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Marketing Strategy for Startups Going International

A Practical Guide for B2B Software Startups

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Abstract

Marketing Strategy for Startups Going International. A Practical Guide for B2B Software Startups

Startups usually have high growth ambitions but only limited resources. Therefore, they are looking for efficient and effective methods to grow their business. However, if they go international, challenging changes will likely be made if the company is not focused on the global market. The aim of this work is therefore to support startups in the internationalization of their business and to provide guidance from the beginning by using strategic marketing elements to facilitate this process. To achieve this, a qualitative method of analysis was chosen. First, a literature review was conducted on the relevant topics of a startup, strategic marketing, and internationalization. Five success factors emerged from the literature: commitment, strategy, research, marketing mix adaptation, and organization and network. These were then analyzed in more detail in expert interviews. The analysis of the interview results shows that for the internationalization of startups, the commitment to internationalization and a global mindset is of great importance from the very beginning. This is because they influence all supporting and strategic marketing elements.

Keywords: Startups, Internationalization, Marketing, Strategy, Guidance

Kurzreferat

Marketing-Strategie für internationalisierende Startups. Ein praktischer Leitfaden für B2B-Software-Startups

Startups haben in der Regel große Wachstumsambitionen aber nur begrenzte Ressourcen, daher suchen sie nach effizienten und effektiven Methoden, um ihr Geschäft auszubauen. Wenn sie jedoch international tätig werden und nicht auf den globalen Markt ausgerichtet sind, wird es wahrscheinlich zu herausfordernden Veränderungen kommen. Ziel dieser Arbeit ist es, Gründer bei der Internationalisierung ihres Unternehmens zu helfen und sie von Anfang an durch strategische Marketingelemente zu unterstützen, um diesen Prozess zu erleichtern. Um dies zu erreichen, wurde eine qualitative Analysemethode gewählt. Zunächst wurde eine Literaturrecherche zu den relevanten Themen Startup, strategisches Marketing und Internationalisierung durchgeführt. Aus der Literatur ergaben sich fünf Erfolgsfaktoren: Engagement, Strategie, Forschung, Anpassung des Marketing-Mix sowie Organisation und Netzwerk. Diese wurden anschließend in Experteninterviews näher analysiert. Die Analyse der Interviewergebnisse zeigt, dass für die Internationalisierung von Startups das Engagement für die Internationalisierung und eine globale Denkweise von Anfang an von großer Bedeutung sind, denn sie beeinflussen alle unterstützenden und strategischen Marketingelemente.

Keywords: Startups, Internationalisierung, Marketing, Strategie, Orientierungshilfe

Preface/Acknowledgement

Your only limitations are those you set up in your mind, or permit others to set up for you. - Og Mandino

The world has become a more and more international place, and so are the opportunities for companies. However, these opportunities are not easy to grasp for resource constraint but ambitious startups. Especially since they have to take into account different economic, political, environmental, social and legal circumstances as well as cultural influences. Nevertheless, Startup News regularly feature stories about successful international startups - especially B2B software startups. In my opinion, the marketing strategy they choose from the beginning is conducive to their internationalization success, and this is where my interest lies. Furthermore, this topic combines my three personal passions that I developed during my studies at the University of Applied Sciences Vorarlberg. The passion for marketing and sales as well as the distinct interest in the startup world developed through various courses during my bachelor studies. The international aspect then came through writing my bachelor thesis on the topic of: “Communication Concept USA for the Meusburger Brand - Development of USPs and Communication Methods for the US Mould Making Market”. These three passions have stayed with me throughout my master's studies.

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List of Abbreviations and Symbols

B2B…….....Business to Business

B2C……....Business to Consumer

DTC…….Direct to Consumer

ESN…….The European Startup Network

FDI……Foreign Direct Investment

IMA…….International Marketing agility

INV……...…International New Venture

MVP……....Minimum Viable Product

R & D……Research and Development

RQ……...Research Question

US.……..…..United States of America

SGCC.....Susceptibility to Global Consumer Culture

1 Introduction

1.1 Startups Going International

As soon as a startup has overcome the first hurdles and begins to grow, the question arises of whether it should internationalize. For better decision making, the company needs to understand the possible benefits of scope and scale of economies, but also the disadvantages of higher administrative costs and managerial complexity(Nath; H. Kirca; Kim 2021). However, the potential for going global is huge, despite the higher costs. For example, although the US is considered a large market with enough potential to grow a big business, companies miss 70% of possible organic growth if they do not consider going global (Fertik 2013). Moreover, venture capitalists, business angels and private investors seek to balance out the risk of a failing startup by including high-growth startups in their portfolios. Therefore, founding startups with internationalization aspirations are more likely to find investments (Fuerlinger 2020). Nevertheless, startups must consider that not everything that works in a small region is scalable when going international especially when additional markets are further away and significant differences for example in culture, the legal environment, or regulations occur (Coleman 2019). Due to this fact, it is significant to understand the market you want to expand to and to have strategies and processes which are in line with a going international approach. For example, understanding small implications, like speaking the same language, as the participants in the foreign market, can have huge positive effects (Fertik 2013). The aim of this paper is therefore to provide guidance on building a marketing strategy, from early on, that will facilitate internationalization for startups.

1.2 Problem Statement and Research Gap

According to Blank and Dorf (2020), startups need to concentrate their limited resources on a small group of visionary customers. However, when a company only focuses on the domestic market, and it grows to the point where it intends to internationalize, additional resources are needed to change existing strategies and implement new ones for internationalization. In other words, the internationalization of a company is a challenging endeavor, especially for startups, as they have only limited resources available (Knight 2000). In addition, McDougal, Shane and Oviatt (1994) state that internationalization at a later stage is a challenging endeavor. So, wouldn't it be a more effective and efficient way if startups implemented internationalization elements early on in their marketing strategy? Unfortunately, nowadays, more attention is given to why startups should go international, what they should consider first, and why the internationalization of a startup failed, rather than giving attention to providing a strategic marketing guide for going international.

The academic literature, on the other hand, deals with the topic of what startups need to consider when going global and where they should focus on. Papers like "Lean Internationalization of High-Tech Startups" (Mahmud 2021), "Lean Internationalization: How to Globalize Early and Fast in a Small Economy" (Neubert 2017), "The Born Global Concept" (Rasmussen; Madsen 2002), and "Factors Influencing the Early Internationalization of High Technology Start-ups: US and UK Evidence" (Johnson 2004) focus on specific business

models and practices, like the lean-startup model, different internationalization strategies, the Uppsala model, reasons for early internationalization, and success factors. However, they do not provide guidance on how to build a marketing strategy from the beginning that will facilitate internationalization for startups; therefore, this master thesis intends to fill the gap in the literature.

1.3 Research Objectives and Questions

This master thesis intends to support B2B Software startups by answering the question of how strategic marketing elements can support the internationalization efforts of B2B software startups and increase their chances of success. The main aim is to establish theoretically sound, practical guidance on how to build a marketing strategy from early on that will facilitate internationalization for B2B software startups. This guidance also considers the limited resources and mindset of startups.

To answer the main question, some supplementary questions also need to be answered, which are:

- What are the benefits of internationalization to a startup?
- What are the factors leading to successful internationalization? What are common pitfalls?
- Which strategic marketing topics are most central for internationalization efforts? How are they applied in practice?
- Which practice-relevant elements need to be included in an international marketing strategy for startups?

1.4 Thesis Outline

In this master thesis, the answer to the question, how strategic marketing elements can support the internationalization efforts of B2B software startups and increase its chances of success. A deductive research approach was chosen to answer the question, starting with a comprehensive literature review. This literature review intends to get a better understanding of the current knowledge in the relevant fields of internationalization, strategic marketing, and the startup environment, as there was no literature specifically directed towards strategic marketing elements for startups going international. Moreover, the literature review formed the basis for building detailed research questions, around strategic marketing elements for the internationalization of startups, for the empirical part of the thesis. In the empirical part, the questions were answered through expert interviews with startup employees, preferable CEOs, in the B2B software industry. In accordance with the findings of Saunders, Lewis, and Thornhill (2016), a “homogeneous purposive sampling” technique with a sample size between 5 to 10 interview partners will be sufficient for this approach. Moreover, the sample, for improving the validity of the study, consisted of B2B software startups which already successfully expanded into the US.

The interviews were guided by a qualitative semi-structured approach with the help of an interview guide, which contained questions to answer the established detailed research

questions. The interview guide, which can be seen in the appendix, was based on the findings in the literature review and included open-ended as well as explorative questions. After conducting the interviews, the outcome was transcribed, paraphrased, coded and analyzed with a thematic analysis according to Braun & Clarke (2006). The main aim of the analysis was to identify strategic marketing elements that led to a successful internationalization of the respective startups. These themes, together with findings from the literature review delivered the basis for answering the research question and provided a framework for B2B software startups on building a marketing strategy, from the beginning, that facilitates internationalization.

2 Literature Review and Theoretical Background

The following chapter provides an overview of the relevant literature on the matter. However, since there was no direct literature regarding the topic about how strategic marketing elements can help startups internationalize, the review deals with the underlying topics. Thus, this chapter discusses what a startup is, what strategic marketing is and what elements it contains, as well as important aspects of internationalizing a company.

2.1 Defining International Startups

2.1.1 Startup Definition

The European Startup Network (n.d.) defines startups as follows: “A startup is an independent, organization, which is younger than five years and is aimed at creating, improving and expanding a scalable, innovative, technology-enabled product with high and rapid growth.” Blank and Dorf (2020), underline this frame and add that startups are temporary organizations which search for a repeatable and scalable business model. They proposed that founders should use the customer development process -which will be explained later- to build up a startup. Furthermore, they emphasized that startups are not smaller versions of larger firms because, unlike large companies, customer knowledge and input is more or less non-existent (Blank; Dorf 2020).

2.1.2 Entrepreneurship

Ideally, startups are owned by entrepreneurs who are not just small business owners. They manage to turn things of lesser value into things of greater value through ambition and risk-taking and continuously strive for progress (Isenberg 2011). Hence, people who need a high level of certainty are not likely to be good entrepreneurs. However, entrepreneurship is a practice and can be learned with the help of concepts, theories and the right behavior (Drucker 1985). With this in mind, the question of what the right behavior means arises. Kuratko (2016) describes the characteristics of entrepreneurs as follows: An entrepreneur has personal initiative, the ability to consolidate resources, management skills, a desire for autonomy and risk-taking, aggressiveness, competitiveness, a goal-oriented behavior, confidence, an opportunistic behavior, intuitiveness, reality-based actions, the ability to learn from mistakes and to employ human relations skills. Furthermore, Gelderen, Thurik and Bosma (2005), support this view and add that entrepreneurs have specific personality characteristics, cognitive characteristics, and motivational patterns. In detail, the personality characteristics are about risk-taking, locus of control, and the need for achievement, whereas, cognitive traits favor risk-taking because certain biases, rather than rational thinking, allow entrepreneurs to take them with confidence. Further biases include perceived self-efficacy and counterfactual thinking (Gelderen; Thurik; Bosma 2005). Motivational patterns for entrepreneurship result from the difference in expected utility on self-employment versus organizational employment. Furthermore, they can be divided into push, for example, because of a lack of opportunities, and pull, like the natural tendency towards challenge or autonomy (Campbell 1992).

2.1.3 Creation of a Startup

In his thesis Fuerlinger (2020) stated that innovation is the number one tool for entrepreneurship. He cites Schramm (2008), who describes innovation as creating a new or altered product, service, process, organizational structure, or business model to create new value for customers and financial returns for the company. Therefore, innovation can be seen as the idea behind a startup which, according to Blank and Dorf (2020), seeks to translate the vision of the founders into a repeatable and scalable business model. Blank and Dorf (2020) introduced the customer development model in order to support startup founders -which often lack a structured process- to build their company. The customer development model, as shown in Figure 1, is a four-step process with the goal to transition from a startup to a company.

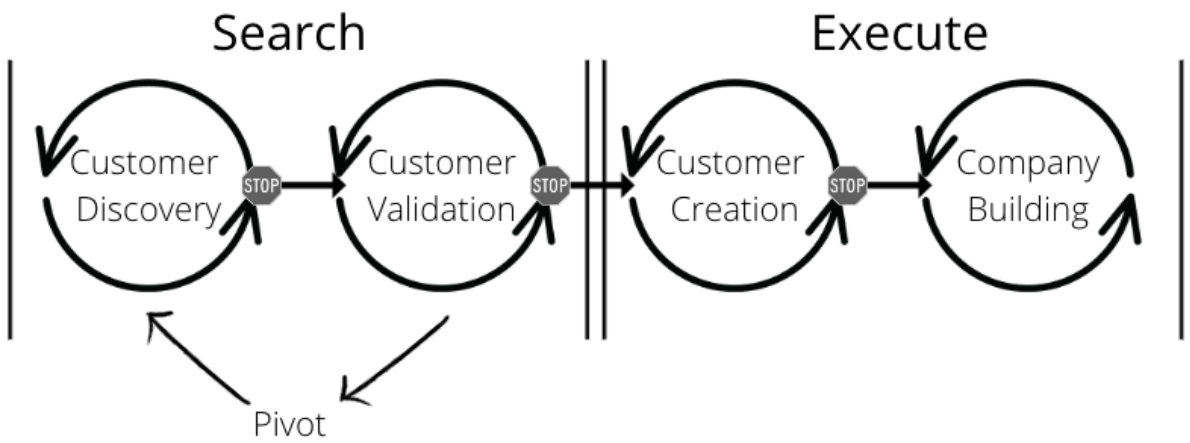

Figure 1: Customer Discovery

Source: Based on Blank; Dorf 2020, p. 23

In the first step, the customer discovery, founders test their product vision by finding customers and a market for it. They do this by translating their vision into hypotheses and testing them in two outside-the-building phases. In these phases, founders go and talk with their potential customers. In the first phase, the Customer Discovery phase, the perception of the problem and the need to solve it are explored. In the second phase, called Customer Validation, a solution to the problem is presented in a Minimum Viable Product (MVP). Pivots[1] and failures may occur along the way until the goals -which are the confirmation that it is important to find a solution and the solution itself- are achieved. In the validation phase, the business model is tested for scalability through a larger number of customers and initial sales. Additionally, a sales roadmap for sales and marketing is established. At the end of the second step the product's core features, the market existence, the location of the customers, the perceived value and demand, the pricing and channel strategies, the economic buyers, and the sales cycle and process are validated. Scaling up and creating end user demand is done, via heavy marketing spending, in the third step of the customer development model, also known as the Customer Creation phase. The final step, 'Company Building', is to grow the startup -which

[1] A Pivot happens when the startups needs to fundamentally change something in their business model (Blank; Dorf 2020).

now has a repeatable and scalable business model- into a company focused on execution (Blank; Dorf 2020).

2.1.4 International Startups and Born Globals

The term "Born Globals" describes startups that are active in foreign markets from the beginning or shortly after their founding (Aspelund; Madsen; Moen 2007). These companies, also known as "International New Ventures (INVs)", do not follow an incremental internationalization approach but usually start from the beginning in several countries (Rasmussen; Madsen 2002). Andersson, Gabrielsson and Wictor (2004) stated in their paper that several researchers criticize the usability of the gradual stage models for the internationalization of small firms, from the beginning, in various countries. Oviatt and McDougall (1994) define INVs as firms that seek competitive advantage from the start using resources from and sales in multiple countries. The authors define 4 types of INVs, as shown in Figure 2, based on the amount of value chain activities and the number of countries to coordinate internationally.

Coordination of Value Chain Activities	Number of Countries involved: **Few**	Number of Countries involved: **Many**
Few Activities Coordinated Across Countries (Primarily Logistics)	(i) Export/ Import Startup	(ii) Multinational Trader
Many Activities Coordinated Across Countries	(iii) Geographically Focused Startup	(iv) Global Startup

Figure 2: Types of International New Ventures

Source: Based on Oviatt; McDougall 1994, p. 59

Quadrants I and II show new international market makers, which are primarily importers and exporters whose competitive advantage depends on the ability to spot opportunities before the competitors, to establish a loyal business network, and the knowledge of markets and suppliers. However, the two quadrants vary in the number of countries they serve, resulting in different types of Export/Import Startups and Multinational Traders. 'Geographically Focused Startups' displayed in quadrant III, have their competitive advantage in the coordination of multiple value chain activities in a small number of foreign countries. Furthermore, a close and exclusive business network in the focused geographical area delivers additional advantages. Finally, the last quadrant represents 'Global Startups' which, on one hand, has the greatest and most sustainable competitive advantage due to economies of scale and complexity; on the other hand, it is also the most difficult type of INV to handle as a large number of countries and value chain activities leads to complex coordination activities (Oviatt; McDougall 1994).

Since the late 20th century, a large increase in the occurrence of Born Globals can be seen (Rasmussen; Madsen 2002). Rasmussen and Madsen (2002) explained this fact in their paper with improved technologies in transport and communication, and the rising number of people

with international experience. The international experienced managers of Born Globals see the world as one marketplace and are highly committed to internationalization (Rasmussen; Madsen 2002). Moreover, the pre-startup experience of the founders plays a major role, their knowledge about international markets leads to leapfrogging to international markets rather than following a classical stage model (Madsen; Servais 1997).

In a Denmark survey conducted by Madsen, Rasmussen and Servais (2000), the “Born Globals” were mostly firms that produced highly specialized products for niche markets and corresponded to the type of “International New Market Makers” in the study by Oviatt and McDougall (1994), described above. Moreover, high technology firms (Crick; Jones 2000) or firms with a small domestic market tend to internationalize at an early stage (Madsen; Servais 1997). Lindqvist (1997) explains this early internationalization of high technology startups with the necessity of gaining large sales volumes in a short period of time as the technology sector is a fast-changing industry.

2.1.5 Reasons for an Early Internationalization

In his paper, “Factors Influencing the Early Internationalization of High Technology Start-ups: US and UK Evidence”, Johnson (2004) identified four key factors for the early internationalization of startups: the international vision of the founders, the identification of specific international opportunities, international contacts and sales leads - which factor is supported by the research of Coviello and Munro (1995) - and the desire of the founders and top management to become international market leaders. These findings show the high influence of the founder’s aspiration towards internationalization (Johnson 2004). Aspelund, Madsen and Moen (2007) examined that a restricted opportunity, which was also recognized by Rundh (2003), and a possibly hostile environment in the domestic market are further reasons for engaging in an early internationalization. In addition, high technology startups are more likely to internationalize early, as they have a limited time window of opportunity to seek rapid and broad market penetration and to gain competitive advantage (Aspelund; Madsen; Moen 2007).

The accelerated pace of worldwide technological innovation, shortened product life cycles, together with high costs of Research and Development (R&D) force, especially smaller firms in a highly internationalized industry, to internationalize near their inception point to survive. Additional factors for the early internationalization of startups are growth, mobility and integration of financial markets, the ability to reach international niche markets, the possibility to compensate for high research and development costs, the pull effect of customers with activities in foreign markets, and the chance to avoid intense competition in the domestic market(Johnson 2004). Moreover, Andersson, Gabrielsson and Wictor (2004) claim that small international firms tend to have a higher performance than their domestic peers.

2.2 Elements & Development of a Marketing Strategy

Marketing, according to Kotler and Armstrong (2020, p. 25), can be defined as “the process by which companies engage customers, build strong customer relationships, and create customer value in order to capture value from customers in return.” Hence, marketing is an integral part of any company as it plays an important role in the strategic planning of the company by providing a guiding philosophy and inputs regarding opportunities and company potential at the corporate and business unit level. Therefore, this subchapter deals with the establishment of a marketing strategy based on the first three elements of the marketing process described by Kotler and Armstrong (2020) and shown in Figure 3.

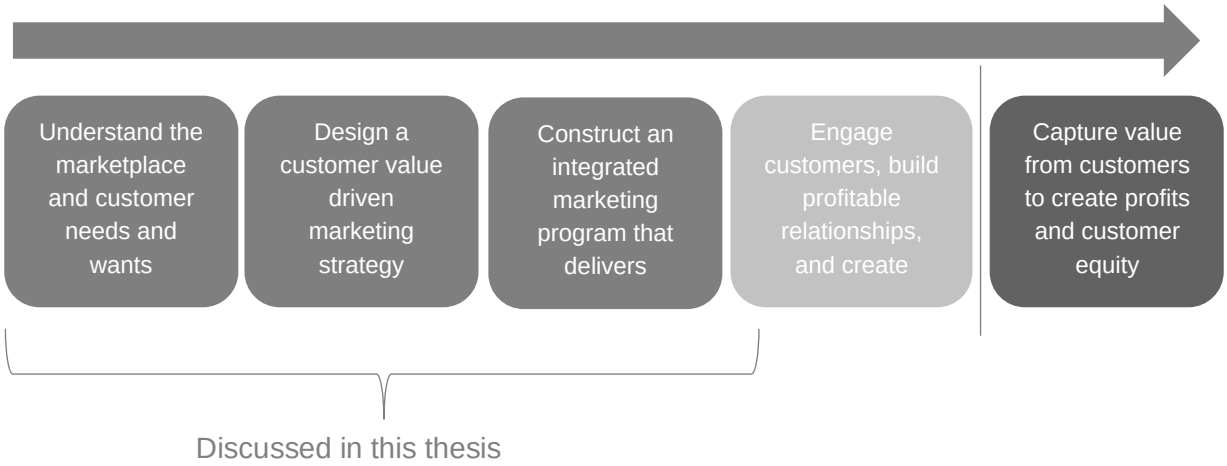

Figure 3: Marketing process

Source: Based on Kotler; Armstrong 2020, p.26

2.2.1 Customer Value and Relationship

Like Blank and Dorf (2020), in their Customer Development model, Kotler and Armstrong (2020) also emphasize on the importance of knowing and understanding the customer and their needs and wants. Furthermore, authors of both the research stress that it is more important to understand and find a solution to an existing problem, than to offer a product that lacks this context. It is, therefore, important to formulate a customer and market-oriented mission statement to succeed in the competitive marketplace (Kotler; Armstrong 2020). Moreover, Isenberg (2011) claims that an ambitious mission and fast growth differentiates a startup from a lifestyle business. The mission statement is the starting point for the strategic planning of any company; based on it, the company sets its goals, designs its portfolio, and starts planning marketing and other functional strategies (Kotler; Armstrong 2020). To find a mission statement, Kotler and Armstrong (2020) suggest that a company should answer the questions of what the company's business is, who the customers are, what they value, and what should the company's business look like. Furthermore, the mission statement should be motivating, build on strength, and describe how the company intends to win (Kotler; Armstrong 2020). In addition, founders' growth ambitions have a major impact on a startup's future performance. The data shows that startups with an ambitious goal are more likely to have rapid growth (Isenberg 2011).

2.2.2 Segmentation

2.2.2.1 B2C Segmentation

Since not every customer has the same wants and needs, firms must divide their market into segments to identify the most profitable ones. A segment is a homogeneous group whose members can be reached with the same marketing program. In addition, it is clearly differentiated from other segments. This segmentation of the market can be done in various ways: according to the literature, the most common methods of differentiation are based on geographic, demographic, psychographic, and behavioral characteristics. The goal of segmentation is to determine the factors that divide the market into segments that are useful to the company, with people within a segment responding similarly to marketing efforts. Segmenting by geographic factors means that a firm is dividing the market by areas, cities, climate or even religions. The demographic segmentation approach addresses human population factors such as size, density, location, age, gender, race, occupation, etc. Changes in these demographics are being closely watched by marketers as they can lead to cultural shifts that create opportunities for new products (Kotler; Armstrong 2020). As segments become more homogenized across countries, behavior and lifestyle segmentations become more necessary (Hassan; Craft 2005). Additionally, this segmentation approach helps to better understand customer wants and needs (Kotler; Armstrong 2020). In today's world, marketers follow a total marketing strategy for segmenting the market, which means that the segmentation of the market happens across cultures and borders (Hernani-Merino et al. 2020; Hassan; Craft 2005). If companies can best serve customers by knowing how they interact with the product and what they know about it, they should take a behavioral segmentation approach. This approach can be divided into occasion-based, usage-based, status-based, usage rate-based, and loyalty status-based segmentation (Kotler; Armstrong 2020).

2.2.3 B2B Marketing

Unlike B2C marketing where marketers focus on the consumer, B2B marketing is about connecting with, building profitable relationships with, and providing value to a business. In addition, B2B markets differ in market structure and demand, nature of the buying unit, how decisions are made and who influences them (Kotler; Armstrong 2020).

Demand in the B2B market, where there are fewer customers than in the B2C market, results from demand from end consumers. In general, the B2B market has to cope with greater fluctuations, as a small change in the consumer market, combined with the smaller number of B2B customers, leads to significant changes in demand for B2B goods (Kotler; Armstrong 2020).

Not only is the demand situation in the B2B market different from the B2C market but also the way things are bought; buying decisions in the B2B market are more complex and take longer because more people are involved in the process. This is because, in the case of complex and costly investments, companies form so-called buying centers in which people from different areas of the company work together to decide on the purchase. A company's buying center consists of the users, the influencers, the buyers, the deciders, and the gatekeepers. Users are the ones who will ultimately use the product and therefore influence the product's

specifications and, in most cases, initiate the purchasing process. Influencers are employees who do not directly use the product but who may have a role in setting specifications such as maintenance personnel. Buyers are well-trained people equipped with digital tools, primarily responsible for finding the right supplier and partner with the best offer on the market, and to negotiate the deal. However, they can also have an impact on the specifications, unless there is a lot at stake, buyers are also the final decision makers who have the formal or informal power to decide on a supplier (Kotler; Armstrong 2020). Especially, since B2B buyers are more price sensitive than B2C buyers (Lancastre; Lages 2006). Finally, gatekeepers, e.g., secretaries, are those who control the contacts and information that want to enter the company from the outside, such as salespeople. The people involved in the buying center may differ from project to project and may additionally be influenced by people outside the buying center. The marketer's task is to identify the various people involved in a typical buying center and evaluate their evaluation criteria and buying behavior in order to target them and persuade them to buy. As a result, B2B companies are working more closely together at every step of the buying process to find the right solution to the customer's problem. Most often, decision makers in the customer's buying center prefer companies that can deliver a complete solution, not just individual parts of it. However, they are influenced not only by rational environmental and organizational factors but also by interpersonal and individual factors (Kotler; Armstrong 2020).

A typical purchase decision process for complex new projects usually follows, according to Kotler and Armstrong (2020), the following 8 steps:

1. Problem recognition
2. General need description
3. Product specification
4. Supplier search
5. Proposal solicitation
6. Supplier selection
7. Order-routine specification
8. Performance review

The recognition of a problem can be triggered by internal factors such as the development of a new product or a demand from production, or by external factors such as trade shows or sales meetings. In the next step, a general description and demand is created and buying center, according to the complexity of the purchase, is formed. The description is made more precise in the next step, in which the required properties are analyzed in more detail. Useful support from potential suppliers can create initial valuable relationships even before the actual search for suppliers begins in the next step. Most supplier research today takes place online where small and large companies alike are listed. After this phase, the duration of which may vary depending on the level of investment, novelty and complexity of the product, potential suppliers are contacted and given the opportunity to present their solution. The solution, which is presented in the form of a presentation during the tender phase, should not only be of a

technical nature, but also contain marketing-relevant elements. The solutions presented are then evaluated by the buying center based on some specific criteria. Their main goal is to provide added value to their customers through a well-organized supplier network. Immediately before the purchase, the details of the supplier contract are defined in the order routine specification stage. The supplier's performance review after the initial orders may result in changes or cancellation of the contract if the customer is not satisfied. Some companies additionally develop their suppliers according to their needs to ensure the supply of their resources. The above steps may vary in frequency and need for repetition from project to project (Kotler; Armstrong 2020).

2.2.3.1 B2B Market Segmentation

Understanding which people are involved in the buying decision process in the B2B market and how the process plays out with the customer is essential to building a value-based marketing strategy. Therefore, the first step is to segment the market and develop an understanding of the customer. Figure 4 shows typical B2B market segmentation criteria.

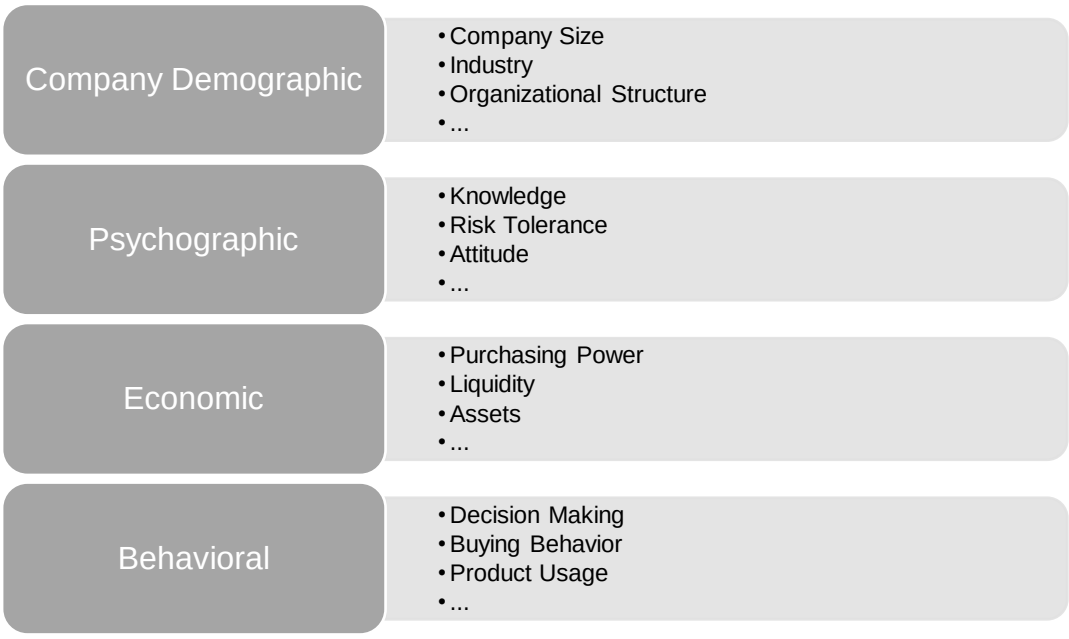

Figure 4: B2B Market Segmentation Criteria

Source: Based on Bruhn 2015, p. 211

In addition, companies that operate globally have additional factors to segment their market according to purchasing needs and behavior, which can vary greatly from country to country (Kotler; Armstrong 2020). Furthermore, intermarket segmentation -made possible by today's interconnected world- segments the market globally based on similar needs and buying patterns in different countries (Hernani-Merino et al. 2020; Hassan; Craft 2005). Figure 5 below shows the additional segmentation possibilities of international markets.

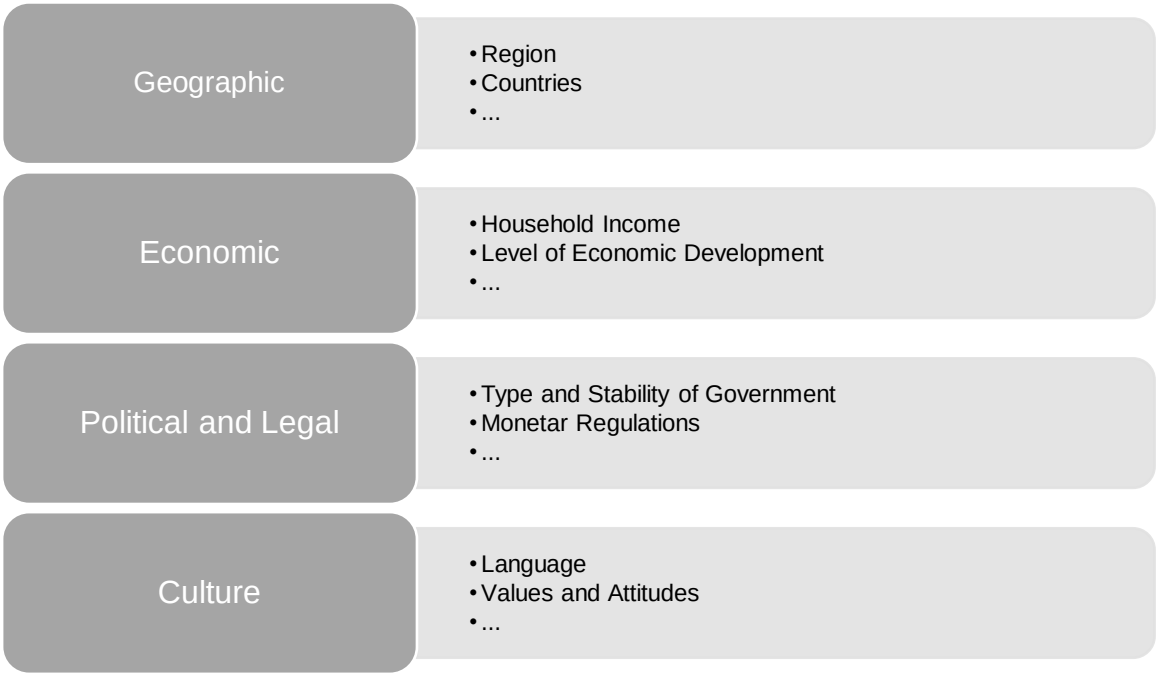

Figure 5: Additional International Market Segmentation Criteria

Source: Based on Kotler; Armstrong 2020, p. 212

Further criteria for successful market segmentation are the measurability of the segment's size and purchasing power as well as the segment's accessibility. In addition, the segment must be of significant size or profitability and must be differentiable in terms of response to the marketing mix. Another important factor for successful segmentation of the market is the relevance of the segmentation criteria to the product. And finally, the segment must be actionable. This means that the marketing organization must be able to offer marketing programs for the defined segments (Kotler; Armstrong 2020).

2.2.4 Targeting

After successfully segmenting the market, the firm needs to decide which of these homogenous groups it can serve best and most profitably. To assess which market to target most efficiently and effectively, Kotler and Armstrong (2020) suggest that a firm pays attention to three key factors. The first factor is the size and growth of the segment, however, the researchers claim that the largest and fastest-growing market is not always the right one for a business, for example, the segment may be too difficult and too competitive to be profitable as a small enterprise. The second factor concerns the structure of the segment, this factor considers the competitive landscape, the ease of entry for new entrants, the relevance of current and future substitute products, and the power of the segment's buyers and suppliers. Finally, the segment must fit the company's goals and resources to create superior customer value and gain a competitive advantage (Kotler; Armstrong 2020).

After evaluating the segments, the company must determine its target strategy. A company could target the entire market with a broad-based strategy called undifferentiated marketing. Or it can take into account the differences between segments of a market through a differentiated targeting approach, resulting in different marketing programs for each segment.

A more concentrated form of targeting the market is the niche market strategy. With this strategy, the company focuses on a few narrow segments, but in each of which it has a large share.

Niche marketing allows for an effective and efficient marketing program as only the most profitable customers are targeted with a for them tailored marketing program. This strategy is especially useful for smaller companies with limited resources (Kotler; Armstrong 2020). Moreover, Rasmussen and Madsen (2002) claim that a firms ability to standardize for a niche market is a major factor for the Born Global phenomenon. On the other hand, if niche markets are identified by larger players, niche marketing brands could be acquired or displaced by the number of resources deployed by the larger companies. Micromarketing is an even more focused targeting approach, where the marketing program is tailored to local or even individual wants and needs (Kotler; Armstrong 2020).

Choosing the right strategy depends on several factors such as the company's resources, the variability of the product, the stage of the product life cycle, the variability of the market, and the marketing strategy of competitors. Taking these factors into account, small companies with new products, such as startups, should begin with a focused marketing approach because of the limited resources of the company and the variability of the product (Kotler; Armstrong 2020).

2.2.5 Differentiation and Positioning

For creating a marketing strategy segmenting the market is not enough a brand also needs to position itself towards that segment (Hassan; Craft 2005). Positioning describes how consumers view the product's position relative to competitors based on key attributes. It is unconsciously used by consumers to simplify the buying process, as they no longer need to think over certain information about the product or brand. However, this vision of the customer's product perception must be shaped by marketers. One tool for planning the positioning of a product or brand is the so-called positioning map. The map shows the position of the product or brand compared to competitors based on key buying criteria. The main goal of positioning is to stand out from the competition and best meet the needs and desires of the target market. There are several ways a company can differentiate itself from its competitors: differentiation can be achieved through the way the product is perceived, the quality and scope of the services, the reach and design of the channel, the quality of the people who interact with the customer, and the image of the company (Kotler; Armstrong 2020).

According to Kotler and Armstrong (2020) positioning occurs in a three-stage process. First, the company must define its competitive advantages, which are, according to Rundh (2003) important, as without them a firm will have a low market share or will need to offer low prices. A competitive advantage exists when a feature is found that offers greater customer value than that of the competition. Then, the benefits that best fit the business model are selected. In addition, the right differentiation advantages are selected based on importance to the customer, distinctiveness from competitors, superiority over similar features, communicability of the differentiation, difficulty of copying the advantage, affordability of paying for the difference, and profitability for the company. Finally, a positioning strategy is chosen that must be clearly and repeatedly communicated to the market through the marketing mix. The

company communicates its values and its differentiated position in the market through its value proposition(Kotler; Armstrong 2020). There are several ways to formulate a value proposition and Figure 6 shows which types of value propositions are successful and which are not.

Benefits \ Price	More	The Same	Less
More	More for more	More for the same	More For less
The Same			The same for less
Less			Less for Much less

Figure 6: Succesful Value Propositions

Source: Based on Kotler; Armstrong 2020 p.225

The value proposition “more for more” stands for more value, but also for a higher price. This proposition is often found in luxury goods. "More for the same" promises more value for the same price. This proposition can therefore be regarded as highly competitive. The next proposition is even more competitive, as it is "the same for less." The value proposition of "less for much less" targets customers who are not able to buy the best products on the market. Ultimately, the most attractive for the customer but the least sustainable for the company is "more for less". Moreover, it is difficult for companies to deliver on this value proposition because "more" also costs more (Kotler; Armstrong 2020). However, Godin (2018) emphasizes, the most important question in developing the value proposition is: who is it for?

The positioning should be translated into a positioning statement, which, according to Kotler and Armstrong (2020) should take the following form: “To (target segment and need) our (brand) is (concept) that (point of difference).” The words in the brackets indicate what needs to be filled in at this point. To be reliable, the positioning statement must be supported by all the marketing mix measures described in the next chapter. A position must be chosen wisely, because it takes a long time to develop or change it. However, adjustments are needed over time as consumer needs and competitor behavior change over time (Kotler; Armstrong 2020). Nowadays, the process of finding the right position is supported by the amount of available digital customer data (Katsikeas; Leonidou; Zeriti 2020).

2.2.6 Marketing Mix

Once a company has chosen a positioning in the market, it must develop a marketing mix consisting of the 4Ps (Product, Price, Place and Promotion) that are consistent with it (Kotler; Armstrong 2020). For example, a company pursuing a "more for more" strategy will not satisfy its customers if it uses a low-cost, low-quality logistics partner because customers expect better service for a higher price. The 4Ps of the marketing mix are described in this subsection.

2.2.6.1 Product

Kotler and Armstrong (2020, p. 234) define a product as ”anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.” According to this definition, services, places, events, people, organizations, and ideas are also defined as products. The creation of a value delivering product can be seen as starting point of the marketing mix (Kotler; Armstrong 2020). As Figure 7 shows, a product consists of 3 levels, the core customer value, the actual product, and the augmented product.

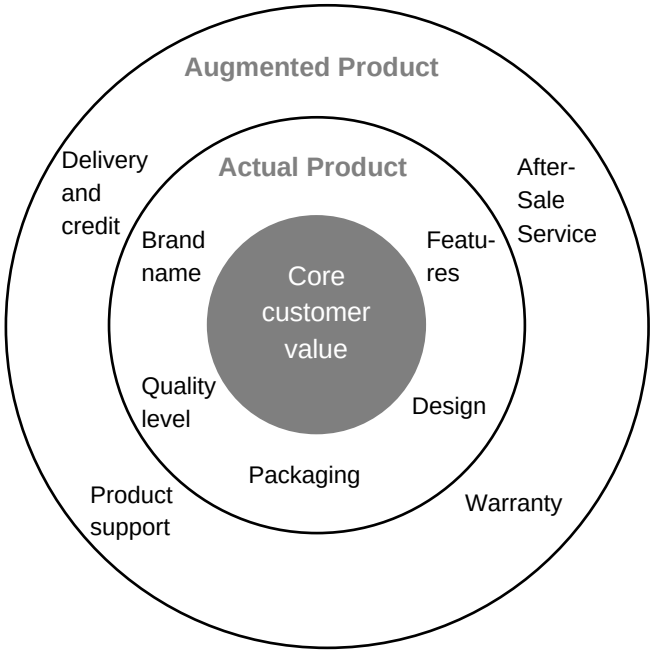

Figure 7: Levels of Product

Source: Based on Kotler; Armstrong 2020 p.235

Each layer adds to the value of the product for the customer. Moreover, brands today create experiences and no longer just products or services. A product is defined as an industrial product as soon as it is used for another company. Industrial products are divided into materials and parts, capital goods, supplies, and services (Kotler; Armstrong 2020).

For developing a product need, several decisions need to be made. At first product attributes need to be defined, these include product quality, product features, and product style and design. Important is that the product attributes are adding up to create a valuable product for the target customers (Kotler; Armstrong 2020). To ensure this, the employees need to get out of the building and build a deep customer understanding (Blank; Dorf 2020). The branding of the product is the next decision to be made. Branding is an important factor as customers build a relationship with the brand as it creates a story and provides guidance for product quality, consistency, benefits, and features, for all the company’s products. On the other side, sellers benefit from branding because of the legal protection of trademarks, the possibility of segmenting the market and the value of the brand (Kotler; Armstrong 2020).

The creation of a logo is an important next step as it helps the customer to identify the brand or company behind a product. Moreover, customers may create strong relationships with their favorite brand’s logo. Therefore, decisions about changes should be made carefully. Finally,

customer support services play an important role in today's markets. Customer services should be reviewed regularly and improved by getting customer feedback (Kotler; Armstrong 2020).

After the launch of a product, it enters the product life cycle, which normally consists of five stages, as can be seen in Figure 8. However, not every product goes through all stages. Also, the length of each stage varies from product to product. Some products like Nivea creme or Persil stay in the maturity phase for decades (Benkenstein; Brock 2021), while others like fidget spinners never enter the maturity phase and fade away quickly (Kotler; Armstrong 2020).

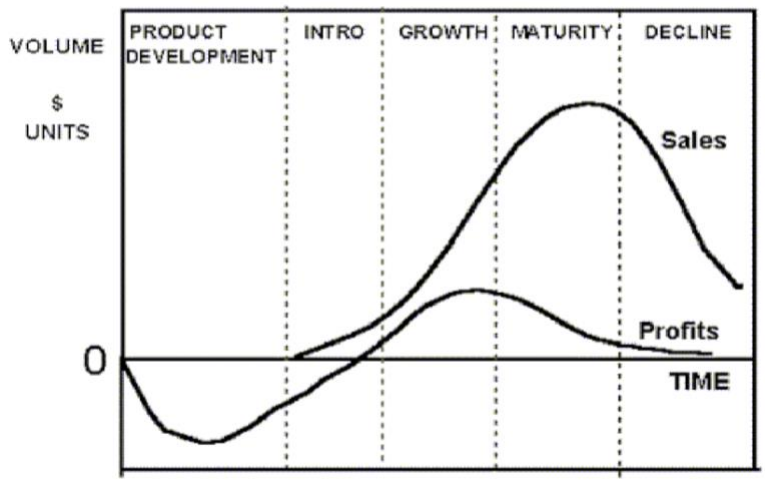

Figure 8: Product Life Cycle

Source: Based on Kotler; Armstrong 2020, p. 281

In the product development stage, no sales are made, only costs are incurred, as the product does not hit the market yet. The first sales are made in the introduction phase where neophiliacs (Godin 2018) or early evangelists enter the market (Blank; Dorf 2020). However, the company is still not making any profit from the product as costs from development, attracting distributors, and heavy promotion weigh on them. In the growth phase, sales start to pick up and the product becomes profitable as early adopters attract later buyers. Competitors recognize the opportunity and start to enter the market. The prices remain as they are, and manufacturing costs start to decrease. Companies try to stay as long as possible in the growth stage by improving quality, adding new features, and entering new markets and distribution channels. The promotion budget stays at the same level, shifting from maximizing awareness to building conviction. In the maturity phase, sales and profit peak as nearly all potential buyers have entered the market and the competition grows. This stage normally is the longest, and for the marketers, the most challenging one. Competitions get tougher as more companies enter the market, taking down prices, invest in development, and increase advertising and sales promotion. To stay in the mature phase, constant adaptions of the product offering, the server market and the marketing mix are important. In the last stage, sales and profits decline further; the reasons for the decline are various ranging from technological advancements to shifts in consumer tastes. Products in the decline stage can be either maintained, harvested, or dropped. However, a decision needs to be made as these products can steal companies' time and money (Kotler; Armstrong 2020). The position of the

product in the product life cycle provides useful help to assess the right marketing strategy (Benkenstein; Brock 2021). Moreover, according to Kotler and Armstrong (2020) a company needs to stay true to its positioning rather than seeking short term gains in order to profit for a longer time. Companies need to consistently adapt and innovate to avoid reaching the decline stage(Kotler; Armstrong 2020).

When internationalizing, companies need not only consider which country to enter with which product, but also how much adaption versus standardization is needed (Katsikeas; Leonidou; Zeriti 2020; Hernani-Merino et al. 2020; Knight 2000; Lages; Abrantes; Lages 2008). On the one hand, standardization leads to a worldwide image, reduces product design, manufacturing, and marketing costs. However, on the other hand, markets and consumers in other countries have different wants and needs (Kotler; Armstrong 2020).

2.2.6.2 Pricing

According to Kotler and Armstrong (2020, p. 296) price is defined, as “the sum of all the values that customers give up to gain the benefits of having or using a product or service.” Thus, pricing is important to create value for customers, build customer relationship, and gain value from customers. Effective prices need to be in the middle between too low to create profit and too high to create demand reflecting the value for the customers (Kotler; Armstrong 2020). Moreover, the pricing strategy, as part of the marketing mix, should strengthen the overall positioning and marketing strategy of the company. Therefore, a marketer needs to take all the marketing mix elements into account, when defining the right pricing strategy (Godin 2018). Further factors which are needed to be considered when setting a price are the market type, the demand for the product, the price elasticity, the economy, the government, and social concerns (Kotler; Armstrong 2020).

Kotler and Armstrong (2020) describe three ways to define the right price: customer value-based pricing, cost-based pricing, and competition based pricing. Customer value-based pricing defines pricing takes the customer’s view and the whole marketing mix into consideration when setting a price. This pricing approach takes first into consideration what a customer is willing to pay before developing the product. Therefore, at first, customer needs and value perceptions are assessed. Based on this value and the position strategy, a target price is set. From his target price the maximum costs for the product can be determined and the development can start. Customer value-based pricing can be divided into good value pricing, which assesses what the customer is willing to pay and sets the price, and value-added pricing where the company adds value, such as features, to distinguish from competition and sets its price accordingly (Kotler; Armstrong 2020).

Cost based pricing uses the whole costs involved for bringing the product to the market. It then adds a fair value and thus defines the price. Effects such as economies of scale and the learning curve reduces costs over time. One way to do cost-based pricing is to set a fixed markup on the product costs. This type of pricing is well established as it is an easy way to define the price as costs are in comparison to demand known and more stable. However, it is insufficient for defining a fair valued price for buyers and sellers. Another way to define a price based on costs, but which also takes into consideration the estimated demand, is break-even pricing. This method compares different volumes per price required to break-even and compares them to the estimated demand at that price (Kotler; Armstrong 2020).

In competition-based pricing, prices are set by analyzing the market companions and the perceived value the customers have from their products. Additionally, a company should consider the competitor's size, pricing strategy, and the segments served. However, the overall goal is to set the price according to the relative value perceived by the customers (Kotler; Armstrong 2020). Especially, since nowadays prices are more transparent than ever through the internet (Katsikeas; Leonidou; Zeriti 2020).

Different organizations handle the responsibility for setting the price differently. In smaller companies pricing is often decided by top management. However, other departments responsible for pricing could be marketing, product management, salespeople- mainly in B2B- and in some industries, a separate pricing department may also exist (Kotler; Armstrong 2020).

When considering the product life cycle different stages and conditions require different pricing strategies (Benkenstein; Brock 2021). For this thesis, the introduction phase of a new product was of interest and will, therefore, be described in more detail. Two ways for setting an initial price are recommended by Kotler and Armstrong (2020), market-skimming pricing and market-penetration pricing. Market skimming creates the most revenue from each segment as it starts at a premium price and works its way down as newer models are introduced. However, for skimming the market, several conditions must be met. A high quality and image are needed, the demand at the higher price level needs to be enough, the higher costs for producing smaller volumes are no disadvantage, and competitors are not able to undercut the price for the same value. When penetrating the market, companies use low prices to quickly gain a substantial market share. For a successful penetration strategy, markets must be highly price sensitive, higher volume must result in lower costs, and maintaining a low-price position must be feasible (Kotler; Armstrong 2020).

Different situations and customers call for a diversified pricing strategy such as an international setup, where price decisions need to consider local market conditions (Fuchs; Koestner 2016) and additional costs due to shipping, operations, product modifications, insurance, exchange rate fluctuations, physical distributions, and tax rates. Companies, therefore, need to decide, who will pay how much for the additional costs, for example, does the customer in a distance selling country have to pay alone, are the costs distributed among all customers, or does the company assume all costs itself (Kotler; Armstrong 2020). B2B software startups have the advantage that their products don't need to be shipped as they are not physical. However, according to Roemer (2014), and Kotler and Armstrong (2020) a company needs to consider economic conditions, competition, laws and regulations, and the wholesaling and retailing system when setting up an international pricing strategy. Pricing is a key strategic element for internationalizing in less wealthy markets. To reach these poorer markets which have large sales volume potential, companies for example produce cheaper models of a product with less features. In some cases, companies also consider selling a cheaper version under another brand (Kotler; Armstrong 2020).

2.2.6.3 Distribution

The marketing channel can be a reason for success or failure. Firms need to team up and build valuable relationships with partners in their supply chain to deliver the most value

possible for the consumer (Kotler; Armstrong 2020). Moreover, Roemer (2014) claims that international success highly depends on an efficient distribution.

Kotler and Armstrong (2020) prefer to use the term value delivery network instead of supply chain as it suggests that the whole network delivers it's part to provide value to the customer. Marketing or distribution channels are set up to make a product available for the consumer. As for pricing, channel decisions affect all the other parts in the marketing mix. Moreover, innovative channel decisions can lead to a competitive advantage and can change a whole industry, like Netflix did with the home video industry (Kotler; Armstrong 2020).

Marketing channel members help delivering value to the customer and from the customer to the company. They do this by gathering and providing information about the market, promotion, creating contact between buyers and sellers, matching offers to buyer's needs, negotiating about price, distribution, financing of the channel, and taking risk to do the channel work (Kotler; Armstrong 2020).

This can be done by the company itself, using a direct channel, or by a valuable partner -a so-called intermediary- using an indirect channel. An indirect channel can consist of one or more channel partners; however, the more channel partners, the more complex a marketing channel is (Benkenstein; Brock 2021) as the physical flow, the flow of ownership, the payment flow, the information flow, and the promotion flow need to be handled. The various channel possibilities can be seen in Figure 9. Furthermore, despite being most effective when working smoothly together, while everyone is doing the best they can, there are often channel conflicts due to individual company goals. To overcome this issue, vertical marketing systems where one member of the channel has the leadership over the others through power, a contract or ownership, emerged in recent years. Whereas horizontal marketing systems exploit market opportunities with a partner on the same stage within a marketing channel, on a global or domestic level. This partner could also be a competitor (Kotler; Armstrong 2020).

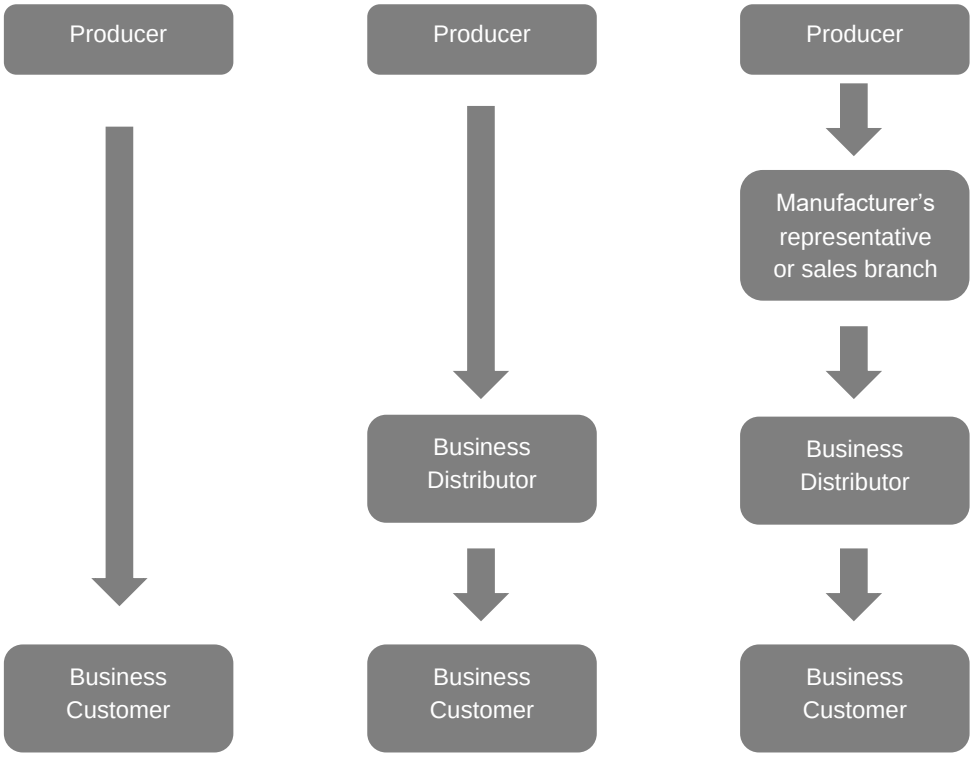

Figure 9: B2B Marketing Channels

Source: Based on Kotler; Armstrong 2020, p. 348

To reach different customer segments, companies use a multichannel approach, where they set up different direct and indirect channels depending on the segment. However -as mentioned above- the more channels a company has, the more complex it gets (Benkenstein; Brock 2021). When creating a marketing channel, startups need to consider consumer's needs, set up channel goals, scan for channel alternatives and evaluate them. When the company decides on their channel management approach, it needs to select, manage, motivate, and review the performance of its channel members. Building a relationship with one's supply chain partners is a key factor to create successful long term value delivery networks (Kotler; Armstrong 2020).

When selling, internationally firms need to adapt their channel strategy to local circumstances and purchasing cultures to achieve greater performance (Fuchs; Koestner 2016). The differences between countries or regions can be found in the size of the channel, the size and type of the intermediaries, and retailing practices. Furthermore, depending on the region, transportation, infrastructure, and supply issues can occur (Kotler; Armstrong 2020). In addition, Rundh (2003) claims that the optimal channel may not be available due to financial or network constraints.

2.2.6.4 Promotion

The creation of value is not enough to do business. The value must also be communicated to attract customers to the company and its products. The goal is to attract customers through clear, consistent, and compelling messages and content. Communication is an essential part of building a profitable relationship with the customer (Kotler; Armstrong 2020).

Kotler and Armstrong (2020) describe 5 major promotion tools: advertising, sales promotion, personal selling, public relations, and direct and digital marketing. Each of these has its own tools to communicate value to the target group. Moreover, not only these tools are communicating with them, but also the other marketing mix elements. Therefore, the alignment of these tools with the value proposition is of high importance.

Marketers of today combine traditional and digital approaches to create satisfying, long-lasting, valuable relationships with their customers (Katsikeas; Leonidou; Zeriti 2020). In addition to that, marketers of today shift away from mass-market communication to a narrower communication tailored to the target segment, this trend is supported by the new possibilities to reach customers via digital and social media marketing. However, no matter which communication tool is used, the most important factor for success is to engage customers, communicate the brand message, and to create an experience for the customer. This is done by content marketers which provide communication in the right context for the paid, earned, shared, and owned communication channels. Paid media is everything which the company paid for to be communicated. Earned media means that the communication is spread through PR media channels because of something interesting them. Owned media is the part of the communication tools which belong to the company, such as websites or newsletters the company ships. Shared media, like earned media, is the spread of communication based on interest, but shared directly by consumers (Kotler; Armstrong 2020).

All the communication of a company needs to be aligned under the concept of integrated marketing communications to avoid confusion. Communication should be done as an ongoing process of engaging customers and building relationships with them (Kotler; Armstrong 2020). Furthermore, communication should be done in a way that also customers start to engage with each other, creating network effects (Godin 2018). In addition, marketers need to be aware of the different touch points the customers have and the effect on them at different stages in the buying process (Kotler; Armstrong 2020). Therefore, knowledge about your target audience, their culture, and beliefs is essential for developing an effective message, especially in a global market.

Marketers intend to support the customers in their journey from awareness of the brand to appeal towards the brand, asking questions about the brand, act on the brand and purchase the product, and finally becoming an advocate for the brand (Kotler; Armstrong 2020). Or as Godin (2018) states it: “from stranger to friend, from friend to customer and from customer to loyal customer.” For promotion activities, marketers first need to decide on which stage of the journey to support the customers to make up his mind. When this is defined, they must decide on which stage to help the customer make up his mind and start designing. Feedback about the creation of awareness and the actual experience itself is key to understanding where improvement needs to be made (Kotler; Armstrong 2020).

When introducing a new product category, the main aim of advertising is to inform the customers about the benefits and thus create demand. When promoting information the media planners need to be sure that the media type, vehicle, and the timing fit the targeted customer group (Kotler; Armstrong 2020). However, Kotler and Armstrong (2020) claim that measuring the success of an advertising campaign in revenue and sales is not easy as this measures are depending on more variables e.g. product features. Advertising can be organized in different ways. Smaller firms might have a single person in the sales department who cares

for advertising. Larger firms either have an internal advertising department or use external agencies to do the job (Kotler; Armstrong 2020).

When deciding on the international promotion strategy the basic decision is between standardization and adaption to local market characteristics (Katsikeas; Leonidou; Zeriti 2020; Hernani-Merino et al. 2020; Knight 2000; Lages; Abrantes; Lages 2008). The rise of online marketing and social media sharing led to a more standardized way for presenting brands globally to prevent sharing different messages across countries. Despite this fact, it has also other advantages such as lower advertising costs, global coordination, and a consistent worldwide image. Adaption on the other side takes into consideration the differences in the culture, the economy, and demography. Major companies therefore use a worldwide advertising strategy and then adapt it to local customs, cultures, media characteristics and regulations. Regulations can contain restriction about the money spend on advertising the media used, the nature of the advertising claim and further aspects (Kotler; Armstrong 2020). Katsikeas, Leonidou, and Zeriti (2020), in addition, claim that a standardized content may offend people of other cultures.

Personal selling is seen as another promotional tool and deals with the personal interactions between customers and the sales personnel to create or maintain customer relationships and gain value, in form of purchased products and services, and market information from them. Salespersons in the B2B software sector need to be well trained problem solvers and engage in the art of creative selling, social selling, and relationship building. Their job is to learn about the needs of customers, present solutions, answer objections, negotiating prices and terms, closing sales, servicing accounts, and maintaining account relationships. Although often separated sales and marketing functions should work closely together to create greater customer value (Kotler; Armstrong 2020). To establish such an environment, Kotler and Armstrong (2020) advise frequent communication, joint activities, and common goals. Depending on the number of products to be sold, and the different types of customers and industries to be served. When selling only to a few different types of customers with a small portfolio, a territorial sales force structure is recommended. In this case, the salesperson is responsible for a geographical area and sells the whole product portfolio resulting in deep local customer relationships. For selling a wide range or complex products a product sales force structure, where salespeople specialize on a product or product category, is used best. The market sales force structure is ideal when the company has different types of customers. This differentiation between the customer groups could be done by the industry, the account size, and the separation between new and existing customers. Also mixed sales force structures are possible especially when the products are numerous or complex and there a lot of different types of customers at the same time (Kotler; Armstrong 2020).

Smaller companies, such as B2B software startups, often use telemarketing and online sales as their primary tools. This approach has not only the advantage of saving costs, but also meeting today's customer preferences as more and more things are handled digitally. Moreover, social selling changed the time and why customers contact with salespeople. Since much of the product research today is done by the customers themselves, salespeople must try to get in early in the process when the customer is learning about the product and evaluating what they want to buy and offer valuable solutions (Kotler; Armstrong 2020).

However, according to Benkenstein and Brock (2021), firms with complex products should use personal selling, to better explain the product.

When facing large customers, with complex problems and a buying team, consisting of different people from different departments of a company, team selling is needed. As sales alone is not enough to clarify anything within the project. However, the right people and training that covers the costumer's goals, organization, products, and competitor strategy are necessary to build a high-performing sales team (Kotler; Armstrong 2020).

Direct marketing, as the next promotional tool, has emerged in the last decades together with digital and social media technologies, to reach narrower customer groups. The main aim of this approach is to engage customers, build brand community and advocacy, and create sales. It can be divided into two forms, digital and social media marketing, which contains online, social media and mobile marketing, and into traditional direct marketing. In the advent of digital marketing, also a new type of startups known as Direct-to-Consumer (DTC) brands, emerged. These brands avoid competition by selling online only through their own channels without intermediaries. Therefore, DTC brands can establish a low-price strategy through less costs, greater convenience, direct relationships with customers, and personalized offerings. However, as traditional companies add digital channels as promotional tools, so do DTC brands (Kotler; Armstrong 2020).

The advantages of direct and digital marketing for the buyers are the convenience, the accessibility, the wealth of information, and the ability to engage with the brand and community. On the other side sellers have the advantage of low-costs, efficient and fast market reach, closer interaction with the customer, greater flexibility with the help of more personalized offers, products and services, and the ability to learn more about the customer. Moreover, social media marketing enables marketers to deliver targeted and personalized content, interact with customers at any time, do real-time marketing, and engage the customers to share brand content, experiences, information, and ideas (Kotler; Armstrong 2020). However, firms must be careful as customers can spread wrong messages, bad news, rumors and scandals, which can threaten a company’s reputation (Katsikeas; Leonidou; Zeriti 2020). Furthermore, challenges marketers face with social media marketing are the uncontrollability of the content shared, in terms of gaining the right to be shared and what is shared about a company. Furthermore, due to the available consumer data, experts worry that digital marketing offers marketers too much knowledge about consumers (Kotler; Armstrong 2020).

2.2.7 Entrepreneurial Marketing

As startups often do not have enough resources, marketing and sales are often done by the founders themselves with an entrepreneurial guerilla marketing tactic, doing everything they can to attract attention (Kotler; Armstrong 2020). Guerilla marketing uses unconventional approaches to promote a company or product, often with a low to no-cost budget (Hayes 2020). In addition, Knight (2000) states that firms benefit from an entrepreneurial orientation as they integrate innovative marketing, emphasizing on quality, and differentiate themselves through product specialization. The author describes the activities of entrepreneurial orientation, high level of product innovation and consistently scanning the environment as

beneficial for internationalization. However, as companies grow bigger, they start to merge into a formulated marketing strategy, sticking to established processes with some room for flexibility left. On the high end companies use intrapreneurial marketing strategies in order to stay creative and create innovations (Kotler; Armstrong 2020).

2.3 International Marketing Management

The globalization of the world offers opportunities and threats for marketers. Globalization has created many large international players, some of which are even more valuable than countries. On the other hand, competition from foreign countries increased and firms now face competitors they never heard of before. Moreover, when companies decide going abroad, they face challenges such as unstable governments and currencies, trade barriers, corruption, and restrictive government policies and regulations (Kotler; Armstrong 2020).

Kotler and Armstrong (2020, p. 553) states these firms "[…] by operating in more than one country, gains marketing, production, research and development, and financial advantages that are not available to purely domestic competitors." Aspelund, Madsen and Moen (2007) see a clear relationship between high internationalization ambitions and the international marketing strategy of firms near their inception. A global company doesn't care about borders and operates, raises capital, and obtains resources where it has the most advantage. Before a company can go global it needs to consider six steps, as seen in Figure 10 (Kotler; Armstrong 2020).

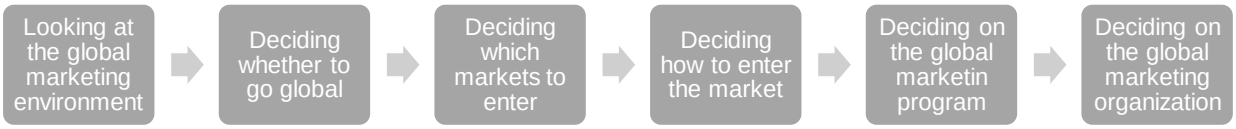

Figure 10: Steps Towards Internationalization

Source: Based on Kotler; Armstrong 2020, p. 554

2.3.1 Analysis and Research

Kotler and Armstrong (2020) claim that before internationalizing a company first needs to analyze the market environment. Malhotra, Sivakumar, and Zhu (2009) claim that the market entry selection process is crucial for the success of internationalization and has long-term consequences. Internationalizing in another country always bears chances and risks. Chances are, for example, the gain of additional revenue and market share, economies of scale and scope, or gaining competencies and knowledge for further internationalization.

Risks on the other side can be of political, economic, environmental, social, or technological nature. Moreover, a Porter Five Forces[2] analysis can reveal even more risks (Roemer 2014).

When internationalizing in another country the firm needs to understand how the trade system between the countries works. Therefore, research about possible tariffs or duties, quotas, exchange controls, and nontariff trade barriers, like restrictive product standards, needs to be done. These are all tools installed by governments to shape trade, gain a profit, protect domestic companies and employees, or save the value of the domestic currency (Kotler; Armstrong 2020). On the other hand, the World Trade Organization (WTO), which reexamines trade barriers, introduces new international trade rules, imposes trade sanctions, and mediates international trade disputes, supports globalization. Furthermore, regional free trade zones such as the EU exist. They are implemented between several European countries to enable products, services, finances, and labor move freely between them. Other big free trade zones are, USMCA (formerly NAFTA) between the US, Mexico, and Canada, and CPTPP between several pacific countries, which is the largest one (Kotler; Armstrong 2020).

The next thing to understand, before deciding on which country to enter, is the country's psychic distance which country characteristics is a key element of. Important factors are development, competitiveness, infrastructure and regulations (Sousa; Lages 2011). In addition, it is important to get to know the economic environment. Especially, the industrial structure, which defines the needs for products and services, the income and employment levels, and the income distribution, which describes whether the household income is high, medium, or low. Countries can be categorized in subsistence economies, emerging economies, or industrial economies. The political and legal environment of a country also deserves attention when considering a country to enter. Countries vary heavy in this regard, some countries are very open to foreign countries and give them favorable conditions, other countries shield their domestic market and build huge barriers for operating in that country. Factors, to look at are attitudes towards international buying, government bureaucracy, political stability, and monetary regulations (Kotler; Armstrong 2020). The PESTEL analysis helps companies identify the important macro factors, such as political, economic, social, technological, environmental and legal, for a company (Oxford College n.d.).

A further factor to consider when going international, which shouldn't be underestimated is the culture of the country and the firms influence on it. A nice gesture at one part of the world could end up bad in another part. The same adapts to business standards; whereas Americans like tough bargaining, Japanese feel offended by this practice (Kotler; Armstrong 2020). This has also been recognized by Trommsdorff and Teichert (2011), who describe the strongly differing cultural views and the related emotions on the image of a beautiful young woman. Knowledge of culture is the cornerstone of successful international businesses and can help identify opportunities. However, the influence of culture is not a one-way street. Companies also impact the country's culture which sometimes ends up in boycott, especially when the sentiment against the headquarter country is high (Kotler; Armstrong 2020).

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[2] Porter Five Forces is a micro analysis tool which considers: threat of new entrants, bargaining power of buyers, threat of substitute products, bargaining power of suppliers, and rivalry among existing firms (Roemer 2014).

2.3.2 Market Entry Selection

A company's decision whether to go abroad can be influenced by several factors. According to Kotler and Armstrong (2020), On one side a company prefers to stay domestic as they do not need to deal with another language, currency risks, political and legal issues, and possible changes of the product to better serve local needs. On the other side, there are several factors which pull firms into internationalization. These factors can be the global nature of the industry, which is shown by global competition, customers expanding abroad or pursuing growth opportunities. However, before deciding to go abroad the firm must clarify if it understands the behaviors and needs of the other country's buyers, the ability to sell attractive products, the willingness to adapt to the other culture, the availability of the necessary experience, and the knowledge about the other country's political and legal regulations. Furthermore, the company needs to define its objectives and the size of its international business; this is determined by revenue size, and amount and type of countries to enter. When deciding on which country to enter several factors need to be acknowledged, these factors include the suitability of the product, geographical factors, demographic characteristics, sociocultural factors, political and legal factors, economic, and more depending on the industry (Kotler; Armstrong 2020). A tool for researching these factors is the above mentioned PESTEL analysis. After the analysis, a scoring or portfolio model helps to compare the risks and opportunities of the countries to choose the most profitable one. A scoring model rates the chances and risks of a country, sums it up and then compares it to other countries. A portfolio analysis compares the sum of all risks to the sum of all chances and compares the single countries within a matrix (Roemer 2014).

2.3.3 Entry Modes

After the decision which market to enter, the company needs to decide on its entry strategy. The choice of the entry mode is an important strategic part and influences the international performance of a company. Depending on the strategy, the company can determine its commitment and risk, but also its control and the potential profits. The least amount of risk but also the lowest control can be achieved by an export strategy. The highest amount of control but also the biggest risk with Foreign Direct Investment (FDI) (Blesa; Ripollés 2008).

With ~~this~~ an export strategy, firms sell domestically produced products either through an independent international intermediary, indirect exporting, or by themselves, which is called direct export, into another country. On one hand the risk, the organizational effort and the required market knowledge is less in indirect exporting but on the other hand, the potential profits and the control are also less-high as there are intermediaries. (Kotler; Armstrong 2020). In addition, the company also gains less market knowledge, and has no direct customer contact (Roemer 2014).

Joining forces with foreign companies to produce or market products and services is called joint venturing (Kotler; Armstrong 2020). According to Kotler and Armstrong (2020), there are four types of joint ventures: licensing, contract manufacturing, management contracting, and

joint ownership. Licensing is a less risky entry mode, as the company allows a foreign company to use a specific part of its value creation for fees or royalty payments. Therefore, the internationalizing company gains profits at minimal cost and risk and the foreign company gains reputation or expertise without walking through a long process. However, the internationalizing firm renounces potential bigger profits and control (Kotler; Armstrong 2020). Contract manufacturing uses the capacities of a foreign manufacturer to produce a company's products. A company therefore expands its production capacities, reduces costs and risk, and can deliver products faster to the market (Roemer 2014). However, the company gives up control over the manufacturing process and the potential manufacturing profits. In franchising also known as management contracting, the company's management expertise is made available to a foreign company, which operates under the company's name, providing financial resources and managing the business (Kotler; Armstrong 2020). The franchisee gives the franchisor for his business concept and trade mark an agreed royalty (Hollensen 2011). It is another low-risk strategy, where the company can withdraw from the contract if it finds a better opportunity to use the management know-how or enhances its commitment through the purchase of shares of the foreign company. The use of joint ownership as another type of joining forces can have different reasons. This type of a company is formed when the company joins forces with foreign investors or companies to create a new venture where they share the control. Another possibility is to buy into an already existing foreign company. A joint venture is maybe required for political reasons, like in China, where the Chinese firm needs to hold most shares to do business there (Kotler; Armstrong 2020).

Additionally, they are formed when both companies use each other's strength to pursue a business opportunity or when the company lacks resources or knowledge to operate the business alone. It is a fast and flexible way to enter a foreign market as the partner is already in the country and contracts between the partners can be cancelled. However, disagreements between the parties within the joint venture may cause problems therefore the choice of the partner is important (Roemer 2014). FDI is the entry form with the most at risk, but also with the most to gain, as the full control remains within the company. For this form of market entry a company either makes a merger or acquisition strategy, where it buys an already existing company, or creates a greenfield strategy, where it builds his own subsidiary in the foreign country (Roemer 2014). Lower costs for production, resources and freight, foreign government investment incentives. Furthermore, the company improves its reputation, and creates a deeper relationship and market knowledge. In contrast the risk is high as the company can suffer from restricted or devalued currencies, falling markets or government changes (Kotler; Armstrong 2020).

Blesa and Ripollés (2008) recognized in their study that a company is likely to choose the mode of entry with which it has the best experience, rather than adapting to market conditions.

2.3.4 The International Organization

As the international business of companies grows over time, usually moving from exporting to joint ventures or direct investment, they are faced with a large amount of work. To handle this companies, create subsidiaries or international divisions. These can be organized as geographical organizations, world product groups, or international subsidiaries (Kotler; Armstrong 2020). A Comparison between them can be seen in Table 1.

	Geographical Organizations	World Product Groups	International Subsidiaries
Organization	Country managers	Organization within the company	Subsidiary of the company
Responsible for	salespeople, sales branches, distributors, and licensees	Worldwide Sales of different product groups	Own sales and profits

Table 1: Organization of International Divisions

Source: Based on Kotler; Armstrong 2020, p. 573

However, truly global markets go beyond international divisions and see themselves as global throughout the company. These companies plan globally, have a direct reporting system, without an international department as step between, and train executives to act truly globally. Furthermore, they recognize where they can save the most and have the greatest opportunities. They see the world as one single borderless market (Kotler; Armstrong 2020). Moreover, Gomes, Sousa and Vendrell-Herrero (2020) claim that a good coordination within an international company helps to swiftly conduct necessary changes across the whole company. This coordination is supported by digital approaches which facilitate communication and coordinate marketing strategies between the headquarter and its subsidiaries (Katsikeas; Leonidou; Zeriti 2020).

2.4 Theoretical Concept

2.4.1 Success Factors for Internationalization

According to Madsen and Servais (1997), the international performance of an INV largely depends on its international marketing strategy. Furthermore, they claim that this strategy is influenced by the processes during the founding of the company, environmental factors, and the organization itself. This view is also supported by Baker, Grinstein and Perin (2020), who see marketing program adaption as a major contributor to foreign market entry success regardless of cultural distance and unanticipated events. Fuchs and Koestner (2016) emphasize the importance of adapting the product, pricing and distribution for achieving greater export marketing success; this is done by serving the needs of foreign customers better. Moreover, in their study they described a relationship between the degree of adaption towards country specifics and the commitment of the company, which was also identified by Lages, Abrantes, and Lages (2008), and supported by Knight (2000) who additionally emphasized the necessity of committing resources for doing market research, adapting products, and develop foreign channels to successfully enter foreign markets. Moreover, Knight (2000) and Rundh (2003) identify the provision of adequate resources as a challenge for small companies. However, the new era of digitalization helps to reduce the research effort by providing easy access to secondary data regarding the country's environment. Additionally, the implementation process can be controlled and monitored more efficiently by using the internet (Katsikeas; Leonidou; Zeriti 2020). As opposed to the above-mentioned studies

Rasmussen and Madsen (2002) identified in their study about “Born Globals”, that these firms successfully use a standardized approach for internationalization. However, most of the surveyed firms are operating in a highly specific niche and are convinced about their superiority over their competition (Rasmussen; Madsen 2002). In the following, these success factors are examined in more detail and detailed research questions are derived from them.

2.4.2 Commitment

According to Lages, Abrantes and Lages (2008), commitment is of utmost importance for a company’s internationalization success. This view is also supported by Navarro et al. (2010), Rundh (2003), Leonidou, Katsikeas and Piercy (1998), and Blesa and Ripollés (2008). Navarro et al. (2010) are defining commitment as the planning of financial and managerial resources towards the exporting process (Navarro et al. 2010). Furthermore, Katsikeas, Leonidou and Zerti (2020) added that the need for specialized export personnel and sufficient production capacity is important to provide resources for internationalization.

Knight (2000) emphasizes that the right amount of resources are necessary to adapt to the foreign market and implement the needed changes of the strategy. Gomes, Sousa and Vendrell-Herrero (2020) see the need to devote enough resources to catch up with different and changing foreign market conditions. Bearmish, Craig and McLellan (1993) state that commitment can be best identified by the company’s efforts to fulfill foreign customers’ needs, wishes, and expectations. Thus, commitment includes preparatory actions, such as market research, devoting resources for international marketing operations, and the adaption of products (Knight 2001). Overall, commitment improves planning procedures and simplifies the implementation of strategies which are adapted to the specifics of international markets (Gomes; Sousa; Vendrell-Herrero 2020; Lages; Abrantes; Lages 2008). Therefore, commitment of the founders to internationalize has a high impact on the early internationalization of startups (Johnson 2004) and enhances the chances of success (Blesa; Ripollés 2008).

However, measuring the commitment of a startup management team is complicated, as their resources are scarce, especially in the beginning. So, a startup may be fully committed to internationalization but is only able to provide one-tenth the resources of another company that is equally committed. Therefore, to find out the commitment of the management to internationalize, the following detailed research question (RQ) was developed:

RQ1: What is the highest point in time for internationalization by committed B2B software startups who put their effort towards the venture?

2.4.3 Strategy

The marketing strategy is the focus of this thesis. However, since it is a large topic, it has been divided into the following subtopics: Mission, Segmentation and Positioning.

2.4.3.1 Mission

A company’s mission is the base for every strategic marketing plan (Kotler; Armstrong 2020), and is defined in the seed stage of a startup (Fuerlinger 2020). Developing a clear mission

statement helps the company as guidance for the people in the company. A mission statement therefore should be market-orientated, satisfying basic customer needs, motivating, meaningful, emphasizing on company strength, describing how the company intends to win, and focusing on customer experience. Out of the mission statement, a company creates its objectives and goals, its business portfolio, and its marketing and other functional strategies (Kotler; Armstrong 2020). Since Porter (1980) states that the success of internationalization depends largely on strategy, the mission as the basis of the strategy has a great influence.

Startups with an ambitious mission are more likely to achieve fast growth as it influences the trajectory of the company. Furthermore, the mission influences strategic alignment, goal setting and operating decisions (Isenberg 2011). Moreover, thinking big not only influences growth but also the chances to gain access to funding as investors are looking for scalable startups with globalization aspirations (Fuerlinger 2020). However, according to a study made by Estring, Korosteleva and Mickiewicz (2013) in which they measured growth expectations of more than EUR 10 million in sales within five years, less than 20% of startups in Austria and Germany have high growth ambitions, compared to the US with 55%. The international vision of the founders has a major impact on the motivation and success of a startup's internationalization as it can be seen through the interaction between the vision, the orientation, and the international pro-activeness (Aspelund; Madsen; Moen 2007). In addition to that, Johnson (2004), Lindqvist (1997) and Oviatt et al. (1994) state that the vision of the founder has a high impact on the internationalization of a startup. And Johnson (2004) mentions it as one of the four major factors for building an international startup.

As previous research has shown, the growth aspiration of a startup does have influence on a company's trajectory, especially regarding future growth (Isenberg 2011) and internationalization (Aspelund; Madsen; Moen 2007). To define a company's mission and vision, therefore, is a main activity in the seed stage (Fuerlinger 2020) and the basis of a company's marketing strategy (Kotler; Armstrong 2020). To identify what influence the growth aspiration has on the success of internationalization, the following detailed research question was created:

RQ2a: What influence does the growth aspiration of a B2B software startup has on internationalization?

2.4.3.2 Market Segments

The goal of segmentation is to divide the market into useful groups, where the members of these groups react similarly to marketing activities (Kotler; Armstrong 2020). Due to increased globalization and technology, customers in different countries adopt similar lifestyles and therefore become more homogenized (Hassan; Craft 2005; Alden; Steenkamp; Batra 2006). Hassan and Craft (2005) propose the use of micro and macro factors to effectively segment the global market and call this a hybrid approach. This hybrid approach also takes into account that a country is not a homogenous segment, that there can be segments across countries, and that the segment base is dynamic. Alden, Steenkamp and Batra (1999, 2006) identified, in their studies, the development of global consumer cultures based on brand preferences of specific segments across and between countries, this view is also supported by Hernani-Merino et al. (2020). Hernani-Merino et al. (2020) additionally suggest for the definition of an international marketing strategy the use of these segments, which permit different countries,

due to their psychological traits and consumer characteristics. Furthermore, in their paper, they recognize the need to adapt the marketing strategy towards them to make it effective and efficient. The concept of global consumer cultures is therefore a reference point for global communication strategies.(Hernani-Merino et al. 2020) Another approach to asses segments is the seven dimensions of “susceptibility to global consumer culture” (SGCC), proposed by Bartsch, Riefler and Diamantopoulos (2016), who help to segment global consumers according to their perception of a brand and to find the right balance between adaptation and standardization of the international marketing strategy. The factors are: conformity to consumption trends, quality perception, social prestige, social responsibility, brand credibility, perceived risk and information costs saved.(Hernani-Merino et al. 2020)

Nowadays all the above-mentioned approaches are supported by the wealth of available data, which allows for better market knowledge due to data mining and analytical tools. This facilitates the segmentation, targeting and positioning activities of companies (Katsikeas; Leonidou; Zeriti 2020).

As stated above the segmentation of consumer across countries has a clear impact on the adaption and standardization activities of a company and consequently, on the international marketing strategy. Therefore, to find out how successful internationalized B2B software startups are approaching it, it is part of the next detailed research question:

RQ2b: What is the approach of successful internationalizing B2B software startups when segmenting the global market?

2.4.3.3 Positioning

The next logical step after segmenting the market is to position the company for the target segments, which is described in detail in chapter 2.2.5. Hassan and Craft (2005, p. 83) define positioning “as strategy to identify and direct marketing resources among intended market segments.” Moreover, they identify in their research a clear relationship between segmentation and the strategic positioning of a company as shown in Figure 11.

		Strategic Positions	
		Same	**Different**
Market Segments	**Same**	Focused Strategy Macroeconomics Attitude and Usage Micro-Culture	Optimization Strategy Attitude and Usage Micro-Culture
	Different	Geo-centric Strategy Geo-Demographics Micro-Demographics Attitude and Usage	Localization Strategy Brand Loyalty

Figure 11: Strategic Segmentation and Positioning Matrix

Source: Based on Hassan; Craft 2005, p. 86

As Figure 11 shows companies with an “across country positioning approach” (column under strategic positions), use as stated above, a hybrid approach to segment the global market. This approach together with an in line positioning strategy is according to the Hassan and

Craft (2005) economically beneficial for the company. On the other hand, Alden, Steenkamp and Batra (1999) suggest to use the above mentioned global consumer culture as basis for the positioning of a global brand. Katsikeas, Leonidou and Zeriti (Katsikeas; Leonidou; Zeriti 2020) recommend using the big data of today's digital world to develop sound strategies for segmenting, targeting, and positioning of a company.

An important first step for the positioning is to find a competitive advantage (Kotler; Armstrong 2020). Furthermore, Rundh (2003) makes it clear that without competitive advantages and value creation for the customer, a company loses market share or has to lower prices. Hernani-Merino et al. (2020), claim that global brands have a consistent positioning approach across the countries aiming for a standardized and centrally coordinated marketing strategy.

Considering the high impact of segmentation on the international marketing strategy and positioning as the next logical step, it is of interest how successful internationalized B2B software startups position themselves in the global market. Therefore, the next detailed research question is intended to find this out:

RQ2c: What do successful international B2B software startups consider in their global positioning approach?

2.4.4 Research

For startups to internationalize the international market selection process is of utmost importance, as it has long-term consequences (Sousa; Lages 2011). Theodosiou and Katsikeas (2001) claim, that the success of an international venture depends on the understanding of the foreign customer characteristics and their purchasing behavior. Moreover, Knight (2000) supports this with his research results. According to him, to enhance the chances of successfully entering a foreign market and respond to globalization, internationalization preparation, what market research is a part of, is needed. The other parts of preparing for internationalization are committing resources and adapting products to international markets, which in particular cannot be done without prior research (Knight 2000). Furthermore, Hamid (2020) emphasizes the importance of information to identify a country's opportunities for the company. However, he claims that in order to assess the true opportunity, information shall neither be withheld nor asymmetric.

Katsikeas, Leonidou and Zeriti (2020) claim that nowadays it is easier to exploit information, as market research is supported by the internet. Thus, marketers easily can find relevant data about foreign countries to identify global opportunities. Moreover, fast adaption to new information can result in competitive advantage. Besides traditional research sites, additional resources for the international market research can be communities, social media or internet surveys (Katsikeas; Leonidou; Zeriti 2020). In addition, Fuchs and Koestner (2016) see continuous interaction with foreign markets through business trips and trade fair visits as extremely important for gaining international experience and market-specific knowledge. Furthermore, they stress the importance of market knowledge to successfully adapt the marketing strategy, which is also supported by Rundh (2003). Nevertheless, Hamid (2020) claims that resources for market research within small companies are scarce and some databases are beyond reach for them. Therefore, he suggests that they should collaborate in order to collectively recognize and exploit opportunities. For deciding which market to enter,

Roemer (2014) suggests to analyze various macro and micro factors to figure out the opportunities and risks for each country and compare them within a scoring or portfolio model.

As stated above, market research is an important aspect for the preparation of startups for internationalization. However, as also mentioned, startups have only limited resources. Thus, the next detailed research question wants to explore the scope of market research which was done by B2B software startups:

RQ3: What scope of market research was done by successfully internationalized B2B software startups prior to their internationalization into the US?

2.4.5 Adaption vs Standardization

When going global, a company needs to decide about how much standardization is possible and how much adaptation is necessary. Both strategies have their advantages as on the one hand the standardization approach leads to lower costs due to using the same marketing mix elements around the world and on the other hand, adaption to local circumstances enhances the opportunity to gain more market share and return, but also creates higher costs (Kotler; Armstrong 2020).

Kotler and Armstrong (2020) claim that some marketers prefer standardization as the world becomes more similar due to globalization and new technologies. These companies benefit from economies of scale and a strong global brand. However, contrastingly, cultures, consumer behaviors, purchasing power, and wants and needs differ so much from country to country that adaption is necessary to sell products to foreign countries (Kotler; Armstrong 2020). Kotler and Armstrong (2020) and Hernani-Merino et al. (2020) therefore suggest that the best possible result is achieved when combining both approaches. Maximizing global brand recognition, but at the same time, adapt to local specifics and respect the foreign culture. Therefore, Kotler and Armstrong (2020) describe 5 strategies to handle product and promotion in foreign environments as can be seen in Figure 12 (Kotler; Armstrong 2020).

Communication \ Product	**Don't Change**	**Adapt**	**Develop New**
Don't Change	Straight Extension	Product Adaption	Product Invention
Adapt	Communication Adaption	Dual Adaption	

Figure 12: Product and Communication Strategies

Source: Based on Kotler; Armstrong 2020, p. 568

The least amount of effort is necessary with the straight product extension strategy, in which the product is shipped to another country with neither adaption nor any promotion. Though this doesn't create additional costs and benefits from economies of scope and scale, it can be disadvantageous when it doesn't fit the consumer's preferences. In this case, product adaption can be used if the communication can stay the same. Resulting in more sales as the product satisfies consumers' wants and needs. However, when product adaptions are not enough to

serve the needs or meet the budget of foreign customers, companies use new product inventions to close this gap. The standardization of communication measurements must be carefully considered as different cultural requirements and language barriers can lead to disastrous outcomes. To avoid this, a communication adaption strategy - where companies react to cultural specifics to deliver a targeted message which engages the costumer - is necessary. Furthermore, also the media must be considered as the mostly used type differs from country to country (Kotler; Armstrong 2020).

Although there is a positive impact on export success when price adjustments are done (Fuchs; Koestner 2016), it is according to Kotler and Armstrong (2020) difficult to define the right price where there are differences in purchasing powers, transport costs, margins, tariffs, and other country specific factors. Especially as the internet makes price comparisons between countries easier than in the past. For this reason, some companies create cheaper product lines to sell them in countries with less purchasing power (Kotler; Armstrong 2020). Regarding the international distribution, Kotler and Armstrong (2020) claim that in order to create a successful value delivery chain network, a company needs to take into account the whole global supply chain, between and within countries. However, the differences and gaps in infrastructure, logistics, regulations, and retail system can make it difficult to deal with the foreign distribution system.(Kotler; Armstrong 2020). Therefore, marketers need to be creative and adapt to local conditions Fuchs and Koestner (2016) claim that for better export success, companies should adapt their strategy product, price, and distribution; furthermore, Gomes, Sousa and Vendrell-Herrero (2020) even speak about international marketing agility to gain competitive advantage due to constant fast adaption. Due to the digitalization of the world, marketers are now better than ever to use data for better standardizing the marketing program for homogenous groups across countries on one hand (Katsikeas; Leonidou; Zeriti 2020), but also are better able to adapt to individual customer needs on the other hand (Sheth; Sharma 2005). Knight (2000) claims that for globalization success as much adaptation as needed, based on research, must be done by the companies.

As this subchapter shows, there are different factors to consider when deciding whether a company should use an adaption or a standardization strategy. To empirically find out what works best in the world of B2B software startups the following detailed research question was formed:

RQ4: What is the needed degree of marketing mix adaption to successfully internationalize into the US as B2B software startups?

2.4.6 Network & Partners (Organization)

To become a global company and gain access to international markets, Rasmussen and Madsen (2002) claim that startups need an international network, sooner or later. Moreover, the internationalization strategy (Rundh 2003) as well as the timing of the internationalization (Johnson 2004) is influenced by a company's network relationships. This argument is supported by Lazerson and Lorenzoni (1999) who argue that the relationships between smaller and larger firms are important, as the latter can provide valuable connections to international partners and suppliers. In addition, joint ventures can help offset information asymmetries and lead to better opportunity identification and exploitation due to alignment of

capabilities, resources, and priorities.(Hamid 2020) Furthermore, Fuerlinger (2020) states that an early-stage startup should seek to connect with mentors in the business world in order to gain access to potential customers, partners and investors. Moreover, the author claims that the network will likely support the startup with financing or other support for further growth. Also McDougal, Shane and Oviatt (1994) acknowledge the importance of networks as they support a startup to find new opportunities.

According to Katsikeas, Leonidou and Zeriti (2020), digitalization enhances the collaboration between the international partners and the communication towards the stakeholders, which makes it an important tool for globalization. Furthermore, digitalization is beneficial when entering a country via FDI as it improves the coordination of activities between the headquarter and its subsidiaries. Lim, Acito and Rusetski (2006) claim, that the success of the international marketing strategy depends on the activities of the subsidiaries. They divide the subsidiary networks of companies into three archetypes: The specialized contributor, the local implementer, and the world mandate.

Moreover, better communication abilities between the headquarter and the subsidiary allow companies to react faster to changes in the foreign market and its environment (Katsikeas; Leonidou; Zeriti 2020). Also Gomes, Sousa and Vendrell-Herrero (2020), state that fast reaction times to changes, or International Marketing Agility (IMA) as they call it, are very important in today's highly competitive international environment. Additionally, they state that to adapt fast and, at the same time, align to the overall corporate strategy, a clear understanding of the strategy as well as the purposes and values of the company for the subsidiaries is needed (Gomes; Sousa; Vendrell-Herrero 2020). Furthermore, Blesa and Ripollés (2008) highlight the importance of the marketing capabilities of organizations, which help firms to understand customers, develop and adapt products, and create marketing elements to target foreign customers. According to Day (1994) marketing capabilities are derived from the skills and knowledge of a company, and exercised through processes in order to enable firms to coordinate activities and leverage assets.

As the literature suggests startups need to build networks, and relationships in order to be successful when internationalizing. Moreover, the organization needs to be aligned to the internationalization endeavor and must be able to quickly adapt to changing environments. The next detailed research question seeks to identify how already successfully internationalized B2B software startups managed this:

RQ5: What kind of organization and network do successful internationalized B2B software startups need to successfully internationalize into the US?

3 Methodology and Research Design

Due to the sparse specific literature on the topic of building a marketing strategy that facilitates internationalization from the outset -as can be seen in the literature review- this work is exploratory in nature. This chapter describes the methodology and research design of the thesis.

3.1 Methodological Approach

Due to the exploratory nature of the thesis topic, as there is no distinct literature available yet, a qualitative research strategy in combination with a deductive approach to test the existing theory of the related fields is chosen (Saunders; Lewis; Thornhill 2016). For this purpose, a literature review was first conducted using the research software, MAXQDA, on the relevant areas of strategic marketing, internationalization, startup environment and combinations of these areas. As guideline for this review, the 18th edition of Kotler and Armstrong's (2020) "Principles of Marketing" was used alongside different research papers.

Based on the literature review, the detailed research questions presented in chapter 2.4 were established. The aim of these questions was to analyze in more detail the studied success factors for internationalization identified in the literature review. Therefore, the detailed research questions were set up to identify the commitment of the startups to internationalization (RQ1), the international marketing strategy of the startups (RQ2a, RQ2b, RQ2c), the approach of the startups to research foreign markets (RQ3), their willingness to adapt to foreign markets (RQ4), and the impact of the network and organization of the startup for internationalization (RQ5). However, this approach was not intended from the beginning, as the original plan was to hypothesize in order to test the findings from the literature. These original hypotheses are listed in the appendix along with the associated detailed index of research questions. Nevertheless, during the literature review and initial interview, it became clear that a more exploratory approach would be of greater value to the thesis, as it would provide greater insight into this new topic. For this reason, the hypotheses, integrated in the appendix, were transformed into the detailed research questions above.

In order to gain answers to these questions, a semi-structured interview guide was created. This approach was chosen according to Saunders, Lewis and Thornhill(2016), who suggest the use of semi-structured interviews when the researcher needs to understand the reason behind a decision of the interview partner and when it is necessary to establish personal contact. The semi-structured interview guide was established in line with research theories and the theoretical questions based on the examined literature.

The structure of the interview guide was inspired by Kotler's and Armstrong's (2020) marketing process presented in chapter 2.2. Furthermore, to address biases, the interview questions were formed as open questions according to Saunders, Lewis and Thornhill (2016). Since the first draft of interview questions would have resulted in an interview duration of approximately over one and a half hour, the guide was shortened. The truncation assumed that the remaining questions were the most relevant for exploring the answers to the detailed research questions. Following the creation of the guide, companies for the interviews, according to the defined sample, were researched.

For the sampling of interview partners, the B2B Software industry was chosen. As this segment has a high expected growth rate of around 6% in the coming years. Furthermore, it is projected that the global revenue for business software will reach USD 806,240 million by 2027 up from USD 568,940 million in 2021. Moreover, with USD 224,200 million global revenue “Enterprise Software” is the largest segment besides “Application Development Software”, “System Infrastructure Software”, and “Productivity Software” (Statista n.d.). In addition, according to Rudden (2021), in 2020, 61% of the Super Startups[3] world-wide offered B2B rather than B2C solutions. To be more specific on the choice of interview partners, additional selection criteria were defined. Due to the nature of the subject, the first criterion is that it must be a startup company, according to the definition of the European Startup Network, as can be seen in chapter 2.1.1. However, as the research is about the experience of already internationalized startups, the criterion for the age of the company was widened to ten years. A further focus was achieved by defining the country of origin of the startup, namely the D-A-CH region, and the country in which the startup internationalized, the US. The Crunchbase.com platform was used to search for the companies and conduct research on them.

In the next step, the possible interview partners were then addressed by e-mail or LinkedIn. However, of the 14 companies contacted directly, none responded in the first attempt. Therefore, to access the defined interviewees, connections from the author's and supervisor's private and LinkedIn networks were used. Thanks to this approach, six interviews were arranged and conducted. Since the startups are from the D-A-CH region, the interviews were conducted in German with an average duration of 40 minutes. Each interview was recorded as the interviewees gave their permission. However, of these six interviews, only five were relevant because the sixth startup had only passive business in the US, only its customers have a subsidiary there, but the subsidiary has no direct contact with the startup.

For the analysis, the interviews were transcribed, interview by interview, directly afterwards using the qualitative research software, MAXQDA. In addition, this research software was used to paraphrase, code, and analyze the transcribed interviews. The analysis was conducted using Braun and Clarke's (2006) thematic approach as it helps to establish relationships between the apparent themes from the literature review and the interviews conducted and to draw conclusions based on propositions (Saunders; Lewis; Thornhill 2016). For this purpose, the paraphrased text was coded first. Then, the coded texts were compared between the startups -in a spreadsheet- in the context of the detailed research questions to find commonalities and interesting facts to answer the detailed research questions. These comparison spreadsheets are listed in the appendix. The results of this descriptive analysis are presented in chapter 4.1 of the thesis. These results were then compared to the literature to determine their relevance and reliability and to find answers to the research questions posed. In addition, following the approach of Mosey and Wright (2007), a suggestion for future quantitative research was made at the end of each comparison.

These findings, based on the results of the interviews and the literature, were then used to create a guide for building a marketing strategy that facilitates internationalization from the beginning. Finally, the whole thesis was summed up and the overarching research question,

[3] Startups which are privately held and haven’t reached unicorn status yet (Rudden 2021).

"How can strategic marketing elements support the internationalization efforts of B2B software startups and increase its chances of success?" was answered. In the end, the limitations of the thesis were discussed and proposals for future research were made.

3.2 Interview Partners

Table 2 below shows the partners of the interviews conducted along with the criteria relevant to the thesis.

No.	Company Type	Industry	Founding year	Headquarter Country	Position of the Interview partner	Year of Internationalization	Relevant
a	B2B Software	Software Add-in	2018	Switzerland	Business Development	-	Yes
b	B2B Software	Journalism	2015	Austria	CEO & Founder	2016	Yes
c	B2B Software	Artificial Intelligence	2017	Austria	CEO	2019	Yes
d	B2B Software	Arts	2017	Austria	CEO & Founder	2017	Yes
e	B2B Software	Hardware Operating System	2017	Switzerland	Head of Product Marketing	2019	Yes
f	B2B Software	Fintech	2019	Switzerland	Country Manager	-	No (No direct customer in the US)

Table 2: Interview Partners

Source: Elaboration by the author

3.3 Interview Guide

To explore the answers to the detailed research questions, presented in chapter 2.4 and summed up in Table 3, and to create comparable results between the interview partners, a semi-structured interview guide was established.

No.	Topic	Detailed Research Question
RQ1	Commitment	What is the highest point in time for internationalization by committed B2B software startups who put their effort towards the venture?
RQ2a	Strategy	What influence does the growth aspiration of a B2B software startup has on internationalization?
RQ2b		What is the approach of successful internationalizing B2B software startups when segmenting the global market?
RQ2c		What do successful international B2B software startups consider in their global positioning approach?
RQ3	Research	What scope of market research was done by successfully internationalized B2B software startups prior to their internationalization into the US?
RQ4	Marketing Mix	What is the needed degree of marketing mix adaption to successfully internationalize into the US as B2B software startups?
RQ5	Network and Organization	What kind of organization and network do successful internationalized B2B software startups need to successfully internationalize into the US?

Table 3: Detailed Research Questions Overview

Source: Elaboration by the author

The whole semi-structured interview guide can be seen in the appendix. However, the following paragraph describes the main interview guide question for each detailed research question.

To explore the answer for RQ1, the interviewees were asked to define at what point in time it was clear for them to become international and whether the product was developed for being international or if changes needed to be made. For RQ2a, it is assumed that the vision and mission of a startup reflects their growth aspirations (Isenberg 2011; Fuerlinger 2020) , therefore, the question about how the internationalization aspect was integrated into the mission or vision was asked. The question to answer RQ2b was straight forward, as the interview partners were asked how they approached segmentation in the global market. To deliver the answer for question RQ2c, interviewees were asked to disclose how they are positioning themselves in the global market environment. Addressing RQ3, the participants were requested to describe what type of market research they conducted prior to internationalization. For RQ4, a broader question about which were the most important marketing mix elements to adapt was asked. The last detailed research question (RQ5) should be met by answering the subject on how the organization is structured for internationalization.

3.4 Measuring Success

In order to validate the success factors derived from the literature, methods must be used to measure success. Nevertheless, the question arises as to how success is defined in the

context of internationalization. In their study of marketing strategy performance, Cavusgil and Zou (1994) used financial measures such as the average annual growth rate of export sales and overall export profitability, as well as nonfinancial measures such as the achievement of set strategic objectives and management's perceived success rate. Aspelund, Madsen and Moen (2007) also state that hard factors should be complemented by soft measures to define internationalization success, as an objective measurement might not be easy. Lim, Acito and Rusetski (2006) add that the relationship between strategy and performance is not easily measurable because it also depends on environmental conditions.

Nevertheless, in this thesis, it was intended to measure success through subjective and objective measurements. The subjective factors used were the perceived success rate of the interviewees, as they all held management positions. A similar approach, taking into account objective financial data and subjective perceptions of management, was used by Baker, Grinstein, and Perin (2020).

For the objective measurement, the intended factors were:

- Revenue per year since the inception of the company
- Date of internationalization
- Preparation time for the internationalization
- Percentage of the international revenue to the overall revenue
- Employees of the company over the years

However, since not all the startups surveyed were willing to provide the objective data requested, performance measurement was only possible according to their perceived success rate.

4 Results and Interpretation

The following chapter presents the qualitative results of the interviews conducted with the B2B software startups from the sample. First, the descriptive results from the interviews are discussed, then these results are interpreted in relation to the literature reviewed. At the end guidance, on how to build a marketing strategy from early on that will facilitate internationalization for startups, will be given.

4.1 Descriptive Results of the Interviews

The detailed research questions mentioned in this subsection and the associated survey approach can be found in chapter 3.3.

4.1.1 Commitment

The results of the first detailed research question RQ1 show that for all but one company (a)[4] it was clear that they would be an international company from the beginning. Moreover, the startups for which the internationalization was clear from the start have developed their products accordingly. The one company that didn't recognize the global potential from the start, started out as a domestic consulting firm. However, the company realized the global potential when it became a software company because of the better learning experience for its customers. After this switch, they had developed a scalable product, which was a first step towards internationalization. Of the five companies, three were even more committed and already have an office in the US. Moreover, company (c) and (d) both built their office within two years of their inception. Where company (d) had to expand in order to participate in an accelerator-program[5] in the USA. In addition, startups (e) and (d) went international just six months after they were founded, due to the nature of the industry and their product. It's worth noting that the startup (c) is taking the next step after its latest round of funding as the CEO recently relocated to New York to build a larger team that can handle the US market; this shows the startup's current strong commitment to the market. In addition to the type of industry and external reasons, other reasons for early internationalization of the startups surveyed included the founders' prior experience (b), global growth opportunities (a), (c), (d), (e), and a domestic market which is too small (b), (c), (d), (e).

From the descriptive results on the topic of commitment, it can be concluded that all companies are committed to the internationalization of their startup. Moreover, all but one of the companies were committed from the start.

[4] Letters in brackets e.g. (a) represents the company as can be seen in Table 2: Interview Partners
[5] Accelerators are institutions who help a new venture, which already has a functioning prototype, accelerate their business (Fuerlinger 2020).

4.1.2 Strategy

4.1.2.1 Mission

Examination of the detailed research question RQ2a revealed that all of the startups surveyed did not want to limit themselves to a single market, as their growth ambitions were high. With one exception, all companies saw strong demand outside their home market from the beginning, and therefore, internationalized at an early stage. In addition, the interviewee of company (d) (2022) stresses the importance of not limiting yourself to one market:

> *"I think it's important for startups to think bigger, just internationally."*

Furthermore, all startups surveyed say that they have a global mission and vision. Although this was not clear for all companies from the beginning, as shown in the last subchapter 4.1.1.In addition to that, startup (c) recently revised its mission and made an explicit commitment to internationalization.

In summary, these results, like the results from chapter 4.1.1 also show the importance of internationalization from the very beginning for the startups surveyed. It can therefore be assumed that this has influenced the development of their strategic marketing elements.

4.1.2.2 Segmentation

When analyzing the results for the detailed research question RQ2b, the startups in the study did not show any outstanding similarities in the way they approach market segmentation, as can be seen in Table 4. The different criteria for segmenting their market were language and culture (a), industry (c), (d), (e), customer size (c), customer living conditions (d), customer behavior (a, d), and government policy (e). Startup (e), for example, is using the US's anti-China policy to its advantage by targeting government entities in addition to the B2B market, which the company segments broadly depending on its industry. Startup (b), which once focused on one industry, is now open to all industries because its channel partner promotes its product without a specific industry focus. However, they are currently trying to get closer to the customer and have therefore changed their segmentation to how the product is used, to also be more involved in the sales process. Company (a) indicates that it uses personas to find groups of similar-thinking customers and better understand their behavior. They use them as they identified huge differences when addressing different positions within a company and similarities when addressing the same position in different companies. In order to focus their efforts, startups (a), (c) and (e) additionally focus on regions. Furthermore, startup (e) introduced focus regions additionally because their customers' privacy policies vary from region to region. However, startup (a) focuses not only on regions, but also on language and culture, as its product is sensitive to these factors.

Two of the interviewed startups (d), (e) explained that they are operating in a two-sided market. This means that, on one hand, they must consider the manufacturer who uses their software to create their product, and on the other, the end user who uses the software when consuming the product. However, the survey did not mention any different segmentation approaches for the second market.

It is noteworthy that all startups started in a niche market and expanded their segments over time. This was either due to the startups' recognition of demand in other industries, or the additional reach provided by their sales partners.

Company	Demographic	Psychographic	Economic	Behavioral
a	Language	Culture		Behavior (Personas)
b	Industry (In the Beginning)			Usage of Product
c	Industry		Customer Size	
d	Industry			Living Conditions, Behavior
e	Industry	Anti-China Attitude		

Table 4: Segementation Factors of the Interviewed Startups

Source: Elaboration by the author

As the results above show there is no single best way to how the interviewed startups segmented their market. However, it can be noted, that the startups mainly used demographic segmentation factors, and set focus regions though they were thinking international.

4.1.2.3 Positioning

In answering the detailed research question RQ2c, the greatest similarity in the positioning approach of the surveyed startups can be seen in the way the startups portray themselves as superior to the competition due to outstanding product features. In addition, startups (b), (c) and (e) claim that they have a major technological advance over their competitors.

Other positioning factors identified during interviews include positioning due to more value for less price in addition to a large network of partners (b), certified superior quality in operations (c), being an enabler for the industry and supporter of anti-China policies (e), positioning in a cultural movement (a), and a more customer-friendly business model for a niche market (d). In addition, the interviewee of Startup (b) (2022) states that a large network from previous business careers and luck played a large role in their market position.

In summary, the descriptive results of the positioning approach of successful internationalized startups show that they usually position themselves on the basis of the superiority of their products. Although this is the common thread among the startups surveyed, they all have an additional individual factor that further sets them apart from their international competitors.

4.1.3 Research

For the detailed research question RQ3 it is noteworthy, that none of the startups in the survey used classical analysis tools mentioned in the literature (Kotler; Armstrong 2020). However, they have their own approach to decide about the entry into another country. Startup (a), for example, relies on the number of people who speak the language and feedback from its community to estimate demand for its software. Therefore, to research the product market fit is an important aspect for them as they are highly dependent on cultural and language influences. Startup (b) on the other hand, used its network and insider knowledge in order to

enter the markets. With this approach and a little luck, they found a major software platform partner that integrated their product into their platform. So, the startup did not need to worry and decide which market to enter. Startup (c) decided to internationalize to the US based only on the desire of a single customer and on signals from the target market, such as competitive growth. Startup (d) is using a more holistic view as it constantly checks its environment to identify opportunities. The startup is strongly committed to its community, constantly using it for further development, feedback, market research, and word of mouth. In addition, the founder is very curious about foreign cultures and what is important to them when using their product, because:

> *"What is seen as added value in Austria doesn't have to be of importance to Asia."*
>
> *(Interviewee Startup d 2022)*

For startup (e) the interviewee (2022) states that the founder's network and insider knowledge were important in the decision to enter the US market. In addition, the nature of the industry and the government's policies were important, as its global vision is to support the industry by excluding Chinese manufacturers, which takes advantage of the US's anti-China attitude.

From the descriptive results on engagement, it can be concluded that each startup uses its own sources and ideas to conduct market research and decide on market entry. What they have in common, however, is that first, they do research to enter a market, and second, they scan the market for things that represent an opportunity for them.

4.1.4 Adaption vs. Standardization

The answer to the detailed research question RQ4 showed that the surveyed startups chose different ways of adaptation and standardization after entering the foreign market. One commonality between them, however, is that they are constantly adapting their product, and that they are doing it due to general product improvements rather than internationalization in particular.

Company (a) is an extreme case of adaptation, as it is still in constant motion to find the most successful marketing mix for itself. In the first change, the company moved from consulting to a software application for increasing scalability and improving the learning experience for customers. As a result, they also had to change their pricing model from an order-based basis to a license model. Recently, the company made another shift from sales-led marketing to product-led marketing to achieve better scalability for attracting a larger number of potential international customers. Moreover, the startup's product is the only one that has been adapted due to internationalization, as it addresses the cultural language specifics of other countries, while the other products have been designed for internationalization from the beginning.

In general, the most common adjustments made by the surveyed startups due to the foreign market were related to the language (a), (d), (e) and the communication with other cultures (a), (c), (e). While all other startups adapted to the US culture, the "born global firm" (e) had to adapt to the culture of the DACH region, as it initially focused on the US market. The company has partners for distribution in the US market and uses direct sales for distribution in the European market. In addition, they have a special team responsible for US government

agencies. However, as the company is looking to refocus on the European market, it is aligning its distribution channel with that in the US for scalability reasons and is seeking a distributor for the European market.

In terms of pricing, all but one startup followed a standardization approach. Startup (d), however, has adapted its pricing strategy to country-specific conditions, as living conditions play a major role for its product. The startup tries to standardize as much as possible but has adapted the language to country-specific conditions.

A general standardization approach across all marketing mix elements is followed by two (b), (c) of the five startups surveyed. However, as the startup (c) plans to be more involved in the US market in the future, the firm is in the process of adapting more to the specifics of the US market by building a team with a country manager to better serve the market there. Nonetheless, for startup (b), a standardization approach is feasible because they work entirely with partners who promote and sell their product. The company therefore has no direct customer contact at all.

	Adaption to foreign markets			
Company	**Product**	**Price**	**Place**	**Promotion**
a	x	-	-	x
b	-	-	-	-
c	-	-	-	-
d	-	X	-	x
e	-	-	X	x

Table 5: Marketing Mix Adaptions of the Interviewed Startups

Source: Elaboration by the author

In summary, as shown in Table 5, the surveyed startups try to standardize their marketing mix elements as much as possible. However, especially in the case of promotion, they have recognized that standardization is not always possible, and have therefore adapted to cultural specifics. This need for adaptation can also be seen in the fact that startup (c) is moving from a standardization approach to an adaptation approach in the US market.

4.1.5 Network and Organization

The results of the interview for the detailed research question RQ5 show that all the startups established a global company, for example they have the approach that all their positions within the firm are also globally responsible. Moreover, the startups surveyed not only have a global business, but also a global corporate culture, as teams are international and some of them work remotely. However, due to remote working, startups (c) and (e) acknowledged the importance of regular face-to-face meetings and events for the quality of teamwork, as these were not possible during the COVID-19 pandemic[6].

[6] The Covid 19 pandemic led to worldwide travel restrictions and forced people to work from home at times.

Although Startup (c) plans to appoint a general manager for the US market to achieve greater engagement with the market, as with all other startups surveyed, overall responsibility remains with the headquarters. One reason for establishing an international office in the US, as indicated in startup interviews (c), (d), and (e), is the difference in time zones. Moreover, the differences in the time zones have a large impact on the organization as it complicates the serving of the market. Therefore, companies (c), (d) and (e) built an international office in the US within two years. Furthermore, company (d) is already considering an additional one for the east coast as the actual one -which they built to get access to the above-mentioned accelerator program- is on the west coast. In addition, the startup (a) is currently seeking the requirements to establish an office in the US and raise international funding.

It is worth noting that the startup (e) opened an office in the US only six months after its founding, as it focused exclusively on the American market and has only recently gained a stronger presence in Europe. However, the company has not established a marketing department in the US because it believes that marketers should be located close to the engineering team, since a technical understanding is more difficult to acquire than an understanding of another culture.

The importance of partners for startups is evident as companies (b), (d), and (e) leverage them for better scalability and to expand their distribution channels and market knowledge. In addition, startups (a), (c), and (d) use partners for supporting tasks such as translation management. In addition, startups (b) and (c) claim that the network is very important for internationalization, as it helps to find customers and partners worldwide. The interviewee from company (b) explains:

> *"We couldn't leverage international investors, but we were able to activate our personal network, which fortunately put us in contact with Microsoft, who included us in their ecosystem and promoted us globally."*
>
> *(Interviewee Startup b 2022)*

In summary, the startups surveyed have built global businesses with an international culture and thus an international understanding. Furthermore, they are committed to internationalization, with three of them already having an international office in the US and another considering setting one up. For them, partners and an international network are important since they help them internationalize and leverage their limited resources for better scalability.

4.1.6 Subjective Performance Results of the Internationalization

Looking at the statements of the respondents from the different startups, it can be seen that they are all satisfied with their current international performance; they are also confident that they have mastered internationalization, well. However, they would make some minor changes: Startup (a) would aim for a more scalable marketing strategy from the beginning, Startup (b) would prefer to have been more independent from their initial investors, as this would have facilitated their internationalization, Startup (c) regrets that it was initially under-committed to the US market and left its employee alone in the US office, and Startup (e) would have focused more on bringing the international team together at face-to-face meetings and

events, as this would have facilitated collaboration. However, startup (d) would not change its internationalization approach as it was very well supported by accelerator programs in the US and Austria.

In summary, all the startups surveyed are satisfied with their internationalization success.

4.1.7 Objective Results

As not all companies provided their objective data, listed in chapter 3.4 , for data protection reasons, the objective measurement of internationalization success is only comparable to a limited extent. Even more problematic, the startup (a) employee interviewed left the company before he could provide the objective data, and the contact he suggested for obtaining the data never responded. Only companies (b) and (d) provided data for all requested items; Table 6 provides an overview of the data received from the companies.

As can be seen in the table, only the commitment to internationalization can be compared based on the year of founding and the year of internationalization, but only between companies (b) to (d). The comparison shows the high commitment towards internationalization, of company (d), as the startup internationalized within the same year of its founding. However, the other startups were also very committed to internationalization, as all of them internationalized within two years.

Of the startups that provided the data, it can be seen that they generate more than 2/3 of their revenue from foreign markets. It is assumed that the reason for this data is either the startups' limited domestic market or their focus on the international market, which offers greater opportunities due to its size.

Unfortunately, no further conclusions can be drawn from the limited amount of objective data.

Company	Revenue per year	Founding Date	Date of Internationalization	Preparation Time	Percentage of International Revenue	Number of Employees
a	-	2018	-	-	-	-
b	2016: 68K 2017: 187K 2018: 250K 2019: 468K 2020: 100K 2021: 900K	2015	2016	12 months	90% per year	5 to 7 per year
c	-	2017	2019	-	-	2017: 4 2018: 7 2019: 13 2020: 30 2021: 33
d	2021: 1300K	2017	2017	From Beginning	80%	Actual 23
e	-	2017	2019	5 months	99%	-

Table 6: Performance Data of the Interviewed Startups

Source: Elaboration by the author

4.2 Comparison to the literature

This chapter compares the results of the survey with those of the literature review. The results are not only the answers to the detailed research questions, but also serve as propositions for future quantitative research. Table 7 provides an overview of all propositions submitted.

4.2.1 Commitment

The results of the interviews show that commitment to internationalization is important. This statement is also confirmed by the literature (Lages; Abrantes; Lages 2008; Blesa; Ripollés 2008; Rundh 2003; Navarro et al. 2010; Leonidou; Katsikeas; Piercy 1998). The evidence of commitment to the global market can be seen in the early internationalization of the startups surveyed. In addition, three of the five startups surveyed already have an international office in the United States. This makes these startups, as Oviatt and McDougal (1994) say, true Born Globals, which best fit the description of an export/import startup or a geographically focused startup, as explained in chapter 2.1.4. Both types serve only a few international countries. However, geographically oriented startups are more active in the foreign market and usually have an office there, while export/import startups are less active in the foreign market and usually do not have an external office. The founders of the surveyed startups realized, early on, that the growth potential could be found globally, which Johnson (2004) also noted. Furthermore, the startups identified that the domestic market was too small for them, which - according to Rundh (2003) and Aspelund, Madsen and Moen(2007)- is one reason why startups internationalize early. As the interviewee of startup (d) (2022) expressed it:

> *"Why should we build up Austria and then slowly expand into Germany? Why shouldn't we think internationally from the beginning?"*

This would eliminate the need for later changes as mentioned by Knight (2000).The negative effects of subsequent changes can best be seen in the example of startup (a), since it did not realize its global commitment until later, so it had to make many time-consuming and customer-inconvenient changes to align its corporate structure and marketing mix to the international market. The early international focus and engagement of the other startups has helped them from the beginning to allocate resources, and develop products and other marketing mix elements that are suitable across borders; they also provided the resources necessary to serve an international market, as Knight (2001) recommends.

As the results of the interviews and the literature show, startups that are highly committed to the global market engage internationally at an early stage. It was found that they already have a global mindset from the start which helps them build an organization and create marketing mix elements that were already geared towards the international market thus facilitating internationalization. These results answer the detailed research question (RQ1), "What is the highest point in time for internationalization by committed B2B software startups who put their effort towards the venture?". Moreover, to quantify the response in future research, the following proposition can be made:

Proposition 1: Startups that are committed to the global market from the beginning are more likely to internationalize sooner and need lesser preparation time because they already have their marketing strategy aligned to the international market.

4.2.2 Strategy

4.2.2.1 Growth Aspiration and Mission

The high growth aspiration of the interviewed startups and their international vision can be recognized in their respective mission. It is assumed that their growth ambitions had a major impact on the international mission and the speed of their internationalization. This assumption -which is also supported by Isenberg (2011)- that these high growth ambitions are especially important to integrate into the mission as it influences not only the objectives, planning, and speed of internationalization of the startup, but also the business portfolio and products to be developed (Kotler; Armstrong 2020). Moreover, the growth ambitions of the founders have a significant influence on the early internationalization of a startup (Oviatt et al. 1994; Johnson 2004; Lindqvist 1997). This was also evident among the startups surveyed, as almost all of them think internationally from the start, and three of the five startups opened an office in the US within two years of their inception. This pro-activeness and orientation towards internationalization, due to the international vision was also recognized by Aspelund, Madsen, and Moen (2007). In addition, all the interviewed companies agreed that a startup should not limit itself to one market and should think internationally from the beginning, which is consistent with the findings of Fuerlinger (2020). This global mindset influences not only the timing of internationalization, but also the startup's mission and thus its overall marketing strategy, as the results of the interviews showed and Rasmussen and Madsen (2002) also recognized.

The results of the interviews and the literature review show how important high growth ambitions are -in addition to the startup's commitment- in order to develop an international vision and thus mission. So, the detailed research question (RQ2a) “What influence does the growth aspiration of a B2B software startup has on internationalization?” can therefore be answered as follows: A startup's growth ambition not only has a major impact on the speed of internationalization, but also on its mission and thus on its marketing strategy. This is because the global mindset plays a role in all considerations around the marketing strategy. To quantify these assumptions, the following proposition can therefore be taken:

Proposition 2a: Startups with a high growth aspiration, have an international mission, and focus their marketing strategy on internationalization from the beginning and therefore internationalize earlier than their counterparts.

4.2.2.2 Segmentation

Segmentation is necessary to identify groups of people that a startup can target with its marketing efforts (Kotler; Armstrong 2020). In addition, interviews revealed that segmentation helps the surveyed startups focus their limited resources. Of the various segmentation approaches presented in chapter 2.2.3.1 three of the five B2B software startups surveyed used a demographic segmentation approach that divides the market into different industries (Bruhn 2015). Furthermore, the surveyed startups use the intermarket segmentation approach proposed by Hassan and Craft (2005) which involves searching across countries for customer groups that share similar characteristics toward the product. According to the authors, this leads to cost efficiency, opportunities for global product transfer, market expansion through transnational customer groups, and more effective brand management. Moreover, the startups surveyed began in a niche market, internationalized early, and then began to expand

into other segments, as Jolly, Alahuhta, and Jeannet (1992) also noted in their study of high-tech startups. As company (a) expanded they recognized not only the cultural and linguistic differences between countries in the provision of language- and context-sensitive software - but also the differences within the various positions in an organization. These differences are also recognized in the literature and occur within the buying center described in chapter 2.2.3 (Kotler; Armstrong 2020). They, therefore, also integrated behavioral segmentation factors. However, the interviews did not reveal a single international market segmentation approach that was most appropriate for all startups interviewed although most of them used a demographic segmentation approach.

So, answering the detailed research question (RQ2b) “What is the approach of successful internationalizing B2B software startups when segmenting the global market?” is difficult because the interviews did not reveal a single best approach. However, it can be noted that, although the interviewed startups set focus regions, a cross-country segmentation approach is particularly beneficial for resource-constrained startups for reasons of cost savings and scalability. To quantify this statement, the proposition is defined as follows:

Proposition 2b: Startups that take a cross-country segmentation approach from the beginning benefit from lower costs for marketing efforts when they go abroad because their strategy is already international.

4.2.2.3 Positioning

After segmenting the market, a startup must select a segment that it wants to and can best serve, called the target segment. Kotler and Armstrong (2020) state that companies need to find a feature that offers higher customer value than the competition in order to differentiate and position themselves. To address their target segment, the startups studied use different positioning approaches. However, they state that their key competitive advantages that set them apart from their competitors are superior product features and technological advances. In other words, they position themselves as market leaders, which according to Johnson (2004) is a major factor for the early internationalization of startups. Other positioning factors mentioned in chapter 2.4.3.3 are not congruent among the surveyed startups. According to the study by Hassan and Craft (2005), the interviewed startups can be categorized as those that take a global segmentation approach while achieving a similar strategic market position, as shown in chapter 2.4.3.3. This so called focused- or geo-centric- strategies actively seek to standardize the marketing strategy in the international market.

As can be seen from the success factors described earlier, a global mindset is conducive to the internationalization of a startup from the beginning, as it considers global segments and competitors for the positioning of the startup. Which already answers the detailed research question (RQ2c) “What do successful international B2B software startups consider in their global positioning approach?” Therefore, the proposition for further quantitative research can be formulated as follows:

Proposition 2c: Startups that take global customers and competitors into account from the beginning of their positioning have an advantage when it comes to internationalization, as the subsequent marketing measures to communicate the positioning are already internationally oriented.

4.2.3 Research

Although the literature emphasizes the importance of conducting extensive research before internationalizing (Theodosiou; Katsikeas 2001; Knight 2000; Hamid 2020; Rundh 2003), the startups interviewed took a different approach. If anything, they focused their research on very industry-, customer- or product-specific topics, instead of focusing on the macro issues, which, according to the classic PESTEL analysis, include political, economic, social, technological, environmental, and legal elements (Oxford College n.d.). Only company (e) considered political issues due to the nature of its business model. Moreover, rather than analyzing different countries using a portfolio or scoring model to decide which market was best to enter, as Roemer (2014) suggested, they entered the market that seemed best to them based on their observations. Moreover, the approach between startups is not generalizable, which Fuchs and Koestner (2016) also acknowledge in their study by noting that the first step towards internationalization tends to be excitable and erratic. While one company decides to internationalize based on demand from a foreign customer and signals from the market, such as competitive growth, another takes the approach of consistently monitoring the environment and remaining curious about the potential use of the product in another country. This last approach is basically what Baker, Grinstein and Perin (2020) call an entrepreneurial orientation, as the startup uses flexibility, trial and error, and experimentation with a certain tolerance for risk. According to Knight (2000), this startup should better be able to leverage its marketing strategy to enter new product markets and better cope with complex environments. In addition, the interviews revealed that the founder's network, insider information and the knowledge of business partners can be considered as an important source of research for the startups. This statement is also supported by several findings in the literature (Fuerlinger 2020; Hamid 2020; Rundh 2003). In addition, constant interaction with the market, as practiced by most of the startups surveyed by constantly interacting with their community, is seen by Fuchs and Koestner (2016) as an extremely valuable source of market knowledge. The startups particularly value interaction with the community when it comes to elicit the product market fit, for a new market or product. This is an important factor for the startups surveyed, as they strive for continuous product improvement in order to maintain a competitive advantage, which is also suggested by Kotler and Armstrong (2020). Although most of the startups surveyed mentioned that they need to adapt their messaging to the US market and vice versa, no startups explicitly stated how they do this. However, it is assumed that they adapt advertising based on trial and error and their experience rather than cultural factors.

The answer, to the detailed research question (RQ3): “What scope of market research was done by successfully internationalized B2B software startups prior to their internationalization into the US?”, is not easy to answer, as the survey results did not reveal a consistent approach. The resources of a startup company are limited, so they do not seem to invest in a classical research approach. However, most of the startups interviewed valued their community and network to access market knowledge. They also do research on topics that seem relevant to them. Therefore, a possible approach to their research would be a middle ground between the literature and the survey results. Therefore, startups should define their macro and micro criteria, which they consistently monitor over a recurring period to find new opportunities or threats and gain competitive advantage. The following proposition is based on this idea:

Proposition 3: Startups that consistently monitor their environment for opportunities from the beginning based on their defined macro and micro criteria identify international opportunities and threats early on, giving them a competitive advantage.

4.2.4 Marketing Mix

In the literature (Hernani-Merino et al. 2020; Kotler; Armstrong 2020; Katsikeas; Leonidou; Zeriti 2020; Lim; Acito; Rusetski 2006; Lages; Abrantes; Lages 2008), two strategies are described in relation to the marketing mix and internationalization, namely: adaptation and standardization, as described in chapter 2.4.5. The startups surveyed prefer a hybrid approach, seeking as much standardization as possible and as little adaption as necessary, which was also observed in Knight and Cavusgil's (1996) study of “Born Globals”. However, they adapted to local preferences and culture, which is also recommended by Kotler and Armstrong (2020); Hernani Merino et al. (2020); and Keegan and Schlegelmich (1999). In this respect, the greatest adaptations are observed in startup (a). However, the adjustments are primarily due to finding the right marketing mix and business model for a global company, rather than internationalization itself. As mentioned earlier, the startups interviewed are in constant product adaptation, but mainly to maintain competitive advantage rather than for adapting to foreign countries, as the startups have already geared their product to the international market from the beginning. Since startups have limited financial and human resources (Knight 2000) and the world is becoming more similar due to homogenization through digitalization (Katsikeas; Leonidou; Zeriti 2020), adaptations are avoided as much as possible by the startups interviewed. Moreover, companies try to standardize as much as possible to benefit from economies of scale, which is also recommended by Kotler and Armstrong (2020). However, the startups surveyed had to adapt some parts of their marketing mix to better meet local preferences. Especially due to the different culture and language, the promotion strategy had to be adapted by most of them. This effect was also recognized by Kotler and Armstrong (2020), who categorize this as a communication adaptation strategy in their review of product and communication strategies, shown in Figure 12 in chapter 2.4.5. This means adapting their communication strategy to the preferences of foreign customers, rather than changing the product, adapting both, or completely standardizing. As the company (c) seeks greater involvement in the US market, it has begun to build a team capable of better addressing the needs and desires of the foreign market. The adaptation of the marketing mix to the foreign market is also recommended by various authors in the literature (Knight 2000; Fuchs; Koestner 2016; Kotler; Armstrong 2020). However, since different pricing for different countries is difficult to implement, especially since in today's world since prices can be compared via the Internet (Kotler; Armstrong 2020), only one of the startups (d) has adapted its pricing to foreign markets, as suggested by Fuchs and Koestner (2016). In addition, none of the startups surveyed changed their approach to distribution because of the internationalization.

In summary, the detailed research question (RQ4) “What is the needed degree of marketing mix adaption to successfully internationalize into the US as B2B software startups?”, can be answered as follows: Startups should adopt a strategy for internationalizing their marketing mix that includes as much standardization as possible and as little adaptation as necessary, as suggested by Keegan and Schlegelmich (1999). This is especially important because they

do not have many resources but still need to attract foreign customers by adapting to their preferences to achieve strong growth (Knight 2000). So, the proposition would be:

Proposition 4: Startups that standardize their marketing mix elements as much as possible due to their early global focus and adapt only what is necessary based on local preferences are more likely to internationalize faster in terms of preparation time.

4.2.5 Organization

The survey results show that startups have not established explicit departments for internationalization. Nevertheless, from the very beginning they have built up companies that are internationally oriented. Oviatt and McDougall (1994) described this early proactive international strategy in their definition of international startups. The surveyed startups leverage their limited resources by also assigning global responsibility to each position within the startup. They also integrate a global culture by forming international teams with members from other countries either in an office or through remote work, which further contributes to a global mindset. However, the startups surveyed said that when they operate internationally and serve a distant market like the US, they struggle the most with the time zone difference because their customers and team are working in the US at a time when they are already out of the office or even sleeping. As a result, most startups opened a branch office in the United States within two years of their founding. In addition, company (c) plans to appoint a general manager for the US market, however, like the “Specialized Contributor” type presented by Lim, Acito, and Rusetski (2006) the offices of the interviewed startups have moderate autonomy and are highly dependent on their headquarter. Moreover, the characteristics of the subsidiary network best fit the "Global Marketer" archetype in their study, which is characterized by a high degree of standardization of the marketing mix, concentration of effort, and integration of the international branch. The startups surveyed, especially those with a high number of remote employees, see the importance of regular physical contact within teams to improve remote work. They also find that an international network is of utmost importance to get access to the international market, which is also confirmed by Rasmussen and Madsen (2002), and McDougall, Oviatt and Shrader (2003) . In addition, the interviewee from company (b) (2022) states that the international success of his startup is mainly due to the network of founders and luck, as they so found access to a big software platform, which promoted their product. In addition, startups say their partners play a big part in their success by compensating for their limited resources and market knowledge. The use of partners is also cited by Aspelund, Madsen, and Moen (2007) as a common international marketing strategy of International New Ventures. Although they claim that the lack of direct customer contact abroad leads to a lower learning effect. However, the importance of channel partners for scalability reasons can be seen as the company (e) moves away from direct sales, government customers excluded, and looks for partners to distribute its product.

With the findings from the interviews and literature, the detailed research question (RQ5), “What kind of organization and network do successful internationalized B2B software startups need to successfully internationalize into the US?”, can be answered as follows: In order to successfully internationalize as a B2B software startup, founders need to establish an organization that is ideally already oriented towards internationalization from the very beginning. This means building an international team with employees from different cultures

who work either decentral or in the office and assume responsibility worldwide. In addition, an international office would facilitate customer service and cultural understanding. Moreover, it is important to build a meaningful international network and to find reliable international partners. This is especially recommended in the early days for better scalability and as a source of market knowledge. Therefore, the last proposition is as follows:

Proposition 5: Startups that establish an internationally oriented organization with a global corporate culture and global responsibilities from the very beginning and establish a reliable international network facilitate their internationalization process.

	Propositions for Future Research
Proposition 1	Startups that are committed to the global market from the beginning are more likely to internationalize sooner and have less preparation time because they already have their marketing strategy aligned to the international market.
Proposition 2a	Startups with a high growth aspiration, have an international mission, and focus their marketing strategy on internationalization from the beginning and therefore internationalize earlier than their counterparts.
Proposition 2b	Startups that take a cross-country segmentation approach from the beginning benefit from lower costs for marketing efforts when they go abroad because their strategy is already international.
Proposition 2c	Startups that take global customers and competitors into account from the beginning of their positioning have an advantage when it comes to internationalization, as the subsequent marketing measures to communicate the positioning are already internationally oriented.
Proposition 3	Startups that consistently monitor their environment for opportunities from the beginning based on their defined macro and micro criteria identify international opportunities and threats early on, giving them a competitive advantage.
Proposition 4	Startups that standardize their marketing mix elements as much as possible due to their early global focus and adapt only what is necessary based on local preferences are more likely to internationalize faster in terms of preparation time.
Proposition 5	Startups that establish an internationally oriented organization with a global corporate culture and global responsibilities from the very beginning and establish a reliable international network facilitate their internationalization process.

Table 7: Summary of Propositions
Source: Elaboration by the author

4.3 Strategic Marketing Guideline for Startup Internationalization

This chapter provides a framework for B2B software startups on how to build a marketing strategy from the beginning that facilitates internationalization. The framework is based on the literature reviewed and the results of the qualitative interviews conducted.

From the interviews and the literature, a good starting point for facilitating internationalization is to be committed and think big and globally from the beginning. On one hand, this helps to direct further activities and resources towards the goal of internationalization, and on the other hand, big ambitions -according to Fuerlinger (2020)- attract more funding capital. Furthermore, Aspelund, Madsen and Moen (2007) note that "[…] rapid international involvement is positively related to performance but mediated by organizational capabilities […]."

Moreover, due to the global mindset the vision and mission -that according to Kotler and Armstrong (2020) form the basis for strategic planning- are impacted as the market, the nature of customers, their value, and the look and feel of the business changes. Based on the international mission, the company defines its goals and subsequently its business portfolio with the business units and their products (Kotler; Armstrong 2020). Therefore, international thinking will directly influence important strategic aspects, resource allocation and product development from the very beginning. This facilitates internationalization because the product is already designed for it, i.e., it is easily scalable and takes into account the wishes and needs of an international customer base; this was also confirmed by the startups surveyed.

However, to define the wants and needs of the global customer base, the startup must first segment the market and find the target segment it can and wants to serve (Kotler; Armstrong 2020). Again, an international view is advantageous as it supports the identification of global customer segments, which in turn will facilitate the search for an international marketing mix strategy at a later stage. Therefore, it is important for startups to look for segmentation criteria on a global scale, such as buyer behavior characteristics, rather than regionally limited business demographics. In addition, the literature suggests the use of macro and micro factors to segment the market (Hassan; Craft 2005; Hernani-Merino et al. 2020). However, since resources are scarce for startups, they should first focus on the defined segments in the most profitable markets as their target segment. The startups surveyed therefore chose the industry as their segmentation criterion and initially focused their internationalization on the most profitable markets, which in most cases was the US market.

To find the right segments for a startup, research is required. On this point, however, the literature and the startups surveyed have dissenting opinions. While the literature suggests an in-depth analysis of the macro- and microenvironment, startups either follow signals, their network, their customers, or some insider knowledge and rely on their experience and general market knowledge. Furthermore, the surveyed startups do not have the necessary resources and do not see the need for an in-depth market analysis. The proposal is, therefore, to find a middle way. First, startups should define their key macro and micro criteria based on their business (Hassan; Craft 2005); then they should consult their network, contribute their experience and market knowledge, and regularly scan their environment against the established criteria to identify opportunities in different markets. Interviewee (d) (2022) stated in this context that it is important to be curious about how different markets might use the product.

The international market segmentation will also have a positive impact on the positioning strategy (Hassan; Craft 2005). The recommended early focus on the world market is, therefore, also advisable for the definition of the positioning, as it also supports the search for a sustainable competitive advantage. Sustainable in this case means that it takes into account a global customer base and global competition. According to the conducted survey, most startups rely on their technological uniqueness or advancement to position themselves against their competitors. Yet positioning can also be accomplished through several other factors and strategies, which were presented in Chapter 2.2.5. Regardless of which positioning approach a startup chooses; the important thing is that the positioning can be defended on a global scale. In addition, the positioning must be supported by a value proposition that can be communicated worldwide. Furthermore, the position needs to be supported by all measures of the marketing mix (Kotler; Armstrong 2020).

The startup's global mindset is also beneficial when deciding between a standardized or adapted approach to the marketing mix elements, as these are already geared towards a global customer base from the beginning. However, the startups in the survey followed a hybrid approach, standardizing as much as possible and making only the necessary adaptations to country- and culture-specific preferences. This approach is also supported by the literature (Hernani-Merino et al. 2020; Kotler; Armstrong 2020) and can therefore be recommended to new startups for implementation. The startups surveyed did not have to adapt their product because they had already developed it for a global customer base. This also applies to the pricing strategy, as only one startup has adjusted its prices to local purchasing powers. No adjustments were needed in the sales strategy either, as the startups stuck to either their direct sales or partner strategy. However, the promotion elements were adapted by almost all startups surveyed due to local preferences and culture. Based on the findings, it is therefore recommended that startups take time at the beginning to form marketing mix elements that can be standardized for the global market. On the other hand, startups should also be open to adapt their marketing mix elements to local preferences and culture, especially when it comes to the promotion strategy. This approach helps -in the opinion of the author- startups develop a marketing strategy that is scalable, facilitates the internationalization process, at the same time addresses local realities, increasing the chances of high revenue growth.

As mentioned above, a global mindset facilitates the internationalization of startups from the very beginning, as important aspects for internationalization are already taken into account when creating the strategy. The difficulty of internationalization when considered at a later stage can best be seen in the example of company (a), which had to change its entire business model to become scalable for internationalization. Yet it is still in the discovery phase for the right internationally applicable marketing mix. Establishing a global mindset from the beginning is highly dependent on the founders and the organization itself. Hiring employees with international backgrounds to work either remotely or in the office was for the surveyed startups a good source for building a global mindset. Furthermore, during the pandemic, the startups interviewed recognized the importance of physically connecting with team members working remotely. Therefore, to implement a global culture, it is recommended to create a heterogeneous team with people from different cultures, but also to make sure that people come into contact physically to promote teamwork. In addition, employees should be assigned not only local but also global tasks, especially since startups do not have sufficient resources

to set up an additional department for the global market and, moreover, to expand global understanding.

In order to optimally serve a distant market such as the US, most of the startups surveyed opened at least a small office there within 2 years. It is recommended that startups take this into consideration when building a startup, as this approach requires additional funding and other resources. However, on the other hand -according to the interviewed startups- it makes it easier to market abroad, helps in coping with different time zones, and assists in building an understanding of the foreign market.

Another important factor in facilitating internationalization is the startup's network and partners, which is also recognized in the literature (Rasmussen; Madsen 2002; Rundh 2003; Lazerson; Lorenzoni 1999; Oviatt et al. 1994), and by the startups interviewed. The network not only supports the startup in various tasks but also helps it get in touch with the right people (Lazerson; Lorenzoni 1999), provides -according to the interviewee of startup b (2022)- insider knowledge, and is also an important driver for the early internationalization of startups (Johnson 2004) . Furthermore, not only is a startup's network important for the international growth of a company, but also its partners. The startups surveyed use either direct sales or partners for their distribution channel. The importance of distribution partners for the startups surveyed is reflected in the fact that company (e) is switching from direct sales to partnership for scalability reasons. Using distribution partners was also recognized by Aspelund, Madsen and Moen (2007) in their study as a common approach of startups. It can therefore be recommended that startups use distribution partners, at least in the beginning, to increase their market reach and benefit from their knowledge of the foreign market. In addition, startups should leverage their existing network and expand it to facilitate internationalization.

Impact Map

Figure 13 shows how the elements of the thesis influence each other according to the results. The figure clearly shows the high relevance of the commitment to internationalization for all elements. Another very important element is research, even if the interviewees did not attach much importance to it, therefore, the arrow in the figure is interrupted. The Network & Organization element also shows its importance, especially for the Positioning and Marketing Mix element.

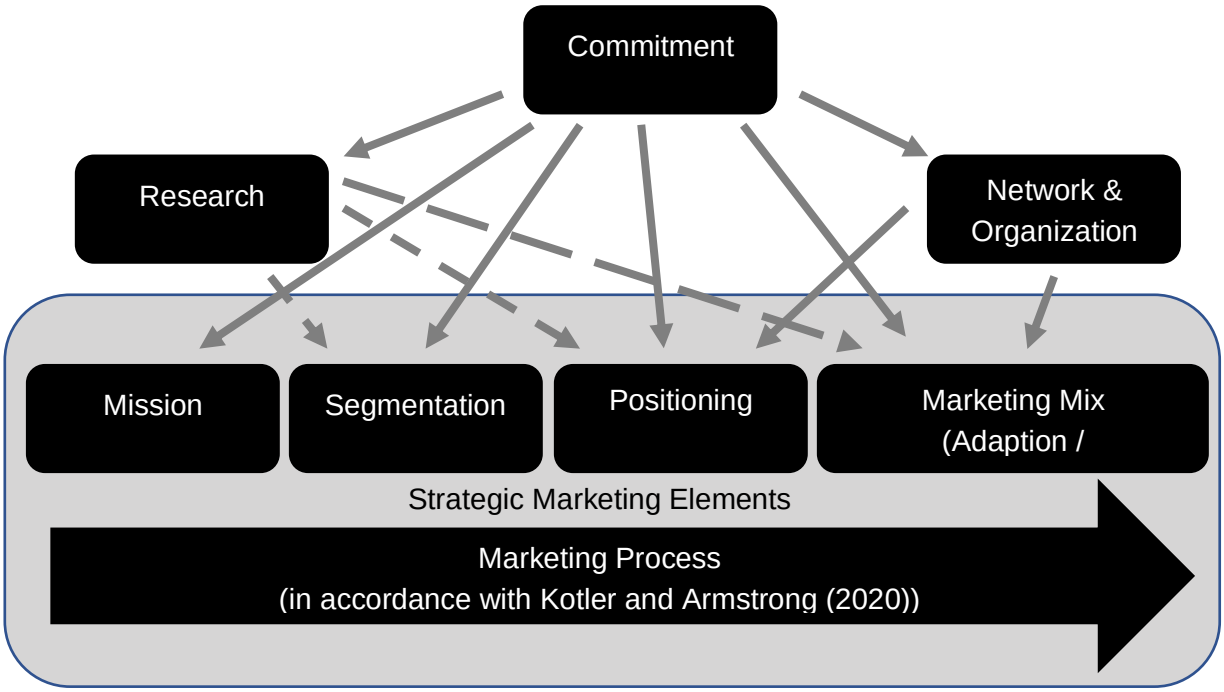

Figure 13: Impact Map

Source: Elaboration by the author

5 Conclusion and Implications

5.1 Summary of Research Topic, Problem Statement and Methodology

This paper discusses facilitating the internationalization of startups using strategic marketing elements. Since startups have limited resources, they first need to know exactly who they want to serve but due to the domestic markets being small, startups would miss out on many potential revenues if they did not seek international opportunities right from the start. However, if startups decide to go international at a later stage, they often have to adapt their entire strategic marketing concept, which can be costly and time-consuming. This master thesis, therefore, aims to find out how internationalization can be facilitated for startups from the very beginning with the help of strategic marketing elements. Specifically, the goal is to provide a theoretically sound, practical framework for B2B software startups on how to build a marketing strategy from the beginning that facilitates internationalization. Therefore, the detailed research question is: “How can strategic marketing elements help a startup, from the beginning, to go global”. To find an answer to this question and to create the guidance, a critical literature review on startups, strategic marketing, and international marketing was first conducted. The literature has shown that issues such as commitment, strategic elements such as mission, segmentation and positioning, research, marketing mix adaptation strategy, and organization are important. These issues were considered important factors that can facilitate internationalization; therefore, they were transformed into detailed research questions that were used to create an interview guide. The next step was to establish criteria for the selection of the people to be interviewed and the search for interview partners. The sample for conducting the interviews focused on B2B software startups that have already successfully expanded into the US. The startups for the interviews were acquired with the help of the network of the supervisor and the author. Interviews were conducted online, and respondents gave consent for the interviews to be recorded. Due to the defined sampling criteria, one interview conducted was not admissible because the company had no direct customers in the US; it therefore had to be sorted out. The remaining interviews were transcribed, paraphrased, and coded immediately after they were conducted. The coded segments were then analyzed for each detailed research question and presented in the descriptive results in chapter 4.1. The results were then compared to the literature, and propositions were derived from this analysis. In the final chapter, the results were summarized into a theoretically sound practical guidance on how to build a marketing strategy from the beginning that facilitates the internationalization of B2B software startups. The results are presented in the following chapter.

5.2 Answering the Research Question

The above-mentioned approach was intended to answer the research question on how strategic marketing elements can support the internationalization efforts of B2B software startups and increase its chances of success. In short, the mindset of the organization, and in particular the mindset of the founders, has a great impact on the development of a marketing strategy that facilitates the internationalization of a startup. If the mindset is focused on internationalization from the beginning, it will influence the entire process of strategic

marketing development and align it already towards internationalization. Although a global mindset is paramount to facilitating the internationalization of a startup, the marketing elements are necessary to leverage it.

As described in chapter 2.4.1 on the success factors for internationalization, commitment is an important aspect. Commitment in this case means the early focus on the international market due to its opportunities and the allocation of resources, as well as the alignment of the marketing strategy towards the international market, from the beginning. Thus, it can be concluded that although commitment is not a direct marketing element, it strongly influences them, which is confirmed by the literature and the surveys conducted and is reflected in the mission of the startups. The mission of the company is a direct strategic marketing element, and influences not only the objective, planning and speed of internationalization of the startup, but also the business portfolio and products to be developed (Kotler; Armstrong 2020). It is therefore important that startups aim high and include the international aspect in their very first mission statement; this has a direct impact on the next strategic marketing element, the market segmentation.

As a globally thinking startup, the segmentation of the market should not stop at the border. Furthermore, the segmentation should be based on factors that identify similar and addressable international customer groups in different countries to facilitate the international marketing mix strategy. In addition, a global mindset and segmentation supports the company's search for a highly competitive and sustainable position in the marketplace, the next marketing element. This is because the startup considers not only domestic or nearby competitors and customers in its positioning, but also those further abroad. Furthermore, this also affects the last direct strategic marketing element in this thesis, the marketing mix.

The global mindset also impacts this strategic marketing element as it will facilitate the internationalization of a startup. This was evident among the B2B software startups in the study, as those that operated internationally from the beginning had no problems adapting their marketing mix to the international market. In addition, startups that align their marketing mix with the international market from the start will have to make fewer adjustments when they eventually begin internationalizing.

Although not directly related to the strategic marketing elements, two other success factors are worth mentioning, namely research, and the organization and network. Both factors support the search for the right approach to the strategic marketing elements. Although, often mentioned in the literature, the classic research approach has not been used by the interviewed B2B software startups that have internationalized to the US. This can be attributed to either the startups' lack of resources or the perceived similarity of the US to the European market. Nevertheless, the startups interviewed set their own research criteria based on the nature of the product, the industry, and their intuition. While this approach is limited in scope, it helps startups target their limited resources. However, it is recommended that startups address not only micro issues directly related to the product or customer, but also macro criteria that are elemental to the survival of their business in the foreign market. These criteria vary from startup to startup, whereas a striking example in this study was the differences in privacy laws between Europe and the US. Another important source for research is the insider knowledge of market participants, which can best be derived from the network of the organization, its partners or the employees and founders of the organization itself.

Furthermore, a startup's network and partners can have a significant impact on the elements of its marketing strategy. As Rasmussen and Madsen (2002) describe and as interviewee (b) confirms, an organization's network is of utmost importance for the internationalization of a startup, as it supports the internationalization and opens doors to important partners.

The organization itself also has a major impact on internationalization and on strategic marketing elements. This is the case because the global mindset mentioned above is largely dependent on the culture implemented by the founders and the employees themselves. The startups interviewed in the survey have developed such a mindset because every important position is not only domestic but also international, due to their global responsibilities; and because of the international constellation of team members, some of whom also work from anywhere in the world.

In summary, the most important thing for facilitating the internationalization of a startup is the global mindset of the company, which largely depends on the global vision of the founders and the employees within the organization who are committed to internationalization. Because this global mindset impacts the company's mission, segmentation and positioning approaches, the marketing mix, and the search for global opportunities are all geared toward internationalization from the beginning. Subsequent adjustments to a foreign market will, therefore, be kept to a minimum.

5.3 Practical Implications

The results of the work clearly show the importance of having a global mindset from the beginning, as it has a significant impact on the strategic marketing elements and their supporting elements, therefore, founders should think big and commit to the internationalization of their startup. This commitment is best demonstrated by creating an international vision statement and aligning the company's mission to it. As mentioned above, this affects the startup's goals, plans, business portfolio, product, and speed of internationalization. Moreover, it will influence the subsequent strategic marketing elements of segmentation, positioning and the marketing mix. For segmentation, this means defining criteria that divide the market into similar groups across countries. In addition, the global mindset influences the way research is conducted. The positioning is influenced not only by the consideration of domestic customers and competitors in determining the competitive advantage and positioning statement, but also by global customers and competitors. This also affects the marketing mix, as it supports the positioning in every respect. Because of this major impact of the global mindset, it must be integrated from the start. However, to establish a global mindset within the startup, the vision of the founders is an important aspect and in addition to the mindset of the founders, the employees must also be globally oriented. Therefore, to establish a global corporate culture, it is advisable that positions in the company have global responsibility; this has the positive side effect that the resource-limited startup does not need an additional department for international affairs. In addition, the startup should hire employees with different cultural backgrounds. This will foster a global company culture as the employees build up an understanding for the different cultures within the company. Finally, startups should build and expand their international network to leverage their

knowledge, make more contacts, receive support measures, and have the opportunity to reach new international customers through them.

5.4 Limitations and Recommendations for Future Research

Although the research within this thesis was conducted in an appropriate manner, there are some limitations and suggestions for further research that should be considered.

The research in this thesis was done by a thoroughly conducted literature review with the focus on finding strategic marketing elements which facilitate the internationalization of a startup. However, there are other relevant issues that have a positive impact on facilitating the internationalization of a startup, for example, the structure of the organization, sales strategies, business model, etc. For future research, it would therefore be interesting to see how startups can use these themes to facilitate their internationalization process even further. In addition, if more topics are covered in the research, a meta-analysis of how startups can facilitate their internationalization would certainly be of interest to future startups.

A limiting factor for the scope of the work were the time and size constraints imposed by the Vorarlberg University of Applied Sciences. In addition, the startup interviewees were high-level executives or even the founders themselves, so the time available for the interview was limited. Due to these limitations, the paper is limited to providing an overview of the strategic marketing elements and guidance on how to facilitate the internationalization of startups without going into too much tactical detail. Future theses could therefore select one or more of the strategic marketing or supporting elements and do an in-depth analysis to find out these tactical details. This would further support the practical relevance of the guidance for facilitating the internationalization of startups.

The analysis of the interviews also has its limitations, as the recorded interviews first had to be translated, then transcribed, and finally paraphrased to analyze them. Therefore, there may be an information gap between the interview and the final analysis, as with any work using the same approach. However, these factors are difficult to eliminate. Only thorough work, such as that done in this paper, can reduce this information gap.

Caution should be exercised in the applicability of the presented guide, as the research was conducted with only one type of startups, namely B2B software startups. In addition, the study was limited to internationalization into the US market, which is similar to the European home market. It would therefore be of interest to see what differences in the results occur when other types of startups, or the internationalization into other markets, are analyzed. Especially when the foreign country has large differences in macro and micro elements from the home country. Since a more detailed research approach is expected, a combination of the two, i.e., other types of startups and markets, would also be of interest but would be less comparable to this thesis, because of too many different factors.

Finally, another limiting factor to the applicability of the thesis in practice is the nature of the study, as the research conducted was qualitative in nature with a sample size of five B2B software startups. It is therefore difficult to say whether the results of this work apply generally to B2B software startups expanding into the US or whether the results are merely coincidental.

In order to confirm the results of the conducted research, the established proposals must be confirmed in a quantitative study with a significant sample size.

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Appendix

Overview

I. Interview Guide (Translated from German into English)

II. Quote Matrix of the Paraphrased Text

III. Original Hypotheses

I. Interview Guide (Translated from German into English)

Context

Place	
Date	
Time	
Company name	
Branche	
Key company information	
Interviewee name	
Position in the company	
Metrics online	
How did the interview go?	
Interview environment	

Introduction

Present yourself	
What is your role in the company?	
Introduce the research objective and approach	
Present the topics of the interview	
Request permission to record	
Declare that the data will be treated confidentially	
Declare that questions need not to be answered	
Offer the executive summary as a thank you	

General questions

When did your company start internationalizing?	
What was the best experience you had during the internationalization process?	
What were the success factors of the internationalization?	
What was the most unpleasant experience you had during internationalization?	

Commitment

RQ1) What is the highest point in time for internationalization by committed B2B software startups who put their effort towards the venture?

Why was the idea globally useful from the start?	
At what point was the internationalization of your startup clear?	
How many financial resources has the company allocated to internationalization?	
What entry strategy did you use for the US market?	

Strategy

RQ2a) What influence does the growth aspiration of a B2B software startup has on internationalization?

How was the aspect of internationalization introduced into the first mission statement?	
How has the mission/vision impacted internationalization?	
How has the mission changed over time due to internationalization?	

RQ2b) What is the approach of successful internationalizing B2B software startups when segmenting the global market?

How important was the size of the segment at the beginning?	
How do you treat country boundaries when segmenting your market?	
How did you define your market segments?	
What tools did you use to segment the market?	

RQ2c) What do successful international B2B software startups consider in their global positioning approach?

How do you take global competition into account in your positioning?	
How do you stand out from your competitors in the global environment?	
How does the company position itself in a global environment?	
What tools do you use to analyze your positioning in the market?	

Research

RQ3) What scope of market research was done by successfully internationalized B2B software startups prior to their internationalization into the US?

What kind of market research did you do before entering the market?	
How did you determine the global need for your product?	
What tools did you use for market research?	
What did you adjust based on the research?	
How many people (full time) were involved in the research process?	

Marketing Mix

RQ4) What is the needed degree of marketing mix adaption to successfully internationalize into the US as B2B software startups?

How did the company adjust the marketing mix in the early days?	
How did the company adjust the marketing mix during internationalization?	
Why did the company choose the adaptation (or standardization) strategy rather than the standardization (or adaption) strategy?	
What were the most important elements of the marketing mix that were adapted in the course of internationalization?	

Network and Organization

RQ5) What kind of organization and network do successful internationalized B2B software startups need to successfully internationalize into the US?

How is your company structured to serve international customers?	
How has the organization changed during internationalization?	
Why has the organization changed?	

End

When you think back to the internationalization process, what would you do differently?	
Is there anything else you would like to share with me?	

Thank you for your time, your support, and the opportunity to learn something.

II. Quote Matrix of the Paraphrased Text

a. **Research Question 1:** What is the highest point in time for internationalization by committed B2B software startups who put their effort towards the venture?

Code	Company a	Company b	Company c	Company d	Company e
RQ1				Company d has a good growth rate and nearly 150,000 registered artists	Due to the market Company e was focused more on the USA rather than Europe
Not Clear from day one	For Company a the internationalization was not clear from the beginning. Company a recognized the international potential when the introduced the Browser Plug-in Company a first and still biggest customers came from Austria and Germany.				

Code	Company a	Company b	Company c	Company d	Company e
Commitment			USA is a very important market for Company c. This is why the interviewee now settled to New York. Company c is becoming more and more involved in internationalization to the US and is now building a team there with the help of the money from the last round of financing. Company c is taking the US-market seriously as it will be the most important market for them in the future. Therefore, the CEO is now there. The Mostlly interviewee thinks that a market as big as the USA needs more commitment		

Code	Company a	Company b	Company c	Company d	Company e
International office <2y			Company c decided relatively fast to build a subsidiary in the USA	Company ds internationalization happened due to the interest in the startup of an US-based accelerator program. The program started in 2019, but at least an office and the presence of a founder was necessary. Company d founded an inc. in the USA to be part of the accelerator program.	
International Office <1y					Company e established an office in the USA half a year after founding

Code	Company a	Company b	Company c	Company d	Company e
Company - From day one		Company b and its product was aligned to the international market from the beginning on. Company b was international from the beginning on due to the experience of its team. Company b interviewee defines the company as born global.	Company c's first projects were in Austria, but the mindset was global right from the start and the first international projects didn't take long to arise. Company c was from the beginning on globally aligned as can be seen as the website was English from the beginning on. For Company c Austria is no main target market. Company c is consequently international aligned from day one and present where it makes sense	Company d was not interested in the Austrian market but in the international. Company d searched from the beginning for an international name Company d is an international startup from day one. Company d's founders were committed to internationalize from the beginning on. Company d focused from the beginning on internationalization and only did domestic projects in order to gain international attention	Company e international focus from day one For Company e the global opportunity was clear from day one.
Product - From day one		Company b and its product was aligned to the international market from the beginning on.	Company c's product was global from the beginning on as the language is English and there is no difference which raw data it is using.	Company ds product was from the beginning on international as the Austrian market was too small for such a niche product.	Company e's product was global from day one

b. Research Question 2a: What influence does the growth aspiration of a B2B software startup has on internationalization?

Code	Company a	Company b	Company c	Company d	Company e
RQ2a				Company d's founders were committed to internationalize from the beginning on. Company ds first NorthStar was to develop features for getting the attention of artists to generate growth	
Financing		Company b interviewee suggests that startups with internationalization aspirations should bootstrap as long as possible as a lot of small investors hinder the investment of big international firms and VC partners,			
Not limiting to one market	For Company a Scalability is important. Company a has high growth aspirations and doesn't want to limit itself to one market (language).	For the founders of Company b the international opportunity was clear as the potential outside of Austria was far greater	As Company c is not a well-known company it sells the product internationally.	Company ds interviewee claims that it is important for startups to not limit themselves to one market. Company d's internationalization is based on accelerator programs from UC	Due to the market Company e was focused more on the USA rather than Europe

Berkely (USA) and Advantage Austria (Korea)

Code	Company a	Company b	Company c	Company d	Company e
Global Vision	The Company a interviewee thinks that the mission and vision was adapted to a global one during the major pivot between consulting and business software. For Company a the change from sales led to product led growth was an enormous relieve, and good for the growth of the company.	The global vision of the founders of Company b is based on the international experience of the founders.	Company c's first projects were in Austria, but the mindset was global right from the start and the first international projects didn't take long to arise. Company c's goal is to be an international company. Company c's mission and vision was globally from the beginning on. But with the revision done last year they made it clear in their statement. Company c's revision of the mission/ vision didn't cause any changes in the daily business.	Company ds mission & vision was from the beginning on global oriented. Their mission is that artists can generate and monetize art with their product. Company ds international vision is to bring the way art is generated and consumed into the 21st century.	Company e has the global vision that everyone is using Company e's system in their drones.

c. **Research Question 2b:** What is the approach of successful internationalizing B2B software startups when segmenting the global market?

Code	Company a	Company b	Company c	Company d	Company e
RQ2b					
Departments	Company a now does not have a clear segment. However, their first target segment were HR departments in Germany and Switzerland. Company a sees differences in the sales process when contacting different positions in a company. Especially between the IT and administration.				
Language	Company a is segmenting the market by global languages. Company a focus now on Germany, Austria, Switzerland, USA, Canada, and UK, but will later include Spanish. Company a is not restricted to HR and available in more				

	languages. --> Broad positioning Company a differentiates between different languages.				

Code	Company a	Company b	Company c	Company d	Company e
Size			Company c is targeting the bigger banks in Europe and America, due to the higher budget for innovation.		
Living conditions				Company d did projects in Africa and south America but due to their poor living conditions art is not in the first place	
Behavior	Company a uses Personas (e.g., Human Resources, Marketing Communication, Team leader...), who have budget responsibility. Company a uses LinkedIn to identify sensitive groups with buying power. Company a try to identify groups with similarities to communicate with them at once			Company d started to understand their artists and categorize them into different groups.	

Code	Company a	Company b	Company c	Company d	Company e
Two-sided market				Company d has a two-sided market, on the one hand they have the content creators and on the other hand the ones who are displaying it.	Company e has a two-sided market. On the one hand they have manufacturers, which are partners but also buy licenses, and on the other hand they have the end consumers.
No clear segment	Company a now does not have a clear segment. However, their first target segment were HR departments in Germany and Switzerland.				Company e has no clear target market regarding the end consumers. They are following the demand.
Region	Company a first and still biggest customers came from Austria and Germany. Company a focus now on Germany, Austria, Switzerland, USA, Canada, and UK, but will later include Spanish.		European banks were Company c's first target market as they had the knowledge and knew how to deliver value. Company c's second target market are insurance companies and north America as second region		Due to the market Company e was focused more on the USA rather than Europe Company e targets drone manufacturers from Europe and America. They are preparing for Asian manufacturers but are excluding China.

	Company a is at the moment trying to enter the USA		Company c now has two focus regions and two focus segments, whereas smaller projects are establishing in telecommunication and health care. Company c's marketing and sales activities are orientated according to their target markets in their focus regions.		
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
Industry		Company b target market were classical digital media newsrooms. Due to Microsoft Company b found new segments in corporates, governments, and universities.	Company c segments the market into industries. European banks were Company c's first target market as they had the knowledge and knew how to deliver value. Company c's second target market are insurance companies and north America as second region Company c now has two focus regions and two focus segments, whereas smaller projects are establishing in telecommunication and health care. Company c is targeting banks and insurance first in the US market, afterwards	Company d never divided the market into different countries. Their segmentation factor is the artist Branche, as they all have a similar behavior. Company d has a two-sided market, on the one hand they have the content creators and on the other hand the ones who are displaying it.	Company e has a two-sided market. On the one hand they have manufacturers, which are partners but also buy licenses, and on the other hand they have the end consumers. Company e targets drone manufacturers from Europe and America. They are preparing for Asian manufacturers but are excluding China.

			telecommunication and health care is the next target.		

Code	Company a	Company b	Company c	Company d	Company e
Regulations			Company c treats US Banks differently from the European ones, due to different privacy regulations.		Company e targets customers with an anti-China policy due to for example critical infrastructure Because of the USA regulations regarding China Company e first focused on this market
Restrictions					Company e strategically excludes the Chinese market

d. Research Question 2c: What do successful international B2B software startups consider in their global positioning approach?

Code	Company a	Company b	Company c	Company d	Company e
RQ2c					

Price		Company b never had pricing issues with their competitors as they deliver more value for less money.			
Network		For Company b the network of the founder was important also for the positioning.			

Code	Company a	Company b	Company c	Company d	Company e
Standards			On the company side Company c differentiates itself through certificates and standardized processes which their customer's trust		
Product	Company a sees Grammarly and Textio as competitors. Whereas Grammarly is for spelling and grammar, Textio is a direct competitor but specialized for English and HR. Company a is not restricted to HR and available in more languages. --> Broad positioning	Company b position itself due to the superior data research, privacy features and the open platform against their competition who mainly focuses on niche markets. Company b positioned their pricing between a commodity office 365 product and a high-end cloud solution. Company b use their own platform to monitor their competition to decide whether or not they should upgrade	On the product side Company c differentiate itself from their competitors through different features and quality of the synthetic data. Company c sells a high technological advanced product which is way better than the ones form their competition		Company es position is unique in the market Company e does not fear competition due to its technological advancement.

		their product as they have 2y advantage in their backlog.			
Culture	The Company a interviewee stresses that the most important thing is to be inclusive, which is now possible on a big scale.			Company ds interviewee claims that as for different cultures different things are important the product can be positioned differently according to these.	

Code	Company a	Company b	Company c	Company d	Company e
Enabler					Vision to support the small drone manufacturers as DJI is occupying 80% of the market -> Being a catalyst for the industry Company e position itself as enabler of the industry with an open system Company e position itself as honest broker who finds a solution for the customer together with the industry
Business model				Company d see themselves as unique augmented reality platform for art Company d sees the different projects from meta, snap and co not as direct competitors	

				due to different business models. Company d's indirect competitors have a different way of supporting artists, making money, and value proposition. Company ds has a good position against the big players as they have a greater focus in their niche.	

e. Research Question 3: What scope of market research was done by successfully internationalized B2B software startups prior to their internationalization into the US?

Code	Company a	Company b	Company c	Company d	Company e
RQ3					
Tools	Company a uses Notion to document their market research findings.				
No classic research	Company a has no specific tools for market research. Company a doesn't use specific marketing research tools	Company b analyzed studies, forecasts, trends, and expert knowledge prior to their launch. Company b didn't use a PESTEL analysis to research the market.			

Demand	Company a decides which market to enter due to the size of the market and the importance of inclusive language for the market. The American culture around inclusive language is a strong reason for entering the market. For Company a the size of the market is another research factor.		Company c assessed the demand of the USA for their product due to one customer request from there. Company c did not do any market research but saw many signals, like competition growth, which pointed to a big opportunity in the USA.		

Code	Company a	Company b	Company c	Company d	Company e
Constant				Company d's management is constantly checking the international environment for opportunities.	
Community	Company a is depending on their community as they provide valuable feedback for their launches. Company a try to understand the market due to the community feedback.	Company b experts sent them a wish list with nice to have product features.		Company d invested heavily in community management to get to know their customers better in order to create a great product for them. Company d uses multiple channels to allow users to reach out to them, provide feedback, and get the communication they need.	

				Company d uses the community to develop, test, and promote new features of the product. Company d uses the creativity of its community.	
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
Product market fit	Company a decided to enter first Switzerland, then Germany, and then USA due to their research. Company a uses MVPs and Backlogs as they have a very agile company culture. For Company a product different context in different cultures matters For Company a context is very important due to cultural issues, because of this Company a is concentrating on German and English	Company b decided based on the wish list of the experts on the top 3 features and used market feedback to further develop their product.		Company d tries to understand the different cultures and markets and how these accept their product Company d's interviewee was not satisfied with his prior job in a marketing agency, so he wanted to create such a good product that it sells itself Company d did a product-market fit in advance to see how people react. And they reacted positively. As Company d's offers something new, they liked to	

	Company a need to take into account regional differences in the written language. Company a recognized that in the USA is a different culture and different data privacy regulations. For Company a product market fit is very important. They measure product market fit by customer feedback saying, it would be very painful if this tool wouldn't exist.			go to the market, create projects and then scale on them up. For Company d theoretical market research is more complicated and time consuming than finding an artist to make a project with them and try things out Company d invested heavily in community management to get to know their customers better in order to create a great product for them.	
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
Curiosity				Company d's interviewee identifies curiosity for different cultures and how the products are seen by them as important factor.	
Network		Company b used their network to get exclusive access to relevant data.			USA market entry was before the interviewee was at Company e. But he guesses the entry was due the market knowledge of the founders not due to research - Insider Know-how The interviewee guesses, that the network of the founders had a big impact on the

					internationalization into the USA.
No specific research			Company c did not do any market research before entering the U.S. market. They trusted their gut feeling, which proved them right over the last two years. Company c did not do any market research but saw many signals, like competition growth, which pointed to a big opportunity in the USA.		

f. Research Question 4: What is the needed degree of marketing mix adaption to successfully internationalize into the US as B2B software startups?

Code	Company a	Company b	Company c	Company d	Company e
RQ4					
Constant Adaption mix	Company a makes continuous adaption to the market. Company a is still in the finding phase regarding their marketing mix.				
Adaption - Product	For Company a the Browser Plug-In was a big step, but as				

	the founders have software development skills it was doable. For Company a product different context in different cultures matters For Company a context is very important due to cultural issues, because of this Company a is concentrating on German and English For Company a small cultural and language issues matter a lot.				
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
Adaption Price	Company a changed from a job specific pricing to a license-based pricing during its development.			Company d uses a global standardization strategy expect for the pricing and the language.	
Price	Company a uses a Freemium model to attract customers and then uses the direct contact for the enterprise solution, which price depends on the company size.	Company b uses a platform as a service model with paid subscription.		Company d uses a freemium model, where artists can use it first for free and then pay for what they get. Company d uses a freemium model.	

Code	Company a	Company b	Company c	Company d	Company e
Standardization		As Company b is in the integration process and catalogue of two big partners, they don't do much promotion by themselves. Company b interviewee claims that a lot of the words in German are already English in nature. Besides the language X. News has symbols, which are the same everywhere.	Company c treats all European banks in a standardized way. Company c is able to use a standardized approach as they think globally from their inception on. Company c is using direct sales to sell the product. Company c will still use a standardized approach regarding product, price and place in the future only	Company d uses a product-led marketing strategy in order to do not need to concentrate on the communication strategy. This enables a standardized communication strategy Company d uses word of mouth and the network effect. Company d uses a global standardization strategy expect for the pricing and the language.	

		Company b uses standard approach but without German language Company b produced for the future short videos of use cases to make it clear what is the core functionality of, and what is possible with the product	adapting to the size of the customer.	Company d's product makes the standardization strategy possible.	
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
Product - Constant Adaption	Company a interviewee claims that a startup is in constant change and must adapt to the environment and the needs of the community.	Company b uses additional features and feature releases to stabilize the price and value of the product. Company b use their own platform to monitor their competition to decide whether or not they should upgrade their product as they have 2y advantage in their backlog.	Company c knows that they can't rest and need to steadily develop the product further.	Company ds product is developing constantly further. Company d's argues that in a startup there is constant change, and the management tries to fix things which aren't working so well, while the rest is running.	
No adaption - Product		Besides the language X. News has symbols, which are the same everywhere.		Company d's interviewee's tip is to build a good product which is easily understandable	Company e faces no different data protection issues in the USA vs Europe

				regardless the culture or language.	

Code	Company a	Company b	Company c	Company d	Company e
Adaption - Sales	Company a changed their strategy from sales led growth to product led growth model Company a relies on product-driven growth through a freemium model for individual users who bring the product into the company, but for the company, a more advanced product comes at a price. For Company a the change from sales led to product led growth was an enormous				Company e adapts the way sales makes the first contact to the customer (USA vs Switzerland) Company e directly sales to customers in the USA but tries to build up a partner network In Europe Company e does not have a sales force. Here people from different departments are helping out doing direct sales.

	relieve, and good for the growth of the company.				Company e has a special team to serve the USA government due to confidentiality

Code	Company a	Company b	Company c	Company d	Company e
Adaption - Messaging	Company a changed the display of their prices from Euro to USD. Company a interviewee claims that Americans see diversity in another way than they do. Because although they are an international team displayed on the website for the American there is no real diversity regarding skin color. Company a had to adjust the web-appearance of their		Company c plans to hire a marketing staff in the U.S. to adapt promotion to the specifics of the market. Company c's new general manager will be responsible for the P&L for the USA and therefore for specific adaptions for the market.		Company e adapted the messaging content when coming back from the USA, as American are more familiar to bold and loud messaging and Europeans are accustomed to a more reserved messaging Company e is using LinkedIn, YouTube (as video archive), and E-mail as channels for all of their customers. When adapting they only adapt the language and the messaging.

	international team due to the US culture. Company a started to strongly use digital marketing in different channels for product led growth.				Company e adapts the formulating of the messaging of the content but stays in the same channel

Code	Company a	Company b	Company c	Company d	Company e
Adaption - Language	For Company a product different context in different cultures matters For Company a context is very important due to cultural issues, because of this Company a is concentrating on German and English Company a differentiates between different languages.			Company d uses a global standardization strategy expect for the pricing and the language.	Company e adapted the language of the content when coming back from the USA. For Switzerland English is ok as language but for Germany German is needed to be better positioned in the market Company e is using LinkedIn, YouTube (as video archive), and E-mail as channels for all of their customers. When adapting they only adapt the language and the messaging.

No adaption - Price	Witty Works uses standardize pricing methods based on competition and other similar products on a monthly basis. Company a use the same pricing globally.	Company b needed to adjust their business model to one big player as he was not used to the subscription model, but to the old perpetuum + maintenance model. However, after a few years the customer changed the subscription model. Company b never had pricing issues with their competitors as they deliver more value for less money.	Company c's prices are negotiated individually with each customer.		Company e does not have price adaptions regarding the country but due to the company size.
Product - Developed for international	Company a offered English from the beginning.	Company b experts sent them a wish list with nice to have product features.	Company c is able to use a standardized approach as they think globally from their inception on.	Company d's product makes the standardization strategy possible.	Company e's product was USA focused

g. Research Question 5: What kind of organization and network do successful internationalized B2B software startups need to successfully internationalize into the US?

Code	Company a	Company b	Company c	Company d	Company e
RQ5					
Network		For Company b the network of the founder was important also for the positioning. Company b created a lot of WOM in the first days of their launch	Company c is using the private network of CEO and the service of Advantage Austria.		

		For Company b luck and an international network played an important role for their success. The international network of the founder was exceptional supportive for Company b Through luck and the network of the founder Company b was invited into the Microsoft world. Company b interviewee strongly suggests using the network of an international partner to position the company in the target market.			
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
General Manager			Company c is introducing a general manager for the US market as it is the single most important market, after Europe, for them. They have no general managers for other countries. Company c's new general manager will be responsible for the P&L for the USA and therefore for specific adaptions for the market.		

Partners	Company a uses Freelancers for establishing the inclusive Glossary in different languages. Company a uses existing companies and rules Company a has different organizations which help them to define what is inclusive. Company a uses different external coaches for growth. Company a uses accelerator, and coaches which understand the new market in order to get to know how to handle it.	Company b generates 92% of their sales through indirect partnerships. X. News would like to know the use case and the customer of every offer. As they want to make sure that the sales partner uses the right questionnaire and communication about what is possible and what not. Company b wants to be in contact with the customer as early as possible with their staff of 3 people.	Company c is using the private network of CEO and the service of Advantage Austria.	For the Asian continent Company d has partners in China, Korea, and Japan as the museums and projects are more specific. For the artists the standard approach works well. Company d's internationalization is based on accelerator programs from UC Berkely (USA) and Advantage Austria (Korea)	Company e directly sales to customers in the USA but tries to build up a partner network Company e tries generally tries to build up a partner network

Code	Company a	Company b	Company c	Company d	Company e
Global Culture	In addition, Company a has a very international team.	Company b company culture is international, as they use English as business language. Company b interviewee has more a problem with making German presentations than English ones.	Company c thinks international as their office language is English, they have international employees with 18 different national backgrounds, and a remote first policy. The Company c interviewee sees the right personnel, which fits to the team and the culture, and has an entrepreneurial spirit as important factor for success in a startup.	Company d lives internationalization internally and externally Company d's interviewee sees a huge benefit in having an international team and conducting international projects Company d's Interviewee's next tip is to think internationally.	

			Especially when the company is internationalizing and only has a few employees per country		
Physical Touchpoints			The Company c interviewee would change the way they were committed to the US market in the beginning. As they only had one remote employee there, who then left because of his loneliness.		The Company e Interviewee argues that personal touch points are important, despite remote work as it facilitates collaboration, due to better understanding of people and dynamics. The Company e interviewee suggests meeting regularly in real to enhance teamwork, especially in an international remote company. The Company e interviewee would change that the teams meet more regularly in person, but the pandemic has prevented this

Code	Company a	Company b	Company c	Company d	Company e
Time zone			Company c decided to establish an office in New York due to location of the headquarters of their customers and the easier collaboration with Austria (time shift, flight time...)	Company d supports western customers from Vienna but considers building an office in New York for the American market due to the time shift.	The Company e interviewee claims that one has to adapt to a new target market, as the culture, the collaboration, and the time zones are different. However, it broadens your view.

					The Company e Interviewee sees the difference in the time zones as a major organizational issue.
Global Company	Every Company a employee is at the same level global responsible. Company a technicians are global because of the technological nature of the product. Company a marketing and sales employees are all global responsible	Company b interviewee defines the company as born global.	Company c is organized as global company with roles in the Headquarter who are responsible for the global market Company c is planning to introduce a matrix organization together with the new general manager for the USA, which means that the overall responsibility still lies in the headquarter.	Company d uses a global standardization strategy expect for the pricing and the language.	Company e act as one global company. No separate entities Company e acts as one global company except for sales, they have their own territories The Company e interviewee claims that one has to adapt to a new target market, as the culture, the collaboration, and the time zones are different. However, it broadens your view.

Code	Company a	Company b	Company c	Company d	Company e
No Marketing Organization in foreign country		Company b has no specific international departments or special international structures as the company is international already from the beginning on.			Company e does not have specific marketing teams per country but would see it as considerable adaption The biggest marketing challenge for Company e is to find the right balance between

		Company b has no organizational specifics to internationalization.			being close to the product, which development is in Switzerland, and being close to the target market., which is relevant for grasping the dynamic and relevant content. The Company e interviewee explains that a marketing company which is close to the target market but not close to the product cannot deliver the right message for the technical content. This is especially true for technical products. The Company e interviewee claims that understanding the target market from farer away is less tempting than trying to understand the product from farer away. The Company e interviewee stresses the importance that marketing is happening close to the product, not the target market, especially for technical products
Code	**Company a**	**Company b**	**Company c**	**Company d**	**Company e**
International Office			Company c decided to establish an office in New York due to location of the headquarters of their customers and the easier collaboration with Austria (time shift, flight time...)	Company d has offices in USA and partners in Korea, Japan, and China Company d supports western customers from Vienna but considers building an office in	Company e established an office in the USA half a year after founding

New York for the American market due to the time shift.

Company ds next step is to establish an office in New York to support the USA.

III. Original Hypotheses

Detailed Research Question	Topic	Hypothesis
RQ1	Commitment	Startups who are committed to internationalization from the beginning on have a higher international performance.
RQ2a	Strategy	Startups who have a high growth aspiration have a higher international performance.
RQ2b		Startups with a segmentation based on psychosocial segmentation can reach bigger homogenous customer groups across countries and have therefore a better performance.
RQ2c		Startups who position (+differentiate) their brand on a global level have a higher international performance.
RQ3	Research	Startups who do research about the foreign targeted market in advance have a higher international performance.
RQ4	Marketing Mix	Startups who adapt their marketing mix to external conditions have a higher performance.
RQ5	Network and Organization	Startups who structure their organization to serve an international customer base have a higher performance.