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The export process in food processing SMEs

- A case study of Swedish food export

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Abstract

Food export have gained increased importance for Swedish economical growth, LRF, Business Sweden and the Swedish Government highlight increased export of agricultural- and food stuffs. Through different concepts such as “Try Swedish” and “Sweden-the culinary nation” these agencies created incentives to benefit export of processed food, mainly from SMEs, where food products produced in SMEs often are unique, specialized and locally produced. At a firm level, export gives the opportunity to search for new markets and find new customers.

SMEs are characterized by having limited resources, which makes the export process more complex and uncertain. The export venture can be facilitated through collaboration with intermediary organizations and networking. It is stated that food exporters using marketing strategies can be more successful in their export venture. Moreover, smaller firms are strongly affected by entrepreneurial orientation in their strategic planning.

The aim of this study is to investigate the export process by identifying and describing marketing strategies, the role of entrepreneurship and the impact of intermediary organizations. The study is carried out with a flexible design, including three case studies of exporting food processing SMEs. Data is mainly gathered through interviews with managers of each case company.

The result of this study shows that export-marketing strategies are not always fixed. The firms need to be flexible and open for emergent decisions and coincidences where business opportunities often arise. The case companies are affected by entrepreneurship, in the ability to see market opportunities and in the incentives of the risk-taking involved in an export venture. Furthermore, intermediary organizations can collaborate with consulting services and serve as an advisory board, which has been of advantage to each of the case companies in this study to decrease risks involved in an export venture.

Sammanfattning

Den svenska livsmedelsexportens betydelse för landets tillväxt har ökat. LRF, Business Sweden och Sveriges regering framhäver vikten av ökad export av jordbruksprodukter och livsmedel. Koncept som ”Try Swedish” och ”Sverige – det nya matlandet” har skapat incitament för svenska livsmedelsföretag att börja exportera. Detta har gynnat små- till medelstora livsmedelsföretag vars produkter ofta är unika, specialiserade och lokalt producerade. För företaget innebär en exportsatsning ökad möjlighet att söka nya marknader och hitta fler potentiella kunder.

Små- till medelstora företag kännetecknas av begränsade resurser vilket gör en exportsatsning komplicerad och osäker. Exportsatsningen kan underlättas genom samarbete med exportagenter som kan underlätta att knyta kontakter och skapa nätverk. Det har även påvisats att företag som använder väl genomarbetade strategier lyckas bättre i sin exportsatsning. Därtill kan strategier i mindre företag påverkas av entreprenörskap i sin strategiska planering.

Syftet med denna studie är att studera exportprocessen genom att identifiera och beskriva strategier, vikten av entreprenörskap samt betydelsen av exportagenter. Studien genomförs med en kvalitativ metod som inkluderar tre livsmedelsexporterande små- till medelstora fallföretag. Data till studien har främst samlats in genom intervjuer med managers i varje fallföretag.

Resultatet av studien visar att strategier inte alltid är fastställda. Företagen är flexibla och öppna för förslag då affärsmöjligheter ofta uppstår genom tillfälligheter. Entreprenörskap har inverkan på företagen och möjligheterna att se affärsmöjligheter och viljan att ta risker i samband med exportsatsningen. Därtill bidrar exportagenter med kunskap och erfarenhet vilket varit till fördel för alla fallföretag.

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1 Introduction

The first chapter gives a presentation of the problem background and the underlying factors for the thesis problem. The chapter also includes aim and delimitations.

1.1 Problem background

Industrial goods have long dominated Swedish export, but in recent years the export of food products has become increasingly important (Jordbruksverket, 2014:4). The EU membership and the liberalization of the WTO-agreement have further facilitated food export. Since the Swedish entrance in the European Union (EU) in 1995, Swedish food trade gained increased significance. In 2013 the total export of Swedish food, agricultural products and foodstuff was six percent of the countries total export. That corresponds to a value of about 63 billion SEK and a nine percent increase from the previous year. The same year the total value of imports of agricultural goods and food products were 110 billion. The most important export markets include Scandinavia, Poland, France, Germany and the United States. Food exports are 65 percent of the total Swedish export SEK (Jordbruksverket & Statistiska centralbyrån, 2014). Investigations into how Swedish food is perceived by consumers outside its borders shows that processed food have greater competitiveness than non-processed (Jordbruksverket, 2004:9; Livsmedelsekonomiska institutet, 2004; www, Livsmedelsföretagen, 2014). In Sweden, exports of processed food mainly rely on large multinational companies, where some of the most important exporters include Abba, Åbro brewery, Atria Lithells and Arla Foods (Jordbruksverket, 2004:9). Small and medium sized enterprises (SMEs, defined here as companies with less than 250 employees, definition used within the European commission) and family business (ownership concentrated within the family) plays a modest role and represent approximately ten percent of the total food export (European Commission, 2009; Livsmedelsekonomiska institutet, 2004).

At a firm level, increased interest in international markets can be explained by changing competitive structures and shifts in demand (Cateora & Graham, 2002). A study by Avermaete *et al.* (2003) shows the importance of SMEs for the country's economic growth, an importance that is expected to increase even more in the future. Specialized products from different regions associated with different food cultures mainly characterize food products from SMEs. The increased internationalization encourages Swedish food companies to explore foreign markets and identify new customers (Cateora & Graham, 2002). Different governmental agencies strive to maintain the increasing growth and make the food sector a significant export industry. Lages and Montgomery (2004) state that exporting activities contributes to the economic development of nations. Where the Federation of Swedish Farmers (LRF), Business Sweden and the Swedish Government all highlight the importance of increased export of Swedish agricultural products for economic growth (www, Lrf, 1, 2015). Together these agencies have created incentives to benefit export of agricultural foodstuff, mainly from smaller enterprises. Through the concept "Sweden - the new culinary nation" and the international marketing concept "Try Swedish", Business Sweden helps Swedish food processors to establish their products into foreign markets (www, Business Sweden, 1, 2015). This is accomplished by cooperate relations, matchmaking, test sales, market visits and participation in international fairs. A prior definition of internationalization of SMEs has traditionally been "*the process of increasing involvement in international operations*" (Ruzzier *et al.*, 2006, pp. 478) where this process has been considered as gradual and subsequent, consisting several stages. Thus, considering organizations such as Business Sweden, the export process can also be described in a network context, defined as the process of developing networks and business relations. The exporting firm primarily engage in

domestic markets (*ibid*), and then intermediate organizations deals with the export venture and customers over the borders. Furthermore, taking part in corporate networks has contributed to improved international competitiveness.

The conditions underlying the expansive foodstuff export market remains heavily regulated and are often more complicated than export of other manufacturing goods (Jordbruksverket, 2008). Examples of challenges concerning such export ventures, especially those met by SMEs, are market knowledge, capacity of production, and the ability in financing and inflexibility in management, collectively referred to as entrepreneurial leadership (Fernández & Nieto, 2005; Jordbruksverket, 2004). Moreover, a significant challenge includes finding workable marketing strategies to meet the objectives of the export venture (Knight, 2000). Well developed strategies are considered to facilitate an export venture. Firms using export marketing strategies are considered to be more successful in the export venture and are better able to understand their new market (Ibeh *et al*, 2006). Hollensen (2007) states that strategies often are a mix between planned- and emergent strategies. A planned strategy approach includes goal setting and explicit analysis to realize long term directions. The emergent strategy refers to planning that is not expressly intended, where the manager makes diversified decisions. Furthermore, Knight (2001) states that marketing strategies supports an entrepreneurial orientation, which is confirmed by Covin and Slevin (1991). The firms' management's ability to use its resources and knowledge into export marketing strategies may further facilitate achieving the desired export marketing progress. Studying the export process also includes highlighting the importance of entrepreneurs, which Ruzzier *et al*. (2006) recognizes as one of the main variables for internationalization of SMEs. In order to create value these firms need to act strategically, which involves the incorporation of strategic entrepreneurial thinking. Furthermore, current research focuses on evidence from the entire SME sector, less research examines firm behavior in an export process. To overcome some of the challenges faced by SMEs, research shows increasing importance of export networks and business relations (Ruzzier *et al*, 2006). SMEs can be helped by organizations facilitating networking and creating new contacts.

In summary, SMEs form an important part of world trade and their importance is expected to increase in several countries, including Sweden. Business Sweden argues that an export venture is a process that involves developing networks and making business relations (www, Business Sweden, 2, 2015). Morgan *et al*. (2011) argues that an implementation of marketing strategy is a key contributor to export performance because of the complexity of market knowledge in foreign markets. Studies have shown a positive correlation between networking, entrepreneurship and strategic activities, and a firm's export performance.

1.2 Problem

The Swedish Government highlights the importance of an increased food export from SMEs for growth of the Swedish economy (www, Lrf, 1, 2015). Finding export channels, creating an understanding of new markets and developing financial resources are challenges for SMEs, especially in the food processing sector (Knight, 2000). Possibilities and challenges that SMEs are facing in export ventures are investigated in several studies (Ibeh *et al*, 2006; Katsikeas & Morgan, 1994). These studies identify several factors to take into consideration, both internal and external. Much of what is known today about food processing companies regarding the export process is either unconfirmed evidence or relates to macro-economic models, rather than behaviours applicable to individual businesses and firms (Ibeh *et al*, 2006). Strategic theories applicable for larger food enterprises exist, and empirical evidence regarding this field can readily be found (Ruzzier *et al*, 2006), but little is known about SMEs.

There are challenges in motivating an export venture of food processing SMEs. Agencies have developed incentives to facilitate the process, to increase knowledge of how food processors contribute, and encourage processors to engage in international networks (www, Business Sweden, 1, 2015; Ruzzier *et al*, 2006). The experience from managers in food processing SMEs is that such work is complicated, costly and time consuming (Fernández & Nieto, 2005). Moreover, companies with a weak position in the domestic market and limited export experiences have low incentives to engage in exporting ventures (Hollensen, 2007). This may be an issue when motivating food processing SMEs to start exporting and venturing into foreign markets.

The background of this thesis illustrates that *i*) food export from Sweden should increase and that SMEs constitute an increasingly important part of the potential growth, *ii*) since the export process is complex, SMEs may be facilitated by the intermediary organizations, *iii*) food exporters using marketing strategies seem to be more successful in their export venture, *iv*) strategies often involve entrepreneurship, which affects the export venture positively (Covin & Slevin, 1991; Ibeh *et al*, 2006; Knight, 2000; Knight, 2001; www, Lrf, 1, 2015; Morgan *et al*, 2011; Ruzzier *et al*, 2006). The first point refers to the governmental incentives to intensify Sweden's economic growth through increased food export. The second point concerns the difficulties that SMEs are facing during an export venture and ways to facilitate the export process. The third point implies that a developed marketing strategy is preferable in an export venture. The fourth point indicates how entrepreneurship influences and could be a part of the planning stage.

There is a gap of knowledge and information about the export process for food processing SMEs. The process of domestic SMEs in the food processing sector exporting their products abroad should therefore be studied in more detail. There is research focusing on the evidence from the entire SME sector, however few examine the firms behavior in an export venture. By studying export marketing strategies, the role of entrepreneurship and the involvement of intermediate organizations in such ventures the export process can be better understood. Therefore, it is relevant to examine the export process on a corporate level, furthermore, it is of interest to study to what extent these factors contribute to the export of food by SMEs. By studying three companies that managed to establish their products in foreign markets, an understanding of how food processing SMEs succeeded with their exporting process can be achieved. For this reason, the potential contribution of this study is highly relevant.

1.3 Aim

The aim is to investigate export processes in food processing SMEs. By identifying and describing practices of marketing strategies, roles of entrepreneurship and influence from intermediary organizations, a thorough understanding of this process can be developed. To achieve the aim, three cases are to be investigated. By focusing on already established exporting firms, information and knowledge about their export process can be identified.

We will investigate export processes in SMEs by answering three research questions:

- How are export marketing strategies used in small and medium sized food processing enterprises?
- How are export processes influenced by entrepreneurship?
- How is the export process influenced by intermediary organizations such as Business Sweden and Swedish Menu?

Knäck & Bräck, Gäsene dairy and Larsviken have all succeeded in exporting their products to foreign markets and are therefore relevant cases for studying the impact of SMEs marketing strategies, entrepreneurship and the influence of intermediary organizations.

1.4 Delimitations

The thesis has been performed as a case study, which made it possible to study particular export ventures and their export process. This thesis will focus on three Swedish SMEs within the food processing and the manufacturing sector. It will not include the primary producer, which in these cases is the farmer. As the thesis is carried out as case study of three Swedish food processors in rural areas, the thesis will focus on the business perspective for these specific enterprises, no general conclusions for SMEs in the food processing businesses can therefore be drawn. More important is the size of the firm, and the fact that they are exporting their products. As the cases are SMEs, the thesis has a corporate perspective. Furthermore, the interviews with the companies are made with the managers of each company, which can give a biased view of the company.

The theoretical framework is based on the theory of export marketing strategy, entrepreneurship and intermediary organizations, collectively complex and wide subjects concerning many factors. It must be stated that no single theoretical approach can explain the entire export process. Furthermore, external factors such as politics, trade barriers and social factors are not being investigated.

2 Method

In this chapter the chosen method to reach the aim of the thesis is presented. The first part describes the choice of method, followed by several factors that should be taken into consideration during the research process.

2.1 Research design

This section describes the initial steps in a research project. This phase includes choice of method and several reflections within the methodological framework.

2.1.1 Methodological framework

There are two ways of describing research design, *flexible or fixed*, often referred to as qualitative or quantitative approaches (Robson, 2002). Both approaches are widely used in research but differ in several ways. A fixed design assumes that all planning regarding data-collection is completed before beginning the data-collection. Casual relationships and comparison of variables constitutes an important part of a fixed design. By using a fixed design, the risk that the result is affected by researchers biases can be minimized. However, a fixed design does not take the complex behavior of individuals into account (*ibid*). When complex phenomena are examined, a flexible design is preferable. In contrast to a fixed design, a flexible design intends to create an understanding and explanation more individually (Kvale & Brinkmann, 2014; Robson, 2002). The description is made mainly with words, less emphasis is placed on numerical data. Furthermore, the qualitative research methodology does not intend to generalize but give a description of the interviews (Kvale & Brinkmann, 2014). The purpose and the objective of the study will ultimately dictate which method is preferred.

An important part our flexible study design is to analyze the applicability of the theories on the case companies' export process (Robson, 2002). Furthermore, this study can be considered as a deductive study, since the process started with establishing the theory of export marketing strategy, entrepreneurship and networking in the context of SMEs in food processing companies. Deductive reasoning is a theory testing process, which begins with an established theory and further seeks to investigate if the theory can be applied to specific cases (Hyde, 2000). The three case companies in this study export their product into foreign markets. Interviews with managers who are and have been involved in the development of the export venture was carried out, to study the process the companies have employed. The ability to ask follow-up questions during the interviews and the need for discussion during the interviews also justifies the chosen method. A questionnaire would not facilitate answering and discussing the questions relevant to the study. A fixed design would not contribute to a better understanding of the companies' behavior and their strategies for export ventures. A fixed design is therefore not suitable for this study.

2.1.2 Validity and reliability

When undertaking a case study research the collection of data is often associated with interviews and real world observations of the studied phenomena (Yin, 2009). Before starting data collection, a long period of preparation to avoid pitfalls is necessary. Both validity and reliability deals with the trustworthiness of a study. Since the study is based on a qualitative approach and the researcher represents a significant role, the validity may be debated (Robson, 2002). Validity refers to whether the empirical data is relevant and measures the objectives that are intended to be measured. Within the flexible design, issues like the role of the researcher and relationship to the respondents is important to take into consideration

because this may influence the outcome of the study. The researcher bias can pose a threat to the validity of flexible design (*ibid*). The researcher bias, such as previous experiences and own knowledge and beliefs, might affect how and which questions are asked during the interviews.

Reliability is discussed to minimize the risk of biases and errors in the study (Yin, 2009). A high level of reliability means that the study's results could be replicated by other researchers. Within fixed design, reliability is associated with the use of standardized measuring instruments and the trustworthiness of these instruments. Reliability within the flexible design relies even more on the researcher and their capability to manage research practices such as precision while doing research (*ibid*). According to Eisenhardt (1989) there are advantages to have multiple investigators since the research questions and aims are examined from multiple perspectives. Since this study was performed by two investigators, the trustworthiness of the results increased.

Discussing validity and reliability establishes an understanding of these inaccuracies, which can hopefully subsequently be avoided in the research (Robson, 2011). In order to achieve a high level of validity and reliability in this study the authors have taken the above mention factors into account. During the interviews the authors tried to be open minded and avoid influencing the respondents answer. The use of interviews requires that the researcher is a good listener and can absorb the amount of information revealed in the conversation.

2.2 Case-study

The thesis has been conducted as a descriptive multiple-case study of three different Swedish food processing companies, in order to understand their export process. Case study is a research design representing ways of collecting data. According to Yin (2009, pp. 18) “*a case study investigates a contemporary phenomena in depth and within its real-life context*”, especially when the boundaries between phenomenon and the context are not clearly evident. A case study is a suitable method when striving to answer *why* and *how* questions. Furthermore, formulating research questions are an important step and need deeper reflection. A strength with a case-study approach is that data-collecting methods can be combined and gathered through interviews, questionnaires, observations and archives (Eisenhardt, 1989; Yin, 2009). Each of these sources are associated with an array of data and evidence. By using multiple sources of data and creating a case study, a chain of evidence can be maintained. Various sources in this study are complementary to each other.

The evidence of case studies can be qualitative (in words), quantitative (in numbers) or both. Furthermore, case-study methods can be regarded as *explanatory*, *descriptive* or *exploratory* and involve either single or multiple cases, with numerous levels of analysis (Eisenhardt, 1989). As the aim of the study was to describe the export process of food processing SMEs, the concepts of *SMEs*, *export marketing strategy*, *entrepreneurship*, and the role of *intermediate organizations*, a descriptive case study method was used. A descriptive case study enables the researcher to illustrate and describe how a business model, organization, or a unit functions in a real-world context.

When using a multiple case design an even more important issue is the number of cases that should be included (Yin, 2009). For this research three cases were studied. Previous studies on export of SMEs have used a qualitative case study method. Azar (2011) conducted a qualitative interview study by using one case. Bell *et al.* (2004) studied internationalization of small firms and export strategies, using semi-structured interviews, where ten cases were

investigated. Although, regularities can be identified in the three cases, it does not imply generalizability for other cases (Alvesson & Sköldbberg, 1994). It is rather the applicability of the theories within export process that are investigated. In lack of probability calculations, already existing data can be used as secondary data to support empirical data (Yin, 2009).

Designing the case-study is a process that includes several stages. Yin (2009) highlights the importance of well-defined *unit of analysis*, when doing a case study. Where an appropriate unit of analysis relates to the objective and research question. In this study the unit of analysis was the export process of the companies observed, within the *context* of SMEs, entrepreneurship and intermediary organizations. This enables the research to be narrowed down to smaller enterprises where the export process is complex (Knight, 2001; Yin, 2009).

2.3 Review of theoretical framework and literature

The theory in case studies is an essential part of the research to define an appropriate research design and develop a theoretical understanding (Yin, 2009). Developing theory takes time and the volume of data can be overwhelming. The development of theory provides a greater understanding of the research phenomena. For this case, a deeper understanding of export process in small and medium food processing enterprises was essential before proceeding with formulating the interview questionnaire and conducting the interviews. A theoretical perspective is important for structuring relevant questions to investigate export-marketing strategies of food processing companies. Yin (2009) describes the role of theories as an analytical tool, where previously developed theories can be used as template to be able to use previous empirical studies within the case study. Describing the complexity of an export venture requires more than one theoretical approach. By studying previous research on similar subjects a broader understanding for the conducted phenomena can be created.

Theories used were relevant for the study since the food processors have applied different export marketing strategies for implementing their products into foreign markets. In order to understand the export strategies of these firms it was evident to use the theories of export marketing strategies in SMEs. Furthermore, the owner/manager of SMEs are directly and personally involved in the decision making throughout the enterprise, which makes entrepreneurship relevant to study. Networking is an essential part within an export venture.

2.4 Collection of data

Data is collected with case-study method, allowing the investigators to retain the meaningful characteristics of real-life events, such as individual behavior, managerial process and relations (Yin, 2009). Data collection was based on *interviews*, *direct observations* and *documentation*. Using data from multiple sources increases the validity of the research.

2.4.1 Interviews

Yin (2009, pp.106) states that “*one of the most important sources of case study information is the interview*”. There are three different structures of interviews: structured, semi-structured and unstructured (Robson, 2002). In this study semi-structured interview method is conducted. The method is widely used in flexible research designs, the questions are predetermined but can be modified, inappropriate questions can be omitted and additional ones can be included. It further implies that the interview is structured upon certain topics to be discussed where questions can be added during the interview (Robson, 2011). The interview guides can be found in appendix 1 and 2.

According to Robson (2011) interviews allow the possibility for follow-up responses and investigation of underlying motives. Furthermore, interviews provide the possibility to interpret answers, get interesting responses and understand non-verbal cues (Kvale & Brinkmann, 2009). The risk of misunderstandings is reduced by the opportunity to ask questions if something is unclear, which increases validity and reliability of the interviews. In this study the interviews are conducted with managers from each of the case companies who had succeeded in establishing their products in foreign markets. Furthermore, interviews were conducted with Swedish Menu and Business Sweden, intermediary organizations engaged in export ventures, to further investigate the process of the export.

The rationale for selection of the cases is companies that actively seek for new markets and export opportunities. Furthermore, the company sizes ranged from 5 to 120 employees, which are consistent with the stated SME definition, in chapter 1. The interviews was recorded and transcribed. Afterwards, the transcriptions were summarized and further verified by the interviewees.

Factors determining the numbers of interviews are the information from one additional interview and the geographical location. The different cases were found from a list of exporting food producers provided by Business Sweden (www, Business Sweden, 3, 2015). The companies are chosen according to size and exporting experience. The companies are located in Skåne and Västergötland. As stated in chapter 1.4, because of a limited number of interviews no generalization can be drawn for exporting food processing SMEs. In other words the validation of the theory of the studied phenomena is of importance, rather than the number of cases.

2.4.2 Direct Observations

The second stage of collecting data was based on observations of management and production of the cases. As the study takes place in the natural setting of the case, it gives an opportunity for direct observations, such as behaviors and environmental conditions (Yin, 2009). The observations serve as a source of evidence in the studied case and are an appropriate way to collect data both about the exporting process and behavioral observations (Hudson *et al*, 2001). In this research, the interviews are performed in the cases natural environment, which gives an opportunity to observe production, manufacturing and behaviors. Evidence given is useful for providing additional information about the conducted case. Furthermore, to study entrepreneurship, SME and family business actions and behavior of people are central for the research (Robson, 2011). Advantages of the method are directness and it complements information obtained from other techniques of collecting data. Robson (2011) states that to say is one thing, doing is another. Thus, there are disadvantages using this technique, such as the researcher bias.

2.4.3 Documents

Documentary information is feasible to almost every case study topic. It comprises many forms of documents (Yin, 2009). Relevant for this case study is e-mail correspondence, news,-articles and documents available through internet searches. When working with primary documents the researcher must be concerned with the validity of the documents. In case studies the most important role of these sources is to corroborate and increase evidence from other sources. The benefits of using multiple sources of evidence properly are that it helps to establish the construct of reliability and validity of the cases evidence.

2.4.4 Ethical consideration

There are fields that are typically discussed within ethical considerations as guidelines for researchers, these are confidentiality, informed consent and the role of the researcher (Kvale & Brinkmann, 2009). The designing of interview questions, the ethical issues regarding subject and participation in the study, involving securing the confidentiality, must be taken into consideration. Furthermore, it is important to consider the possible consequences for the specific subject. Of importance is to consider personal consequences of the interviewee such as stress during the interview and changes in self-understanding. The confidence of the interviewees and their company need to be protected with the question whether transcribed text is loyal to the oral statement (*ibid*). The researcher is taking to account the responsibility that the knowledge is as true and as verified as possible, which involves how critical the questioning is.

2.5 Data analysis

The data analysis is a central but also one of the most difficult part during a case study research (Robson, 2002; Yin, 2009). When analyzing data from multiple sources and a multiple case-study, the objective is to create understanding about each individual case but also to create an overall explanation of the findings. The study has been carried out with flexible design which typically contains a large amount of data through interviews, documents and observations. Therefore, it is necessary to efficiently structure the data (Robson, 2011). To manage and structure the data the study used thematic coding which is flexible and can be used when analyzing any type of qualitative data (*ibid*). The initial step was to transcribe all interviews and become familiar with the data. Then the data was analyzed and categorized according to predetermined themes, *SMEs/family business*, *added value*, *export process*, *export strategies*, *entrepreneurship* and *finding network* in order to clarify the data collected. The analysis of data and the themes depends upon aspects, decided by the researchers.

Robson (2011) argues that it is of advantage for researchers with less experience of qualitative research to use thematic coding. The approach further gives advantage in describing the theory, with improvement of the theoretical framework and practices, through the identification of constraining issues. The range of interpretation of data may be broad, which entails difficulties for the researcher to decide which aspects of the data to focus on. To avoid an overly broad focus, the themes were formalized into a thematic network based on theoretical grounds. In this study thematic coding provided a deeper understanding of the phenomena, contributed to a clearer structure of theory and eased communication of the results.

3 Theoretical perspectives

In chapter three an overview of relevant literature to the subject is presented. Concepts important for understanding of the aim for the study: *export marketing strategy*, *entrepreneurship* and *intermediary organizations* as an overall concept, and *small and medium sized enterprises* as a tool, to investigate the *export process* of food processing SMEs. The chapter furthermore consists a literature review related to the subject and concludes with a table that summarizes the theories. Hollenstein (2005) states that no single theoretical approach is able to fully explain a firm's international activity.

3.1 Definition of SMEs and family business

There is no distinct definition of what categorizes a small and medium sized enterprise. One way to define these enterprises is to distinguish the number of employees but these number often differs in different sources. The European Commission provides a definition of small sized enterprises as companies with less than 50 employees and medium sized less than 250 employees (European Commission, 2003). The definition also includes a company's turnover, 10 million euros for small- and 43 million euros for medium sized enterprises. In the United States SMEs are defined as a firm with less than 500 employees (US International trade Commission, 2010).

A large proportion of SMEs within the Europe are family businesses, approximately 60 percent of all companies (European Commission, 2009). It is relevant to distinguish this in our thesis since one of the companies studies is a family business. The ownership of such companies are characterized by being concentrated in the family. Family businesses are often divided into three circles which are highly correlated, ownership, business and family. That means persons involved in the business have great impact on decisions, governance, capital invested and generational shifts. Research also investigates commitment to the company and the family member's involvement in the company's operations (Liedholm & Mead, 2013). A study by Graves and Thomas (2008) concluded that family business development process depends on commitment toward internationalization, available financial resources and the ability to use the these resources to meet required goals. The consequence will be that family business internationalization depends on their financial resources and for that reason, complicates for non-family-owned businesses in the export process.

The characteristics of SMEs differs from LSEs (large sized enterprises) in several ways (Hollensen, 2007). Initially, companies have different amounts and types of resources. Large firms disposes over a larger amount and variety of resources while SMEs usually have limited resources. Small and large companies also differ in terms of organization and management of the enterprise. Larger companies usually have a formal and structured often hierarchical leadership. The management of the smaller firm is characterized by informality, and one person, the owner often controls large parts or the total business. Hollensen (2007) also addresses risk-taking as a factor varying depending on size of the company. Large firms focus on long-term opportunities and are often risk averse. Furthermore, flexibility in large companies is low while it is higher in smaller companies, this because smaller firms can easier follow changes in the environment. Large companies have greater capability to take advantage of economy of scale.

3.2 Swedish food added value

In recent years, food has received increased focus and people spend both more time and money on food (Livsmedelsekonomiska institutet, 2007). Food production and the origin have

received much attention, which led to that added value of food is discussed more extensively. Added value in food is based on personal preferences and is accordingly, difficult to define. Foods with added value, however, tend to be ecologically produced or manufactured in small-scale (*ibid*). Larger food companies often promote themselves with added value representing the entire Swedish agricultural industry such as animal welfare, food safety and environmental concerns.

Processed foods are considered to have an added value and according to trade organizations and the Swedish Department of Agriculture, processed food has the greatest potential for export among Swedish food products. Processed food is by the Swedish law defined as food, drinks and stimulants intended to be consumed (Jordbruksdepartementet, 2005). The Swedish Board of Agriculture defines processed food as products that requires little or no additional processing before sold to consumer (Jordbruksverket & Statistiska centralbyrån, 2014). Sweden has several, mainly large food companies that had major export successes (www, Livsmedelsföretagen, 2014). These companies mainly produce and export processed foodstuff with added value. Some examples are Almondy who produce frozen cakes, Findus selling frozen vegetables and Åbro and Kopparberg producing beer and cider.

3.3 The exporting firm

International trade has long been dominated by large, multinational companies (Knight, 2000). This trend has decreased and smaller businesses constitute a growing importance for international trade. International trade is important both for small and large companies to sustain sustainable growth and develop the business.

3.3.1 SMEs export

International trade may result in higher sales and increased production volumes which accordingly will lead to increased revenues and growth of the company. A crucial reason why SMEs constitute an increasingly important role in world trade is the Internet revolution, which has brought great opportunities for small businesses to connect with new markets and consumers (De Burca, *et al*, 2004). Internet has given SMEs access to the global market at a low cost which facilitates trade over borders. SMEs have great potential to expand their business and export, however, smaller companies are often more risk averse than larger ones (Brouthers *et al*, 2009). Establishing companies in foreign markets often affect the business positively, although internationalization does not automatically mean that the success will be greater. Brouthers *et al*. (2009) also state that companies advantageously concentrate on one or a few foreign markets to reduce the risk that scarce resources will be diluted.

In comparison with larger firms, smaller firms have several advantages in an export venture. Knight (2001) states that smaller firms are not bound by bureaucratic decisions and costly information systems, which mean quicker decisions and changes. Therefore, smaller firms often are more innovative, adaptable and can more efficiently respond to unpredicted changes. Smaller firms also have a better ability to satisfy special needs of consumers since their products have special characteristics. SMEs can easier offer customers different types of products and satisfy various needs of customers. This can provide great benefits for SMEs to effectively serve the niched market segments.

Opportunities and benefits often end up in the shadow of the difficulties and challenges that SMEs face in an export venture. SMEs and family business often face the same kind of problems and challenges as larger companies (European Commission, 2009; Knight, 2001). However, some of these challenges affect SMEs and family business to a greater extent.

“Barriers to entry that limit international expansion are systematically higher for smaller firms than for larger firms” (Zoltan *et al*, 1997 pp. 8). The challenges arise both from internal and external factors. The internal challenges include, managing the organization, ownership and attracting skilled workforce. The external challenges originate from the environment of the company where policies and institutional framework affect the company. Food exporting SMEs also have difficulties in negotiation with larger retailers because of unequal power relations (Pepe *et al*, 2008). On one hand the interest of small-scale produced food has increased which may facilitate the sales for SMEs. On the other hand SMEs feel the pressure from large retailers and their pressure for profits and margins. SMEs in many cases need to invest in facilities and certifications to engage in trade with large retailers, which requires financial investments. Some SMEs have engaged in this trend and develop their operations to facilitate trade with larger retailers. There are still some smaller enterprises who want to preserve their quality and typical characteristics for the product and for that reason avoids to increase the production.

Fernández and Nieto (2005) have studied a large amount of SMEs and their export activity in Spain. They observed that business growth and export ventures often stagnate because of limited capital, inflexibility of changing entrepreneurial leadership and different desires and goals of family members. Lack of resources and capabilities in combination with a complex and uncertain process affect the entrepreneur's attitude to an export venture. Fernández and Nieto (2005) also stress the fact that family firms and smaller companies have a negative attitude to risk since their resources and capabilities to manage these are limited. Export ventures among family- and small businesses are characterized by uncertainty about foreign markets and the international process. SMEs can expand its operations outside the country first when the company holds resources that allow expansion (Fernández & Nieto, 2005). Financial and human resources, along with a well-planned strategy can lead to companies performing a successful export venture.

3.3.2 SMEs motives for internationalization

The concept internationalization refers to the process of involving in international operations (Chetty & Champell-Hunt, 2000). It is further described to be a sequential process through different stages, where the firm in each stage increases its commitment to international operations. This evolves in that internationalization requires preparation; the degree of preparedness depends upon the firm's ability to carry out strategies in an international marketplace, including personal skills, such as language and the manager's previous experience of international ventures (Hollensen, 2007). Important is, that a well-planned strategy increases the chances to succeed in the international arena. Firms with limited international experience and a weak position at the domestic market have low incentives to engage in international markets. The increased level of internationalization for SMEs can be explained by a less complicated process than before, decreased risk because of lower trade barriers and cheaper and faster transportation (Andersson, *et al* 2004).

Hollenstein (2005) state that firm's incentives for export ventures partly depend upon the company's willingness and ability to identify its comparative advantages in different markets. According to “The new trade theory” firms hold different capabilities such as technologies and marketing skills. These factors affect how the firms act in the domestic market and in foreign markets, independently of the attractiveness of different markets. According to Hollenstein (2005) advantages for exports and international activities depends the OLI paradigm in figure 1, which is one way to explain the international activity of a firm. The “O” refers to ownership, “L” location and “I” to internalising. The “O” specific advantages are

opportunities and benefits arising from the company's availability of human capital, including marketing skills, learning ability, managerial skills, governance and experience of foreign markets but also physical resources. Graves *et al.* (2006) states that to become successful internationally the firm's ability to evaluate and leverage its resources are important to be able to take advantage of the opportunities provided in the international marketplace. The "L" represents how firms can optimize their value chain through changing activities, mainly country specific and depends upon external factors as production and logistic. The "L" advantages also include the ability to reduce different types of costs. The complexity of selecting, entering and monitoring new markets furthermore requires a notable amount of managerial time (Graves *et al.*, 2006; Hollenstein, 2005). Moreover, the "I" refers to "The new trade theory" and how firms can change the activities to succeed in an export venture. This can be done in several ways, through cooperation with other companies, mergers and acquisition or by forming alliances. "I" advantages also takes control over operations and transactions cost into account. The OLI paradigm basically shows how companies can influence their circumstances and thereby succeed with an export venture. The three specific advantages affect the motive and success of an internationalization process, in this case an export venture. Hollenstein (2005) states that the ownership specific advantages such as human capital and knowledge about foreign markets seems to affect SMEs international activities the most. The paradigm does not take into account forces of the worldwide economy.

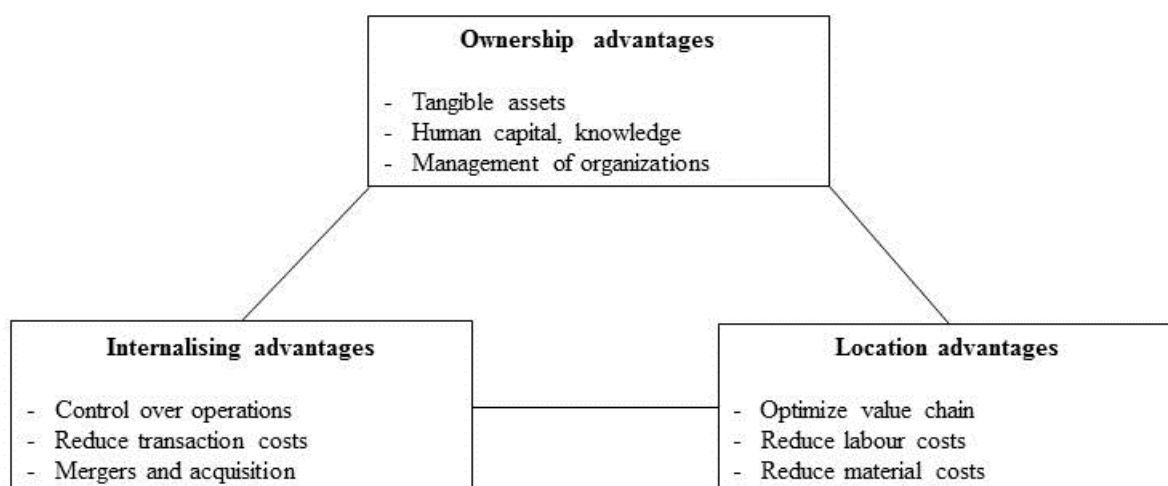


Figure 1: The OLI – paradigm (own modification of Hollenstein, 2005).

Starting to export is often a first step towards international activity, especially for SMEs (Zoltan *et al.*, 1997). The reason is that direct exports of products mean less investment than investments to establish the company on a new market. Traditionally SMEs have a strong position on their domestic market and a great importance for the economic growth of their domestic country, one reason why the main part of SMEs remain at home. The process of only acting on the domestic market to start export is complex and influenced by many factors (Øystein & Servais, 2002). If a company decides to start exporting a process of development of knowledge and experience starts. The process is interplay of knowledge about foreign markets on one hand, and allocation of resources to foreign markets on the other hand. SMEs gradually start to engage in international activity when resources and knowledge allows.

3.4 Export marketing strategy

Strategies are often a mix between the planned strategy and the emergent (Hollensen, 2007). The strategy planning approach assumes progressive serial steps of goal setting, analysis, evaluation, selection and implementation to realize the optimal long-term direction of an organization. Furthermore, De Burca *et al.* (2004) states that smaller firms benefit even more from a well-developed export marketing strategy. Cavusgil and Zou (1994) states that companies can improve their export performance through implementation of appropriate marketing strategies. Important variables that further affect the performance are firm competence, management commitment and marketing variables. Exporting furthermore means reduced production costs, stabilization of demand, reaching new markets and creating experiences for future internationalization (Lages & Montgomery, 2004). Poor performance in the export market can be related to a lack of proper strategy planning, poor choice of distributors and errors in price setting (*ibid*). The strategic behavior of a firm depends on the competitive structure within the industry. Industries such as dairies and foods are regarded to be more culture bounded.

The global marketing concept refers to satisfy the global customers needs better than competitors and coordinate marketing activities to the constraints of the global environment (Hollensen, 2007). The size of the firm is often positively related to the intensity of its export. As stated before, SMEs are often characterized by limited financial resources, which make them dependent on short-term results for survival. It is as a result harder for SMEs managers to cope with low business performance (Lages & Montgomery, 2004). Focusing on short-term opportunities can be beneficial because of higher flexibility and the owner/manager are directly and personally involved in the decision making throughout the enterprise (*ibid*). Furthermore, a strength of SMEs is that once they get involved in exporting, the commitment is strong, which is essential for building strong relationships with the importer, which also increases the competitive advantage.

Mintzberg (1978) defines the concept of strategy as the determination of basic long-term goals, objectives of the enterprise and allocation of resources that are needed to carry out these goals. Two kinds of strategies were identified referred to as *intended* and *realized*, these are outlined in figure 2 below. Intentions that are fully realized can be called *deliberate strategies*, and those not realized can be called *unrealized strategies*. The third case called *emergent strategies*, describes patterns that are realized that were not expressly intended, where the manager makes diversified decisions, one at the time, in effect of testing the market (Mintzberg *et al.*, 2009). There are several advantages and disadvantages with conducting a clear strategy. A strategy gives a clear direction for the organization, but focusing too hard on the strategy may distract the focus from potential dangers. Thus, strategy helps to define the organization in a shorthand way and provides order and consistency, though creativity thrives in inconsistencies.

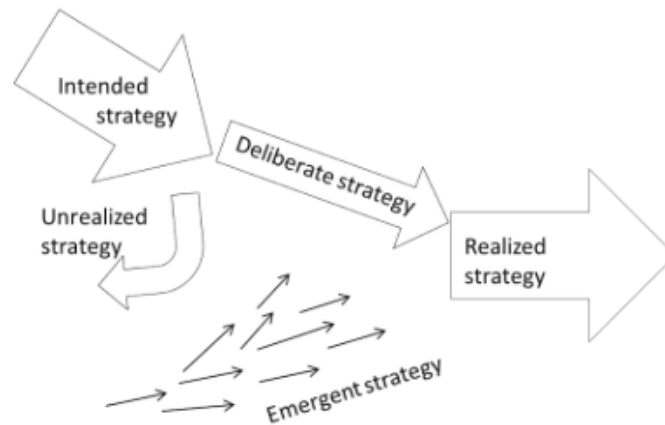


Figure 2: Intended and realized strategies (own modification of Mintzberg, 1978, pp. 945).

The approach in figure 2 assumes progressive series steps of goal setting, evaluation, analysis and planning to implement and achieve an optimal long term direction for the organization (Hollensen, 2007). Another strategic management approach is logical incrementalism, where adjustments of the strategy change flexibly and experimentally. The performance of export can impact the marketing strategy decisions (Lages & Montgomery, 2004). In SMEs, export managers tend to have incentives to their short-term results, and their position may be exposed to risk if the export performance is not satisfying. A strategy is not a fixed plan neither does the strategy change systematically after the will of the management (Mintzberg, 1978). Stating precisely goals, assessing the strengths and weaknesses of the organization, scheduling and form the resulting strategy are often to general, which can be misleading for organizations that face a confusing reality.

3.5 Entrepreneurship

Knight (2000) suggests that marketing strategy may be supported when management has an entrepreneurial orientation. Entrepreneurship reflects the firm's incentives to engage in innovative, risk seeking and competitively behavior to achieve strategic objectives. Regardless the importance of SMEs in international businesses, there is little research assessed to the role of entrepreneurship and its linkage to marketing strategy and corporate performance in such firms (*ibid*).

3.5.1 Contextualized entrepreneurship

Complex and uncertain markets often needs a strong entrepreneurial posture in developing strategies. Furthermore, SMEs with entrepreneurial orientation will be better off than those that lack such an orientation.

The process of context making can define contextualizing. Van Oers (1998) defines contextualizing as a process of adding new meaning to a situation and characterize the situation for what could be done. Welter (2011) describes the concept contextualize entrepreneurship as providing individuals with entrepreneurial opportunities and set boundaries for their actions. The concept of context gives an understanding for when, for who and where entrepreneurship happens, context shown in figure 3 below. Welter (2011) explores the multiplicity of contexts and their impact on entrepreneurship. Context can further be described as situational opportunities and constraints that affect behavior. "Who" refers to the impact of context on entrepreneurship, the person that enters entrepreneurship and the

ventures created. The “where” and “when” dimensions are of particular interest. “Where” refers to the locations where entrepreneurship happens.

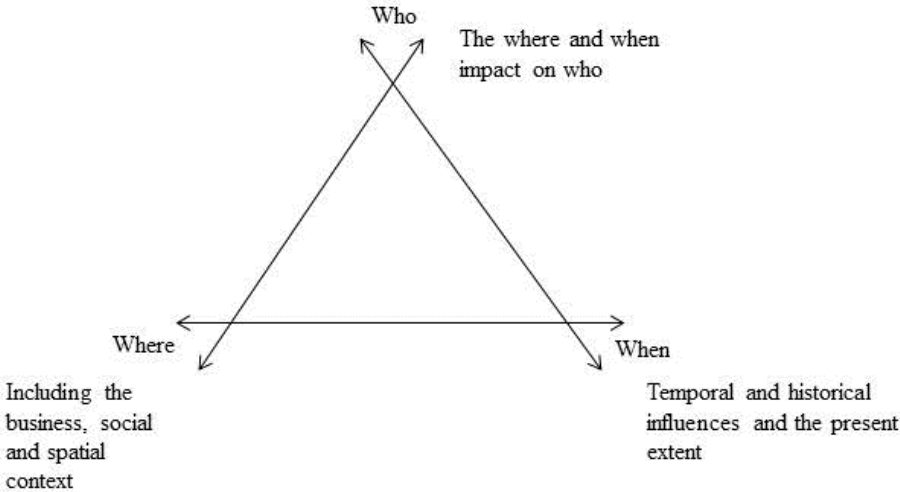


Figure 3: Context of entrepreneurship (own modification of Welter, 2011).

The “where” dimension can further be developed into the main types: business, social, spatial or institutional. It refers both to distal contexts, such as countries, politics and society, as well as the local neighborhoods of the venture that impacts “who”. The “when” dimension refers to the temporal and historical context that influences the entrepreneurship. This study will mainly focus on the “where” dimension, that is outlined in table 1 below.

Table 1: Contextualized entrepreneurship from the “where” dimension (Welter, 2011, pp. 168).

Context	Omnibus	Examples
Business	Industry, market	Stage of life-cycle, number of competitors
Social	Networks, households, family	Structure of network, relations, roles of households
Spatial	Geographical environment; Country, neighborhood, clusters	Characteristics of business location, infrastructure
Institutional	Culture & society; political and economic systems	Societal attitudes and norms, legal & regulatory system

Table 1 shows some empirical insights to the where dimension in different contexts. Each section outlines different aspects of respective context. The context provides opportunities for the entrepreneur to assist the company. In other words, context of how higher level of analysis

interacts with the lower level and results in a specific outcome. It will further be discussed how it affects the entrepreneurship. This study leaves out the institutional context, which is a review on politics and the economic systems impact on entrepreneurship (Welter, 2011). Instead, it focuses on the business, social and spatial ones, to be able to illustrate the multiplicity of context.

There are many activities and practices in a variety of social economic, political and family spheres that are related to the term of entrepreneurship (Fletcher, 2007). The business context is a review of how the industry and market impacts on entrepreneurship. The social network describes how a network can provide financial capital, information, potential employees, or access to clients, encouragement and the support of family and friends. Social ties are shown to be an important resource to manage liabilities in the starting process of an export venture. The context explains how opportunities are revealed through social contacts (Welter, 2011). Not only does the social context influence entrepreneurship, the context is influenced by actions of individuals and human relations (Fletcher, 2007). The context has further been incorporated with household and family in the context of entrepreneurial activities. The social context and the applied family perspective to entrepreneurship demonstrate the value of going beyond the social network perspective to find opportunity recognition, the entry to entrepreneurship and the enterprise development (Welter, 2011). Entrepreneurship is also developed from spatial and geographical context. Which involve community entrepreneurship, neighborhood entrepreneurship and other different forms that encourage local entrepreneurship. Entrepreneurship in neighborhoods contributes to a sociocultural perspective which highlights the power implications that social and spatial context may have for entrepreneurship (*ibid*). On the other hand, the spatial and social context can be affected by social boundaries of neighborhoods and communities that can be bounded by culture based rules and shared opinions.

Contextualizing entrepreneurship is intended to make entrepreneurship theory more sensitive. Context enables a deeper insight into how entrepreneurs interact with situations and how situations influence entrepreneurs. Previous studies of entrepreneurship taking context into account often focuses on one single context (Fletcher, 2007). The article argues that entrepreneurship is taking place in intertwined social, social and geographical contexts. These are changing over time and can be perceived as a liability or asset by entrepreneurs. Context can explain why some entrepreneurs are able to recognize opportunities and the difference of entrepreneurial activities in different regions and sectors.

3.5.2 Entrepreneurial orientation

Knight (2001) investigates the role of key orientations and strategies in SMEs internal environment and argues for the critical role of international entrepreneurial orientation and other strategic variables. Key theoretical perspectives described are *resource based theory* and *strategic behavior theory*. Resources include assets, information, capabilities, knowledge and technology. These factors are controlled by the company and are important determinants of performance and strategy (*ibid*). The resource-based theory helps to explain how strategic approaches, managerial orientations and such factors can serve as advantages in international activities. The strategic behavior theory posits the firm's transactional business to maximize profits through improving the competitive position. The theory is used to predict the SMEs international efforts, in order to reach our aim. Furthermore, the theory helps to explain why the enterprise might use particular strategic approaches to gain long-term competitive advantage.

The terms ‘orientation’ and ‘strategies’ appear to be important factors in SMEs export process. Orientation defines the firm's culture, beliefs and values that the management spread in the organizations. Strategies emphasize the firm's ability, environmental interaction and how the organization will achieve the objectives. Together the firm's orientation and strategies are intended to achieve desired performance (Covin & Slevin, 1991).

Knight (2001) terms the international success factors for SME as *international entrepreneurial orientation*, casted by the orientation level (*strategic competence, technology acquisition* and *internationalization preparation*) and framed at the strategies level. It further emphasizes the innovation, risk taking and proactive approach to do business in foreign markets. Knight (2001) suggests that entrepreneurial orientation is among the most important success factors in the overall performance of SMEs that are acting internationally. It further reflects the firm's intentions to engage in innovative, risk seeking and proactive behaviors to achieve competitive and strategic performance. The steps of international entrepreneurial orientation are described in figure 4 below.

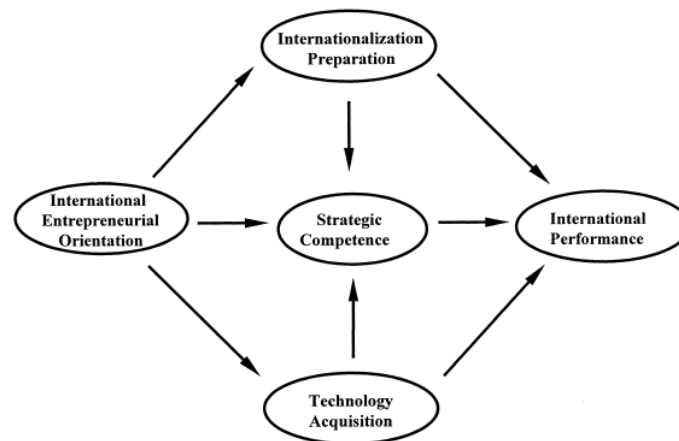


Figure 4: Conceptual model of entrepreneurial orientation as a key performance relation in the international SME (Knight, 2001, pp. 160).

The management in entrepreneurial firms may have greater incentives than other firms to establish strategies to maintain or improve its performance, both for firms operating at home and abroad (Knight, 2001). *Strategic competence* describes the management's skills to perform R&D, marketing, product development and distribution. Due to Porter (1991) foreign markets often involve uncontrollable challenges strategic competence is to be especially important for international success in resource constrained SMEs. *International preparation* entails preparation activities such as market research, product adaption to the new market and commitment of resources for international market operations, which also entails commitment of human and financial resources (Knight, 2001). Firms should generally standardize their products and offers within the context of the global market. *Technology acquisition* allows the firm to compete more effectively and launch products that better satisfy foreign customers. Together these factors align with the *international performance* that measures money-making activities such as market share, sales growth and return on investment. Without sustainable and satisfactory outcomes the operation will not survive, which makes the performance the most important dimension of its overall operations. The international entrepreneurial orientation is an important driver with above-mentioned parameters and is key factors to the firm's international performance.

3.6 Corporate networks

Corporate networks can provide useful information about business opportunities, foreign markets, problems or obstacles involved in the process of export (Fernández & Nieto, 2005). Contact networks are significantly more likely in an export venture, it may reduce risks and lower the effective cost in the process of internationalization. Business networks can be explained as sets of firms that are connected or as a set of relationships between firms or companies joining together with a common objective (Fernández & Nieto, 2005; Gilmore *et al.*, 2001). Strategic alliances have reached increased popularity within internationalization among entrepreneurial firms. Gilmore *et al.* (2001) states that networking is useful for marketing. Networking involves activities such as personal-, social-, business- and industry networks. Furthermore, networking in SMEs tends to be loose, informal, unstructured, reactive and conforming to industrial norms.

Collaborating with other organizations is one way for SMEs to market their product effectively and provide support services. Lee *et al.* (2009) also states that SMEs are flexible and more innovative in new areas. In conclusion strong ties with larger firms can limit alternatives and opportunities for SMEs, innovative SMEs are instead more likely to make external networks with other institutions. Collaborating with larger firms can provide opportunities, but on the other hand take away the opportunity to compete against them. SMEs use external partnership to be able to concentrate on production and remain a higher level of internal competence. SMEs commonly specialize their marketing in a specific area, an involvement in network can be an effective way to reach a wider market and acquire core competences to improve their ability to meet competitors (*ibid*). Understanding the role of intermediary instances can emphasize SMEs ability to collaborate in networks and work together more efficiently. The concept network management includes instances of advisory boards and consulting services that can contribute with general management, product development for new markets and tax, law and financial issues.

3.7 Summary of theories

The theoretical perspectives presented above are in different ways describing, defining and evaluating strategy, entrepreneurship and networking in food processing SMEs and family business. In this chapter a collection of theories is presented, all relevant to conclude the aim of the study.

3.7.1 Summary of theoretical perspectives

Table 2 below, summarizes theories, key concepts and references.

Table 2. Summary of relevant theoretical perspectives.

Theory	Description	Key references
SME & family business	Describing characteristics of SMEs and family businesses in exporting ventures. Defining resources and motivations for export ventures.	Fernández & Nieto, 2005 Hollensen, 2007 Hollenstein, 2005 Knight, 2001 Liedholm & Mead, 2013
Export marketing strategy	Relation between marketing strategy in smaller firms and success in the export venture. SMEs may have benefits from well-conceived export marketing strategies.	Cavusgil & Zou, 1994 Lages & Montgomery, 2004 Mintzberg, 1978
Entrepreneurship	Entrepreneurship in relation to strategy for SMEs. Marketing strategy is supported when the management has an entrepreneurial orientation.	Fletcher, 2007 Knight, 2000 Knight, 2001 Welter, 2011
Network	Networks through intermediary organizations can provide useful information about business opportunities, challenges and problems involved in the process of export.	Fernández & Nieto, 2005 Gilmore <i>et al</i> , 2001 Lee <i>et al</i> , 2009

3.7.2 Theory composition

First, SMEs can expand their operations to foreign markets when there are enough resources to engage in such challenges (Fernández & Nieto, 2005). An export venture is complex and can therefore not be explained by one single theory. A theory outline is presented in figure 5 below. It is of relevance to define *SMEs* and *family business* since SMEs differs from larger enterprises in various ways, such as financial assets and knowledge (Hollensen, 2007).

Furthermore, it is of relevance to distinguish characteristics of family business because it is common in food processing SMEs in rural areas, family business are strongly affected by commitment to ownership and the business (Liedholm & Mead, 2013). Distinctive for SMEs are informal leadership and flexibility in the organization (Knight, 2001). Moreover, SMEs have a better ability to satisfy special needs and produce unique products. Hollenstein (2005)

describes the *OLI theory*, analyzing competitive advantages for exporting SMEs and the firm's incentives for export.

The section on export *marketing strategy* highlights the planning approach to realize optimal goals. By implementing appropriate marketing strategies companies can improve their export performance (Cavusgil & Zou, 1994). According to Mintzberg (1978) there are both advantages and disadvantages to conduct a clear strategy, it gives a clear direction, though, it may reduce the flexibility. Furthermore, SMEs are often dependent on short term results and therefore need to make fast decisions (Lages & Montgomery, 2004). This confirms the strength in SMEs in its unherent flexibility in that the manager often is directly and personally involved in the decision-making. Furthermore, marketing strategy may be supported when the management has an entrepreneurial adaption (Knight, 2000). *Conceptual entrepreneurship* gives an understanding for where, when and for whom entrepreneurship happens, ultimately providing opportunities to assist the company. International success factors are analyzed by *entrepreneurial orientation*, emphasizing innovation, risk-taking and a proactive approach of making business in foreign markets, to understand how entrepreneurship influences the export process. Moreover, SMEs are innovative and flexible, but due to limited resources SMEs are inclined to involve themselves in *corporate networks*, such as *intermediary organizations* (Lee *et al.*, 2009). These organizations can contribute with consulting services, general management and issues involving export barriers. Gilmore *et al.* (2001) state that in SMEs networking is an important tool for marketing. Together these theories are applicable to investigate the export process in food processing SMEs.

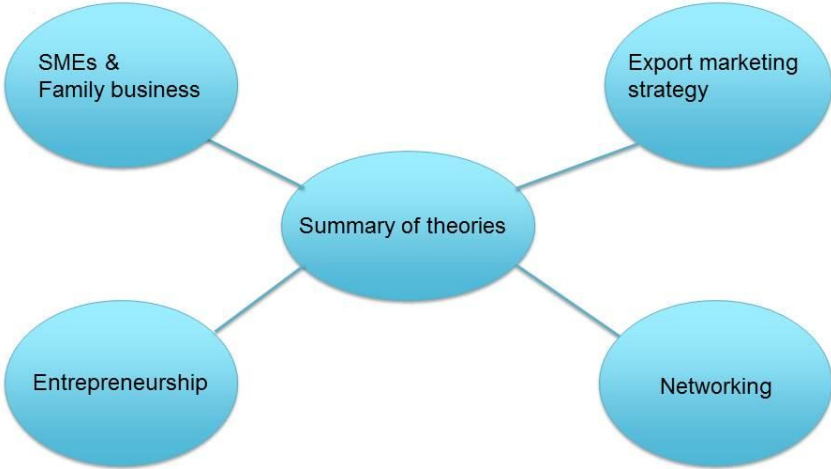


Figure 5: Theory outline (own modification).

4 Empirical data

In the following chapter the empirical data of the case studies is presented, beginning with a presentation of the case enterprises, followed by a presentation of intermediate organizations. The data from the interviews are divided in six sub-headings; *characteristics of SME & family business, creating value, export process, implementation of export strategies, finding opportunities and collaborations.*

4.1 Presentation of case companies

The three case companies are presented below. Data is from interview, websites, newspapers and observations.

4.1.1 Gäsene dairy

In 1931 farmers in Ljung, Västergötland started their own dairy in order to receive a fair price for their products (www, Gäsene mejeri, 1, 2015). In 1952, 921 dairy farmers delivered their milk to the dairy. The milk processed at Gäsene dairy originates no more than 25 kilometers, or 25 minutes by truck from the dairy. Gäsene dairy wants to produce cheese, for that reason all milk delivered to the dairy is approved and certified according to Svensk Sigill, which is a quality certification that ensures food security and improved environmental practices controlled by an independent third party. In the beginning traditional products such as butter, cheese and milk were produced. The dairy experienced eventually high demand for the dairy specialty “hushållsost” and from 1975 the company only focuses on hard cheese production as their core business.

The dairy is an economic association, owned by 36 farmers, where 26 are still active suppliers of milk (pers. com., Pardell, 2015). Remaining ten farmers is no longer active milk producers but is engaged in the association. Gäsene dairy is the smallest dairy in Sweden, the farmers account for 1% of Sweden's total milk weigh-in (*ibid*). The milk is processed into 2000 tons of cheese per year. Furthermore, the trend shows fewer dairy farms but increased milk production, which means the manufacturing of cheese, also has to increase. In the current situation, not all milk delivered by the farmers become cheese, some are sold on to other dairies. Gäsene hopes to increase cheese production and thus process all milk delivered to the dairy. The dairy has capacity to increase production further but if the trend of increased milk production continues, additional investments are required.

The board of the association consists of seven farmers where Kjell-Åke Karlsson is chairman. Since March 1, 2015, the association has a new CEO, Martin Pardell who previously worked on Direkt Chark in Gothenburg and the meat processing company Scan (www, Lantbruk, 1, 2015). He has previous experience in cooperative management but is not as familiar with agriculture as the former CEO. Martin Pardell says in an interview with agricultural magazine Land “*Locally produced is an increasing trend, where Gäsene is a brand to elaborate on. It also exciting to work closer to the owners*” (www, Lantbruk, 1, 2015).

The dairy has 120 employees in total, if the dairy's staff, administrative staff and dairy farms with their employees are added together (pers. com., Pardell, 2015). This makes Gäsene's dairy an important employer in the small community Ljung. There are no external participating interests in the association and economic surplus returns to the farmers. The ownership of the association has resulted in that third-party interest is absent and the association can focus on the owners' interests.

The main market is Western Sweden where most of the cheese is sold (pers. com., Pardell, 2015). There is a strong commitment for Västergötland and the company is strongly involved in sports clubs and sponsors both minor and major sports clubs. The local presence is important and the future vision is to become a local cheese producer in western Sweden. The future objective is to increase cheese production and ensure all milk delivered to the dairy is used in the cheese production. By promoting the farmers, Gäsene wants to contribute to rural livelihood.

4.1.2 Knäck & Bräck

Anna-Lena Brage founded the company Knäck & Bräck six years ago in Östra Tunhem, close to Falköping in Västergötland. In small scale, about 300 units a day (one unit is a package of crispbread) crispbread were baked and sold (pers. com., Brage, 2015). The bread is baked on ancient grains and Brage creates all the recipes herself. After a while the demand for crispbreads increased as did the workload. Hard work and many hours were required to increase the profitability of the company. The markedly increased demand and workload forced Brage to make the decision to expand operations or quit the company. Then decision was made to invest in a new bakery and develop the company.

Such an investment requires capital and the bank was skeptical to invest 9 million SEK in a rural businesses with a turnover about one million SEK a year (pers. com., Brage, 2015). Instead, Brage got in touch with an investor with experience in business who was willing to invest capital in Knäck & Bräck. Without the investor who believed in the idea the investment in a new bakery would never have happened. Brage also managed to get a loan of 25% of the invested capital from the bank. Invested capital from the investor, the Bank and the Swedish Rural Development Program's contributed to the construction of a modern bakery. Including a specially made bread maker from Switzerland required processing the flour from ancient grains. The new facility was built to also allow for future expansion. In the year 2012 former Minister for Rural Affairs Eskil Erlandsson inaugurated the new bakery. Now, a few years later, the economy and the business are in balance. The company is owned by Anna-Lena Brage, Niclas Geidvall, Rune Tedfors and Anders Winlöf. In addition to Niclas and Anna Lena two additional people works at the company. Niclas is responsible of the economy and CEO of Knäck & Bräck. Net turnover of the company has since year 2012 increased from 1, 682 million SEK to 3, 845 million SEK in 2014 (www, Allabolag, 1, 2015).

The bakery distinguishes itself against many other bakeries because the cereals used to crispbread delivered from the mill Levene, with grains harvested in a fifty kilometers radius (pers. com. Brage., 2015). The eight grain farmers who deliver their grain to the mill Levene are included in the economic association Wästgötarna. The association cultivate, process and deliver ecological, KRAV certified grain products (www, Wastgotarna, 1, 2015). The farmers cultivate around 50 historic grain varieties with the objective of preserving the diversity of Swedish grain production. Knäck & Bräck wants to contribute to the conservation of ancient grains varieties and values the cooperation Wastgotarna a lot. Brage explains in an interview with Landsbygdsnätverket why she believes in Wästgötarna as the ultimate suppliers of grains. *"Good raw materials mean everything to us. Our crispbread is baked at the same grain that has always been grown here in Falbygden. Ancient grains are extremely healthy. Spelt and emmer contains antioxidants, the body's own antibiotic and has a low GI"* (www, Landsbygdsnätverket, 1, 2013).

4.1.3 Larsviken

Larsviken is located in north-west Skåne and consists of two companies, Larsvikens Lantbruks AB and Lanthandeln in Viken. The company was founded in 1990 by the siblings

Bitte and Bertil Larsson, they are the seventh generation on the farm and very involved in Swedish agriculture and the future of the agricultural industry. Larsviken is a family business and all family members are involved in the company. In total, are 5.5 persons employed in the companies Larsvikens Lantbruks AB and Lanthandeln in Viken.

The farm consists of 70 hectares, mainly sandy soils that are suitable for the cultivation of root vegetables, potatoes, parsnips and beetroot (www, Larsviken, 1, 2015). Larsvikens Lantbruks AB is responsible of production of potatoes and root vegetables. The production also includes a number of animals as part of recycling principles in the yard. The whole potato production in Larsviken is certified by Svensk Sigill.

“Chipseriet”, the farm's own facility for potato chips manufacturing is a part of the production within Larsvikens Lantbruks AB. The manufacturing of potato chips began about ten years ago. Larsvikens Lantbruks AB has a large collection of potato varieties where some varieties are grown each year to preserve genebanks and old varieties (pers. com., Larsson, 2015). The production is costly but Larsviken still want to continue with the preservation of varieties. In order to offset the costs that the preservation means, the idea to start production of potato chips was brought. The idea came true and the potatoes were transported to a smaller chip manufacture in Laholm called Gårdschips. After a few years, the owners decided to sell Gårdschips. Larsviken took the decision to construct their own potato chips manufacturing facility on the farm. It would mean less transportation and more control on production. In year 2012, the potato chips factory was completed with parts from the whole world. The company cares about local produced and buy cold-pressed rapeseed oil from a nearby farm. Larsviken potato chips is the only chips producing company in Sweden who complete the entire supply chain, from growing potatoes, frying, packing and sales (www, Larsviken, 2, 2015). The potato chips are sold under the trademark *Larssons Chips*.

Besides the production part is Lanthandeln in Viken with the function is to sell what Larsvikens Lantbruks AB produces (pers. com., Larsson, 2015). The shop was established to separate production and sales. Lanthandeln in Viken has multiple channels for sales such as web shop, farm shop, sales through distributors within Sweden and exports. What is distributed through Lanthandeln in Viken is mainly what is grown and manufactured on the farm such as potatoes, root vegetables, potato chips, seed potatoes and meat from animals on the farm. In the farm shop other foodstuffs and some home furnishings are sold. During the spring, large quantities of seed potatoes are sold to consumers who want to grow their own potatoes. Lanthandeln in Viken is an important importer of seed potatoes from Scotland. They collaborate with an actor in Scotland since the cultivation and processing of potatoes is limited in Sweden (*ibid*). Larsviken selects some of the varieties that they believe can be appreciated by small-scale growers in Sweden. The seed potatoes are sold through garden fairs, the farm shop and the web shop. The effort and money spent on maintaining different potato varieties are not only made for Larsvikens own sake. Primary focus is on Swedish agriculture, Swedish countryside and conservation of varieties. In an interview with the Swedish certification company Sigill Kvalitetssystem AB Bertil Larsson says “*We have to actively cultivate the land and exploit opportunities. It is the prerequisite for a living countryside*” (www, Sigill, 1, 2015). Currently, the potato chips generates money and Larsson thinks it will be the same in the future, if not Swedish agriculture is undergoing a radical change.

4.2 Presentations of intermediary organizations

The case companies in this research have used intermediary organizations in their export venture for educations, consulting and market researches. The export organizations are presented below.

4.2.1 Business Sweden

Business Sweden was formed in January 1, 2013 by merging of Exportrådet and Invest Sweden (pers. com., Hackl, 2015). The organization aims to strengthen Sweden as an energetic, innovative and competitive business partner. With focus on Swedish advantages, Business Sweden wants to make it easier for Swedish companies to increase their international activities and promote foreign companies to invest in Sweden. Business Sweden is owned by the Swedish Government and the business community, represented by the Ministry of Foreign Affairs and the Swedish Foreign Trade Association. Business Sweden has offices in about 60 locations around the world, mainly in places where there are of interest for Swedish companies to do businesses (*ibid*). Business Sweden is also in contact with well-established entities in foreign markets, and in the food industry which may facilitate for Swedish companies to enter the market. In places where Business Sweden is active they may assist Swedish companies in conducting market research, and finding suitable business opportunities, customers, agents and distributors. They can also help with presentation of the companies and arranging events. Business Sweden works to benefit both large and small companies in various industries. The work involves both to developing companies existing export, and advice companies in a new export venture. On the organizations website the aim of Business Sweden is described as following “*One of Business Sweden's tasks is to in different ways support small businesses who have potential to grow and become strong in foreign markets*” (www, Business Sweden, 2, 2015).

Swedish food exports have previously achieved some major successes (pers. com., Hackl, 2015). For several years, Business Sweden engaged in “Food from Sweden” where the objective were to create reports, identifying markets and create business opportunities for Swedish food companies. The steering committee in “Food from Sweden” consists of representatives from Business Sweden, the Ministry of Foreign Affairs, Department of Agriculture, Livsmedelsföretagen and representatives from the Swedish business sector. The composition includes different sectorial interests.

Business Sweden has services that are specially designed for their advisory work for small businesses (www, Business Sweden, 1, 2015). This includes both regional advisors in Sweden and business developers in foreign offices. Some services that Business Sweden offers smaller enterprises are the program Steps to Export, market analysis of potential markets to export to and the service “Connect” where Business Sweden acts as a local business supporter.

4.2.2 Swedish Menu

Swedish menu is a corporation, founded in 2010. The company is a wholesaling business, focusing on export and marketing of Swedish food culture, mainly cooperating with smaller food processors (pers. com., Bender Larsson, 2015). The concept was inspired by the vision of “Sweden - the culinary nation”, invented by previous government to promote and expand the export of Swedish foodstuffs. The idea is to support food processing SMEs with their export venture. Common to these companies is their focus on their domestic market and diminish the opportunity to enter new markets. The interest for local and regional food is increasing, with world famous chefs that give Sweden attention of being a gastronomic

nation abroad (www, Swedish Menu, 1, 2015). Some Swedish foodstuff is especially attractive on foreign markets, where Swedish menu find the potentials and can act as a business partner. An example is the collaboration with Knäck & Bräck where Swedish Menu manages the export sales. In some cases Swedish menu do consulting, but mostly services are sold directly. Swedish menu works with products that are exported worldwide, markets depends partly on the customer and where the products are attractive.

4.3 Characteristics of SME & Family Business

Smaller companies are often more flexible than larger ones and can more easily respond to special request by customers. They are also very involved and engaged in the issues related to export, where they more easily can change parts in production after requests to better meet demands (pers. com., Bender Larsson, 2015).

Martin Pardell at Gäsene dairy primarily sees advantages of being a small food producer (pers. com., Pardell, 2015). By being a small dairy, they can specialize and still maintain security in an era when the crisis in the dairy industry is a fact. Moreover, the closeness to the primary producers raises loyalty among customers. The positive sales in Sweden are also affected by the trend of locally- and small scale produced food. A part of Gäsenes success lies in the history and storytelling behind the company. Experiences and knowledge about cheese production in the context of local presence and closeness to the dairy increases consumers' willingness to pay a higher price. As a smaller food processing enterprise, Gäsene has advantage of flexibility.

Pardell (pers. com., 2015) also mentions some challenges of being a smaller enterprise. The production capacity can be a limiting factor (pers. com., Pardell, 2015). Another challenge is the food certifications that differ between countries. Gäsene dairy and the cheese production is IP certified which is a certification that is suitable for small and medium-sized food processing companies. The certification includes everything from production, packing, hygiene and traceability and is also an important certification when exporting. The certification is usually sufficient, Gäsene plans to expand its certification to facilitate trade further, which is a complicated and time consuming process.

There is an ongoing crisis in the dairy industry today but that has not impacted Gäsenes economic association, but it is noticeable (pers. com., Pardell, 2015). The economic situation of dairy products on the market and low prices also affect the economic situation in Gäsenes economic association. The milk that does not become cheese is resold to other dairies and Gäsene is forced to sell the milk at a lower price than before (www, Ja, 1, 2015). The lower price would need to be accompanied by the cheese price. The problem is that the current dairy crisis also affects the price of cheese and the market is highly competitive.

Brage (pers. com., 2015) describes benefits for smaller company like Knäck & Bräck. The company is large enough to produce the quantities customer demands. There is a flow-in production and the customer does not need to wait several weeks for the next delivery, hence there is a supply security (pers. com., Brage, 2015). Knäck & Bräck is to classify as a smaller food manufacture and Brage points out several advantages for the company. A smaller food processing company such as Knäck & Bräck can be more flexible and follow unexpected changes. Brage (pers. com., 2015) also says there are advantages in producing private label products and satisfy desires of customers when being small.

In the start-up phase when Brage ran the business herself the flexibility was even higher (pers. com., Brage, 2015). When the business expanded and employees were required, Brage had to

release control and trust the employees. In the beginning it was a challenge for Brage to work with a team of staff, planning for the employees work and not control the entire operation herself. To expand the business and employing staff involved some difficulties. As Brage always has had a key role in the business she had to instruct everyone involved about recipes and practices. Also Nicklas had an important role, he was the only one capable handling the machines. The limiting factor in production is packaging, the manual work and keeping low stocks. Early on, manual baking was the norm, but now with the new machines the production is much more efficient. These factors led to vulnerability of the company. Nowadays the company has a team of staff who are aware of their professional roles and tasks. The efficiency is also visible in the company's finances in the form of increased turnover and reduced costs. The expansion of the company succeeded after a lot of work and dedication. Small companies grow from an idea to a conviction of the value of the product and the consumer's willingness to pay. In Knäck & Bräck there is a strong belief in the Swedish countryside and consumers' willingness benefit the rural entrepreneurship.

Larsviken is a family business and Larsson mentions some difficulties of being a smaller food producer among the larger ones (pers. com., Larsson, 2015). One of the main challenges is the logistics and to get the products into the markets. Larsson points out the importance of not allowing this to limit smaller companies, because it is an affordable problem. Larsviken had an advantage since they already was in contact with DHL (transport company) owing to the web-shop. *"It is a lot of logistics that can be perceived as tough for a smaller food company"* (pers. com., Larsson, 2015). The web-shop has significant source of sales, and more consumers have begun to shop there. However, the sales of potato chips are limited in the web-shop, seed potatoes account for the largest share of sales in the web-shop. The fact that Larsviken is a small family owned company has resulted in no time or capital spent on marketing of the potato chips. Previously the potato chips were marketed at food fairs and similar events. With limited resources, Larsson (pers. com., 2015) believes that the best marketing is consumers who recommend the potato chips to other consumers. Larsviken have also had the benefit of chefs who speaks well about their potato chips.

Larsviken has distinct traits of a family business since the whole family is deeply involved in the company (pers. com., Larsson, 2015). The work is divided among family members, some are working with the farm and some with chip manufacturing and sales. There is a strong desire to preserve and develop what has been in the family for generations.

4.4 Creating value

At Gäsene dairy marketing are made through fairs, demo and sponsorship. Gäsene has a strong local connection where owners and workers lives close by the dairy (pers. com., Pardell, 2015). The neighborhood is important, where employees are loyal and the farmers proud owners. At both the domestic and foreign market Gäsene wants to appear as a premium label and keep high standards.

Also Knäck & Bräck put a lot of time and money to create crispbread with added value. Brage (pers. com., 2015) believes that it is important to have an overall concept, from production, manufacturing and packaging (pers. com., Brage, 2015). Through "Sweden-the culinary nation", the interest of Swedish-produced food increased and also the awareness among customers. This has affected Knäck & Bräck positively. Crispbread is a genuine Swedish product and Knäck & Bräck can take advantage of storytelling and conservation of cultural heritage through the use of ancient grain varieties. Consumers buying crispbread from Knäck & Bräck are aware of the product's added value and are willing to pay extra. The higher price,

results in part from the handcraft that requires more staff and increased costs from the purchase of unusual varieties of grain. Brage believes that the added value of the product is also created by increased employment in rural areas. To convey the added value of the product, social media such as Facebook and the own website are used extensively.

Brage (pers. com., 2015) talks about the challenges of establishing a brand. She believes that small companies need a brand as much as larger companies. It takes time and is money consuming to create a brand that can be ruined in one night. The crispbread is packed in attractive packages that will be a pleasure to give away. Previously the crispbread was packed in unstable packets resulting in that the package fell down and the crispbread broke. Brage (pers. com., 2015) was inspired by the tubes that the Pringles chips are packed in and now some of the crispbread are packed appealing pipes. To sell healthy crispbread in pipes that resembles chips packaging has been appreciated, especially in the export market. In the export market there are certain problems with the protection of the brand. For that reason the crispbread are sold under the name “Swedish Crispbread” and instead protect the brand with a baking roller.

Added value is an important concept at Larsviken. The potato chips have high USP (unique selling points), which is a term used to distinguish products from others. All potatoes and vegetables used in the production are grown on the farm and Larsviken is the only potato chips producer who fries in 100% cold-pressed rapeseed oil (pers. com., Larsson, 2015). The production of potato chips from soil to bag is one of the most unique features of Larsviken. In year 2012 when the own facility for potato chips production was completed a decision was taken to call the facility “Chipseriet”, since Larsviken do not want to call the plant a “factory”.

Larsviken wants to sell potato chips to customers who understand the added value and therefore are willing to pay for it. Within Sweden, potato chips are delivered to exclusive shops with conscious customers, which mean that the price level can be maintained (pers. com., Larsson, 2015). The entrepreneur must be able to speak for the product, sell the product among retailers and get consumers to understand the added value. Unless retailers understand the added value of the product there is a risk of failure. The higher prices have to be balanced by added values if the potato chips are to be sold. On the export market the retailers determines the prices but Larsviken want them to keep a higher price for not being classified as a low price product.

In Sweden there is a possibility to produce unique products with contents and taste because of culture, traditions and geographical locations. Generally Swedish food is classed as clean and to be somewhat organic (pers. com., Hackl, 2015). Swedish foodstuff are attractive on neighboring markets, such as Germany, UK and Belgium, where the Swedish brand represents quality and the products sometimes have a slightly higher price. Commonly company's request help and a partner that can introduce the company into foreign markets. Smaller companies with limited resources can have hardship to meet the demands and restrictions on foreign markets. Europe is the largest export market, mainly because it is easier to export food within the EU, with similar trade and food restrictions (pers. com., Bender Larsson, 2015). There is an increased export of Swedish foodstuff, which may be a result of the effort from the Swedish politics. Swedish chefs and gastronomy have contributed to spread the knowledge of the Swedish kitchen. Concepts popular among Swedish consumers are locally produced food, a concept Swedish menu not can use in their export marketing campaigns, as it is not locally produced in foreign markets. Instead it is important to highlight

the quality of Swedish foodstuff, furthermore storytelling and the entrepreneur behind the product is of interest. For example Knäck & Bräck added values are the importance of quality on raw materials and healthy ancient grains. Furthermore, selling points for Swedish products are clean water and slowly grown berries which contributes to greater tastes.

4.5 The export process

An export venture is costly, involves large investments before the end customers is reached (pers. com., Bender Larsson, 2015). Furthermore, such a venture takes time and involves risk.

4.5.1 Coincidences leading to export

Gäse export cheese to Hongkong, United States, England and Russia. The most important markets are US and Russia, where they hardly produce any hard cheese domestically. In Russia the cheese are sold under a brand called Winina (pers. com., Pardell, 2015). It is mainly westerners and swedes abroad that buy Gäse cheese. Meanwhile, Denmark and Norway are very similar markets, furthermore, Norway has very high export duties on dairy products. In Gäses export ventures they work a lot with export agents and have no actual contact themselves with the end customers. There are various agents depending on country and depending on the knowledge of a particular country's market and export regulations. Currently about 4% of the cheese production goes on export but the number increases every year. The cheese is produced in circular form of 2 kilos, on foreign markets different sizes are requested, such as in Hongkong the cheeses are divided into 250 gram pieces. At Gäse they are interested in expanding to more markets and recently had a meeting with Business Sweden to discuss export opportunities to England. Moreover, Italians eats a lot of cheese and it is a demand for Gäses creamier cheeses there. It is a combination between the Swedish brand and locally produces that enables a demand for the cheese abroad.

In Knäck & Bräck the first export was delivered to Harrods, a department store in London. Through Bender-Larsson at Swedish Menu who recommended Knäck & Bräck for an audition in Stockholm, where they introduced their crispbread and Harrods was interested. After this the export has increased. Today Knäck & Bräck are exporting to Finland, England, France, Switzerland, Hong Kong and Norway (pers. com., Brage, 2015). Norway and Switzerland are key markets. Stockmans in Finland was a main customer, but the market there is strongly affected by the import ban in Russia. Stena Line is also a major customer and at the moment negotiations are underway with Finnair, to sell the crispbread on aircrafts. There is also an ongoing deal in Barcelona. It is generally more exclusive department stores that are attractive for Knäck & Bräck to deliver to. Exports are among 10% of total sales, but a vision is to increase the export to 50% of production. Challenges today are to make the export more standardized and start working more actively with exports. They are visit Formex food fair twice a year, in the fall and spring, to interact with foreign buyers. Economically Knäck & Bräck are dependent on exporting, but it is still not their most important market. There is still potential to develop export into more markets. In fact, Knäck & Bräck face the toughest competition on the domestic market where crispbread is more common.

In 2011 Larsviken was invited to attend the program Steps to Export through Business Sweden (pers. com., Larsson, 2015). The program involves learning more about the business plan, vision and entrepreneurship. Larsviken was not qualified for the program because of their small size but an export advisor saw the potential in the company and made sure they came with the program. The program was time-consuming, several meetings with participating companies and a lot of work to be carried out in between the meetings. The education brought many ideas and thoughts of how Larsviken could develop in the future.

Through meetings with participating companies challenges and opportunities are discussed and experiences exchanged. Bitte believes that Larsviken benefited from the program, but admit they wouldn't have taken the course without being offered because it was costly.

The education included selection of three export markets that seemed to be interesting. Larsviken chose to focus on Norway and Finland. Norway was chosen first because of their economy and the Norwegians are also the population that eats most snacks within Europe (pers. com., Larsson, 2015). Business Sweden was of great help to find suitable business partners in Norway. When “Chipseriet” was ready for use the export business could start. The first buyer who Larsson met in Norway was very interested and wanted to buy potato chips directly. There is currently no specific department working with administration of exports, those already working in the company handle it.

Whether Larsviken is selling on the domestic market or on the export market, the same concept is used (pers. com., Larsson, 2015). All raw materials are grown on the farm and the potato chips are produced in the “Chipseriet” which results in quality products that are sold at a higher price. These properties are important for Larsviken that does not want to become a mass-producing company that sells products at low prices. The potato chips are and will be unique and produced on a small scale. A large multinational company was interested in buying large volumes of potato chips, however, Larsviken was not interested of the offer. To produce larger quantities for such companies, Larsviken had to change their production and lose their position of power. The demand for potato chips is high and there are opportunities to expand production. The potato chips are not sensitive to economic fluctuations since they are of an exclusive character and conscious customers buy regardless of the economy.

The cooperation with Business Sweden has facilitated the export venture for Larsviken (pers. com., Larsson, 2015). This has meant that they can engage in the agriculture. The program through Business Sweden has also resulted in how to retain customers and contacts on the export market. Larsviken then focused on an export venture to Finland and wish to find a similar buyer as in Norway. Larsson then realized the differences between countries, in Finland the market is controlled by a few large players, which can increase and lower the prices whenever they want. This makes the market uncertain for small enterprises such as Larsviken. According to Larsson (pers. com., 2015) *“that's how business works, it's a risk-taking”*. Uncertainty is also one of the reasons why Larsviken do not export to Denmark despite the advantageous distance. According to Larsson (pers.com., 2015) Danes are difficult doing business with because of their business culture and traditions. It is important to be aware of the differences between countries to avoid pitfalls. Bitte Larsson (pers.com. 2015) states *“You can not have too many export markets, it must be well managed”*.

Business Sweden advises both small and larger companies in an export venture. According to Hackl (pers. com., 2015) smaller companies are in greater need of help during an export venture. Business Sweden often helps smaller enterprises to find business partners on export markets. Smaller companies also find difficulties in the adaptation of products and packaging to meet market demands. An export venture is costly, requires a lot of knowledge and is time consuming, which may be difficult to manage with limited resources. For smaller enterprises there is a challenge of having all the resources needed for a successful export venture, such as financial resources, accounting management, entrepreneurial spirit, willingness to take the risk and at the same time being a good manager (pers. com., Bender Larsson, 2015). For example Knäck & Bräck take external help from Swedish menu to handle the export venture,

meanwhile they can focus on production and development of the company. They are also able to deliver smaller volumes when larger companies often work with delivery standards.

4.5.1 Pitfalls involved

Being engaged in export ventures involves some main risk. There are examples of when the venture has met pitfalls. Such as setting a deal but the customer places a higher demand that not can be met. Furthermore there are different rules of food certification and quality certifications that must be checked in advance (pers. com., Bender Larsson, 2015). An exporting company must carefully consider client's wishes and be able to deliver the required volume with available resources. The exporter should also be aware that language can be a problem. Problems and difficulties can arise if smaller companies invest in several markets simultaneously (pers. com., Hackl, 2015). At Gäsene it involves risk with the export to England where there is though contracts, if Gäsene are not able to meet required volumes, they can be held accountable and get responsible that can lead to bankruptcy (per. com., Pardell, 2015).

Exporting also involves risk with fluctuating currencies when transferring money. Although, at Knäck & Bräck they experience more risk on the domestic market where they have more, smaller customer that demands smaller volumes (pers. com., Brage, 2015).

An export venture is associated with some risks with the customers demand, such as different size of the package and adapted language on the labels (pers. com., Bender Larsson, 2015). Furthermore, there is risk involved with the investment when putting a lot of time and money in an export drive that never happens. Companies should understand that taking risks is needed and it takes time before the venture is assured.

4.6 Implementation of export strategies

Larger companies often work more strategically and follow a well-structured plan while smaller enterprises follow an unwritten plan (pers, com., Hackl, 2015).

As Gäsene is a cooperative it is important that the farmers get paid as much as possible. For Gäsene the main strategy is not to expand, it is rather to be a strong local cheese producer in western Sweden. New markets are sought to be able to spread risks through income from various entities. By increasing the export Gäsene can distribute sales and reduce vulnerability. For the farmers the price of milk depends on sales, where the price is generally higher than average milk prices. Although Gäsene is the smallest dairy in Sweden the development has a positive trend and goes in another direction compared to competitors. Since Russia implemented an import ban there is cheese surplus in Sweden, pushing down the prices, "*it is unbelievably low prices*" (Martin Pardell CEO Gäsene dairy). For the future there are incentives to increase sales to major groceries on the Swedish market, but a problem with groceries is to maintain a higher price level and keep control over price setting. For Gäsene it is important to still assert their added value, which today is what makes them attractive on the local market.

At Knäck & Bräck they normally make long- and short term budgets. The prices of crispbread are set through calculations (pers. com., Brage, 2015). It is the same price on all products to be able to deliver a uniformed product and it is easier for dealers to get a price structure. They want to maintain the image of a delicate product and avoid price pressure, this means that they have declined to groceries such as ICA. The only way for Knäck & Bräck to lower costs is to be more efficient in production because the raw materials and personnel costs are very important and hard to cut down on. By selling through private label, where the customer set

their own label and price, the price setting will not affect their own brand. A strategy is to have good relations to stakeholders, the farmers that supplies grains and always be able to deliver crispbread to customer. By doing what they are good at, baking crispbread, they are not afraid of taking help from others and are not interested in handling everything themselves. Anna-Lena states that it is also important to make the right choices, take care of the brand and be able to say no sometimes. Over the year sales are quite stable but the best seasons are during Christmas, Easter and summer. Furthermore, the staff in stores selling the crispbread is very important, those are the ones who meet the customers, and it is therefore important that they have knowledge about the product and understand the added value. They work with appealing packaging where consumers can see what they buy. Networks and contacts are important to promote the product, an attractive website facilitates, they also have samples in stores, giveaways and sell the bread in Christmas boxes with food from other local producers. Future goals in the company are to grow and still maintain quality and integrity, where there is capacity to further develop the production volume.

At Larsviken an important strategy is to keep the products unique and avoid selling them at low prices (pers. com., Larsson, 2015). With this strategy and profile they can avoid some competition from major multinational snack companies. If all the potato chips would be sold on the Swedish market it would require much marketing to explain the added value, which is costly. The products do not sell themselves on the export market either but Larsson believe that Swedish produced is strong brand abroad. The main goal of the potato chips production and exports is to finance the agriculture and in the future be able to manage an independent agriculture. All the work done in the company is carried out with the same goal, the hope of being able to run a profitable agriculture.

Hackl (pers. com., 2015) at Business Sweden works with the program, Steps to Export and helps companies to develop a deliberate export marketing strategy. Figure 6 shows the arrangement for the program Steps to Export, used as a template for Business Sweden. The programs aims to prepare and analyze all steps in the export venture (www, Business Sweden, 4, 2015). Regional export advisors help develop strategies for both new ventures and development of existing exports.



Figure 6: Business Sweden's plan for development in international businesses (pers. com., Hackl, 2015).

Important is furthermore to be persistent in the process and liaise with the right partners (pers.

com., Hackl, 2015). Furthermore it is important to notice the factors of financial and personnel knowledge resources. An export process is costly and takes time, nothing happens itself. Initially the company should focus on one product/ market and do a good job there before expanding into more markets (*ibid*). It is risky to spread limited resources on several markets. Smaller business although have some advantage due to larger firms, they have the ability to be more flexible. A niche can be an export reason and a strategy for smaller firms and work with details that larger firms often do not care about.

4.5 Finding opportunities

The person behind the export process must have a will of realizing an export venture (pers. com., Hackl, 2015). Astrid Hackl states, “*Export must be something the entrepreneur really wants to do*”. At Swedish Menu they see that Sweden has a lot of entrepreneurs driven by a passion for the country's culinary traditions, in the sectors from food production, farm shops, restaurants and tourism (www, Swedish Menu, 1, 2015). There is always some entrepreneurship behind a company (pers. com., Bender Larsson, 2015). Marketing products to export markets require certain characteristics of the company and the product. The products Swedish Menu works with must be genuinely Swedish and as far as possible contains Swedish ingredients. A history behind the product and the company is also advantageous.

Hackl (pers. com., 2015) states that it is difficult to draw a general conclusion about how entrepreneurship affect the export venture, there are many contributing factors that influences whether the venture will be successful or not. To some extent it depends on the company and the willingness to invest the time, money and personnel effort.

Brage (pers. com., 2015) at Knäck & Bräck grew up in a family encouraging entrepreneurship. There is nothing remarkable to start a company and Anna-Lena encourages it. Her parents run a farm and 1978 they were the first organic farm in Sweden. Furthermore, her sister runs an interior-decorating shop and her other sister manufacturers chocolate. It is important to believe in the idea. At Knäck & Bräck the genuine design of mooses and hearts realize in the basic concept. A main concept is also the recipe on ancient grains. It is also important to keep the whole concept with constant packaging. In the beginning the export was very exciting, but today it has become a natural part of the business and all customer are considered equal. At the moment Anna-Lena and Niclas work weekends and evenings to reach new customers and maintain the existing ones. For Larsviken, entrepreneurship is described as there is no single person behind the export venture, Larsson states “*this is teamwork*” (pers. com., 2015). All persons involved in Larsviken have a vision of being able to support themselves in agriculture in the future.

4.6 Collaborations

For Gäsene networking and strong contacts are very important, they consider that the help from Business Sweden as valuable and they has been a good partner in their export venture (pers. com., Larsson, 2015).

During various events around the world Swedish Menu helps out with logistics and organizes the right products to the right customer at the right time and place. Furthermore, Swedish Menu is cooperating with “Visit Sweden” that works for promoting and marketing Sweden all over the world (pers. com., Bender Larsson, 2015). Swedish menu can coordinate orders on pallets from various product and producers during different events and larger meetings, for example they represented their product in a cooler bag at Bocuse d’Or in Lyon 2015 (www, Swedish Menu, 1, 2015). The strengths of Swedish menu mainly remain on their ability to

coordinating export transportations and facilitate orders in smaller volumes from different manufacturers. Meanwhile it is easier for foreign customers to turn to one organization (pers. com., Bender Larsson, 2015). Commonly, Swedish Menu marketing their products through fairs or sending tastings. Alternatively, a customer that visited Sweden wants specific products delivered, then Swedish menu can coordinates this, and the customer does not need to contact all different producers.

Sweden has fallen behind in promoting their products, compared to Italy and Germany who organize events and are eager to show their culinary culture to other nation's organization (pers. com., Bender Larsson, 2015). This is something Sweden has to be better at.

Companies and organizations have great importance for Swedish food exports (pers. com., Bender Larsson, 2015). Swedish Menu and Business Sweden for example collaborate though their businesses are not completely equal. Business Sweden is an organization while Swedish Menu is a profit-making company. Overall Swedish Menu manages the process over the borders, with coordinating transport, invoices, delivery, and takes care of the administration involved with the export process. Meanwhile, Business Sweden is dealing with smaller businesses, but costs arising make the organization services more suitable for larger enterprises.

One way to find customer abroad is to make contact with ground organization in each country who can help out with finding suitable customers (pers. com., Hackl, 2015). Visiting fairs can also be helpful. It is important to show the product and be seen among foreign customers. A company managing the export process themselves requires time and networking to search for potential customers.

Gäsene uses Business Sweden's services to discuss relevant markets and opportunities. *"Business Sweden has an eye in the markets and can make contact with potential distributors and furthermore discuss a deal"* (Martin Pardell, CEO Gäsene dairy). Gäsene has had some help from Business Sweden and similar organizations to facilitate the understanding demands, business agreements and regulations on export markets. As a small business it is difficult to have knowledge of different requirements and intermediary organizations are very helpful. Within the possible export venture in Italy, Gäsene contacted Business Sweden to get help finding new partners. Business Sweden and their agents have been very helpful, who possess local knowledge, it is difficult for smaller companies to deal with all the knowledge of potential markets, rules and different cultures. Gäsene does not encounter any major risk involved with the export, much depends on partners and the ability to trust them (pers. com., Pardell, 2015). Not dealing with end customers reduce the risk of managing relationships and knowledge of consumer demand. Intermediate organizations therefore facilitates and distributors can manage the marketing. Though it is not always possible to rely on cross border trade.

According to Brage (pers. com., 2015) at Knäck & Bräck the best way to enter new markets are to be out and network to find the customers. Usually it is Brage that search for new customers and then Bender Larsson at Swedish Menu processes the connections. Many opportunities emerge from coincidences. Barge always brings a suitcase with crispbread on travels and sometimes a retailer becomes interested in the product. It is about finding the right people with the right taste. It is Bender Larsson at Swedish Menu who manages sales across borders and customs exporting rules. By working with export in many years she has good agreements with instances abroad. Taking help has meant a lot for Knäck & Bräck, the company is too small get involved in every contract and trade tariffs. Through Business

Sweden Knäck & Bräck was awarded an exporting scholarship to use in the organization, which included the course Steps to Export. Through the course they have developed a clear business plan, it has also contributed to a wider network and help from coaches. The program was helpful and it made them to carefully think through their business plan. Through enlarged network they have also been mentioned in several blogs.

At Larsviken networking is an important part of the export venture (pers. com., Larsson, 2015). The opportunity to participate in Steps to Export was motivating for starting export. Furthermore, through the program they were able to exchange and share experiences with other companies, they also learned how to retain customers and reach for new contacts abroad. At Larsviken they managed the export through contacts with purchasers abroad the imports several other foodstuffs. It is also very important with the personal chemistry, where they always meet up with the buyers before sealing a deal.

5 Analysis and discussion

Chapter five provides an analysis and discussion of the theoretical framework and empirical findings. The section consist a link between empirical data from the case companies and SME, strategy, entrepreneurship and network theory.

5.1 Perspectives on SMEs and family business

The empirical findings shows that smaller firms can be more flexible and faster meet unexpected changes of customers' demands (Hollensen, 2007). The management in SMEs are characterized by informality where one or a few persons controls the whole business, which makes them more involved and engaged in the export process (pers. com., Bender Larsson, 2015). Smaller companies are also often characterized by their unique set of resources of knowledge, management and physical resources (Hollensen, 2007). This statement can be confirmed by all three cases in this study. Furthermore, smaller companies can gain advantages in specialized products, such as Gäsene has years of knowledge about cheese making and Knäck & Bräck bake with ancient grains, and Larsviken produce potato chips from their potatoes cultivated on the farm, getting larger means that the companies loses control over such values. All case companies believe that their history, knowledge and physical resources contribute to successful businesses, both in the domestic market and internationally.

Resources important to Gäsene are their history and the closeness to the farmers, resulting in great loyalty among producers, employees and consumers. A limiting factor in Gäsene may be the production (Pers. com., Pardell, 2015). However, since it is possible to store the cheese flexibility in production and sales of the company increases. One example is the Russian import ban when Gäsene decided to repackage the cheese and sell it to other buyers. In Knäck & Bräck the flexibility was higher when Brage ran the business on her own (Pers. com., Brage, 2015). When the company expanded some of the flexibility decreased because of increased complexity in the organization. Brage still controls large parts of the company which is common in SMEs (Hollensen, 2007), but she has to give away some of the control to the employees. Brage states when the flexibility decreases, the vulnerability in the company also decreases since the responsibilities are shared. Knäck & Bräck are large enough to meet requested demand and still keep flow in production (pers. com., Brage, 2015). This confirms SMEs ability to use and develop its resources after required capabilities (Graves & Thomas, 2008). According to Knight (2001) SMEs are more flexible in order to satisfying customers different types of needs, confirmed by these cases. Larsviken could produce a smaller potato chips bag demanded by restaurants. Gäsene cuts the cheese in order to satisfy different needs in various markets. At Knäck & Bräck they are aware of the demand of different tastes and produces crispbread in requested quantities and tastes. Both Gäsene dairy and Knäck & Bräck produces under private label. Common to the three cases is that they can be flexible when it comes to minor changes but it can be difficult to produce large quantities and switch production according to individual larger orders from buyers. Furthermore, difficulties of being a smaller company is to transmit the products into foreign market and logistics. Larsviken points out that this is an affordable problem that should not limit SMEs to export their products. Differences in standards and certifications are complex factors. Such factors can be booth complicated, time-consuming and expensive.

Liedholm and Mead (2013) point out in their study that family members often have great commitment to the family business. In the case of Larsviken there is a strong belief and desire to run the business and large parts of the family actively work in the company. To start

manufacturing and export potato chips was partly seen as an opportunity to increase the financial results and continue to pursuing a profitable agricultural (pers. com., Larsson, 2015). The degree of internationalization largely depends on the family's attitude towards exports and the ability to use resources effectively (Graves & Thomas, 2008). Currently Larsson and one of her children works with exports but also here the family is involved. The export venture involves travels, a lot of administrative work, commitment and social skills of the persons involved. These factors are furthermore important for a successful export. Larsson states that the export has generated more money to the company, which has affected the dedication to the company positively. Family members' interest and involvement are important parts of Larsvikens export venture. As a family business there is a strong desire to develop and preserve what's been in the family for generations.

Hollensen (2007) describes the management in family- and smaller business as informal. Larsviken has an informal management since there are several persons involved. Knäck & Bräck has in recent years moved towards a more formal management and Gäsene has a structural and formal management. Gäsene dairy, the largest company in this study has a more clear division of duties among employees and included the owners of the dairy there are many people involved in the company (pers. com., Pardell, 2015). It can be confirmed by Hollensen (2007) that larger organizations require a more structured leadership.

5.2 Unique selling points

Food added value is difficult to define and based on personal preferences. The Swedish brand represents quality and purity for consumers abroad (pers. com., Bender Larsson, 2015; pers. com., Hackl, 2015). Moreover, the concept Sweden - the culinary nation has increased the interest of Swedish food abroad. Swedish chefs and gastronomy are contributing factors to the spread knowledge of the Swedish kitchen and food culture.

A unique set of resources is one way for smaller companies to differentiate themselves from other companies and create value (Hollensen, 2007). In Sweden concepts such as locally produced and organic are popular concepts within food production. All three of the case studies can be classified as local producers who focuses on the nearby markets. Gäsene has a strong local connection with milk producers not more than twenty kilometers from the dairy (pers. com., Pardell, 2015). Knäck & Bräck adds value to their crispbread through use of ancient grains from Levene mill whose producers who live no more than fifty kilometers from the mill (pers. com., Brage, 2015). Larsviken produces their own potato for the potato chips production (pers. com., Larsson, 2015). Although the concept locally produced is not a campaign that can be used in foreign markets (pers. com., Bender Larsson, 2015). All cases are aware of the quality of raw materials and its origin to create added value for the end-product. Moreover, all three cases are quality labeled, Gäsene dairy and Larsviken is certified as Svensk Sigill and Knäck & Bräck is certified as Krav. Commonly, these companies focus on an element of 'storytelling', high quality products and a holistic concept to market their products abroad. Furthermore, Business Sweden and Swedish Menu focuses on Swedish brand that represents quality and purity (*ibid*; pers. com., Hackl, 2015). This understates that processed food has the greatest potential for export for Swedish SME in the food industry.

Knäck & Bräck has focused on creating a brand, believing that smaller companies needs a strong brand as much as larger ones (pers. com., Brage, 2015). Visiting fairs and similar events can solve such obstacles. Bitte Larsson at Larsviken suggest that the best marketing are consumers that recommend the product to other consumers and chefs talking good about the products (pers. com., Larsson, 2015). Larsviken usually don't do business with the large

chains on the market and appreciate being able to sell the goods themselves, under their own brand (pers. com., Larsson, 2015). In this way Larsviken differs from many other agricultural businesses because they have their own brand and are mainly responsible for sales of the products. To create and manage a brand has taken a lot of time and cost a lot of money but now about ten years later, the company has a stable brand they benefit from in sale of the products. Now the company has an established brand and sometimes large companies get in touch and want to buy potato chips (pers. com., Larsson, 2015).

The products in this case study are typically Swedish products which makes them desirable on foreign markets. Hard cheese is hard to find internationally and Gäsene believes their customers mostly are westerners and Swedes abroad. Knäck and Bräck works with the holistic concept from production, manufacturing and packaging, all parts must be presented in detail, to be able to communicate the added value to the customers (pers. com., Brage, 2015). They are not only selling the product, but also a package that are a pleasure to give away. Crispbreads are a typically Swedish product which makes it suitable to such a market. At Larsviken the whole process of potatoes from soil to bag is an important selling concept, which also has given the potato, chips high USP (unique selling points), also usable abroad. All three of the case companies works with added values and states that a higher price represents the quality of the product and the underlying work and process. Furthermore, they want to reach conscious customers. Bitte Larsson at Larsviken says *“If we are not able to make the retailers understand the added values there is a risk involved”* (pers. com., Larsson, 2015).

5.3 International activity

There are great potentials for SMEs to expand their business and engage in export ventures (Brouthers *et al*, 2009). The ventures are tough, time consuming, costly and involve some risks (pers. com., Bender Larsson, 2015), which can be difficult for SME with limited resources (pers. com., Hackl, 2015).

For the case studies the opportunity for export was more or less by coincidence. Gäsene dairy were in contact with Business Sweden, through the organization they got in contact with wholesalers abroad (pers. com., Pardell, 2015). Knäck & Bräck was recommended to attend an audition to introduce their crispbread for Harrods in London (pers. com., Brage, 2015). At Larsviken an export advisor saw the potential in their potato chips and they were in 2011 invited to attend the program Steps to Export at Business Sweden (pers. com., Larsson, 2015). As Fernandez and Nieto (2005) states, an export venture requires both knowledge-based and financial resources. Larsson states that Larviken would not have participated in the program Steps to Export without being offered because of the costs (pers. com., Larsson, 2015). The program through Business Sweden resulted in increased knowledge of export, which is considered a key factor for a successful export venture. Within the program participating companies had to choose a few foreign markets to concentrate on in order to not disperse limited resources. Concentrating on a few markets is recommended by both Business Sweden and Swedish Menu, confirmed in previous studies by Brouthers *et al*. (2009). Both Gäsene and Knäck & Bräck concentrate on a few foreign markets and examine markets through agents and organizations before exporting (pers. com., Brage, 2015; pers. com., Pardell, 2015). When finding new market, intermediary organizations such as Business Sweden and Swedish Menu were of great help.

Important markets for the cases are Europe, US, Russia and Hongkong (pers. com., Brage, 2015; pers. com., Larsson, 2015; pers. com., Pardell, 2015). The import ban in Russia has

further affected the export to Finland as well, which were an important market for all three cases. Norway is an attractive market but there are high tariffs on foodstuffs. The companies are looking for new markets and have a vision to increase their export. One of the challenges for SMEs are to get their products into larger food chains (Pepe *et al.* 2008). For the studied cases, it is important to maintain the quality and the price level of the products. Selling to large food company exposes the products for price pressure and there is a risk of becoming dependent on one distributor and losing some independence. Larsson states *"It is a problem for primary producers to get their products into the major supermarket chains"*. For that reason the cases are not always interested to sell to large food stores.

Hollensen (2007) states that internationalization requires preparedness in terms of strategies, personal skills, language, knowledge and previous experiences. According to these cases, the export venture was encouraged by opportunities that appeared in different circumstances and the export ventures in this study are mainly maintained by export agents, that manage the contacts distributors. This can instead be confirmed by Hollenstein (2005), that a firm's incentives for export depends on the firm's willingness and ability to identify competitive advantages in foreign markets.

The international activity can be explained by the OLI – Paradigm. In figure 7 below the cases are integrated with the OLI – paradigm. The O describe the ability to see opportunities and find advantages in foreign markets (Hollenstein, 2005). At Gäsene they saw a potential to sell their cheese to countries where hard cheese is a delicacy. Knäck & Bräck has a unique product that is typically Swedish, which makes it suitable to be sold as a delicacy at upscale department stores. Larsviken potato chips were demanded from manufacturers that wanted to import the chips directly (pers. com., Brage, 2015; pers. com., Larsson, 2015; pers. com., Pardell, 2015). All case companies value the uniqueness of the products and all of them choose to export to upscale department store. The course Steps to Export contributed with knowledge which facilitated the export venture. All of the companies are flexible and have a willingness to satisfy all types of customers through flexibility. The L, how firms can optimize their value chain through changing activities, the factor affects the export venture the most. Gäsene see the export ventures as an ability to spread risk with incomes from various entities. Knäck and Bräck needed to expand their market, but still wanted to keep the exclusiveness of the crispbread, which made the ability to reach many markets instead of just focus on a few. Larsviken saw new opportunities to increase sales and avoid competition from similar producers. The I, explains changed conditions in an export venture, by corporations, acquisition and alliances. All three cases has aligned with Business Sweden and both Gäsene and Knäck & Bräck have aligned with Swedish Menu. Gäsene also collaborate with export agents in foreign markets.

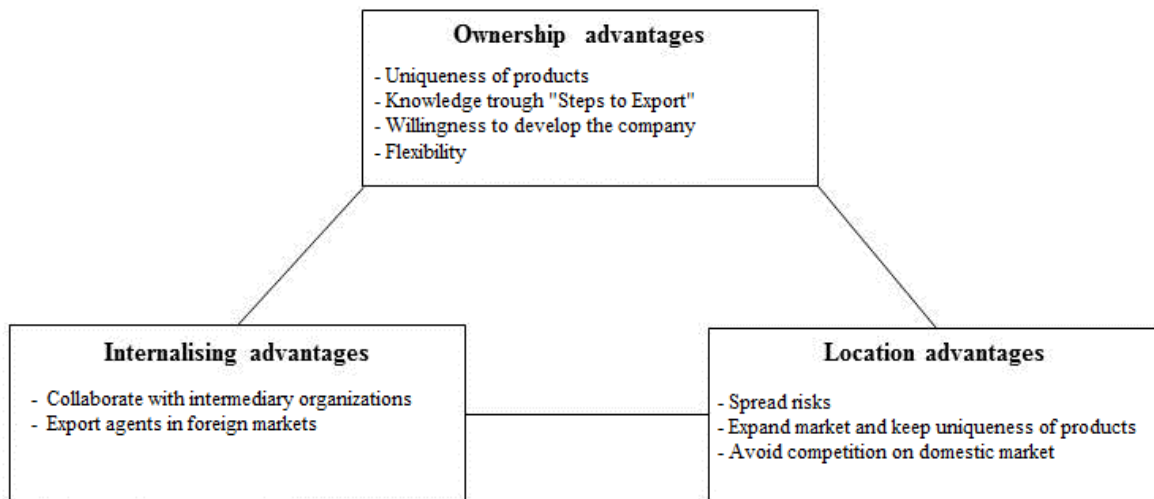


Figure 7: OLI – Paradigm integrated with advantages of the case companies (own modification of Hollenstein, 2005).

5.4 Implementation of strategies and flexibility

Conducting a clear strategy involves both advantages and disadvantages, meanwhile giving a clear direction for the organization it might distract the focus of upcoming dangers (Lages & Montgomery, 2004).

The export performance can be improved through implementation of clear strategies (Cavusgil & Zou, 1994). Usually larger firms have well-structured plans, while smaller firms more often follows unwritten plans created in the mind of the managers (pers. com., Hackl, 2015). At Gäsene the main strategy is that the farmers get paid as much as possible, not actually to expand. The main goal is rather to be a strong local producer in western Sweden. Gäsene is able to compete against foreign produces and satisfy customers abroad by selling a unique product. Knäck & Bräck focuses on good relations with customers and stakeholders. Furthermore, instead of focusing too much on strategies it is important to make the right decisions, care for the brand and decline to unfavorable offers (pers. com., Brage, 2015). Mintzberg (2009) identifies two types of strategies, referred to as *intended* and *realized*. It is important to be able to change plans and be open for emergent decisions, especially for SMEs where opportunities often are coincidences. Confirmed by the cases, as the export venture is intended to support the primary businesses on the domestic market, long term strategies for export are not fully developed. Strategies for the export venture often exists in the mind of the management, much depend in coincidences. Gäsene dairy has a main strategy to spread market risk, and not be dependent on the domestic market (pers. com., Pardell, 2015). At Knäck & Bräck they distribute the management of export to instead be able to focus on what they are good at, the production (pers. com., Brage, 2015). Larsson at Larsviken (pers, com., 2015) states that an important strategy is to keep the uniqueness of the products and avoid price pressure from competitors. None of the three case companies manage the product marketing whitin export, but believe that Sweden is a strong marketing brand abroad.

Hollensen (2007) states that making strategies involves a series of step of goal setting, analysis, evaluations and planning to implement goals to realize a long term directions for the organization. Noticed from the different cases are that they are flexible and want to remain open minded for new opportunities, focusing too hard on strategies may limit the firms from development, new customers and expanding in foreign markets. Hackl (pers. com., 2015)

notice the importance to be persistent in the process and goal setting and further liaise with the right partners. Smaller firms have the advantage over larger firms with the ability to be more flexible and be able to produce more detailed and unique products that larger firms do not care about. The program Steps to Export helped both Knäck & Bräck and Larsviken to develop a deliberate strategy. Through the course they got the time and help to form a business plan and realize goals in their export venture. Both companies realized that without the course they wouldn't have developed such a clear strategy, business plan and developed the export venture.

5.5 Entrepreneurship management

SMEs can be characterized by entrepreneurship due to knowledge, ability to organize, networking and structuring long-term goals for the company (Man *et al*, 2002). The entrepreneur in these kinds of firms are in many cases the founder and owner of the company, which means that he or she has great influence on the company.

5.5.1 Where entrepreneurship evolves

Welter (2011) describes contextualized entrepreneurship, the theory enables the researcher to create understanding of when, how and why entrepreneurship happens. Though, there are difficulties in analyzing how entrepreneurship affects an export venture (pers. com., Hackl, 2015). To a certain degree the success depends on the firm and its willingness to invest money, time and personnel resources. Furthermore entrepreneurship describes the firm's incentives to engage in risk-seeking, innovative and competitive ventures to reach goals (Knight, 2000). Of the case studies Knäck & Bräck and Larsviken are those strongest affected by entrepreneurship, meanwhile, Gäsene is a firm with a longer background and a implemented management structure.

Contextualized entrepreneurship gives an insight of when, where and for who entrepreneurship happens (Welter, 2011). Figure 8 below describes the factors that affected the export venture and created opportunities for the companies to engage in an export venture. The where and when affects the who, although, in this research the attention will mainly focus on the where. The when refers to events that affected the entrepreneurship and export venture. For the cases in this research the export venture was partly influenced by "Sweden-the culinary nation", which supported booth Business Sweden and Swedish Menu to engage in export of food processing SMEs. Furthermore, the three cases produce products that are typically Swedish with a background story which makes them attractive to export as Swedish foodstuff.

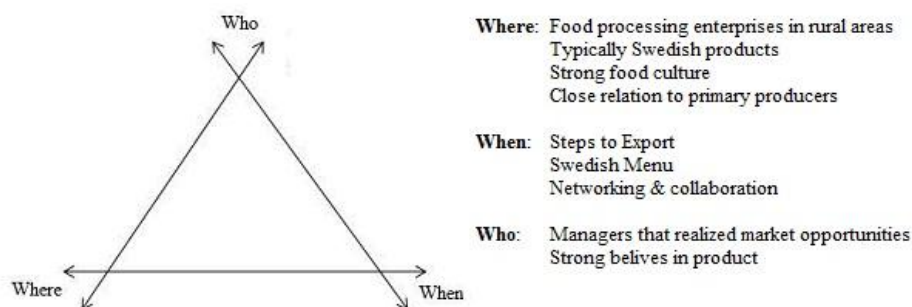


Figure 8: Contextualized Entrepreneurship – Context of who, where and when that affected the export ventures and offered opportunities for the case companies (own modification of Welter, 2011).

From the case studies the ‘where’ happens in rural areas, where there is a strong culture in farming and agriculture. The products of the case study can be considered locally produced with close relations to the producers of the raw material. As Gäsene is owned by the farmers and the primary producers, the where has a strong impact on the company and its decisions. Knäck & Bräck is located outside Falköping, in the area there is many smaller food processors who support and cooperate with each other. Furthermore, Knäck & Bräck has a strong relation to their primary producers and are dependent on ancient grains produced in the area. At Larsviken the where is in southwest of Skåne where there is a strong culture of potato cultivation, which enables them to produce potato chips from high quality potatoes.

In table 3 “Contextualized entrepreneurship – The “where” dimension specified in context” the where dimension is divided into the context of business, social, spatial and institutional. The business describes the industry of which in this case is Swedish food processing SMEs. An industry affected by many competitors and large-scale producers. At Knäck & Bräck they meet the greatest competition on the domestic market where crispbread is very common. Furthermore, Gäsene meets high competition from other hard cheese producers in Sweden. An export venture is an opportunity for these companies to reach new markets and foreign customers that sees these products as more exotic. The social context describes the impact of the household, family and networks, the last mentioned will be analyzed in more detail in chapter 5.6. Brage in Knäck & Bräck is raised in a family with strong entrepreneurship, which probably has affected the ability to engage in and the courage to invest in new ventures. At Larsviken the export venture is strongly supported by the family and those involved in the business. From the spatial context the geographical environment are described. In Sweden there a decreasing number of job opportunities in rural areas, at the same time agriculture and small scale food processor meet increased competition from import of cheaper foodstuffs (pers. com., Brage, 2015).

Table 3: Contextualized Entrepreneurship – The “where” dimension specified in context (own modification of Welter, 2011).

Context	Omnibus	Opportunities
Business	Food processing SMEs	Reach new markets New customer segment
Social	Household, family & networks	Encourage entrepreneurship in organisations. Courage to invest in new ventures. Strong support from family
Spatial	Geographical environment	Closeness to primary producers Uniqueness of production
Institutional	Intermediary organizations	Supporting export of food processing SMEs

All of the three cases has an inner desire to preserve the countryside and maintain job opportunities in rural areas. This is an underlying factor that further motivates the companies to grow and expand their businesses. In Falköping they work with rural developers to encourage entrepreneurship in the area. Gäsene dairy is an important employer in the community of Ljung. Furthermore, the business owners believes in their products and the added value within it. Hackl (pers. com., 2015) states the person behind the company must

have a will to realize the export venture. Meanwhile, products requires certain characteristics and uniqueness to be attractive on foreign markets.

5.5.2 Cultures, values and beliefs affecting the management

An entrepreneurial orientation is considered the most important success factor of SMEs performance internationally (Knight, 2001). The orientation determines culture, values and beliefs that the management spreads in the organization.

Gäsene has a strong business culture within their organization, they want to produce cheese with high degree of respect to nature and animals. The dairies are supported by strong commitment from both the farmers, the employees and the local customers, that is common to the entire organization. There is a uniqueness in Gäsene to be able to work closely to the farmers. As the economic surplus is returned to the farmer there are also incentives to produce with quality. The incentive of Gäsene is to obtain high returns to the owners of Gäsene and expand sales. That was mainly what supported the export venture. At Gäsene it is rather the strategic competences that encourage the export venture than the entrepreneurial orientation. As Gäsene is an economic association there is no single person behind the export venture decision. Furthermore, Gäsene is a larger firm than the other case companies resulting in that there are more external interests requesting higher profits. The international preparations were performed together with Business Sweden and Swedish Menu managing the market researches.

At Knäck & Bräck there is a higher degree of entrepreneurial orientation with strong values and beliefs in the product spread within the organization. Five years ago, Brage had to make the decision to liquidate the company or invest in a new bakery for the business survival. Brage (pers. com., 2015) developed the recipe and the forms, and highly believes in Knäck & Bräck crispbread. There is a high degree of risk-taking in the firm, where the founder put a lot of time, money and knowledge to produce the crispbread and reach the customers. Furthermore, there are strategic competences behind the export venture. Brage tries to reach new markets constantly and marketing the products through reaching new customers within fairs and interactions with potential distributors. The product has further been developed several times to satisfy customers abroad. The international preparation are as in Gäsene mainly performed by instances such as Business Sweden and Swedish Menu, that manage market research and customer-relations abroad. Although, the export venture has involved a lot of human and financial resources for Knäck & Bräck. Furthermore, there is effectiveness in the company and they are able to change the product concept in order to satisfy customer demand. As Knäck & Bräck sells unique products to more exclusive department stores they does not focus on increasing market shares. Still the export venture has realized sales growth.

At Larsviken the primary focus is on farming, the Swedish countryside and the conservations of varieties of potatoes. The potato chips was an idea to generate more money to the farm and become responsible for the potatoes from soil to bag. At Larsviken there is a strong tradition of agriculture and potato farming. At the company they realized that they could create a higher value of their potatoes by processing them into chips. This was an innovative decision, which also involved some underlying risk. But as a business manager and farmer for several years the Larsson family saw an opportunity to develop their business and become fully integrated. Using knowledge, personal skills and help from Business Sweden they were able to reach customer abroad. All export is managed by export distributors representing the customers in each country. Getting involved in export ventures was time-consuming and required financial resources. Being small and be able to choose customers enables Larsviken to be effective and satisfy foreign customers demand. The export venture has resulted in

increased sales, as Knäck & Bräck and Larsviken are not aiming for increasing market shares, they are rather searching conscious customer on spread markets.

All of the three cases are not aiming for increasing market shares abroad, they neither wants to export the total production. Analyzing entrepreneurial orientation rather explains the companies incentives to grow, find new potential customers and manage a growing business. By using their business experience and skills they dare to take the risk and see the opportunity for export. For Knäck & Bräck and Larsviken they have invested both human and financial resources in terms of time, knowledge and risk taking. Which are underlying factors for entrepreneurship. Knight (2011) states that SMEs with entrepreneurial orientation will be better off than those lacking such orientation.

5.6 Networking

It is common for SMEs to collaborate with intermediate organizations of consulting services and advisory boards that can provide general management, such as helping out with product development, taxes, laws and financial issues (Fernández & Nieto, 2005). In all three case studies the export are managed by consulting organizations and distributors. Gäsene dairy and Knäck & Bräck collaborate with both Business Sweden and Swedish Menu, Larsviken collaborate with Business Sweden.

Not dealing with end-consumers reduces the difficulty of dealing with different languages, rules and knowledge of consumer demand. Furthermore, these organizations have been involved in export relations for many years and created networks and agreements with other instances over the borders. Furthermore, Bender Larsson (pers. com., 2015) has a great network in the food processing industry abroad and through the contacts Swedish Menu is able to promote the products they work with in special occasions such as Bocuse d'Or and important business meetings.

Gäsene contacts Business Sweden in order to get the help finding new customers. Larsviken states that through the meetings at Business Sweden they exchanged experiences from other companies. Through the program they learnt how to retain customers and reach contacts abroad. The program also helped the companies to develop a clear business plan, set future goals, and contributed to a wider network in the exporting industry. Business Sweden advises both smaller and larger firms in their export venture, though smaller firms are in a greater need of help. Commonly they help the companies to find business partners on new markets (pers. com., Hackl, 2015). It must be stated that there are differences between countries. The Finnish market are controlled by a few large players that have strong market influence over prices. Norway has high customs duty for dairy products and Danish customers are difficult doing business with because of a hard business culture (pers. com., Pardell, 2015; pers. com., Larsson, 2015). By being aware of differences in culture and business traditions on the export market pitfalls can be avoided.

Networking can furthermore be a tool for marketing (Gilmore *et al.*, 2001) confirmed by Brage (2015) stating that the best way to reach new customers is by networking. Brage search for new customers abroad, then Swedish Menu process the contacts and manage the export process. It is to be stated that much is about coincidences, meet the right persons, with the right tastes and make the right decisions. By the help from Swedish Menu, Knäck & Bräck are able to focus on the production and maintain customers at the domestic market. Bender Larsson (pers. com., 2015) also states that it is easier for foreign customer to turn to one organization instead of dealing with many small producers. Being able to collaborate with

instances and not deal with sells abroad reduces the risk within exporting, instead it depends on the business partners and the ability to trust them (Pers. com., Pardell, 2015).

6 Conclusions

The aim of this research is to investigate the export process of food processing SMEs. Identifying and describing practices of export marketing strategies, entrepreneurship and the role of intermediary organizations can develop an understanding of these processes.

The research questions, presented in chapter 1.3 are:

- How are export marketing strategies used in food processing SMEs?
- How are export processes influenced by entrepreneurship?
- How is the export process influenced by intermediary organizations such as Business Sweden and Swedish Menu?

The results of the study showed:

Earlier studies show the importance of a deliberate export marketing strategy for a successful export venture. The empirical findings of this research show that the cases export marketing strategies are not fixed. The firms instead follow unwritten plans created in the mind of the managers. The research indicates that it is important to be open for emergent decisions where opportunities for these cases often occur by coincidences. Flexibility in both production and sales constitutes an important part of studied companies. Focusing too hard on fixed strategies may limit the ability to come up on opportunities, develop the firm and find new customers. All of the three cases focus on producing food with added value. Furthermore, focusing on one or a few foreign markets and examining the market carefully are important strategies in all case companies. All of the cases use export agents/organizations to facilitate their export venture.

The export processes in this case study are influenced by entrepreneurship. An entrepreneurial orientation strongly affects the innovation, new business opportunities and the ability to reach goals. Findings also shows that the export venture is not influenced by a single person, it is rather the organizations ability to see opportunities for their products in new market and the incentives to take the risks of a new venture. Furthermore, the cases have a strong desire to develop their business, preserve the countryside, promote rural entrepreneurship and create job in the countryside.

Intermediary organizations consist consulting services and advisory boards, dealing with obstacles such as taxes, laws and financial issues within an export venture. This study shows the importance of export organization, while SMEs can focus on the production, the organizations can manage the export process and deal with foreign customers. It is hard for smaller companies to understand foreign markets, the language and cultural differences. Through the program Steps to Export and the contact with Business Sweden/ Swedish Menu has facilitated the export venture and in many ways made it possible.

We have noted that SMEs can be more flexible and more hands on in new areas, but can lack resources and capabilities. There are possibilities for food processing SMEs to establish their products on foreign markets. A well-developed strategy may not be the most important, rather the uniqueness of the product, the organizations ability to see market, the ability to collaborate with export organizations and create network.

6.1 Data quality and recommendations for future research

The study used flexible design for conducting data and there is almost no numerical data collected. The results are based in multiple cases and the ability to generalize the findings is limited.

The generalizability of the findings could have been higher if more than three cases were included. However, that would decrease the reliability since data collected from each company would not have been as detailed if more case companies were involved. It may also be acknowledged that the interviews were conducted with managers in each firm, which may have given a nuanced and more positive perspective of the export process. The quality would have increased if more interviews were conducted with more persons within each company to get a broader view of the export process, but the persons interviewed were able to answer detailed questions. Furthermore, there is a risk that the researchers have developed a positive view towards export for food processing SMEs and the answers from the interviews.

There are numerous of areas within exporting food processing SMEs that are of interest for further research. An increased amount of empirical data, or a quantitative study, would enable to make statistical generalizations. Moreover, it would be of interest to evaluate the economic implications concerning an export venture, including the costs and the return to understand how an export venture affect the companies economic situation.

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CEO of Gäsene dairy
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Appendix 1: Interview guide for case companies

1. PERSONAL INFORMATION

- 1.1. Give a short presentation of yourself.
- 1.2. Did you start the business or how long have you worked in the company?

2. BACKGROUND

- 2.1 What is your education and previous working experience?
- 2.2 Can you give some company history, and for how long have you been exporting your products? Can you describe some main events and challenges since the start-up?
- 2.3 How has your previous experience contributed to manage the company?

3. COMPANY INFORMATION

- 3.1 How many employees does the company have? How is the corporate structure? Leadership structure?
- 3.2 What products manufactures and sells the company? The same as exported?
- 3.2 How come that you started to export and search for new markets?
- 3.3 Can you describe the exporting process?
- 3.4 How has the size of the company affected the exporting process?

4. SMEs AND FAMILY BUSINESS

- 4.1. Is the company a family business? Persons involved?
- 4.2. How does this affect the management?
- 4.3. How does this affect decision-making, governance and capital invested?
- 4.4. What pros and cons do you find of being an SME company?
- 4.5. How do you react to changes on the market and foreign markets? Informality, or following a well-developed structure?

5. SWEDISH FOOD ADDED VALUE

- 5.1. How do you create added value to meet preferences of foreign costumers? Is the offering standardized or does changes to the new markets?
- 5.2. Describe the added value of your product?
- 5.3. Does the small scale produced product affect value?
- 5.4. Are consumers, regardless of market willing to pay for the added value? Do you see differences in different markets?

6. EXPORT

- 6.1. What markets have you enter and why? What kind of retailers, and what kind of customers are you trying to reach?
- 6.2. How has the export venture affect the company?
- 6.3. How is the competition met from larger multinational companies? And domestic companies on the foreign market?
- 6.4. How do you deal with risk? Do you have strong relations with retailers? How do you transport the products? Are you cooperating with other companies?
- 6.5. How do you deal with brand-building and marketing on foreign markets?
- 6.6. What is your comparative advantages?
- 6.7. Can you describe some main challenges met within the export venture?

7. STRATEGIES

- 7.1. How was the export venture planned?

- 7.2. How does your location affect the export venture?
- 7.3. What are your capabilities that enables an export venture?
- 7.4. How is the export strategies conducted? In short term? In long-term?
- 7.5. How did you choose retailers, how is the prices set?
- 7.6. How flexible are the strategies to emergent changes?
- 7.7. What are some strategic objectives?
- 7.8. Which are the best way, according to you, to enter new market?

8. ENTREPRENEURSHIP

8. Would you describe yourself as an entrepreneur? Why/ Why not?
- 8.1. Who are the key persons in the export ventures? Are there some key persons influencing the business?
- 8.2. Explain some main experience, situations and persons that affected the situation you are in today?
- 8.3. How did you find the opportunities in entering new markets?
- 8.4. How has the factors of the industry, the family, networks and geographical environment (and neighborhood) affected the decision of exporting? Furthermore how are these affecting the daily work?
- 8.5. How do you emphasize innovation, risk taking and proactive behavior?
- 8.6. How do you deal with unexpected situations?
- 8.7. Have any market research been done before entering? How do you see on financial and human commitment for new ventures?

Appendix 2: Interview guide for intermediary organizations

1. Can you briefly describe your business and your work there?
2. What can intermediary organization contribute with to facilitate the export process of food processing SMEs?

Swedish added value

1. What do you think is special about Swedish food?
2. What characterize the foodstuff that are exported? What qualities is represented?
3. Has the role of food processing SMEs changed in recent year? Why?

SMEs and family businesses

1. Have you noticed any differences between SMEs, family business and larger enterprises? Which?
2. What resources (financial, knowledge, management) are important for SMEs to be successful in their export venture? Are there any advantages of being smaller?
3. There are an increased number of SMEs that export food? Why?
4. What challenges/ unexpected events can SMEs experience within an export venture?

Export strategies

1. How can a company prepare before an export venture? Is there any important critical events?
2. How does an export venture influence the company?
3. How do you think SMEs should proceed about an export venture?
4. How should risks be managed within an export drive? (relationships with retailers, transport, legal differences).
5. How do you build a brand and marketing products in foreign markets?
6. How is a market research performed and how is potential retailers found?
7. What is the best procedure, in your opinion, for a successful export venture?

Entrepreneurship

1. What qualities of the company and manager are essential for a successful export venture?
2. Do you see any relationship between entrepreneurship and SMEs that are carrying out an export venture?
3. How can financial and personal engagement be described in an export venture?