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Community First

A Study of how Digital Startups use Online Brand Communities to Rapidly Scale and Succeed in International Markets

Master's thesis in Industrial Economics and Technology Management
Supervisor: Øystein Moen
June 2022

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Norwegian University of Science and Technology
Faculty of Economics and Management
Dept. of Industrial Economics and Technology Management

Preface

This master thesis was conducted to fulfill the academic requirements for obtaining a Master of Science in Industrial Economics and Technology Management at the Norwegian University of Science and Technology (NTNU). The thesis was written during spring 2022, in the specialization field of Strategy and International Business Development.

Throughout our work with the thesis, we have been able to gain deep insights on how startups internationalize, serve customers in international markets, and utilize digital technologies and customer relationships to unlock competitive advantages. We have had the opportunity to research a highly engaging and interesting topic, and we hope the thesis contributes to the understanding of digital startup internationalization and to their use of online communities, both for researchers, practitioners, investors, and other stakeholders.

We would like to thank our academic supervisor Øystein Moen at the Department of Industrial Economics and Technology Management for advice and guidance, as well as for interesting discussions throughout the work with our thesis. Your help and contributions are highly appreciated, and we are grateful to have had the opportunity to work with you.

We would also like to thank the case company and eight interviewees for their time and contributions to our research. Your knowledge, insights and experiences have been of significant importance and have made working with the thesis fun and inspiring. We are impressed by the work you are doing and wish you the best of luck in the years to come.

Oslo / Trondheim, 11th of June, 2022



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Abstract

The unique nature of the Internet enables digital startups to distribute their products to customers globally with the push of a button, and advancements in online communication enable startups to host thriving online communities. Some digital startups have used online brand communities to strengthen their core value propositions, increase brand awareness and brand trust, and encourage customer engagement, leading to enormous benefits in the form of accelerated international growth, increased revenue and profitability, unlocking new competitive advantages, and gaining access to direct customer feedback.

The purpose of this study is to investigate how online community building can be used to enable and accelerate the internationalization efforts of a digital startup. The study features a comprehensive literature study on digital startup internationalization and online brand communities, eight in-depth interviews with experienced entrepreneurs of digital startups, as well as an exploratory case study of a digital startup in the process of internationalizing using online community building. The insights from the literature study, interview findings and case study observations are combined to construct a framework for successful internationalizing through online brand community building.

The study reveals that online brand community building is a highly efficient tool for driving rapid and international growth of digital startups, through the facilitation of user engagement and positive word-of-mouth. The study also finds that online communities can be a core part of superior business models that lead to numerous beneficial outcomes for the brands, their customers, and other stakeholders (e.g. investors and advisors). Overall, our study highlights the importance for digital startups to employ the use of online communities, and our contributions add valuable insights on the benefits of online community strategies to the IE literature and to the emerging research stream on international online brand communities. Our findings imply that managers and entrepreneurs of digital startups, who seek to grow or to internationalize, should consider potential benefits an online brand community can provide for their business. Additionally, we provide an actionable framework that managers and entrepreneurs can use for the practical implementation of an online brand community strategy. Finally, our study contributes to the understanding of the mechanisms behind digital startup internationalization, and we are among the first to research the interesting combination of internationalization and online brand communities.

Sammendrag

Dagens digitale startups drar nytte av at internettet gjør det mulig å distribuere digitale produkter til kunder verden over, kun ved hjelp av et enkelt tastetrykk. Samtidig har det skjedd store fremskritt innen digitale kommunikasjonsplattformer, som gjør at disse startupene kan opprette og bygge aktive og engasjerte nettsamfunn. Noen digitale startups har dratt nytte av nettsamfunn for å forsterke egne verdiforslag, styrke markedsføringstiltak, oppmuntre og motivere til kundeengasjement, og få rask og direkte tilgang til kunder og deres tilbakemeldinger.

Formålet med denne masteroppgaven er å undersøke hvordan nettsamfunn muliggjør digitale startups' raske internasjonaliseringprosesser. Oppgaven inneholder en omfattende litteraturstudie om internasjonaliseringen av digitale startups og nettsamfunn, åtte dybdeintervjuer med erfarne gründere av digitale startups, samt en utforskende casestudie på en digital startup i ferd med å internasjonalisere og bygge et aktivt nettsamfunn. Funnene fra litteraturstudiet, intervjuene og case-studiet brukes til å forme et rammeverk for å implementere en internasjonaliseringsstrategi som benytter nettsamfunn til å vokse fort over landegrensene.

Studiens funn viser at nettsamfunn kan være et svært effektivt verktøy for å oppnå rask og internasjonal vekst i en digital startup, ved å fasilitere for bruker-engasjement og positiv "word-of-mouth" spredning. I tillegg kan nettsamfunn benyttes som en kjernedel av en digital startups forretningsmodell, med diverse positive ringvirkninger for selskapet, kundene, og andre interessenter (f.eks. investorer og rådgivere). Studien viser viktigheten av å benytte nettsamfunn for digitale startups, og våre forskningsbidrag innebærer verdifull kunnskap og innsikt for videre forskning innen Internasjonalt Entreprenørskap. For gründere og ledere av digitale virksomheter, viser funnene våre derfor de potensielle gevinstene av å inkorporere nettsamfunn tidlig i kunde-strategien og nytten av lignende vekst-taktikker. Samt bidrar funnene våre til forståelsen rundt underliggende mekanismer i digitale startups' internasjonaliseringprosesser, og studien er blant de første som forsker på kombinasjonen av digital startup internasjonalisering og bruken av nettsamfunn.

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1. Introduction

Digital technologies are enabling firms to seize new market opportunities, reach new potential customers, and rapidly launch their products at a global scale (Hervé et al., 2020a). The unique nature of the Internet has had a major impact on how firms operate, affecting every aspect from brand discovery and advertisement to distribution and customer support. The Internet provides a variety of ways to reach potential customers, and entrepreneurs are leveraging it to its full potential for growing their firms. It has become easier than ever to spread the word about a brand or product that one enjoys (Berger, 2016). and the Internet enables the viral growth of firms and brands, allowing them to grow at a rapid pace and to reach a large audience.

An increasing number of new ventures serve international markets within their first years, using digital channels to pursue large markets and foreign business opportunities. As they commercialize digital products and rely heavily on the Internet, these firms have been found to operate under conditions significantly different from traditional non-digital ventures, and they often internationalize faster and earlier than their non-digital counterparts (Strandberg, 2018; Mesaros and Forsbäck, 2019). There is an increasing focus on business model innovation (Guo et al., 2021; Danarahmanto et al., 2020; Ghezzi and Cavallo, 2020; Vadana et al., 2021), with an emphasis on recurring revenue, customer retention and customer lifetime value. Firms are constantly exploring ways of maximizing customer engagement and purchase intents, e.g. by building online communities that enable direct customer interactions.

Acknowledged startup accelerator Y Combinator recommends new startups to be extremely customer-centric, and to focus on fully understanding their customers' problems and needs (Ralston and Seibel, 2018). In fact, they claim that the two most important tasks for digital startups is to write code and to talk to customers. Geoff Ralston and Michael Seibel elaborate that "For any company, software or otherwise, this means that in order to make something people want: you must launch something, talk to your users to see if it serves their needs, and then take their feedback and iterate" (Ralston and Seibel, 2018). This is in line with lean startup principles, where startups launch products and quickly iterate based on customer feedback (Ries, 2011). Y Combinator notes that it is often good to have a group of customers with a burning problem (Ralston and Seibel, 2018), and that founders should make sure they get accurate feedback (Seibel, 2018). Creating an online community could help entrepreneurs more easily reach their customers from anywhere in the world. A community could also enable deeper collaboration between the startup and their customers, like enabling brand co-creation possibilities in the long term (Richardson et al., 2020). Internet entrepreneur Justin Kan claims that

the best strategy is a “Community First Strategy”. That is, for new startups to build a product that customers truly love, they should engage their online community in building around the product, and letting their community participate directly by providing feedback and suggestions (Kan, 2022).

1.1. Background

Targeting customers in international markets has long been an important way for firms to reach new audiences, discover new market opportunities, and continue growing to a global scale. Large corporations like Apple, Microsoft, McDonalds, Intel, and Disney, are among thousands of firms that distribute products in almost all countries. However, international business is not limited to large and resourceful corporations. Over the last decades, there has been an explosion of small firms serving customers in international markets early on in their lifecycle (Cavusgil and Knight, 2015). Observing this phenomenon, the field of International Entrepreneurship (IE) has investigated the mechanisms behind how these firms enter foreign markets within a few years after their founding (Knight and Cavusgil, 1996). These new ventures have been termed Born Globals, and they have been a notable topic in IE literature since the phenomenon first emerged.

While internationalization mechanisms have been thoroughly explored so far, researchers claim that there are many aspects yet to be researched and understood (Cavusgil and Knight, 2015). In particular, scholars have claimed that the operations and internationalization of digital ventures must be further studied to understand how they differ from non-traditional ventures (Vadana et al., 2020). Of special interest is understanding the practical methods digital startups use to reach potential customers, to rapidly grow into new foreign markets, and how they go about ensuring long-term sustained customer collaboration.

Startups and firms are using social media to have direct customer interactions at an increasing rate, and there is a significant increase in online community building efforts around startup products and brands. Many startups have had major success in building fast-growing online communities across a wide variety of industries. For example, Justin Kan, co-founder of Twitch, recently announced a new digital startup in the Web3 space, namely Fractal Wagmi, Inc. It was revealed that Fractal was building a marketplace for non-fungible tokens (NFTs) in gaming, enabling users to trade tokenized in-game assets and collectibles. Early on, Fractal announced that users who joined their Discord server early would receive a special collectible NFT. Within the span of two weeks, the startup had gathered more than 100,000 users in its online community - before launching the actual product. Notably, the user base was already internationalized, featuring

Web3 enthusiasts from around the world. The founders had leveraged their personal networks, reputation, credibility and market understanding, and had incentivized users to join their community and to bring their friends. When the product launched shortly after, the platform already had a significant user base and got high traffic. Following the launch, the Fractal team kept users in the Discord server up to date with product developments, brand partnerships, and similar announcements. The Fractal case illustrates how online community building can be used to kickstart revenue and internationalization upon launch, circumventing the traditional marketplace issue of building a critical user base (Chen, 2021).

Some startups have successfully created online brand communities (OBCs) by gathering individuals around a common goal or a set of values. The British startup Hitmarker builds an online platform for job and career opportunities in the gaming and esports scenes, and operates a large online community on Discord. Their community revolves around helping each other find exciting career opportunities, industry networking, and sharing career advice. The community consists of individuals already working in or trying to get into the industry, thus gathering a community around a common goal and interest. Job listings on the platform are often referenced in the community discussions, directing activity to the firm's product. In short, the online brand community strengthens the value of Hitmarker's job board, while satisfying other needs and questions the users may have.

Other online brand communities are relying on user generated content to increase the value of their services and to incentivize participation and engagement. Firms like Github and Replit enable developers to share and collaborate on software projects, by expanding upon their original products and services. There are also digital firms building platforms that enable communities to be formed around other topics. For example, Discord, Slack, Reddit, and Twitter are all digital solutions that allow communities to gather, network, and exchange information. Consequently, other communities do not have to build their own technical solutions to host online communities, making it easier and more accessible for brands. These solutions are often characterized by their scalable network effects and their need for user generated content. While they benefit from other communities thriving and growing on their platforms, they do require a minimum, or critical, user base to be seen as a viable alternative for brands to host their communities on. As these platforms want their users to spend as much time as possible on their solution, they are incentivized to enable growth between communities, e.g. making it easy to find other brands, communities, or servers.

These examples make up a handful of digital startups that have successfully used online communities to strengthen their core business activities, facilitate direct customer dialogue, increase their organic customer acquisition rates, increase and incentivize engagement and customer retention, and importantly, enter new foreign markets. The present study is a deep-dive in the use of online brand communities for accelerating internationalization and growth, exploring the benefits, challenges, and practical guidelines for implementing it in a digital startup's strategy. Other significant benefits, like reduced customer support costs, brand co-creation and e-word-of-mouth, are also explored in the present study. Understanding how online communities reinforce business models and affect the internationalization processes is key for entrepreneurs to properly apply these to their own digital startups.

1.2. Purpose & Problem Statement

The purpose of the master thesis is to investigate the mechanisms behind digital startup internationalization, emphasizing practical methods used to build an international online community while maximizing customer engagement and organic growth, to create an actionable framework for new and existing firms to follow for implementing these strategies. The thesis builds upon a preceding project report written during fall 2021 as part of the obligatory specialization course in the program. The project report studied best practices for digital startup internationalization, combining academic literature with a longitudinal exploratory case study, and parts of the report will be referenced in coming sections.

While the topic of Born Globals (BGs) has been particularly researched in the IE field, the emerging concept of Born Digitals has yet to be extensively investigated (Oliva et al., 2022). Born Digitals are a subset of BGs, encompassing fully digital ventures that some researchers have stated to be the "true Born Globals" due to the digital and scalable nature of their products (Coviello and Tanev, 2017). Thus, it seems natural to explore the underlying mechanisms of Born Digital internationalization in depth and the key elements that enable instantaneous internationalization, by investigating the contrasts between new digital ventures and non-digital ones.

Online brand community building shows enormous potential for new and existing digital startups. Online brand communities are highlighted as one of the most cost-efficient ways of building, sustaining and growing a customer base, through creating incentives for Word-of-Mouth and viral growth among like-minded customers (Basri and Siam, 2017). Digital startups like Fractal have shown that online communities are able to grow rapidly and to include international participants from the very beginning. While the

topic of Online Brand Communities has been investigated in certain marketing-related research fields like Relationship Marketing (Santos et al., 2022), it has to the best of our knowledge, yet to be researched in the context of digital startup internationalization and international customer acquisition. It is also an interesting topic to explore if online communities could be the natural evolution of maintaining customer contact and getting user feedback.

The International Entrepreneurship field is inherently descriptive and explanatory in nature, mostly describing past events and phenomena rather than using findings to drive innovation. Researchers and practitioners have illustrated and discussed both tangible and intangible benefits of having an OBC (Fournier and Lee, 2009) and of serving foreign markets (Cannone and Ughetto, 2014), but to the best of our knowledge, there is a notable research gap regarding the actual practical methods firms can utilize to realize these benefits. Some authors have taken to describing guidelines and best practices for operating and sustaining an OBC (Bussgang and Bacon, 2020), and some have explored aspects like international export of software (Huijs et al., 2015). Yet, an aspiring entrepreneur reading existing literature may understand the potential of OBCs and internationalization, but be no wiser on how they could use this knowledge in their own startup. Questions may arise, like “What does a digital startup need to consider before deciding if this is the right strategy for them?”, “What are the first steps needed to begin building an online brand community?”, or “How does one actually begin targeting potential customers in another country?”.

Founders and entrepreneurs aiming to internationalize their firms will likely use vicarious methods to learn topics like how to build a community or how to enter foreign markets (Fuerst and Zettinig, 2015; Pellegrino and McNaughton, 2015; Gerschewski et al., 2018). That is, they will primarily rely on information from other successful founders, learning from their stories, experiences, and books, rather than relying on existing academic work (Fuerst and Zettinig, 2015). The International Entrepreneurship field has an opportunity to fill a more active role in guiding entrepreneurs to make research-backed and data-driven decisions, by providing studies, frameworks or models for practical applications. The field could provide essential information and guidelines that founders need to succeed, ultimately stimulating economic growth, as entrepreneurship is an important economic driver (Zaheer et al., 2019b). Still, we note that the present thesis exists in a somewhat undefined intersection between the International Entrepreneurship, International Business, Entrepreneurship, International Marketing and Relationship Marketing, and that it is an arduous task to properly place the study and its findings within the fields’ loosely defined boundaries.

The present master thesis seeks to tackle these gaps by creating a framework of practical methods founders and entrepreneurs can follow to internationalize and build an engaged online community. To achieve this goal, further insight is required on digital early-stage internationalization efforts and online brand community building activities. In particular, it is important to understand how these activities can work in conjunction, and how building an online brand community can help digital startups grow into new foreign markets. Therefore, the following research question is posed:

RQ: *How can online brand community building be used to enable and accelerate the internationalization efforts of a digital startup?*

To properly address the research question, we aim to create an empirically supported framework of actionable steps for a digital startup to implement community building and internationalization efforts into their operations. With this framework, we can present a practical guide on how entrepreneurs can use online brand community building to reach international customers. To achieve this, we first present the relevant theory on digital startup internationalization and online brand community building. Once we have established a foundation of existing research, conceptual benefits, and how they can be viewed in relation to each other, we begin exploring practical methods and implications of utilizing these concepts. Internal mechanisms behind internationalization decisions in digital startups, e.g. the processes of considering and choosing practical methods and strategic approaches, must be thoroughly investigated.

The thesis features an exploratory case study of a digital startup in the process of internationalizing, with the goal of implementing online community building to reach and engage international audiences. The thesis presents a set of interviews with experienced startup founders, marketers, and community managers of digital startups, to provide further empirical insights and perspectives on the topic. The case study findings describe underlying strategic planning, necessary considerations, and decision-making processes, that are vital for forming a practically applicable framework. The resulting framework is therefore grounded in the case study of a digital startup, operating in the esports and gaming industry. The esports and gaming industry is inherently digital in nature, with a majority of its activities (e.g. online gaming, broadcasts, and tournaments) taking place on the Internet, and with thousands of online communities spread across platforms like YouTube, Twitch, Twitter, Instagram, and Discord. Furthermore, the industry has long been a pioneer in the use of online communication platforms, and its users are on average highly accustomed to the use of digital technologies for interacting with other people, brands and products. Hence, the use of online communities in the industry can be described as a relatively established concept. The startup targets a global audience

within this industry, seeking to solve customer needs that are similar and independent of domestic cultures and geographical locations.

Despite growing rapidly and pioneering best practices for modern community building and marketing, the esports industry is a somewhat atypical niche, and its study may therefore provide insightful theorizing. Still, any digital startup is grounded in its fundamental desires to commercialize a product and build revenue streams independently of the industry it operates in, and the case study subject must go through similar considerations and activities when attempting to internationalize. Thus, we believe it is appropriate to build theory from the study of this digital startup, its internationalization efforts and online brand community building activities. Note that one of the authors of the present thesis is an active participant and decision-maker in the studied startup. This allows us to get an in-depth understanding of the case study observations, with both an inside and outside perspective during the study, as well as directly applying findings from existing academic literature and interviews.

Finally, the thesis features an extensive discussion exploring further questions and topics of relevance. For example, discussions are raised on the framework's applicability to different types of digital startups and industries, on the different types and structures of online brand communities a startup may choose to build, and the combination of traditional digital marketing channels with a focus on incentivizing customer engagement, word-of-mouth and organic growth.

1.3. Implications & Contributions

The present study has several research contributions, as well as managerial implications. The goal of the study is to explore the combination of internationalization and online brand community building, and to propose an actionable framework for new digital ventures seeking to incorporate these elements into their commercialization strategy. The thesis contributes to the IE literature and addresses gaps on the relatively understudied concept of Born Digitals. It also contributes to the relatively new research area of online brand communities. Furthermore, it highlights the importance of using online communities in digital startups, presenting an intersection between marketing and international entrepreneurship theory that, to the best of our knowledge, has yet to be investigated.

By developing an applicable and empirically supported framework for successful internationalization, with a focus on online community building, the thesis provides valuable insights and acts as a practical guide to founders and entrepreneurs of digital startups looking to internationalize. By exploring what the interview and case study findings

reveal about the role of online community building in international expansion, the thesis presents perspectives that can have major implications for how new and existing digital startups think about and facilitate customer dialogue and brand co-creation.

These are important contributions, because, as Zaheer et al. (2019b) and Prieto-Sánchez and Merino (2022) notes, growth-oriented startups have a significant and disproportional impact on economic growth, jobs, and wealth creation. It is important to fully understand all aspects of their operations, and to make sure entrepreneurs have the right tools and information to succeed. Zaheer et al. (2019b) also claims that, despite the experience and knowledge of practitioners, mentors and scholars, failure in early-stage digital startups is rampant. Therefore, by exploring these topics, the thesis seeks to provide useful and actionable insight for founders, managers and business developers in digital startups, and ultimately help increase their success rates. Additionally, we aim to inspire further research on the complex mechanisms behind digital venture internationalization, and particularly on what value online brand communities can provide.

1.4. Thesis Structure

As the purpose of the master thesis is to investigate the role of online community building in digital startup internationalization, the thesis starts by introducing the theoretical background needed to understand internationalization processes and online brand community building in Chapter 2. The chapter describes the internationalization processes of startups and the underlying drivers behind internationalization. Thereafter, the concepts of Born Globals, Born Digitals and Online Brand Communities will be presented. How organizations can incorporate online communities into their business model to create value and competitive advantage will be explained. The end of Chapter 2 summarizes the literature findings into a set of propositions that will guide the rest of the study.

Chapter 3 describes the methodology used to conduct the exploratory case study and in-depth interviews. Chapter 4 presents the findings from the case study, including interview findings, case study observations, and results from the internationalization process of the case company. The chapter combines the academic literature, interview findings and case study observations to construct an actionable framework for internationalizing through online brand community building. Next, Chapter 5 presents an extensive discussion, including considerations for practical applications of the framework and discussions about empirical findings in light of extant literature. Lastly, Chapter 6 provides a concise answer to our research question, before finishing with theoretical and managerial implications as well as suggestions for future research and final remarks.

2. Theoretical Background

In this chapter, we present the foundational theory on internationalization and online brand communities, from the historical development of the Born Digital phenomenon, to growth mechanisms like word-of-mouth, and effects of customer engagement on purchase intents. The common denominator is the emphasis on growing and sustaining a base of international customers and community members. The section begins by addressing internationalization theory, its emergence, drivers, benefits, processes and efforts, before addressing the concept of online brand communities and its potential value and opportunities.

2.1. Digital Startup Internationalization

Today, the most successful firms are multinational enterprises operating on a global scale, and researchers have taken on the task of investigating how new and established firms enter foreign markets (Cannone and Ughetto, 2014; Ojala et al., 2018). Hence, firms' cross-border operations have been extensively investigated by the International Entrepreneurship and International Business fields. Researchers have explored how firms discover, enter into and exploit these foreign market opportunities in pursuit of competitive advantages, resources, and increased revenue (Cavusgil and Knight, 2015).

In the late 1970's, the research led to the creation of internationalization theories and models like the Uppsala Internationalization Model (Johanson and Vahlne, 2009), defining an incremental set of stages firms go through in their internationalization efforts. At the time, firms mostly dealt in physical products, and to sell and distribute these in another country entailed potentially massive costs in establishing new distribution and marketing channels, without a guarantee that there would be sufficient demand for the product in that foreign market. Thus, firms sought ways to minimize risk and costs while still surveying demand and needs in foreign markets through smaller investments. Once the firms become confident in the specific foreign markets, they could proceed with larger and larger investments to capitalize on the demand. These incremental investments make up different stages in a causal cycle of how market commitment leads to gaining market knowledge, which in turn leads to further resource commitments. An incremental model reduces the risk of internationalization, as they have the opportunity to gauge the interest and demand in certain markets before committing substantial resources. (Johanson and Vahlne, 2009).

Serving international customers is a way for firms to achieve benefits like increasing their potential customer base and revenue, discover and exploit new market opportunities, and

to create a recognized brand enabling long-term survival. While not all firms are attempting to serve international markets, there is a rapidly increasing amount of firms serving foreign markets emerging, indicating the desirability of internationalization (Strandberg, 2018)

2.1.1. THE PHENOMENON OF BORN GLOBALS AND BORN DIGITALS

In recent decades, there has been a particular focus on how certain new ventures have begun to internationalize faster and earlier than their predecessors (Cannone and Ughetto, 2014). Observations indicate that new ventures are skipping some stages in the process of entering foreign markets (Oviatt and McDougall, 2005a; Madsen and Servais, 1997; Knight and Cavusgil, 1996). These observations challenge the proposed stage models and attract the interest of scholars to study their internationalizations. The observed phenomenon consists of small and young firms that enter foreign markets early and rapidly within a few years of their inception, and it has been referenced under a variety of labels, e.g. “Born Globals”, “International New Ventures”, and “Global Startups” (Strandberg, 2018). For simplicity, the thesis will use the Born Global term for this group of firms.

Despite its multifaceted inception, researchers are becoming increasingly consistent in the definition of a Born Global (Dib et al., 2010). As described in the preceding project report, the most common definition limits Born Globals to be firms that: have had global ambitions since their founding (Strandberg, 2018), have entered foreign markets within three years since their founding (Knight and Cavusgil, 2004), have entered at least two separate foreign markets (Oviatt and McDougall, 2005a), and have at least 25 percent of annual revenue stemming from foreign markets (Knight and Cavusgil, 2004).

A considerable amount of studies has been conducted on the phenomenon of Born Globals, and it was first described independently and simultaneously by several groups of researchers, explaining its varying definitions and labels (Strandberg, 2018). The initial research on the topic has later been discussed as important, as it called attention to an emerging and fundamental business trend, encompassing new market entry modes and motives, and ways of creating competitive advantages (Cavusgil and Knight, 2015). These companies are not only innovating in the way they target foreign markets, but have also been found to innovate in business models and product development, in the search for gaining new or retaining competitive advantages. Abrahamsson et al. (2019) discovered that Born Globals tend to innovate more in how they deliver customer value compared to traditional internationalized firms. In particular, they utilize new business models as a key differentiator when competing in foreign markets (Abrahamsson et al., 2019).

Having a product or service that is globally appealing, and can be tailored to target niche international markets, is a commonality among Born Global firms (Hennart et al., 2021). Despite facing a varying degree of psychic distance between their domestic market and foreign markets, the products or services fully or partly solve customer needs, independent of these factors. Psychic distance is defined as the sum of factors preventing information flow between markets, caused by cultural, lingual, economic, regulatory, or similar differences (Strandberg, 2018). For example, an emailing service fills the same customer needs, regardless of which foreign market the customer resides in. Additionally, researchers state that psychic and cultural distances between markets have been lowered due to better information flow and globalization (Cannone and Ughetto, 2014; Autio, 2005).

While the Born Global term is not restricted to digital or highly-digitalized firms, a significant portion of these firms have been found to be high-tech companies or to have key digital elements in their value chain (Cannone and Ughetto, 2014). Following these observations, a variety of studies have been conducted on Born Globals in high-tech industries or verticals (Mesaros and Forsbäck, 2019). Consequently, scholars have observed that recent new digital ventures have acted significantly different from non-digital firms and Born Globals, especially when it comes to their internationalization processes (Mesaros and Forsbäck, 2019).

Rapid developments in the availability and adoption of digital technologies have allowed firms and entrepreneurs to discover novel ways to provide customer value through digitized products and services, or through fully or partly digitized value chains. After integrating these technologies, firms have been able to seize new market opportunities, reach global audiences, and to set up instantaneous distribution channels through the Internet (Hervé et al., 2020b). Again, a variety of terms have been used in the literature to describe these firms, e.g. “Internet Firm”, “iBusiness”, “Digital Service Provider”, and “Digital Firm” (Kromidha and Robson, 2021; Zaheer et al., 2019b). The latter term will be used by the present thesis when referring to these firms.

Scholars have yet to agree upon a common definition and scope of the digital firm term (von Briel et al., 2021; Mesaros and Forsbäck, 2019; Zaheer et al., 2019b). Some scholars have defined it as a firm that either provides an entirely digital product (e.g. social media or a mobile application), an interface for interacting with other digital products (e.g. a mobile device), digital elements within a physical object (e.g. car software), or a physically rendered service that is ordered through a digital platform (e.g. Uber, AirBnB) (Mesaros and Forsbäck, 2019). Other researchers, like Monaghan et al. (2020), utilize a more narrow definition by introducing a distinction between digital firms and

ICT firms (e.g. hardware manufacturers, telecom firms). With this definition, digital firms are limited to those who rely on the Internet for its production, operation, and distribution, like social media platforms (e.g. Discord, Twitter), digital content providers (e.g. YouTube, TikTok, Netflix), and digital solutions (e.g. Vipps, PayPal) (Monaghan et al., 2020). While this definition excludes certain corporate giants like Samsung and Xiaomi, it does include large firms like Stripe, Coinbase, and GitLab, that commercialize one or more fully digital products. To scope the master thesis, we use the definition presented by Monaghan et al. (2020), to focus on the firms that build and commercialize fully digital products and services.

Digital firms have been found to act uniquely as they operate under significantly different conditions compared to traditional Born Globals. Using digital technologies and relying on the unique nature of the Internet for product growth and distribution, they are able to internationalize faster and earlier than their non-digital counterparts (Mesaros and Forsbäck, 2019; Strandberg, 2018). Strandberg (2018) notes that most digital firm products are of a digitized non-material nature, which give them unique characteristics. For example, they have an inherent potential for global scalability and distribution.

Digital goods do not have to be physically transported, and thus benefit greatly from economies of scale (Monaghan et al., 2020). Additionally, they may benefit from network effects, they may produce valuable and commercializable data, and are accessible from any location with an Internet connection. Because of these features, digital firms avoid a wide plethora of challenges faced by traditional ventures, e.g. in export and logistics, distribution infrastructure, manufacturing, and inventory management. In contrast, they have their own set of unique challenges caused by the nature of digital goods. For example, markets may quickly become crowded, as there are relatively few and low entry barriers, with products being easily imitable and distributable (Strandberg, 2018). The flexibility of digital goods provides a set of challenges when it comes to tailoring products and business models to different foreign markets, and examples of this, like language localization and monetization model tailoring, will be explored further in section 2.4.

These unique characteristics and interesting academic findings have led to an increasing amount of studies conducted on this subset of Born Globals (Vadana et al., 2020), labeled as “Born Digitals” (BDs). Compared to traditional Born Globals, BDs are expected to have a faster internationalization process, to begin entering foreign markets earlier in their lifecycle, to have a higher tendency to enter foreign markets with a high psychic distance early, and to have their internationalization, customer acquisition and marketing efforts heavily altered by the Internet (Strandberg, 2018). Some researchers have claimed that digital firm operations are so distinct from traditional ventures and internationalization,

that it should be viewed as its own field. For example, within the emerging field of Digital Entrepreneurship (DE), with its own set of internationalization theories and models, instead of being a specific context of the International Entrepreneurship research stream (Zaheer et al., 2019b).

While the thesis does not seek to investigate the boundaries between these fields, it is interesting to note that researchers have found digital firm differences so significant that it may warrant the emergence of a separate research field. Although it is currently growing at a rapid pace, the Digital Entrepreneurship field lacks a proper consensus on the field's scope, nature, and boundaries (Zaheer et al., 2019a). A unique characteristic of the field is how digital technologies are self-referential in nature, for example that digital entrepreneurial endeavors may create new digital solutions for other endeavors to be built upon (e.g. hardware, APIs, no-code platforms). With these differences in mind, some researchers still consider IE and DE to be different approaches to the same processes (Hervé et al., 2020a), and the present thesis will make no further distinction between the two.

To further scope the present thesis, we make a distinction between firms that have been fully digital from their inception and previously established firms that transitioned to being digital firms through product, service, or value chain digitization. By focusing on the former category only, the thesis remains focused on digital firms that become Born Digitals early.

2.1.2. THE DRIVERS AND PERCEIVED BENEFITS OF INTERNATIONALIZATION

In this section, we present the underlying drivers and benefits for firms to attempt entering foreign markets. While some firms and entrepreneurs may be driven by the idea of becoming a global success and other perceived benefits alone, others are forced to enter international markets as the resulting benefits may be key to their survival. Whether or not a firm has voluntarily sought foreign market opportunities, researchers state there can be enormous advantages for firms to operate globally (Cavusgil and Knight, 2015). As mentioned, the benefits of internationalization include generating more revenue, increasing profitability, gaining strategic or competitive advantages, building stronger brand awareness, developing international business networks, or developing key intellectual property.

Firms' decisions to internationalize are caused and affected by both internal and external drivers, and we find it important to understand why a firm is motivated to serve international markets in the first place, and why it is a necessity for some. While most of these drivers and benefits hold true for both Born Globals and Born Digitals, the thesis places an emphasis on the conditions regarding the latter. Firstly, there are external drivers that

may motivate or force a firm to pursue international market opportunities. Most notably is the effect domestic market conditions have on internationalization decisions, suggested by multiple researchers to be affecting the probability of a firm becoming a Born Global (Jafari-Sadeghi et al., 2019; Cavusgil and Knight, 2015; Cannone and Ughetto, 2014). The main argument is that small domestic markets are too limited to sustain a digital firm with growth ambitions, and Cannone and Ughetto (2014) proposes that too small domestic markets propels the internationalization of new ventures shortly after their inception. Other researchers have supported this statement, claiming that small open economies, small domestic markets, knowledge-intensive economies, and similar create the foundations for Born Global firms to appear (Dib et al., 2010).

In short, new ventures may be forced to enter foreign markets to reach the potential results and benefits of break-even, profitability, or other financial goals. In addition to domestic market size, researchers have suggested that the level of education and available knowledge in the domestic market can positively affect the creation and internationalization of firms (Jafari-Sadeghi et al., 2019). Jafari-Sadeghi et al. (2019) also implies that domestic market educational systems develop and provide essential knowledge for the creation, launch and growth of businesses and entrepreneurial endeavors, which is critical for enabling the emergence of Born Globals.

Similarly to how domestic market conditions may provide a push towards seeking foreign market opportunities, international market conditions can provide a pulling effect when global market niches emerge. Dib et al. (2010) suggests that international business environments have become more interlinked and competitive following recent technological changes and developments. They also suggest that developments in consumer behaviors and preferences towards specialized and tailored products open new global niche markets that small and flexible firms may be able to serve (Dib et al., 2010). This suggestion is supported by Cavusgil and Knight (2015), claiming that there has been a significant emergence of global niche markets in recent years. The international market conditions may work in tandem with a firm's strategic positioning, product characteristics, niche market strategies, and similar, to impact a firm's likelihood to internationalize (Cannone and Ughetto, 2014; Knight and Cavusgil, 2004).

The final external driver to consider is the one that enabled the emergence of digital firms, namely technological developments and its adoption. Global technological developments set the stage for new market opportunities to be formed. Cannone and Ughetto (2014) found that rapid technological developments may force high-tech firms to target foreign markets earlier than they otherwise would, to ensure that they target these markets before technological obsolescence or before competitors have had the time to imitate

their products. Hence, the pace of technological development can create a pressure for firms to launch early, especially for high-tech firms that operate in specific competitive technological spaces, emerging technological spaces, or for firms operating in markets that quickly iterate on industry standards (Cannone and Ughetto, 2014). Mesaros and Forsbäck (2019) refers to this process as reactive internationalization; being forced to internationalize due to domestic market conditions and competitive landscape pressure. They use the term proactive internationalization to refer to firms that have an initial plan to enter foreign markets before being pressured to do so by surrounding market conditions (Mesaros and Forsbäck, 2019).

Akin to external drivers, there are a variety of internal factors that affect a firm's intent and likelihood to enter foreign markets at some point during their lifespan. Perhaps most notably are the professional capabilities, experiences, and competencies of the entrepreneurs key drivers of internationalization. Cahen and Borini (2020) found that intangible resources like know-how, skills, and business competence are among critical factors for outperforming larger competitors and to enter foreign markets. Researchers seem to agree that the combination of technical know-how and area expertise with general business competence is important in order to maximize the likelihood of success in foreign markets (Nummela et al., 2016; Cannone and Ughetto, 2014). Cannone and Ughetto (2014) presents the three categories: human capital, experiential knowledge, and international commitment, as key entrepreneurial features. The general business competence may be required to identify potential business opportunities and recognize how to exploit them. Cavusgil and Knight (2015) proposes that entrepreneurs' abilities to discover, identify, and exploit opportunities in foreign markets, in addition to their risk perception and proactiveness are particularly impactful factors influencing the likelihood and success rates of early internationalization. Cannone and Ughetto (2014) also suggests that Born Globals tend to emerge where entrepreneurs have unique orientations, skill sets, and networks that provide competitive advantages for foreign market entry, and it is clear that being both business savvy and having technical expertise is a positive influence on the internationalization probability.

Kumar and Sharma (2018) explores how organizational culture in a startup affects the probability of internationalization. The study indicates the entrepreneurial team's culture to be of high importance for internationalization and the long-term success and performance rates in foreign markets (Kumar and Sharma, 2018). Elements like organizational culture, learning orientations, innovativeness, creativity, and customer-centricity are factors that positively affect the likelihood of internationalization (Kumar and Sharma, 2018). A team's ambition, vision, and values may be a key part of a team's overall

culture, and Gruenhagen et al. (2018) suggests that having global ambitions and prior experience with foreign markets positively affects the likelihood of a firm attempting to enter one or more foreign markets. Some firms may benefit from entrepreneurs in the team that have a background from, first-hand experience with, or personal or professional networks to, specific foreign markets and cultures (Fuerst and Zettinig, 2015; Cannone and Ughetto, 2014). Cannone and Ughetto (2014) suggests that market or cultural experience gained through connections to or exposure to certain markets may have had a positive impact on early internationalization. They also suggest that cultural diversity is an enabler for foreign market entry, as the immediate lingual and cultural barriers can be overcome (Cannone and Ughetto, 2014).

In addition to the emphasis on diversity and culture drivers, there have been a set of studies on entrepreneurial learning orientations, and how congenital learning, vicarious learning, and experiential knowledge-creation impact the performance of an internationalization process (Gerschewski et al., 2018; Fuerst and Zettinig, 2015; Pellegrino and McNaughton, 2015). As mentioned in Chapter 1, Fuerst and Zettinig (2015) suggests that learning from the experience of others, called vicarious learning, is a common and essential form of learning among startups and entrepreneurs, which happens through the interaction with or by imitation of other successful firms. Pellegrino and McNaughton (2015) states that internal knowledge transfer based on entrepreneurs' previous experiences and knowledge, named congenital learning, is the dominating learning form at the time of founding, but that the entrepreneurial team slowly but surely transitions to vicarious learning as the firm begins to grow and internationalize.

Gerschewski et al. (2018) explores how continued vicarious learning is an essential factor influencing long-term performance in a market post-entry. However, to learn through vicarious learning, an entrepreneurial team would have to be familiar with at least one entrepreneur or firm who have been through a similar process. Thus, personal connections, networks, or participation in entrepreneurial communities, may have a positive impact on information access and vicarious learning ability, again affecting the likelihood to internationalize as well as short and long term foreign market performance. It is interesting to note that entrepreneurs and firms, in line with the traditional stage models, gain knowledge on specific foreign markets and entry methods during the internationalization process. This knowledge may make it easier to plan and enter other adjacent foreign markets, or those with low psychic distance to a market one has been able to enter. Thus, having entered one foreign market may increase the likelihood of entering adjacent foreign markets simply because the entrepreneurs now have experience with how to do so.

To summarize, Cannone and Ughetto (2014) suggests that a firm's internationalization process begins with an international entrepreneurial opportunity, and is then affected by factors like domestic market conditions, market niche, business model, entrepreneurial orientation, and founding team knowledge and experiences, on its path to unlock the potential benefits of serving international markets.

2.1.3. THE PROCESS OF INTERNATIONALIZATION

The internationalization of digital goods cannot be as easily described in traditional terms as the strategies and methods used by physical products and traditional ventures (Huijs et al., 2015). Traditional methods like export, agents, distributors, licensing, franchising, wholly- or partly-owned subsidiaries, hybrid ownership structures, mergers, and acquisitions, have been extensively described in literature as valid strategies for gaining immediate foothold in foreign markets, but digital products are faced with an even wider variety of loosely-defined options when it comes to internationalization (Huijs et al., 2015). If products can be discovered online, then a customer from any foreign market may happen to find it if they are searching for something like it, if they have seen advertisements, or if they have heard about it through friends or platforms like Twitter, TikTok or Reddit. Monaghan et al. (2020) states that Born Digitals can serve foreign markets instantaneously, describing methods of distribution as web hosted services or as mobile applications through certain marketplaces.

Huijs et al. (2015) suggests that a firm's internationalization efforts may often be initiated by: 1) identifying a foreign market opportunity, 2) entering a foreign market with the intent to create new opportunities, 3) following a customer who operates in a foreign market, 4) key decision makers having personal motives to enter certain markets, and 5) key decision makers having personal or professional connections to specific foreign markets that can help identify opportunities abroad. In general, a firm has chosen one or more foreign markets to enter at a time, and lay a plan for targeting the relevant customers in the markets. The process of internationalization has historically been a conscious and intentional action for traditional ventures due to the sizable resource requirements, but Monaghan et al. (2020) claims that this may not always be the case for Born Digitals. While the study claims that early and rapid internationalization of Born Digitals is most often intentional, it states that they may also enter certain foreign markets unintentionally or accidentally (Monaghan et al., 2020). Thus, foreign market choice may not always be a conscious decision for Born Digitals, but the market focus may be something that happens post-entry once traction starts to build and more marketing efforts and services are launched to meet the market demand.

When digital products and services are distributed on a website through the Internet, there are seldom restrictions on which foreign markets can access it. Hence, a product website that initially targets a domestic or specific market could gain traction in other foreign markets, if discovered by potential international customers. Hazarbassanova (2016) states that passive internationalization is a strategy in which a firm has made its products or services available to any foreign market (e.g. through a website), but does not partake in activities that actively spread the website to foreign markets. While a website theoretically could be accessed from anywhere, there is a slim likelihood an international customer would come across it if it is not marketed or optimized to show up and increase visibility in search engine queries (also known as Search Engine Optimization, or SEO).

In contrast, active internationalization is a strategy in which a firm has made its products or services accessible from one or more foreign markets, and explicitly and intentionally targets specific foreign markets (Hazarbassanova, 2016). The degree to which one partakes in passive or active internationalization efforts may vary. Mesaros and Forsbäck (2019) claims that a digital firm with a passive internationalization strategy can make certain efforts to target specific foreign markets, increasing the degree of active internationalization. For example, the efforts mentioned include using traditional geographically targeted online and offline advertisements, or even establishing a local presence in specific markets. Cahen and Borini (2020) presents other active internationalization efforts like adding support for different languages, altering product features, and finding monetization methods to better fit specific foreign markets. The internationalization efforts revolve around communicating products and services to potential customers in these markets, to gain initial market traction and growth with the goal of increasing revenue and profitability. Hence, the efforts tend to provide information to specific markets or encourage spread among potential customers.

Vissak and Zhang (2016) have shown that the process of internationalization can be a radical, gradual and even nonlinear process of growth into foreign markets, rather than being strictly linear. The study presents a case study of a Belarusian firm who first experienced radical initial international growth before later experiencing slower, gradual growth in foreign markets. Additionally, it discusses the topics of de- and re-internationalization, suggesting that firms are able to stop or restart serving specific foreign markets at any time based on various internal and external factors (Vissak and Zhang, 2016). For a Born Digital operating in an ever-changing market, there may at any point arise regulations, like GDPR, that affect the ease of serving certain markets, potentially making firms stop serving specific foreign markets. Recent events have also shown how geopolitical events may affect operations in foreign markets, for example as

seen with the U.S. economic sanctions imposed on Russia, causing a variety of firms (e.g. Google, Apple, Microsoft, Meta, etc.) to pause or halt some or all of their services and operations in Russia (Holland et al., 2022).

2.1.4. FACILITATING ORGANIC GROWTH ACROSS FOREIGN MARKETS

Whether a firm is driven to internationalize by its own global ambitions or by limited domestic market opportunities, its goals with serving foreign markets will be to generate revenue, increase profitability, gain competitive advantages, build a stronger brand, or develop key intellectual property. Internationalization is done by selling products or services to customers in foreign markets, and once initial traction is gained in a specific market, it is natural that a firm will seek to grow its foothold there. Hence, firms focus on different growth mechanisms and methods to gain traction and to ensure long-term success. A lot of firms utilize growth hacks to scale in specific markets, which are data-driven low-cost strategies that aim to help firms rapidly acquire and retain customers (Ellis and Brown, 2014). Practitioners recommend utilizing aggressive content marketing strategies, initiating brand partnerships, referral marketing, and organizing brand communities around your product (Sajid, 2021). Such strategies are useful for startups and firms who must rapidly gain traction for early revenue streams or venture capital investments, in order to survive.

The ultimate goal of a digital firm is to experience organic or viral growth, which is when a product or service rapidly diffuses through a population and is likely to spread from one person to another (Berger, 2016). People often share products and ideas with each other, and Berger (2016) states that there are more than 100 million conversations about brands every single hour, whether it is discussed in person, through email, through text messages or similar media. This is the mechanism word-of-mouth (or WOM) that enables certain products to rapidly gain massive traction among certain populations (Standing et al., 2016). Berger (2016) also claims that WOM is the primary factor behind 20 to 50 percent of all purchasing decisions, and is also more persuasive and credible than traditional advertisements. “Word-of-mouth tends to reach people who are actually interested in the thing being discussed. No wonder customers referred by their friends spend more, shop faster, and are more profitable overall” (Berger, 2016). Hence, social influence can be an important enabler for digital startups that want to spread their products rapidly and succeed in both domestic and foreign markets.

Compared to traditional advertisements, WOM is cheaper and more effective, but it does come with a major challenge: getting people to talk. Thus, digital firms must create a reason to and an environment in which people want to engage with and discuss

the product, for example building an online community to focus conversations on the brand and product. When brands are discussed in online platforms, known as e-word-of-mouth (or eWOM), it is no longer limited to a one-to-one spread and is instead visible to many users at once. eWOM has been shown to add value to advertising and to influence early sales of a new product, and it is suggested to have a number of benefits for community building via the web (Standing et al., 2016). The next sections will dive into the theoretical background behind online brand communities (also known as OBCs), and particularly explore its use for maximizing a digital firm's potential word-of-mouth, referrals, and organic growth across international markets.

2.1.5. PROPOSITIONS FROM INTERNATIONALIZATION THEORY

In brief, the presented theory on digital startup internationalization can be summarized below in Figure 2.1. The figure showcases the benefits and drivers of internationalization and the commercial outcomes it can lead to, as well as internationalization efforts and challenges that can affect the internationalization process of a digital startup. The reviewed theory and figure also creates the basis for establishing a set of propositions, presented in Table 2.1, showing the benefits, efforts and objectives of digital startup internationalization.

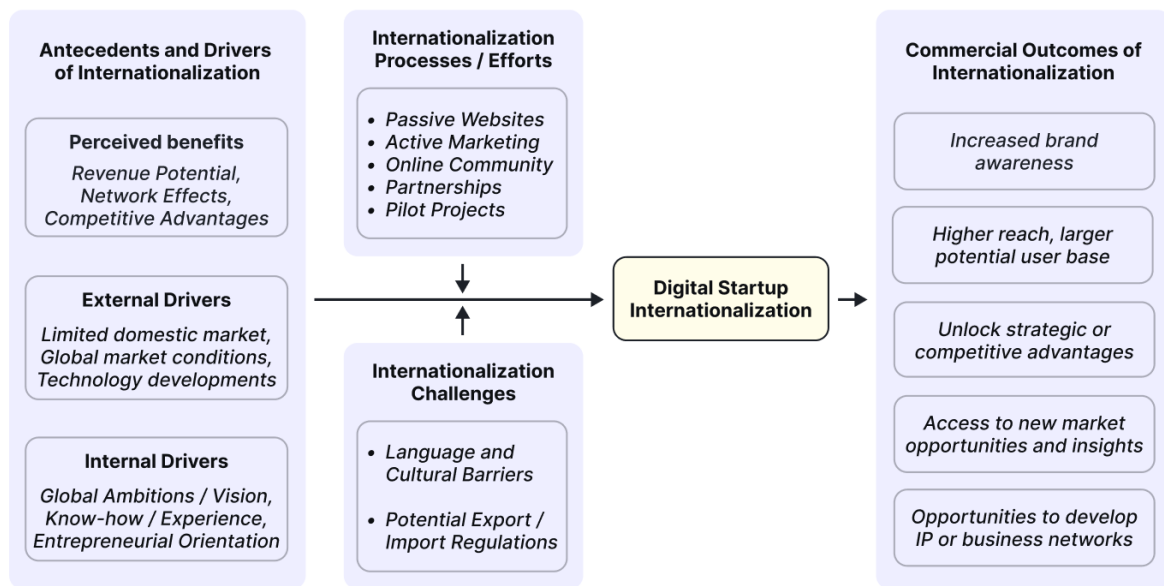


Figure 2.1: Drivers, processes and outcomes of digital startup internationalization

Table 2.1: Propositions for digital startup internationalization

	Propositions for digital startup internationalization
P1	Digital startup internationalization leads to increased brand awareness, larger potential user base, competitive advantages and access to new market opportunities.
P2	Digital firms use active internationalization efforts such as adding support for different languages, altering product features and finding monetization methods to better fit specific foreign markets.
P3	Internationalization efforts among digital firms focus on encouraging WOM spread among potential customers to gain initial market traction and growth, with the goal of increasing revenue and profitability.
P4	Utilizing brand partnerships, referral marketing and organizing brand communities are useful internationalization efforts for startups who must rapidly gain traction for early revenue streams.
P5	The ultimate goal of a digital firm is to experience organic growth, which is enabled by WOM and is cheaper and more effective than traditional advertisements.
P6	Digital firms can make the use of an online community to facilitate eWOM and rapidly spread its brand and product to many users at once.

2.2. Online Brand Communities

The concept of brand communities (BCs) were first introduced to the marketing literature by (Muñiz and O’Guinn, 2001, p. 412), defining them as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand”. However, online communities and its importance has been addressed as early as in 1996, by Armstrong and Hagel. In their book *Knowledge and Communities*, they highlight that online communities have been at the heart of the Internet since its inception in 1983, with one of the oldest online communities - The WELL - being launched in 1985. The term *community* (*communis* in Latin) consists of the term *cum* (=together) and *munus* (=obligation) or *unus* (=one). Thus, a community can be interpreted as a group where individuals come together out of obligation to one another, or where individuals come together to be one in purpose (Rothaermel and Sugiyama, 2001). Tönnies (1912), one of the first who studied communities, defined community as an “intimate, private, and exclusive living together”, with cooperation and coordinated action towards a common goal. A *virtual* community, on the other hand, is similar to a community as defined by Tönnies (1912), with the exception that it forms in online environments and is not bound by space and time (Rothaermel and Sugiyama, 2001).

Throughout the years, researchers have explored the phenomenon of online communities under different terms, such as virtual communities of interest (VCIs), virtual customer environments (VCEs), virtual brand communities (VBCs) and online brand communities (OBCs), the latter becoming the more established term in management studies (Kaur et al., 2020; Vohra and Bhardwaj, 2019; Culnan et al., 2010). However, there exist several definitions of OBCs. Casas et al. (2016, p. 8) define OBCs as “an online space, where individuals feel part of it and where they can interact on a common topic or interest, provide and share information about products, services and different brands. Madupu and Cooley (2010) define OBCs as an aggregated virtual space in which communication is supported by technology and where individuals communicate around shared interests. What is common among these definitions is that they all emphasize the social interaction and shared interests of community members through online space (Casas et al., 2016).

2.2.1. THE DRIVERS OF ONLINE BRAND COMMUNITY ENGAGEMENT

As the survival of OBCs relies heavily on members’ participation and eWOM, it is essential to understand the drivers of OBCs and brand community engagement. Algesheimer et al. (2005, p. 21) defines brand community engagement as “the consumer’s intrinsic motivations to interact and cooperate with members of the community”, while Wirtz et al. (2013, p. 230) defines OBC engagement as “an identification with the OBC that results

in interactive participation in the OBC”. They argue that OBC engagement is not just merely an attitude (e.g. showing interest in the brand), but requires actual participating behavior. Such participating behaviors include word-of-mouth recommendations, helping other consumers and giving feedback. Research has shown that community engagement is highly positively associated with consumer’s brand loyalty, commitment and buying behaviors (Wang et al., 2019), thereby highlighting the importance of OBC engagement on consumption and cooperation.

Prior studies have examined a set of antecedents of brand community engagement, among them being Wirtz et al. (2013), who provide a synthesis of the existing OBC literature and a conceptual framework on the antecedents of OBC engagement. In their framework, the authors identify three drivers of OBC engagement: 1) brand-related drivers, 2) functional drivers and 3) social drivers. Brand-related drivers encompass aspects of brand identification and a brand’s symbolic function. The authors define brand identification to be “the integration of perceived brand identity into self-identity” (Wirtz et al., 2013, p. 230), and explain that consumers who identify with the brand and their related BCs have a higher intrinsic motivation to interact and cooperate with other like-minded consumers who share their same values and interests. Thus, a strong identification with a brand can have a positive influence on engagement and affiliation with the OBC. Same can be said to a brand’s symbolic function, which is the brand’s ability to communicate specific symbolic meanings about its consumers and their social identities (Escalas and Bettmann, 2005). This indicates that consumers of a brand with high symbolic function are likely to share similar characteristics and interests, thus motivating like-minded consumers to engage with each other and feel a sense of belongingness.

Functional drivers entail four aspects: functional benefits, information quality, uncertainty avoidance, and monetary and explicit normative incentives. Consumers receive a range of functional benefits from participating in OBCs, such as information about products, how to solve product-related problems, recommendations and general tips on product usage (Wirtz et al., 2013). Many studies found seeking information to be one of the main reasons that motivate users to participate in online communities, and that consumers’ decision to participate in an OBC is based on whether the content of the community is helpful for problem solving or product usage. As explained by Wang et al. (2019, p. 5), “when a consumer buys a product, especially a brand they are not familiar with, they may want to seek information related to the brand or product from its online community given its important role as a source of brand knowledge in the social media era”. Thus, OBCs offer a range of functional benefits, such as product discussion and knowledge sharing, which drive individuals to engage with the OBC. Furthermore, infor-

mation quality is another important aspect that drives consumers to engage in OBCs, as it provides up-to-date information with high credibility, which again facilitates interactive learning and knowledge sharing (Wirtz et al., 2013).

However, there are contradictory results on whether the need for information itself acts as a driver of engagement. A study by Baldus et al. (2014) found that consumers who were only seeking assistance and up-to-date information had significantly low participation rates. This suggests that consumers primarily motivated by a need for information are less likely to engage in an OBC, and may only want to login to look for answers to a question. A study by Kaur et al. (2018) also revealed that problem solving and information seeking did not have any significant influence on young social media users' intention to continue using OBCs. These findings suggest that brands and marketers must find ways to incentivize the participation of such "lurkers", to increase their customer value and keep them engaged.

The third aspect of functional drivers is uncertainty avoidance, according to the framework of Wirtz et al. (2013). This is based on the uncertainty reduction theory (URT), which suggests that consumers, especially when first adopting a product, have high levels of uncertainty, and therefore seek information and interact with others to reduce their discomfort (Weiss et al., 2008). In this sense, OBCs may serve an important role in reassuring consumers and making them more comfortable with a purchase decision (Adjei et al. (2010), as cited in Wirtz et al. (2013)).

Monetary and explicit normative incentives encourage members to participate and engage in OBCs, but research shows that such incentives merely have a short-term effect. Examples of monetary incentives are loyalty points, lucky draws and price promotions, and they have been shown to increase participation intentions in the short term for all types of community members, but with a stronger effect for passive members compared to active ones (Garnefeld et al. (2012), as cited in Wirtz et al. (2013)). But as monetary incentives are an extrinsic motivator, the members' long-term participation intentions tend to decrease. A study by Bilro and Correia Loureiro (2021) found that intrinsic motivations significantly affect hedonic and utilitarian rewards, but the same is not true for extrinsic motivations. Thus, "the short-term gain obtained from a monetary incentive is traded off with a reduced willingness to participate in the long run" (Wirtz et al., 2013, p. 232), suggesting that there is a long-term crowding-out effect for those active members whose motivation to participate was merely based on the payment. This also suggests that referral programs, which is one of many aspects of WOM (Standing et al., 2016), may only have a short term effect on members' participation intentions, as most startups offer monetary incentives for referrals, such as a gift card, percentage discount or

reward points (Basri and Siam, 2017). However, the authors highlight that participation intentions do not decrease for passive members, as they do not experience a long-term crowding out effect (Wirtz et al., 2013).

When it comes to explicit normative incentives, these are incentives obtained by adhering to norms of reciprocity and solidarity, or to contribute to a common goal. Such incentives amplify the normative standards of the community and therefore will increase feelings of obligation among members of the community. As a result, these incentives increase members' willingness to participate, but only in the short term, and have no effect on their long-term participation intentions. Explicit normative incentives also have no effect on passive members' participation intentions, both in the short term and long term, as opposed to monetary incentives (Garnefeld et al. (2012), as cited in Wirtz et al. (2013)).

As humans are social beings by nature and rely on social interaction and cooperation in order to survive, the social aspects of being part of a community is an important driver of OBC engagement (Wang et al., 2019). According to the framework of Wirtz et al. (2013), social drivers involve social benefits and social identity. Social identity is the self-concept that is being derived by psychological membership in social groups. Generally, people strive for positive self-esteem, and that self-esteem can be obtained from social group membership (Wirtz et al., 2013). For instance, engaging with people in an OBC can give opportunities for building friendships and solidify one's social identity if the consumer identifies with the brand.

Furthermore, engaging in OBCs provides a range of social benefits to its members. When individuals engage in OBCs, they are able to experience meaningful social interaction and foster close social relationships, which in turn will satisfy social needs such as trust and intimacy. Participation in OBCs will also provide social support and allow members to build a social network and social capital status, all of which adheres to specific types of social benefits, thereby driving individuals to engage with the OBC (Wang et al., 2019). In fact, Fournier and Lee (2009, p. 106-107) states that people are often "more interested in the social links that come from brand affiliations than they are in the brands themselves". Thus, the more likely an OBC can provide social benefits and fulfill members' social needs, the more likely they will want to engage with the firm and the other members.

Wirtz et al. (2013) further proposed a number of factors that moderate the relationship between OBC drivers and OBC engagement, including product complexity and size of OBC. While most of the existing studies on OBC engagement have focused on psychological and social drivers, few studies have examined the role of product and consumer characteristics on OBC engagement (Wang et al., 2019). As a response to Wirtz et al.

(2013)'s call for further empirical research on the moderators of OBC engagement, Wang et al. (2019) examined how product complexity and consumers' extraversion drives OBC engagement, and found that product complexity was positively related to OBC engagement. Thus, the more complex and difficult a product is perceived to be, the more valuable it is for the consumer to engage in OBCs to seek informational benefits. In addition, the authors found that extroverted individuals were more likely to engage in OBCs. This is in line with prior research, which shows that extroverted people are more sociable and find it more enjoyable to communicate and interact with others, regardless if the benefits are social or functional (Mooradian and Swan, 2006). Altogether, the study by Wang et al. (2019) demonstrates that consumers' motivation to engage in OBCs varies depending on the type of product, brand and consumer characteristics, suggesting that there might be differences on how to engage members in niche vs. mainstream markets, as well as specific industries such as the e-sport industry.

Despite the importance of OBC engagement, researchers have emphasized that there are disparate conceptualizations and understandings of engagement in OBCs and that the concept still remains poorly understood and underexplored in brand community research. The study of OBCs remains a relatively new research area and further research is needed to understand the nature of OBCs and different factors influencing consumer behavior and engagement in online environments (Martínez-López et al., 2021; Zheng et al., 2015; Brodie et al., 2013).

2.2.2. CUSTOMER OUTCOMES OF OBC ENGAGEMENT

OBC engagement leads to a number of positive customer outcomes that are critical for the long-term survival of OBCs. Research has shown that OBC engagement increases members' commitment to the community and to the brand, as well as members' intention to continue participation in an OBC (Wirtz et al., 2013). Increased brand commitment and continued participation is especially important in an online environment, because members can easily switch to other competitors and alternative OBCs (Wirtz et al., 2013). It is through participation and interaction in communities that members become embedded in the OBC. "This process turns casual users into members, members into contributors, and contributors into evangelists, spreading the word to the cyber world" (Rothaermel and Sugiyama, 2001, p. 302). Furthermore, when members are eager to engage with the OBC and feel that the OBC meets or exceeds their expectations, it also increases their satisfaction and loyalty to the OBC (Wirtz et al., 2013). A netnographic study by Brodie et al. (2013) found that engaged consumers exhibit enhanced consumer/brand loyalty, satisfaction, brand trust, empowerment, connection, emotional

bonding, commitment and advocacy towards the brand. A stronger relationship between the customer and the brand will also lead to improved brand image and increase brand equity (Wirtz et al., 2013).

When consumers feel satisfied with an OBC, they are also more likely to spread positive word-of-mouth about the brand, recommending it to others and remain loyal to it in their buying decisions (Wirtz et al., 2013). Martínez-López et al. (2021) also found a correlation between OBC engagement and positive WOM, where trust, loyalty and engagement act as antecedents to positive WOM. Previous literature has shown that brand loyalty and brand advocacy are positively related, with a positive relation to WOM, suggesting that members that are committed to the brand are likely to recommend it to other consumers and advocate for it (Hawkins and Vel (2013), as cited in Awad and Fatah (2015)). The Xiaomi case study also shows how the company focuses on the social aspects of OBCs and leverages the power of eWOM as a marketing strategy (Shih et al., 2014). In addition, a study by Standing et al. (2016) found that members who expressed emotional value (i.e. intrinsic engagement), often using emojis/emoticons, are quicker in taking-up and spreading WOM to the community. Therefore, engaged and emotionally expressive members can be of great help in encouraging eWOM by spreading opinions and recommendations online (Standing et al., 2016).

2.2.3. ORGANIZATIONAL OUTCOMES OF OBC ENGAGEMENT

Research shows that consumers' OBC engagement benefits organizations in many ways, because OBCs strengthen the organization's relationship with people (Fournier and Lee, 2009). One way organizations can benefit from an active OBC is by receiving valuable insights, ideas and feedback from loyal customers who openly share their opinions and experiences with the products. "For a business to prosper, it must serve its fans; to serve them well, it must understand their needs, wants and desires" (Shih et al., 2014, p. 351). OBCs provide an online platform for loyal and committed customers to voice their opinions and become a key source of consumer data that can help the organization in marketing research and product development (Kim et al., 2008). Consumers can provide insight into the strengths and weaknesses of new and existing products and services, thereby giving organizations insight into consumer needs, desirable features of new products as well as trends for upcoming products or services (Wirtz et al., 2013).

A case study by Shih et al. (2014) on Xiaomi's use of OBCs also highlights how OBCs can enhance customer dialogue and facilitate product idea generation and co-creation. Xiaomi and its fans form a very tight supply-demand community, which has "helped the firm to forge an irreplaceable, symbiotic relationship with its fans, much beyond a mere

trading relationship” (Shih et al., 2014, p. 355). For instance, Mi-fans around the world have helped Xiaomi translate materials into 25 different languages, create work sites in 17 countries, assisted in rolling out thousands of sets of themes and quiz programs, and posted over 130 million opinions on Xiaomi’s forum (Shih et al., 2014). This example demonstrates the incredible force of their loyal customers and how they help the company co-create and internationalize.

Another organizational outcome of OBCs is that they have been found to improve sales and profitability. Research has shown that OBCs positively affect immediate purchase intention (Blazevic et al., 2013), as well as retaining both experienced and new customers (Adjei et al., 2010). The positive eWOM that results from increased customer satisfaction and brand loyalty contributes to higher frequency of referrals and thus helps a company get more orders. This in turn leads to higher revenues and profits - a win-win situation that will help startups cross the chasm and achieve success (Shih et al., 2014).

In addition to improving sales, OBCs also contribute to reduced support costs and increased customer success. Millington (2021) discovered that it was 72 percent cheaper to resolve a question via the community instead of traditional support channels, and that an OBC is estimated to reduce customer support costs by around \$213,000 per month (i.e. around \$2.9 million per year). He also found that during a four-month period in which a company hid their community, the customers’ satisfaction scores plummeted. Li et al. (2022, p. 1) further states that firms host OBCs to “attract consumers’ attention and promote their involvements in product development and product support activities”. They emphasize how customers can act as users and facilitate product testing and product support. Customers in the software industry often use their customers in beta product testing and thus enable those firms to reduce costs in internal product testing (Li et al., 2022).

OBCs also facilitate a customer-to-customer (C2C) communication, where expert users can help other members with product questions. This kind of C2C communication can have enormous reach and be incredibly cost effective for organizations, resulting in reduced customer support costs, powerful marketing and promotion opportunities, new product ideas, incremental purchases and enhanced loyalty (Algesheimer et al. (2005) as cited in Li et al. (2022)). Companies like Xiaomi have made significant savings in marketing, advertising and service costs across their business cycle, thus allowing them to sell their products at 40 percent cheaper than market prices and still make profits (Shih et al., 2014).

Furthermore, having an OBC unlocks extraordinary competitive advantages and creates a superior business model, according to Bussgang and Bacon (2020). They argue that it

results in lower customer acquisition costs, because existing members help acquire new members and are reluctant to leave the community. This also leads to increased member retention and customer lifetime value (Haverila et al., 2022). In addition, as members support each other in the community, it results in a lower cost of service and thus higher gross margins. The sum of it are very real network effects - “as engagement grows, the community gets smarter, faster to respond, more globally available and generates more value” (Bussgang and Bacon, 2020, p. 3). This will in turn facilitate an internationalization process. The authors discovered that nearly 80 percent of startup founders reported that building an OBC was important to their business, with 28 percent describing it as their competitive edge and critical to their success (Bussgang and Bacon, 2020).

The above-mentioned findings on the role of OBC engagement, its drivers and different customer and organizational outcomes, can be summarized below in Figure 2.2. The figure illustrates how OBC engagement leads to a number of beneficial customer outcomes, which in turn leads to several beneficial outcomes for an organization implementing a successful OBC.

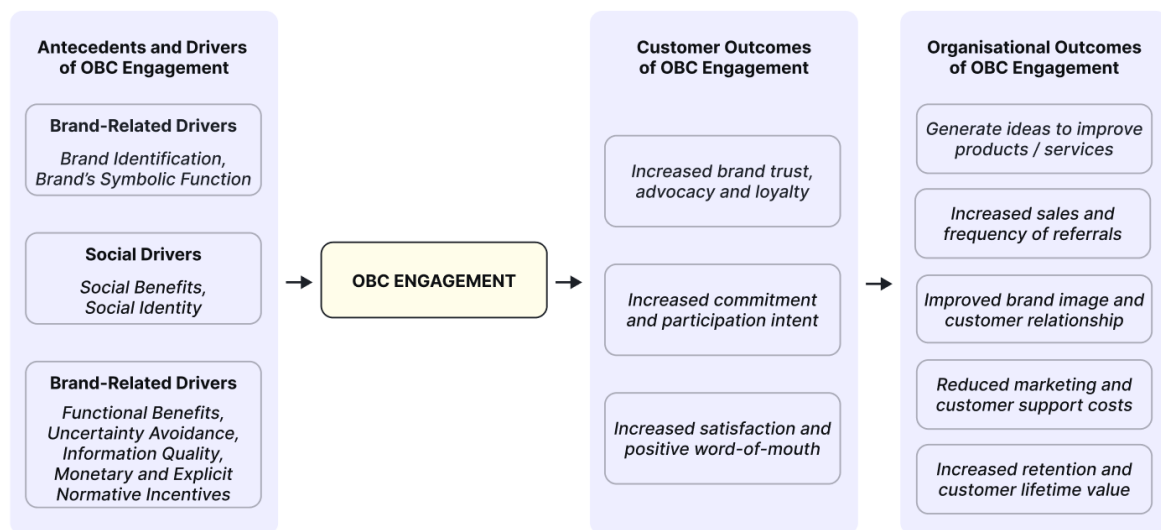


Figure 2.2: Drivers and outcomes of OBC engagement

2.2.4. CHALLENGES OF MANAGING OBCS

While much of the popular literature and existing research highlight the numerous opportunities and benefits of OBCs, there are also a number of challenges that come with it (Wirtz et al., 2013). The C2C communication that comes with OBCs gives organizations a significant loss of control. For instance, organizations become much more vulnerable to negative, anti-brand comments and discussions, i.e. negative eWOM. People can for instance use OBCs to post information about the brand's negative influence on social

issues or political matters, such as workplace equality or greenwashing. According to Corstjens and Umblijs (2013), negative posts or comments on social media have five times the effect of positive ones. It is therefore important that companies face and handle all complaints and negative comments quickly, honestly and positively. Otherwise, negative eWOM will spread and pose a risk of seriously damaging a brand's reputation and its business promotions (Shih et al., 2014). If anti-brand comments and discussions take place, it can create negative brand associations among other members and result in brand equity dilution (Wirtz et al., 2013). Examples of anti-brand communities include "Boycott Nike" (Maclaran and Catterall, 2002), anti-Starbucks, anti-Walmart and anti-McDonald's (Hollenbeck and Zinkhan, 2010).

Managing and moderating user-generated content is a difficult and delicate task because members also need to feel that they can express their opinions freely and openly in order for the community to function well. Since OBC members participate voluntarily, they expect to have an active voice in the community (Wirtz et al., 2013). Rothaermel and Sugiyama (2001) argue that the level of site management needs to be well balanced, and that there is a curvilinear relationship between the level of site management and the success of the OBC. Research suggests that semi-structured organizations outperform organizations with too much or too little structure (Rothaermel and Sugiyama, 2001) and recommends a hybrid approach to governance where organizations neither entirely control the community, nor completely disown responsibility (Fournier and Lee, 2009). Too much site management can disrupt the benefits of OBCs, as members might resist when their process of learning, relationship building and knowledge generation is interrupted by management. Too little site management, on the other hand, may lead to chaos within the OBC (Rothaermel and Sugiyama, 2001). Fournier and Lee (2009) emphasizes that OBCs are not corporate assets and should not be tightly managed and controlled. Instead, they suggest that community managers participate as community co-creators where they nurture, facilitate and create the right conditions in which OBCs can thrive. Community managers should provide support and replace control with a balance of structure and flexibility.

Having an active OBC also requires allocation of sufficient resources and the development of relevant expertises (Wirtz et al., 2013). As stated by Fournier and Lee (2009, p. 111), it requires "an organization-wide commitment and a willingness to work across functional boundaries". Companies need to take the courage to reexamine everything from company values, goals and mission to organizational design, and to cede control and accept conflict that comes with it. Another challenge of managing OBCs is the fact that members have the ability to remain anonymous. The moral pressure on members to behave in ethically

acceptable ways can therefore be much lower than in an offline BC (Wirtz et al., 2013). OBCs can for instance be exposed to hackers, scammers and spam bots. Thus, Culnan et al. (2010) suggests that organizations develop formal policies for acceptable user-generated content and behavior. In addition, members in an OBC can include people from countries all over the world, who communicate and interpret messages in different ways. This can lead to cultural misunderstandings and confusion (Wirtz et al., 2013).

Altogether, several trends point to the need for organizations to consider establishing and managing an OBC (Wirtz et al., 2013), and the examined literature suggests that OBCs serve as an important asset for organizations. Although managing an OBC is time-consuming and brings a number of challenges, the benefits that arise from it far exceed the risks associated with it (Adjei et al., 2010). The next section will dive into the know-how and best practices of managing an OBC, according to research and industry experts, particularly on how organizations can incorporate OBCs into its business model and create value and competitive advantage, further enabling their internationalization potential and processes.

2.2.5. CREATING VALUE USING OBCs AS A BUSINESS MODEL

As mentioned in section 2.2.3, building OBCs can create and support a superior business model with extraordinary competitive advantages (Bussgang and Bacon, 2020). However, setting up an online platform and simply connecting people via the web will not create something of lasting value (Manville, 2014). In order to attract and retain a critical amount of participants, organizations need to create an environment that incentivizes the behavior you want to see, highlight and reward great participation and customer engagement (Bussgang and Bacon, 2020).

First and foremost, a shared purpose and values is important for an OBC to feel a sense of belongingness and reason for coming together (Bussgang and Bacon, 2020). What differs a community from a network is that a community consists of people who feel responsible for collaborating toward a shared purpose and expect relationships within the group to continue (Manville, 2014). Fournier and Lee (2009) explain that brand communities can exist in three forms of community affiliations: pools, webs, and hubs. What is common of all three is that they all are bound by a shared goal, needs or interests. Members of pools are united by shared activity, goal, or values, but have otherwise loose associations with one another. Apple enthusiasts and the Harley-Davidson community are examples of a brand pool. Members of webs are built on strong one-to-one relationships with others who have similar needs, with examples including Facebook and Cancer Survivors Network. Members of hubs are united by their admiration of an individual (such as

Elon Musk or Oprah). A charismatic figure is the key to this community affiliation. However, a hub is an unstable form of community that can dissolve once the central figure is no longer present, but it helps communities acquire new members who share similar values. Fournier and Lee (2009) highlights that the key is to combine all three in a mutually reinforcing system. Nike for instance, has leveraged their brand by using hubs to strengthen their brand pool, with stars like Michael Jordan and Tiger Woods. To connect their members together through webs, Nike launched its online community Nike+. Thus, by combining all three community affiliations, creating webs to enhance its pools and hubs, Nike has built a stable and engaging OBC (Fournier and Lee, 2009).

Another key element to building a successful community business model is to promote and drive community-centric behavior. Research shows that a business model needs to be supported by customer participation (Danarahmanto et al., 2020). In fact, customer-centric value (CCV) creation business models appear to support the internationalization of international small digital ventures (Etemad, 2022). For instance, Shih et al. (2014) emphasizes how Xiaomi leverages on OBCs to build a fan-centric social media business model. They argue that in order for a business to prosper, “it must deliver on its promises of genuine concern for its fans” (Shih et al., 2014, p. 350). Another example is Harley-Davidson’s, where it focuses on a close-to-the-customer strategy by treating community activities as company-wide investments for business model success rather than marketing activities (Fournier and Lee, 2009).

Community-centric behavior contributes to enhancing the positive customer outcomes of OBC engagement, and includes everything from leadership, mentoring and rewarding those who support the community, to building trust with customers and making them become brand ambassadors (Martínez-López et al., 2021; Bussgang and Bacon, 2020). Xiaomi, for instance, rewards active members for their contributions and grants them a variety of permissions and incentives (Shih et al., 2014). Richardson et al. (2020) states that organizations should start by identifying active participants that are passionate about your brand and spreading ideas, and then build trust and support those people. Furthermore, they warn that organizations who do not put resources and time into nurturing relationships with their most passionate members, will not succeed at building a community. As stated by Manville (2014), “make participants the real heroes. The more responsible participants feel, the more energy and drive they’ll offer — and the better they’ll feel about participating” (Manville, 2014, p. 4).

Furthermore, quality contributions, such as content, support and technology, are important to build customer satisfaction and engagement (Bussgang and Bacon, 2020). According to Culnan et al. (2010), the first and most important element is content. Without

a continuous supply of content, there is no reason for members to visit and participate in the OBC. Clark (2019) further emphasizes that OBCs require high-quality user experience and interesting content to keep members engaged and paying over time. By engaging customers with interesting topics, opportunities and possibilities for significant interactions between the organization and its members will heighten, thereby strengthening their mutual relationship (Shih et al., 2014). When it comes to generating revenue and increasing profit, researchers suggest that organizations can charge membership fees to turn their OBCS into a revenue source (Clark, 2019; Armstrong and Hagel, 1996). “By charging fees, typically \$20-\$100 per month, entrepreneurs have created six-figure businesses” (Clark, 2019, p. 2). Armstrong and Hagel (1996) further suggest that organizations can charge content fees for obtaining access to products or services provided by the OBC.

2.2.6. PROPOSITIONS FROM ONLINE BRAND COMMUNITY THEORY

Overall, the presented theory on online brand communities can be summarized in Figure 2.3. The figure is an expanded version of Figure 2.2 and illustrates how OBC challenges can negatively affect OBC engagement, as well as different ways to create value using OBCs can moderate and enhance the organizational outcomes of OBC engagement. The presented theory and figure can further be summarized into the following propositions in Table 2.2. These, together with the propositions established from the internationalization theory, will be used in the model construction in coming sections and form the basis for explaining the objectives for and potential benefits from utilizing online brand community building for internationalization.

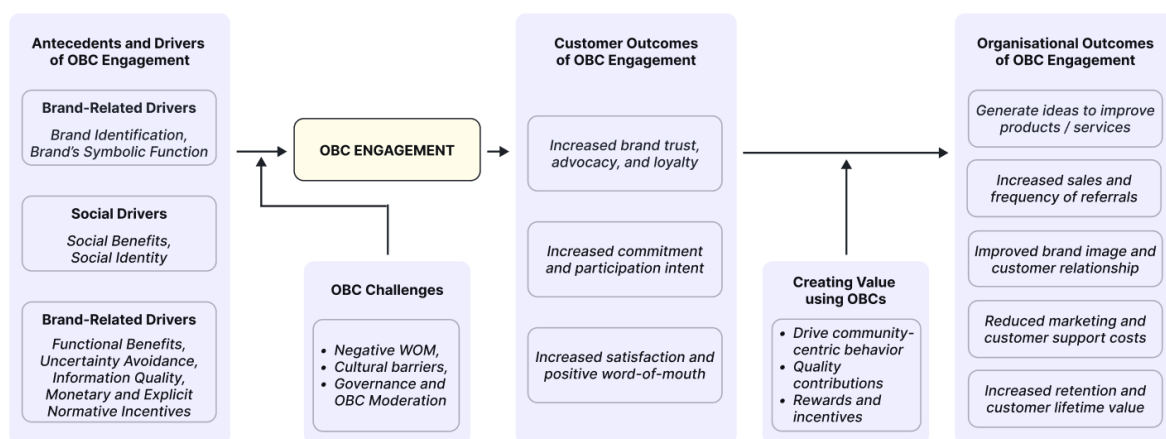


Figure 2.3: Expanded summary of reviewed internationalization literature

Table 2.2: Propositions for international online brand community building

	Propositions for international online brand community building
P7	OBC engagement leads to increased participation intention, brand commitment and brand loyalty among customers, as well as the likelihood of positive WOM, which can be used as an effective marketing strategy.
P8	Maximizing customer engagement and customer loyalty in OBCs are key drivers for positive WOM, which in turn leads to higher frequency of referrals and increased sales and profitability.
P9	OBCs can make use of customer feedback and customer-to-customer communication to reduce support costs, gain market knowledge and involve customers in product ideas, development and co-creation.
P10	The implementation of an OBC creates a superior business model with real network effects that results in lower customer acquisition costs, increased member retention and customer lifetime value.
P11	A successful OBC must continuously create engaging content, act customer-centric and promote such behavior through incentivizing continued participation and nurturing relationships with loyal customers.
P12	Organizations with OBCs are more vulnerable to negative eWOM and face challenges regarding how to manage and moderate user-generated content.
P13	Optimizing for organic growth by incentivizing OBC members to spread positive eWOM, is a cost-efficient method of cross-border growth.

2.3. Summary of Literature Findings

The literature findings clearly illustrate that online brand communities enable faster and more sincere customer feedback, which is a recurring theme among customer-centric startups that want to rapidly iterate on their products and value propositions, and eventually to internationalize. In fact, there are many objectives and values from online brand community building and internationalization that seem to overlap. Consequently, the propositions also overlap. In the framework of Wirtz et al. (2013), they state that organizational OBC objectives are: (1) to gather creative ideas; (2) to support changing company culture; (3) to improve customer relations; and (4) to increase sales. Both OBC and IE literature discuss these objectives to gain competitive advantages, to generate revenue, to build brand awareness, and to innovate with business models to create and capture more value. OBC literature discusses its use to rapidly gather customer feedback and market knowledge, which can be a key driver for digital startup internationalization. When it comes to crossing the chasm (Moore, 2014) in a new foreign market, OBCs can drive the creation of brand advocates from pioneers and early adopters, and help generate word-of-mouth and to gain a solid market foothold. In the remainder of the thesis, we further explore how OBCs can be implemented by a digital startup to maximize word-of-mouth and facilitate organic growth both within the domestic market and across foreign markets.

3. Methodology

In this chapter, we present and discuss the methodology used in this master thesis. First, we give an overall description of our research strategy and process. Then, we describe the literature study methodology in section 3.2, including the literature search, selection and review process. Thereafter, the empirical studies consisting of interviews and an exploratory case study are described in section 3.2, before concluding this chapter with an evaluation of the methodology in section 3.3.

3.1. Research Strategy and Process

The research process of this thesis was initiated by formulating a research question that was based on the knowledge gaps identified during the preceding project report from fall 2021 on digital firm internationalization. Thereafter, a literature study was conducted, which guided the establishment of a set of propositions presented in Chapter 2. After the literature study, an interview guide was created based on the reviewed literature. Then, empirical data collection was conducted through interviews with different entrepreneurs as well as through an exploratory longitudinal single-case study by participant observation. Collected data was then analyzed, before coupling the findings with theory, which then resulted in the development of an actionable framework. The framework and empirical findings are further analyzed and discussed in light of extant literature in Chapter 5, which provides the foundation for answering the research question of this master thesis. An illustration of the research process is shown in Figure 3.1.

The Research Process

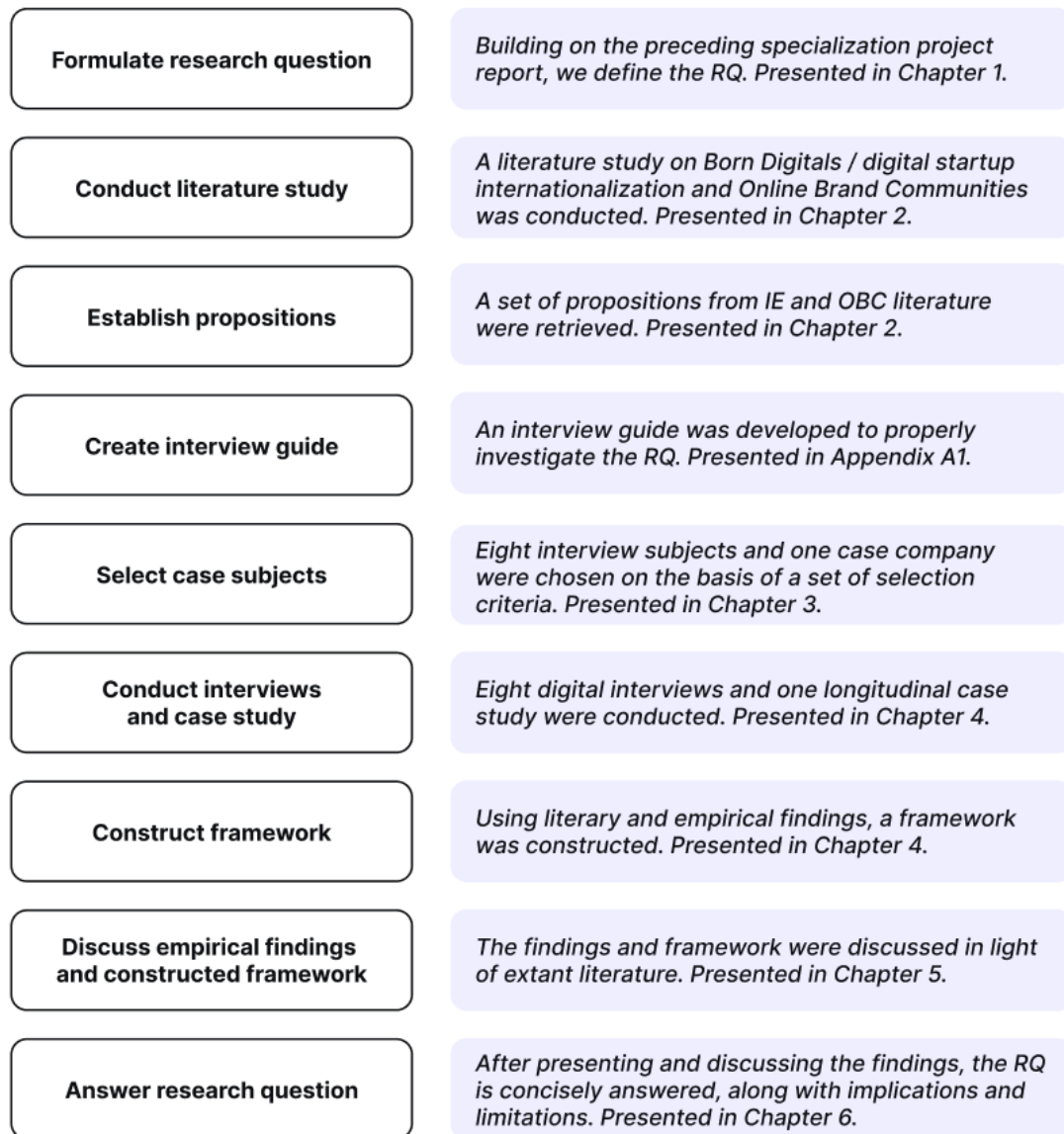


Figure 3.1: Representation of the research process

3.2. Literature Study

To get an overview of the academic literature and a solid theoretical foundation of the study, an initial unstructured literature study was conducted. Information was collected from different sources, where mostly scientific articles but also books and opinion pieces from industry experts were reviewed. It is worth mentioning that parts of the review of IE literature has already been conducted and builds upon a preceding project report written during fall 2021.

3.2.1. LITERATURE SEARCH

The literature search process was conducted in the online databases Scopus and ProQuest OneBusiness. One reason for choosing Scopus is that it is the largest abstract and citation database of research literature and quality web sources (Bryman, 2012) and thus considered to provide extensive and relevant search results. Scopus was also chosen based on its versatility and the possibility to structure search using synonyms and AND/-OR functionality. ProQuest OneBusiness was chosen in addition to Scopus to ensure obtaining relevant articles particularly from the business and management field. Referenced papers in articles that were considered relevant and provided additional theory were also reviewed. Furthermore, relevant articles on community building from Harvard Business Review were reviewed, as these opinion pieces were considered to be helpful in providing expert insights into the current best practices of community building. Lastly, as one of the authors of this master thesis wrote a project report on digital startup internationalization, relevant articles on internationalization theory studied in that report were also used.

The literature search process can be broadly split into three literature streams: internationalization theory, online brand community theory and supplemental (uncategorized) theory, i.e. theory that provides additional information on constructs and variables that concerns both internationalization and BC literature, such as eWOM, brand loyalty and business model innovation.

The literature search was conducted using keywords, where the main keywords used to collect relevant literature on internationalization theory were: *internationalization process, born globals, born digitals, digital entrepreneurship, foreign market entry, international entrepreneurship, international new ventures, and global startups*. The main keywords used to collect relevant literature on online brand communities were: *community building, online brand communities, online brand community engagement, social media, brand, startup online brand community*. Additional searches on supplemental theory were

done using the keywords: *word-of-mouth*, *e-word-of-mouth*, *customer engagement*, *brand loyalty*, *brand identification*, *brand co-creation*, and *business model innovation*.

3.2.2. LITERATURE SELECTION AND REVIEW

When selecting articles from the search process to review, a narrative review approach was taken. A narrative review approach seeks to get an overview of a field of study through critical reading and interpretation of the literature, and is less focused and more wide-ranging in scope than its counterpart, i.e. systematic reviews. The process of reviewing the literature with a narrative approach is therefore a more uncertain process of discovery and is less explicit about exclusion and inclusion criteria when selecting studies (Bryman, 2012).

In line with a narrative review approach, no explicit selection criteria were established. Nevertheless, some areas of focus were kept in mind when selecting relevant theory. Since a literature review on internationalization was already conducted during fall 2021, the focus was on selecting and reviewing internationalization theory from recent years, especially those that are published in 2022. As the study of online brand communities is a relatively new research field, most of the selected articles were from 2010 till 2022, but also works from earlier years that addressed the notions of this concept were selected. A total number of 137 articles were selected for review, out of an initial pool of 291 relevant papers found during the search process. 37 articles belong to the literature stream of online brand communities, 31 articles belong to the literature stream of internationalization theory, and 69 articles belong to the supplemental literature stream. During the reading process, relevant notes were taken for each article, such as summary, main findings, and key characteristics (title, author(s), journal, year).

3.3. Empirical Studies

The empirical study of this master thesis consists of two parts: a multi-case study of a set of different digital startups, and another exploratory case study of a single startup where one of the authors of this thesis is an active participant and decision-maker. Qualitative case studies enable researchers to conduct in-depth exploration of intricate phenomena within a specific context (Rashid et al., 2019). Case studies are also preferred when “how” and “why” questions are being asked and when the focus is on a contemporary phenomenon in a real-life context (Yin, 2009). Furthermore, a multi-case design was chosen as the evidence from multiple cases is usually considered more compelling, thus contributing to the overall study being regarded as more robust (Yin, 2009). It also improves theory building and may play a crucial role in understanding causality (Bryman,

2012), as several case studies provide a basis for comparison to see whether startups internationalize and utilize community building differently depending on their market. The multi-case study was conducted using in-depth interviews as the research method, while the exploratory case study was conducted through non-participant observation.

3.3.1. INTERVIEWS

In-depth interviews were employed to gain empirical insights and perspectives on best practices from experienced entrepreneurs, and to answer the research question as they are considered an essential research method for case studies. This is because of their versatility and the fact that they can be designed to target the research question directly and illuminate causal inferences and explanations (Yin, 2009). The interviews were semi-structured, where the “researcher has a list of questions or fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has a great deal of leeway in how to reply” (Bryman, 2012, p. 471). The choice of semi-structured interviews was based on its suitability for research with a fairly clear focus on what to investigate - as is the case with this study and research question - thus allowing for more specific issues to be addressed (Bryman, 2012).

SELECTION OF CASES

The multi-case sample consists of eight experienced entrepreneurs (founders, marketers and community managers) of digital startups based in different countries covering Europe and Africa. The selection of entrepreneurs was based on recommendations from the former President of the Sigma Squared Society and by managers of a Norwegian startup accelerator. As the study seeks to answer how OBC building can be used to facilitate the internationalization efforts of digital startups, the selection criterion was that the entrepreneurs had to have experience working in a digital startup, i.e. a startup with digital products or services in their product portfolio, as well as have experience with on-line brand community building. Another selection criterion was that the entrepreneurs had to have experience with internationalization and serving international customers, or at least an intention to do so in the near future. This criterion confirmed that the entrepreneurs have experience with startups that are born global firms, or that are consistent with born global literature (Knight and Cavusgil, 2004). Overall, the selection criteria ensured that each case could contribute to answering the research question.

The number of cases in this sample were considered to be sufficient as the number of case replications had satisfied a desired level of theoretical saturation. According to Yin (2009), a sufficient number of cases is a matter of discretionary, judgmental choice and

is based on a reflection of the number of case replications satisfying a level of certainty that the author(s) want to have about the multiple case results.

DATA COLLECTION

As in-depth interviews were the chosen method for collecting data, an interview guide was made before conducting the interviews and can be found in Appendix A1. The interview guide consisted of twenty-four open-ended questions designed to fit within a time limit of one hour. The questions were open-ended as to not let the researcher's presumptions or wording affect the answers, and to give the interviewee more leeway in how to reply and explore the field. The goal was to gain an understanding of the startup's experience with internationalization and online community building strategies and efforts by examining their role in and use of these efforts, as well as examining their thoughts on using such efforts in coming entrepreneurial endeavors. Overall, the interview guide was divided into four sets of questions: 1) Background, 2) Internationalization, 3) Online Brand Community, and 4) Final Questions. The first set of questions was aimed at giving an introductory context of the interviewee and their company. It consisted of questions about the interviewee (their position, duration at firm, role and responsibilities) as well as their decision-making involvement in the firm and the firm's status and intentions of internationalization and online community building. The second set of questions requested information about the interviewee's views, efforts, considerations, experiences on internationalization. The third set of questions focused on the interviewee's view on the use of online brand communities and how they manage their online brand communities. The last set of final questions are two questions aimed at understanding the priorities and actions the interviewee would consider when having a goal to internationalize as fast as possible, and when having a goal to build an online brand community as fast as possible. The two questions seek to uncover whether there is an overlap in the priorities and actions of internationalization and online brand community building.

As seen in Table 3.1, eight in-depth interviews were conducted. To ensure confidentiality and anonymity, the name of the startups are anonymized and replaced with pseudonyms corresponding to the phonetic alphabet. The interviews were conducted online synchronously using video technology such as Google Meet and Microsoft Teams. As stated by Bryman (2012), online-based research methods offer advantages over traditional methods, such as being more economical in terms of time and money, having the ability to reach participants that are otherwise hard to involve in research (e.g. senior executives and people with almost no time for participation), as well as being able to reach participants unrestricted of geographical location. The latter was most critical as the

majority of the respondents were located outside of Norway. The interviews were also audio-recorded, with approval from the interviewees. In qualitative research, interviews should be audio-recorded whenever possible (Bryman, 2012). However, they were not transcribed, as it is a very arduous and time-consuming task to do so (Bryman, 2012) and can be subject to interpretation bias. Working with data in its original format (audio or video) can result in greater trustworthiness and accuracy, as well as more detailed descriptions and informative reporting (Markle et al., 2011).

Table 3.1: List of interviewees

Startup	Interviewee Role(s)	Industry and Markets	Duration
Alpha	Head of Community	Esports, Gaming, Recruitment	44 min
Bravo	Co-Founder & CEO	Game & Software Development	38 min
Charlie	Co-Founder & CTO	Journalism Content Management	34 min
Delta	Head of Community	Software & Hardware, Gaming	42 min
Echo	Co-Founder & COO	Talent Marketplace, Outsourcing	39 min
Foxtrot	CFO	Fintech, Venture Capital	47 min
Golf	Co-Founder	Web3, Internet-of-Things	40 min
Hotel	Co-Founder & CEO	Online Education	31 min

DATA ANALYSIS

Yin (2009) explains that every case study should follow a general analytic strategy and thus outlines four strategies that can be used for data analysis: 1) relying on theoretical propositions, 2) developing case descriptions, 3) using both quantitative and qualitative data and 3) examining rival explanations. He states that relying on theoretical propositions that guide the case study is the most preferred strategy, which is also the choice of analytic strategy in this master thesis. The analysis of data from the interviews were based on the theoretical propositions outlined in Chapter 2. Yin (2009) further explains that propositions are theoretical orientations guiding the analysis of a case study and helps to focus attention on certain data while ignoring other data. In addition, he presents five specific techniques that can be used for analyzing case study data: 1) pattern matching, 2) explanation building, 3) time-series analysis, 4) logic models and 5) cross-case synthesis. We chose pattern matching as our main analytical technique as it is considered to be one of the most desirable techniques and can also help a case study strengthen its internal validity (Yin, 2009). Pattern matching compares an empirically based pattern with a predicted one, and if the patterns coincide, the results can strengthen the internal validity of the case study. Specifically, our study follows a “nonequivalent, dependent variables” design, as it has multiple dependent variables, i.e. a set of relevant outcomes (Yin, 2009). In other words, the propositions outlined

in Chapter 2 represent these different outcomes. During the analysis, the pattern of outcomes are assessed for each case. If the results are as predicted, a solid conclusion can be drawn about the effects of online community building on internationalization of digital startups. The resulting findings are presented in Chapter 4.

3.3.2. EXPLORATORY CASE STUDY

To gain insights on the internal mechanisms and decision-making processes driving internationalization and online community building in digital startups, a longitudinal, exploratory single-case study (Yin, 2009) was conducted over the course of three months from March 1st, 2022 - May 31st, 2022. The case subject, hereafter referred to as India, is a digital startup operating in the esports and gaming industry and is in the process of internationalizing, with the goal of implementing an OBC into its business model in order to reach and engage international customers. The longitudinal case study enables the exploration of activities, challenges and issues faced by a digital startup in its internationalization and online brand community building process in a practical and real-life context. The main objective is to gain insights on how entrepreneurs assess methods for implementing an online brand communities to their business model during an internationalization process, their focus, vision and mission formulations, as well as insights on their practical activities such as adapting market offerings, internationalization efforts, managing and governing an online community, and creating user engagement.

CASE COMPANY BACKGROUND

The following information provides the reader with contextual understanding of the digital startup being studied, before the empirical findings of the study are presented in Chapter 4. India is a Norwegian digital startup serving professional and enthusiast players in the esports scene, by providing a desktop application that analyzes and gives feedback on their in-game performance. The company was founded in Trondheim, Norway, during spring 2021. India's main customer value proposition is to make data analytics in esports accessible, digestible, and understandable for all players and teams, and seeks to engage a large number of players around the possibilities that data analytics enable. Whenever a user plays a round of a competitive video game, the product provides them with an analysis and report of their performance and feedback on how they can improve. Thus, their customers are both professional teams, enthusiasts, and hobbyist players that have the common goal of improving their skills in one or more video game titles.

The team behind India consists of three co-founders, a software engineer, and an expert on eye health and esports performance. In addition, the digital startup is backed by

a Norwegian venture capital firm and startup accelerator, providing access to industry expertise and experience on topics like commercialization, internationalization, and community building. The founders have somewhat large personal networks in the Norwegian and European startup scenes, and have sought feedback and guidance from successful entrepreneurs in these regions.

India has had an explicit intent to serve customers in global markets since the company was founded, and has built a fully digital product that is distributed to customers through the Internet. The product is therefore highly scalable and can be distributed to users around the world seamlessly. Today, users can sign up on the startup's website to download the application and immediately begin using it. India provides the product through a software-as-a-service model, in this case meaning users have to sign up and pay a subscription fee on a monthly basis to use the product. India also benefits from having many active users as it has certain network effects that can increase customer value, like in-app leaderboards and other social features, as well as being able to train better machine learning models on more user- and game data.

India operates in the esports industry, which is currently experiencing rapid growth and worldwide adoption, despite still being in its early formative stages (Gough, 2021). Note that market definitions for the "esports industry" often emphasizes professional activities, tournaments, events, sponsorship and partnership revenue. Hence, India has specified that may be said to operate at the intersection of the esports and video gaming markets, as the majority of their consumers are enthusiastic amateur players which tend to be defined as part of the video game industry. Competitive video games are becoming increasingly important for young adult and teen consumers, and the esports industry has recently gained a massive influx of interested investors, brands, media outlets, content creators, and consumers around the globe. Modern industry developments have been key drivers behind the emergence of professional esports organizations, large-scale tournaments and events broadcasted worldwide, gaming video content platforms like Twitch and YouTube Gaming, and an increasing amount of online communities centered around video games. As this is a highly digitalized industry with activities taking place online, the vast majority of India's potential customers tend to be avid users of social media and other online platforms.

Today, the esports and gaming users are active on platforms such as Discord, Twitter, Instagram, and TikTok, as well as YouTube and Twitch. Users naturally group in different online communities, usually: 1) as a hub around an industry brand, 2) as a pool of users focused on a game or sets of games, and 3) as a network of interconnected users, like on Twitter or in Discord servers. Many of these groups consist of international users,

making it relatively easy for a brand to spread virally across borders and acquire new customers in foreign markets. Knowing this, India has always had an explicit goal of building an OBC of active and engaged users, to increase sales, customer engagement, and brand awareness.

India is in its early stages of product commercialization, but, as mentioned above, aims to serve global markets as soon as possible. Thus, they are continuously searching for customers in new markets, and seek to implement an online brand community strategy to bring in active and engaged users from around the world. The digital startup created a Discord server in august 2021 to host their online brand community, and while they had gathered team members and a handful of friends there, they had yet to lay out a concrete strategy for acquiring users to, sustaining, and growing the OBC, before spring 2022. With its stated goals of global internationalization and plans to implement online community building, India has been selected as a fitting candidate to study. The table below summarizes the most important aspects of the case company’s background, relevant for the coming sections and chapters.

Table 3.2: Key facts about the case company

Founded	Early 2021
Headquarters	Trondheim, Norway
Industry	Esports, Gaming, Data Analytics
Product(s)	Desktop app, performance analytics
Business Model	SaaS, subscription model
Target Customer(s)	Professional and hobbyist players in esports

RESEARCH APPROACH

The case study takes the form of an in-depth, exploratory single-case study as it facilitates further research, theory development and theory refinement by providing a greater understanding of certain issues, challenges and case particularization (Laurell, 2018; Dubois and Gadde, 2002). Furthermore, there are few studies that follow the processes of internationalization of digital startups in a longitudinal, exploratory way (Cahen and Borini, 2020; Zaheer et al., 2019a; Strandberg, 2018). Thus, following the process of internationalization facilitated by online community building of a digital startup may provide valuable insights and contributions to the research field on digital firm internationalization.

To ensure the insights and results gained from the case study observation are relevant for digital startup internationalization, the selected case company must be sufficiently high-tech and the industry it operates in must generally have a high degree of digitization. In

other words, it must provide fully-digital, readily scalable products or services and rely on the Internet for distribution. Thus, India was found to meet the criteria as it is a digital startup operating in the esports industry, which is a highly digitalized global industry experiencing a rapid growth (Gough, 2021). India also has the fundamental features to potentially become a born digital. Additionally, the early internationalization efforts of India were studied in the preceding project report, in which the company reached its first sets of international users through pilot projects with esports organizations across European markets.

The case study was conducted through participant observation. As previously mentioned, one of the authors of this master thesis is a co-founder and active participant. Therefore, the other author of this thesis that is not affiliated with India conducted a direct observation but did not participate in what was going on in the social settings, i.e. a non-participant observer (Bryman, 2012). This allowed us to get an in-depth understanding of the case study observations from both an inside and outside perspective. As the other author is full-time involved with the case company, the internal processes and mechanisms were experienced in person and continuously monitored during the course of three months. This provided a unique and solid foundation for first-hand investigation, observation and exploration of firm activities. Meanwhile, the other author acted as a non-participant observer and was present in digital meetings, listening to conversations, and writing up impressions, perspectives and experiences in notes. The observations were unstructured, in which they do not entail the use of an observation schedule to record behavior, but rather focus on the behavior of participants to develop a narrative account of that behavior (Bryman, 2012). Additionally, the case company had made available all notes, data, and written records of company operations since the startup was founded, as well as a set of meeting notes detailing the business idea, ambition, and goals from before the official founding.

3.4. Evaluation of Methodology

In this section, the methodological quality of the literature study and the empirical studies will be evaluated in terms of reliability and validity, as the question of trustworthiness and credibility is an important issue concerning the quality of a study (Yin, 2009). Reliability and validity are among the most prominent criteria for the evaluation of social research (Bryman, 2012).

3.4.1. RELIABILITY

Reliability is concerned with the question of whether the results of a study are repeatable or not. The goal of reliability is to minimize errors and biases in a study, and a study is reliable if the researcher can demonstrate that the operations of the study, for instance the data collection procedures, can be repeated with the same results (Yin, 2009). Thus, a study is reliable if it obtains the same results when repeated (Bryman, 2012).

Regarding the literature study, the reliability can be argued to be satisfactory. When it comes to the literature search process, the same sample of articles can be retrieved from the online databases Scopus and Proquest OneBusiness, as well as Harvard Business Review, by using the same keywords listed in section 3.1.1. This holds true as long as no new articles have been added or that existing ones have been removed from the databases. However, the selection of articles is merely a subjective matter and, due to personal bias and selection bias, can therefore reduce the reliability of the study. Thus, the selection of literature could have focused on reducing personal and selection bias by incorporating a clear strategy for evaluating which articles should be included and not, in the literature study.

When it comes to collecting data from the interviews, reliability was ensured by following the interview guide, so that each interview was carried out in the same manner with the same steps and questions being asked. Doing so, it produces precise, stable and reproducible responses. In addition, every interview was conducted under the same conditions and environments, i.e. over video call and within a time frame of one hour. This way, it reduces the influence of external factors that might cause variations in the results.

The reliability of the exploratory, longitudinal case study is also argued to be at an acceptable level. Behavior must be observed several times in order to obtain reliability (Brown, 2019). As one of the authors was full-time involved with the case company, the author was able to observe the case company constantly, which improves the reliability of the observations. Nevertheless, as this master thesis did not document each process of the study, this might make it more difficult for other researchers to conduct the same study all over again (Yin, 2009). Therefore, this study could have benefited by using a case study protocol and a case study database, as suggested by Yin (2009), to document the steps of research even more properly and further improve reliability.

3.4.2. VALIDITY

According to Bryman (2012), validity is the most important criterion of research and is concerned with the integrity of the conclusions that are generated from research. Thus, it is a measure of whether the study actually answers what it intends to answer, i.e. its research question(s). Validity can typically be distinguished between external validity and internal validity. External validity is concerned about whether the results of a study can be generalized beyond the specific research context, whereas internal validity relates to the issue of causality and is concerned with the question of whether there is a good match between the researcher's observations and the theoretical ideas they develop (Bryman, 2012).

External validity was ensured by thoroughly reviewing the extant theory on internationalization and online brand communities. Reviewing expert opinion pieces from Harvard Business Review in addition to academic literature further ensures the external validity of our study. However, some sources of error are still present due to the limited number of articles reviewed, time constraints as well as personal and selection bias in the search and selection process. There is a risk that some literature may have been overlooked since the keyword search was conducted in only two databases and in Harvard Business Review. Secondly, there is a risk of not having included all appropriate keywords or explored literature with similar concepts during the literature search process. Because of that, the totality of the understanding of internationalization and online brand community building might not have been captured, and other studies that could have been relevant for the literature study may have been overlooked. This reduces the external validity of the study. However, cross-referencing of sources during the literature review process was conducted in order to ensure that the sample of selected articles represent the most important and trustworthy contributions in the field, thus increasing the external validity of the literature study to an acceptable level.

External validity often represents a problem in case studies because of their tendency to employ small samples of data (Bryman, 2012). This lack of external validity applies to this study as well as it is only based on eight interviews and a single-case study, which is still a relatively small sample. Consequently, the limited data offers a relatively poor basis for generalizing the results to other contexts and to develop new theories. Thus, increasing the number of interviews could have improved the external validity of our study. When that is said, external validity was ensured to a satisfactory level as the number of case interview replications had reached a desired level of theoretical saturation.

Furthermore, the empirical findings from the interviews may also be subject to selection bias and survivor bias. Survivor bias is a form of selection bias which focuses on those

who pass a certain selection process and ignores those who do not, usually due to their lack of visibility (Brown et al., 1992). In our study, we only interviewed entrepreneurs who have somewhat had success with their former or current digital startups and entrepreneurial endeavors. This may cause survivorship bias as other relevant participants who have not necessarily had success with their entrepreneurial endeavors may have been overlooked, thus leading to reduced external validity and generalizability. In addition, our observational research may be subject to the Hawthorne effect, which is a phenomenon that occurs when an observer's presence changes the behaviors of those being observed due to their awareness of being observed. This effect can therefore reduce the external validity of a study (Brown, 2019).

When it comes to internal validity, this was ensured by using pattern matching when analyzing the interview data. This is in accordance with Yin (2009), who suggests that pattern matching is a way of addressing internal validity when doing case studies that addresses causal relationships, which in this thesis are the ones between the effects of OBC and digital startup internationalization. Internal validity also tends to be a strength of qualitative research when there is a prolonged participation in the observation of a group (Bryman, 2012), which is the case with our exploratory case study with one of the researchers being a full-time observer and participant during the three-month period. It increases the internal validity as it allows the researcher to collect a depth of knowledge about a particular behavior and ensure a high level of congruence between concepts and observation (Brown, 2019; Bryman, 2012). Nevertheless, this study might have benefited from using verbatim transcription of interview data and computer-assisted tools to analyze qualitative data, such as NVivo, to further enhance its internal validity (Yin, 2009).

Overall, several steps were made to address variables that could have an impact on the reliability and validity of this study. However, some sources of error and methodological limitations are still present and difficult to avoid. As each step of the research process was neither documented nor unbiased, a perfect replication is impossible. This study can also be subject to personal bias and various sources of error in regard to one of the authors using its own startup as a case company to conduct research. Despite the weaknesses of this study's research design and choice of methods, its reliability and validity are deemed satisfactory.

4. Empirical Findings

In the following chapter, we present our research findings and results related to digital firm internationalization and online community building efforts, and use these to construct a framework of OBC implementation in a digital startup for internationalization purposes. Firstly, we present the findings from the interviews held with entrepreneurs and community managers. The key interview findings and extracted insights are then summarized in Table 4.1. Secondly, we present the findings of the digital startup case study, exploring their processes of considering and implementing an OBC strategy with the goal of international customer reach and growth. Lastly, we combine the literature findings, interview insights, and case study results into a resulting actionable framework.

4.1. Interview Findings

Eight interviews were conducted, following the interview guide as shown in Appendix A1. All were conducted digitally, lasted for about 40 minutes, and followed a similar structure, according to the plan outlined in Chapter 3. The interviewees were asked to what degree they are or have been part of the decision-making processes around internationalization and online community building, to which all but one answered to a high or very high degree. One interviewee answered that she had not personally had a direct say in such situations, but had acted as advisor to multiple startups during their internationalization. All interviewees answered that their startups currently served international customers from more than one foreign market, and that they had at least one active online community, of which the most popular platforms were Discord servers and Twitter audiences. The following sections describe the findings from each interview.

4.1.1. INTERVIEW 1: ALPHA

The first interviewee was the Head of Community at a UK-based startup, here referred to as Alpha, working in the esports and gaming recruitment scene. They serve customers around the world, with an emphasis on the UK, the US, Canadian and European markets. They were able to internationalize instantly after their founding in 2017, as their product served customers in a niche with similar needs independent of geographical location. Alpha operates an online brand community on Discord with 6,000 members, with the goal of providing a useful, fun, and engaging place for their customers to hang out, discuss the product, and share experiences from working in the esports and gaming industries.

The interviewee stated that internationalization was a requirement for their digital startup, as the domestic market size is not sufficient for it to be sustainable. They stated that

“There was never a possibility for us to be focused on UK esports jobs alone, because the market is so tiny compared to the global market”, indicating that they always had the intent to become a Born Digital. The interviewee considered having “access to millions, if not billions, of people” to be the main benefit of internationalization, and stated that many of the international markets are similar enough in this niche that they can use the exact same product without issues. In regards to internationalization, they considered the main challenge to be satisfying customers in different countries. They do not find operating the online community to be challenging, but that the issues mostly lie in the social media marketing, and to find a proper tone of voice in the marketing material that satisfies audiences in all target markets. Additionally, they mentioned the problem of posting at optimal times as their customers are spread across a variety of time zones.

Their digital startup is a strong believer in organic growth, and they have cut all marketing costs and expenses, instead focusing on social media engagement, customer experience, and community growth. The interviewee considered having an accessible website with a fitting domain to be the minimum effort needed for internationalization efforts, but indicates that there needs to be efforts driving traffic to the websites to properly internationalize. The interviewee stated that their marketing operations are purely focused on how to drive customers to their website and their community, and that they “focus on providing really good customer service at all times” to ensure their users have good experiences to share with their network. They put emphasis on word-of-mouth growth, claiming that “we live in a day and age where everyone is numb to traditional advertisements, and they have next to no effect on younger generations”, and that word-of-mouth is the most efficient and impactful method of growth.

The interviewee claimed the biggest benefit of operating an online brand community is the fact that it is accessible to anyone; that any customer is welcome and can participate. On the other side, they claim the biggest challenge relates to satisfying everyone, again referring to time zones and tone of voice issues. When it comes to online platform choice, they suggested that a variety of platforms may work for different niches, but that Discord is the most important one for the esports and gaming markets, going as far as stating that “if you don’t have a Discord server in this industry, you don’t really have an online community”. Alpha uses some metrics and data to monitor the growth of and engagement in their Discord server, as well as monitoring some engagement statistics from their Twitter audiences, to help them optimize marketing efforts and their engagement rates. Their online community is somewhat monitored, but mostly because there have been a few occasions of server spam that they want to avoid.

When it comes to operating, sustaining and growing the online community, the interviewee stated that the most important aspect is to be authentic, transparent, and accessible. They claimed their members are more inclined to believe what they say and their vision if the company and executives are accessible, and that the members appreciate the authenticity of transparent conversations. They claimed “we live in a day and age where people don’t get attached to brands, but to other people”. The interviewee stated that Discord was useful for hosting customer support activities, since customers always know they are talking to real people, rather than automated chatbots. The interviewee supported the claim that online brand communities can help reduce customer support costs by around 70 percent, claiming Alpha makes use of customer-to-customer support, namely that customers can help each other with trivial issues, or at least refer each other to the startup’s F.A.Q. and informational sites.

When faced with the final scenarios of the interview, the interviewee was focused on the processes around identifying customer segments and customer needs, claiming that “you can sell anything as long as you can find the person who needs it”. Hence, they stated that a digital startup must figure out their value proposition and who they serve, and then build their international marketing and online community building efforts around that. The interviewee discussed fast and efficient customer acquisition methods, claiming that there are methods with higher conversion rate than others. For growing an OBC, they mentioned methods like partnering with other communities, networking, and media partnerships to be key strategies for initial growth, claiming digital startups could utilize “win-win deals” to get the early kickstart needed to reach a critical user base. The interviewee emphasized the importance of customer engagement, and that the most important part is to find a group of highly engaged customers to form the basis of an online community, as well as forming the base of the word-of-mouth growth mechanism. At the end of the interview, they stated that “Alpha currently has a Discord server of 6,000 members with a 12% engagement rate, but we would rather have a server of 1,000 members with a 90% engagement rate, as the engagement rate is such a crucial driver for growth and value creation”.

4.1.2. INTERVIEW 2: BRAVO

The second interviewee is the Founder and Chief Executive Officer at a newly-started game development studio, hereafter referred to as Bravo. The interviewee has recently exited their previous startup, a highly successful venture that served thousands of customers in a wide array of foreign markets. Their answers are therefore seen in light of their experience with the mentioned startups, both of which operate in the gaming

industry. The interviewee is a solo-entrepreneur and has had to manage the startups' internationalization processes alone. Bravo currently serves a handful of international customers, and operates an OBC on Discord to discuss the product with early users. Bravo also has a Twitter, Instagram and TikTok audience, but considers the Discord to be the main community.

The interviewee stated that internationalization in the gaming industry is “not necessarily about the benefits”. Instead, they claimed internationalization is a necessity in their industry for firms to be able to claim they are a success. They described the perceived benefits to be the access to enormous user bases, to emerging markets, and an increased likelihood of discovering new opportunities rather than attempting to serve already-saturated niches. They claimed the latter was particularly important, as a sense of novelty in game mechanics or design can be a key driver of adoption in the gaming industry. For Bravo, having many users is part of their online game's network effects and is core to the business model, and they had always had the intent to serve global audiences. When asked about the challenges of internationalization, the interviewee claimed they had encountered surprisingly few. They stated that “if you distribute your game on Google Play or the Apple App Store, they already have everything you need to reach foreign markets. You may need to support a new language or two, and some countries have certain regulations for what can be featured in a game or media, but overall, you have direct access”. They mentioned that there is no need for establishing offices or local distribution mechanisms, since it can all be done through these global online channels. The interviewee noted that not all countries use these channels, for example referencing China as a market in which they use different app distribution stores that are significantly harder to launch a game to.

Bravo and the interviewee's former startup grew organically into foreign markets, and mentioned they had very few issues of finding demand and driving international traffic. However, they noted that a digital startup may get stuck at a certain point in the market entry, and may have to direct specific efforts to continue growing there at an increasing rate. They mentioned an example of entering Brazil, and that Bravo had run multiple surveys and “cheap tests” to find out which countries are promising before directing more efforts to these markets and initiating online community building for them. They mentioned that these directed efforts were crucial for the continued growth and accelerated customer acquisition in these markets. The interviewee claimed that having an accessible website or platform is not enough to be considered an internationalization effort, but that the actual activities of specifically targeting, driving traffic to their websites or communities, and acquiring customers in foreign markets are the “true internationalization

activities”. They stated that efforts were key to incentivize word-of-mouth spread which they see as a necessity for a product “to go viral” and reach global audiences.

Bravo’s communities are mainly oriented around customer dialogue and feedback, and they stated the OBC “enables the observation of users, and allows us to really get into their heads and thought processes”. The interviewee claimed the biggest benefit of operating an OBC is that customers tend to share their deepest emotions, thoughts, and secrets, to a degree “that you will never get with a survey or through ordinary market research”. This enables Bravo to rapidly iterate on their product, on their community, on their business model and unique value propositions. They mentioned that the biggest challenge of running an OBC is that one has to handle a large number of users that may start fighting or spreading negative emotions, which thus must be continuously monitored and managed by community administrators to maintain the overall healthiness of the OBC. Although they mentioned community managers, they currently do this themselves as they do not have a large enough OBC to warrant having a full-time position for it. The interviewee claimed Discord is the best platform suited to hosting an OBC, especially for the gaming industry. Before using Discord, they mainly used Facebook pages and groups. Bravo measures certain community metrics, like engagement rates and size, to monitor the growth and performance of the OBC.

To keep users engaged and participating, the interviewee mentioned that they make an active effort to always welcome new users, answer their messages and questions, keep a friendly tone, be positive to those sharing criticism and feedback, and to provide active members with community roles, badges, or similar to highlight their participation. They stated that “lifting up and highlighting the users who participate regularly is important. We give them the spotlight and promote them, which is an incentive for them to continue participating as well as building brand trust and loyalty”, and explained that this is their strategy for converting regular members to brand advocates. Promoting users who help others is also a tactic they use to ensure that the OBC has a supportive and helpful culture.

For the final scenarios, the interviewee emphasized finding a group of highly engaged users in an unsaturated market, and to give them exactly what they need and desire. They mentioned that “striking the nerve” and identifying the core problems of the target audience is the key to building an engaged group of users that become brand advocates, share the product or startup to others, while helping iterate on features or value propositions. They claimed a startup can easily reach a wide range of foreign markets through online advertising channels, but that providing value to an unsaturated market of passionate individuals is the key to growing virally. To conclude the interview, they added

that “if you always have to convince people of the value you provide, you’re not on the right track. You need to find the positioning in which people come to you and your community”.

4.1.3. INTERVIEW 3: CHARLIE

The third interviewee is Co-Founder and Chief Technology Officer at a digital startup, hereafter referred to as Charlie. Charlie provides a Software-as-a-Service solution for digital journalists and content creators. The interviewee has also previously held CTO positions in two digital startups that targeted international markets. While mainly leading the technology and product development in these startups, the interviewee has had a major involvement in strategic and commercialization decision-making, seeing it as their responsibility as a co-founder of the startup. Charlie operates out of Germany, and they serve international customers across a variety of English-speaking markets, starting with the US market. They are operating an online community or audience on Twitter, and they claim to have built a strong and recognized brand through word-of-mouth and organic growth mechanisms.

The interviewee considered the most notable benefit of internationalization to be the potential reach one can gain by targeting multiple foreign markets, rather than only focusing on the limited domestic market. They also mentioned that internationalization provides a startup with the opportunity to leverage certain strategic advantages. They mentioned that Germany provides a comfortable safety net, as well as access to certain government grants, making it a good market to operate out of. Then, they stated that serving customers in the United States is a beneficial advantage for finding groups of customers that are more willing to try products in early development stages, and that those customers are more willing to pay for Software-as-a-Service solutions. For Charlie, it was a strategic decision to serve customers in the US first, despite it being a foreign market.

The interviewee stated that the challenge of internationalization lies in fully understanding a target market, but mentioned that their co-founder had previous experience of serving customers in the US. They stated that this advantage made it significantly easier for them to enter the foreign market early. “The most important aspect is to really nail your target market and know who you’re building for. Otherwise, it will be hard to do the research for properly positioning the product in the international market”, stated the interviewee. While Charlie always had the intent to serve foreign markets since the time of founding, they are currently not planning to make active efforts to enter new markets, instead focusing on sustaining and growing the customer bases they have in entered coun-

tries. As they were focusing on English-speaking markets, they did not add support for different languages. Instead, they made sure to partner with different payment systems to enable customers in international markets to purchase the product without issues.

Charlie considers the most important aspects of internationalization to be about the marketing channels used, stating that the processes require active efforts driving traffic through their funnel and channels for converting potential leads to customers. They stated that simply having an accessible website does not qualify as an internationalization effort. For Charlie, the recent decades of technological advances enables them to fully utilize digital marketing channels to distribute advertisements and enable their users to spread positive word-of-mouth. They considered it crucial to have features that enable users to share content, invite their friends, utilize referral programs, and to let users write reviews. The interviewee stated that “when we onboard new users, we try to make them feel good and welcome. We have an automated system that sends them a welcome email, and we try to make them feel appreciated by giving personal introductions to our company”.

The interviewee stated that the main benefits of online brand community building pertains to building a strong momentum and a solid customer or fan base, that generates good marketing and brand value enabling a firm to sell their products. Charlie specifically focuses on converting regular users to brand advocates, and to maximize their value through customer dialogue and product feedback. “On the other hand, there is a significant challenge in online community building when it comes to sustaining it. You cannot force the community onto people, but you have to give them something to be passionate about”, claimed the interviewee. As mentioned, Charlie operates a community on Twitter, which they consider the best platform for their target audience, since their customers are already active users of the platform and it can automatically be integrated into their daily routines. To engage these users, Charlie uses a variety of tactics, like product announcements, and reaching out to certain users directly to ask them about their opinions. To convert active users to brand advocates, they offer them free accounts, discounts, let them try out experimental features, and engage with them directly. Since Twitter is a loosely-defined and open community type, it is hard to monitor and control, but Charlie stated that they have set up an alert system to get notifications if their product or brand is being discussed.

When discussing their thought process on how to quickly internationalize a digital product, the interviewee stated that they would explore different marketing strategies and validate them at a smaller scale first. The interviewee discusses an example in which one builds a software tool for developers, claiming that “if you make a fancy landing

page, and a good onboarding experience, you can put it on sites like ProductHunt or HackerNews and hope that it goes viral”. If the product is fancy or visually appealing, they would attempt content marketing, or to advertise it through channels where it can be shown off in pictures or video. The interviewee also states that “if you’re under 25, you can also likely get media coverage based on the fact that you are young”, and mentioned that their previous startup had leveraged this opportunity. The interviewee noted that, if the aforementioned tactics do not work, they could always attempt cold-emailing and manual customer acquisition, but that more cost-efficient and scalable marketing strategies are ideal. They also claimed that directing users to an active online community can be beneficial, and that they would aim to make sure their product is exciting, identify members who are interested, and make them engage with the brand and the other community members.

The interviewee emphasized that the product must be exciting; if not, no one would show up to an online community. Additionally, they stated that while they are a “product-focused founder”, there is an opportunity for modern digital startups to be “community-first” and to be focused on delivering value through the community and not just the product. Building brand trust and direct customer relationships has been important for Charlie, and the interviewee states that finding the most excited members can help the startup gain loyal and active brand advocates. The interviewee noted that “bootstrapping an online community can be very hard in the beginning, and you need to get a critical mass of people and then engage them properly. At first, you often need to be the person that engages them, before it starts growing and can become self-sustained”. At the end, they stated that “people love when the creators of products come to discuss with them and their ideas directly, and this would be my main focus to ensure members stay engaged and keep sharing the product. That is, to make customers feel like they are a crucial part of the journey”.

4.1.4. INTERVIEW 4: DELTA

The fourth interviewee is the Head of Community at a digital scale-up in the gaming industry, hereafter referred to as Delta. The scale-up provides both software and hardware solutions, with the latter being provided to enable the advanced software solutions. The main value propositions stem from the software solutions, that are third-party tools that provide additional value to a set of video game titles. Delta serves international customers in nearly all foreign markets, and operates multiple online community platforms, with Discord being the main platform, where their members hang out and gather to discuss their products and services. It was always the plan for Delta to serve global

markets, as they considered Sweden, their domestic market, to be too small and too niche to sustain their business on its own.

The interviewee considered internationalization efforts to be activities that drive traffic to a website or sales funnels, and that it includes both traditional advertisements and community building efforts. The interviewee claimed that internationalization has had a number of benefits for Delta, most notably that they are able to reach a much larger audience and can partner with more brands, influencers, content creators, and promoters. As Delta serves a variety of game niches, they have to deal with sub-communities. The interviewee discussed how “each game has their own community of active users and fans”, and stated that, while some overlap to a certain degree, Delta has to engage with each individual game community separately, tailored to their culture and tone, in addition to generic community-wide discussions and announcements. The interviewee also mentions language barriers, and that firms not only have to add support for different languages in their products, but that they need to open language- or country-specific sub-community channels within their OBC. For Delta, opening and sustaining different sub-communities was not an easy process that happened overnight, but was, and still is, a significant challenge.

The interviewee stated that “anyone can start and launch a website, but not everyone can successfully drive traffic and international users to it”. When it comes to foreign market entries, the interviewee claimed that they had experienced a mix of active, accidental and organic market entries. At certain occasions, customers had reached out to them from new foreign markets, and in others, customers had begun using their products through the established online sales and distribution channels. The interviewee noted their Chinese market entry to be more challenging, requiring active distribution and localization efforts. Still, they very seldom had to make any notable product adjustments when entering new markets, as most had English-speaking customers. Delta has made good use of digital solutions for marketing and reaching new users, and while the interviewee believes these make it easier than ever to reach potential customers and internationalize, they also note that the competitive landscape may become more saturated and harder to penetrate. They stated they have “seen a lot of good startups fail to break through with online marketing, instead being outcompeted by other firms acquired and supported by Google and Meta”.

The interviewee stated that the biggest benefit of operating an OBC is that a business can provide the possibility for like-minded people to interact with and talk to each other. They also stated that if a business has a complex product, or one with a significant learning curve, they may benefit from having an OBC in which users help each other, in

addition to having an active place for users to share product experiences and testimonials. For Delta, the biggest challenge has been in properly handling the sub-communities that arise, as well as having to be quick and agile to respond to events and situations in the community. When it comes to platform selection, the interviewee claimed that one should always seek the platforms where users of the target age groups reside. For example, they use Discord servers for young adults, and would use Facebook if the average target was over 60 years old. Delta uses a wide variety of metrics to continuously track their OBC performance, and spend a moderate time on community moderation. The interviewee stated that they have been able to automate certain parts of the moderation tasks, like automatically blocking spam bots and similar issues. This leaves more time to interact with the online community.

To incentivize participation, Delta is “quite focused on rewarding those who do something good for the community”. They encourage users to talk about new subjects and to provide new information on a regular basis. The interviewee is not a fan of monetary rewards, but suggests that using virtual badges or virtual titles are sufficient reward systems that can encourage the most and least active users alike. This is also mentioned to be their strategy for creating brand advocates. Delta’s communication strategy is to “be human and honest”, and they emphasize the importance of being transparent in their communication with users, as well as stating that “I think it is a cool thing to be accessible, and to show customers who are behind the products they use. I think it’s more fun for everyone when we engage directly”. As Delta has a somewhat complex product, they have also taken advantage of customer-to-customer support in their OBC, helping reduce the time and resources they have to spend on customer support.

When it comes to early-stage internationalization and online community building, the interviewee claimed that rapid customer feedback is the most important driver. They mentioned that it’s important to test different marketing methods to find the first group of engaged users, who can act as brand advocates and promoters, and that starting to get product feedback and iterating on the early version is important. Once an engaged group of early users is established, they stated that a startup should “pay attention to community engagement rates and growth, be present with the users, write newsletters, discuss product development, and empower users to spread the word about the product and refer their friends”. While they stated that sub-communities can be a significant challenge, they also noted that they are a necessity: “if you grow an online community fast without creating or enabling organically emerging sub-communities, you will quickly realize that the community is too large to keep up with. To truly be there with all the

members and keep them engaged, you need to organize them into smaller groups, or else it becomes too hard to manage”.

4.1.5. INTERVIEW 5: ECHO

The next interviewee is the Co-Founder and Chief Operating Officer of a digital startup based in Uganda, hereafter referred to as Echo. The startup builds a talent marketplace helping international companies find African developers and designers to work with and hire for their projects. As a co-founder, the interviewee is heavily involved in strategic processes and decision-making related to internationalization and online community building. Echo is currently serving a handful of international clients through their pilot projects, and has a long-term goal to serve a large number of customers in global markets. The startup operates active online brand communities on Twitter and Whatsapp, in which they share trends, gather feedback, and keep users engaged with their product developments.

The interviewee stated that Echo had very specific reasons for seeking opportunities in international markets, mainly referring to how they “can help users find much better paying jobs by working with companies outside of Africa”. In the long run, Echo wants to help open up the African market for better opportunities for integration, as well as seeking to diversify and increase their revenue streams. The interviewee stated that the biggest challenges of internationalization pertains to their industry, and that they have to manage legalities around employment laws in different countries, as well as handling local contracts, compensation-, and payment systems. Additionally, they find it challenging to deal with a variety of cultural differences, especially in regards to the communication between platform users and company clients. They also mentioned that they found it hard to gain information on how to internationalize from other domestic market actors, despite there being efforts made to make knowledge available through local accelerators and incubators. The interviewee claimed that they mostly try to study the process of other international firms that have done something similar, if they can’t get it from experienced local entrepreneurs.

It was a conscious choice for Echo to internationalize early, and they wanted to serve the US market from their inception. Still, they stated that they focused on African markets at first, before it made sense for them to go international. Through the use of their personal networks, they managed to secure pilot projects in Germany shortly after, and they hope to expand to other European countries within a short time frame. Echo did not do major product adjustments before entering these markets, but they were focused on iterating rapidly based on what the new customers in these new markets needed.

Echo was quick to start an OBC shortly after their inception, with the goal of facilitating rich interactions between users, collecting feedback, providing a good onboarding experience, and making their users feel appreciated. “For us, the biggest benefit of an OBC is the closed-loop feedback. All our engaged users will respond with detailed feedback, if we ask them”. The interviewee considered the biggest challenge to be the continuous supply of “useful content that the users will find valuable and will want to engage with”, stating that it is crucial to provide the users with actual value and topics they want to hear about. The interviewee noted that understanding why users are there in the first place is essential, and that is why they attempt to encourage participation by focusing on the underlying reasons people joined. For Echo, users often join because they want to get hired, and Echo therefore supplies their users with job opportunities, career information, set up networking events, and similar content that synergizes with their product offering. They stated that “if one can find out what the users need to know, and fix what they hate, they will instantly become brand advocates”. Additionally, Echo is focused on properly measuring OBC performance, using software tools that keep track of engagement and growth rates. They operate multiple platforms to make sure all users have a platform to participate in that they enjoy, but also stated that platform choice depends on market niche and industry.

The interviewee suggested that starting with a Twitter, Facebook or LinkedIn audience is a good idea when attempting to build an online brand community or to reach groups of international customers. They also stated that using YouTube and video-based content can be quite efficient, and that they can often get a large number of views. “If you link a Discord community in a good YouTube video, you can reach a lot of potential customers and start gaining an engaged audience”, they claimed, and stated that creating content that users want to engage with or share can be an important driver of early customer acquisition.

4.1.6. INTERVIEW 6: FOXTROT

The sixth interviewee is Chief Financial Officer in a Norwegian firm, hereafter referred to as Foxtrot. The interviewee has experience from multiple companies serving international customers, as well as from multiple advisor positions for startups that have internationalized and built large online communities. They claimed that the biggest benefits of internationalization pertains to the larger growth potential, as global markets simply have a much larger potential customer base. Additionally, they noted that serving a variety of markets provides a startup with more stability in case of market volatility, making the firm more robust. As a consequence of serving international markets, they

stated that startups may face harder competition, although this can happen in domestic markets too. They added that there may be additional challenges when it comes to the larger complexity of handling multiple markets and cultural differences, and that “attempting to internationalize and scale to a broad range of foreign markets comes at a risk and more is at stake”.

The interviewee stated that it is important to have done thorough market research to know where to initiate internationalization and enter a foreign market, and that it is important to have a good reason to internationalize. “It is important to choose a solid scaling tactic, and ideally, the following market entries will be following the same blueprint. The first foreign markets can be used to prove the validity of the tactic, and can help convince investors of the global potential of the startup”, they stated, and noted that some countries are easier to validate tactics in than others. They used Norway as an example of a market in which it is “easy to validate a product and scaling method”, and used the US market as one where it is harder and where one has to consider internal market differences between regions. Foxtrot believes it is important not to underestimate cultural differences across foreign markets, and stated that having previous knowledge of operating in these can be crucial for success. “I think cultural differences matter a lot for the sales team, and they must know how to properly navigate these to provide the best possible customer experience”.

The interviewee stated that internationalization will be easier and easier in the years to come, claiming that “regular consumers don’t necessarily care where products come from, especially digital ones. What matters is the customer experience and onboarding process, and particularly how they are kept engaged with a brand if the goal is to gain recurring revenue”. They stated that it is of high importance to have a global ambition from the start, and to be “painfully aware” of revenue streams from international markets. They noted that having one or two customers in a foreign market isn’t true internationalization, and that it requires significant volume or a solid foothold in a foreign market for it to be so. For Foxtrot, it is also important to establish referral systems early, and to incentivize the first users to bring in more users from their immediate network. The interviewee mentioned the possibility of creating niche expertise and becoming a “thought leader” in the industry, by creating and sharing content, and interacting with established personalities in the scene, and that this may drive attention from interested users. With this tactic, they claimed that startups can grow by establishing brand trust and market credibility.

Foxtrot considers the key benefits of online brand community building to be the access to engaged brand advocates, early movers, and other market pioneers that can help the

brand grow and generate market credibility. The interviewee claimed that an OBC can help a brand build stronger customer relationships fast, and that digital startups can gain both organic growth and increased network effects from having an engaged group of early users, especially if the users are properly incentivized and motivated. On the other hand, they considered the main challenges of OBC operations to be that a digital startup must meet customer expectations and “ensure that their users aren’t getting complacent or impatient with the brand. If you screw up, you’re bound to hear it, and the users may want to spread their negative experiences to others”. They further stated that the way a startup acts in the OBC is how they build a brand image and how customers perceive them, and that they should always act accordingly. Additionally, Foxtrot is a strong believer of data-driven decision-making, and advises all other startups to carefully monitor the metrics of their online brand community, like measuring the community size, conversion metrics, referral system performance, community member acquisition costs, and engagement rates. They also discussed the importance of reward systems to incentivize member participation, for example providing discounts to give users a feeling of ownership. “A reward system is an important factor in the creation of early brand advocates.”

The interviewee provided an example solution for engaging and motivating brand advocates, while also maximizing the value of customer feedback that they provide, namely that “startups can create a kind of advisory or feedback board of engaged customers, and give them an influential voice of representing the user base”. They claimed that this tactic combines product development and growth objectives, and can motivate the most engaged members to contribute with valuable content with the goal of joining the customer advisory board. This can help to develop and grow the online community, as well as furthering the image of the startup as a customer-centric brand. They mentioned the tactic can help incentivize customer-to-customer interactions and support, and motivate engaged users to help new community recruits, ultimately reducing the startup’s resource spend on customer support. Foxtrot noted that the community support aspect may be more relevant for B2C startups, or at least provide a more notable benefit for them, as B2B customers may expect a more thorough and personalized support process, but that it may serve as beneficial for both categories.

When it comes to initiating an internationalization and OBC building process, the interviewee states that it is crucial to “identify the core of the customer value proposition; to figure out what value one delivers and who the target customer is”. They claimed it is important to know the average customer personas, and where one can find and meet them, and find methods of reaching them that are easily replicable and scalable. Then,

they stated that it is important to find the “super users” or “super community members”, engage with them and ensure that they promote the product or brand to their network. “Once the super users are engaged and spreading the brand, it is essential to actively make sure that they want to stay with the online community long-term”.

4.1.7. INTERVIEW 7: GOLF

The next interviewee is a Co-Founder of a digital startup based in Germany, hereafter referred to as Golf, which operates in the intersection of “Web3” and “Internet-of-Things, by some referred to as the “Economy-of-Things”. The Golf team has yet to use more descriptive titles than “Co-Founder”, but the interviewee’s responsibilities match that of a CEO and CTO, and is heavily involved with strategic planning and internationalization decisions. Golf currently serves international customers in an array of foreign markets and operates multiple online communities. They run an active Discord server of nearly 3,000 members, involving, as they state, “a lot of community management efforts”, as well as a Twitter audience of more than 15,000 participants. The Web3 industry is mainly driven by online communities, and have certain characteristics that are unique from other industries. As an example, they can have their own cryptocurrency or token that they distribute to their users, either giving them a monetary or community benefit. The mechanisms behind cryptocurrencies are outside the scope of this thesis, but it is interesting to note that, at least parts of, Golf’s product can be used as a monetary reward or incentive in itself.

Similarly to the previous interviews, they consider the main benefits of internationalization to be the access to a much larger audience of potential users and customers, stating that “with a bigger customer base, comes stronger network effects”. The interviewee stated that cultural differences and language barriers is likely to be the biggest challenge, although noting that more and more speak the same languages and use online platforms similarly. Still, Golf has paid extra attention to different country communities. For example, they noticed that the Indonesian market was seemingly interested in their product, and they did tests to validate the product, engage the Indonesian community, and let them know they care about them.

The interviewee mentioned that Golf had found potential markets to enter organically, accidentally, through personal network connections, or through business partners that knew someone who might be interested. “The personal network was really important for us to kickstart business partnerships, which later helped us get into multiple foreign markets. You should start building a personal network at least a year or so before you launch a startup. It will make the process much easier”, they claimed. Golf always had

the intent to serve global markets, and wanted to make their product available and accessible for everyone. “We may have a European base, but we try to build our product and community in a global way. We have yet to do any localization adjustments, and currently keep everything in English. If we see the need, we may add more languages at a later time”. The interviewee believes further internationalization will become easier and easier as digital solutions become increasingly frictionless. Contrasting with previous interviews, Golf would define having an accessible website as internationalization, although they noted that it is quite passive.

To ensure positive word-of-mouth and encourage organic growth, Golf emphasized the use of community building engagement campaigns, reward systems, creating brand ambassador programs, providing participation incentives, and to have good community management. The interviewee mentioned that always welcoming new users and answering their questions is important to give a good first impression and motivate them to stay in the community. Golf considered the biggest benefit of online community building to be its rapid growth potential, stating that “any online community can grow fast through the built-in invite mechanisms and other referral systems that these platforms tend to have”. The interviewee mentioned Discord, Reddit, Slack, Twitter, and Telegram as potential platforms for hosting a thriving online community, but noted that “Discord is the platform with the most sophisticated group management, and it can be used by any digital startup and a variety of brands”. However, the interviewee also mentioned that online community building can be a lot of effort, and that some platforms are vulnerable for malicious infiltrations or spam bots. “There can be negative effects on your brand if members in the community have negative feelings or sentiments. Keeping the community healthy is the biggest challenge”. Thus, Golf considers it important to constantly measure community sentiment and engagement through a set of metrics on member acquisition, churn and retention rates.

Golf employs a set of incentive mechanisms to encourage users to participate in the community and to test their product. When users use and test Golf’s product, they are immediately rewarded with tokens. Thus, users get monetary rewards that incentivize them to continue using the product and provide feedback. The interviewee stated that they use these monetary incentive programs, as well as providing token and NFT rewards to active users and brand ambassadors to encourage word-of-mouth spread. “We create ambassador programs and let them earn money by using our product. We find this to be really effective for bringing in new users, and find that our active users love it”. In regards to customer support, they stated that “there are very few Web3 firms that have

support hotlines, and most of the time, our users just ask others in the community for help or information”.

“If I were to start out with internationalization again, I would definitely focus on the US market first, as it can give you the fastest traction with an early-stage product”, the interviewee stated, further noting the importance of creating a product that users love. “The product needs to make a good first impression and to score well in regards to customer needs. If you have that, you need to create awareness around it and make the product more known”. The interviewee stated that one should find websites and platforms that can generate “buzz and popularity” around the product, for example getting it featured on TechCrunch or similar media. Golf focused on getting the product highlighted on a major media platform, and saw solid growth when smaller platforms started writing about it as well. The interviewee mentioned that they also focused heavily on B2B partnerships to find pilot projects in new foreign markets. Golf set out early to sustain the growth by providing online communities for interested users to gather in, get more information, and start using the product, and stated that “we created a Discord server and started designing incentive programs immediately when we started, because once a product starts to grow in this industry, it can grow extremely fast and we needed to be ready to handle that”.

4.1.8. INTERVIEW 8: HOTEL

The final interviewee is the Co-Founder and Chief Executive Officer of a digital startup based in Austria, hereafter referred to as Hotel, which operates an education platform and online community for climate-interested individuals, industry actors, and scholars. Hotel serves customers in over 150 countries, has served over 1,000,000 users, and operates online communities with over 80,000 active members. The interviewee has previously co-founded and internationalized other digital startups, and is the main decision-maker when it comes to commercialization, internationalization and community building. The community is a core part of Hotel’s business model and value proposition, and they emphasize the value they provide by connecting users with like-minded individuals, and how this can accelerate learning processes. The interviewee claimed that Hotel “aims to bring together the brightest and most passionate youth who want to work together to make the world a better place”.

Alike the previous interviews, Hotel considers the main benefit of internationalization and serving foreign markets, to be the reach to large potential user bases and new market opportunities. However, they noted that the internationalization effort “scales linearly after implementing and supporting the second language”, and that it becomes more

challenging to manage all groups of users as time passes and the startup grows. Hotel stated that they did not make significant efforts to enter specific markets, but that their product and online community grew organically into new foreign markets. Still, they noted that they always had the intent to serve customers globally, and that their product in no way had to be limited to the domestic or nearby markets. Hotel built their product with an emphasis on keeping their design simple, to allow for easier adjustments to new formats and markets if needed. “We built our product with the goal of making it usable for any customer worldwide. I think it was important that we had the plan of going global since we founded the company, and that it has affected the way we have developed the product, and also how we have grown the community. It would definitely have been harder to change the product to be fit for internationalization if we had not made it in this way to begin with”.

While the interviewee claimed that maximizing word-of-mouth and organic growth depends heavily on the product, niche, sector, timing, and societal sentiment towards the brand, they emphasized the value of online brand communities to accelerate WOM and growth. The interviewee stated that the most challenging aspect of building an OBC was to get started with it, and to reach a critical user base for it to be sustained and grow on its own. Hotel uses the platforms Discord and Slack to host their online communities, and have yet to introduce any metrics or key performance indicator to track their performances and growth. Still, they emphasize regularly engaging with the users, both talking to them directly as individuals and addressing them as one or more groups of users. Their online communities are semi-autonomous and require a small amount of manual moderation.

While Hotel focuses on lifting up individual members, they emphasized making all users feel welcome, and are not particularly focused on converting regular users to brand advocates, stating that they “do not really think about that as much as we think about building a wholesome and welcoming online community”. The interviewee also mentioned the use of personal brands as a driver for community growth, and claimed that “having a personal brand, or at least be recognized as a thought leader or expert in a field, can really help a startup build their initial community by driving in curious users”. On the topic of internationalization, the interviewee reiterated that the most important factor for successfully entering foreign markets is to “try to fully understand the culture and uptake differences in the market one is trying to enter”. They noted that it’s important to build a great product that solves a problem people care about, and that “it makes everything much, much easier if you have a concept people genuinely love, and that makes them want to gather in communities to discuss their thoughts, share feedback, and share

experiences with others. We are tackling a global issue that everyone around the world cares about”.

4.1.9. ANALYSIS OF INTERVIEW FINDINGS

The table below summarizes key findings and insights from the interviews, showing common sentiments and which interviewees supported the corresponding claims, indicated by a marked cell. Each key insight K is categorized accordingly, where K4, K7, K8 and K9 are actionable steps that are of relevance in the resulting framework construction in section 4.3. Note that insights, identified outliers and unique perspectives from the interviews will be discussed further in Chapter 5.

Table 4.1: Key insights and findings from the interviews

	Category	Key Insights	A	B	C	D	E	F	G	H
K1	Internationalization and OBC objectives	Reach large user bases, open new market opportunities, and enable larger network effects	X	X	X	X	X	X	X	X
K2	Internationalization and OBC objectives	Unlock certain competitive advantages, and benefit from unique market characteristics			X		X	X	X	
K3	Internationalization and OBC challenges	To satisfy all users and OBC members at the same time, across cultures and time zones	X		X	X		X	X	
K4	Planning the value proposition	To internationalize and create a valuable OBC, one must fully understand the target customer			X	X		X	X	X
K5	OBC benefits	Rapid customer feedback loops and high growth potential by being accessible online	X	X	X	X	X	X	X	X
K6	OBC benefits	Facilitate the creation of brand ambassadors that positively impacts WOM growth	X	X	X	X	X	X	X	
K7	Community structure and moderation	A semi-autonomous OBC lets discussion flow; do not spend too much effort on moderation	X	X		X			X	X
K8	Engaging with users	It’s key to be authentic and transparent in the OBC, and to focus on engaging with users to build brand trust	X	X		X			X	X
K9	Incentives and rewards	Rewards / incentive programs encourage user engagement and contribution in OBCs	X	X			X	X	X	

4.2. Case Study Findings

The case company, the digital startup referred to as India, was closely studied over a 3-month period, starting with investigating its early OBC planning stages to following its early OBC implementation stages. We reiterate that the case study objective was to explore the digital startup’s decision-making processes and considerations around, drivers and perceived benefits of, as well as practical implementation of online community building and internationalization efforts. The following sections describe the startup’s general work and meeting procedures, their reasons to internationalize and to build an online community, how the team set out to plan an OBC, deciding on metrics to monitor, planning incentives and reward programs, as well as notable interactions with other startups, investors, accelerators, and industry experts that helped with different aspects of their strategizing and planning, and finally, how the early implementation of an OBC went.

4.2.1. DAY-TO-DAY ACTIVITIES AND KNOWLEDGE GATHERING

Detailed logs, notes, and records from the startup’s earlier operations were studied to get a full overview of its OBC building and internationalization states, indicating that the startup had run pilot projects with international users and had an inactive Discord server prepared for the coming OBC focus. At the start of the case study period, India had gained traction among customers in the domestic market, and focused primarily on receiving customer feedback and iterating on the product. During the case study period, India mainly worked on product development, on developing a marketing and customer acquisition strategy, and on gathering investors for its “pre-seed” financing round.

The team had three weekly meetings on the topics of operations, product development, and marketing, as well as other meetings and workshops if needed. The operational meetings were mostly focusing on dealing with and delegating day-to-day activities, such as monitoring commercialization metrics, development status, budgets, financial reports, and following up leads and investor relations. Some interesting discussions on business and monetization models were held, to decide on ones that fit the largest number of potential customers. Product development meetings were mostly walkthroughs of recent customer feedback, discussions on how to iterate on the product, suggestions for new or modified features, and other activities related to tailoring the customer value proposition and value delivery. Additionally, technical aspects of the product and website were discussed there. The marketing meetings were focused on planning and developing a brand identity, brand values, planning marketing activities and social media content, user testing, potential marketing collaboration with customers and industry partners, as

well as brand representation and participation in networking events. These meetings are of specific importance, as they contained most discussions the team had on the use of online brand communities, and were used to decide on OBC implementation strategies and tactics.

India was able to gather its first external investors and advisors during the case study period, an achievement which had important repercussions for the following study on its OBC, marketing, and internationalization efforts. The first investors and advisors came in during the first month of the case study, and enabled the entrepreneurial team to borrow their expertise, experience, and knowledge when working on strategizing, planning, and implementation. The product was starting to get ready for initial scaling and distribution, and India had set up required website infrastructure for users to sign up, download, and install the product. The entrepreneurial team were preparing to initiate marketing and online community building planning, and had spent significant time before the case study period gathering information on scaling, commercialization, and community building from experts and actors in their personal and professional networks, as well as reading books, blog posts and similar content from experienced, successful entrepreneurs. India had biweekly meetings with some of the investors, with a focus on guiding the founders to become data-driven, identify their unique selling points (USPs), to explore potential additional customer value propositions (CVPs), and to get feedback on and suggestions for building an active and engaged online community. Some of the suggestions from these investor and advisor meetings had a significant impact on India's final decisions.

4.2.2. DRIVERS AND BENEFITS OF INTERNATIONALIZATION AND OBCS

Internationalization and the goal of becoming a “global success” had been a key objective for India since it was founded. The team considered the main benefits of internationalization to be the potential value one can capture by serving enormous numbers of users across global markets, in terms of increasing revenue, increasing value from network effects, exploring new opportunities, and adding revenue streams. One of the founders had noted that serving customers around the world was a natural part of their vision and objective to positively impact the performance and health of esports players and enthusiasts around the world. Another team member mentioned that the Norwegian market was small, and that there were better and larger opportunities in foreign markets. It was stated that serving international markets was needed for India to become a “unicorn”, i.e. reaching a company valuation of \$1 billion USD, since there was limited value to capture in the domestic market.

The motivation to incorporate an online brand community strategy stemmed from observations of OBC efficiency, in regards to international growth, brand engagement, and brand trust, among other startups in the esports scene and adjacent industries, and India viewed it as a good opportunity for an internationalizing startup to have an OBC in which international customers could gather to discuss the product. In short, India seeks to become a born digital to capture and create customer value internationally, to execute its global vision and mission, and is simultaneously driven out of the home country market to pursue new foreign opportunities due to the limited domestic market size.

4.2.3. PREPARATIONS BEFORE INTERNATIONALIZATION AND OBC PLANNING

Before the case study began, India had been focused on making the product and website infrastructure ready for scaling. As a digital startup limited in available resources, India had to make certain compromises when it comes to development, planning, and timing. The product and website had been made in English, as India considered this language to cover almost all users, at least in the western market, and the developers added a flexible payment solutions platform. The product was designed to appeal to the average user in the esports market, by using colors, typography, graphics and designs typical among esports and gaming software solutions. India held multiple user tests to review and iterate on their customer value propositions, on the product's tone of voice, as well as the product design and user friendliness. After testing the product with users from multiple demographics, they were confident in its appeal to the average target consumer.

The entrepreneurial team behind India had done extensive market research to validate the firm's business idea during early phases of the business idea development. Early research indicated a large and lucrative opportunity in global markets. In addition to learning about the different customer types and personas to target, the startup learned a lot about their target customers' approach to advertising and their purchasing behavior. The market research indicated that there was a very high willingness to purchase and pay for similar solutions, but it also indicated that the esports consumers are not as impacted by traditional advertising channels as their preceding generations. Instead, it was found that their average target customer is skeptical of products that are "blatantly advertised", and that their main drivers of purchasing decisions stem from word-of-mouth referrals and recommendations, particularly from trusted and credible sources, like friends, industry role models, acknowledged professionals, popular streamers or content creators. Following these findings, India designed a go-to-market strategy aimed at generating brand trust by collaborating with acknowledged industry professionals and organizations, and using the

resulting credibility to generate consumer interest. In short, India's original go-to-market strategy was to encourage WOM by partnering with and selling to recognized brands.

With this go-to-market strategy, the team had used their previously established personal and professional networks to reach potential leads and customers in the domestic and European markets. While the use of this strategy had led to closing sales in the domestic market, as well as initiating international pilot projects, the team had simultaneously learned about the use of online brand communities, and their potential for rapid growth in the consumer segment, by observing other emerging startups and brands. One founder stated that they had quickly realized that "a go-to-market strategy involving the use of an online brand community was more fitting for their concept and industry niche", and they had been eager to learn about its potential benefits. Another founder noted that they were particularly interested in the strategy's perceived ability to drive organic growth across borders.

During a meeting in the late fall of 2021, the team had decided that they would design and implement an online brand community strategy during spring 2022. To prepare for the implementation of their OBC strategy, the founders read a variety of entrepreneurial- and business-oriented books and blog posts, talked with their network and advisors, as well as watched educational videos on YouTube. In short, India was aware of the global potential, had developed the product and website to be able to appeal to the average potential customer across foreign markets, had the intent to build an active online brand community of international members, and had begun gathering information on how to do so.

4.2.4. PLANNING AN ONLINE BRAND COMMUNITY STRATEGY

At the time the case study officially began, the startup was ready to begin the practical planning and implementation of their online brand community. With an unanimous assumption that OBCs were a beneficial tactic to use, the entrepreneurial team started by exploring ideas for what their online community should be centered around, i.e. what values it should be based around and built upon. Thus, India started having internal workshops on brand identity and brand values, to decide what they find important to show users and the OBC. The topic stemmed from the essential question "why would users gather in an online community around India's brand?" and "what value can the OBC provide users with?".

In one meeting, the team members discussed different ways of organizing the online community, like how it could be centered around the product itself, around a set of values or a specific network of users, around the startup as a brand, or around a general topic

like “getting better at games” or “increasing game performance through eye health”. It was stated that it was important to figure out what the customers actually want from an OBC, and what type of community model engages them the most. The discussion moved to whether the OBC should focus on supporting the value provided by the product itself, or if it should aim to provide additional value on its own, and the question “how should the OBC support our customer value proposition?”. This also led to a discussion of how the OBC could be integrated into India’s business model, and to what degree it should be, as it could be a core part of driving customer value or simply be a “nice-to-have addition”.

One of the founders noted that the OBC could “go above and beyond what the product does, taking its value proposition to the next level”, stating that the OBC could cover customer needs that the product is not able to, i.e. societal needs. India first discussed the possibility of focusing solely on the product with the OBC, to keep all resources focused on improving the product, but it was noted that the OBC could add value that strengthens the product’s competitiveness and product positioning, making it more attractive for customers over competing alternatives. A team member mentioned that a “community first” approach may be the right strategy for the digital startup, and that it fits well with their vision to make a positive impact and their focus on providing a holistic customer experience.

India concluded that their online community should be focused around the general theme of “performance in competitive esports by improving strategies, decision-making, and health”, and that the OBC should be focused on providing additional value. For example, people could use India’s product to get automated feedback on their in-game skills, but use the online community server as a place to discuss strategies, game features, training routines, and more with other users, that the product is not able to do on its own. The OBC could “attract users because of the value it provides in itself, in addition to providing users with product information, app updates, and customer support if needed”.

Thus, the team had discussed how they wanted to use the online brand community to deliver value to their users, but had yet to discuss in detail how the community could deliver value back to the company. The team members were aware that an OBC could accelerate customer dialogue and feedback loops, but they discussed other value sources, like value co-creation, collaboration with customers, and opportunities with user-generated content.

India also had a set of discussions on the challenges they may face with online community building, especially if they rapidly gather customers and interested users from a variety of foreign markets, i.e. on handling cultural differences in marketing content. One of the

team members noted that the OBC may be prone to potentially malicious behavior, such as spam bots. This spurred a discussion on community moderation, and to what degree the OBC should be open or closed, i.e. invite-only, and to what degree it should be monitored or autonomous. The team felt it natural to choose a semi-closed community platform like Discord, as it was originally made for users in the industry and has had tremendous adoption in the scene in recent years. Still, it was stated that the Discord server invite should always be available on the company website or social media, to enable anyone to join. In regards to community moderation, the founders were in agreement that the OBC, especially in its early stages, should be moderately monitored and controlled, to ensure that the discussion is relevant and valuable for community members, with one stating that “it is important for us to know that we are getting the value we need from the OBC”. It was also noted that unsatisfied customers may lead to negative word-of-mouth in the online community. One founder noted that India “should be open to criticism, and show the other users that the team is willing to accept feedback, even if it is harsh”, and another suggested that India “should hear out the hypothetical unsatisfied customer, but make an attempt to quickly stop negative word-of-mouth and expressions that may hurt the brand reputation”.

The topic of sub-communities emerged during a workshop as a potential OBC challenge. One team member stated that “India targets customers across a few game titles, and while the user bases often overlap to a certain degree, we can expect there to be players loyal to certain games”. The team agreed that the OBC should be able to cater to different subcommunities, but that they “must not fall into the trap of splitting the communities too much, but ensure that everyone feels part of the startup’s community as a whole”. The team unanimously agreed that encouraging engagement and participation would be important throughout the entire lifecycle of the OBC, and started discussing metrics and methods for monitoring and guiding the engagement rates of the community. They created a spreadsheet to track daily, weekly, and monthly metrics on community size, growth, churn, and engagement levels. One founder stated that “it may be important to track users from different cohorts, as their participation and engagement may depend on the community state when they join and the types of events and incentives trying to encourage them to participate”, and India therefore discussed ways to automatically monitor community member cohorts similarly to how they monitor cohorts of product users.

4.2.5. DECIDING ON INCENTIVIZATION AND BRAND AMBASSADOR PROGRAMS

One founder suggested the OBC could provide users with a community coach that they can ask questions to directly, or to host community challenges, and other events that encourage participation. These suggestions led to discussions on how to encourage participation and engagement in the online community. Therefore, a workshop was held to discuss potential methods for OBC growth and encouraging word-of-mouth spread. One founder stated that “with our business model, it’s really important to have a high user retention and recurring revenue. The more we can engage users to build brand trust, the better”, to which another followed by stating that “our community needs to provide a reason for them to spend their time there and to engage with it. After all, our OBC will be competing with things like Netflix and TikTok for the users’ screen time, and needs to provide sufficient value to do so”.

One team member stated that “there is a significant difference in what the OBC can provide right away, versus what it can provide in a year when it, in theory, has a larger and more active user base”, stating that some community efforts required a critical user base to be valuable. For example, a community challenge may not be as interesting if a community has 10 semi-active members as if it has 3,000 active ones. The point was stated to indicate that India should not over-do its efforts right away, but should keep in mind that they must plan activities and incentive mechanisms that work for small user bases as well. Hence, the team discussed methods of incentivizing participation that work for small user bases, but there were still some topics mentioned that may require a critical user base.

To begin the discussion, one founder stated that “we need to find ways to incentivize participation that works with our OBC’s value proposition. If we’re supposed to focus on helping people improve their skills and performance, we need community activities and discussion topics that have an impact on them in a positive direction”. The team discussed hosting community events and Q&A sessions with acknowledged professionals in the industry, and to have daily discussion topics and polls in the Discord server. One team member mentioned that “we could provide a community coach; a person, likely one of us, who can help answer questions and look over games that our users have played to provide additional insights”, claiming they had seen another Discord server succeed with a similar effort, and that it could help bolster the value proposition of the company. They stated that “People pay for regular coaching services today, and we could provide it manually for free in our Discord server until our product is good enough to solve all their coaching needs automatically”, referencing Paul Graham’s famous quote “Do things that don’t scale”.

Later, the team discussed adding server features like level systems and virtual rewards to encourage participation. One founder noted that “Discord allows server bots that can keep track of users’ participation and give them levels and XP statistics based on how often they contribute. After they send a message or two after joining the server, they can get a notification that they have leveled up, which can encourage them to keep participating”, and suggested the OBC implement a level system. Similar rewards like server titles or roles can also be distributed, to put the spotlight on certain members that have contributed something valuable or participated for a long time. A team member mentioned that a Discord server they participate in has started to give unique roles to certain members if they differentiate themselves from others, and that similar features can help incentivize users to keep participating over longer periods of time. One of the startup’s advisors was an avid fan of using virtual badges and acknowledgements, and stated that “If a user has distinct virtual badges or titles, it is likely harder for them to give in and leave a server. They may want to stick around, just because the badge or title has given them a feeling of importance or of belonging”. India concluded that they should incorporate a mix of virtual rewards, as they are free to distribute and were assumed to have positive effects on user participation.

When considering using monetary rewards, multiple team members had concerns that they are better for short-term growth, and that monetary rewards are not as good for long-term user retention. One founder noted that “if they come for the money, they’re not coming to stay with us for the product”. It was noted that one could use access to the product itself as a form of monetary reward, for example by providing free access to paid product plans for a month. A discussion on product-related rewards ensued, and on how referral systems often give free access for a limited time when users reach certain numbers of referred friends.

One founder stated that “we should try to find activities we can do that are visual in nature. I believe users who browse through their online communities are more likely to be drawn in and to participate if they see a lot going on, and pictures, colors, animations, or similar could help do that”. Another founder mentioned that Wordle, the word puzzle game that went viral during early 2022, had a sharing mechanism in which it created a cryptic representation of a player’s game that only other players could understand. For non-players, the visual representation of the sharing mechanism acted as a mystery making them curious to test the game. One member noted that India’s product has a lot of available data from in-game performances, and stated that “perhaps some of our data could be repurposed for community challenges or community activities”. The team

explored certain possibilities to use their product data in new ways, with an emphasis on creating visually engaging elements for users to generate or share.

At a certain point in the discussion, the founders felt out of ideas, so they went to the root of the issue, asking each other “what makes you want to participate in an online community?”. This started a discussion of enabling users to have an influence on product development, and give them the feeling that they have a voice, as one member stated that “I personally love when I feel like I can impact the development of a product or brand, and when I feel like they hear my feedback. That is when I feel drawn to participate”. India concluded that they should emphasize giving users the feeling of importance and influence, and that they should provide users the ability to directly impact development. One of the startup’s investors had suggested the use of a “customer feedback board”, and that they could give certain users extra responsibilities when it comes to giving product feedback on behalf of the community. While the entire community could provide feedback at any time, a customer feedback board could be presented as a prestigious role, where the startup approaches the board to present their ideas before starting development, to let the board provide initial feedback. Before moving on to OBC metrics and objectives, India concluded that they had to combine events, a community coach and similar value-creating efforts, virtual rewards, titles, badges, and acknowledgements, product-related rewards, and especially a customer feedback board, to properly maximize and incentivize long-term user participation and engagement.

4.2.6. IMPLEMENTATION AND EARLY RESULTS

During the OBC planning phase, India pivoted their business model and go-to-market strategy to better incorporate and emphasize the online community value propositions and growth mechanics. They stated that it did require some work, and particularly a shift in mindset, to focus all marketing activities and resources on funneling users to the OBC, but that it has worked well with their customer-centric vision and mission. Note that the case study period ended during India’s early OBC implementation, and before it could initiate partnerships with other established online communities. Hence, the empirical findings strictly cover the startup’s initial online community building efforts and results.

India had started acquiring members for its online community, and had started to see indications of engaged users and brand trust. Additionally, the metrics showed positive growth numbers, an increasing amount of engagement, and acquisition of some international users. The team have created channels for communicating directly with their customers, and they have gotten significant amounts of feedback and customer leads

through the OBC channels, as well as been able to support users with technical issues. The OBC seems to have been useful for product development, and one founder noted that “having customers directly available has been super useful for quick product iterations and noticing if the app has bugs. I also think that the users like it, as they can send us a message there directly if something is wrong, rather than having to send us a mail or having to call us”.

India claimed to be satisfied with the early implementation, and that the OBC shows promise to be a driving force of their ongoing internationalization efforts, with a team member stating that “we have already seen that some users have shared it with their personal networks, and some new members have been international users”. Thus, the OBC strategy has shown promise for aiding India in becoming a Born Digital. However, one founder stated that they “are not targeting specific countries’ markets. It feels quite passive, even though we are drawing in users from multiple foreign markets. At the same time, we are able to target our ideal customer groups across borders, so perhaps organic growth is the best way to go, after all”. India’s advisors have also had positive reactions to the early OBC growth, and have stated that it may be a solid strategy for further growth.

At the very end of the case study, India had a brief discussion on how the OBC provides strategic and competitive advantages. They noted that the “obvious advantages” pertained to the rapid and direct access to customer feedback, the potential growth opportunities, as well as its ability to seamlessly provide users with direct support. One founder noted that a few of their investors and advisors had also joined the OBC, and that they had gotten very positive feedback as their investors had seen the engagement and interest of users. This led to a short discussion on how an OBC may be a strong advantage for startups seeking external funding, and stated that “while investors often look at metrics and sales numbers, giving them a feel of the community and engagement may be beneficial for convincing investors to participate in an ongoing or coming financing round”. They also discussed the possibility that a flourishing, engaged and growing online community may be an advantage for investor negotiations, and that it may have a significant positive impact on company valuation, financing rounds, and potentially on mergers and acquisitions.

4.3. Resulting Framework

We have used the emergent insights to construct a framework describing considerations and steps for digital startups aiming to implement an online brand community strategy to further and accelerate their commercialization and internationalization efforts. Find-

ings and insights from the case interviews and the exploratory case study have been essential for the attempt at generalizing the steps and considerations a digital startup or entrepreneur goes through, and the literature findings have been important for combining the steps with theoretical best practices of operating and growing an OBC to target international customers. In particular, we detected different phases of planning and implementation, and have gathered the most important topics from each phase into the framework. A simplified presentation of the constructed framework is shown below, in Figure 4.3.



Figure 4.1: Simplified framework model with key activities

We have split the process of implementing an OBC strategy into three phases, namely: 1) planning, 2) preparation, and 3) implementation. Hence, the framework begins with steps in the early planning stage of the strategy, guiding digital firms through the process of planning a fitting community concept, value proposition, theme, and choosing a platform, to properly relate it to the digital startup’s business model, product, and vision. Then, we recommend startups to consider community content ideas, events, tournaments, and

initial community member acquisition strategies. It's essential to differentiate the OBC from others, and to provide significant customer value. Following that, it is natural to explore potential incentive programs for participation and customer engagement, ways to facilitate brand co-creation, and ways of ensuring member retention. Then, a digital firm must plan tactics to incentivize referrals, to ensure the community is sustained or, ideally, growing. Finally, we recommend that implementers use a set of metrics to monitor OBC performance, and help them guide its growth in the right direction. We also recommend they plan and iterate on their tactics to keep users engaged, for example by welcoming new users, addressing sub-communities, or by partnering with other online communities.

While an effort has been made to make a thorough and general framework based on a wide range of findings, it must be noted that all digital firms are different and that not all may go through the same strategy implementation and internal decision-making processes. Thus, we leave it to the implementer to adapt the framework to their digital startup, its business model, and target market. There are many adaptations firms can make, like choosing different online platforms to cater to their target market or audience, or to use different referral systems or incentives for participation and engagement. Such adaptations and similar considerations for framework application are discussed in the following chapter. The full framework is presented in Table 4.2.

Table 4.2: Framework of steps to plan and implement an OBC strategy

1. Planning Phase	Examples
1.1 Define the OBC objectives; define what the startup wants to achieve with the OBC.	“borderless growth”, “increase brand trust”, “increase customer retention”
1.2 Define the value proposition the OBC provides, and how it complements the product’s CVP(s).	“provide information”, “meet societal needs”, “provide customer support”
1.3 Choose a platform to host the OBC, and decide on community structure, topology, and moderation level.	“closed Discord server”, “open Twitter audience”
2. Preparation Phase	Examples
2.1 Prepare content, events, and information to distribute in the community, and to engage active and “lurking” users.	“community challenges”, “community movie nights”, “daily topics and discussions”
2.2 Plan incentive programs and participation rewards, to encourage long-term contribution and brand co-creation.	“community awards”, “referral system rewards”, “virtual badges and roles”
3. Implementation Phase	Examples
3.1 Use metrics to monitor OBC performance, and make rapid iterations on content, events, and incentive programs.	“cohort engagement rates”, “member retention and churn”, “size and daily/weekly growth”
3.2 Find ways to interact with users to keep them engaged, and focus on engaging “lurkers” and information-seekers.	“welcome new users”, “engage with individuals”, “engage with user groups”

5. Discussion

In this chapter, we discuss the literary and empirical findings, as well as the constructed framework of OBC strategy implementation, with the objective to highlight the ways online brand community building enables and accelerates internationalization efforts. Firstly, we discuss considerations and adaptations startups can make use of when applying the framework to their own business case. Secondly, we review the empirical findings from the interviews and exploratory case study in light of the theoretical literature. Finally, we explore overall considerations and peculiarities on the topic of OBCs and internationalization that have emerged during our research, before we concisely answer the RQ in Chapter 6.

5.1. Considerations for Framework Application

The framework presented in Table 4.2 consists of steps needed to plan and implement an online brand community to unlock the benefits and advantages of OBCs, like its potential for enabling organic and international growth and customer acquisition. The framework is generalized so that any digital startup could, in theory, apply it to their own case, and our findings indicate that most firms can gain enormous benefits from using OBCs. Still, while all the interviewees and the case study were confident that OBCs would be a good fit for their startup and business model, this may not necessarily be the case for everyone.

We note that OBCs may be less valuable in certain industrial B2B niches compared to their value in most digital B2C markets. We have found examples of thriving and engaged online communities around B2B companies, like the online developer communities of Stripe and Docker, and the online designer community for Figma users. These seem to have worked as the products and the corresponding online communities are directed at the individual end-users within the customer firms, like the developers who integrate the Stripe API into their solutions, rather than including the entire customer firm into their OBC. Thus, we highly recommend that implementers evaluate whether an OBC strategy is appropriate for their case before they proceed with the framework, but suggest that all firms should, at least, evaluate the potential use of online brand community building.

5.1.1. CONSIDERATIONS FOR THE PLANNING PHASE

The first phase of our framework presents essential questions regarding the purpose, objectives, value propositions, and online platform used by the OBC. It encourages implementers to review potential value models, and to consider the main objectives of

implementing an OBC. One of the interviewees, Charlie, stated that there needs to be a match between the brand, product, customer, and the online communication environment, for an OBC to be successful and valuable for the customer and startup.

Our empirical findings indicate that it is important to have a thorough plan for OBC implementation, and to ensure that users are getting value from community interactions, are incentivized to participate over a longer period of time, and that there are mechanisms in place to monitor and guide the development of the community. Similarly to how the literature suggests that having a global ambition and intent to internationalize is important for the emergence of a firm's early internationalization efforts (Oliva et al., 2022; Prieto-Sánchez and Merino, 2022; Cavusgil and Knight, 2015), we suggest that having a community-centric approach to the customer value proposition from early on is important for building a thriving startup OBC. Thus, we recommend that implementers begin to plan and consider elements of their OBC strategy as early as possible, and to carefully consider how it can be properly incorporated into their business model and value propositions.

5.1.2. CONSIDERATIONS FOR THE PREPARATION PHASE

The second phase of our framework focuses on the preparation of community content and events, as well as the initial incentive programs and reward mechanisms. We note that these activities will likely be an ongoing, never-ending process, when practically building and growing an OBC. The content and programs must later be iterated upon to properly fit the target customers and their needs, and for optimizing metrics and objectives the startup aims to achieve with the OBC. Still, we emphasize the importance of planning and preparing content, information, events, activities, and more that the OBC can provide, to further integrate it into the startup's business model, and we posit that OBC members will likely lose motivation to participate over time if there is little or no content of value to engage with.

Furthermore, we note that some startups and industries may have more flexible options and alternatives when it comes to incentive and reward programs. As mentioned earlier, and as presented in the Golf interview findings, certain digital startups operating in the Web3 space may be able to reward users with a monetary benefit, through a token or cryptocurrency related to or part of their product offering. For startups where this is not the case, we encourage the exploration of other possible product-related rewards. There may be opportunities to reward users with product-exclusive monetary rewards, i.e. free trial months, or with product- or community-exclusive rewards, features, titles, roles, badges, achievements, acknowledgements, and customizations. For example, products

and OBCs could be linked together by having OBC participation and contribution unlock certain features or customization options in the product. With this approach, startups could potentially distribute rewards of different significance, by distributing some that provide new features for the product or some that are strictly cosmetic. There are endless possibilities when it comes to OBC incentive programs, and we suggest that implementers thoroughly review and test different programs to figure out which work best for their brand, product, service, customer, and online platform.

5.1.3. CONSIDERATIONS FOR THE IMPLEMENTATION PHASE

The final phase of the outlined framework presents two aspects for implementers to consider to ensure a successful implementation and growth of an online brand community, the first of which is the use of metrics and key performance indicators (KPIs) to monitor the performance of an OBC. We included this aspect as we seek to encourage implementers to be mindful of how their community building efforts, content, information, events, their regularity and changes, as well as the incentive programs and their changes, affect the performance, growth and members of their community. Most of the interviews were strong advocates of monitoring OBC performance through metrics and KPIs, and suggested that it can aid startups in rapidly iterating on their OBC value propositions. We suggest that it may be one of, if not the best, information source for startups, entrepreneurs and implementers to learn if their OBC efforts and iterative changes are working towards their objectives. Additionally, we recommend the use and monitoring of “cohorts”, as suggested by Foxtrot. That is, the monitoring of users, or groups of users, who joined at similar points in time. For example, Foxtrot suggested that it may be interesting the churn and retention of users who joined during a specific week or month, and to compare this with other cohorts. With this information, one can get a better understanding of why certain user groups acted as they did, and why they did or did not participate or stay in the community. As a trivial example, certain users may join in periods of relatively little community activity and therefore decide to leave, whereas others may join right before large community events and consequently be encouraged to participate by seeing significant amounts of active users (also known as “the bandwagon effect”, as described by Zhao and Chen (2022)).

The second aspect of the third phase is related to the challenge of keeping users engaged and participating over time, and the tactics through which a startup seeks to achieve this. Firstly, we recommend that OBC managers make sure to engage directly with individual members and groups of members, as the interview findings suggested. Secondly, we recommend that OBC managers make sure to properly handle different sub-communities,

whether those consist of different international groups or of customers from different market segments. Researchers have suggested that it may be important to cultivate an “us versus them” mentality in the community (Valmohammadi et al., 2021; Habibi et al., 2014), although pertaining to the brand and competitors, and not between internal sub-groups. Rothaermel and Sugiyama (2001) discussed the risks of having sub-communities, and that the overall sense of community in an OBC may suffer from it. Delta and a few other interviews also mentioned the challenge of sub-communities, and that it can quickly become a complex situation to manage if left unattended. Fournier and Lee (2009) suggested that communities become stronger when they highlight the boundaries that define them, and we therefore suggest that OBC managers properly highlight the boundaries of the community as a whole, rather than of single sub-communities, and redirect the “us versus them” mentality to ensure a sense of community between all members and subgroups. It’s also important for OBC managers to continue to iterate on their tactics to ensure members stay engaged.

5.2. Reviewing Empirical Findings in Light of Extant Literature

The following sections explore the consistencies and discrepancies between the interviews, case study findings and the literature. The eight interviews were analyzed to detect common topics the interviewees agree upon, as well as outliers and unique perspectives, and the case study findings covered most of the same topics. On some topics, the interviewees were in unanimous agreement. For example, they all had the vision, ambition, and objective to internationalize early and serve global customers from the very beginning of their entrepreneurial endeavors.

5.2.1. DRIVERS AND CHALLENGES OF INTERNATIONALIZATION

Our findings clearly support the perception of drivers and benefits of internationalization. All interviewees, as well as the case company, claimed the main benefit and objective of internationalization is the potential reach to an enormous amount of users, and this is in line with proposition P1 and multiple studies (Birkinshaw, 2022; Cahen and Borini, 2020; Mesaros and Forsbäck, 2019; Cavusgil and Knight, 2015; McDougall et al., 1994). Birkinshaw (2022) suggests that digital companies, in particular, can reach customers around the world with the flick of a switch. Some of the interviewees also mentioned that different markets can unlock certain strategic advantages, and some noted the potential market opportunities and network effects that may come with the market entry. Cannone and Ughetto (2014), Cavusgil and Knight (2015), and Strandberg (2018) suggests that internationalization leads to first- or early-mover advantage, that the firms can further

exploit to capture commercial value. Hennart et al. (2021, p. 1671) claims that it “makes sense for niche firms to capture big market shares rapidly in emerging markets”. However, none of the interviews, nor the case study, mentioned the goal of achieving first-mover advantage. One interviewee, Foxtrot, stated that serving multiple foreign markets provides robustness and stability, particularly protecting from market volatility, but this is a perceived benefit that we did not observe in the literature findings.

Regarding internationalization challenges, the interviewees were somewhat in agreement. Three interviewees claimed that it is a major challenge to satisfy users from different markets at the same time, and five interviewees claimed that it is a challenge to tailor marketing content to each market, which may be interpreted as two different formulations of the same problem. A variety of challenges are presented in the literature, like the liabilities of outsidership and foreignness (Cavusgil and Knight, 2015), overcoming asset parsimony (Cavusgil and Knight, 2015), acquiring required know-how and skills to target foreign markets (Cahen and Borini, 2020), and reaching critical mass to establish a solid foreign presence (Hervé et al., 2020b). Bloodgood et al. (1996) noted that Born Globals must be both locally responsive and globally integrated, causing a layer of significant complexity in their operations. Such complexity may lead to startups having different degrees of adaptation to serve different markets, as noted by Villegas and Marin (2022).

Two interviewees stated that it is a prerequisite that one fully understands the foreign market pre- and post-entry, but noted that it is hard to gain the required knowledge pre-entry. Battisti et al. (2022) and Hennart et al. (2021) claim that specific market knowledge plays a key role in internationalization. The issue may be accelerated by trying to enter multiple markets at the same time (Strandberg, 2018), as they have limited resources to build knowledge on each market. Similarly, Prabakaran et al. (2021) notes that both over-committing to one market and over-extending into multiple markets have negative effects on internationalization performance. To overcome the challenge of lacking market knowledge, researchers recommend startups to rapidly gather and analyze data from their foreign market entry processes, to fast-track learning processes (Monaghan et al., 2020). Simultaneously, multiple interviewees mentioned that they had grown organically or accidentally into new markets, which may lower the threshold for required knowledge.

Foxtrot mentioned that one could expose oneself to more or harder competition by targeting global markets, which was a perspective other interviewees did not discuss. Among the reviewed literature, only a few touched upon the topic of global competition levels. Most notably, Hennart et al. (2021) noted that firms who have many competitors or saturated competitive landscapes are slower to internationalize. This may indicate

that startups should seek less saturated niches. Both Dib et al. (2010) and Cannone and Ughetto (2014) claim that startups with more customized or niche products tend to become Born Globals or Born Digitals at a higher rate than those who have more generic offerings.

One interviewee, Echo, claimed that local market regulations and laws could be a hindrance in their industry. They operate a talent marketplace, and must therefore handle legalities around employment and hiring conditions. Mesaros and Forsbäck (2019) suggests that firms in the Fintech industry also have to deal with different foreign market regulations, and Birkinshaw (2022) notes that both Fintech startups and firms within the entertainment industry have to deal with local market regulations. It's interesting to consider whether this affects the rate of emergence of Born Globals and Born Digitals in such industries compared to less regulated markets.

5.2.2. PERSPECTIVES ON THE INTERNATIONALIZATION PROCESS

Regarding early internationalization processes, five interviewees claimed that it is important to know and understand the target customer, and three interviewees stated that one must plan and cater marketing content around the specific markets one plans to enter, which is in line with the reviewed literature. Kim et al. (2018) claims that it is important to be able to engage users with marketing efforts, which requires customer understanding. Mingione and Abratt (2020) indicates that understanding the customer is important as a startup should define their brand identity as early as possible. Santos et al. (2022) also suggests that understanding the target customer is key for a startup's marketing activities. Hervé et al. (2020b) claims that market and customer knowledge is easily accessible, as it has become abundant with recent advancements of digital technologies.

While two interviewees mentioned that they had to explicitly target certain markets, six interviewees stated that they mostly grew organically across borders. One interviewee, Golf, mentioned that they had used their personal networks and relationships to identify and create opportunities and enter new markets, in addition to their organic growth and product adoption. We note that Bravo and Echo seemed to be a bit more conservative or traditional in their internationalization processes, despite being defined as Born Digitals. Echo was the only interviewee to mention running pilot projects in specific foreign markets before deciding to commit fully. Bravo conducted tests to ensure that there was true demand in certain markets, like Brazil, before continuing to enter, almost akin to the traditional stage theories. This is a tad uncharacteristic of Born Digitals, who, as Strandberg (2018) states, tend to be more proactive in creating demand rather than reactive in their foreign market entry processes.

The interviewees had seldomly adjusted the product or communities before entering new markets, and that they utilized a global approach to developing and designing products, but two claimed that they were very focused on rapidly adjusting to foreign market needs during or after entry. This is in line with Moen and Servais (2002), who claim that startups aiming to serve international customers should build their products with a global orientation. One interviewee, Charlie, discussed the process of adding and enabling different payment solutions to enable customers in as many markets as possible to seamlessly purchase their services, whereas other interviewees did not indicate having done similarly. Our literature review detected a few studies who touch upon the topic of product adjustments before or after foreign market entry. Mesaros and Forsbäck (2019) states that all their case companies had made product adjustments or customizations to better match local market demand, and Mäki and Toivola (2021) notes that certain product adjustments are beneficial, e.g. adding support for different languages. Villegas and Marin (2022) notes that localization is not just about the literal translation, but about adapting content to different cultures and communities. Still, few of the interviewees, nor the case company, had planned significant changes other than adding support for one or two new languages, which partly contrasts proposition P2.

Three of the interviewees considered having a passively accessible website to be an internationalization effort, whereas the remaining five were adamant that an internationalization effort is the activity of driving traffic or leads to a website, product, or online community, or to drive growth across borders in a similar way. There are also conflicting views on the topic in the literature. For example, Culnan et al. (2010) states that having an online presence does not guarantee customer interest, engagement, or traction, whereas Strandberg (2018) suggests that passive internationalization may become the norm among Born Digitals. Cahen and Borini (2020) notes that many digital startups passively “accept” international users, without making active efforts to target their markets. We suggest that, while passive websites are accessible, active efforts are required to define activities as internationalization efforts, as the basic definition of an internationalization effort is to generate awareness and convert leads to sales in foreign markets. Delta mentioned in the interview that it may be hard for startups to break through the abundance of marketing in the competition for user attention, especially for those who hope to passively break through. Clavel San Emeteiro et al. (2020) suggests that brand awareness has a positive influence on international performance, indicating that active efforts to establish international brand awareness may be a benefit for internationalization.

5.2.3. PERCEIVED BENEFITS AND CHALLENGES OF OBCs

On the topic of encouraging word-of-mouth growth, six of eight interviewees were emphasizing the importance of “going the extra mile” for customers, showing them love and giving them attention, in line with proposition P8 and P11. Multiple studies show that word-of-mouth is the most important growth driver, both in domestic and across foreign markets (Standing et al., 2016; Shih et al., 2014; Mooradian and Swan, 2006). Three emphasized the importance of providing good community interactions and personalized customer service, and two focused on providing attractive incentives and rewards to build brand trust early in the brand-customer relationship. This is in line with the literature, which states that having a customer focus is key (Knight et al., 2004), that it is important to be heavily and directly involved with users early (Clark, 2019), and that it is key to develop a sense of community as early as possible (Martínez-López et al., 2021). Maree and van Heerden (2021) states that engagement is an antecedent of e-word-of-mouth, and the literature clearly states that engaged users contribute to word-of-mouth growth and bring in more users (Bussgang and Bacon, 2020; Kaur et al., 2020; Strandberg, 2018; Basri and Siam, 2017). Vadana et al. (2021) also suggests that having a marketing strategy focused on user involvement positively affects the international performance of Born Digitals, and Dessart et al. (2015) claims that customer engagement is a key marketer objective.

We find that building an online brand community is one of the, if not the, best methods to encourage engagement, word-of-mouth and brand advocacy, in line with proposition P6 and P8. Kromidha and Robson (2021) suggests that a high degree of online user engagement can be a signal of firm internationalization. The literature also suggests that building an OBC is important (Mingione and Abratt, 2020), can positively affect international performance (Mazzucchelli et al., 2021), and may unlock enormous value for startups (Bussgang and Bacon, 2020), like increased commercial success (Armstrong and Hagel, 1996), increased profit (Rothaermel and Sugiyama, 2001), improved product development and iteration (Wirtz et al., 2013), customer collaboration (Cavusgil and Knight, 2015), brand advocacy (Awad and Fatah, 2015), increased brand trust (Hsu, 2018), better understanding of customer needs (Hervé et al., 2020b), and increased network effects (Monaghan et al., 2020). Casas et al. (2016) claims that OBC value is doubtless, and Fournier and Lee (2009) states that the benefits are irrefutable. Additionally, Cahen and Borini (2020) claims that online communities can easily connect the company with global users, and makes it easy for digital firms with little resources to achieve significant online international expansion.

All of the interviewees and the case company were in unanimous agreement that the main benefit of operating an OBC was the rapid access to customer feedback. This is strongly supported in the literature findings and in line with proposition P9. To be precise, this perceived benefit is supported by 32 studies from our literature review, e.g. by Li et al. (2022), Haverila et al. (2022), Hervé et al. (2020b), Monaghan et al. (2020), Kaur et al. (2018), and Baldus et al. (2014) among others, and the support found for, and the emphasis on, the benefit of rapid access to customer feedback is unmatched in other findings and propositions. Not only do firms benefit from customer feedback in terms of increased market knowledge, product idea generation, development and co-creation (Haverila et al., 2022; Chen et al., 2021; Kaur et al., 2020; Wirtz et al., 2013; Fournier and Lee, 2009; Rothaermel and Sugiyama, 2001; Armstrong and Hagel, 1996), but the quality of the responses from loyal and engaged users online is what makes them incomparable. This was supported by Bravo, which mentioned that OBCs provide access to sincere feedback and the “deepest emotions and thoughts of the consumers”. Research has shown that people who communicate online appear to be more direct and honest with their viewpoints and disclose more personal information (Roed, 2003), thereby suggesting that organizations can receive honest and passionate feedback that might otherwise not be easy to obtain through surveys and market research. Our empirical findings indicate that the firms are aware of and able to make use of the feedback.

Similarly, we found significant support for the value of brand-customer co-creation in the literature (Zhao and Chen, 2022; Li et al., 2022; Etemad, 2022; Martínez-López et al., 2021; Lu et al., 2021; Chen et al., 2021; Richardson et al., 2020; Shih et al., 2014), and support for other benefits, like increased brand commitment (Lu et al., 2021), brand knowledge (Martínez-López et al., 2021), brand trust (Richardson et al., 2020), brand identification (Hsu, 2018), and reduced support costs (Millington, 2021). One study indicates that brand co-creation can occur across all management domains, i.e. product, marketing, branding, support (Chen et al., 2021), indicating that brand co-creation can be valuable for most startups and firms. However, brand co-creation was not explicitly mentioned in the interviews nor the case study, and it is unclear whether that is because the term is simply unfamiliar or unused, or if there is no consideration for it.

Two interviewees emphasized the fact that an online community is accessible and available to all users from any location. Parts of the literature also emphasize that accessibility is a major value driver, stating that it enables users to access and interact with a broad range of people (Armstrong and Hagel, 1996), to easily join OBCs and meet their emotional and social needs (Kaur et al., 2018; Wirtz et al., 2013), to find like-minded individuals with similar interests (Zheng et al., 2015), and to find a place to share, discuss,

and rate experiences (Hsieh et al., 2022; Vadana et al., 2020). Akdevelioglu et al. (2022) notes that users are willing to share a lot in OBCs, and that the degree of intimacy can be striking at times. Casas et al. (2016) claims that members become loyal to a brand if it can satisfy multiple of their needs, and Hennart et al. (2021) notes that customers who are looking to satisfy needs in certain niches are more proactive in searching for and finding the corresponding brands. It's interesting to note that online communities are more accessible than ever before, and that personal needs now can be met to a larger degree by OBCs, resulting in a decline in local and traditional civic organizations (e.g. religious groups, labor organizations, non-profit groups) (Bussgang and Bacon, 2020). This phenomenon and its impact for digital startups and Born Digitals is further discussed in section 5.3.

Two interviewees mentioned that OBCs enable the creation of engaged brand advocates and the establishment of brand trust early. The occurrence and significance of brand trust is emphasized in the extant literature (Richardson et al., 2020; Mesaros and Forsbäck, 2019; Dass et al., 2019; Habibi et al., 2014). Habibi et al. (2014) suggests that brand trust is a key driver of a purchasing decision, which may suggest that startups that are able to establish brand trust quickly are able to convert more sales. Additionally, Dass et al. (2019) suggests that brand trust is an important factor leading to superior performance outcomes, and Mesaros and Forsbäck (2019) claims that brand trust is a decisive factor for international success. Priharsari et al. (2020) notes that members perceive the OBC to be a value driver for themselves, and Richardson et al. (2020) states that users will only keep showing up if they feel like the OBC value is worth it, and that brand trust makes them more likely to stick around. While only two of the interviewees mentioned brand trust, the literature clearly indicates its impact on purchasing decisions and repurchase intents, indicating that the remaining interviewees and case company should pay closer attention to the topic.

Akin to the challenges of internationalization, our empirical findings indicate that the challenges of operating international online communities pertain to the variety of cultures, languages, and time zones encountered. Seven of eight interviewees stated that trying to satisfy all community members and users at the same time is the main challenge of OBCs, and three noted the challenge of dealing with multiple languages and cultural differences, of which the latter is in line with Basri and Siam (2017).

While these points are all reflected in the literature, the literature is a bit more nuanced in its definition of OBC challenges, seeing challenges in the firm-level implementation of an OBC strategy, in content production and adaptation, in encouraging engagement, and in the establishment of brand trust and loyalty. Firstly, the literature emphasizes

that the entire OBC strategy must be tailored to handle a variety of cultures, and that the strategy must be implemented at a high level to ensure that all activities and verticals in a firm are directed at creating and facilitating OBC value (Culnan et al., 2010; Fournier and Lee, 2009). Secondly, the literature mentions the appropriate adaptation of marketing and OBC content. As mentioned earlier, Villegas and Marin (2022) notes that adapting content to different cultures is not limited to the literal translation of text, but tailoring the entirety of the content to better target the recipients in each culture or community. Deng et al. (2021) suggests that startups should be mindful of how they use brand language and tone of voice in their content and customer interactions, as it strongly shapes how members' perception, memory, attitude, and behavior towards a brand. Next, Vohra and Bhardwaj (2019) states that a significant challenge is to gain early customer engagement, which is important to build brand loyalty (Kurniawan et al., 2021). Finally, the literature also states that, while WOM can provide an enormous reach and growth potential, it provides little control over the brand information that passes between customers. This may cause problems and challenges, if certain customers decide to spread negative word-of-mouth, a topic we discuss further in section 5.2.6.

5.2.4. CONTEXTUAL FACTORS AFFECTING OBC PLATFORM CHOICE

Contextual factors such as type of industry and its consumer characteristics might be factors that affect the findings for our RQ, i.e. how online brand community building can be used to enable and accelerate the internationalization efforts of a digital startup. For instance, the interview findings suggest that the choice of what platform to build an OBC depends on the industry and target group. All interviewees considered Discord, Twitter, Instagram, Slack, and Facebook to be the overall best platforms for hosting an online community, but four of the interviewees noted that one has to find the platform where the target users actually are, and that platform choice is niche or industry dependent. For example, Echo mentioned that they initially started to use Slack and Discord, but only had 10-15 people sign up during a one month period. However, when they decided to use Whatsapp, 125 people joined their community in one night. This showcases how successful platform choice highly depends on the market and audience, and that it is important to have an understanding of what platforms a specific consumer group is more likely to use and that cater to their needs. As a matter of fact, research recommends that one chooses online platforms that match the customers' needs in order to maximize WOM acceptance (Lee and Hwang, 2021).

Four of the interviewees (Alpha, Bravo, Delta, Golf) as well as India mentioned Discord as their main community, and four of them operate in the gaming industry. As men-

tioned in section 4.1, Bravo stated that Discord is the best platform for hosting an OBC in the gaming industry, and Alpha suggested that a variety of platforms may work for different niches, but that Discord is the most important one for the esports and gaming markets. Meanwhile, the other interviewees who did not use Discord were operating in industries other than gaming; Charlie in digital journalism/content management, Echo in recruitment/outsourcing, Foxtrot in fintech and Hotel in online education. A reason for this might be that the gaming industry's target market features more "tech-savvy" consumers, and that the characteristics or personality types of those consumers are more inclined to use Discord compared to consumers who use online education platforms. In fact, a study by Marbach et al. (2016) found that consumer personality traits can affect OBC engagement, thus suggesting that the relationship between platform choice and OBC engagement might be dependent on consumer characteristics of a specific industry or market, such as Discord being more suited for the target customer in the gaming industry. As mentioned in section 2.2.1, Wang et al. (2019) examined the role of product and consumer characteristics on OBC engagement and found that extroverted individuals were more likely to engage in OBCs. Their study demonstrates that consumers' motivation to engage in OBCs varies depending on the type of product, brand and consumer characteristics, thus suggesting that there might be differences on how to engage members across industries and in mainstream markets vs niche markets such as the e-sport industry.

Furthermore, Santos et al. (2022) suggests that platform choice depends on how one wants to trigger the audience, through either close dialogue or through entertainment. As Discord is a closed community platform that enables close dialogue between users, the findings might suggest that consumers in the gaming industry are in fact choosing Discord because they want close dialogue, and that this is one of many consumer characteristics of gamers. Discord servers provide a much more closed and tight-knit form of communication compared to platforms like Twitter, because other users that are not members of a specific Discord server can not see the contents and communication that is being shared, unless they manually join that server. Consequently, communities on Discord tend to feel smaller in size and more intimate compared to Twitter, which has a much more open and loose audience where content is more visible and easily discovered.

Members' preferred platform choice as a matter of group size can be explained by the extant literature, as several researchers point out that there are implications of group size in OBCs (Standing et al., 2016; Wirtz et al., 2013; Fournier and Lee, 2009; Rothaermel and Sugiyama, 2001). Standing et al. (2016) states that group size has implications on knowledge sharing, and that too many people can reduce the depth and quality of

responses. They explain that smaller groups (like in Discord) engage in more emotional communication and larger groups are less inclined to share and respond to others. If firms want to stimulate product discussion, then forum size can be a challenge to encourage honest and passionate feedback (Standing et al., 2016). This is also reflected in the interview findings from Bravo, who stated that they used Discord for their more close communities as it enables deeper discussions where their customers share their deepest secrets and emotions.

Furthermore, Rothaermel and Sugiyama (2001) state that a continued increase in OBC group size can lead to the collapse of a community as the relationships between members become increasingly fragile. This is reflected by the interview findings from Delta, who stated that their biggest challenge is to manage and sustain their many different sub-communities that arise, which is not an easy process. However, they also highlighted that sub-communities are a necessity and that too large communities need to be organized into smaller ones, or else it will become too difficult to manage, engage with and satisfy all users. Research confirms that firms should build smaller subgroups to foster greater OBC engagement (Wirtz et al., 2013), and that a community collapse can be avoided if it is scalable and is able to accommodate dramatic growth without losing its sense of community (Rothaermel and Sugiyama, 2001).

Furthermore, Alpha stated that Discord was useful for providing customer support activities as their customers always knew they were talking to real people on Discord and not automated chatbots. This indicates that there are implications of product complexity on OBC engagement and platform choice, and that users who are using complex products, such as Alphas customers in the esports and gaming industry, are more inclined to seek and engage in OBCs because of the useful support and information that OBCs provide. This observation is also in line with Wang et al. (2019), who examined how product complexity drives OBC engagement and found that product complexity positively moderates the impact of information value on OBC engagement. They define product complexity as the perceived level of difficulty associated with using a product and explain that a product may be recognized as a complex product if it has a variety of attributes, thus making it difficult for consumers to fully exploit a product's functions. When individuals perceive a product's complexity to be high, they spend a lot of time and effort learning about it before buying it, such as searching for information about the product. In the age of social media, people typically seek knowledge and information about a product from various OBCs, which serve consumers as an ideal platform to seek brand knowledge and technical solutions. Because other members of OBCs may have had the same problems and may have contributed useful expertise in addressing the problems, it appears to be

relatively convenient and effective for a customer to find knowledge, solutions, and skills for product use from other members of the OBCs. As a result, consumers who perceive that a product has a high level of complexity are more likely to expect informational benefits from the brand's online communities (Wang et al., 2019), as indicated by the findings from Alpha.

Wang et al. (2019) study might also explain why OBC building appears to be so well fitted for digital startups, as our findings reveal, because digital products often entail more advanced usage and have a higher level of complexity (Huijs et al., 2015), thus making it more appealing for these users to participate and engage in OBCs. Consumer characteristics in digital industries vs non-digital industries might also differ and cause a difference in OBC participation and engagement. Since this study only looks at digital startups that sell digital products and services, it might be interesting to look into the effects of OBC building in startups who only sell physical products and if there is a difference between how OBC building can be used to enable and accelerate the internationalization efforts of a digital startup vs a non-digital startup. To further investigate the implications of industry, consumer- and product characteristics, this might be a suggestion for future research.

Our empirical findings might also reveal that there are implications of users' age on OBC engagement and platform choice. In fact, one interviewee, Delta, mentioned that platform choice is dependent on the users' age groups and claimed that one should always use the platforms where the users of the target age groups reside. As mentioned under the interview findings, they use Discord as their main platform as it is suitable for young adults, but would use Facebook if the average target group is over 60 years old. This suggests that OBC building strategies might work differently depending on age group, and might not even be so successful for older generations compared to younger generations who are more used to using social media and communicating online. For instance, a study by Tiruwa et al. (2018) found that consumers' age and weekly internet usage has a significant effect on their attitude and perception towards OBCs, including content perception, perceived usefulness and brand attachment.

5.2.5. PERSPECTIVES ON ENCOURAGING USER PARTICIPATION

Following the presented literary and empirical findings, it is clear that user participation and engagement is an essential value driver in OBCs. Algesheimer et al. (2005) suggests that active engagement in the form of membership continuance, participation, and giving and receiving recommendations from other OBC members translate into brand loyalty and brand advocacy, a suggestion supported by multiple studies (Razmus, 2021; Kaur

et al., 2020; Zheng et al., 2015; Armstrong and Hagel, 1996). Madupu and Cooley (2010) notes that high participation and loyalty may lead to an increased likelihood to the adoption of new products from the same brand, and Habibi et al. (2014) notes that higher engagement may lead to higher cooperation and collaboration. Then again, Culnan et al. (2010) notes that participation is voluntary from the customer's side, and that explicit steps are required to encourage them to engage and interact in the OBC. Hence, there are a variety of reasons to and ways of motivating and facilitating consumer engagement, and there exists a broad range of strategies and tactics that startups can employ, and our empirical findings illustrate this variety. For instance, five interviewees emphasize hosting community-wide events, giving regular product updates and announcements, and setting discussion topics as their preferred active efforts for driving OBC engagement. This is in line with Culnan et al. (2010), discussing the use of "compelling content" to drive greater involvement and participation.

The case company placed particular emphasis on the use of visual elements in OBC content to encourage engagement. While this was not mentioned by the other interviewees, it is supported by the literature, with Standing et al. (2016) claiming that strong visual or artistic effects have a significantly positive influence on engagement and e-word-of-mouth. This aligns with our observations that social media and short-form entertainment are taking an increasingly visual form, and that multiple audiences use photos, stickers, games, GIFs, animations, YouTube videos, TikToks, and similar to share and discuss experiences. Additionally, Cheung et al. (2021) suggests that entertainment is an important underlying driver of consumer engagement. As such, we consider that visual or artistic content may be one of the most interesting forms of emerging OBC content, and one that we may see in an increasing amount in the near future.

Six of the interviewees focused on engaging users, as individuals and groups, which is supported by the literature encouraging startups to engage users as engagement leads to opportunities for learning, increased entertainment value, co-creation, collaboration, and WOM (Varandas and Nogueira, 2022; Chang and Hsu, 2022; Martínez-López et al., 2021; Kaur et al., 2020; Habibi et al., 2014; Brodie et al., 2013; Rothaermel and Sugiyama, 2001). Notably, the literature encourages direct interactions with customers, as regular dialogue is claimed to stimulate interest and engagement (Chen and Zhao, 2021).

The literature also suggests the importance of communicating community value to users, as the perceived benefits of participating and being part of a community is a key driver motivating users to join and interact (Lee and Hsieh, 2022; Wang et al., 2021). Therefore, we suggest that all startups be aware of how their OBCs communicate value to potential members. The content provided by the brand and OBC, as well as contributions made

by fellow members, is important to convince new users to join. Additionally, it seems useful for OBCs to enable the production and distribution of user-generated content. Zhao et al. (2022) suggests that users often rely on user-generated content when making early decisions and opinions about brands, and Haverila et al. (2022) notes the benefits of encouraging members to create and distribute engaging content. In some occasions, the content can be related to the product or service of a brand, as well. For example, Akdevelioglu et al. (2022) studies the effects of quantification in a product-oriented OBC of a fitness wearable brand, and finds that the quantitative part of in-product challenges can become an engaging topic for users to discuss. We note that the most important aspect of encouraging engagement is to make as many members “jump on the bandwagon”, and Zhao and Chen (2022) discusses the potential benefits of engaging the more inactive members. We return to the topic of inactive members, “lurkers”, and the bandwagon effect in section 5.2.8.

Showing a sense of community and respect for each member in an OBC can be significantly positive. Wong and Lee (2022) suggests that a brand showing high levels of empathy towards users in their OBC may lead to increased prosocial behavior among their members, further leading to brand repurchase intentions and positive sentiments. Five interviewees mentioned that one should be authentic, human, and transparent in interactions with customers, to make them feel appreciated. Chen and Zhao (2021) suggests that brands welcome all new members in their OBCs, greet them properly, thank active members, and show appreciation for contributing users, and for “lurking” members who show up once in a while. We suggest that engaging and interacting directly with the OBC members is valuable to gain an increased understanding of how they perceive the brand, which is in line with the literature (Chi et al., 2022). Finally, we note that transparency and authenticity is an important enabler for valuable brand co-creation (Priharsari and Abedin, 2021).

Another type of “compelling content” that users find engaging, is the use of rewards and incentive mechanisms that encourage participation and contribution. Manville (2014) noted the importance of highlighting the active and contributing users in an OBC. To show users that participation is valued and appreciated, it may be useful to give them something in return that they can show off or use. Four interviewees mentioned the use of rewards and virtual badges, titles, and roles, and the case company sought to implement a variety of rewards and incentives. Wang et al. (2021) suggests that all members be encouraged with virtual badges or titles, as something that is free for the OBC to distribute, but highly engaging for the recipient. Chi et al. (2022) recommended the distribution of member credentials, merchandise, and the highlighting of “top members”.

Additionally, five interviewees suggested highlighting users that contribute with product-related rewards, and four suggested empowering users to easily be able to talk about and share the brand or community to their network. Echo discussed their process of talking to users, receiving feedback, making changes based on the feedback, then rewarding the users, and making them become brand advocates. Finally, Huang et al. (2021) made an interesting point that the empirical findings did not touch upon, namely to treat all members equally when it comes to the rewards, and to give everyone the same chances of obtaining them, as favoritism in rewards and incentives may lead to significantly negative effects on the OBC.

Most of the interviewees did not resort to monetary rewards, and one interviewee, Delta even suggested that monetary rewards are a negative reward mechanism from a brand's perspective. In Chapter 1, we mentioned the digital startup Fractal and their use of a monetary reward, namely a large-scale NFT distribution, to rapidly grow their OBC. Research suggests that monetary reward may be useful for rapid growth, but may have negative effects on long-term performance if it attracts users that are motivated purely by the monetary reward and not by any interest in the OBC (Wirtz et al., 2013). Again, as we mentioned in section 5.1.2, the possibilities and flexibility in a brand's reward programs depend on their product, service, industry, target customer, and online platform, and each startup must make careful considerations to choose ones that fit for their case. Still, based on our findings, we highly encourage startups to provide a variety of virtual and product-related rewards, with equal opportunities for all OBC members.

A final suggestion for encouraging user participation and engagement, is the "customer advisory board", as discussed by Foxtrot, or "customer feedback board" as it was discussed as by the case company India. Kumar (2021) suggests that psychological ownership, and the sense of having an influence, can have a significant effect on users and their long-term brand engagement, and we suggest that OBCs can keep key contributing members engaged to a high degree by giving them the opportunity to participate in a customer feedback board, where their opinions and feedback will be heard. Now, we note that OBCs should still hear the feedback of all their users, but that the customer feedback board can emphasize the customer's feeling of being heard and having a voice. This is indicated by our empirical findings, and there is literature stating that digital startups can make use of strategic customer collaboration networks or groups (Etemad, 2022).

5.2.6. MONITORING AND MODERATION OF OBCs

The topic of moderation of OBCs is a somewhat prominent theme in the OBC literature. Rothaermel and Sugiyama (2001) discusses OBC moderation as an important balancing act, in which too little moderation leads to uncontrolled chaos, as there are no moderators to guide and direct the conversation, and too much moderation leads to the death of the community, as the brand moderates everything and users lose motivation to contribute and participate. Li et al. (2022) suggests that firms should not over-participate in their OBCs, but guide it only as much as is needed. In our empirical findings, seven of the interviewees claimed that their OBCs are semi-autonomous, but monitored to avoid Internet trolls and malicious spam bots, and the case company were implementing a semi-autonomous community, although somewhat moderated in the beginning to ensure that the OBC provides value for all involved parties and that it evolves in the right direction. There does not seem to be a “silver bullet” solution for the level of OBC moderation, but we suggest that startups thoroughly evaluate alternatives to find the best fit for their case and online platform choice. For example, it is harder to moderate a loosely-coupled network on a medium like Twitter than moderating a single text channel on a platform like Discord, and Charlie claimed it would be challenging to moderate their community on Twitter.

Another topic of interest is the monitoring, moderation and control of potentially negative repercussions or activities in the OBC. For example, Algesheimer et al. (2005) suggests that normative pressure in an OBC can be a negative influence on engagement, Huang et al. (2021) suggests that special treatment for certain users or groups of users have negative repercussions, and Correia Loureiro and Kaufmann (2018), Shih et al. (2014), and Wirtz et al. (2013) discuss the potential effects of negative word-of-mouth and e-word-of-mouth. One interviewee, Bravo, mentioned the potential negative effects on the brand and word-of-mouth that one might get if community members cause problems, fights, or bully other members, and that this may be hard to control. This observation also supports proposition P12. Our literature study uncovered a set of studies on the topic of cyber-bullying and cyber-victimization, claiming that it can cause the loss of community members, reduce word-of-mouth intention, reduce community and brand satisfaction, and decrease the sense of community in the OBC (Warke et al., 2022; Ounvorawong et al., 2022). Warke et al. (2022) finds that few brands actively intervene to shut down on cyber-bullying occasions, but that intervening, responding to and stopping the bullying can have a significantly positive impact on brand perceptions and trust. Thus, while the other interviews and the case company did not mention the topic, the literature indicates that it may be an important topic to be aware of.

5.2.7. TACTICS FOR INTERNATIONAL OBC GROWTH

In this section, we take a further look at the actual tactics employed for internationalization and OBC growth to international members using the reviewed literature and empirical findings. Hazarbassanova (2016) suggests that the actual efforts and processes will be different for each digital firm, and that the speed, market and entry mode varies. To internationalize rapidly, six of the interviewees emphasize the importance of identifying the target customers and where to find them. The same interviewees reiterated the importance of understanding the target audience when building an online community, and especially when building one that serves a global niche. Charlie mentioned that they would focus on identifying passionate customers when attempting to build an OBC, which is in line with Richardson et al. (2020), claiming that one should start with “who” rather than “what”. Birkinshaw (2022) discusses aggressive styles of growth, referring to the “move fast, break things” approach used by a variety of digital startups. Other studies emphasize the importance of identifying opportunities (Cannone and Ughetto, 2014), or to increase brand awareness in foreign markets and among groups of potential customers (Awad and Fatah, 2015). The case company also emphasized understanding the target customer, as it heavily influences the marketing efforts and content choices for trying to appeal and engage them. After all, OBCs are suggested to be ideal arenas for seeding viral content (Habibi et al., 2014).

Growth hacks and experimentative heuristics are valid and widely-used tactics for rapidly acquiring new customers (Mäki and Toivola, 2021), and by extension, OBC members. Two interviewees noted that they would use growth heuristics like cold-calling and email marketing to reach customers fast, whereas two suggested using app stores or similar distribution channels. Basri and Siam (2017) suggests that startups should design social media content with the end user in mind, Habib et al. (2021) discusses effective strategies for enabling eWOM, and Monaghan et al. (2020) mentions that certain SaaS firms have used growth heuristics to internationalize. Six interviewees stated that one should focus on providing a product that excites people, and to build something they love and want to discuss and spend their time on. Thus, we come back to the literature on customer engagement mentioned in section 5.2.3, and how to encourage word-of-mouth growth, as studies emphasized a customer focus and building products that users love (Berger, 2016; Shih et al., 2014; Knight et al., 2004). One interviewee, Golf, mentioned that one should start with a market that enables rapid early traction, like the US. While certain studies noted that entering different markets can unlock unique strategic or competitive advantages, none mentioned specifically that certain markets provided faster traction than others. Thus, we note this as a potentially interesting area of research.

Finally, we mention an interesting strategy that appeared in the empirical findings. Alpha and India both suggested that “piggybacking”, partnering with already-established online communities, like similar Discord servers, could be a mutually beneficial growth strategy for OBCs. India noted that it could potentially help accelerate internationalization, if one manages to draw in users directly from a previously internationalized online community. India discussed existing Discord servers that they potentially could collaborate with, to cause a win-win situation in which both OBCs provide additional value to their users. Additionally, they noted that it might be possible to collaborate with non-brand-related and customer-established communities who revolve around a similar topic or interest, as their users tend to be highly engaged and active. While the empirical findings indicate that this may be a potentially impactful strategy, we did not encounter the topic in the reviewed OBC literature. However, the closest parallel that we found is how the International Entrepreneurship field discusses business partnerships and networks, something that is highly emphasized as a driver and tactic for internationalization. With this, we suggest that digital startups, on the path to become Born Digitals, perhaps benefit from partnering with the OBCs of other actors in their network, assuming they have matching values, interests, topics or objectives. We also encourage further research on the topic of online community “piggybacking” strategies for startups who want to kickstart their communities.

5.2.8. NOTABLE DISCREPANCIES BETWEEN LITERATURE AND EMPIRICAL FINDINGS

There were multiple topics where we observed a discrepancy or inconsistency between the literature and the empirical findings. Here, we discuss two topics that did not appear in the empirical findings but who are somewhat prominent in the literature. We also discuss one topic who appeared in the empirical findings, but not in the reviewed literature.

The first notable discrepancy pertains to the topic of engaging “lurkers”, also known as passive bystanders in online communities that simply observe, read, and consume content without participating, or participating to a minimal degree. In fact, studies state that the majority of users are lurkers (Lee and Hsieh, 2022; Kim et al., 2018), with some claiming that lurkers make up 90 percent of most online communities (Madupu and Cooley, 2010). Lurkers were not discussed in the empirical findings, but have been framed as important in the literature, and if they make up 90 percent of OBC members, the topic of engaging them is highly relevant. Casas et al. (2016) claims that lurkers often join for information or to answer a question without participating, but states that lurkers may become active participants. Madupu and Cooley (2010) suggests that the active lurkers are the users who pass brands on to their network the most. Rothaermel

and Sugiyama (2001) notes that new users often begin as lurkers, and Baldus et al. (2014) suggests that managers should find ways to engage the lurkers due to the tremendous benefits of doing so. Hence, we find it interesting to note that our empirical findings do not indicate an explicit attempt at engaging lurkers, which are the majority of one's user base. Additionally, our empirical findings do not indicate a focus on different types of users, as discussed in the literature (Siuda, 2021). Finally, we note the interesting research on "the bandwagon effect", and how psychological effects of seeing a large number of users engage and interact can cause lurkers to "hop on the bandwagon" and become active participants (Zhao and Chen, 2022).

Secondly, we observed that multiple studies in the OBC literature discussed the topic of consumer-created online communities, referring to fan pages and similar OBCs that were created by brand fans and customers. Wirtz et al. (2013) claims that consumers have been known to start OBCs without the involvement of the brand, and recent technological developments have made it easier than ever to create a fan page or similar fan communities. Zhao et al. (2022) discusses the consumption of free digital content, and mentions that users of these communities often rely heavily on the user-generated content within them, more than on the content created by the brand marketers, to form opinions and purchasing intentions around the corresponding brands. Akdevelioglu et al. (2022) claims that consumer-created communities can teach brands much in terms of the social mechanisms that affect engagement and interactivity in the community, thus indicating that it is an interesting topic for brands, marketers, and entrepreneurs. Still, our empirical findings did not indicate any intent to facilitate or encourage consumer-created fan pages or communities, and primarily focused on the brand-created ones. Note that this is not necessarily bad, and the literature does recommend having brand-created and firm-hosted OBCs (Bilro and Correia Loureiro, 2021). We suggest that startups seek to gain the "best of both worlds", by creating a brand-hosted but highly autonomous and participant-driven online community. That is, we do not claim that startups should focus on facilitating consumer-created OBCs, but instead suggest that startups establish a brand-hosted OBC and, after building an appropriate community culture, gradually shift autonomy and control to the users, as is in line with the suggestions of Siuda (2020).

Seven of the interviewees mentioned that they measure OBC performance with a small set of metrics on user engagement, growth, and retention, whereas one interviewee, Hotel, has not felt the need to introduce metrics. The case company, India, was also an advocate for the use of metrics and making data-driven decisions, noting their efforts to become fully data-driven and monitor multiple parts of their operations. Interestingly, the literature review did not find theory on the topic of using metrics or key performance indicators

to measure OBC performance, but the empirical findings indicated that it has value for practical OBC activities. As online operations enable seamless collection of user metrics and data, we recommend startups to use some form of metrics to guide their decision-making and OBCs.

We note that the topics above may have been discrepancies in our findings fully or partly caused by the limitations of our study, rather than by the actual inconsistencies between literature and practice. Thus, we call for research to verify that digital startups and entrepreneurs are aware of the topics and the potential benefits they may unlock.

5.3. The Future of Born Digitals' Online Brand Communities

Our literary and empirical findings indicate that the future of Born Digitals and their Online Brand Communities will be a significant and important area in the International Entrepreneurship and Digital Entrepreneurship fields. We suggest that the emerging “community-first” approach is the natural evolution of being customer-centric, and that it will become more and more important for new ventures to satisfy a broad range of customer needs simultaneously. New industries that emerge, like the Web3 space, are highly community-driven, enabled by digital technologies and online communication platforms, and we assume that more new industries will emerge in the future with a similar or higher community focus. According to Madupu and Cooley (2010), more people use the Internet on a regular basis to participate in online brand communities than to make purchasing decisions, and OBCs are becoming ingrained part of people’s lives. Additionally, for many digital startups and Born Digitals, internationalization is becoming a necessity, rather than an option (Oliva et al., 2022). There is also evidence of international online brand communities being essential for the continued survival of certain Born Digitals. For instance, the Born Digital firm Powder used feedback from their Discord community to iterate on their value proposition and pivot their entire startup in a time of need (Powder, 2022).

The developments of and opportunities for Born Digitals have also been accelerated by a recent global event, namely the COVID-19 pandemic. The pandemic forced many people, businesses, and communities to move their activities to online spaces, increasing the use of social media and online brand communities in the process (Osei-Frimpong et al., 2022). Karimi et al. (2022) also notes that COVID-19 has led to increased digitalization and digitization, providing a multitude of benefits for digital firms. Similarly, one interviewee, Alpha, noted that digital firms have learnt a lot from COVID-19, and that it has increased understanding of what customers want in regards to online accessibility and ease-of-use. Kahiya and Warwood (2022) suggests that some firms were able to

adjust to seize new opportunities during the pandemic, and according to Torkkeli et al. (2022), Born Digitals will be able to perform even better after the pandemic passes. As many communities shifted to online platforms, and consumers have gotten more used to online communication, we suggest that new OBCs will have an easier time in customer acquisition and onboarding.

Similarly, all interviewees believe that the continuous development of digital technologies and platforms will make it easier and easier for new digital startups to internationalize and distribute their products to global markets. Our empirical findings clearly support the literature, where a significant number of studies discusses the impact digital technologies and digital advancements have on digital startups and Born Digitals. For instance, Vadana et al. (2020) suggests that digital technologies foreshadow the next era of research in International Entrepreneurship, that traditional theories and understandings will be questioned and reworked, and that Born Digitals represent the emergence of this era.

Over two decades ago, McDougall and Oviatt (2000) stated that recent developments of digital technologies creates a brand new environment for business operations, and Zahra et al. (2000) stated that technological learning can have a pivotal role in differentiating new startups' products and services, achieving market entries, and unlocking new competitive advantages. Other drivers are that psychic distances have been lowered due to better information flow (Autio, 2005), advances in telecommunication (Cannone and Ughetto, 2014), advances in digital platforms (Hervé et al., 2020a), and that it is now easier than ever before to interact in online environments (Awad and Fatah, 2015). According to Hervé et al. (2020b) and Mäki and Toivola (2021), digital technologies make it easier to scale globally, considering it facilitates one large virtual global market. Additionally, two interviewees mentioned that it is already possible to gain significant value from online marketing channels, and that these tools will become better as time passes as well. This is in line with Hsu (2018), who also states that Internet-based marketing channels are more effective than traditional ones. While also believing that the process will become easier, one interviewee, Delta, mentioned that it may become hard to break through in an abundance of firms, as other competitors will attempt the same marketing and distribution tactics. The other interviewees did not consider or mention the competitive landscape of online marketing, but it will be interesting to observe how it evolves.

Digital firms are the true Born Globals, according to Coviello and Tanev (2017), claiming that the unique nature of digital products enable them to be distributed internationally immediately, thus truly being "born global". Birkinshaw (2022) claims that many Born Digital firms operate as "global-by-default" firms, and Etemad (2022) states that Born

Digitals grow at a faster rate than traditional Born Globals, due to the characteristics and inherent scalability of digital platforms and products. After all, the Internet enables almost seamless distribution to users around the world (Huijs et al., 2015). Furthermore, Coviello and Tanev (2017) discusses the term “finger-push firms”, defining digital firms that can launch their products internationally with the push of a finger. The finger-push firm definition is also referenced by Monaghan et al. (2020). Our literary and empirical findings indicate that the combination of digital firms and online brand communities illustrates the future for many firms and brands, and Bussgang and Bacon (2020) states that online brand community building is a superior business model with extraordinary advantages. As modern online communication platforms are commoditized and accessible, building a rapidly growing addressable audience of active and engaged users is easier than ever before (Bussgang and Bacon, 2020).

We assume that new digital firms and Born Digitals will soon discover the significant benefits provided by OBCs and customer engagement for investor processes. Vice versa, we suggest that early-stage and startup investors should investigate the potential value of active and engaged online brand communities, and that investment candidates who have the potential to introduce or build thriving communities may have a better potential for rapidly acquiring customers and reaching profitability. One interviewee, Foxtrot, also mentioned interesting perspectives regarding the benefits of internationalization and OBCs, regarding the competitive landscape and market positioning, namely that operating at a global scale with an active online community provides increased stability and robustness, which may be of interest for investors. Mesaros and Forsbäck (2019) stated that many digital firms utilize mergers and acquisitions to quickly gain a foothold in certain markets. We suggest that there may be similar opportunities for unlocking OBC benefits, like acquiring a company with a thriving OBC to gain its benefits and competitive advantages, e.g. brand co-creation. Vadana et al. (2021) states that brand-customer co-creation increases overall value and reduces time and resources, helping firms avoid many obstacles in its commercialization efforts, and we propose that startups who are able to use their international OBCs for efficient customer dialogue and value co-creation have a significant advantage over others.

6. Conclusion

In this thesis, we have researched the topic of internationalization and use of online brand communities among digital startups. In the following section, we provide a concise answer to the research question posed in Chapter 1, namely “How can online brand community building be used to enable and accelerate the internationalization efforts of a digital startup?”. As we present our findings in the next section, we indicate the supported propositions (P) found from the literature in Chapter 2. Subsequently, we present theoretical and managerial implications of the findings, and finally, we suggest areas of future research before concluding with final remarks.

6.1. How OBCs Enable Digital Startup Internationalization

Our findings widely support our set of established propositions and indicate that online brand communities can be an extremely efficient tool for rapid and international growth of digital startups, and that entrepreneurs who have used and implemented OBCs as a core part of their business models are satisfied with its performance and impact. Additionally, they indicate that OBCs can strengthen a startup’s customer value propositions (P9), as they are able to meet more customer needs and provide a new arena for customers to express themselves in. Consequently, the OBC can help build brand trust and brand loyalty among customers (P7), increasing the likelihood of long-term success in the domestic and global markets.

We suggest that OBCs gather active and engaged customers that are valuable for the digital startup, and enable the firm to get even more value out of the brand-customer relationship. In particular, it enables the digital startup to have direct access to customers and sincere customer feedback. The customer access makes it easier and faster for the startup to gain customer understanding and to collect data on and knowledge about foreign markets (P9). Simultaneously, an OBC successful in encouraging engagement through incentivizing participation and creating brand loyalty, acts as a generator of positive word-of-mouth that enables organic growth in entered and new markets (P3, P5, P6, P8, P11, P13). Additionally, the OBC could encourage the creation of user-generated and shareable content (P10), driving further community growth across borders.

Consequently, OBCs can increase customer retention among domestic and international users, as the OBC regularly provides new content and information to satisfy the needs of new and old community members (P10). This can be particularly helpful for retaining users that were acquired through growth hacks or other rapid customer acquisition heuristics. Some OBCs can provide users with direct access to customer support, enabling users

to help each other; a characteristic our empirical findings indicate to be important for scaling efforts and for reducing customer support costs (P9). Additionally, our findings indicate that OBCs can facilitate brand value co-creation, in regards to the development of and iteration on value propositions, products, services, brand values, brand identity, community features, community events, and other marketing efforts (P9).

We used the literary and empirical findings to construct a framework of actionable steps for a digital startup seeking to use OBCs to further their internationalization efforts, and in the process adopting a “community first” approach for creating and capturing customer value. We note that our findings also suggest that building successful OBCs will become easier as globalization and technological adoption advances, and as more solutions are made to build, design, and host them, indicating that we may observe an increasing amount of OBC building efforts among Born Digitals in the near future. Finally, our findings indicate that it is of significant importance to appear as a group of genuine, authentic, and transparent humans rather than as a large corporation, in all customer- and community-facing activities (P11). To quote an interviewee, “in this day and age, people want to buy from people”.

6.2. Theoretical Implications

While it is important to note that our thesis builds upon anecdotal evidence from a handful of empirically studied subjects, we present a set of takeaways that may be of significance for researchers and scholars in the International Entrepreneurship and adjacent fields. For instance, our findings support the prominently suggested internationalization drivers, like operating from a small or limited domestic market or having global ambitions and goals from the inception of the startup. In addition, our constructed framework serves as a response to Wirtz et al. (2013), who called for further empirical research on how to facilitate decision making on the most ideal organizational structure and governance model for organizations looking for an effective functioning and development of an OBC.

The empirical findings contribute to the extant but relatively new research area of online brand communities. It contributes to the research field on OBC engagement and how it can act as a driver for positive WOM to facilitate cross-border growth. Similarly, it supports extant literature on the topic of online community benefits, as well as on perceived OBC challenges. In addition, the empirical findings highlight the significance of customer engagement and incentivizing participation. In fact, all the interviewees and the case study clearly indicate that customer engagement and customer value deliverance is a central focus among early-stage digital startups. Notably, our findings also suggest

that the goals and objectives behind internationalization and online community building are similar, both aiming to increase revenue, reach more consumers, gain strategic or competitive advantages, and to increase potential network effects, something which has yet to be directly reflected in the literature.

6.3. Managerial Implications

Our findings reveal key implications for entrepreneurs, managers, business developers, marketers, and community managers in digital startups. Most notably, our findings imply that startups must be fully aware of and fully understand their target customers, the value they provide and their customer value propositions, and how OBCs can contribute to strengthening the creation and deliverance of their CVPs. They must also be able to navigate lingual and cultural differences that may emerge between markets, customer segments or sub-communities in the OBC, and be able to satisfy as many users as possible at all times. Regarding sub-communities, it is also important for managers to be aware of how they emerge and the conflicts that may arise, and be able to monitor and moderate the sense of community among the OBC members.

As indicated by our resulting framework, it is important for managers to create an OBC strategy that fits and strengthens their product, service, or market, as well as being able to judge when and if an online community is worth implementing. For example, we suggest that an OBC may not be relevant for all markets and startups, e.g. for some B2B markets. Additionally, managers must understand their markets and customers well enough to choose appropriate platforms to host their OBCs, and to properly design content, events, rewards, and incentive programs to encourage user participation and engagement. Regarding incentive programs, it's important for managers to find the efforts that provide the balance between short-term growth and long-term retention. Furthermore, we recommend that managers pay special attention to online brand communities, and particularly to the positive effects it may have on investors and fundraising, as indicated by our empirical findings.

6.4. Future Research

Our findings may inspire a variety of research topics to increase our understanding of online brand communities and internationalization activities, and of the links between them. As this was an exploratory case study to observe the phenomenon, we suggest that empirical and quantitative studies should be held on the topic of how OBCs affect internationalization processes, and if there is a correlation between internationalization performance of digital startups that do or do not operate an online brand community.

Similarly, we call for studies to evaluate the long-term performance of online brand community building efforts among startups, to study whether or not OBCs have a positive effect on their long-term success. The interviews also touched upon the topic of using founders' personal brands to funnel users into an OBC, and while this did not appear in the case study findings, it may be interesting to look into the use of personal brands to grow a startup's online brand communities.

As mentioned in section 5.2.3, we also suggest researchers to further investigate contextual factors that might affect OBC building and engagement on startup internationalization. For instance, it can be interesting to look at whether OBC building is beneficial for all types of startup, including non-digital startups, and across multiple industries, and whether consumer behavior in OBCs is affected by industry-specific factors. Additionally, it can be interesting to look at implications of consumer characteristics such as age, internet usage and personality traits, as well as product characteristics. Thus, future researchers should investigate how these various contextual factors can affect consumer behavior in OBCs and how OBC building is implemented and managed to create value and enable growth in the best possible way. Similarly, as mentioned in section 2.2.1, several studies have called for future research on understanding the nature of OBCs and different factors influencing consumer behavior and engagement in OBCs (Martínez-López et al., 2021; Zheng et al., 2015; Brodie et al., 2013).

We note that certain topics from the extant literature did not appear in the empirical findings as expected, for example the topic of commercializing the community membership and the topic of consumer-created and -organized communities. As the latter was a recurring topic of research in the reviewed literature, it may be of interest to research if or to what degree consumer-created communities appear among early-stage digital startups, or if this is a unique characteristic of more established brands. Finally, we call for researchers to study the link between online brand community building efforts and startup financing and investments. Our empirical findings suggest that OBCs may act as a competitive advantage over other startups when it comes to gathering and convincing potential investors, and, to the best of our knowledge, this has yet to be studied.

6.5. Final Remarks

Our findings contribute to the International Entrepreneurship field by providing new insights and observations about the links between digital startups or Born Digitals and their online brand communities and similar growth tactics and mechanisms. We hope our contributions inspire further research on the topic, as we believe our findings on OBC implementation foreshadow an emerging business model among Born Digitals, and that

understanding the potential benefits of using OBCs and direct customer interactions will be the key to winning in both domestic and foreign markets. Since the time when we set out to study the topic of digital startup internationalization and the use of online brand communities, we have found more studies and evidence supporting its value and benefits than we initially foresaw. We had our assumptions that online brand communities could be beneficial drivers of growth and internationalization, but could not foresee the amount of literary and empirical support for OBCs as key growth and value drivers for digital firms. As we conclude our thesis, we are left with the impression that OBCs will become one of the most important startup strategies in the ever-changing digital business environment. “The future of business is a more open, connected, engaging one, and communities are going to change the nature of how we interact with brands, products, and other people” (Bussgang and Bacon, 2020, p. 7).

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Appendix

A1 - Interview Guidelines

Interview Goals

The interview seeks to gain understanding of an entrepreneur's experience with internationalization and community building strategies and efforts, by examining their role in and use of such efforts in their current or former entrepreneurial endeavors, as well as examining their thoughts on using such efforts in coming endeavors. These practical insights can add perspectives to the findings of existing literature and the case study.

Introduction

- Start by introducing the interviewer(s) and the agenda for the interview.
- Shortly introduce the master thesis, its topic, its objective, and its purpose.
- Ask for permission to record the interview audio. If not, use written notes.
- Thank the interviewee for participating, say there will be an opportunity to look over what is written, and that they will receive the thesis upon completion.

Background Questions

- Please give a short introduction of yourself and your company (i.e. your current position, how long you have worked in your company, what are your responsibilities)
- To what degree are you personally involved in strategic decision-making regarding product commercialization and foreign market entries?
- Does your firm(s) serve international customers today, or will it in the near future?
- Does your firm(s) have one or more active online communities?

Internationalization Questions

- What do you think is the biggest benefit of internationalization?
- What do you think is the biggest challenge of internationalization?
- In your opinion, what is the most important part to consider or activity to do when taking a digital startup to international markets?
- Did your firm(s) consciously enter specific foreign markets, or did the product(s) grow organically into new international markets?

- Did the intent to internationalize change over time? That is, did it become more or less relevant to go to foreign markets at certain points in your firm's development?
- Did you do, or consider doing, any product adjustments before starting the internationalization process or entering specific markets?
- Traditionally, firms used methods like local market agents, franchising, and export to distribute and commercialize their products in foreign markets. Do you think there is a place for local resellers and similar methods for digital startups in the coming years?
- The last decades have seen rapid developments in computer technology and the Internet that has enabled a variety of new communication platforms and tools. Do you think it will be even easier for startups to enter foreign markets?
- A digital startup is often lacking in resources, and may prefer cheaper approaches to internationalization. For example, having a product on a website makes it accessible from anywhere. Do you consider this to be an effort of internationalization? If not: what do you think is the minimum effort needed?
- For digital startups with few resources, Word-of-Mouth and organic growth seems to be the dream. How would you go about ensuring a positive word-of-mouth spread and organic growth?

Online Brand Community Questions

- What do you think is the biggest benefit of having an online brand community?
- What do you think is the biggest challenge of having an online brand community?
- What is the best platform(s) for building an online community around a digital startup or brand? Do you think it depends on the market niche and customer group?
- What platforms does your firm(s) use to host and communicate with your online communities? And do you use certain metrics, KPIs or OKRs to measure the performance and growth of your online communities?
- What does your firm(s) do with your communities to keep your audience engaged? How do you incentivize participation?
- How much effort does your firm(s) require to moderate the user base? Is it continuously monitored, semi- or fully autonomous?

- Research clearly shows that users with high brand identification and brand trust are more likely to become recurring customers and active community members. Some of these become brand advocates and help spread the word about your startup and product as well. How would you go about maximizing the number of brand advocates?
- Research indicates that having an active online community can lower customer support costs by almost 70%, as your customers can help each other. What do you think about this claim, and do you think it holds true for most digital startups?
- Many marketing experts claim that building a personal brand and your own audience, for example on Twitter, can be key drivers for entrepreneurs' early customer acquisition and growth. What do you think about using a personal brand to gather a community of followers and potential customers?

Final Questions

- Consider a scenario in which you just founded a digital startup, doing a simple B2C SaaS, and your goal is to sell your product to as many foreign markets as you can within the shortest time frame possible. Where do you start and what do you do?
- Now consider a scenario in which you just founded a digital startup, again doing a simple B2C SaaS, and your goal is to build the most active and engaged online community you can, as fast as possible. Where do you start and what do you do?

