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New International Market and Features Strategy for Liunian

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Abstract

Project title: New International Market and Features Strategy for Liunian

WeCare, Ltd. an aspiring Chinese mobile application start up has recently launched its first mobile application product in China. As of February 2016, the application concentrated on its basic product idea and was consequently held rather simple and to a minimum.

During the course of this project a team of four CEMS students helped the company to come up with a set of new, innovative product feature ideas that can further enhance the product's value proposition. Moreover, the team supported WeCare's vision to internationalize in the future by identifying the most promising markets to expand into.

Product development, Multi Generation Product Plan, Internationalization, Growth Strategy

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1. Brief Context

With the intention to build a holistic understanding of the business project on which this report draws upon, a brief introduction to the business project client itself as well as the respective business project challenge at hand shall firstly be given in the following.

1.1. Client

The client called WeCare, Ltd. was founded in March 2015 by Todd Okimoto, an American born Japanese Korean, in Beijing, China. Mr. Okimoto, who is enrolled in the Tsinghua/MIT Dual MBA Program (full-time) since September 2014, founded WeCare, Ltd. with the intention to identify and launch innovative mobile applications that would “improve the lives of individuals in meaningful ways”. Upon foundation, Mr. Okimoto committed to donate a certain amount of the future proceeds of the company’s products to selected charity partners. What’s more, as of February 2016 WeCare, Ltd. consisted of a team of five people and was fully self-financed by Todd Okimoto.¹

Despite its rather recent foundation, WeCare, Ltd. has already brought two app products to the market. The first application the company published, called Liunian (流年), is a so-called video-to-the-future application. The application allows its users to capture important moments in their lives and send them out to their close friends, family or even themselves to a future date in time. The idea behind the application is that very often people record meaningful situations in the present but do only want to remind themselves or share those moments with others at a future date in time. By delivering highly emotional video messages, Liunian aims at evoking heartfelt emotions on the side of the recipient. The application aims at improving people’s lives by keeping meaningful memories alive and making people aware of how many reasons they actually have to be thankful as well as to be thanked for. Possible use cases and

¹ According to Mr. Okimoto investors will be approached as soon as traction is demonstrated

examples include amongst others videos being recorded at the day of a wedding or during the very early days of a person's childhood. The application is supposed to monetize on a pay-per-video basis. This decision was made due to the believe that receiving a heartfelt Liunian video gift from someone else would be of very high value. Either the sender or the receiver should consequently pay a 6 RMB fee per video after having been permitted one free video upon initial installation of the application. Amongst other things this exact monetization strategy was also chosen in order to prevent less serious content from emerging.

The second mobile application product of WeCare, Ltd. is called Lawo (拉我). Lawo is a social fashion platform that allows its users not only to connect with other users, fashion advisors and fashion bloggers but also to browse current fashion news and blogs. Furthermore, Lawo encourages its users to create personalized virtual closets, engage in fashion contests and ultimately become a fashion advisor themselves. The application aims at improving people's lives by helping individuals to become more fashionable and popular thereby increasing their self-confidence and feeling of self-worth.

At this point it has to be pointed out that all of the following analyses solely apply to the aforementioned first application of WeCare, Ltd., namely Liunian. The business project at hand was exclusively dealing with this video-to-the-future application product of the client.

1.2. Market Overview

In the broadest sense, Liunian as a software solution can be described as being a product of the information technology sector. What's more, by definition, Liunian as a smartphone application has to be attributed to the greater market of mobile applications. Within this broad market Liunian is likely to compete for customers with other applications mainly in the following different sub-categories: media & video, entertainment, communication, lifestyle, family and social.

Over the last couple of years the global mobile application market as a whole has been

growing at a tremendous pace. Amongst other things, an ever-increasing number of smartphone users as well as the growing tendency of various enterprises towards mobilization have fueled this rapid growth. It resulted in an expected total of 94,4 bn mobile applications being downloaded worldwide in 2013 and a hopelessly overcrowded marketplace.

In the following a quick overview of video applications and Liunian's potential competitive landscape in the Western world will be given. In the end it was for the nature of the business project assignment that it was mainly this market that was of importance to our analyses.

When looking at the various video applications in the Western world, one can observe that traditional video applications such as e.g. Youtube or Vimeo have made their way onto mobile devices a long time ago. Increasingly however, these traditional players have to make space for a new generation of video applications, the so-called social video apps that include amongst others Snapchat, Cinemagram, Vine, Meerkat or Periscope. This new generation of video applications brings what Twitter (for messages) and Instagram (for images) have brought to their respective audiences, namely the opportunity to easily record and share media with a particular group of people. And while some of the aforementioned even provide the opportunity to share videos in real-time (Meerkat and Periscope), none of them offers its users the possibility to send out video messages to a future date in time.

Nevertheless, the video-to-the-future/time-capsule idea can be observed in a couple of other players. In fact, the following four, somewhat similar applications came to the surface upon conducting thorough market research: Incubate, Remember Me, Futurello and Evergram. These video applications, which can be seen as Liunian's direct competitors, vary greatly with regard to how professionally they are operated or to what degree they can resort to financial support. What they all do have in common though is that at their core they built on the idea of sending video messages to the future.

In consequence, it can be concluded that the idea behind the Liunian application is no novelty

in the Western mobile application market. In turn, the fact that none of the four abovementioned direct competitors has yet managed to create a stable position in the market² should be considered both fortunate and worrying at the same time.

1.3. Client Situation as of February 2016

WeCare, Ltd. went live with its Liunian application in mid of February 2016. Initially, market entry was planned for early February 2016 for WeCare, Ltd. wanted to take advantage of the Chinese New Year Festival, a time during which Chinese are traditionally more inclined to spend money. Unfortunately however, due to unexpected technical problems with the application, market entry had to be postponed and several promotional campaigns, which had been explicitly tailored to the Chinese New Year Festival, became obsolete.

Due to the aforementioned very recent market entry no meaningful data regarding downloads, videos sent or users registered, was therefore available upon project start.

1.4. The Business Project Challenge

The business project challenge could be divided into two parts. Firstly, the team was asked to come up with an assortment of new, value-adding features that could be added to the Liunian application in the future. As of February 2016 the Liunian application was held very lean and simple. The only thing a user could possibly do was to actually record and send out a video. Secondly and upon completion of the first task, an internationalization strategy for the still very young application was consequently to be crafted by the team. The clear objective was to identify the top three markets to expand into based on the three highest expected values. The respective expected values for each market should be determined via forecasts and financial projections that take into account factors such as the size of the potential user base, frequency of use or monetization opportunities (e.g. also B2B opportunities). Last but not least, the

² All of the applications have not been downloaded more often than a couple of thousand times. Remember Me, probably the most downloaded application amongst the direct competitors, is ranked in the category of “10.000 to 50.000 Downloads” in the Google Play Store.

internationalization strategy was to be completed with a tailored marketing and promotion strategy for each market that optimizes on cost, time and user acquisition.

2. Reflection on the Work done and individual Contribution

The following chapter represents the core of the report at hand. It aims at thoroughly describing the work done during the 10 weeks of the business project. Moreover, it goes into detail regarding the individual contribution of the author.

2.1. Problem Definition

As mentioned above, the challenge at hand was twofold. On the one side, it was concerned with Liunian as a product. Although the founder of WeCare, Ltd., Mr. Okimoto, was aware that he could not really answer the question what kind of specific problem or pain his app-idea Liunian was solving, he was convinced that the product idea itself had huge potential. After all, he himself had leveraged his personal network and even sent out a video to his own father in order to assess whether the Liunian idea deserved some merit. The reactions he received were overwhelmingly positive and lead him to the decision to move forward with his project. Nevertheless, Mr. Okimoto was aware that although no other comparable service existed in China as of February 2016, it would have been easy to copy his original product. It was mainly for this reason that he was looking for unique, value-adding features that would add complexity to the product, thereby preventing potential copycats from emerging easily.

On the other side, the business project challenge was about the question in which markets Liunian would be most likely to succeed internationally. According to Mr. Okimoto international operations were basically inherent to his business model and product idea. Firstly, so he emphasized, going international would create more potential use cases, as people would be more likely to send videos to peers if they are more geographically apart from them. Secondly, he firmly believed that the idea of keeping memories alive and evoking

heartfelt emotions was a concept that could be deployed and appreciated universally. Thirdly, he thought that it would be relatively cheap to expand a software solution product such as e.g. Liunian as these products have relatively low variable costs and do not include any kind of physical product flow. The question for him was consequently not “if” but “how”, “when” and “where” to introduce Liunian to an international audience.

2.2. Methodology

In order to solve the business project challenge at hand working hypotheses were formulated in the beginning. These working hypotheses guided the organization of the team’s efforts throughout the 10 weeks and were tested by drawing upon various different tools and techniques. Having tested the hypotheses, we arrived at a set of conclusions that enabled us to derive recommendations for the client.

2.2.1. Hypotheses

In total we came up with the following four working hypotheses:

	Hypotheses regarding demand for and respective features of the product itself
Hypothesis 1	<i>“People are interested in a video-to-the-future application.”</i>
Hypothesis 2	<i>“Throughout all its different stages Liunian still leaves room for new, innovative features to be added.”</i>

Table 1: Hypotheses regarding demand and features

	Hypotheses regarding international expansion and potential markets
Hypothesis 3	<i>“Certain countries would be more favorable targets for a potential expansion.”</i>
Hypothesis 4	<i>“Upon market entry different countries would require fundamentally different marketing strategies.”</i>

Table 2: Hypotheses regarding International expansion and markets

2.2.2. Methodology

The methodology we drew upon in order to test the aforementioned hypotheses was determined in the beginning of the project as we laid out the project plan for the next couple of weeks. The following figure shows the respective project plan and will in the following serve as a reference to explain the methodology used throughout the project.

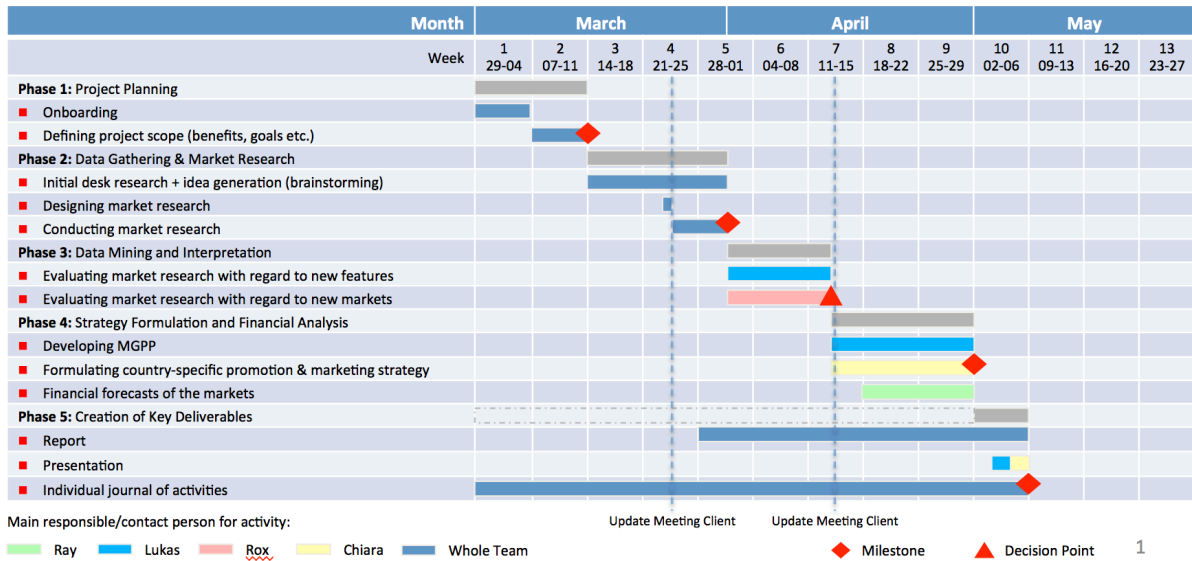


Figure 1: New International Market and Features Strategy for Liunian - Project Plan

Upon completion of Phase 1 “Project Planning” during which the clarification of the project scope was completed in close coordination with the client, Phase 2 “Data Gathering & Market Research” was characterized by two and a half weeks of desk research (including leveraging personal network) and occasional brainstorming sessions. For the sake of efficiency the team split up during this initial phase of the project in order to be able to look at a variety of different factors such as potential competitors, regional demand, best practices as well as market trends. The insights obtained from this work were consequently translated into assumptions and questions that in turn were supposed to be tested through a market survey. The market survey contained questions regarding both general preferences for video-to-the-

future mobile applications as well as potential new features³. For further reference, please find the exact questionnaire attached to this report in Appendix 1.

Phase 3 “Data Mining and Interpretation” then aimed at combining and evaluating findings from the individual research, the market survey as well as additional hard (e.g. demographic factors) and soft facts (e.g. cultural dimensions, Hofstede Model) in so-called scoring models. With the intention to identify the most promising features and markets, one scoring model was developed for potential new features and one for potential new markets. Features and markets could earn points in different categories. Once the points per category were determined, each category score was multiplied by a specific, predefined weight and consequently summarized to an overall score.

Once these scoring models had been leveraged in order to arrive at the most promising suspects (highest scores), the team went into further detail regarding implementation in Phase 4 “Strategy Formulation and Financial Analysis”. Regarding the product a Multi Generation Product Plan (MGPP) was designed while for the chosen markets a marketing strategy (including segmenting, targeting, positioning as well as the 4 or respective 3P’s) was formulated upon conducting further market research regarding country specificities. A financial analysis that mainly drew upon the “S-Curve” theory (also known as “Diffusion of Innovation” theory) completed the overall project.

2.2.3. Analysis

Regarding the first hypothesis the initial assumption that people would be interested in a video-to-the-future application was strengthened. On the one hand, all of the four team members received very positive feedback from their personal networks when they asked the question whether a video-to-the-future application would be appealing to them. In addition to

³ New, potential features were initially generated in a brainstorming session. Only the 10 best feature ideas were subsequently included in the market survey.

the positive feedback obtained from the respective personal networks, the survey result showed that a total of 76 percent of all participants answered “Yes” to the question whether they would be interested in a video-to-the-future application.

The second hypothesis, which was related to the potential for new, innovative features, could be strengthened as well. The analysis showed that throughout its distinct steps, be it recording, sending or receiving a video, Liunian left room for a variety of different, additional features. During an initial brainstorming session the project team was able to generate more than 30 different feature ideas, which could be grouped into 5 broad categories. The team found that while some of these features could be implemented rather easily – but would therefore also only add little value to Liunian (e.g. filters) – other features would involve more effort to implement but would in turn add significant value, complexity and eventually uniqueness to the application (e.g. location-based videos or recording-upon arrival). Please find Appendix 2 attached for a more detailed description of the feature results.

Hypothesis three was the first hypothesis that was concerned with a potential expansion into international markets. The market selection scoring model and its respective final scores were drawn upon in order to arrive to a conclusion regarding the question whether certain markets would be more favorable of a target than others. The outcomes of the market selection scoring model strengthened the initial assumption of hypothesis three significantly. Every country had at least one category in which it was left with a very low score. At the same time, some countries scored surprisingly high in other categories (e.g. Belgium in “Business”). In the end, no two overall country scores were the same and three clear winners, namely Spain, Germany and Italy emerged from the scoring model.

Lastly, regarding hypothesis four, little evidence was found that an expansion into international markets would require fundamentally different marketing strategies. In contrast, it was found that at its core the product and its respective communication strategy could go

into the same direction. The proposed target group was evaluated to react in a similar way to the proposed marketing and promotional strategy, independent of its respective nationality. Of course this did only apply to the markets that were subject to the analysis at hand.

2.3. Recommendations to the Company

Tailored to the business project challenge, recommendations to the client could be divided into recommendations regarding the product and recommendations regarding a possible international expansion in the future.

On the one hand, building up a completely new business model and ecosystem was recommended. While the old ecosystem was characterized by only two parties, namely the sender and the recipient and one-directional information flow (from the sender to the recipient via video message), the new ecosystem introduced 2 new stakeholders to the business model (the community and the NGOs) and enabled multi-directional communication between the parties involved.⁴ A very graphical illustration of the new concept can be found in Appendix three.

In addition, in terms of specific features that should be added to the next Liunian application version, the team suggested to pay particular attention to the following three features during the first generation of the aforementioned MGPP: Firstly, it was recommended to develop a so-called recording-upon-arrival function that would permit the sender of the video to see the actual reaction of the recipient upon watching the video message. Secondly, a recall function that would allow senders to recall videos before the actual delivery date was recommended. Thirdly, a so-called question-upon-arrival function was suggested. Amongst other purposes this function could serve as some kind of identity validation.⁵ Lastly, the team recommended

⁴ As a result of a lengthy though process, during which the team concluded that it would not be sufficient to merely come up with some, value-adding features, this bold strategy change was carved out. How the team actually arrived at the abovementioned recommendation will be described in more detail in one of the next sub-chapters, namely the “Individual Contribution”.

⁵ The recipient of the video message would be asked a specific question that only he/she knows the answer to. Other, more complex features to identify oneself (e.g. face identification or finger print) could be considered in future versions.

certain general adaptations with the intention to tailor Liunian to the European market. Here, suggestions included amongst other things getting rid of text message notifications and making the app available in four different languages (English, Spanish, German, Italian). Please refer to appendix four for more detailed description.

On the other hand, it was recommended to put particular attention on the three markets with the highest overall scores (from the market selection scoring model) when expanding internationally. As mentioned previously, these three markets were Spain, Germany and Italy. Regarding a consequent marketing and promotion strategy the team firstly recommended the following targeting and positioning, before a strategy regarding the 4 or respective 3 Ps (Promotion, Price, Place, Product already discussed) was laid out: The team firstly drew upon different factors such as e.g. age, gender or lifestyle in order to segment the market into homogenous groups. Young parents were consequently identified as being the one specific target group towards which it would be worth concentrating one's unrestricted attention to in the beginning. The team concluded that in contrast to the founder's initial strategy of targeting everybody, focusing on one specific group would not only be favorable taking into consideration the company's financial means, but would also allow promotional activities to be better tailored. In addition to young parents the team further recommended university graduates, private schools and self-employed (e.g. business coaches) as potential, subsequent target groups. Having identified Liunian's primary targets, the concept of the positioning wheel was leveraged in order to arrive at Liunian's new positioning as the "Caring Community".

Regarding promotional activities the team suggested to take advantage of a combination of content and viral marketing techniques. In more detail, the Internet – social networks and influential blogs in particular – was recommended to serve as the main platform to distribute an initial promotional video that was supposed to represent the starting point for Liunian's

first promotional wave. Thereupon, in what was proclaimed as the second promotional wave, it was then recommended to leverage Liunian's product features in order to create viral campaigns. Amongst other things this included a birthday campaign during which users were challenged to record and send out a birthday wish to one of their friends in order to be granted the right to open the birthday video that was sent to themselves.

Having identified a promotional strategy for Liunian the team was left with two more "Ps", namely Price and Place. In terms of pricing the team's recommendations were guided by two main objectives, namely transparency and convenience. As a main recommendation it was derived to take advantage of the newly introduced stakeholder, the NGO. With the intention to keep the price as a barrier to prevent less serious content from being created, but at the same time to increase the willingness of customers to actually pay on a pay-per-video basis, it was recommended to donate part of the price per video to a specific NGO.⁶ The team considered this to be clearly in line with WeCare, Ltd.'s goal to contribute to a better world. What's more, based on insights obtained from the market survey, the team also recommended introducing a subscription model (1-3 videos per month) and pricing packages (1 Euro buys 3 videos). While the team perceived the initial price of 6 RMB (~0,80 Euro) to be too high, these recommendations provided the opportunity to avoid further compromising on revenues, but instead increasing the number of videos per purchase.

Lastly, in terms of how to distribute the application or where to actually place it, the team recommended the two main mobile application stores, namely Apple's AppStore as well as Google's Android Play Store. This recommendation was based on the decreasing importance of other mobile operating systems⁷ and a consequent unfavorable cost income ratio for potential new platforms.

⁶ In the financial analysis it was assumed that 30 percent of the price per video would be donated to a NGO.

⁷ According to sales figures of mobile devices retrieved from the Kantar Worldpanel (www.kantarworldpanel.com/global/smartphone-os-market-share/)

2.4. Shortcomings and Concerns

Similar to some of the previous chapters also this chapter can be divided into aspects regarding the product features and arguments regarding the internationalization strategy.

With regard to the product features there is no doubt that some features might be more challenging to implement than others. In the end however, it can be concluded that many – if not all – of the feature recommendations should be feasible from a technical point of view. In fact, unrealistic feature ideas such as e.g. physical gifts and other connections with the real world had been eliminated during the creation of the MGPP.

There is however one apparent concern regarding the recommended establishment of a community or social network structure within Liunian. While it is clearly realizable to program a community interface with detailed profiles, timelines etc. from a technical point of view, the real challenge will be to actually bring this community to live. It still remains to be seen whether there is a need for a “Caring Community” at all; and even if there is, it will pose a significant challenge to attract an initial customer base that is strong and engaged enough to keep the community growing. The team was aware of the act that the respective recommendation to come up with a community feature was consequently a rather bold one.

Another concern is whether the recommended, new product features would actually fulfill their initial objective to make it more difficult for potential competitors to copy the Liunian application. In fact, it is likely that it would still be rather easy for competitors of any kind, I particular for indirect competitors with significant financial resources such as Snapchat, to copy the features of the Liunian application. In the end uniqueness and real protection from copycats must be derived from intangible factors such as a vivid brand and a highly loyal and broad customer base.

In its decision-making process regarding a potential internationalization strategy the team was constrained by bounded rationality from the very beginning. It was mainly for this reason that

the team decided to merely investigate six countries, namely Belgium, France, Germany, Italy, Portugal and Spain. The decision to focus on these European countries was mainly owed to the heritage of the team members. It was made in close cooperation and accordance with the client and associated with the hope to generate a significant number of survey responses. Unfortunately, the fact that only 14 people answered the survey for Spain and France poses the question whether this initial selection was appropriate and whether the respective survey results for the two aforementioned countries should have been considered representative. What's more regarding the scoring model for the market selection, often there was a lack of data and information. To a large degree this was due to the fact that the Liunian concepts was a rather new and innovative one. Even variables that were expected to be relatively easy to find out (e.g. smartphone users per country) could not reliably be extracted from a single source. In consequence, the team very often had to resort to other, less informative variables or even proxies. The question to what degree this change in variables contributed to a less informative and ultimately skewed scoring model remains unanswered.

All in all, it has to be concluded that there is significant concern whether the scoring model for the market selection ultimately resulted in the most promising countries being awarded with the highest overall scores. Moreover, it has to be pointed out that the question whether an expansion to other countries (e.g. in Asia but also in Europe or America) would have made more sense was clearly out of scope of the analysis from the very beginning.

2.5. Individual Contribution

I was very excited about the fact that I was appointed project leader in the very beginning of the assignment. I had never had the opportunity to lead any team through a project with a real client and an overall time span of more than two months.

In consequence, throughout the whole project, I was the main responsible for a lot of administrative and coordinative tasks. Being the intermediary between all the different

stakeholders, namely the professor, the client as well as my team, one of my main responsibilities from the very beginning was to ensure continuous and effective communication. Amongst other things this included but was not limited to taking care of our WeChat group chat, managing e-mail interactions, scheduling and preparing my team's weekly meeting agendas as well as organizing the respective update-meetings with the client. As I was the only one in my team with consulting/project management experience, one of my first contributions to the project was to sketch out the previously mentioned project plan. In a team effort we allocated different responsibilities to the four team members once this project plan was agreed upon. While being the main responsible for a certain topic did not mean that one was exclusively and solely working on this specific work package, it did entail that one was investing significantly more time on the respective topic. What's more, one was the person clearly being held accountable for progress and improvements in the specific topic at hand.

Since I saw it as one of the main challenges of our project to develop and improve the actual product idea, I volunteered to be the person in charge of finding new, innovative product features and designing a respective Multi Generation Product Plan (MGPP) as a proposal for consequent implementation. To me being responsible for what Liunian as a product would stand for was a very strategic aspect, as it was basically associated with reconsidering the product's original value proposition. Eventually, the quality of our product would ultimately determine what kind of a target group we could potentially attract and what kind of monetization opportunities we would be able to realize. In short, the quality of many of our consequent decisions would to a large degree depend on whether we had gotten the actual product idea right in the very beginning.

Personally, I started out the project not completely sure about whether or not there was something about that whole video-to-the-future concept that really fascinated me. However, at

least, I knew clearly what I did not like about the product after a couple of days of preliminary desk research. My biggest concern was that potential users were supposed to exclusively record “important moments” in their lives and pay for the app on a pay-per-video basis. I felt that this concept was very much limiting the scalability of the whole project. Actually I was not sure whether the project could work at all if it was designed this way. I engaged my team members in discussions and we ultimately decided to confront the client with our concerns. Wouldn't it make more sense to open up the platform to any kind of content? In terms of monetization, wouldn't it be better to adapt a freemium model, a concept that was pretty much common practice in the industry? Wouldn't this approach be more likely to result in more revenues, which could ultimately be donated to NGOs?

Well, in our client's opinion it was not. For him the “Liunian stories” were at least as much worth as the potential revenues created. Not only did he want to contribute to a better world by donating money to NGOs, but also did he want to have a direct impact on people's emotional state of mind. He was afraid that a potential opening up of the platform for less serious content would completely drive away users about to submit seriously emotional content. It was definitely not what I wanted to hear from the client but I felt that any more efforts to convince him of a different model would be a waste of time. I consequently decided to accept this core idea of the Liunian application and looked ahead at what was about to come.

In the following I concentrated on developing the product. I started planning my team's first brainstorming session, which was dedicated to come up with a bunch of both, rather conservative and simple as well as disruptive, new feature ideas. Leading up to the brainstorming session I tried to ensure the perfect environment that would make the brainstorming session as efficient as possible. I scheduled the date and time in cooperation with the team, made sure we had a room with a whiteboard (not always that easy at Tsinghua

University) and researched the most important brainstorming ground rules that would make sure that creativity flowed. During the session I led the team through the different stages of the product (recording, editing, sending a video) and urged everybody to participate as much as possible. In the aftermath of the session I took over the post-processing and prepared a very graphical illustration of the results. The client was very happy with these first results and surprised by our creativity.

Although considered a success by all stakeholders, I had the feeling that this brainstorming session by far did not solve the “product problem” of Liunian. There were still a couple of fundamental challenges Liunian as a product would need to overcome in order to be successful. In particular if it was to stick to the initial concept of the founder. In consequence, I dedicated significant time to solve the most pressing questions in the following. Amongst others, these questions included: How can the significant challenge of the time gap in between sending and receiving a video be overcome (instant gratification problem)? How can the users be kept engaged to not forget about the app? How to create an invisible barrier for users to only use the platform for serious content without driving away all potential customers in the process? And lastly, how to create additional revenue streams for Liunian in the future (e.g. potential B2B use cases)? Eventually, all of these questions were answered by coming up with the previously mentioned new ecosystem of and a respective MGPP for Liunian.

Once the strategy regarding the product was more or less fixed I got increasingly involved in other tasks. Luckily however, many of the answers to consequent challenges unfolded rather easily having in mind a clear vision of Liunian as a product. Amongst other things, I spent significant time on finding target groups (both B2C and B2B), worked on survey design and consequent evaluation (presentation of main findings to client), market selection scoring model design and data gathering for specific categories as well as on the pricing and placement strategy for Liunian. What’s more, regarding Liunian’s promotional strategy I was

able to convince my team that the mixture of content and viral marketing was the appropriate one for a young start up such as WeCare, Ltd.. The production and distribution of a promotional, testimonial video was the logical implementation of this strategy in the beginning of a future marketing campaign.

Leading up to the final presentation I took over the responsibility for creating (my parts), adapting and finalizing the team's power point presentation and final report. Once again, I was able to leverage on the consulting/project management experience at this point to come up with a very clear yet distinct presentation and a concise final report.

Lastly, I also want to briefly point out to what I did not contribute all that much during the project. Firstly, this was the exact promotional activities from the second digital wave onwards (after the promotional video) and secondly, this was the planning and implementation of the financial forecasting tool. On the one hand, regarding the promotional activities, it is worth mentioning that I do not consider it a strength of mine to come up with creative marketing ideas. What's more, as these activities would be far more in the future, I perceived the initial marketing action upon market entry to be of much higher importance and consequently paid higher attention to this part of the promotional recommendations. On the other hand, the financial forecasting tool was also clearly not my field of expertise. The team was very lucky to have one team member, who was profoundly knowledgeable here. During the creation of the financial tool the only thing I ensured – by engaging in repeated communication with the respective team member – was that all the implications from previous ideas (e.g. part of price being donated, penetration rate of target groups etc.) were converted into inputs for the financial model.

3. Internationalization – an academic Discussion

Fueled by the advent of the Internet and a heightened flow of resources, goods and people across borders, the world has experienced an increased integration of world economies over the last couple of years. While challenges of different nature – e.g. cultural, institutional, religious or language – persist, an ever-increasing number of companies is taking advantage of this multifaceted trend of globalization and chooses to expand operations internationally. According to Dunning (1993) most motives underlying these internationalization decisions can be categorized into one of four different dimensions namely, resource seeking, market seeking, efficiency seeking and strategic asset seeking. However, regardless of why a firm decides in favor of global expansion amongst all its different alternatives, the question of how the internationalization process consequently unfolds remains.

With the intention to shed some light on the question what it actually means to internationalize, the underlying academic discussion will firstly aim at giving a brief overview regarding the different definitions of internationalization. Consequently, a critical literature review regarding the different approaches to internationalization shall be provided before a brief look at the limitations and implications for further research will round up the academic discussion at hand.

3.1. Definition

On a very broad (macroeconomic) scale economic globalization has been defined as the increasing degree of interdependence of cross-border activities and integration of markets and production for goods, services and capital (Dunning, 1998). Another definition given by Dickens (1998, p. 5) is that economic globalization is “...not merely the geographical extension of economic activity across national boundaries but also – and more importantly – the functional integration of such internationally dispersed activities”.

On a more firm specific (microeconomic) level, Bell and Young (1998) point out that there is no agreed definition of internationalization. Instead, a broad variety of different definitions regarding the admittedly ambiguous term “internationalization” can be found in the literature. On the one hand, Welch and Luostarinen (1988) as well as Johanson and Vahlne (1977) defined internationalization as the general process of increasing involvement in international markets. On the other hand, Calof and Beamish (1995, p. 116) argue that internationalization shall be defined as “the process of adapting firms operations (strategy, structure, resource, etc.) to international environments”.

3.2. Relevant theories on Internationalization

As a result of different schools of thought, a broad variety of distinct theories and models regarding internationalization has emerged over the years. It is for the limited scope of this report that only two of the most important models on internationalization shall therefore be presented in the following.

3.2.1. Traditional Theories - The Stage Model

Being one of the most traditional and commonly cited but also most controversial and discussed models, the Uppsala Model or U-Model can be considered as a so-called stage model, which describes the internationalization process as a sequential learning process. According to Mitgew (2006) it is the stage model around which research on the internationalization process of the firm often centers. This model was firstly brought to public attention by Johansson and Wiedersheim-Paul (1975), who based the findings of their respective research study on the internationalization process of four Swedish firms. The model was redefined and established two years later by Johansson and Vahlne (1977) who pointed out the two fundamental aspects of the model, namely the continuous learning process as well as the concept of psychic distance.

According to the authors the aforementioned learning process consisted of four different internationalization variables. These factors could be classified into state and change aspects. State aspects included the commitment of resources to a foreign market as well as the knowledge about a foreign market and its operations. Change aspects in turn consisted of decisions to commit resources on the one and the performance of current business activities on the other hand. Together these four factors formed a continuous cycle of learning, as the output of one factor constituted the input of the next, so the theory. Johanson & Vahlne (1977) argued that the involvement of companies in international business operations should increase gradually as a firm moves along this learning process. Based on this learning cycle international involvement follows through a sequence that is often also referred to as the “establishment Chain” (Johanson and Vahlne, 1990). This internationalization sequence consists of the following four stages: no regular export activity, export via an independent agent, establishment of an overseas sales subsidiary and eventually the creation of overseas production or manufacturing subsidiary.

The progression throughout this chain in each respective market, in turn depends on the psychic distance from the home market. Psychic distance is defined as the sum of factors preventing the flow of information from and to the market (Johanson and Vahlne, 1977) and includes differences in language, culture, education, business practice and industrial development. The less the company has knowledge of these foreign market attributes, the higher the psychic distance so the theory.

In conclusion it can be stated that the model assumes that Internationalization starts in the home market and develops by a series of incremental decisions (Johanson and Wiedersheim-Paul, 1975). What’s more, firms should first enter markets that are culturally and geographically proximate to the home market. Companies should firstly reach those markets via export activities and only gradually increase their involvement and commitment in the

markets as they move along on the previously introduced learning cycle.

3.2.2. Contemporary Theories - The born global Approach

In contrast to the stage model the born global approach is among the most temporary and progressive approaches to internationalization. In light of the statements of some scholars, above all Cavusgil's (1994, p. 4) claim that "gradual Internationalization is dead", it can basically be seen as the challenge to traditional internationalization theory.

At its core this approach, which was firstly introduced by Jolly, Alahuhta and Jeannet (1992), holds the view that companies do not internationalize incrementally but are rather "born global", meaning they approach the market with a global vision and internationalize very soon and abrupt after their initial inception. According to McKinsey & Co. (1993, p. 9) these kind of firms "...view the world as their market place from the outset and see the domestic market as a support for their international business". They differ significantly to gradually internationalizing companies in terms of mindset as well as international experience and resources (e.g. international entrepreneurs as founders etc.) (Harveston, 2000). While being self-financed they very often also take advantage of the global information technology infrastructure and focus on a differentiation strategy. Examples include amongst others companies such as Logitech or Skype.

Many authors, amongst others Oviatt and McDougall (1994), claim that the initially mentioned phenomenon of globalization in the form of dramatic improvements with regard to technology in general (communication, transportation etc.) as well as the homogenization of markets has given rise to these "born globals" and the respective born global approach. Clearly the advent of the Internet era further amplified this development and will continue to do so in the future.

3.3. Limitations and Implications for future Research

Having conducted intensive literature review it can be concluded that the internationalization process of firms has been subject to extensive research throughout the years. Partially due to their long existence, the stage model and the rest of the traditional theories on internationalization, which have mostly dealt with the internationalization process of big multinationals, have been subject to much criticism throughout the years. For instance, Forsgreen (2000) argued that a company could theoretically also move along the learning cycle by gaining knowledge through acquisitions, an aspect not considered in the model.

In response to these assessments and an ever-increasing number of businesses not following traditional theories on incremental internationalization, various scholars have not only criticized and refined the traditional theories but have also crafted completely new concepts. Amongst others these new models include the aforementioned born global approach or the resource based view of the firm that was initiated by Wernerfelt (1984). While some of these new concepts seem to describe the internationalization process of new start-ups such as e.g. WeCare, Ltd. quite well, they have also raised new questions. However, research as well as critique with regard to these theories – although growing – are still in a very nascent stage.

In consequence, it will remain the main challenge in the years to come to not only build one integrated theory capable of explaining internationalization, but also to test and verify this theory through empirical studies. Considering the fact that there are so many different facets (existing theories, different environments and directions e.g. developing vs. developed markets, different sizes of companies (MNE, SMEetc.)) to internationalization it does not come as a surprise that first attempts, amongst others from Li (2007), have not been successful or satisfactory.

4. Personal Reflection

In my opinion, all in all, my first big project as a team leader can be considered a success. Not only did the team receive a very good grade by satisfying the client but also was the team atmosphere predominantly positive throughout the whole course of the project.

One key strength of mine that definitely contributed to this was my dedication. Although I was initially disappointed not having been allocated to a business project with a “real” Chinese company, I was able to motivate myself and fully commit to the project. Being a perfectionist I either commit to a project 100 percent or I do not pursue it at all. As one of my team members was at the same time one of my roommates Liunian was fully proliferating in my private life and I was ok with that. I talked to my friends from home about it and also occasionally sneaked in a Liunian video here and there withing the context of our CEMS group. Maybe it was however also for this characteristic of mine that it was very hard for me seeing two of the team members clearly having different priorities. While our Chinese team member was working full-time (4 days a week) another team member was more committed to her job hunt (including interview and assessment centers in Europe etc.) than to the business project.

Very good communication within the team but also with the client was another key success factor. In my opinion I was taking full advantage of working together with the relatively informal entity of a start up by updating our client on our progress on a weekly basis. Along the 10 weeks of the project we were able to clarify quite some doubts this way and were able to solve some misunderstandings. In particular regarding the purpose and actual idea of the product it was very important to grasp the client’s vision in the beginning of the project and although I did not really like it I eventually understood and accepted it. At the end of the project the client explicitly mentioned the very vivid communication as one main contributor for the project success.

In contrast to these two these main strengths of mine I did also observe weaknesses in my way of approaching things during the project. Firstly, I think being a perfectionist often also led me to concentrate on some details that were actually not that important. For instance, the client explicitly mentioned in the beginning that he was more looking into content than into form. Still, for all the presentations with the client I lost quite some time editing and formatting the respective presentations. More simple presentations would have probably also cut it in the end and I would have had more time for other things such as e.g. studying Mandarin. Secondly, I repeatedly had to observe myself working quite inefficiently. Often I was lacking clear direction and was going back and forth until I arrived at the actual solution. Unfortunately, this is a weakness that becomes particularly bad when combined with the perfectionist view on things. Thirdly, I would have wished to be able to delegate more things to my teammates. Again, partially made worse by the first weakness (perfectionist) I will have to learn in the future to clearly articulate tasks for my peers. Unfortunately, during the project I was often held back from delegating too many tasks as I was afraid that the two teammates with different priorities would eventually not fulfill it to my satisfaction anyways.

With the intention to mitigate these key weaknesses I am looking to start out my professional career in consulting or at least a highly analytical position. I firmly believe that such a position would provide me with the necessary skills to be able to differentiate the very important from the least or minor important things. With this perception and a consequent clear prioritization of tasks laid out I also believe it will become easier for me to delegate tasks to peers.

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Appendix

Appendix 1: Market Survey – Questionnaire

A Questionnaire Related to a Video-to-the-future APP

Dear, participant, thank you very much for taking the time to complete this survey. We are students from Tsinghua University (Beijing, China) conducting research related to preferences of international consumers regarding a so-called video-to-the-future mobile application. All your information will only be used for the research topic at hand.

The idea: An application that allows the user to record a video in the present and send it out to be delivered during a future date in time. Example: A user records the 7th birthday of his/her child today and sends it out to be delivered on the 18th birthday of his/her child saying “Keep in mind: You’ll always be my little girl/boy”.

1. How easy is it for you to express your feelings and emotions towards other people?

1. Very Easy
2. Quite Easy
3. Rather difficult
4. Very difficult

2. Towards what kind of people are you willing to express your feelings? (multiple answers accepted)

1. Partner
2. Close family (mother, father, siblings)
3. Other family members (uncle, aunt...)
4. Friends
5. Acquaintances

3. What ways do you use to express your feelings? (multiple answers accepted)

1. Face to face interaction
2. Phone calls
3. Video message
4. Voice message
5. Text messages

4. Would you be interested in using a video-to-the-future application?

1. Yes
2. No

5. For what kind of purposes would you use such an application?

1. Evoking heartfelt memories (e.g. birthday messages)
2. Showcasing transformations (e.g. diet success stories)
3. Personal Reminders (e.g. on resolutions)
4. Fooling around (similar to Snapchat)

6. Of how much importance would the following features be to you in a video-to-the-future application? Please rate them on a scale from 1 “not important” to 5 “very important”.

1. “Video in Video” function (e.g. one could first record something and then record oneself commenting on the previously recorded video)
2. “Question upon Arrival” function (e.g. the receiver needs to correctly answer a question before video is being played)

3. "Reaction upon Arrival" function: Receiver can accept to being recorded while receiving the video message, thereby showing how he/she is potentially moved to tears)
4. "Helping hand" function: Before recording a video sender is provided help e.g. inspirational questions in order to create a powerful video message
5. "Time lapse transformation" function: Special recording mode to help create a powerful transformation time lapse video
6. "Call back" function: Possibility to revoke messages before actual delivery date in the future
7. "Calendar integration" function: Full integration in personal calendar e.g. showing when videos are going to be delivered
8. "Special day video request" function: Sender can invite friends to send videos in anticipation of a very special day e.g. a wedding
9. "Location based" video function: Receiver can only open video if he/she is being located in a predetermined locational area
10. "Music integration" function: Video can be accompanied by music in order to fortify impact of message
11. "Physical gift" function: Opportunity to accompany the video with a physical gift e.g. flowers
12. Other feature:

7. Being on the receiving end of the application: Would you prefer having some kind of indicator (e.g. "pending videos to be received") showing you how many videos you are about to receive in the future or would you want it to be a complete surprise?

1. I would prefer it to be a complete surprise
2. I would prefer to have some kind of indicator
3. Does not make a difference to me

8. Have you ever paid for acquiring/using an application?

1. Yes
2. No

9. How much do you spend on apps per year on average?

1. Nothing
2. 0,01 Euro - 10 Euro
3. 10 Euro - 50 Euro
4. >50 Euro

10. How have you spent that money?

1. Download Fee
2. In-app purchases
3. Subscriptions (e.g. Premium Memberships)

11. What kind of payment model would you prefer for a video to the future app?

1. Only pay once for the application itself
2. Do not pay for the application itself but for every video sent (pay per item)
3. Subscription Model (e.g. having 3 videos/month for specific price)
4. Not willing to pay anything at all

12. If the application charged on a "pay per item" basis, what would be the maximum you would be willing to pay per video?

1. I would not use the app in that case
2. 10 Cents
3. 50 Cents
4. 99 Cents

Personal information:

13. Age (One Answer Question)

1. Less than 18
2. 18-25
3. 25-35
4. 35-45
5. 45-60
6. More than 60

14. Gender (One Answer Question)

1. Male
2. Female

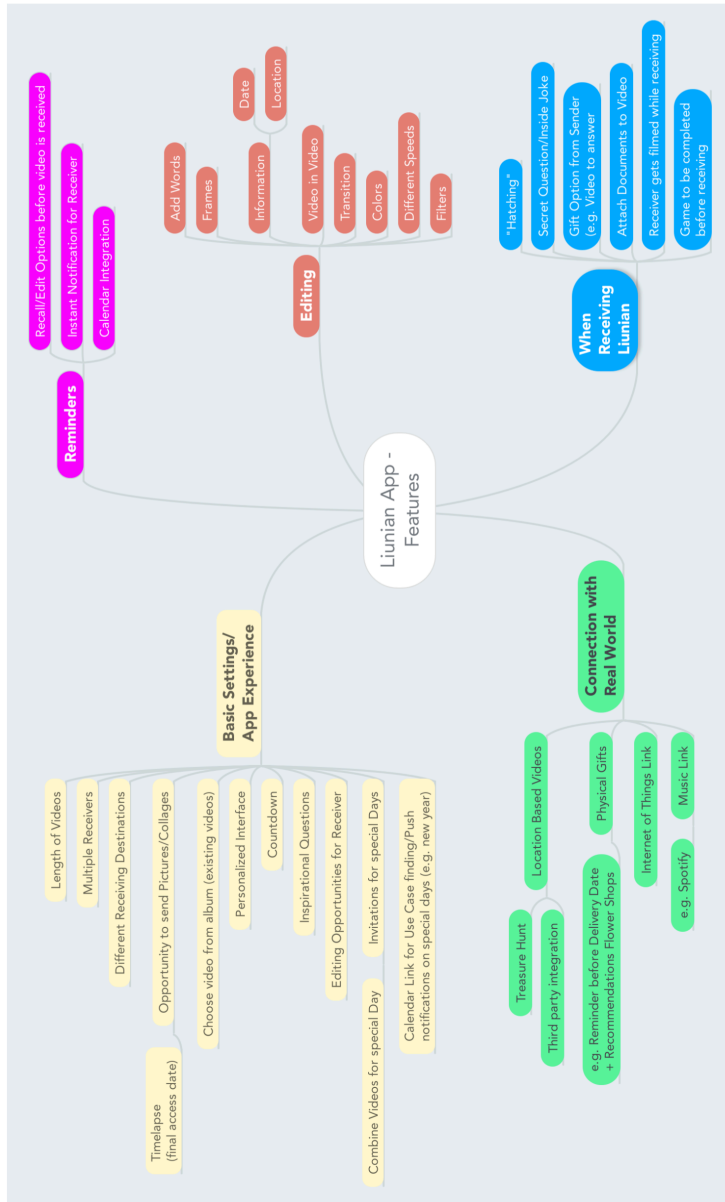
15. Nationality (One Answer Question)

1. German
2. Spanish
3. Italian
4. Portuguese
5. French
6. Belgium

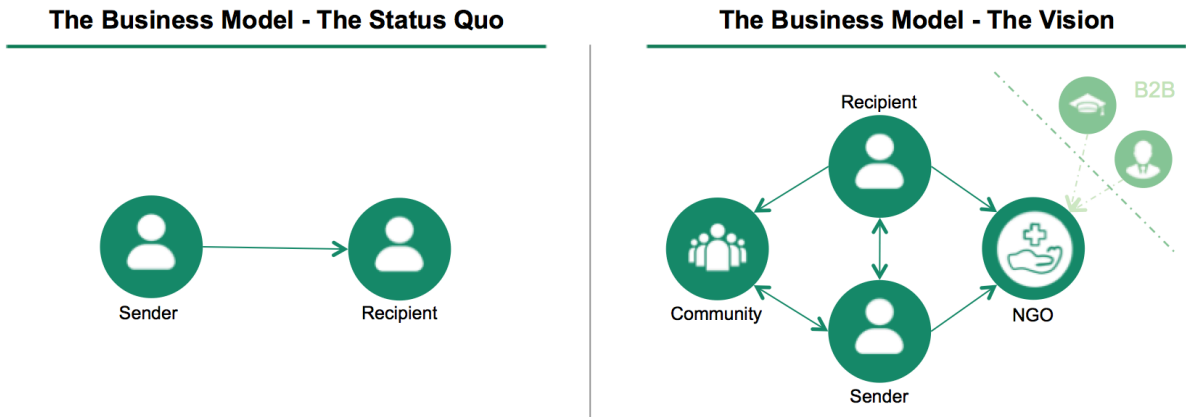
16. Employment Status (One Answer Question)

1. Student
2. Employed
3. Unemployed
4. Retired

Appendix 2: Results of first Feature Brainstorming Session



Appendix 3: Liunian Ecosystem – Now and Then



Appendix 4: Liunian Multi Generation Product Plan (MGPP)

		1 Upon Market Entry	2 ~ 2 Months into Internationalization	3 ~6 months into Internationalization
Strategic	B2C	Create awareness for "Caring Community" <u>Liunian</u>	Enlarge community by providing new features/use cases/content	Increase value by providing more complex features; making <u>Liunian</u> unique
	B2B	—	Enable dialogue with potential B2B partners	Increase B2B business by providing new opportunities
Product Features	New	<ul style="list-style-type: none"> • Social Platform • Choose-your-NGO-Function • Recording upon Arrival • Video in video • Question upon Arrival • Recall Function • Music Integration (P1) 	<ul style="list-style-type: none"> • Time-lapse-Function • Calendar Integration • Special Day Video Request 	<ul style="list-style-type: none"> • Location Based Videos
	Updates	—	<ul style="list-style-type: none"> • Respond to country-specific customer needs • Updates: "Live-Stream upon arrival"; "Identity upon Arrival" 	<ul style="list-style-type: none"> • Respond to country-specific customer needs • Increase number of NGOs • Updates: music integration (P2)