
| Freeman, Hutchings & Chetty | 2012 | Management International Review | | | | X | Culturally proximate markets |
| Cesinger, Fink, Madsen & Kraus | 2012 | Management Decision | | | | | Literature review |
| Gabrielsson & Gabrielsson | 2011 | International Business Review | | | | | Marketing; Internet sales channel |
| Gleason, Madura & Wiggenhorn | 2006 | International Journal of Managerial Finance | | X | | | Risk & performance |
| Huang & Hsieh | 2013 | J. of Asia Business Studies | X | | | X | Knowledge transformation process |
| Kalinic & Forza | 2012 | International Business Review | X | X | | | SME Comparison: Strategic focus |
| Karra, Phillips & Tracey | 2008 | Long Range Planning | | X | | | Entrepreneurial capabilities |
| Kim, Basu, Naidu & Cagugil | 2011 | J. of Business Research | | | | | Innovativeness & Customer orientation |
| Knight & Cavusgil | 2004 | J. of International Business Studies | | X | | | Innovativeness |
| Knight, Madsen & Servais | 2004 | International Marketing Review | | X | | | Marketing competence & product quality |
| Kuivalainen, Saarenketo & Puumalainen | 2012 | European Management Journal | X | X | | X | Start-up patterns |
| Kuivalainen, Sundqvist & Servais | 2007 | J. of World Business | X | | | | Scale & Scope of Int. |

Table 1. Born global research - research topics (continued on next page)

| Author(s) | Year | Journal | Internationalization process | Characteristics & Capabilities | Networks | Knowledge | Other |
|--|------|--------------------------------------|------------------------------|--------------------------------|----------|-----------|----------------------------|
| Madsen | 2013 | J. of International Entrepreneurship | | | | | Classification comparison |
| Moen | 2002 | International Marketing Review | X | X | | | |
| Mort & Weerawardena | 2007 | International Marketing Review | | | X | | |
| Nordman & Melén | 2008 | J. of World Business | X | | | X | |
| Nummela, Saarenketo, Jokela & Loane | 2014 | Management International Review | X | | | | Strategic decision-making |
| Oviatt & McDougall | 1994 | J. of International Business Studies | X | | | | Theoretical foundation |
| Oviatt & McDougall | 2005 | Entrepreneurship Theory & Practice | X | | | | Speed of Int. |
| Pettersen & Tobiassen | 2012 | J. of International Entrepreneurship | X | | X | | Long development periods |
| Rennie | 1993 | The McKinsey Quarterly | X | | | | BGs - Domestic comparison |
| Rialp, Rialp & Knight | 2005 | International Business Review | | | | | Literature review |
| Rialp-Criado, Galván-Sánchez & Suárez-Ortega | 2010 | European Management Journal | X | | | | Strategy formation process |
| Sepulveda & Gabrielsson | 2013 | Industrial Marketing Management | | | X | | |
| Sharma & Blomstermo | 2003 | International Business Review | X | | X | | |
| Taylor & Jack | 2012 | International Small Business Journal | X | | | | Pace, scale & pattern |
| Weerawardena, Mort, Liesch & Knight | 2007 | J. of World Business | X | X | | | |
| Zahra | 2005 | J. of International Business Studies | | | | | Synthetic Review |

From this assortment of articles we can identify different focal points and some that have stayed relevant in the field for a long time. Explaining the rapid internationalization process of born global companies continues to be interesting with multiple notable papers on for example dynamic capabilities, organizational characteristics, the importance and relevance of networks, knowledge and innovativeness. Looking at the articles chronologically, there doesn't seem to be any one distinctive trend the field is heading towards, but rather the studies have become more sophisticated with more specific research objectives. Rialp et al. (2005) mention that today's empirical research seems to be far ahead of the theoretical development in this field, which stands to reason from the sheer number of empirical studies versus the number of theoretical and conceptual papers.

Over the last two decades, multiple scholars have also made contributions in the form of dedicated literature reviews (Coviello & McAuley, 1999; Rialp et al., 2005; Zahra, 2005; Cavusgil & Knight, 2009; Cesinger et al., 2012; Rialp et al., 2015; etc), and some of their thoughts and findings will be summarized here as well.

Rialp et al. (2005) in their synthetic review selected 38 recent, most relevant studies in the born global, early internationalizing and international entrepreneurship fields for their analysis. Their analysis found that in terms of research objectives, most of the studies were generally aimed at describing, understanding and interpreting the reasons underlying the emergence of early internationalizing firms (Anderson & Victor, 2003; Knight & Cavusgil, 1996; Larimo, 2001; Oviatt & McDougall, 1994; Rennie, 1993; Roberts & Senturia, 1996; Wickramasekera & Bamberly, 2001). Several studies adopted more specific objectives. A comparative explanatory framework approach was found in a few (Autio & Sapienza, 2000; Madsen & Servais, 1997; McDougall et al., 1994; McNaughton, 2003; Oviatt & McDougall, 1997; 1999; Zahra & George, 2002), the links between new venture internationalization, further performance and subsequent international growth were the focus of few (Autio et al., 2000;

Bloodgood et al., 1996; McDougall & Oviatt, 1996) and the relevance of knowledge and networks, as well as the role of the founder/entrepreneur in the founding process (Andersson & Wictor, 2003; Coviello & Munro, 1995; Rasmussen et al., 2001; Ripollés et al., 2002; Sharma & Blomstermo, 2003). Rialp et al. (2005) also note that a significant portion of the current literature deals directly with high-tech businesses, usually considering the more critical globalization effects that are present in the type of sectors in which these firms compete.

Zahra (2005) in his synthesis talks about Oviatt and McDougall's (1994) emphasis on *how* new ventures compete in international markets. One of Oviatt and McDougall's key insights was in drawing attention to the fact that new ventures do not need to own their resources in order to internationalize their operations, and that entrepreneurial firms are defined by their actions, not by the types of resources they have or control. These entrepreneurial actions lie at the core of new ventures' ability to develop ways to create value beyond their established and presumably resource-rich competitors. It's the resourcefulness that matters, and shifts the emphasis to *where and how* INVs create value by developing and protecting their unique intangible assets (e.g., organizational cultures, relationships, and innovative abilities), especially those that enhance their entrepreneurial activities in foreign markets. (Zahra, 2005) This makes it an important premise on why customer value creation should be investigated in the born global setting, and how the process might differ from traditionally internationalizing companies.

In a more recent, and very comprehensive literature review, Rialp et al. (2015) classified a considerable number of articles on born global firms and divided them into core disciplines of International business, International Entrepreneurship, Conceptual developments and Literature reviews. They identify key research topics that scholars have investigated such as entry mode selection, psychic distance, post-international entry and expansion, and entrepreneur's

characteristics, in addition to the ones mentioned before. Their classification groups studies based on their dominant focus, although some works address two or more topical areas. While the authors note that the table below does not represent an exhaustive collection of available studies in the field, it's still the most comprehensive review up to date.

| <i>Core discipline</i> | <i>Key research topic</i> | <i>Example studies in past research</i> |
|------------------------|---|--|
| International business | Determinants of early and rapid internationalization (internal and environmental driving factors) | Rennie (1993); Roberts and Senturia (1996); Knight and Cavusgil (1996, 2004, 2005); Knight (1997); Autio et al. (2000); Crick and Jones (2000); Shrader et al. (2000); Moen (2002); Moen and Servais (2002); Andersson and Wictor (2003); McDougall et al. (2003); Bell et al. (2003, 2004); Etemad (2004); Andersson (2004); Rialp et al. (2005a, b); Fernhaber et al. (2007); Fan and Phan (2007); Zucchella et al. (2007); Kudina et al. (2008); Cavusgil and Knight (2009); Kuivalainen et al. (2012); Nowinski and Rialp (2013) |
| | Organizational resources and (dynamic) capabilities | McDougall et al. (1994); Liesch and Knight (1999); Bloodgood et al. (1996); Knight and Cavusgil (2004); Autio et al. (2000); Zahra et al. (2000); Moen and Servais (2002); Kuemmerle (2002); McDougall et al. (2003); Zahra et al. (2003); Kundu and Katz (2003); Lostarinen and Gabrielsson (2006); Rialp and Rialp (2006); Zhang and Tansuhaj (2007); Laanti et al. (2007); Mudambi and Zahra (2007); Weerawardena et al. (2007); Zucchella and Scabini (2007); Karra et al. (2008); Autio et al. (2011) |
| | Foreign market research, information seeking and organizational learning/knowledge | Liesch and Knight (1999); Autio et al. (2000); Zahra et al. (2000); Yeoh (2000, 2004); Kuemmerle (2002); Michailova and Wilson (2008); Weerawardena et al. (2007); Zhou (2007); Gassmann and Keupp (2007); Jantunen et al. (2008); Nordman and Melén (2008); Fernhaber et al. (2009); Schewns and Kabst (2009); Prashantham and Young (2011) |
| | Foreign country market/segment selection (niche focus) | Jolly et al. (1992); Bell (1995); Bloodgood et al. (1996); Madsen et al. (2000); Yip et al. (2000); Shrader et al. (2000); Crick and Jones (2000); Aspelund and Moen (2001); Moen (2002); McNaughton (2003); Knight and Cavusgil (2004); Knight et al. (2004) |
| | Entry mode selection | McDougall et al. (1994); Burgel and Murray (1998); Zahra et al. (2000); Shrader et al. (2000); Crick and Jones (2000); Yip et al. (2000); Gabrielsson and Kirpalani (2004); Freeman et al. (2006); Servais et al. (2006); Taylor and Jack (2012); Ripollés and Blesa (2012) |
| | Global vs. regional/local approach | Moen (2002); Kuemmerle (2005); Svensson (2006); Svensson and Payan (2009); Acs and Terjesen (2012) |
| | International (marketing) strategy/international marketing orientation and competence | McDougall and Oviatt (1996); Knight (2000); Aspelund and Moen (2001); McDougall et al. (2003); Knight et al. (2004); Chetty and Campbell-Hunt (2004); Bell et al. (2004); Knight and Cavusgil (2004, 2005); Gabrielsson (2003, 2005); Loustarinen and Gabrielsson (2006); Aspelund et al. (2007); Harstfield et al. (2009) |
| | Psychic distance | Bell (1995); Crick and Jones (2000); Madsen et al. (2000); Moen and Servais (2002); Arenius (2003) Andersson (2004); Yamin and Sinkovics (2006); Ojala (2009); Taylor and Jack (2012) |

Figure 3. Extant research on born global firms. (Rialp et al., 2015) (cont. on next page)

| <i>Core discipline</i> | <i>Key research topic</i> | <i>Example studies in past research</i> |
|-------------------------------------|--|--|
| (International) Entrepreneurship | Internet-enabled internationalization | Sinkovics and Bell (2006); Yamin and Sinkovics (2006); Arenius et al. (2006) Loane (2006); Servais et al. (2007); Zhang and Tansuhaj (2007); Gabrielsson and Gabrielsson (2011); Reuber and Fischer (2011) |
| | Post-international entry and expansion | Yip et al. (2000); Luostarinen and Gabrielsson (2006); Morgan-Thomas and Jones (2009); Melén and Nordman (2009); Prashantham and Young (2011); Efrat and Shoham (2012); Sleuwaegen and Onkelinx (2013) |
| | International entrepreneurial networks (business, social, personal) | Johanson and Vahlne (1990, 2009); Bell (1995); Coviello and Munro (1995, 1997); Yeoh (2000); McDougall et al. (2003); Andersson and Wictor (2003); Sharma and Blomstermo (2003); Harris and Wheeler (2005); Freeman et al. (2006); Mort and Weerawardena (2006); Coviello (2006); Coviello and Cox (2006); Angdal and Chetty (2007); Zhou et al. (2007); Ojala (2009); Parshantham and Dhanaraj (2010); Vasilchenko and Morris (2011); Fernhaber and Li (2012) |
| | International entrepreneurial orientation/culture/dynamics | McDougall et al. (1994); Oviatt and McDougall (1995); Knight (2000); Knight and Cavusgil (2004); Mathews and Zander (2007) ; Zhang and Tansuhaj (2007); Kuivalainen et al. (2007); Jantunen et al. (2008); Covin and Miller (2013) |
| | Founding process | Oviatt and McDougall (1995); Moen and Servais (2002); Kuemmerle (2002); McDougall et al. (2003); Rasmussen et al. (2001); Andersson and Wictor (2003) |
| | Entrepreneur-managers' characteristics (global mindset, international vision and orientation, cognition, risk taking, and proactivity) | Jolly et al. (1992); Oviatt and McDougall (1995); Knight and Cavusgil (1996); Bloodgood et al. (1996); Reuber and Fischer (1997, 2002); Kundu and Katz (2001); Moen (2002); Moen and Servais (2002); McDougall et al. (2003); Andersson (2004); Etemad (2004); Knight et al. (2004); Chetty and Campbell-Hunt (2004), Nummela et al. (2004); Gabrielsson and Kirpalani (2004); Zahra et al. (2005); Zhou (2007); Acedo and Jones (2007); Freeman and Cavusgil (2007); Federico et al. (2009) |
| | International opportunity recognition, evaluation and exploitation | McDougall, Shane and Oviatt (1994); Crick and Spence (2005); Zahra et al. (2005); Mort and Weerawardena (2006); Di Gregorio et al. (2008), Karra et al. (2008); Chandra et al. (2009, 2012); Butler et al. (2010); Kontinen and Ojala (2011); Mainela et al. (2014) |
| | Causation vs. effectuation | Andersson (2011); Evers and O'Gorman (2011); Fisher and Reuber (2011); Harms and Schiele (2012); Nowinski and Rialp (2013) |
| | Public policy implications | Bell and McNaughton (2000); Bell et al. (2003, 2004) |
| | Conceptual developments | Oviatt and McDougall (1994, 1997, 1999, 2005a, b); Madsen and Servais (1997); McDougall et al. (1994); McDougall and Oviatt (2000, 2005a); Zahra and George (2002); Bell et al. (2003); Hurmerinta-Peltomäki (2003, 2004); Etemad (2004); Rialp et al. (1995a); Jones and Coviello (2005); Prashantham (2005); Sapienza et al. (2006); Weerawardena et al. (2007); Zucchella and Scabini (2007); Gabrielsson et al. (2008a, b); Johanson and Vahlne (2003, 2006, 2009); Rialp et al. (2010) |

Figure 3. Extant research on born global firms. (Rialp et al., 2015)

Literature reviews/
comments on
BGFs/INVs and IE

Coviello and McAuley (1999); Zahra and George (2002); Coviello and Jones (2004); Rialp et al. (2005a); McDougall and Oviatt (2005b); Autio (2005); Zahra (2005), Aspelund et al. (2007); Cavusgil and Knight (2009); Keupp and Gassman (2009); Coombs et al. (2009); Szyliowicz and Galvin (2010); Reuber and Fischer (2011); Jones et al. (2011); Cesinger et al. (2012); de Clercq et al. (2012); Kiss et al. (2012); Peiris et al. (2012); Casillas and Acedo (2012); Covin and Miller (2013); Madsen (2013); Mainela et al. (2014); Terjesen et al. (2013)

Figure 3. Extant research on born global firms. (Rialp et al., 2015)

Many of the topics have been covered in varying depth. Applying an international business perspective, and corresponding with earlier literature reviews, a major focus has been on the emergence of born global firms. Many authors identify both internal and external/environmental factors that drive early and rapid internationalization. Knowledge-based resources and dynamic capabilities in the early internationalization process seem to play a key role. Rialp et al. (2015) also note that scholars have given less emphasis, by contrast, to examining how knowledge-based organizational learning processes impact information seeking and foreign market research by these firms. Other less examined, but important topics include country market/segment selection, especially dealing with higher or lower geographic and psychic distance between home and foreign markets, and entry mode choices with born global companies. Several authors examined a range of international competitive and marketing strategies adopted by born global firms; for example born global firms are often seen to exhibit high levels of international marketing orientation, capability and competence. In the last decade or so scholars have also been interested in the role of internet and ICT in born global firms, as well as post international entry and global expansion determinants of born global companies.

From the entrepreneurial perspective, researchers have investigated the role of networks (both business and personal ones), the entrepreneur's characteristics influencing the rapid internationalization process (global mindset, international

vision, risk-taking, proactiveness, etc.) and international entrepreneurial orientation in the born global formation process (Rialp et al., 2015). Conceptual and theoretical papers have recently been on the rise, but their numbers are still far and below the empirical studies.

2.3 History of Value Creation thinking

The concept of value creation is tricky, as the term is used in varying contexts and parts of its history can be traced back to different paradigms and schools of thought among different scholars. First, the term 'value' has been used in many different contexts, reflecting its multifaceted nature (Babin et al. 1994). According to some scholars, the concept of value is one of the most overused and misused concepts in social sciences in general and in marketing/management literature in particular (Khalifa, 2004). It has its roots in many disciplines, including psychology, social psychology, economics, marketing and management (Woodruff & Gardial, 1996).

Peter Drucker (1954) was an early proponent of business value as the proper goal of the company, and especially of the notion that a firm should create value for customers, employees and partners. His famous quote "the purpose of a business is to create a customer" indirectly promotes the concept of value for the customer, and it still resonates in today's management literature. Michael Porter, on the other hand, popularized the concept of value chain (Porter, 1985) as a chain of activities that a firm operates in a specific industry performs in order to deliver a valuable product or service to the market. Porter understood that the concept of business value aligned with the theory that a firm is best viewed as a network of relationships both internal and external, sometimes also called a value network. In a value network, value creation is viewed as collaborative, creative, synergistic processes rather than purely mechanistic or a result of command-and-control. According to this paradigm, business value consists of components; shareholder value, customer value, supplier value and societal value, among others (Porter, 1985).

The overarching theory behind business value and value creation (and value capture), however, is the resource-based view of the firm theory where the basis of the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Wernerfelt,

1984). Following the evaluation criteria of whether the firms' key resources are rare, in-imitable, non-substitutable and valuable, they must enable the firm to employ a value-creating strategy, by either outperforming their competitors or reducing their own weaknesses.

As mentioned before, there needed to be a conscious choice of which perspective of value creation would be chosen for this thesis. As born global companies are relatively new and limited in resources, they're generally dependent on their intangible resource management, networks and innovative offerings and often times providing their customers superior value is paramount for their success. Finding customers and maintaining these relationships is often the primary goal for many firms, but this aspect gets highlighted further in the case of the resource-light born globals. As such, the perspective chosen for the thesis will be customer value creation. Thus, the aim of the thesis will be to identify the types of value influencing and enabling customer value creation in born global companies, but also their relative importance. Consequently, the remaining literature review on value creation will mainly focus on the literature of customer value creation and the empirical part of the thesis will focus on customer value creation, from the point of view of the born global company.

Customer value as a subset of the value creation literature is also relatively recent. The emerging customer value paradigm and the theory of the firm (Slater, 1997; Hunt & Morgan, 1997; Hunt, 1999) suggests that firms exist to create value for others where it is neither effective nor efficient for buyers to attempt to satisfy their own needs. The objective of marketing, in this case, is to achieve personal, organizational and societal objectives by creating superior customer value for one or more market segments with a sustainable strategy. Despite the apparent centrality of customer value to marketing, customer value creation is a central marketing concept that has been under-investigated (Hunt, 1999) and the research field remains still in its infancy and in the early stages of conceptual development (Smith & Colgate, 2007).

2.4 Existing research on customer value creation

From the mid-1950s, marketing academics started to advocate that firms achieve their organizational goals through creating, delivering, and communicating value to their chosen target consumer markets more effectively than their competitors do (e.g. Borch, 1957; Keith, 1960). Decades later, it's still argued that the primary pursuit of business is to create and maintain value (Conner, 1991; Sirmon, Hitt and Ireland, 2007) and to this end understanding what value is, and how value is created, has attracted significant attention over the past decade (Anderson et al., 2006; Bowman & Ambrosini, 2000, 2009; Lepak et al., 2007; Mittal and Sheth, 2001; Möller, 2006; Payne and Holt, 2001; Sirmon et al., 2007; Smith & Colgate, 2007; etc.). Within this body of work, scholars indicate that value creation is a dynamic and multi-stage process involving different users of value (Bowman and Ambrosini, 2000; Lepak, Smith and Taylor, 2007).

Creating and delivering customer value is seen as a cornerstone of marketing and competitive strategy (Khalifa, 2004; Lindgreen & Wynstra, 2005) and relationship management (Payne & Holt, 2001). Customer value theory (Woodruff, 1997) stresses the importance of understanding customer perceptions of value-in-use and building the customer value hierarchy model. Companies are supposed to learn about customer value, create it and develop delivery processes. Slater (1997) agrees on the importance of continuous learning about customers, but adds two important issues: First, value creation implies a dedication to continuous innovation. Secondly, companies should develop a customer value process-focused organization. According to Lindgreen & Wynsta (2005), customer value has at least two dimensions: (1) the total value of goods and services, and (2) the relationship value, which is composed of direct and indirect functions of a customer relation (Walter, Ritter & Gemünden, 2001). Customer value creation can also be tied to concepts like CRM where the value creation process through customer relationship management is always a two way operation as the value has to be perceived both by the company and the customer (Payne, 2006).

Looking at the research field in general, despite the apparent importance of creating value for customers, most research on this issue (in contrast to born global research) is of a conceptual nature (Anderson et al., 2006), and from an empirical viewpoint value creation from the firm's perspective remains an under-researched topic (Sirmon et al., 2007), so hopefully this thesis can make a contribution in this area. Popular papers have focused on normative customer value creation strategies (Slywotzky, 1996; Treacy & Wiersama, 1993), while others have focused on the importance of the customer value concept (Gale, 1994; Band 1991) and definitions, conceptualization and typologies of customer value (Woodall, 2003; Woodruff 1997, Ulaga 2003).

One of the important parts of customer value research is the design of frameworks and typologies in order to help firms better understand value creation. Although there have been recent attempts to develop these typologies (Woodall, 2004; Holbrook, 2005; Ulaga, 2003), there's been little consistency in the approaches. The importance of value creation has also been noted in other fields, for example a product development research (Cooper, 2001) found that products offering superior customer value are more successful than those that offer limited value or offer value already provided by other brands.

As the definitions of customer value vary, there doesn't seem to be any definitive framework or typology of customer value that would be the research field standard. Park, Jawarsky & MacInnis (1986) describe three basic consumer needs that reflect value dimensions - functional needs, symbolic needs and experiential needs that translate directly to three basic value types: functional value, symbolic value and experiential value. This typology, however, does not capture the cost/sacrifice aspect of customer value suggested by other definitions (Smith & Colgate, 2007). Sheth, Newman and Gross (1991) describe five types of value that drive consumer choices: functional value, social value, emotional value, epistemic value and conditional value; and Woodall (2003) identifies five primary forms of value for the customer (VC): net VC (balance of benefits and sacrifices), derived

VC (use/experience outcomes), marketing VC (perceived product attributes), sale VC (value as a reduction in sacrifice or cost) and rational VC (assessment of fairness in the benefit-sacrifice relative comparison). Smith & Colgate (2007) mention in their literature review that the disunity and the limitations of these aforementioned frameworks make them difficult to use either for marketing strategy decisions or for operationalizing the construct.

The framework presented by Smith & Colgate (2007) adopts a strategic orientation that builds on the strengths of previous frameworks and identifies four major types of value that can be created by organizations - functional/instrumental value, experiential/hedonic value, symbolic/expressive value and cost/sacrifice value. This framework suits us particularly well on our mission to look at value creation in born global setting, as most start-up businesses compete by creating functional/instrumental value or cost/sacrifice value (Smith & Colgate, 2007), but they also mention that symbolic/expressive value appears to be harder to create as fewer firms follow a brand-utility-focused strategy, which some born globals are generally known for, so investigating this dynamic should prove interesting.

Overall the value creation literature seems scattered, as the fragmentation and heterogeneity of the different approaches in the literature are evident. The main weakness that characterizes the literature is the lack of agreement among scholars and, as a consequence, the lack of a clear-cut definition of value (Sánchez-Fernández & Iniesta-Bonillo, 2006).

2.5 Value co-creation

The concept of value co-creation has recently received broad research interest because of its strategic applicability both in theory and practice (Ehrenthal et al., 2012). It refers to the joint creation of value during the interaction process between the firm and the customers (Grönroos, 2000; Vargo & Lusch, 2004), and the definition that this thesis will adopt comes from Galvagno & Dall'i (2014): Value co-

creation is the joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically. It is a co-creational activity performed by the actors and the recipients in mutual integrated networks by the means of operant resources for mutual benefits (Ehrental et al., 2012; Grönroos, 2011; Vargo & Lusch, 2004). In contradiction to traditional marketing practices, value co-creation considers customers as active players and parts of the firm during the interaction process to equally co-produce and co-create value (Prahalad & Ramaswamy, 2000).

The concept became an especially attractive area of interest among scholars following the introduction, and the evolution, of Service-Dominant Logic which primarily focuses on value co-creation and the role of customers in co-creating value (Vargo & Lusch, 2004). The S-D Logic presents customers as always the co-creators of value (Vargo & Lusch, 2008). It's premised on the notion that firms are no longer sole arbiters of value, as consumers take increasingly active roles in the creation of their own value (Darmody, 2009). The way in which value is created, distributed, paid for, and exploited thus differs radically from the traditional demand vs supply model (Galvagno & Dalli, 2014).

Current research provides a multitude of approaches to value co-creation. Those approaches embrace a variety of characteristics, and imply others, in attempting to determine with some certainty what is the essence of the concept. The wide variety of contributions – both in terms of scale and level of abstraction – has resulted in a complex environment of definitions, perspectives, and interpretations of how customers create value jointly with firms and other actors. Widely cited practical examples such as Threadless, Lego, or Dell have further fuelled and diversified the discussion around value co-creation (Birkner, 2011; Di Gangi and Wasko, 2009; Hienerth et al., 2011; Malone et al., 2010; Miller and Lammas, 2010). The topic of value co-creation is currently very contemporary and the research surrounding this phenomenon is rapidly growing. It's a topic that would deserve explicit research in the born global context, but in this thesis the co-creation

perspective will be discussed in the empirical part only insofar as it's relevant to the frameworks that are utilized, and the case companies themselves.

3. Customer value creation in born global companies

This chapter attempts to connect the two previously noted fields of literature in a synthesis, or a summary of sorts, to bring forth any relevant points for the empirical part to focus on. As mentioned before, while value creation or customer value creation has not been studied specifically in the born global setting, some points of interest can be gathered from the two literature fields. For example, success factors of born global companies have been studied extensively and from a marketing perspective the premise is that these companies thus must be, at least to an extent, generally adept at creating value for customers. The customer value creation literature will also provide some theories to investigate further in this thesis. This chapter will attempt to identify some key papers and theories and examine these confluences.

3.1 Success factors of Born Global companies

While the success factors of any firm can be multifaceted and a hotly debated topic among scholars, in the case of born global companies they often include factors like international marketing orientation or entrepreneurial networks (Knight & Cavusgil, 2004; Kuivalainen et al., 2007; Freeman et al., 2006, etc), but as these factors have little direct connection with customer value creation, they will only be mentioned to the extent that they're relevant for this thesis.

The success of born global firms has also been explained by the increasing role of niche markets, global networks and alliances, and globalization in general, innovative offerings, specialized and customized products, shorter product life cycles, homogenization of buyer preferences around the world, organizational culture, elaborate and unique capabilities of people (including those of the entrepreneurs/founders), advances in process and communication technology and inherent advantages of small companies (including quicker response time, flexibility and adaptability) (Knight & Cavusgil, 1996; Coviello & Munro, 1995; Knight, 2001; 2004; Moen & Servais, 2002; Rennie, 1993; Rialp, Rialp & Knight,

2005, etc), and as these factors are more directly linked to the customer and how the company is able to create and deliver that value, some of these factors will be taken a closer look in order to find out how BGs generally approach their customer value creation process.

Born globals are typically defined by their limited resources (e.g. Cardwell et al. 1999; Rasmussen et al. 2001; Gleason et al. 2006), customized and superior quality products and their focus in niche markets (e.g. Oviatt & McDougall, 1995; Knight & Cavusgil, 1996; Taylor & Jack, 2011). Knight & Cavusgil (1996) identified two decades ago several trends that have given rise to the emergence, and to the success, of born global firms. They mention that there's an increasing pressure to specialize in many markets in order to be competitive, and this has created a substantial number of niche markets. In order for a company to satisfy the needs of a niche, they must go global to increase their customer base. From a value creation perspective, this means that born globals have habitually evolved into being exceptional at identifying and satisfying unique needs in market spaces where bigger companies are reluctant to go.

Knight & Cavusgil (2004) note the innovative culture of born global firms that gives rise to specific capabilities suitable for success in foreign markets. They also mention their *entrepreneurial orientation* associated with an innovative and proactive approach to internationalization. In regard to products, their qualitative research found that BGs tend to leverage technological prowess, relatively unique products, and a strong quality focus to sell their offerings via independent distributors in markets worldwide (Knight & Cavusgil, 2004). This provides us some potential keywords to focus on in the empirical part; innovation, technology orientation and quality focus.

Networks and alliances also seem to play a big role in the success of born globals (Sepulveda & Gabrielsson, 2013; Coviello, 2006; Freeman et al. 2006; etc). Advances in communication technologies have brought global communication possibilities to everyone. The resource scarce born global firms can utilize

networks to hire and consult skilled individuals, search for cooperation opportunities with other companies and facilitate the internationalization process by recruiting local agents, etc (Madsen & Servais, 2004). The importance of global networks is hard to overstate in the success of born global firms. Utilizing networks is also often paramount in creating unique value for customers. It's not only the basic idea behind value and supply chain thinking, but BGs with highly specialized know-how would otherwise be confined to very strict market spaces and would be hard pressed to find growth opportunities. Global networks allow small born globals to exploit other actors in their ecosystem to provide integrated service offerings for their customers.

Networks bring us to the topic of knowledge. Multiple scholars have stated knowledge to be a key resource of competitive advantage for born globals (Autio et al., 2000; Knight & Cavusgil, 2004; Nordman & Melén, 2008; etc), especially regarding the internationalization process. In terms of value creation and customer value creation, knowledge-based capabilities are fundamental components of many born global firms. In order to combat the wealth of tangible resources of their older competitors, BGs have to leverage their collection of intangible knowledge-based capabilities in their operations (Knight & Cavusgil, 2004). The conversion of tacit knowledge into business activities that create value for customers in multiple foreign markets is at the heart of this.

Relating to this, is the topic of innovation. Young and innovative BG firms are flexible in their endeavors of entering multiple foreign markets and garnering new customers because of their ongoing redefinition of their operations, resulting in frequent competitive improvements to the firm's offerings and routines (Lewin & Massini, 2003). Larger and more established firms usually experience substantial bureaucratization that hinders their innovation activities, while younger firms that are dynamic, flexible and less bureaucratic encourage innovativeness (Penrose, 1959). This type of nimble behavior is crucial for born globals. They must find

more opportunities to create novel value for customers and engage actively in this type of opportunity recognition to outperform their more established competitors.

3.2 Confluences from customer value creation literature

The frameworks of Smith & Colgate (2007) and O'Cass & Ngo (2011), that were briefly presented in graphical form in the theoretical framework in the first chapter are important for this thesis in our pursuit to study customer value creation in born global companies. These frameworks, along with some examples, will be introduced here.

Smith & Colgate (2007) identify four types of value that suggest different value creation strategies for different firms, in different situations. As an example they bring up companies that adopt very different *modus operandi*. Volvo and Nike compete in the superior creation of functional/instrumental value and follow a product-innovation strategy and invest and excel in value creation processes relating to new product development, market research, quality and technology development. On the other hand, firms such as Wal-Mart and Amazon.com compete in creating superior cost/sacrifice value, and they follow an operational excellence strategy. These types of firms that compete on price and convenience typically focus on efficiency and thus invest, and excel at, purchasing, manufacturing and distribution processes. They tend to have a top-down emphasis with operating procedures and they strive to standardize processes and minimize intermediate processing steps and overhead expenses. (Smith & Colgate, 2007)

However, few firms create just one type of value, as scholars have suggested that subtypes of value can be created from different value creating processes. (Treacy & Wiersama, 1993; Smith & Colgate, 2007). Smith and Colgate present the example of Starbucks as it demonstrates an excellent example of a global company that is able to create more than just one type of value. Starbucks strives to create functional/instrumental value via appropriate features and attributes (customization, hot drinks for cold days and cold drinks for warm days). They create experiential/hedonic value via sensory value (aesthetics, ambiance and aromas), emotional value (pleasure or enjoyment), social-relational value (by providing a comfortable space where friends and colleagues can interact) and

epistemic value (novelty flavors, information about coffees). Starbucks also creates symbolic/expressive value through for example self-expression (the ability to personalize the beverage and experience) and social meaning (status in the brand name), with also some elements of cost/sacrifice, they create economic value (an affordable luxury) and by reducing psychological costs (convenient to find). While Starbucks clearly emphasizes experiential and hedonic values, they're a maverick company in the sense that they're able to implement and provide different sets of superior value for customers looking to satisfy a variety of needs.

Identifying these different value types from the case companies will provide a basis for analysis in this thesis and offers managerial implications for other similar companies that are looking to identify and enhance their value creation processes. We should also remember that the case companies in this thesis are all relatively small high-tech companies with limited resources, and it would be overly optimistic to presume that small born global companies would be able to create all these different value types for their value propositions at an expert level. This means that prioritization on the most essential elements is paramount for their value creation processes, and subsequently for the future growth of these companies.

For any new company, establishing a value-creation strategy is crucial for their early success. To develop a value-creation strategy, a firm must first identify what points of value their potential customers seek. Next, the firm develops a pre-emptive strategy to provide those benefits. To determine what customers want, what job they need to get done, and what barriers they face, a firm typically needs to conduct customer value research. Based on customer data, firms should then refine their value creation strategy to provide value along the dimensions of value that customers identify as important to them (Shanker, 2012).

For a born global company with limited resources, having the access to customer data and the market knowledge in their early phases can be particularly

challenging. Customers may look for superior value in various aspects of the offering. They may look for superior performance (e.g. product quality, personal preferences of attributes, and innovative features) delivered at affordable and reasonable prices (Mittal and Sheth, 2001). They may also be looking for close customer-firm relationships (Ulaga & Eggert, 2006) or co-creation experiences that suit their needs (DeSarbo et al., 2001).

This is where theoretical frameworks come in handy. O'cass and Ngo (2011) identify that a firm's pre-emptive value-creation strategy should be comprised of:

- 1. Performance value.** Customers look for innovative product attributes, and products and services that deliver performance superiority to meet their explicit and latent requirements. Performance value is the firm's efforts to respond to customers' requirements by creating and delivering products and services with high quality, innovative performance features which meet consumers' personal preferences.
- 2. Pricing value.** Price is the means by which firms appropriate value through market-based exchange, and consists of fair price and value price. Fair prices is the price that customers believe is fair and reasonable, while value prices is the price that customers consider justified by the total benefits received (Hinterhuber, 2004). Pricing value are a firm's efforts to create and deliver to customers pricing levels (practices) that customers are willing to pay.
- 3. Relationship value.** An increasing demand has recently been for a holistic offering that includes everything from easy access to the business at any time, to rapid response with any enquiry (Mittal & Sheth, 2001). In an on-going relationship, the customer has a strong desire to keep in touch with the firm to obtain a hassle-free purchase and consumption experience (Anderson et al., 2006).

4. **Co-creation value.** Increasingly customers are being encouraged to actively collaborate with firms, and to co-create their own unique personalized purchase and consumption experiences (Prahalad & Ramaswamy, 2004). Co-creation value is the firm's efforts to interact with customers to co-construct their consumption experience.

O'Cass and Ngo (2011) argue that their classification of value offering is a combination of what can be labeled 'what can we do for you' via performance value and pricing value and 'what can we do with you' via relationship building value and co-creation value. This framework, along with the one from Smith & Colgate (2007) will be used as tools to analyze the case companies of this thesis, to investigate their customer value creation process and their customer value creating strategy, and to enable managers in a similar position to enhance their customer value offerings in the future.

4. Research design

Saunders et al. (2009) define research as "something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge". They also define methodology, or research methodology, as "the theory of how research should be undertaken".

Before we look at the research findings that are based on the interviews, this chapter discusses the research methods used in this study, and context will be provided for some of the choices made. In addition to research methods, data collection and analysis methods are explained in detail. The case companies and the selection process of these case companies, are also briefly introduced.

4.1 Research context

As mentioned in the introductory chapter, the underlying motive for this thesis topic was the apparent research gap in the academic literature, the non-existence of the union of born global and customer value creation research. The broad strokes were easy to sketch as the literature surrounding the topic overall was ample, but finding the relevant information from the noise proved the most difficult. However, there were no clear hypotheses to be tested and the purpose of the study was exploratory in nature, to find new insights and to assess a phenomenon in a new light (Robson, 2002); it was hard to predict any of the results in the beginning, and it was unclear whether or not this study would end up contributing to the research gap where the idea originally started.

The case companies chosen for this thesis are all Finnish firms, and this fact should be taken into account as each country and each market has its own preconditions. Finnish firms are born into a milieu of high concentration of small businesses, but where established and large actors, as well as relatively high governmental regulations, affect the business climate to a large extent. Despite the importance of having firms growing and being able to compete globally for small economies like Finland, one should bear in mind that Finland is in some

regards very much different from some other European countries of similar or slightly larger size such as Denmark or Belgium, which have a distribution of firm sizes more focused on smaller firms. When interpreting and generalizing results, such differences should be acknowledged.

4.2 Reliability and validity

Case studies can utilize either single case, or multiple case approach (Saunders et al., 2009). In this paper, multiple case study approach was used. There is no ideal number of cases in this approach. According to Eisenhardt (1989), a study of 3-10 cases usually works well. With fewer than three cases, theory can be difficult to generate, and with more than ten cases, the volume of data can be difficult to cope with. Gummesson (2003), on the other hand, claims that anything from one case to several, even hundreds, can be justified depending on the research purpose and questions. This paper is based on three cases. As the number is small, it can be assumed that if not these, but any other three enterprises had been selected, the results might have been different, and this should be taken into consideration when discussing statistical generalizations.

On the other hand, case studies are not always supposed to provide statistical generalizations. Even with a small number of cases, some theoretical generalization can be made: when it is possible to formulate logical conclusions in support of causal relationships, it may be concluded that these causal relationships also hold for cases that are structurally similar (Hillebrand et al., 2001). Such generalizations could be made even from one case (Stuart et al., 2002), but a larger number of cases should augment external validity and help to guard against observer bias (Voss et al., 2002), confirm or refute the findings of the first case or to investigate whether the findings of the first case could be expanded to slightly different situations (Hillebrand et al., 2001). For future researchers interested in the topic, this also means that a more comprehensive study with either a different angle, or more data, could complement this study. On a more general level, the case study approach allows the researcher, and

consequently the readers of the study, to examine the unique circumstances, resources and solutions, and then apply and adapt the lessons learned. For these reasons, in this thesis, the multiple-case approach was preferred.

As for minimizing the researcher's own opinions and attitudes, it's crucial in qualitative research that the researcher admits their own subjectivity as the reliability depends on the researcher and the way they've executed the research process (Eskola & Suoranta, 1998, 211). While the researcher generally makes attempts to stay objective, previous knowledge of the interview topic, the interviewee or the industry may distort follow up questions or the way the answers are interpreted in subsequent analysis. Recognizing the risk of this potential bias helps in keeping the approach as neutral as possible. In this particular case, such effects should be minimal as all of the selected case companies, and the industries they operated in, were previously largely unknown to the researcher.

4.3 Data collection

The timeline for the data collection in this thesis situates itself in April and May of 2015. The most important part of the data were the interviews with representatives of the case companies, conducted in May 2015, either by phone or VoiP-services (Voice over IP) such as Skype. The interviews were scheduled well in advance, and preliminary interview questions were provided for the representatives two weeks before the interviews to give the case company representatives ample time to prepare. The interviews were conducted either in Finnish or English according to the preference of the respondent. The interviews were recorded and transcribed into written form, and in the instances where required, translated into English for analysis purposes. After the transcription process, the transcripts were sent back to the interviewees for review. The interview questions can be found in Appendix 1.

Considering the original timeline of the thesis it was easier for the timetable of the interviewees to conduct the interviews over the phone or Skype. Interviews via

phone are generally not recommended for qualitative research, because the interviewer can have a hard time knowing what the interviewee is thinking during silent moments and whether or not the interviewee is focusing on the interview (Hirsijärvi & Hurme, 2001, s.64). In the rare events of such silences, the interviewee was asked to "think aloud", in an attempt to catch the thought process. At the end of each interview the respondents had a chance to talk about the interview topics freely if some questions or answers felt unfinished. Each interviewee was notified of the objectives of the research and the thesis. Each respondent, as well as the company they represented, had the option to stay anonymous, but none of them chose to do so.

Since the topic of customer value creation can be subjective, the interviews were designed to be semi-structured based on themes, with numerous open-ended questions to allow for deeper discussion to emerge around the topics. Each interviews lasted between 45 to 60 minutes. Along with the interviews, secondary sources such as information from the company websites and financial figures were used for complementary purposes in analyzing the case companies, and finding out how they wish to portray themselves to their customers, thus providing overall context for the interview answers.

4.4 Case companies

The case companies chosen for this thesis were all high tech companies and operate in different high tech industries. High tech industries such as the software industry in Finland are often populated by small entrepreneurial companies that, more often than not, aim for international markets soon after their establishment, and it serves as a great foundational space for finding different kinds of born global companies that have adequate experience in serving their customers and thus possess knowledge on how to create value for their customers. This also consequently means the results of this study have useful managerial relevance at least in Finland, where many similar companies can be found in a similar contextual business environment.

During the selection process of case companies, certain ground rules had to be set. Firstly, as the objective of this thesis was to study customer value creation in born global companies, the companies in question had to fulfill the chosen definition of "born global", i.e. have achieved sales volume of at least 25% within three years of the company's inception, and seek to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries.

Secondly, only companies that had been in the market for a minimum of two years were asked to be a part of this research. While choosing recently founded born global companies would have been interesting in its own right, for the purpose of this study this would've been difficult as it's hard to collect reliable data about customer value creation if the companies haven't had a chance to interact with customers and experience selling and marketing processes first hand, for an adequate amount of time.

During the selection process over 25 Finnish companies were preliminarily screened to be potentially eligible for the study, i.e. companies that looked promising, and seemed to fulfill the requirements. During the initial screening process it was discovered that at least 10 of the 25 companies did not fulfill the basic requirements, in most cases the companies initially appeared to be born global, but further information from public sources revealed the companies to not fulfill the requirements set for this study.

After the initial screening process, altogether 15 born global companies were contacted and asked to participate in the study. Five of the companies never responded back, despite multiple requests for contact. Seven companies were too busy with their current projects or the study did not fit with their schedule, or they were not interested in the study, or had other reasons for declining. The remaining three companies were chosen for the project. Consequently, this also means that the case companies in this thesis are not necessarily best-practice cases, nor were they ever meant to be. The exploratory nature of the study benefits from a random sample approach as the underlying idea is to find new insights and to assess the phenomenon in a new light.

Interviews with the chosen companies were scheduled with each representative and the interview questions were sent at least two weeks in advance to give the representatives enough time to prepare.

While all of the chosen case companies can be considered high-tech or technology-based, the case companies differ greatly from each other with the nature of their products and target customers. Two of the three companies operate mainly in the B2B side, and one of the three companies is predominantly B2C oriented. All of the chosen companies ended up having significantly higher volume of international operations that required, and all of them have a wider than regional focus with sale of outputs in multiple countries and in at least two continents.

4.5 Data analysis

The interview questions were carefully constructed with the goal in mind of trying to comprehensively understand the case companies' customer value creation, and searched for multiple elements to reach that goal; the processes surrounding value creation, the strategy, the tools, key factors, the networks that affect it, the research they conduct, among others. All of the interview questions can be found from Appendix 1, so this chapter won't spend time looking into all of them, but instead provide some context for the more interesting ones.

When it comes to born globals, an interesting question regarding value chains and networks is to assess the relative importance of the other actors in the value chain. This is a topic that would require a more thorough investigation, as there may exist a similar research gap in academic literature surrounding the importance of value chains and born globals. In this thesis, however, the question is simply there to assess how much the BG firm in question feels they create value for their customers, in relation to the other actors in the value chain.

As mentioned in the theoretical part, the premise was that there may exist an interlink between Born Globals' success factors and customer value creation. For

this reason, an open-ended question in the interview was dedicated trying to investigate the success factors of the case companies. While the topic of success factors in Born Global companies has been covered rather extensively, and deserves a thesis of its own, a question towards the end of the interview regarding this was added to mainly investigate whether all case companies had something in common in how they perceive their success, and what they attribute it to. Some popular concepts and options were included in the written interview questionnaire, but the interviewees were free to add and discuss their own preferred concepts as well.

The empirical part is compartmentalized so that all the cases are first analyzed separately, and then pulled together towards the end with a cross-case analysis. As all cases are analyzed separately, overall more detailed analysis can be done and the findings can be presented more accurately, along with any managerial implications and theoretical contributions in conclusion.

5. Results

This chapter will discuss the main empirical part of this thesis, mainly comprising of the interviews that were conducted with representatives of the case companies and attempts to document and analyze their customer value creation processes. Further analysis and discussion relating to this, along with a cross-case analysis, will be presented in chapter six.

5.1 Case descriptions

As mentioned before, three case companies participated in this study. These companies are Jongla, Varaani and Kiosked. While all of these companies can be classified as high-tech companies, they operate in slightly varying fields. The context of their operations is briefly introduced below.

Jongla

Jongla is a Finnish start-up company specializing in device- and platform-independent mobile communication and messaging, founded in 2009. They produce a social messaging service Jongla Instant Messenger on Android, iOS, Windows Phone and Firefox platforms. Jongla currently employs 22 people, headquartered in Helsinki with a sales representative office in Jakarta, Indonesia.

Their application is known for its lightness, and they boast an impressively small file size of 2.7mb compared to their competitors' products without compromising integral features. Jongla has been particularly successful in Southeast Asia, and their main focus is providing a unique communication solution for that market.

Varaani

Varaani Cloud Hub offers personal cloud storage solutions for business and consumer customers. Founded in January 2010, based in Tampere, Finland, Varaani employs 11 people currently. Varaani integrates local data storing with

online backup to offer a hybrid cloud storage service that is more user-friendly than any competitor so far. The patented core innovation in online backup efficiency ensures large storage capacity with a very small data center footprint.

With explosive growth in personal data in many countries, Varaani Cloud Hub specializes in providing secure storage and automatic backup of all user content, and allows the user to access and consume it on any of their devices. Service providers can provide the Varaani Cloud Hub as an end-to-end solution with low upfront investments to their own customers.

Kiosked

Kiosked offers its customers a content monetization platform that solves viewability and relevancy of ads. They do this by turning publishers' content into unique targeted ad placements based on contextual and behavioral data. Kiosked is a Finnish based startup founded in 2010, but they've grown fast to be a 85-employee global company in 2015 with nine offices in four different continents: Helsinki, London, Dublin, New York, Los Angeles, Singapore, Tokyo, Sydney and Shenzhen (Kiosked.com, 2015).

5.2. Case 1: Jongla

In contrast to the other case companies, the case of Jongla is interesting because they operate in a very precise market space in the application market for smartphones. Application developers like Jongla are generally small start-up companies that, due to the nature of the channels, tend to be born global as they offer their product for download for anyone with access to the internet within different application stores across different platforms.

While the application business is a relatively new market, some trends can be identified for instance with the business models different application developers prefer. Some applications are priced in the traditional sense of pay-before-you-download, while some apps use the freemium model where the application is free to download and some basic functionalities are there to use, but additional content in the app require users to make in-app purchases to access this content. Jongla follows a similar revenue model with most of its competitors where most of the content within the application is free for the user, but they sell additional items like interactive stickers in their in-app store that provide added value for their users.

The interview was conducted with marketing and communications manager Timo Mäkelä who is responsible for Jongla's user acquisition and is involved in research and development from the marketing perspective. He also gauges user behavior and marketing efficiency with different tools.

Jongla's story and strategy

"We strive to offer a simple, easy to use and lightweight solution for our customers' communication and messaging needs. We've chosen a strategy to reach the next one billion customers in Southeast Asia that are getting their first connections online. This will happen with mobile devices, and we want to be there to offer a tailored messaging solution for their needs and provide additional value with our innovations", Mäkelä tells of their product when asked about what kind of solutions they offer and to what kind of problems.

Jongla has decided to focus on the Southeast Asian market and adopted a strategy that allows them to differentiate their product from their competitors' in that particular market. The lightweight aspect of the app is more important in some markets than others, and with some platforms more than others.

"The way of purchasing and using mobile data packages in Southeast Asia is very different. Our customers in Thailand purchase their mobile data in very short cycles and they monitor carefully how much data their mobile applications use, and will not hesitate to change to another app in order to conserve data. Our messaging app is coded with the goal in mind of using as little data as possible and is small to download, and we keep this goal in mind with updates to the software as well. Especially on Android, the fact that the app is lightweight makes it competitive in developing markets."

Mäkelä mentions that most of their competitors have ten times bigger file sizes so Jongla has a clear head start in this regard, but with for example Facebook developing their Lite application for mobile, big competitors will eventually be moving into this market space. When talking about value propositions and solutions to the customers' problems, being lightweight is a great selling point to some segments in other markets as well, but it's obviously not enough on its own. Mäkelä explains that most of their positive feedback from users is about the simple and elegant design of the software, the speed and fluidity of use, and the fun-factor of interesting features.

Speaking of competitors, Jongla operates in a surprisingly saturated market space, with different main actors in different geographical areas. Whatsapp, in accordance with its now-owner Facebook, leads the pack mainly in North America and Europe. Other large regional competitors include for example WeChat in China, Kakao-talk in South Korea and Line-messenger in Japan. In addition to these dedicated applications, companies like Twitter, Skype and Snapchat also offer similar solutions to their customers, often in addition to their own niche.

Mäkelä explains that on its most basic level, the SMS, or conventional text messages, have been largely replaced in many markets by the free alternative of instant messaging services with the rise of high-speed internet broadband to fulfill quick daily communication needs. In addition to free messaging Jongla, similarly to its competitors, offers its users an in-app store where they can purchase interactive stickers and other items to enhance their messaging experience with other users. Internet messaging culture is something that varies between markets and communities, and being able to uniquely express yourself in mobile communication is important for large communities around the world.

"Our research has shown that for instance in Thailand, only 50% of the instant messaging content people send is text. This means that 50% of it is sound, pictures, emojis, and other ways to express yourself beyond just text. We felt that adding options to express yourself more individually and in unique ways was cool and there was a demand from the customer side, so we decided to focus on these soft values."

Having more selection in the in-app store is paramount for Jongla's commercial success, so Mäkelä tells that expanding the store is a logical step to explore new revenue opportunities.

Mäkelä feels that the core-capabilities of Jongla lie in innovativeness and technological know-how, but also by being first on the market with new features and by utilizing this first-mover advantage they strive to gain an edge over their competitors. Jongla's newest launch is an example of the latter, something many of their competitors have yet to implement: The Push-to-Talk with Sound Candy, a feature that provides a range of high quality voice filters that users can apply to their push-to-talk messages, which adds to the diversity and originality of messaging, i.e. the fun-factor, free of cost to the user.

"In addition to the technical stuff, we have a very international team of 13 nationalities working in Jongla, and it's a very enriching experience when you have different starting points in-house, especially when you're providing a service or a product for international markets. It offers a lot of perspective and possibilities for information that would otherwise be hard to obtain."

Customer value creation in Jongla

When asked about Jongla's customer value creation, Mäkelä brings attention to the big picture and talks about Jongla's overall strategic direction:

"It starts from the slogan level, 'Chat. Friends. Free.' To put it simply, our mission is to offer a fast, lightweight, visually attractive and easy to use messaging app for our customers. The user experience needs to be convenient and most of all pleasant and fun, but we also attempt to offer avenues for our customers to express their creativity. This all has to be executed lightweight in data consumption for us to stay competitive in developing markets, and this is the value that we create in comparison to our competitors."

Jongla's customer value-creation strategy is mainly focused around their consumer customers, especially the paying customer base.

"Our biggest focus is in Southeast Asia, but we also have a few countries in Europe with significant clientele. Additionally, the B2B side with our newly launched Channels -feature looks promising, there's certainly a lot of expansion possibilities there if Channels prove popular among our users. We're excited to provide a platform for sports teams, traditional companies and other actors to showcase their brands and connect with their customers and fans through our application."

As for the value co-creation perspective, Mäkelä talks about Jongla's customer value research and data collection, and explains that it's imperative to actively get a feel of what the customers think of their application.

"We get a lot of feedback, and we know that we have to be always ready to act. The application scene overall offers a lot of good tools and statistics that allow us to react to changing consumer preferences quickly. The built-in rating systems and open feedback forms in application stores help small developers, but we also get explicit feedback through our app and website. Other forms of co-creation include for example the dialogue we have with our B2B customers and the channels there, but also the way our customers can construct and customize

their individual messaging habits and take part in various instant messaging cultures with our creative tools.

Naturally we also have some external customization opportunities with backgrounds and color themes, but we've come to notice how hard it is to prioritize the right goals and upgrades. Often times in startups you want to do a lot of things but you have resources for only so many at any given time, so some of the features we want to engineer inevitably get pushed back in the roadmap. In the near future, however, we look forward to further improving these customization options to create more co-creation opportunities."

Jongla has one dedicated employee in their Indonesian branch handling customer feedback, but Mäkelä tells that for Jongla, using different tools and instruments in collecting and analyzing customer data is still in its infancy. As operation procedures standardize, however, Jongla is looking to invest in building technological and systematic solutions around this, but this project is still far off in the design pipeline.

"One thing we'd like to be better at, is the speed at which we react to changes in the market. Our goal is to be innovative, so we have to stay on top of the cutting edge and keep releasing new content at a fast rate. This also ties in to prioritization, that we can focus on the right features and release them faster, so we can get the valuable feedback and iterate on the features to better serve our customers."

Networks and value chains

Jongla, like many startups, rely on the collaboration and expertise of other actors. Mäkelä explains that in Jongla's case, various technology-companions offer important elements to the overall architecture.

"We collaborate with a few companies in analytics, where we get valuable information on customer behavior. In addition to that we have a house full of technically adept people of our own, so we can add to this by researching analytics on the server level ourselves. Different countries have different practices when it comes to mobile payments with smartphones, so we work with a mobile

payment provider to help us solve these problems. Then we obviously work with operators and SMS providers, especially in the early phases. We've for example constructed a Jongla-specific data plan with an Indonesian operator. Some other partners include a web development digital agency, and as our newest addition some companies and brands for our Channels -feature."

As mentioned before, the value brought by other links in the value chain, relative to the value created by the company is an interesting question regarding the perceived value. In the case of Jongla, the company creates its own product essentially from start to finish, so the added value by partners to the end product, while important, is not exorbitant.

"We have a few partners that are very integrally connected to our app's operation that we'd have a much harder time without. It's certainly been extremely helpful to have actors like our analytics partners that have created applications and systems, so we don't have to develop them ourselves but that we can focus on our core competencies. We can only employ explicitly value generating people in-house, and I feel it's crucial that we can acquire these services externally."

Success factors

"For us, it's always been about innovation. If I had to choose a single concept that has defined our success, it would have to be innovation. We operate in a highly competitive market where we have to offer something our competitors can't to stay in the race. Our interactive stickers and Push-to-talk with Sound Candy features have been successful examples of this."

The second most important would be quality focus or product superiority. The quality of our product is of first-class importance to us. As a recent example over the last six months we've upgraded and re-written half of our Android code to allow better infrastructure for future improvements, and now for the first time we're actually satisfied with it. This let us tackle a huge number of bugs and lets us showcase what we want to highlight in the future as well: high quality."

Mäkelä talks about other functions such as marketing, branding and networking, but feels they are not on the same level in terms of importance as success factors:

"It's questionable to think that if a product is good enough, it will sell itself, and while we do a lot for our marketing, it doesn't quite rise to the same level. Every member of our staff is dedicated and involved in different marketing efforts, including our CEO. I can imagine this being similar in other startups, but it really is hard to find funds for marketing. We've found success by discovering new ways of showing excellence, such as involving the R&D to build features in our application that help our product spread and reach a larger audience. Our next planned innovation is that we could do user acquisition within our messaging application, and not just outside of it.

Networking and good relationships with other actors are obviously important, but again, I don't feel it's on the same level. Our business developer and CEO use a lot of time with different partners around the world negotiating and developing new patterns and you need these skills to survive and grow as a company, but I feel it's more 'business as usual' than anything else."

Finally, Mäkelä points out that while their technological know-how is important to Jongla, technology is still a means to an end:

"I wouldn't say we're a technology-centric company. I'd say we're a user-centric company, that's an important difference to note. The user experience and the product are pivotal to us, we want to be there to solve our customer's problem. We often achieve this by focusing on our product quality, but the endgame is the customer."

5.3 Case 2: Varaani

As mentioned in the case description chapter, Varaani offers personal cloud storage solutions that enable end users to "Do nothing. Save everything.", as their slogan suggests. Data backup and using various cloud storage services have become everyday activities for us in the last five years, but the market space is interesting as the solutions that currently exist for consumers and small businesses can only offer a limited amount of space, the service pricing is unreasonable or they may carry potential security issues. With the explosive growth in personal data and as the world accelerates towards cloud-hosted future, the demand for these cloud storage services has skyrocketed and will likely increase in the near future.

Cloud storage services have been around for a while, the most known of which pack significant market shares. On the enterprise side, Amazon, IBM and EMC among others are competing for the largest corporate customers. On the consumer side, Dropbox, Microsoft's OneDrive and Google Drive are the biggest actors competing for the everyday consumers needs (Fortune, 2014). Varaani aims to target the SME market, as well as the consumer market with their hybrid storage solution, which provides functional advantages and additional safety for the consumer.

The interview was conducted with Juha Kaario, the COO and co-founder of the company. His contributions in Varaani span from operations and finance all the way to business strategy and customer account management. He has over 15 years of experience in marketing, management and research leadership positions in Nokia, most recently as a Senior Business Development Manager for Nokia Research Center.

Varaani's story and strategy

"Varaani is a five year old company, you could say we're still in startup-mode, offering data storage solutions for small businesses and consumers. We want to be there defining what data storage will be like in the future, so we've

developed our own product that combines local data storage, online backup and this hybrid-like cloud-storage solution into a single service package that is much more user friendly than many of our competitors", explains Kaario of Varaani's operations.

"We sell our product to operators as well as other partners, and we work as a third party support, so we're not always visibly involved in the customer interface. You could say we offer a B2B2C -type of solution."

Kaario continues with the founding story:

"Five years ago my business partner and I realized that there wasn't a solution that we wanted on the market, a service that would combine a physical box at home and online backup that you could trust to serve your daily digital storage needs. My partner had an idea on how the online backup could be done more efficiently than what's currently being used, and we developed it into something that's affordable for consumers and small businesses, yet still versatile."

Varaani being a small Born Global company, they've had their fair share of prioritization decisions when it comes to limited resources. Varaani has opted to start their operations targeting the SME-sector, due to multiple reasons:

"We're a software company, and that's where our core capabilities lie. We started with business customers because we needed to outsource our hardware production, and it needed to be somewhat customizable for our business customers, and we were able to achieve this with this "barebone-pc" type of solution with standardized hardware from outside the company. This is not a feasible cost structure for the consumer market, so we started with a product for the SME sector. We plan to bring a consumer product on the market at the end of this year. The manufacturing will be done in China, and this is obviously a very capital intensive undertaking, so we've taken our time to secure funding."

Varaani's internationalization started in typical Born Global fashion.

"We started our internationalization at full speed around fall last year, and India has been where we've really started rolling with sales. Next up we have

the Netherlands, and some other potential markets in Europe: Spain and Portugal look especially promising. Additionally, with the help of a key partner we'll start pursuing the Scandinavian countries later this year."

When asked about potential offices outside of Finland, Kaario has a very firm opinion on how their networks will help them achieve their goals in foreign markets:

"We decided that it's not worth it to set up multi-sites before you're a de facto large company. We strive to arrange our operations so that we can offer technical support from Finland, especially when we're working with European clients and working in the same time zone. We've acquired local partners that operate near the customer interface and are involved in the actual selling of the product, so through that we've focused primarily on finding potential contacts, local sales consultants and potential partners that open the doors for us there."

Customer value creation in Varaani

So how is customer value creation taken into consideration in Varaani? First, Kaario explains their product, the problems it solves and the customer needs they wish to fulfill:

"If we first look at the end-customer's perspective, it's the growing need for data storage. This applies for personal data on the consumer side, as well as on the business side. If we look at the 2014 data storage estimations from analysts, the average western household storage space in use was around half a terabyte of data, and of that data under 10% is stored in the cloud using various cloud services. Cloud service growth estimations for 2016 - 2017 hover around 30-40% of all data, but at the same time the overall volume of data is expected to grow to multiple terabytes per household. We also need to remember that 60% this data is still there locally, and since there was no single sensible solution for this on the market, we want to be there to offer that solution."

This holds true especially for the consumer side, but Kaario explains their current segment, the business sector, in more detail:

"On the other hand, if we look at our partner network, our most important channel is definitely the telecom operators that already offer this type of solution for their customers, or will want to offer this type of services for their customers in the near future. We've noticed that our partners are always looking for more interesting products and service packages to better serve their own customers, so we've been in close collaboration with many of our partners to offer tailored solutions that our partners can then offer to their customers."

"Another selling point for this type of product or service for the telecom operators is the 'sticky' nature of the product, which means customers are more likely to stay with the original service provider, rather than switching to a competitor's corresponding service. For example, IP TV has been gaining a lot of traction, and online backup with a physical product on the side is similar in a sense that it's harder to get rid of."

"Optical fiber -based internet connections have been on the rise recently in western households, and operators have had a difficult time offering enough services to their customers that can take advantage of this high speed, especially the upload speed, so this is something that we can provide a solution to."

Kaario explains that the core competences of Varaani lie in software know-how and the few critical innovations that they've been able to utilize in their operations, as well as the importance of timing:

"The software expertise, of course, and the patented core innovation and the surrounding infrastructure that we've built around it. I feel like we've been really good at managing the big picture and we've all had adequate experience from our previous businesses in bringing a product to the market that satisfies a very particular need at the right time. We keenly follow the development of the overall data storage market, and so far things have progressed more or less how we predicted. The 2016 year in particular will tell if we're in the market at the right time, and we firmly believe that we are."

Varaani is definitely the underdog, compared to its competitors, when it comes to their positioning in the market:

"We're clearly the challengers, that's for sure. We've in fact actively tried to position ourselves according to the Blue Ocean strategy. This means that our toughest competitors are on the Red Ocean -side, meaning the existing cloud storage services, the Dropboxes and the like, and through that the bigger players like Google, Microsoft and Amazon. These big players in the market can push the price of cloud storage services downwards, in addition to the freemium-model actors that are especially good at attracting consumer attention.

The other side of the competition comes from the traditional storage devices, especially the ones that have online backup functionalities. The basic quality devices in particular that are sold a lot, and increasingly they're offering online components with these, and this has increased over the years."

This sounded very similar to their core product, so I pressed Kaario to explain how exactly their service is different from the ones he just described.

"Let's put it this way. There's a lot of supply to get to a similar end result that we offer, but the customer has to do a lot of mixing and matching between different service providers to get there. There are not many companies that offer what we do, the full service package and perfect integration between the parts. Not to mention that we provide easy and fluid initialization, as well as the extremely user friendly interface that allows our customers to access their data from different platforms seamlessly. A similar service package like ours, those are few and far between, and all of them are missing our core-innovation, the online backup method that lets us storage data in the long-term very efficiently and cost-effectively. We believe that we have a sizeable scalability-advantage that our competitors don't."

When asked about Varaani's customer value creation strategy, Kaario explains the gist of it:

"We offer the perfect combo for how companies and people store data, and we make it easy, reliable and long-standing. We combine the best things about cloud based storage, local storage and online backup in to a holistic service package to cover all of our customers' needs. We give the value proposition of storing data.. and we do it as efficiently and as well as we can. In comparison to our competitors who offer bits and pieces, we offer the full package."

"On a more concrete level, our value creation strategy is very simple. Most importantly, we offer ease-of-use, that's what we've discovered is the number-one point for the customer. We've proceeded in a very nihilistic way and taken apart each function of our software and thought 'Would Apple have done it like this?', or something similar, to make sure that we're getting all the angles covered, and the customer experience ends up as good as it can possibly be."

Another key point is the scalability advantage I mentioned earlier, and the cost advantage that comes with it. We aim at the current market price level, but we're able to offer double the storage space with that price, in comparison to our competitors. We're not attempting to start a fierce price war, but bring the quality-price ratio up and then go from there."

As for the value co-creation perspective, Kaario explains that Varaani has had positive experiences with co-creation activities, and he sees opportunities in further exploring this perspective:

"Not so much on the consumer side, other than simple qualitative research and interviews at the start of the product development phase, but on the business customer side we've done a lot. When we started our commercial operations in 2012, the first projects were very much commercial pilot projects for companies in the Tampere region in Finland. In cooperation with our distributor we communicated to our customers that the product is still in development-phase, and they were aware that this was sort of a 'beta-test product' and that it will require fine tuning along the way. Our early customers were very helpful in providing us feedback, and all the requests, problems and questions were brought directly to our product development team and we had the opportunity to experiment and improve the product on the fly."

"In this process we learned our pain points and bottlenecks in the product, and we figured out ways how to bring the quality of the product upwards. Obviously we had our own visions about the product development guidelines, and having customers there to reaffirm those were great, but more so they helped us prioritize the correct things. We might have a big product backlog with all kinds of options, but the co-creation with customers helped us prioritize the right ones and focus our efforts in the right place."

In relation to this, I asked about customization options in their product. Kaario tells that there's a lot of opportunities for customization, but there's simply not enough resources to pursue these avenues currently:

"It's a very vanilla-like-product right now, and we try to keep it standardized. In big projects where we integrate the solution to a larger system there may be some customization depending on the case but overall it's not our focus at the moment."

Varaani's customer value research, using CRM-data, performance benchmarks or any other form of data collection is still in its infancy. Kaario explains that their customer value research is currently done on an "ad-hoc" -basis:

"We try to contact our existing business customers actively and interview them every now and then. Additionally we have regular meetings with our distributors and partners where we exchange feedback and we examine our current clientele's needs, and this is where we get most of the information from the end-customer level. We do it kind of on the side of our regular work activities, so no dedicated analysis."

Our most important tool is the ticket-system where the solutions to questions from customers go and where we create this type of database, in a FAQ (Frequently Asked Questions) -type manner. Another important tool is from the technical side, so looking at our servers and what they're doing. For example if a customer is having issues, we look at the server load and see if there's a connection, and how this affects on how the customers perceives the service, so

for example if the online backup appears slow, how it affects the customer satisfaction etc. But overall these types of cases come sort of 'ad hoc' on the side of the job."

Networks and value chains

Varaani's partner network consists of various actors.

"Our most important business partners are telecom operators, the companies that offer broadband internet for households and small businesses. In addition to these, the network consists of partners that share the risk of building and maintaining a data center, our product manufacturing partner in China, distributors who take our product as part of their portfolio and offer it to their customers, and some partners in the logistics of the product, meaning setup, maintenance and repair services."

The question about relative value in the overall value chain is interesting in the case of Varaani as well.

"Since we've so far focused on the B2B-side, the distribution relationship is important to us. In many cases, the telecom operator is the face of the service for the end customer. It's also important that telecom operators are still perceived as trustworthy service providers, and that it's the local IT-reseller or the telecom operator that is the national alternative to the international cloud services. This is something we try to incorporate in all the countries we operate in. The perceived value from the customer also depends on the type of service contract the customer has with the local actor. In some cases they have a very close relationship with the customer and it may include on-site maintenance or picking up the devices, having them repaired and then returning them to the customer.

This means we work behind other brands a lot and we're not always very visible to the end customer. 'Powered by Varaani', so to speak."

Reflections

Persisting with the value creation theme, I asked what is there to improve in Varaani's customer value creation activities.

"Customer care and support, definitely. When we have an existing customer, who, oftentimes is sort of behind one of our partners, we'd like to figure out what are the optimal ways in which we could help in solving any issues, and that the downtime of not being able to use the service would be as short as possible. So organizing this sort of care-logistics, on a country by country basis, and getting it to run smoothly, has been a real headache. This is also a sector where we need more partners now and in the future."

I also asked Kaario to share a recent example where he would think Varaani succeeded in creating customer value and solving the customer's problem.

"Recently we had a customer here in Finland. They'd been using a well known document & enterprise content management service for a while, but they'd recently let go of it as it was too heavy for them, they were a small auditing firm. They'd been renting cloud space from an external hosting-service, in addition to using the heavy document management service. They wanted something where they could store their client database and then fetch the relevant files for each client that they were serving at the time, so once a year."

"Our service was perfect for them. We were able to provide exactly the desired level of automatic document management in combination with a data storage solution. They wanted a solution locally where they could modify the data, but also the option to access it remotely, that would also have basic automatic document management tools. We were able to simplify and streamline their operations in this sector significantly, and they've actually been a very happy customer after the initial transfer process. I think this is a pretty good example why a single solution can sometimes be very practical instead of shopping around multiple service providers to piece the solution together."

Success factors

"Innovation is always big. Innovation is how this whole business was built from the ground up, and the important thing is bringing it to the market. Customer orientation is another one of these key pillars in how we construct our business operations. We're a customer centric company, as opposed to a technology centric company. Of course being a high-tech company new technologies are being developed, and our engineers can make all kinds of suggestions, but in the end all the product development decisions we make have to be based on what's actually important for the customer."

Kaario also raises the importance of different networks:

"Networking of course, but to a lesser degree, is also very important. These co-actors, distributors, resellers who we much rather call partners, enable us to operate the way we operate. Sometimes our solution can be a part of some bigger picture service bundle, so we strive to talk to different segments and see if we can find new partners and opportunities in other segments. I feel like this sort of interconnectedness has allowed us to learn a lot as a company. Closely related to this are personal networks when the founders have a long Nokia- and international business background, so there's some contacts there that we can leverage. "

Kaario feels that quality focus or product superiority as concepts are given:

"I feel like quality focus and product superiority, that we strive for a first-rate, high-class product, is part of the innovation -concept, sort of the other side of the same coin."

For a company like Varaani, Marketing at this stage can be tricky.

"We do some marketing, but it's sort of in the background. We'd like to construct our own brand in the long run, that's why the sort of 'Powered by Varaani' -mentality is important, so we'd eventually be able to sell the product on

our own. Right now though, the focus is to support our partners in their marketing because they understand the needs of their customers better. As an example, we're entering India soon, and I have no real knowledge right now of what kind of marketing works in India. That's why we have local partners that understand marketing in India, and we'll be eager to learn."

5.4 Case 3: Kiosked

Kiosked is a rapidly expanding global start-up, offering a content monetization platform for intelligent advertising. Founded in 2010, Kiosked has been focusing on improving the digital ad experience since day one and has been selected as one of the fastest growing technology companies in Europe. They employ over 85 employees, from 34 nationalities, in their nine offices around the world. (Kiosked.com, 2015).

As the media and content consumption around the world continues to shift in the wake of new technologies, the advertising world attempts to discover new ways of reaching its audience, and suddenly we find ourselves in a world where internet based advertising is a multi-billion dollar industry. The history of online advertising has seen the rise and fall of spam emails, pop-ups, banner ads and the CPM-measurement (Cost Per Mille, or Cost Per Thousand, CPT), and lately, social media advertising. As the market is constantly changing, the demand for fresh solutions is high. Kiosked's technology dynamically creates native, in-view ad placements in publisher content for unique, easily targeted ads, bringing additional revenue for publishers and high performance campaigns for advertisers. As an example, for the consumer this means that if you're reading an article about Cristiano Ronaldo on your mobile, the in-content ad could be, for instance, about athletic shoes equipped with cleats. The ad would also give you the option to buy the product instantly, without ever exiting the article.

The interview was conducted with Micke Paqvalén, the CEO and Founder of Kiosked. Paqvalén has over 20 years of international senior executive experience, and he's a serial entrepreneur who has helped build, and sold multiple global businesses. In Kiosked, Paqvalén explains that his responsibilities are creating a strategy, communicating said strategy, creating teams out of individuals and providing the teams with the tools to execute the strategy.

Kiosked's story and strategy

Kiosked's mission is to elevate the value of digital advertising for all parties involved. Their vision is to lead the movement towards Zero Ad Waste. So what is Kiosked and what do they do?

"Kiosked is a content monetization platform for intelligent advertising, monetizing content across the web. We monetize content and turn it into social intelligence. We do dynamic native advertising in the field of ad-tech (advertising technologies), that's the segment we're in."

So what is Kiosked's founding story?

" We founded Kiosked at the end of 2010, and we currently employ 85 people across the globe. The underlying issue was a large-scale problem in intrusive and irrelevant ads. We've been trying to solve this paradigm at the same time as screen sizes have been getting smaller, and the return on investment in advertising is decreasing for advertisers, in addition to the fact that revenues for publishers are decreasing. This means that a problem exists for all parties involved: publishers, advertisers and consumers."

Kiosked's solution of in-content dynamic ads is cutting edge technology in the advertising technology space. As with many new technologies, the initial adoption to the general public can be slow and difficult, or the entry timing can be wrong. In February 2015 KauppaLehti reported that Kiosked had "changed strategies" in 2013. What did this mean?

"We didn't exactly change strategies, we changed our business model. Our original technology foundation was designed to infuse products into content by basically bringing the right product at the right time in front of the right audience, in the right context and content. The affiliate business model for this is brokering, and we couldn't find enough engagement based products. We did yield a 42% engagement rate which means that almost half of the people that visited the page that had Kiosked on it actually interacted with the Kiosks. At the time we had all the premium big publishers in the UK like Mirror and Telegraph using our platform

but they weren't able to make any money because people didn't buy product from content so we figured out okay, let's make sure we can monetize the engagements. We can do that with the same technology via inserting, but instead of inserting a product, we insert display or video ads into the content using the same technology basically making the ads very contextually and behaviorally targeted towards the reader, based on the context, the content and so forth."

Essentially, the timing for Kiosked was wrong. Consumers weren't used to buying products straight from content.

"I think we were 3 to 5 years ahead of our time. I think you see now that YouTube is actually launching something similar, a very manual solution with a similar design, so you can click and buy. It's a very non-scaling business model but if the market is going that direction we're definitely ready. Once the market is there, we'll go back and start infusing products into different kinds of content, be it traditional publishing content, video content like YouTube, or any other form of content."

Kiosked has risen in a short period of time to be a truly global player in the industry, operating in US, with their offices in New York and Los Angeles, UK, mainland Europe in France, Germany and Spain, as well as Southeast-Asia in India, Australia, China and Japan. Today Kiosked reaches a staggeringly high number of over 250 million consumers monthly in every corner of the world.

"Our biggest growth opportunities were initially in the US, but for the next 12 months it's definitely in Asia."

Customer value creation in Kiosked

The CVC perspective in the Kiosked case is interesting because while Kiosked operates in the B2B sector and their customers are publishers and advertisers, their product is still heavily influenced by the perception from the end-customer. Paqvalén explains that to get rid of annoying banner ads, they need to make

advertising a relevant digital service for the consumers. Essentially, they're killing three birds with one stone.

"We're solving a consumer problem with intrusive ads, we're solving a revenue problem for publishers by offering new incremental revenue opportunities in content which were previously unavailable for them, and we're solving the advertising problem by being able to actually get a return on their investment by having a much higher yield on every invested dollar, something they were unable to get anywhere else before."

The core capabilities of Kiosked, according to Paqvalén, are a mix of attributes.

"It's not a single capability, It's all tied together. We have expertise in system understanding and building, as well as everything from business model knowledge to network effects, to actually understanding the technologies behind it so putting all these bits and pieces together creates a value chain that serve both our customers, the publishers and the advertisers."

Paqvalén explains that Kiosked occupies a unique space in the market, but they're still up against big competition.

"So currently we are an end-to-end platform which nobody else has been able to develop. The market overall is extremely competitive and crowded when it comes to vertical solutions, but being able to provide an end-to-end horizontal platform, there's actually no other actors that do it in the magnitude that we do. There's Facebook that does it in their domain, Google does it combined with search, but we are kind of an agnostic platform and the unique thing about us is that we're able to monetize any kind of content."

Our worst competitors are those two, Google and Facebook. Additionally, there are vertical solutions that are competitive to us, for example different video ad platforms, and display ad platforms like GumGum and Vibrant Media, but there's nobody who can do video, display, product and content as widely as we do."

So how does Kiosked create value to the customer?

"For the publishers, it's about creating incremental revenue streams. For the advertisers, it's about creating superior return on investment. These are the key value propositions that we deliver.

Then there are secondary values like ease of use, ease of implementation, global network opportunities and being able to provide an end-to-end platform means that we can provide extensive data capabilities for our customers. This means that our customers are not only getting the product or the service, but they're also getting the understanding of the value of what we're providing them with, and further options with our different service operations. I see us as a one-stop-shop, and that's kind of the key."

Relating to this, Paqvalén mentions that he feels their competitors are too focused in vertical based campaign solutions, and are very old-fashioned in their thinking.

Interestingly, comparing with the rest of the case companies, Kiosked is the only one with a concrete value creation strategy in place that includes different elements.

"We do value creation mappings so we've definitely mapped against the industry standard and our competitors. We make sure that whatever we do or develop, that we've mapped out the key elements of value creation and we have solid data to back up our investing decisions. This has been important for us to sustain our differentiation strategy and maintain competitiveness in those elements."

Value co-creation is something that Paqvalén says he's interested in, and that it's definitely in the horizon.

"So far we haven't done in co-creation, but we are in the process of building that capability up now and partnering, not really with customers, but partnering with next-door neighbors so we can build an ecosystem where we can provide value to the same customer base."

So how does Kiosked research their customers' needs? Paqvalén tells it's a digital market, so you need to feel the pulse.

"You need to listen to the customer constantly because they can shut off your service at any time. There's no fee, it's full performance based, so for us it's really about understanding the customer because we force ourselves to have a full performance based model, which in turn forces us to continually develop and nurture the relationship with the customer and the product.

As for the tools, we're lucky to have everything in real time, so we're able to measure almost every aspect in real time."

Networks and value chains

Similarly to our first case company Jongla, Kiosked have developed their platform themselves. Paqvalén explains that Kiosked is in the process of building an extensive partner network, and that they're still at a very early stage, but there's not much more he can reveal at this point in time.

The question of what kind of value do the other parts of the value chain bring to the customer, versus what Kiosked brings, still remains though. Paqvalén answers in a roundabout way:

"It depends a little bit on the value chain, where we look at it. As I said, we're an end-to-end platform so there might be partners in both ends, but there may also be partners in data management, data collection, data packaging, so there's very different partners in different parts of the value chain, so it's very difficult to say. There's UX (user experience) on both the customer front and on the advertiser front, and there's always tools that we need to integrate that we don't have or we don't have the capability to build."

I asked Paqvalén to share a recent example of a successful case where they felt like they were able to create supreme value to the customer and solve their problems.

"For us it's really, you know.. binary. As I said earlier, all of our clients are such that if we can't create superior value for them, they turn off the service. It

all comes down to is our platform stable, is it providing them with superior revenue than before, and can we provide them with ongoing support. If not, they shut it down and take the next one. So for us, it's very binary."

Success factors

Kiosked's mission is to elevate the value of digital advertising for all parties involved. Their vision is to lead the movement towards Zero Ad Waste. What does this mean for success factors? What are the elements that have made Kiosked a success story?

"I would say of course technology orientation, but something you haven't listed here which is exploration. We don't tend to look at innovation, we talk much more about exploration. Other important factors include employee engagement and corporate culture that we invest heavily in. Stability, and scalability of the platform is imminent for us, so to an extent quality/product superiority and service focus.

In the long run branding will also be important. It's a marketing and relationship mix and you need to have both the positioning part, that's marketing with 20% branding, and the relationship management part, 80% perception. So branding is definitely key for us.

Going forward, I think these are the key elements but we're continuously exploring new opportunities. We need to be viewed as innovative, hence we need to explore and discover new ways of working, new ways of solving problems, so these are the kind of key cornerstones we work with. The final one I would say is the consumer, front-end, you know in the end it's the end-consumer, our customers the publishers and the advertisers are reaching out to the consumer so everybody in the chain is concerned about the consumer. The consumer perception is something that we're extremely concerned about and where we also invest in, so consumer experience."

Finally, as with the other case companies, I inquired Paqvalén's opinion on being technology orientated or customer orientated, and if he had to choose which one Kiosked primarily is.

"I would say we are both, but let's put it this way: It's always technology first, but in the end it's the customer.

You can't really build a company without technology today. There's no binary answer to this one, everything comes in phases. Building a company is like building a house, you can't ask to choose between a door and a roof; it's not that simple, you need both. But they come in different phases. First, you need to get the walls up before you can install the roof and before you've installed the roof, you can't install the electricity. It's the same thing about building companies, building companies is something we do in phases and every phase has its own focus. If you come back to me and ask what's the primary focus in phase one, and what's the primary focus in the third phase, now that's easier to answer."

6. Findings and cross-case analysis

This chapter will contain additional analysis, and the discussion that arises from the three cases. Additionally, this chapter attempts to apply some of the theory that was earlier introduced into practice, along with a cross-case analysis. While the main objective of the empirical part of this thesis was exploratory in nature, i.e. to examine value creation in a born global setting, and to find new information surrounding the topic, which we've achieved, still some of the more concrete lessons learned are beneficial to note for managerial relevance.

The first case: Jongla

As mentioned in the previous chapter, Jongla's case is unique because they operate in a strict and narrow environment with their smartphone application. From a customer value creation standpoint, this means certain things. On one hand, it means they must expertly differentiate themselves from their toughest competitors and find their niche within the highly competitive instant messaging market space. On the other hand, they would want to create a messaging platform that has potential to expand outside of their core target audience with scalability options, to induce new users with relatively inexpensive marketing efforts. What was Jongla's solution?

In Jongla's case, finding the right target market was paramount to create a loyal user base that would provide initial customers and the first streams of operational revenue, but also potential for future expansion and growth. While most smartphone applications are available in all corners of the world via the appstores, the industry points to success with careful geographical management of the product and the target market. Whatsapp leads the pack in North America and Europe with a standardized approach. Near Southeast Asia, major players have local leadership positions. Tencent's WeChat has the majority of users hooked in China. LINE controls the majority in Japan. KakaoTalk dominates a staggering 93% of the South Korean market (Bloomberg, 2013), just to give some examples. In the early 2010s, at the time of Jongla's inception, the Southeast Asian mobile instant messaging market was scattered and unclaimed by any big actor, largely due to

smartphone usage and mobile broadband expansion still being on the rise. Jongla saw the opportunity and took it, focusing their long-term strategy of the lightweight messenger that doesn't compromise on functionality, around satisfying customers in the emerging markets.

Lewin and Massini (2003) note that young born global firms are typically flexible in their endeavors of entering multiple foreign markets and garnering new customers. While many of their major competitors were still busy with their national success, Jongla, and their Southeast Asian success, is a case in point in choosing the correct niche and the correct market with the right timing, and having the flexibility to enter multiple foreign markets with a well defined strategy.

The customer value creation frameworks of Smith & Colgate (2007) and O'cass & Ngo (2011) that were presented in the theoretical part of this thesis are both applicable, to a degree, for the Jongla case. Smith & Colgate (2007) talk about different value types that companies should identify, to better craft their value creation strategies. According to Smith & Colgate, most start-up businesses tend to compete by creating functional/instrumental value or cost/sacrifice value, and they note how start-ups generally tend to shy away from trying to create symbolic/expressive value, whereas the born global literature often emphasizes branding and other symbolic values as vital for born globals.

Looking specifically at Jongla, their value creating activities stretch across multiple value types, as is often the case with many high-tech companies. Functional/instrumental value is concerned with the extent to which a product (good or service) has desired characteristics, is useful, or performs a desired function (Smith & Colgate, 2007). Jongla strives to primarily create this functional/instrumental value via appropriate features (lightweight size, innovative features, smooth functional usage), but a big thing for Jongla is the experiential/hedonic value that they create through emotional value (enjoyment, fun-factor) and social-relational value (instant and free messaging with friends and family), which is the core of their product. Symbolic/expressive value in Jongla's case may be harder to define, but some elements of it can be extremely important

for the user base, such as self-expression (customization, interactive stickers and other non-text possibilities of messaging). One could even argue, that the symbolic/expressive value set is absolutely crucial for Jongla in differentiating them from their competitors. The last one of the four, cost/sacrifice value set is not particularly relevant here, as the freemium model is the current industry standard and there's little room to innovate in this space in the current point in time.

Pulling this back to the original hypothesis by Smith & Colgate how most start-ups tend to compete, interestingly Jongla strives to create primarily experiential/hedonic value and functional/instrumental value, with important elements from the symbolic/expressive value set. While this doesn't correspond with the most typical start-up value creation paradigm, it's interesting and worthwhile nonetheless for the company to identify their current value creation strategy, and further on explore new customer value creation opportunities within the other sectors of the framework.

O'Cass and Ngo's (2011) framework, on the other hand, identifies slightly different sets of value, presented earlier in chapter 3 of this thesis. On this axis, Jongla's current value creation strategy leans heavily on performance value, with some co-creation value opportunities. Pricing value, in this sense, is difficult to leverage in a market where the basic product is typically free to use, and the importance of the differences between premium elements with different IM-sofwares is hard to quantify when most, if not all, transactions consist of micro-transactions and margins are minimal. Relationship value is something Jongla is looking to create in the future, especially with their introduction of Channels, thus providing their users the opportunity to connect with brands, firms and sports teams, but this is not their primary focus right now.

The co-creation opportunities lie in enabling the customers to personalize their consumption experience, but we have to remember this is not unique only to Jongla in the industry, most competitors offer similar options across the board. This leaves performance value (the firm's efforts to respond to customers' requirements by creating and delivering products and services with high quality,

innovative performance features which meet consumers' personal preferences) as something Jongla must succeed in, in order to adequately differentiate themselves in the market. While Jongla currently relies heavily on their performance value for success, shifting the focus in the future towards more co-creational value should prove successful. As Jongla's competitors catch up with the lightweight aspect of the app, it'll be up for Jongla to keep up with the rapidly evolving instant messaging culture, and innovate new features that allows their users further customization and self-expression opportunities, in order to stay ahead in the game against their competitors.

The second case: Varaani

The market that Varaani operates in, the personal cloud storage solution space, is heavily saturated with competitors of varying sizes. While the technology behind the online backup may be groundbreaking, for Varaani this presents an issue in customer value creation. Without a careful customer value strategy, the tangible value it creates can be difficult to display to their customers, and to the end customer.

Varaani, compared to the other case companies, offer their solutions through a medium as a B2B2C solution, where the other case companies are in more direct contact with the customer interface. The B2B2C model is interesting from a customer value creation point of view, because Varaani has to provide a service to their customers, who, in turn, offer that service to their customers, so there has to be distinct value offerings and opportunities for all links in the value chain. Varaani develops the product with the end customer in mind, but the service bundles and activities are developed jointly with telecom operators and other partners. This also complicates branding, as ingredient branding is a very different construct, especially if Varaani plans to shift their focus onto the consumer market in the near future.

According to Kaario, Varaani's customer value creation strategy is very simple. They offer the perfect combo for how companies and people store data, emphasize ease-of-use, and try to cover all angles to achieve this goal. Efficient

online backup as a scalability advantage will lead to cost advantage, which in turn raises the quality price ratio in the market upwards. The strategy is relatively straightforward to understand but it's a strategy for the long run. In the short term, Varaani needs an adequate customer value strategy to translate their core competences into concrete value offerings for their customers.

Applying the customer value creation frameworks of Smith & Colgate (2007) and O'cass & Ngo (2011) for Varaani, we arrive at interesting results. Applying Smith & Colgate's (2007) framework, we recognize that Varaani strives to primarily create functional/instrumental value via performance quality (storing data efficiently) and reliability (combination of cloud & local storage, online backup) as well as elements of appropriate features (cross-platform support, integration opportunities). Ease-of-use and customer & user experience in the case of high tech companies have elements of both experiential/hedonic value and functional/instrumental value, but according to Smith & Colgate (2007) it mostly falls on the latter. Varaani also has a binary focus on cost/sacrifice value (quality-price ratio high) to provide quality products with reasonable prices, but it's definitely secondary to the functional/instrumental values. The symbolic/expressive value in Varaani's products has so far taken a backseat, with ingredient branding (powered by Varaani) being the most prevalent form of brand communication, and there's very few opportunities to create value in areas of self-expression, social meaning or personal meaning without significant investments in branding.

Applying O'Cass & Ngo's (2011) framework we find that while Varaani's product and service offering has essential elements of performance value and pricing value, they also have important opportunities in relationship value. The last of the bunch, the co-creation aspect, may provide opportunities for the company in the future, but as of right now the focus lies elsewhere.

The performance value that Varaani is able to create, is based on the assumption that Varaani's service is able to deliver performance superiority to meet the customers' explicit and latent requirements. The key components here are user experience, trustworthiness of the service and efficiency, things that Varaani

already does well. On the pricing side, since Varaani is not trying to compete in the lower price segments of the market, the pricing value for Varaani is about finding the optimal price point. In this case, the math can be simplified into "performance value" + "relationship value" = a pricing level that customers are willing to pay. Finding this price point requires customer value research in Varaani's current performance value status and relationship value status, but the research is also important in helping to recognize innovation opportunities in different segments of their value offering.

The relationship value is about the holistic offering that includes everything from easy access to the business (or the service) at any time, to rapid response with any enquiry (Mittal & Sheth, 2001). In the interview, Kaario mentioned that among their value creation activities, customer care and customer support require improving. Whether this will be done in house, or by utilizing partners and their expertise, improving relationship value will have the biggest immediate impact in Varaani's overall value offering, thus providing more opportunities for creating additional revenue. This is something that can also be communicated with Varaani's current partners so there can be joint brainstorming on how both Varaani and the partner in question can improve their customer care activities for the end customer.

The third case: Kiosked

The third case company of this thesis, Kiosked, is the most established of the three. Their current state of 85 employees in nine offices around the world, tells of their rapid success. The market they operate in, the content monetization business, or ad-tech, is perhaps less known to the layman. This doesn't mean the industry is without vivid competition, though. Many companies offer vertical solutions, but Kiosked is in a good spot providing an end-to-end horizontal platform that not many other actors are able to provide.

On the customer value creation side, Kiosked's CEO Paqvalén was very confident in Kiosked's current customer value creation strategy. For the publishers, it's about creating incremental revenue streams, and for the advertisers it's about creating

superior return on investment. He also emphasized ease of use, ease of implementation, their extensive data capabilities and Kiosked being a one-stop-shop in the market.

Kiosked was the only case company with a concrete value strategy in place that included different elements and the CEO's confidence in their value creation showed through in the interview. Kiosked does value creation mappings against the industry standard and their competitors, and they've also done their due diligence and have tools in place to measure almost every aspect of their customer value creation in real time. While measuring results in real time is something not every company in every industry can realistically do, the lesson here is more about the fact that Kiosked has recognized the importance of using the tools at their disposal to constantly evolve and innovate their value creation processes. Comparatively Kiosked seems to have a lot going for them, but this doesn't mean we can't find lessons to learn from this case. Let's start by applying the customer value creation frameworks for Kiosked.

Applying the framework by Smith & Colgate (2007), we find that Kiosked's customer value palette relies extremely heavily on functional/instrumental value. On the other hand, this is nothing new in technology focused companies. In the interview Paqvalén mentions that the product is very binary, Kiosked has to make sure they're able to create superior revenue opportunities for their customers than what they had previously. This means that the stability of the platform and the actual functions of the software become paramount to your success in the market, and these fall under the functional/instrumental value category.

The binary nature of a full-performance-based service also means that it's harder to create symbolic/expressive value or experiential/hedonic value with the core product. This leaves cost/sacrifice value: the pricing must be correct to enable your customers to achieve greater revenue opportunities, but another big thing is reducing the hassle on the customer side, i.e. reducing psychological costs and creating value that way (ongoing support, ease of use, ease of implementation).

Applying O'cass & Ngo's (2011) framework, we find similar results. Performance value is paramount for Kiosked, as their customers, publishers and advertisers, expect Kiosked to deliver performance superiority. On the pricing value side, the customers will obviously expect a value price, i.e. a price that customers consider justified by the total benefits received. The binary nature of a performance-based service is very concretely connected to the cash flows Kiosked is able to create for their customers, so performance value, and to a lesser degree price value, end up being the most immediate avenues for increased revenue for Kiosked. For long-term solutions though, Kiosked must venture further.

Kiosked, aiming to be a one-stop-shop in the market, also has to invest in their relationship value creation if they wish to provide a hassle-free purchase and use experience for the customer. The end-to-end nature of the product, i.e. eliminating middle steps or layers of the process, fundamentally forces Kiosked to continually develop and nurture the relationship with the customer. This dynamic complicates further as Kiosked also has to design the product with the end consumer in mind, and consider whether there are relationship value opportunities in this dynamic.

Value co-creation with customers is something Kiosked so far hasn't done, but companies like Kiosked can benefit greatly from extensive co-creation activities with their customers and their end consumers. While the advertisers and publishers have their own data about the consumers, if Kiosked is able to collect behavioral statistics and real-time data about the consumers' consumption and/or use habits, how consumers interact with the Kiosks and translate it into what it means for the customer, there's a lot of untapped epistemic (knowledge-based) value to be gained in the process for the publishers and advertisers.

When asked about value co-creation, Paqvalén's vision was to build an ecosystem with other next-door neighbors, i.e. other actors, to figure out service packages that support one another in order to provide value to the same customer base. While the network and partnering option is certainly worth investigating, so are the co-creation opportunities with customers. The primary reason for managers to examine the frameworks of Smith & Colgate (2007) and O'Cass & Ngo (2011), and

to conduct customer value research in the first place, is that they help managers to think outside the box when it comes to customer value creation, as they encourage managers and companies to explore new avenues for value creation and provide potential for previously unattainable revenue opportunities.

Cross-case analysis

While the data collection was not originally designed with extensive cross-case analysis in mind, it's still useful to conduct some rudimentary comparative analysis between the companies to help elicit overall theoretical contributions and more concrete managerial implications of the study.

Below is a helpful illustration of the previous analysis of our case companies with the two frameworks, and some examples of possible value creation opportunities going forward.

| | Smith & Colgate (2007) Framework | O’Cass & Ngo (2011) Framework | Future value creation opportunities |
|---------|---|--|--|
| Jongla | <p>Functional/instrumental value: Appropriate features (lightweight size, innovative features, smooth functional usage)</p> <p>Experiential/hedonic value: Emotional value (enjoyment, fun factor) and social-relational value (instant and free messaging with friends and family = the core product).</p> <p>Symbolic/expressive value: Self-expression (customization, interactive stickers, non-text possibilities of communication/messaging)</p> | <p>Performance value: Crucial baseline, keep up with competitors</p> <p>Pricing value: Difficult to leverage</p> <p>Relationship value: Potential focus in the future (Channels)</p> <p>Co-creation value: Enable customers to personalize their consumption experience</p> | <p>Currently must succeed in performance value in order to differentiate from competitors</p> <p>↓</p> <p>Establish priorities & shift focus towards co-creational value</p> |
| Varaani | <p>Functional/instrumental value: Performance quality (storing data efficiently), reliability (cloud & local storage combo, online backup), appropriate features (cross-platform support, integration opportunities)</p> <p>Experiential/hedonic value: Ease of use & user experience</p> <p>Symbolic/expressive value: Currently non-existent, ingredient branding possible</p> | <p>Performance value: Superiority in user experience, trustworthiness of the service, efficiency</p> <p>Pricing value: Performance value + relationship value = optimal price point for each customer</p> <p>Relationship value: holistic offering, easy access to the service, rapid response to enquiries & problems</p> <p>Co-creation value: Currently non-existent, opportunities down the line</p> | <p>Currently customer care in need of improving</p> <p>↓</p> <p>Joint learning with partners to improve customer care</p> <p>↓</p> <p>Increase focus on relationship value opportunities</p> |

Figure 4. Cross-case analysis (cont. on next page)

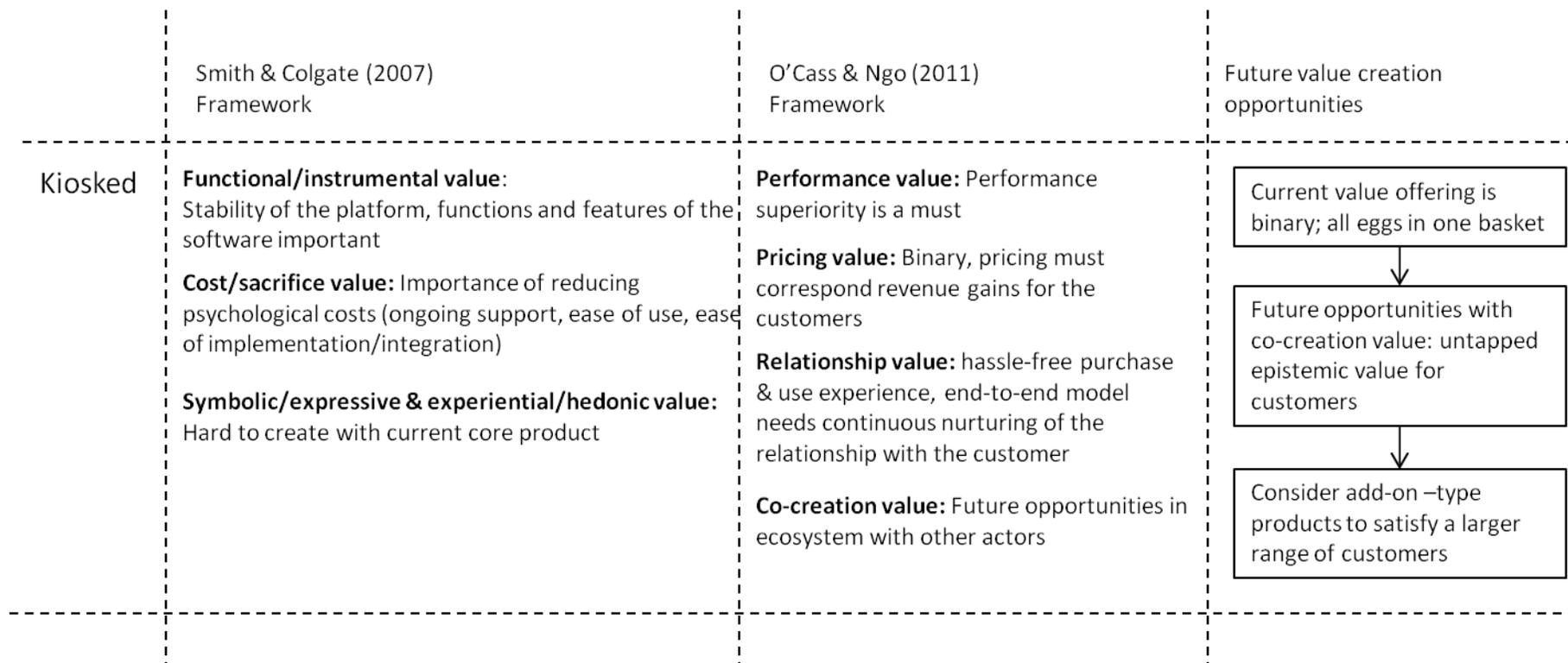


Figure 4. Cross-case analysis

In addition to these individual findings, all of the case companies have some similarities in their environments and analysis findings that are useful to note. All three case companies had extensive networks, and in general their networks were important to some degree in helping them with their value creation. All three case companies also operate in, albeit in different ways, highly competitive markets. In Jongla's case, they operate in more or less direct competition with multiple other actors across national boundaries due to their preferred distribution channel over the Internet. For Kiosked and Varaani, the markets are competitive, but these companies have actively tried to position themselves in a blue ocean, by creating uncontested market space. Their toughest competitors come from the red ocean, i.e. vertical solutions that are able to satisfy similar needs of potential customers, thus making them competitors.

Many of these findings are not surprising, when we mirror them back to the born global literature. For example the importance of functional/instrumental value in all case companies is to be expected. A number of scholars note that born globals tend to be technology based, or high-tech companies leveraging their know-how in technological aspects (Knight & Cavusgil, 1996; Rialp et al., 2005; etc.) and we know that product-related aspects are typically perceived as the most important when it comes to technological excellence.

What we also learn from the value creation literature, is that this type of linear thinking can lead into pitfalls. The high focus on the product and the performance aspect is often given at the inception of these types of companies, as their existence is based on the superior value they're able to create with their core product. The customer value creation literature argues that companies who are able to diversify their value offerings, and create different types of value, have more opportunities for success (Smith & Colgate, 2007), and firms that design and deliver a better value offering than competitors should obtain positional advantage over their competitors, and when firms are better at creating and delivering superior value offerings they also achieve greater customer acquisition (O'Cass & Ngo, 2011). For many of these technology based companies, their biggest

untapped opportunities lie in the symbolic/expressive value and experiential/hedonic value sets.

One of the points of interest we can conclude from the analysis is that at least two out of the three companies, and arguably all three, haven't explored all possible avenues when it comes to customer value creation opportunities. Why is this the case? Scholars often argue that scarcity of resources (Rasmussen et al., 2001; Gleason et al., 2006; etc.) is the main culprit, but it's also possible these companies don't possess the knowledge or the know-how to find and enact on these opportunities. This, in turn, can be in fact due to lack of resources, prioritization, lack of vision in the top managers, or lack of customer value research, just to name a few possibilities. Further research on this topic should prove interesting.

Many born global companies may feel safe in their blue ocean market space and feel unique, and feel it's not important to invest in customer value research. Instead, they use their priorities to directly combat the bigger competitors with cutting-edge technology know-how and innovative features. Companies fighting in the red ocean have been exposed to this type of value based competition for a longer time, and many of them have shifted their focus to include value creation thinking in their product offerings and innovation processes.

As mentioned in the research design chapter, it's important to note that these case companies are not necessarily best practice examples, nor was this ever the aspiration. This simply means that the case companies are on different levels when it comes to value creation thinking, as you would expect from different companies in different phases of their growth. Specifically for managerial implications this also means that companies in different phases of their growth can always find new avenues and revenue opportunities by expanding their value creation thinking on an encompassing level and thinking outside the box.

7. Conclusions and discussion

This thesis was carried out in order to find new knowledge surrounding the topic of customer value creation in born global companies, and more specifically to find out the selection of value types primarily employed in the customer value creation of the born global case companies. The theoretical chapters two and three were written with the intent to familiarize the reader first to the born global academic literature, and later to the customer value creation literature. The rest of the thesis addressed the empirical portion of the study, the case companies, and the state of their current customer value creation thinking, and the subsequent analysis.

This chapter will conclude the final findings of the empirical study, and compare the findings to existing research and literature where applicable. The research questions that were set at the beginning of the study will be answered, and presented along with other theoretical contributions and managerial implications of the study. Finally, a brief outlook and discussion on any future research areas will be proposed.

7.1 Theoretical contributions and managerial implications

With some of the managerial implications already discussed in the previous chapters along with the cross-case analysis, this chapter will discuss the theoretical contributions this thesis hopes to have achieved, along with any remaining managerial implications that should be mentioned.

This study had one main research question, and two supporting sub-questions. The main research question for this study was *"What are the types of value enabling customer value creation in born global companies?"* and the supporting sub-questions were *"What is the relative importance of these value types i.e. what kind of customer value creation is more important for the company and why?"* and *"How does customer value creation contribute to the success of the born global case companies?"*.

The second sub-question is less directly connected to the first sub-question and the main research question, but still offers interesting discussion around the topic so let's dive into that first. So how did customer value creation contribute to the success of our born global case companies? The case study indicates that high-tech born global companies, while technology-focused to some extent, understand the importance of the customer. The interviews reveal that the representatives perceived customer value creation in general as a crucial function of their operations, even though this appreciation manifested in different ways.

In some companies the networks, partners and the value chain is a major source of value created for the customer. In other companies customer value creation is more directly linked to their daily operations, corresponding with their investments towards customer value research, value creation mappings and their exploration of value co-creation opportunities. In yet other companies, customer value creation can be a unique combination of for example relationship value, performance value and pricing value that all have different priorities and need to be optimized accordingly, in order to find the balance between new customer acquisition and satisfying existing customers.

The success factors -section of the interview revealed that high-tech born global companies tend to highlight innovation, customer/user experience, the importance of networks and quality focus as key indicators of their success. All case companies also distinctly pointed out their customer-centric orientation, as opposed to a technology-centric approach. All of these key factors can be tied to the overarching goal of creating their customers superior value, so the end goal is the same, even if the means may be different. However, this widely varying perception of customer value creation may be due to the inherent subjectivity of the concept, the possible difficulty in understanding and measuring it, which was mentioned at the beginning of this thesis, and it may require further research to investigate whether this is the case and whether it has any significant impact on the results of the study.

The main research question looks to uncover the value types in born global companies that enable their customer value creation, and the first sub-question is closely interconnected to this. Let's examine the main research question first. The value creation frameworks that were chosen to be centerpieces of this thesis propose eight different types of value that companies create when they're looking to satisfy the needs of their customers. At least in the context of the case studies conducted in this thesis, high-tech born global firms typically look to incorporate functional/instrumental, and experiential/hedonic value in their value offerings. They also look to primarily create performance value and relationship value, in their efforts to maintain a balance between the "what can we do for you", versus the "what can we do with you" paradigm of customer value creation thinking. While all case companies showcased interest in widening their scope of value offering and thus striving to create different types of value, the findings of this study also implicate that currently these companies typically focus on one particular avenue of customer value, and primarily invest their resources in that direction.

The first sub-question expands this topic further and inquires of the relative importance of these value types. The findings of this study indicate that the case companies of this thesis place varying importance on their value creation activities. As mentioned in the previous chapter, technology based born globals generally follow suit with other technology based start-ups in the sense that they place high value and priority on the product, and their technological excellence behind it. In this study, this was specifically true with the cases of Varaani and Kiosked. Their relationship with customer value creation culminates in the superiority of the product, making their current value offerings binary in nature - they're either able to create superior revenue and value for their customer, or they're not, and subsequently the purchasing decision for the customer becomes based on this two-way axis. While all three case companies proclaimed high valuation of the customer, and the customer needs, their value offerings achieve this goal by primarily focusing on the creation of performance value and functional value.

Conversely, in Jongla's case, the co-creational aspects were particularly important for the company, and their symbolic/expressive value efforts highlight self-

expression, personal meaning and self-identity in their value creation. It should be noted that this particular value set is a lot easier to apply and quantify in cases where the end-customer is an individual user, and this may be the case here as well when we're comparing primarily B2B-focused companies with a B2C-focused company. Additionally, Jongla is also able to create functional/instrumental value, along with some elements of experiential/hedonic value. While the other two case companies were particularly focused on creating only a certain type of value, Jongla has established a wider base of value types that allows them opportunities to expand and innovate their value offerings for customer segments that may have more varying needs.

From the theoretical contributions standpoint, the customer value creation literature proposes that creating superior value for customers enables firms to enjoy a competitive advantage and increased owner wealth (Priem, 2007; Sirmon et al., 2007; O'Cass & Ngo, 2011). Smith & Colgate (2007) also note that anecdotal evidence suggests that organizations with a more comprehensive value creation strategy (greater breadth or depth of value creation) will outperform competitors with less rich value offerings—so long as the value offered is desired and cost effective to create. On a more general level, this can be tied to the concept of diversity in business operations that allows for more flexibility in opportunity recognition. However, being "world class" at creating more than one of the value categories can be extremely resource consuming and may require different organizational structure or culture, but firms need to stay competitive in their value offerings across multiple dimensions as customers are thought to use a compensatory model in making brand choices (Treacy & Wiersama, 1993).

In conclusion as an answer to the main- and the first sub-question, on a larger theoretical level this case study indicates that different companies place varying importance in the customer value types they opt to create, depending on the industry, the type of product, the financial position of the company, and on the vision of the top managers, among other factors. A quantitative study on this topic in the future would provide validity, and help us draw more definitive conclusions on this topic. In the context of this thesis and these case studies, however, it can

be said that high-tech based born global companies tend to gravitate towards their natural tendencies, i.e. they strive to create customer value in a very direct manner, utilizing their technological know-how in particular to provide quality products and services that attempt to satisfy the very core needs of their immediate customers.

To put this study into the context of academic literature, it's important to remember that customer value creation has not been explicitly studied in the born global context. However, these results reinforce multiple already identified phenomena. The limited resources of born global companies (e.g. Rasmussen et al., 2001; Gleason et al., 2006; Knight & Cavusgil, 2004) affect their opportunities to explore value creation opportunities outside of their core competence areas, and perhaps hire skilled individuals or consultants to provide this sort of expertise and find these value creation opportunities. The importance of networks, both personal and professional (McDougall et al., 2003; Coviello, 2006; etc), is also apparent in the value creation process. Additionally, value co-creation (e.g. Vargo & Lusch, 2004; Ehrental et al., 2012; Grönroos, 2011) was a slightly controversial topic in the case companies of this thesis. Some firms appreciate the opportunities of value co-creation highly, while others seem to discard it very lightly. As this study is introductory in nature, the degree to which these factors affect customer value creation in born globals is currently unclear. Future studies that wish to expand on these topics, and their interaction and correlation with value creation, could prove fruitful.

For specifically practitioners, managers reading this study, it's important to note that these results don't stand in any theoretical void, but that there is managerial relevance to them and lessons to be learned and applied in the business world. In fact, the topic of the thesis is a testament to that. In layman's terms, the aspirations of this thesis can be summarized as finding out what firms are currently doing when it comes to value creation thinking, what the academic literature suggests companies should be doing, and what firms can do to adopt this new approach to achieve further revenue opportunities.

Small high-tech born globals typically tend to lack resources, which leads to the importance of prioritization. The results of this study reinforce the notion that these firms would benefit greatly from extensive customer value research to optimize their product development backlog, to prioritize the right features at the right time. For managers, it's crucial to stress the importance of understanding what customers value in different contexts, and which customer value creation strategies are more (or less) appropriate in particular contexts, and then investing and acting appropriately according to this information.

Furthermore, this study hopes to draw attention to the strategic role of the value creation process as a key element in strategic management to achieve superior performance. The value offering of any given company should be recognized as a key driver of competitive advantage, acting as a driver of performance differentials between firms in any given market. The value types examined in this thesis highlight the importance of knowing your current customer, and getting the most out of new customer acquisition. Especially in highly competitive markets, understanding the role of customer value in the purchasing processes of your customers is crucial to making sure you're offering the key elements that tip the scales in your favor, instead of the competitor's.

7.2 Limitations of the study and suggestions for future research

This study is one of the first attempts to explicitly study customer value creation in born global companies, thus no all-encompassing conclusions can be made based on this study alone. From a statistical generalization point of view, it's important to note that as the number of case companies studied in this thesis is low, a more extensive study with larger sample size may be required for valid statistical generalization.

Specifically, more research is needed to find out whether the results of this study repeat with non-technology based born global companies. The case companies in this thesis were all high-tech, or technology-based companies, thus the results must be interpreted in that context. The case companies chosen for this study

were also not necessarily best-practice examples, so further research could be conducted in a comparative manner, examining correlations of value creation in highly successful born global companies, in comparison to less successful business endeavors.

Another important factor to consider, is that all the case companies in this thesis were established in the Finnish business environment, and this may have an effect on their customer value creation tendencies. As mentioned in the research design chapter, the Finnish start-up ecosystem contains a high concentration of small businesses, and the domestic market is small, which in turn encourages firms to internationalize sooner than in some other countries. Factors like organizational culture may also be environment-specific to some extent, and it would be interesting to find out if there are significant differences that affect the perception of customer value research in these companies. Thus, further research is required to conclude whether these results can be generalized in other born global environments outside of Finland.

This study also focused on customer value creation from the company's point of view. Changing the perspective on this, and examining customer value creation from the customer's point of view, matching expectations and the reality of the value companies are able to create for their customers, is a possible future research topic. Additionally, investigating other facets of value creation in born global companies is an interesting prospect that would expand on previous knowledge and bridge the two fields more closely together.

Additionally, some of the findings of this study raise entirely new questions surrounding born globals and their customer value creation. One such observation is the apparent lack of explicit value creation thinking in born global companies which begs the question; why is value creation thinking not particularly highly valued in born globals? The significance of the concept should warrant more focus in customer value creation, setting up systems to innovate their value offerings that are at the core of their business. Further research could be conducted, perhaps on the topic of entrepreneurial vision or knowledge, to uncover how

managers perceive the topic of customer value creation and whether managers are capable of significantly enhancing or inhibiting value creation thinking in their companies.

To conclude, this study is a good start, but much research work yet remains. In order to expand on top of the results discovered in this study, there is much need for further research in different parts of this research area. The degree to which for example limited resources, or professional networks, affect customer value creation processes in born globals is a topic that could use more research attention. As mentioned before, a similar study conducted on a wider scale, perhaps utilizing the methods of quantitative research with expanded scope of research and more extensive data, would be needed to draw more definitive conclusions on this topic.

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Appendix 1.

Interview Questions

Background information

What is your job description in the company?

- What are your areas of responsibility?

Talk about your company in short (Founding, number of employees, etc)

- Which industry do you operate in? What do you manufacture, what kind of products/services do you have in your repertory?
- Which countries to you sell to/operate in? What was your internationalization process like? (Born Global perspective)
- What kind of solutions does your company offer, and to what kind of problems? Who are your typical customers?
- What do you feel is your company's main expertise? Core capabilities?
- What is your position in the market, in relation to your competitors?

Customer value creation

How does your company create value to the customer?

- How do your products/services create value for the customer (for example, in relation to your competitors)?
- Do you have a value creation strategy in place? What kind of elements does this include? (Value-creation strategy)
- Do you collaborate with your customers to co-create value? If so, in what ways? (Value co-creation perspective)
- How do you research your customers' needs? (Customer value research)
- Do you use any tools/statistics in collecting and analyzing customer data? If yes;

- How frequently do you monitor (performance) benchmarks / balanced scorecards / CRM-data, and how does this affect your value creation process?
- What kind of partners do you have? What is your network like? (Value chain / Networks)
- What kind of value do the other parts of the value chain bring to the customer, vs what does your company bring?
- Share a recent successful case where you feel your company was able to create supreme value to the customer and solve their problems (Real-life case)
- In which sectors do you think your company could become better at creating value?

Generic

Which of the following concepts/factors do you emphasize in your company?

Which ones do you feel are paramount to your company's success? Pick a few or tell your own, and discuss them. (Success factors)

- Innovation
- Technology orientation
- Co-operation with other actors in the ecosystem / Networking
- Personal relationships
- Employee engagement
- Quality focus / Product superiority
- Branding
- Marketing (and advertising)
- R&D
- (Key) Customer Relationship Management

Open-ended discussion around the topics that awake opinions.

Finally,

- Can we mention the company's name in the paper?
- Can we mention your name, or do you wish to remain anonymous?