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**USE OF INTERNET MARKETING CAPABILITIES IN INTERNATIONALIZATION  
OF SMALL FINNISH ENTERPRISES**

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## **ABSTRACT**

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The objective of this qualitative study is to describe the usage of Internet-based technologies in the internationalization of small Finnish enterprises. More specifically, the output side of using the Internet in internationalization is examined. This is viewed from an Internet marketing capability –perspective and in the context of SME internationalization literature. Furthermore, the benefits and challenges of using these Internet marketing capabilities in internationalization is examined.

The results reveal that the most important use-cases of Internet marketing capabilities in the internationalization of small Finnish enterprises are in international customer acquisition. Online-advertising is seen as having one of the biggest roles in this context. Challenges in this context include finding talent to successfully and creatively utilize different Internet-based technologies as well as international customer acquisition. Benefits in this context include global reach, speed and enabling a direct relationship with a customer.

## TIIVISTELMÄ

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Tutkimuksen tavoitteena on kuvailla Internetiin pohjautuvien teknologioiden käyttöä pienten suomalaisten yritysten kansainvälistymisessä. Erityisesti ulospäin suuntautuvaa Internetin käyttöä tarkastellaan. Tätä tarkastellaan Internet-markkinointikyvykkyyksien perspektiivistä ja pienyritysten kansainvälistymisen kontekstissa. Sen lisäksi tarkastellaan Internet-markkinointikyvykkyyksien käytön hyötyjä ja haasteita kansainvälistymisessä.

Tulokset paljastavat, että tärkein käyttökohde Internet-markkinointikyvykkyyksille pienten suomalaisten yritysten kansainvälistymisessä on kansainvälinen asiakashankinta. Verkkomainonnalla nähdään olevan suurimpia rooleja tässä kontekstissa. Haasteina nähdään kansainvälinen asiakashankinta sekä kykyjen löytäminen onnistuneeseen ja luovaan Internet-teknologioiden käyttöön. Hyötyinä tässä kontekstissa nähdään globaali tavoitettavuus, nopeus ja välittömän suhteen luonti asiakkaan kanssa.

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Helsinki, 22 May 2017

Ville Haapanen

## **LIST OF ABBREVIATIONS**

BG	Born Global
BI	Born International
CEO	Chief Executive Officer
CRM	Customer Relationship Management
CTO	Chief Technology Officer
FDI	Foreign Direct Investment
ICT	Information and Communications Technology
IE	International Entrepreneurship
IMC	Internet Marketing Capabilities
INV	International New Venture
ITAP	Internet-based Technologies and Resources
MNE	Multinational Enterprise
mMNE	Micro-Multinational Enterprise
RBV	Resource-based View
SME	Small and Medium-sized Enterprise
VIGE	Virtual Instant Global Entrepreneurship
VSM	VIGE Supportive Marketplace

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# 1. Introduction

Although Born Globals are not a new phenomenon per se, the continuous emergence of these rapidly internationalizing firms in large quantities all around the world is fairly new. This has been largely credited to globalization fuelled by the Internet and other modern ICT innovations, which have decreased costs of internationalization. (Cavusgil and Knight, 2009; Knight and Cavusgil, 2004; Eurofound, 2012; Oviatt and McDougall, 1994; Reuber and Fischer, 2011)

A firm may benefit from internationalizing and having a global strategy by not only increased sales, but also by gaining better possibilities for information exchange and developing capabilities, which in turn may result in a more long-term competitive advantage (European Commission, 2014). Motives for internationalization include, but are not limited to small domestic markets and increased global competition, which have driven many companies to specialize in niche-markets to especially in Finnish companies (Larjovuori et al., 2004). This increased competition induced by globalization can also mean that internationalization may be a means to survive for enterprises, especially in countries with small domestic markets such as Finland.

The use of ICT and especially the Internet is particularly crucial for smaller internationalizing firms with limited resources, as the cost of internationalization has traditionally been quite burdensome for smaller firms. (Lohrke et al., 2006; Morgan-Thomas and Jones, 2009; Martens, 2013) It is said, that the lacking resources, capabilities and knowledge of foreign markets in SMEs can be overcome by the Internet (Arenius et al., 2005; Lui & Beamish, 2001; Mathews et al., 2016). Loane (2006) goes on to argue, that not only has the Internet redefined the operations of businesses, but it has also become near-essential to business activity.

The rise in export activity of micro-companies in Finland has been implied to have been derived from the increased usage of the Internet in internationalization, especially within the gaming, art and design industries says Finpro communications and marketing director Outi Torniainen. (Yrittäjät, 2013)

## **1.1. Research Background**

The growing number of BGs and other rapidly internationalizing SMEs have been subject to a considerable amount of research during the past nearly two decades. This research field concentrating on rapidly internationalizing firms has been called International Entrepreneurship research. (Jones et al., 2011) The role of the Internet in international entrepreneurship (IE) literature has been criticized to be lacking in several papers (see: Arenius, Sasi & Gabrielsson, 2006; Etemad; Loane, 2006; Mostafa et al., 2006; Reuber & Fischer, 2011; Wilkinson & Dana, 2010). The emergence of these rapidly internationalizing firms has been said to be strongly influenced by new communication technologies, especially the Internet. (Bell & Loane, 2010) It has been stated already two decades ago, that international marketing is one of the most important elements regarding international business on the Internet (Hamill, 1997), however, research done by Sinkovics et al. (2013) states that the role of the Internet in international marketing has been mainly ignored in extant literature.

Even though the Internet seems to have had a huge impact on the internationalization processes of small firms, Etemad et al. (2010) state: "While e-commerce is one of the most discussed topics in contemporary international business, relatively little is actually known about the adoption and use of the internet by internationalizing SMEs, and although theorizing abounds, little empirical evidence is to be found." Furthermore, research and comprehension is lacking regarding the relationships between international marketing performance and the digitalization of internationalizing firms (Sinkovics et al., 2013; Yamin & Sinkovics, 2006). It is also stated by Mathews et al. (2016), that although it has been shown that the Internet facilitates elements of internationalization, there is limited understanding of how the Internet combined with marketing capabilities drive international market growth. Research done by Mathews et al. (2016) contribute to extant literature by applying the resource-based view and capabilities perspective to the Internet as a capability. Said study is set in a single country and it is stated that further research in additional countries is needed to extend the generalizability of the work.

This leads to an interesting research gap regarding discussion on the role of the Internet, specifically Internet marketing capabilities, in the internationalization of small internationalizing Finnish companies.

## **1.2. Objectives, Research Questions and Delimitations**

This study seeks to uncover the most recent literature in the context of the Internet's role in internationalization, leading to identifying a research gap in said literature. Due to the identified research gap, the main objective of this study is to describe the user of Internet marketing capabilities in the context of small internationalized Finnish companies.

The main research question gives this study its basis and is as follows:

*How are Internet marketing capabilities used in supporting the internationalization processes of small entrepreneurial companies?*

Sub questions complement the main research question and thus provide added value to the research.

*What are the perceived benefits of Internet marketing capabilities in the context of internationalization of Finnish companies?*

*What are the challenges of Internationalizing Finnish companies regarding the use of Internet marketing capabilities?*

This study is delimited to focus on companies that have internationalized by using export as foreign entry mode. Also, this study focuses on the output side of using the Internet in internationalization and more specifically, the Internet marketing capabilities aspect. Additionally, this study will focus on SMEs and more specifically on micro enterprises.

### 1.3. Definitions of Key Concepts

#### **Internationalization**

The internationalization of a firm is an extremely broad concept, but for the sake of simplifying the meaning, this study uses the following definition for internationalization: Firms' activities that facilitate operations across national boundaries. (Business Dictionary, 2016) This study focuses on exporting as the operation across national boundaries which indicates that a firm has internationalized.

#### **International Entrepreneurship (IE)**

International Entrepreneurship is a research domain and can be seen as the latest wave of internationalization research (Etemad et al., 2010). International Entrepreneurship literature is the breeding ground to the various terms describing the rapid internationalization of companies. These terms include, but are not limited to, **Born Global**, **Born International**, **International New Venture**, **Multinational Enterprise** and **micro-Multinational Enterprise**. These terms are often vaguely used synonymously as the International Entrepreneurship is notoriously fragmented, inconsistent and lacking in unifying paradigms and theory (Jones et al., 2011).

#### **Internetization**

Internetization is a term within the International Entrepreneurship literature that describes the internationalization of firms using Internet-based technologies as the foundation of the internationalization process. (Etemad et al., 2010)

#### **Internet Marketing Capabilities (IMC)**

Internet marketing capabilities is the application of Internet capabilities to the resource based view and capabilities perspective. Internet marketing capabilities is proposed to include the complementary resources of IT resources, human resources and business resources. Internet marketing capabilities is the application of Internet-based technologies and resources to marketing capabilities such as

online advertising, online sales, online after sale service, market research and purchasing/procurement. (Mathews et al., 2016; Trainor et al., 2011)

### Small and Medium-sized Enterprise (SME)

Small and medium-sized enterprises represent 99% of all businesses in the EU. They are defined as companies with less than 250 employees and turnover less than 50m€. **Micro enterprises** are companies with less than 10 employees and turnover less than 2m€. (European Commission, 2017)

## 1.4. Theoretical Framework

The theoretical framework of this research is based on a synthesis of SME internationalization literature and an Internet marketing viewpoint of the resource-based view and capabilities perspective. The theoretical framework of this study is summarized into a figure below.

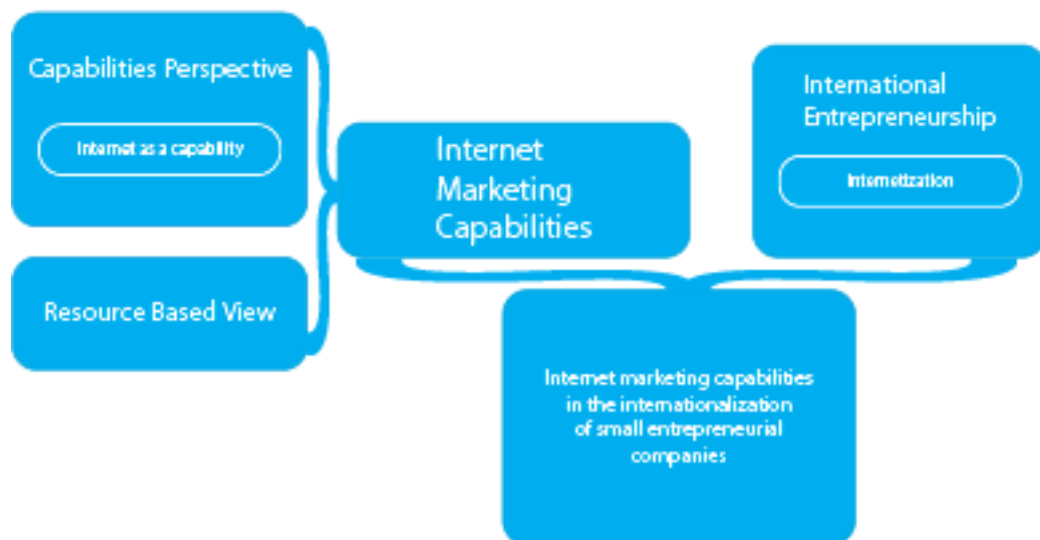


Figure 1. Theoretical framework

## **1.5. Methodology**

The methodology of a study describes the operations, practices and rules and that are used by a researcher to make observations and interpretations from the collected data and theory. This study is a qualitative study, which is suitable when the earlier insights about the phenomenon under examination are rather modest (Eriksson & Kovalainen, 2008). This is a case-study involving multiple cases and the data is collected by semi-structured, thematic interviews.

## **1.6. Structure**

This study begins with the introduction to the theme of the research. This introduction includes the background to the research, the objective of the research as well as the research questions. Furthermore, delimitations are discussed, key concepts described and theoretical framework presented.

The study continues with the literature review, which depicts the theory related to the research questions and theoretical framework. First, in chapter two, internationalization literature is briefly covered to get an understanding of what is meant by internationalization and what it consists of. In chapter three, the role of the Internet in the context of internationalization is discussed.

This is followed by empirical part of the study. First, in chapter four, the description of the methodology used in this study is presented. It includes the research approach, data collection, data analysis and reliability. Subsequently the findings from the data are revealed. Afterwards these findings are analyzed, discussed and mirrored with the theoretical framework. This leads to the conclusions in which the research questions are answered and other findings presented.

## 2. International Entrepreneurship

The term internationalization is an extremely broad term and consists of several sub-topics, each quite wide in itself. A broad definition of internationalization, in the context of business, in its simplest form could read: firms' activities that facilitate operations across national boundaries (Business Dictionary, 2016). Etemad et al. (2010) define internationalization as referring "to the process whereby a firm increases its commitment and involvement to international markets, on all aspects of its productive activities". The broad array of different possibilities of activities and operations are what makes the term so wide, since based on the mentioned definitions, internationalization could be seen as simple as translating one's website into another language, be it intentional internationalization or not, or as complicated as setting up a subsidiary in a foreign market.

The internationalization research is divided into three different waves regarding the theoretical developments it has had. The beginning of the first wave can be seen to have started with the introduction of the Uppsala model by Johanson and Vahlne (1977). The second wave can be seen as the emergence of the multinational enterprise (MNE) theories (Hymer, 1976; Buckley and Casson, 1976) and the third wave is seen as the International Entrepreneurship (IE) –research with theory of Born Globals and International New Ventures among others. (Etemad et al., 2010) There is plenty of research that has been done on the topic of internationalization, but especially the international entrepreneurship research is criticized to be fragmented and lacking in unifying paradigms and theory (Jones et al., 2011).

### 2.1. SME Internationalization

The international entrepreneurship (IE) literature has quite a few different terms regarding internationalizing companies and their paths, each with their own criterion and each of these terms also bearing slightly different definitions: Born Globals (BGs), Born Internationals (BIs), International New Ventures (INVs), Multinational



Enterprises (MNEs), micro-Multinationals (mMNEs) to name a few of the main concepts. A lot of these terms are used as synonyms as well as differentiating between internationalization types: Keupp and Gassmann (2009) mention that neither the name Born Global nor the definition of it have been universally agreed upon. For example, Dimitratos et al. (2010, 2014) describes the terms BGs and INVs referring solely to the “time to internationalization” criterion, whereas Kuivalainen, Sundqvist and Servais (2007) include other criterion in addition to time, which are scale and scope. What differentiates BGs and INVs from mMNEs is, according to Dimitratos et al. (2003, 2014), that the criterion of mMNEs focus more on advanced (non-exporting) foreign market entry modes, such as constellation and investment modes in more than one country.

The entrepreneurial traits or dimensions in the context of international entrepreneurship are described by Lumpkin and Dess (1996) as: risk attitude, innovativeness, competitive aggressiveness, proactiveness in relation to opportunities and autonomy. The dimension of risk attitude can be described as a certain level or extent of a firms (resource) commitment into the unknown market (Miller and Friesen, 1978). Innovativeness describes a firm’s ability to create new ideas, products or processes for the market (Lumpkin and Dess, 1996). Aggressiveness portrays the extent to which a company follows its competitors’ moves or commences its own moves (Covin and Covin, 1990). Proactiveness in relation to opportunities depicts the degree of commitment to seeking and acting on future needs (Venkatraman, 1989). Autonomy is characterized as the independent activities of the people within the organization that are involved in executing an idea (Lumpkin and Dess, 1996).

#### 2.1.1. Born Globals and International New Ventures

The phenomenon of rapidly emerging BG’s, or Born Globals, has challenged the traditional theory of incremental internationalization by often large multinational enterprises (MNEs) (Eurofound, 2012; Knight and Cavusgil, 2004; Madsen and Servais, 1007; OECD, 2013). Knight and Cavusgil (2004) have defined BGs as

“entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets.” Close to the definition of BGs is another term for rapidly internationalizing firms, International New Ventures (INVs). Oviatt and McDougall (1994) have defined INVs as “business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries.” The difference between these two definitions can be seen in that BGs seem to have a generally outward type of internationalization by selling products, whereas INVs seem to internationalize in broader range of value chain activities (Knight and Liesch, 2015). Although BGs are not as new as a type of firm since they have existed for millennia, for the most part in countries with small domestic markets, the phenomena of BGs emerging in large quantities around the world is fairly new. The trend is increasingly typical in countries with large internal markets and does not limit to economies with smaller internal markets. (Cavusgil and Knight, 2009; Business Week, 1992; Eurofound, 2012; Gupta, 1989; McKinsey and Company, 1993; Nikkei Sangyoo Shimbun, 1995; Rialp, Rialp and Knight, 2005) This phenomenon has been fuelled by decreased costs of internationalization provided by globalization and the Internet among other modern ICT innovations (Cavusgil and Knight, 2009; Knight and Cavusgil, 2004; Eurofound, 2012; Oviatt and McDougall, 1994; Reuber and Fischer, 2011).

#### 2.1.2. Internetization

Etemad et al. (2010) introduce a new term to IE literature regarding the internationalization of firms using Internet-based technologies as the foundation of their internationalization process. This term is coined as “internetization” and the increasing adoption, diffusion and deployment of these internet-based technologies is seen especially in smaller innovative entrepreneurial firms’ internationalization. Parallels are drawn between internationalization literature and what is called internetization. Etemad et al. (2010) state that the essence of the term they devised is the power of relevant information available in the realm of the Internet for internationalizing, especially smaller firms. This information, they claim, is what

allows a firm to deliver the highest possible value, or in other words zero-gap type of value for the ultimate customer.

Another relatively new type of take on IE derived from the growth of the Internet is where a company is formed in to the virtual world. These types of companies that are formed on top of certain structures and structured processes on the Internet are global from inception. Katz et al. (2003) refer to these types of firms as Virtual Instant Global Entrepreneurship (VIGE). These certain structures and structured processes within which VIGE happens are so-called VIGE Supportive Marketplaces (VSMs). Katz et al. (2003) state: "VIGE is one of the lowest cost forms of entry into business so far devised. For the cost of a few minutes on an internet-enabled computer, individuals can establish themselves on any of the VSMs for free (with exceptions)."

The terms born global and international new venture are now widely recognized, although with slight differences in the definitions as mentioned earlier. In this study these two terms will be used interchangeably as "young entrepreneurial companies that initiate international business activity very early in its evolution, moving rapidly into foreign markets" (Cavusgil et al., 2008). This is more common than ever and, especially for the smallest of firms, the Internet is playing a huge role. Among the possibilities the Internet is providing small entrepreneurial firms are completely new ways of conducting business. Not only has the Internet redefined the operations of businesses, but it has also become near-essential to business activity (Loane, 2006). The use of ICT, and especially the Internet, is particularly crucial for smaller internationalizing firms with limited resources, as the cost of internationalization has traditionally been quite burdensome for smaller firms. (Lohrke et al., 2006; Morgan-Thomas and Jones, 2009; Martens, 2013)

## **2.2. Foreign Entry Mode**

The way in which the firm will operate in foreign markets is determined by the foreign entry mode (Hollensen, 2011). This is a decision that will influence all future decisions and is therefore critical in the internationalization attempt and

performance of a firm (Kumar and Subramaniam, 1997). Foreign entry mode is a decision of the level of control, or the ability of a firm to influence the systems, methods and decisions a firm has over its productions, technology, human skills, management and other resources in a foreign country (Anderson and Gatignon 1986; Krishna, 1989). This means that a firm can locate these resources within the foreign market or use an export contract agreement in which some or all of these resources are substituted by an agent or distributor, for example (Hollensen, 2011).

Welch et al. (2007) and Hollensen (2011) have both divided the foreign market entry modes of companies into three different groups, albeit having slightly differing views on the categorization. Welch et al. (2007) have divided these foreign market entry modes as: 1) Export entry modes, 2) Contractual entry modes and 3) Investment entry modes. Hollensen (2010) on the other hand has divided these entry modes as: 1) High control modes, 2) Intermediate modes and 3) Low control modes. Welch et al. (2007) categorization of entry modes is seen as more suitable for this study, as it has better implications for exporting as an entry mode.

Investment entry modes include Foreign Direct Investment (FDI), for example in the form of Wholly Owned Subsidiaries, which equals to full control of resources within a foreign market. This is a high resource commitment entry mode, which is why it is not often that SMEs use investment entry modes to internationalize. (Hollensen, 2011; Welch et al., 2007)

Contractual modes are entry modes in which partners benefit from each other in a long-term agreement to share each other's resources. This type of entry mode is typically a strategic alliance or a joint venture, in which a local partner provides essential knowledge of the foreign market to the parent company. Contractual modes include franchising, licensing, management contracts, international subcontracting, project operations and alliances. (Hollensen, 2011; Welch et al., 2007)

Export entry modes include indirect, direct and own exporting. Indirect exporting is the use of a local independent organization to export the company's products to a foreign market. Direct exporting involves an agent, distributor or importer located in the foreign market to which the firm sells directly. Own exporting means that there

is no middleman between the producer and the final customer. (Root, 1994; Hollensen, 2011; Welch et al., 2007)

Exporting as an entry mode is one of the most commonly used in early internationalization, especially in manufacturing companies. This is because it is one of the easiest, least costly and least risky ways of international market penetration. (Welch et al., 2007; Terpstra and Sarathy, 1994) Exporting is also common in SMEs as they often lack the resources for foreign joint ventures, FDI and such, and exporting being a low resource committing entry mode (Luostarinen and Welch, 1990).

There are many different ways how the Internet and different online channels can be utilized in exporting. Some firms rely solely on the Internet as a direct export channel and ditch their more traditional export activities, such as foreign distributors or agents (Gabrielsson and Gabrielsson, 2011). Other firms, on the other hand, might rely on the Internet to support their existing export activities by advertising, for example, leading to a more synergistic approach (Sinkovics et al., 2013).

### **2.3. Internationalization Challenges of SMEs**

The internationalization process has its challenges and barriers. Hamill (1997) notes that barriers to internationalization has been one of the four major themes dominating SME internationalization literature and thus has been extensively researched. The main barriers are categorized as: 1) *Psychological barriers*, such as lack of commitment, perceived risks, costs and profitability as well as a short-term focus instead of a long-term focus. 2) *Operational barriers*, including aspects such as language problems, paperwork and bureaucracy problems and payment delays. 3) *Organizational barriers* referring to lack of international experience and limited resources. 4) *Product/market barriers* are related to country selection and how appropriate the firm's product is for a specific market. However, it is observed that particularly for SMEs, the Internet offers potential to remove some or all of the barriers they face when internationalizing (Arenius, Sasi & Gabrielsson, 2005).

According to a report by Malecki and Poehling (1999), exporting expertise has been in the shortest supply of seven key types of information held by SMEs. The born international firms that have had exporting activities seem to have initially started their internationalization efforts based and depended on knowledge that the owner had acquired via overseas studies, travel or other personal experiences (Kundu and Katz, *in press*). This suggests that the lack of exporting information, such as market knowledge and international trade processes, has been a major barrier for internationalization (Katz et al., 2003).

### 3. Internet in Internationalization

There are multiple ways in which the Internet can be used to assist the internationalization of a firm. The complexity and mode of entry ranges from “simple e-mail, simple web presence, e-procurement, e-commerce, virtual e-markets, participating in and organizing portals to investing in fully developed platform-type operations”. The companies that use the Internet in varying degrees are extremely diverse even within industry sectors, which is why there are countless technological approaches to different issues. It is the firms’ business goals, internal knowledge skills, capabilities and resources that drive the decision and evaluation of technologies and online business activities. (Loane, 2006)

According to Etemad et al. (2010), the use of the Internet in internationalization can be split into three main categories: 1) Input side, 2) Output side and 3) Within the firm. The input side means, for example, outsourcing and procurement with the help of the Internet. The output side is the use of the Internet for marketing, distribution and selling. Using the Internet within the firm is, for example, using intranets for managing information and other internet-abled tools to help improve communication, management, production etc. within the firm. (Etemad et al., 2010) This study focuses on the output side of using the Internet in internationalization and more specifically, the Internet marketing aspect.

Regarding the benefits for the smallest of firms, Cuneo (1995), Herbig and Hale (1997), and Coltman et al. (2001) state that the Internet enables or lowers the possibilities to compete with larger companies by reduced importance of economies of scale, cuts down international marketing costs and increases contact between buyers and sellers as well as offers new ways to maintain and develop client, channel partner, supplier and network partner relationships. The Internet also serves as a platform for extremely flexible exchange and communication of ideas and information (Freed and Derfler, 1999; Gilmore and Pine, 2000; Slater, 2000; OECD, 2001, Weill and Vitale, 2001). This allows firms to co-ordinate their activities as well as improves their efficiency in an often new and international context (Katz and Murray, 2002; Fletcher et al., 2004).

Turban et al. (2015) have split the benefits of e-commerce into three different categories: 1) benefits to organizations, 2) benefits to consumers and 3) benefits to society. The benefits to organizations are listed in Table 1 below.

<b>1. Benefits to Organizations</b>	<b>Description</b>
Global reach	Quickly locating customers and/or suppliers at reasonable cost worldwide
Cost reduction	Lower cost of information processing, storage and distribution
Facilitate problem solving	Solve complex problems that have remained unsolved
Supply chain improvements	Reduce delays, inventories and cost
Customization/personalization	Make order for customer preference
Business always open	Open 24/7/365; no overtime or other costs
Ability to innovate, use new business models	Facilitate innovation and enable unique business models
Lower communication costs	The Internet is cheaper than VAN private lines
Efficient procurement	Saves time and reduces costs by enabling e-procurement
Improved customer service and relationship	Direct interaction with customers, better CRM
Help SME to compete	EC may help small companies to compete against large ones by using special business models

*Table 1. (Turban et al., 2015)*



### **3.1. Internet Marketing Capabilities**

Especially for export businesses, the Internet offers enormous potential by providing some of the most compelling and powerful marketing tools for the global marketplace (Rodgers and Sheldon, 2002). Not only does it host the specific tools supporting powerful promotion and sales, it generates an abundance of information on worldwide market trends (Mathews et al., 2016). Apart from using e-mail for communication, research done by Loane (2006) on rapidly internationalizing Internet-enabled firms suggests that the Internet is mostly used for marketing related purposes and the broad consensus was that it “offers a very cost-effective way for them to reach a large potential customer base compared to traditional communications methods”. Contrary to this and other previous research, where it is suggested that ICT may have an important role in international marketing, research done by Moen et al. (2008) suggests that many firms do not very actively use ICT in their international operations and international marketing efforts. This was the case in Norway and Denmark, which is quite surprising as Norway and Denmark are both high-level users of ICT (World Economic Forum, 2006). Moen et al. (2008) conclude that “SMEs are not heavy users of ICT, which is used mainly as a tool; ICT seems to neither redefine international marketing nor radically change the business operations of SMEs”. However, it is worthy to note that it was also found that “the use of ICT is more widespread and important in newly established firms than in older firms”, which implies a link between born globals and the use of ICT. Research done by Sinkovics et al. (2013) states that the role of the Internet in international marketing has been mainly ignored in extant literature.

Loane (2006) discovered three main categories for the use of the Internet in this field, which were 1) Marketing communications, 2) Customer relationship management and 3) Marketing channel (sales transaction and fulfilment). In addition to this, it was found that the Internet was significantly used to gather market intelligence and to do competitor analysis. This kind of market research may be done to evaluate markets and access information about competitors (Moen et al., 2008). Research done by Moen et al. (2008) supports the findings of Loane (2006) as it finds that seeking information about competitors and communication with

customers are the two most essential uses of ICT. The high use of the Internet in market research is due to the fact that the Internet enables firms and/or international entrepreneurs to easily and quickly access information and knowledge of new markets, industry trends and supplier details, unlocking previously distant opportunities. (Loane, 2006)

Although the Internet provides a low-barrier path to internationalization, at the same time it introduces an increasingly competitive environment for SMEs. This is why it is important for a firm to have competitive advantage when internationalizing. According to the resource-based view (RBV), a firm's competitive advantage is derived from resources and capabilities that are valuable, rare, inimitable and non-substitutable (Barney, 1991; Wernerfelt, 1984). It must be noted that the resource-based view and the capability perspective share a common ground (Connor and Prahalad, 1996; Makadok, 2001) as resources can be bundled to form capabilities (Wade and Hulland, 2004). Capabilities are defined by Day (1994) as complex and unique array of resources and skills that enable firms to execute and coordinate business activities and utilize their assets. Day (1994) states, that "a direct connection exists between the mastery of distinctive capabilities and superior profitability". This competitive advantage can be preserved by a strategy that is not easily imitable by competitors (Barney, 1991; Wernerfelt, 1984). Clemons and Row (1991) note that firms' IT-based advantages are often quite easily and rapidly imitated by other firms, which is why IT as an entity is not enough to meet RBV criteria (Wu et al., 2006). Also, regarding e-marketing capabilities, a firm can gain a competitive advantage only by combining e-marketing technologies with other complementary resources, as e-marketing technologies are already widely and easily adopted by firms (Trainor et al., 2011).

Regarding exporters, two types of relevant marketing capabilities are identified, the first one relating to export information gathering and the second one relating to export marketing strategy (Mathews et al., 2016). Export information gathering capabilities include the use of routines to gather, process and interpret export market information, distribute relevant foreign market information to export decision makers and develop export venture marketing strategies (Day, 1994; Vorhies and Morgan, 2005). These capabilities help firms understand and learn about

international markets, which in turn helps decision makers on export marketing decisions (Morgan et al., 2003; Piercy et al., 1998; Teece et al., 1997). Export marketing strategy as a marketing capability includes export distribution, post-sales service, marketing communication, network relationships and selling processes to target customers in foreign markets (Day, 1994).

Trainor et al. (2011) state: “e-Marketing capability represents a firm’s competence in using the Internet and other information technologies to facilitate rich interactions with customers”. In this study, e-marketing will be limited to referring to only to the Internet and excluding other information technologies, thus, e-marketing and internet marketing will be used interchangeably. E-marketing capabilities will be examined with respect to internationalization of a firm.

Mathews et al. (2016) propose that Internet Marketing Capabilities (IMC) is the application of Internet-based technologies to marketing capabilities such as online advertising, online sales, online after sale service, market research and purchasing/procurement. It is also suggested that IMC in turn “boost other capabilities such as export information availability and international business relationships, which positively influence export market growth”. Aspelund and Moen (2004) suggest that relationship/network development as well as market research, which are activities related to Internet marketing capabilities, positively affect the exporting outcomes of firms. Furthermore, it is found that Internet marketing capabilities, more specifically Internet marketing research, support services and promotional activities, have a positive impact on international profit, sales and market share (Moon and Jain, 2007).

An extension to the RBV and capabilities perspective called dynamic capabilities is introduced by Teece, Pisano and Shuen (1997). This concept refers to an organizations and its managers’ capability to adapt, integrate and reshape organizational skills and resource base to changing market conditions (Teece et al., 1997; Trainor et al., 2011). For a competitive advantage to be developed and maintained, and viewing the concept of dynamic capabilities from a marketing strategy perspective, it is suggested that marketing resources must be combined and integrated with other complementary resources (Menguc and Auh, 2006). It is also suggested that finding new connections in existing resources and continually

reconfiguring these existing resources into inimitable capabilities is what creates a competitive advantage (Cavusgil et al., 2007; Trainor et al., 2011).

E-marketing capability as a concept can be divided to contain three different critical resources: 1) IT (Internet) resources, 2) human resources and 3) business resources. These different resources will be referred to as dimensions as well. The first dimension, IT resources, refer to the different Internet technologies put into use that support the e-marketing initiatives of a company. Human resources refer to the organizational culture as well as managerial backing that supports and embraces different Internet-technology initiatives. The third dimension refers to the extent to which the Internet will be embedded into the firms overall goals, strategies and strategic planning processes of the firm. (Trainor et al., 2011)

#### 3.1.1. Information Technology Resources

This dimension is the technological side of e-marketing capabilities and includes the implementation and usage of certain e-marketing technologies, such as e-commerce websites, social media, intranets, extranets and CRM-systems (Trainor et al., 2011) as well as market research tools such as search engines. These are the different platforms that a firm can utilize to interact and communicate with customers as well as share and obtain information (Trainor et al., 2011). As this study focuses on the Internet rather than all IT resources, only Internet-based technologies are referred to when talking about IT resources.

The Internet can be seen as a resource within the organization such as other tangible and intangible resources like information, knowledge, organizational processes and management skills (Barney, Wright & Ketchen, 2001). This resource can be utilized and integrated into international marketing activities and business processes (Glavas & Mathews, 2014; Trainor, Rapp, Beitelspacher & Schillewaert, 2011). It also serves as a platform to learn about foreign markets and thus reducing traditional barriers of internationalization. Research done by Loane (2006) indicates that the Internet is an important knowledge- and resource-building tool. This is

relevant to internationalization, as knowledge is seen as a central aspect to internationalization (Forsgren, 2000; Petersen et al., 2001; Kuivalainen, 2003).

It is noted that to be more successful, the use of IT-resources should be done by proficient IT-users in combination with non-IT resources and capabilities. This is further confirmed by the research done by Sinkovics et al. (2013): “the use of the internet as an alternative to a physical market presence does not by default lead to higher export performance.” The need to combine IT resources with other complementary resources is supported by other studies as well (see Bharadwaj, 2000; Powell and Dent-Micallef, 1997).

Although a lot of smaller companies have found the Internet to provide a fast lane to expand their global reach, they often cannot internalise certain essential functions of exchange unlike their larger rivals, often due to limited resources. Therefore, they are reliable on third party services to provide these essential functions. Unless these type of services are readily available, entering the global markets via the Internet is actually relatively costly and non-efficient for small businesses. (Katz, Safranski and Khan, 2003) Luckily for small businesses looking to internationalize with the help of the Internet, the Internet is riddled with third party services tailored to meet most of the needs required by a small business. Such services include e-commerce intermediaries such as Amazon, eBay and Etsy, which in turn often use third party services for their essential functions of exchange, such as Stripe. In traditional marketing literature an intermediary has been suggested to “add significant costs to the primary activities of the value chain” (Rasheed and Geiger, 2001). However, Sashi and O’Leary (2002) note that in the context of e-markets, an intermediary provides a critical service for smaller firms. These type of service providers have been called VSMs (VIGE Supportive Marketplaces) by Katz, Safranski and Khan (2003).

### 3.1.2. Human Resources

The human resources dimension refers to the actual employees and/or entrepreneurs that use and implement the information technology resources in the first dimension as well as to the organizational culture of a firm. This is seen as a

significant factor in actually creating value from the implementation of IT resources (Henderson and Venkatraman, 1993; Powell and Dent-Micallef, 1997; Srinivasan et al., 2002; Wu et al., 2003). The tech-savviness of firms' entrepreneurial employees and decision makers is an important factor in building these capabilities, as the successful use of the Internet obviously needs the knowledge to do so (Foscht et al., 2006). Another important factor to this dimension is the organizational culture of a firm, as it needs to be open and flexible to be able to support comprehensive implementation of Internet technologies (Wu et al., 2003).

It is argued that for a new technology to be successfully implemented across an organization, the top executives need to show the need for and support for the technology (Henderson and Venkatraman, 1993). On the other hand, it is argued that the corporate discovery of the Internet and the deployment of Internet-based technologies and processes (ITAPs) is derived from the individual entrepreneurial employees' level of knowledge and experience and is evolved over time. It is also suggested that over time, in addition to evolving from individual to the corporate-level, the deployment of ITAPs also evolves from national to international levels of involvement. (Loane, 2006; Etemad et al., 2010)

Most of the knowledge of the Internet in a firm is obtained through personal experiences of employees. This knowledge includes the extent of the potential of the Internet on internationalization, productivity and growth. When all of the individuals' knowledge and learning experience of the Internet is combined, business opportunity recognition can be increased and even the whole business model may be altered. The knowledge gained through personal experiences of employees is added to the existing pool of knowledge that exists within the firm and this flow of knowledge is relatively easily maintained in small firms formally as well as informally, according to research done by Loane (2006). From this research it can be seen that market intelligence gathering and competitor analysis are a significant part of how the Internet is used in small firms.

Mathews et al. (2016) state that "managers with an international strategic orientation value cultural diversity, seek openness, and are empathetic with others, are capable of establishing and developing international business network relationships (Rhinesmith, 1995), driving international performance (Holm et al., 1996)". It is noted

that international business relationships and networks are important resources for international market growth of a firm (Freeman et al., 2006; Holm et al., 1996).

### 3.1.3. Business Resources

The third dimension is business resources and it refers to integrating the overall goals, strategies and strategic planning processes with IT technologies. This is relevant to the internationalization of a company, as the propensity to internationalize is positively linked to an international strategic orientation (Perks and Hughes, 2008). Organizations with international strategic orientation are more likely to use Internet technologies to support international activities (Kula and Tatoglu, 2003).

A lot of the decisions and decision-making style of people has been indefinitely altered by the information impact of the Internet. Such change is due to the availability of information by a simple search on the Internet, which allows for near-instantaneous comparison information about products and prices, for example. This is similarly true to business decisions, especially internationalization, as relevant information about remote markets of the world is available to practically anyone. Although this information intensity helps firms get over some of the more traditional barriers of internationalization, it also poses some challenges. Etemad et al. (2010) suggest that there are at least four basic challenges: The first challenge is the fact that the same information, on which firms as competitors and people as buyers/customers base their evaluations on, is available to all parties. Another challenge is the fact that the available information is not limited to certain focal points, e.g. certain markets. Thirdly, this information is what a potential buyer uses for evaluating value propositions. The fourth challenge that is presented is that in order for a firm to successfully compete, this value proposition must at least match a potential buyer's expectation of value.

Yamin and Sinkovics (2006) have expressed the idea of a performance-decreasing "virtuality trap" for firms that rely heavily on the Internet for internationalization. It is argued that the "trap of generalizing their scant learning about foreign markets and customers from their online interactions, while actually not fully appreciating the

complexities and thus retaining a physical and relational distance from the host markets”. Research done by Sinkovics et al. (2013) implies that born globals are more prone to falling into the virtual trap than firms that internationalize later. This is seen as resulting from the often resource- and capability-restrained essence of born globals, which may drive them to see the Internet as an overly powerful tool and aggressively adopt it as an alternative to physical presence.

<b>Resources that make up Internet marketing capabilities</b>	<b>Description</b>
IT resources	Deployment and usage of different Internet-based technologies and processes that support e-marketing initiatives
Human resources	Managerial support, organizational culture and tech-savviness for implementing technological initiatives
Business resources	The integration of IT -strategy with the overall goals and strategies of a firm

*Table 2. Summary of Internet marketing capabilities*



## 4. Methodology

This chapter will introduce the empirical part of the thesis, including the research approach, data collection and data analysis. The purpose of this chapter is to give the reader a precise understanding of how the research has been conducted and why the used methodology has been chosen. The objective of this chapter is to increase the reliability of the research and give an understanding of how the research has been conducted. The research is conducted as a qualitative research by using case studies as the approach and thematic interviews as the main data collection method.

### 4.1. Research Approach

It is said by Dubois and Gadde (2002), that “the main objective of any research is to confront theory with the empirical world”. The nature of this study is qualitative. The basis of qualitative research is in describing the real world and the attempt is to find new facts and increase understanding of a rather new and not widely researched phenomenon, instead of verifying existing claims (Hirsjärvi et al., 2007). Gaurin and Gronhaug (2010) state that a qualitative approach is suitable especially for situations in which the phenomenon has not been widely researched, because qualitative research is often explorative and flexible in its nature. Internet marketing capabilities is a relatively new concept which has not been extensively researched and as Etemad et al. (2010) state: “While e-commerce is one of the most discussed topics in contemporary international business, relatively little is actually known about the adoption and use of the internet by internationalizing SMEs, and although theorizing abounds, little empirical evidence is to be found.”

A case study is a type of qualitative study. Vaivio (2008) and Yin (2003) define a case study as empirical research in which the examined phenomenon and the boundaries of its context may not be accurately distinguishable. A case study is used to chart a certain phenomenon on a general level and one or more so-called cases are used. In a case study, a researcher examines data that can be used to

build operating models and propositions, and which can be examined against theory. (Gummesson, 2005) A case study typically involves data collection methods such as archives, interviews, questionnaires and observations. The collected data may be either quantitative, qualitative or both. Case studies may be used to test theory, generate theory or provide description. (Eisenhardt, 1989) Case studies have been criticized by Yin (1994) for not necessarily having basis for scientific generalization and for handling data non-systematically. However, Saunders et al. (2009) state that multiple case studies do allow the possibility for making generalizations from the found data. Since the purpose of this study is to examine and compare the different roles the Internet has had in three small internationalizing Finnish companies, case study is chosen. This study is a descriptive case study on the use of the Internet, specifically Internet marketing capabilities, on the internationalization process(es) of three small Finnish firms.

## **4.2. Data Collection**

The data collection has been conducted by interview surveys. Koskinen et al. (2005) state that an interview survey may be done as a structured interview, semi-structured interview and informal interview. The data for this research has been curated by semi-structured thematic interviews with case-companies' employees/founders, in which the interviewees have answered predefined questions in their own words. These type of interviews lack the formality of fully structured interviews but give a certain structure or theme that an informal interview lacks. This gives the interviewees freedom to answer the questions, which are within a certain theme, in their own words. (Hirsjärvi & Hurme, 2008) Three interviews were carried out involving two co-founders and one marketing manager.

The questions in the interview have been devised on the basis of the research question, research objective and theoretical framework. The theoretical framework has given the foundation to the questions and helped structure the research question even better. The questions address the use of the Internet in the case companies as well as the internationalization of case companies.

The case companies have been chosen from the context of internationalized Finnish micro-enterprises. Micro-enterprises are defined as companies that have under 10 employees and a turnover of under 2 million EUR. Regarding the criteria of internationalization, having sales outside of Finland was the determining criteria. The data collection process started by contacting possible respondents via e-mail and asking for permission to conduct an interview. These possible respondents were searched from Finnish company-databases of Taloussanomat and Kauppalehti, from which the turnover and number of employees can be seen. A total of 20 inquiries were sent, of which three companies answered that were suitable for this research.

The next phase was to conduct the interviews. Case company A's founder did not have time to meet face-to-face, so the questionnaire was sent to him via e-mail and he recorded his answers in audio-format. All other interviews were conducted face-to-face. Also, all of the interviewees were asked the same questions in the same order, which improves the validity of the interviews (Hirsjärvi & Hurme, 2008). Data was also collected from case companies' websites and news articles. After, the answers were transcribed, categorized and analyzed. In this research the observations made from the empirical data is examined through the lens of this research's theoretical framework. The respondents businesses and identities are kept anonymous as per their wishes. Table 2 summarizes the data collection sources of the data utilized in this study.

<b>Data used</b>	<b>Sources of gathered data</b>
Primary data	Interview with key actors: Founders, marketing manager
Secondary data	Company websites
Archival materials	News articles

*Table 3. Summary of data collection sources*

### **4.3. Data Analysis**

The analysis, interpretation and conclusions from collected data are in the core of doing research. Hirsjärvi and Hurme (2014) state that the analysis often already starts in the interview process. When the researcher is conducting the interview by oneself, he or she often does observations of certain recurring themes during the interview situations. There are many different ways in doing analysis of the data. The analysis of qualitative research is divided into two stages by Alasuutari (1993). First, the observations made from the data are concisely categorized into themes. This then allows for interpretation of the meanings from the made observations.

The interviews were recorded on an audio format by the permission of each interviewee, which allows for verbatim transcription. The interviews were transcribed as soon as possible after the interviews by the interviewer, and the transcription was done verbatim. This allows for the interviewees communication to not be altered by any means, allowing for a reliable and objective view of the interview-situation. The so-called fact-perspective is used when deciphering the interview material. What this means is, that a distinction is made between the real world and the arguments that are made about it. For example, the interview-situation, as well as jokes and sayings, are indifferent. It is noted, that this fact-perspective should not be confused with the general notion that all research strives for objectivity in the sense that it is based on empirical evidence and not the researchers own views. (Alasuutari, 2011) Koskinen et al. (2005) state, that the fact-perspective strives to examine the obtained interview material from the perspective of facts. This means that when transcribing the data, there was no emphasis from the researcher's behalf on the way the interviewee talks about things or on pauses in speech and such.

The transcribed data obtained from the interviews was first sorted into a logical flow of text by organizing it loosely based on the theoretical part of the research. In this first part of the analysis, each case company is introduced and the findings are described individually. This includes a description of each firm and loose categorization of the transcribed data, based on the themes of the interview questions and organized accordingly. The second part of the analysis further

categorizes the data thematically by looking at it through the lens of the theoretical framework as well as observing similarities in raised issues and experiences amongst all case companies rather than individually. After this, it was fairly straightforward to find answers to assigned research questions and to make conclusions.

#### **4.4. Validity and Reliability**

Validity typically means that the researcher must address that his or her findings are not based on, for example, incorrect interview dictums, questions or observations that have been made in an atypical situation (Koskinen et al., 2005). The interviews that were conducted for this study were all conducted with the same questions in the same order, which helps increase the validity of this research. Validity can also be split into internal and external validity. Internal validity means the logicity and consistency of interpretation. External validity means the generalizability of the interpretations. (Koskinen et al., 2005) The evaluation of internal validity based on logicity can be described by justifying the interview questions compared to the research objectives. The interview questions and research objectives should have a logical connection. (Kumar, 2005) In this sense, the validity of this study has been strengthened by formulating the interview questions based on the themes in the literature review. External validity based on generalizability of interpretations can be improved by using multiple-case approach (Yin, 1989). Multiple-case approach was used in this study, which further improves the validity.

The objective of reliability is to minimize mistakes and distortion in the research. Considering reliability, the research has strived to be carefully and thoroughly executed to minimize distortion. Mistakes and distortion have been minimized by carefully composing the thematic interviews from the theoretical framework and by executing and transcribing these interviews with precision. The reliability of qualitative research is further enhanced by carefully describing all stages of research and data collection as has been done in previous chapters. (Hirsjärvi et al., 2004; Yin, 2003) The research methods have been chosen based on composed

research questions and it is seen that the chosen methods best correspond to answering these questions.

The reliability of an interview is subject to being weakened by the interviewee giving so-called socially acceptable answers. Interviews are also context- and situation-bound. This means, that an interviewee might give different answers in an interview situation in contrast to other situations. This results in a situation in which the findings should not be exaggeratedly generalized. Qualitative research is also often more personal than quantitative research resulting in researcher's own reflection in the analysis. This results in the fact that the researcher oneself is the main source of reliability. (Hirsjärvi et al., 2009)

## 5. Findings

This chapter depicts the findings that were made from the collected data. Each case company is introduced individually and the collected data is arranged in loose correlation with the body of the interview, which in turn was based on the literature. These findings are later on discussed and mirrored with the literature more precisely.

### 5.1. Internationalization Patterns and Description of Case Companies

**Case company A** produces a drinkable meal that is crafted from real food ingredients. It is meant to be a substitute meal for people in a hurry. It is in a powdered form and the drinkable supermeal, as they call it, is meant to be a healthy, energizing and filling meal on the go.

The product originally started as a personal need for a 100% RDA (Recommended Dietary Allowance) drinkable meal as there were no products that fit the founding team's high expectations. The first rendition of what was to become the drinkable meal was originally tested during Restaurant Day in Finland where it was sold to over 200 customers. After a business accelerator –program, case company A got momentum for launching a crowdfunding campaign on the Indiegogo –platform. The crowdfunding campaign was a major success, being the largest funded food-related product on the platform at the time by raising \$100 000. This was also when case company A was officially launched internationally. Through crowdfunding, they obtained customers from 35 countries. This is seen as a critical moment in their internationalization, as it helped them get a lot of press in magazines such as Time magazine, Wired, Business Insider and so on. This resulted in organic traffic to their website, which in turn has helped sales coming in.

The product has been crafted with international markets in mind from the beginning. Co-founder of case company A states that they are a born global company and that they realized very early on, with some initial pre-orders, that over half of their

customers were in the United States. It is noted that today, roughly 80% of their customers are outside of Finland: the single largest market lies in the United States, while the most important markets in Europe are Germany and England.

*“It has been very clear from the get-go that we want to address global markets, because our product is something that has long shelf life and it’s easy to ship. The motive is to build the world’s number one brand in functional health foods, so having a global mind-set from the beginning has been essential.”*

**Case company B** is a company that connects small designers with garment manufacturers. They want to be “the number one choice for brands and designers to make their products, by offering an effortless and sustainable way to find, connect and work with apparel manufacturers around the world”. Case company B has an internet-based platform, in which a customer may manage an order, keep track of it and such, but in practice the actual products they sell are clothing and other apparel.

The internationalization process of case company B started by recruiting a three-person team from Vietnam, whom began the search process for possible manufacturing partners. At the same time, the team in Finland began acquiring customers and bringing in sales. When the orders started coming in, they were channelled to the newly acquired partners, from which the best ones have been screened over time.

Case company B has had a born global mind-set from inception and the motivation for internationalization has been due to a couple of reasons. First of all, the business model in itself, which includes sourcing apparel from Vietnam, requires the company to be international in its upstream activities. Regarding sales, larger international markets have been a driving force.

**Case company C** is a company that works as a bridge between small fashion designers and consumers. The firm website says: “Company C is a mobile app that brings the trendiest, up and coming designers from all over the world to your fingertips!” The mobile app is said to resemble a mixture of Tinder and Airbnb by having a user interface resembling that of Tinder and a monetisation model resembling that of Airbnb.



It is said that one of the reasons or inspirations for the existence of case company C is the fact that there is excellent know-how within the fashion field in Finland and there are high quality brands that no one really knows about (internationally). It is said that the government invests way too little into this field, so case company C wanted to be the one who puts Finland on the map in the fashion field. At the same time, it is not limited to Finnish designers. Also internationally emerging designers are wanted to join the platform and be able to reach new markets. Finland has been a test-market before launching the app globally. The app was soft-launched in Finland during late 2016 and was well received with a lot of press nationally. The global launch was during March 2017 and again well received with press worldwide.

When asked about their internationalization process, it is said that it is still an on-going, fresh process. The internationalization process had already started before the official launch of the app: team members had travelled around the world visiting the biggest fashion trade fairs, introducing the application to small designers from the team members' own phones. It is mentioned that the firm has since the very beginning had the objective of being international, which can also be read between the lines when CEO states: "Our only goal is to be the market leader of the sales of private fashion designers' brands within five years". Thus, case company C can be defined as a born global company. Officially, the internationalization started in March when the global launch of the company C app was announced by Finnair in their BlueWings magazine and on their website. Also, company C hired a media agency that sent out news-bulletins around the world during this time, which ended up in big publications such as Elle in Belgium and a South African business newspaper. This resulted in instant international customers, albeit still being quite small volume compared to what company C is after.

Table 3 summarizes case company information and table 4 summarizes internationalization information of case companies.

<b>Company</b>	<b>Case company A</b>	<b>Case company B</b>	<b>Case company C</b>
<b>Established</b>	2013	2016	2016
<b>Products/Services</b>	Drinkable meal	Clothing/apparel sourcing	Mobile app
<b>Company advantage</b>	Internet as main customer acquisition channel	Partner network, local knowledge in Vietnam	1st of a kind fashion app for small-scale designers
<b>Turnover (2016)</b>	<2m€	<2€	<2m€
<b>Number of employees</b>	5	8	5

*Table 4. Case company information*

<b>Company</b>	<b>Case company A</b>	<b>Case company B</b>	<b>Case company C</b>
<b>Established</b>	2013	2016	2016
<b>Start of internationalization</b>	2014	2016	2017
<b>Method of foreign market operation</b>	Exporting & procurement	Exporting & procurement	Exporting (arguably)
<b>International markets served</b>	USA, Europe	Sweden, Denmark	Worldwide
<b>Markets of interest</b>	-	-	Asia
<b>Internationalization pathway</b>	Born global	International New Venture	VIGE

*Table 5. Case company internationalization*

## 5.2. Internet Marketing Capabilities

This chapter describes one at a time the different resources that complementarily result in internet marketing capabilities. These different resources are IT resources, which in this study have been limited to Internet-based technologies, human resources and business resources (Trainor et al., 2011).

### 5.2.1. Internet-based Resources

**Company A.** When asked about what kind of role the Internet has had on the internationalization of the firm, the interviewee states that the Internet is “the main thing we are working on in every possible way when it comes to customer acquisition”. International customer acquisition is essential for company A, as most of their sales are coming from countries other than Finland. The Internet is company A’s main channel and main area of focus, as 95% of their revenue derives from online sales.

The different Internet-based technologies that company A has in use include e-mail with various different e-mail marketing tools and plugins such as Mailchimp, a website with an e-commerce platform as well as a CRM platform (Shopify) and different social media outlets such as Facebook, Twitter and Instagram. These are being used for online advertising and sales, online after sales services, market research and procurement. Regarding marketing and sales, paid Facebook advertising is said to be working very well for company A.

**Company B.** The Internet has played a major role in customer acquisition and in the search of manufacturing partners for company B. The most important use of the Internet in the context of internationalization is said to be customer acquisition. Especially in the beginning, customers were found via google searches and through different events, such as fashion fairs that featured small-scale fashion brands. Some of company B’s customers have also approached company B spontaneously out of the blue, via the Internet, without any active marketing. Marketing on the

Internet has been limited to using Google's SEO "a little bit", so that company B would be shown in search results, but Facebook and other social media have not been getting almost any attention. The strategy behind company B Google SEO has been in a way the automatization of customer acquisition, so that the team does not have to cold call and meet up with every single lead. So for now, social media marketing has not played a significant role for company B, but it is something that they will be looking into in the near future. As for market research, Google has been used to only to get a sense of market size and how it is growing, but for the most part the market research has been done by going to different trade shows and talking with customers and their needs.

The Internet technologies that have had the biggest role in internationalization are seen as Google Search Engine Optimization (SEO) and their website for foreign customers, as well as e-mail for communication with the foreign customers. It is thought that Google SEO has been the main reason for foreign potential customers finding company B and being in touch. Different internet-technologies that company B has in use are e-mail, search engine Google, website, Facebook and Twitter. Internal communication is taken care of with Slack and WhatsApp. Trello is used to follow orders. These internet-based technologies are being used mainly for sales, customer service and communications. Additionally there is little use for advertising and market research.

**Company C.** The role of the Internet in internationalization is said to have been very important for company C. This is not only due to the fact that Internet is actually a prerequisite for the existence of the app, but also due to the marketing possibilities the Internet provides. Before the app had been globally launched and when the team wanted to showcase the app for international designers, it had to be demonstrated via the team members own phones. After the app has been globally downloadable, it has been really beneficial in this sense, because now anyone can download the app and test it themselves.

Regarding the context of internationalization, company C sees that the most important use of the Internet is customer acquisition, specifically designer-acquisition. Company C receives a small percentage of each transaction that is done within the app, which means that both, the consumer and the designer, are

company C's customers. The representative states that at the moment 94% of the designers are acquired via e-mail. In addition to customer acquisition, marketing is seen as a very important use of the Internet in internationalization. All of company C's adverts have been in digital format and so far, there has not been any "physical adverts". Different internet-based technologies that company C has in use are Mailchimp, website, company C mobile app, Google adverts, Facebook, Instagram, OneSignal, Zendesk, Trello and Slack. These different internet-based technologies are being used for advertising, sales, customers service and communications. Of all of the Internet-technologies in use within company C, Facebook is said to have helped the most in the internationalization of the firm, especially in Europe. Facebook –advertising has been a success and is continually helping rake in downloads internationally.

Company	A	B	C
<b>Most important use of Internet-based resources</b>	Customer acquisition	Customer acquisition	Customer acquisition
<b>Different use cases of Internet-based resources</b>	Advertising, sales, customer service, market research, procurement, communications	Advertising, sales, customer service, market research, procurement, communications	Advertising, sales, customer service, communications
<b>Internet-based technologies in use</b>	Mailchimp (+ other e-mail marketing tools & plugins), website, Shopify, Facebook, Instagram, Twitter, Slack	Mailchimp, Google SEO, website, own web-based platform for managing orders, Trello, WhatsApp	Mailchimp, website, own mobile app, Google Ads, Facebook, Instagram, OneSignal, Zendesk, Trello, Slack

*Table 6. Summary of case companies' IT resources -dimension of IMCs*

### 5.2.2. Human Resources

**Company A.** When asked about how the employees' individual knowledge of Internet technologies has shaped the adoption and use of IT resources within company A, the interviewee states that him having an educational background in computer sciences has helped out a lot. The founders' background and fluency in online channels has shaped to organizational culture to be open to adopt different Internet technologies.

"If you think about many of the traditional food entrepreneurs, they don't have the skillset or mind-set of thinking about online as the main customer acquisition channel. So definitely the expertise we have within the co-founders, and not only my background but my co-founders' as well, has definitely impacted the way how we built the business and how we've been able to actually implement all the software and all the applications to do that."

The usage of IT resources is divided so that 2/3 of co-founders use IT resources for customer acquisition. In addition to that, there is a contractor that helps them with marketing activities.

"There's my co-founder Simo and me are working on customer acquisition side of things and our third co-founder is working on the manufacturing, logistics and all the backend side of things. And in addition to that we have contractors helping us in the marketing activities so most of our resources are put to different kind of marketing or value creation online."

**Company B.** The organizational culture of company B is seen as being supportive and open for suggestions of implementing new Internet-technologies. Sometimes the benefits of a new system are so clearly visible, that it gets implemented immediately. Sometimes, however, when a new system is suggested, the implementation "kind of stays in limbo", from where it is in a way just forgotten about. It is seen that all of the Internet-technologies that are in use within company B have derived from the employees' individual knowledge of the existence of these technologies. The two most influential channels that this has happened through are described as 1. Knowledge through prior occupations and seeing what has worked

there, and 2. Tech-savvy CTO, who has proposed the experimentation of various systems, which are often tested within the tech team prior to introducing to the whole company B team. An example of this is mentioned: The introduction of Trello was done by the CTO. He taught the other team members how to use it and made a kind of instruction manual or best practices –list for the team. It is also mentioned that the team's CTO is a kind of help desk for others regarding these technologies.

Regarding how the usage of Internet-technologies within company B has been divided, if it has been divided at all, it is mentioned that one team member is solely responsible for their social media posts. This has been due to the team member being “somewhat good at it” and also being fonder of it than the other team members. The use of all other Internet- technologies is more divided within the team.

**Company C.** Regarding the employees' involvement in the use and introduction of different Internet-technologies, the representative states that all team members have had an influence on what Internet-technologies are in use within company C. This is due to both, tech-savvy employees as well as a supportive organizational culture. For example, one team member has shared his concerns with their current newsletter-system and he wants to switch to a new system. His concerns have been noted, and the switch is going to happen. Also, the interviewee herself has shared her concerns with Trello, which she has not found to provide enough added value to be paying for a license, so the team has moved into using a free version of the program.

The use of the Internet-technologies has been split within the team. All of the team members use Slack for internal communication, Zendesk for customer relationship management and Trello. The interviewee, brand & marketing manager of company C, has been delegated to use Facebook, Mailchimp and Instagram in addition to the previously mentioned technologies. Regarding the use of Internet-technologies, she says that there have not been any specific challenges. In her own words she has come to company C from an analogue world in her previous job where invoices were written by hand on paper. This being said, she has found it easy to learn the use of Slack and other Internet-technologies that are used within company C. All other team-members of the firm are said to be experienced users of Internet-technologies, acting as a sort of help-desk for the more inexperienced user.

Three out of five team members live in Barcelona, and the other two live in Helsinki. This has led to the communication of the team to be done via Internet-technologies: every morning the company C team has a Google Hangout –meeting and all of their everyday communication is done in Slack. The interviewee states that this has proven to be very functional. Also the interviewee’s training of how everything works within the firm, including the Internet-technologies, was done using Skype.

<b>Company</b>	<b>A</b>	<b>B</b>	<b>C</b>
<b>Organization culture regarding IT resource implementation</b>	Supportive and open	Supportive and open	Supportive and open
<b>Factors affecting IT resource implementation</b>	Tech-savviness of co-founders & being fluent in online-channels	Tech-savviness of CTO & employees' knowledge obtained through prior occupations	Tech-savviness of employees
<b>Usage of IT resources</b>	2/3 co-founders work on customer acquisition with IT resources & contractors help with marketing activities	Social media usage devoted to 1 team member & other IT resources used by all team members	Social media usage & e-mail marketing tools devoted to 1 team members & other IT resources used by all team members

*Table 7. Summary of case companies' human resources -dimension of IMCs*



### 5.2.3. Business Resources

**Company A.** Company A's representative states that the firm's internationalization goals, strategy and strategic planning processes of the firm are linked to the use of Internet-based technologies. This dimension will be analyzed further in the discussion –chapter.

**Company B.** Company B seems to not have a clear IT strategy. This will be analyzed further in the discussion –chapter.

**Company C.** The company's overall internationalization strategy is said to be linked with IT technologies. This can be seen for example in company C's Internet-marketing strategy: one designer/brand is introduced each day and this brand is introduced in English on Instagram and in multiple different languages on Facebook. In addition to this, company C arranges campaigns with exclusive products and these campaigns include blog-posts, Facebook-advertising, Instagram-advertising, newsletters and push-messages, all designed to reach an international audience. The biggest challenge in this context is seen as indeed the reach of each post on the social media platforms company C uses: how to plan each post and the boosting of each post so that it reaches and is understood by as many people as possible. The issue of reach is also seen as the most important benefit in this context: company C has received a lot of worldwide attention with the news-bulletins that were sent out, which in turn has led to international designers sending applications to join company C.

Resources that make up Internet marketing capabilities	Company A	Company B	Company C
<b>IT resources;</b> Deployment and usage of different Internet-based technologies and processes that support e-marketing initiatives	E-mail (Mailchimp & other e-mail marketing tools), website, E-commerce platform (Shopify), Social media advertising (Facebook, Instagram, Twitter)	E-mail (Mailchimp), Google SEO, website, own web-based platform for making/managing orders	E-mail (Mailchimp), website, own mobile app, Google Ads, Social media (Facebook, Instagram), Push-messages (OneSignal), CRM (Zendesk)
<b>Human resources;</b> Managerial support, organizational culture and tech-savviness for implementing technological initiatives	Supportive organizational culture & tech-savvy co-founders	Supportive organizational culture, tech-savvy CTO, gained knowledge through prior occupations	Supportive organizational culture & tech-savvy employees
<b>Business resources;</b> The extent to which Internet-based technologies strategy is linked with the overall goals and strategies of a firm.	IT strategy strongly linked with customer acquisition; especially online-advertising, online sales & CRM	IT strategy somewhat linked to customer acquisition; search engine optimization	IT strategy clearly linked with customer acquisition; especially online-advertising & CRM

*Table 8. Summary of case companies' different dimensions of Internet marketing capabilities*

### 5.3. Key challenges in Internationalization and Internet Marketing Capabilities

**Company A.** The key challenges in using Internet technologies are seen to be mainly related to the skills needed to efficiently and creatively utilize these different technologies.

*"The mind-set and talent to start looking at things differently. It's a big shift that's going on right now and I believe that it's a matter of people learning to use these*

*tools and at the same time consumers being more and more increasingly comfortable buying anything online really. And it's a long transformation over many years."*

Another challenge related to Internet technologies is keeping up with the latest trends.

*"Also a common theme is, that many of the online channels, of which there are plenty, keep changing all the time. Whereas Facebook is working great for us today, it might not work for us anymore after one year. The same goes with all different platforms online, so you need to keep testing. You need to keep learning all the time and you need to stay updated of the latest trends and educate yourself by, for example, going to different conferences. It's a lot of work and you need to stay there to be able to have reasonable customer acquisition costs, and that is something that's prevalent for all businesses online."*

A big challenge is to utilize all of the different channels that are available in the Internet realm, especially when it comes to paid advertising. Channels such as Facebook paid advertising, google paid advertising, influencer marketing, e-mail marketing and so on create a need for experts in this field, which is seen as a lacking skill, especially in Finland.

*"There are not too many people, especially in Finland, who can handle these channels very well, so the talent to run all these channels is very important."*

**Company B.** One of the biggest challenges of their internationalization has been seen as being communication; within the company as well as communication with customers. Regarding communication within the firm, the time difference and language barrier with their Vietnamese co-workers and partners are seen as challenges. Regarding communication with customers, the challenges lie within the fact that they cannot often meet face-to-face, sometimes leaving the communication too incomplete. This in turn leads to situations in which company B does not exactly know what the customer wants. Communication is mainly done via e-mail, which is seen as part of the problem. For example, if the company B team has sent an e-

mail to a customer asking for more details about an issue that a factory in Vietnam needs to know about, it might take even weeks for a customer to answer. At the same time, the factory in Vietnam is in stand-by mode waiting for an answer for a long time.

Potential customers that spontaneously contact company B are often seen as being challenging. This is because their requests are often either 1. Unclear and they might not provide enough information for company B to be able to do concrete actions, or 2. The requests may be of such nature that company B is not able to be of service. This, in addition to always easily receiving the right type of information from the customer, are seen as the two major challenges related to the usage of Internet-technologies

The biggest challenges that are seen in Internet-marketing are seen as targeting the correct prospects. This is seen as a challenge also because company B is not a B2C (business-to-consumer) type of business and rather than marketing to a vast number of people, they need to be able to target the correct smallish number of prospects.

One of the biggest challenges in the employees' usage of Internet-technologies is seen as how to consistently use these technologies in the same way and talk about the same things. Trello is mentioned as an example: there has been challenges in having a standardized manner of doing things and communicating in Trello so that everybody is on the same page about everything.

**Company C.** One of the biggest challenges in the internationalization of company C at the moment is getting international buyers to be interested in "unknown" Finnish brands, since most of the brands on the company C app are Finns, for now. So getting international consumers to download the app. Possible competition is also mentioned as a challenge: even though they do not have direct competitors at the moment, the reality is that building mobile applications is a large trend and different types of fashion applications are being established quite frequently.

#### 5.4. Key benefits of Internet in Internationalization

**Company A.** The growth of e-commerce is seen as creating a lot of opportunities and potential for many companies. The key benefits of using Internet technologies are seen as tapping to global markets right away, decreasing the cost of communication, decreasing the amount of labour needed and decreasing the costs for both the company and the consumer. The respondent says: “You can get different products with lower price because there is no middle man. There is no distributor in between, or retailer, adding 100% to the price for the end-consumer.” In addition to the price of the end-product, another major benefit of using Internet technologies, which is said to be super important, is enabling a direct relationship with the customer.

*“If you, for example, sell any retail goods in retail stores, you have no idea who is buying your product. You don’t get their name, you don’t get their e-mail address, you don’t get anything. So your operating in a pretty blind space. Online, when somebody places an order, you get their address, their name, their e-mail address and so on. You can stay in contact with them, build a relationship with them, encourage them to buy more and encourage them some other products you have. So that’s super important as well”.*

**Company B.** The most important benefits that company B perceives from these Internet-technologies are the speed of doing things over the Internet, the easiness of it and the fact that one can reach virtually anyone via the Internet.

**Company C.** One of the largest advantages that the use of Internet-technologies provides company C is the speed of everything. It is stated that it is a large benefit that company C can respond and react to customer feedback very fast. The respondent provides an example: All of the purchases, returns etc. that happen in the company C application are automatically reported into the teams Slack-chatroom. When the first international purchases were made in the company C application, this information was instantaneously available in their Slack. This in turn allowed company C to immediately be in touch with the designer to inquire if he or she needed any help with the international order.

A large advantage seen in Facebook –advertising is the possibility of targeting customers and being able to do marketing campaigns directly to customers in their own languages, so that it is as easy as possible for a customer to understand what company C is about. company C is preparing to conquer Asian markets next and it is implied that what works in Europe does not work in Asia: “No one uses Facebook in Japan, for example”. Thus company C needs to find out and discover which Internet-technologies need to be used for Asian markets.

## 6. Discussion

This chapter disseminates the findings into more precise themes, allowing for mirroring with the theoretical framework of the study.

### 6.1. Internationalization

All of the interviewed companies have activities that facilitate operations across national boundaries, which is a broad distinction that all of the firms have in one way or another internationalized (Business Dictionary, 2016). To be more specific, all three firms are Finnish companies that have sales in foreign countries meaning that they have exporting. Motives such as larger international markets and discovery of a market niche are mentioned as driving forces for internationalization. All of the firms, however, seem to have internationalization in their DNA, all in their own manner. Company A's representative, for example, states that they do not see themselves as doing any sort of internationalization and that it has been very clear from the beginning that they are a global company serving global markets. Company C, on the other hand, is a so called VIGE (Virtual Instant Global Entrepreneurship), meaning that they have been global from inception (Katz et al., 2003). Company B's business model per se leads to internationalization, as it is part of their business model to source from overseas manufacturers.

#### 6.1.1. International Entrepreneurship

Two out of three of the interviewed companies have been founded in the year 2016, the third company being founded in 2013. All of these companies can be categorized within the context of the international entrepreneurship (IE) literature. Two of the respondents spontaneously mention, that they see themselves as a Born Global (BG) company. states: "we have practically had a born global –mind-set from the beginning" and Company A states: "we were born global company from the beginning". All three respondents have internationalized within a year of starting up and if categorized solely by the "time to internationalization" –criterion, all of the

respondents can be seen as Born Globals (Dimitratos et al., 2010). Most of Company A's sales (80%) are outside of Finland which, together with the "time to internationalization" –criterion, also very well fulfils the definition of Born Globals provided by Knight and Cavusgil (2004): "Entrepreneurial start-ups that, from or near their founding, seek to derive a substantial proportion of their revenue from the sale of products in international markets." This definition can likewise be applied to company C, whose representative states: "Our objective since the beginning has been to serve international markets". In addition, the CEO of company C states: "Our only goal is to be the market leader of the sales of private fashion designers' brands within five years" (Kauppalehti, 2016). These two quotes can be understood as seeking to derive a substantial proportion of their sales in international markets within a short amount of time, leading to the definition of a Born Global by Knight and Cavusgil (2004).

Company B, on the other hand, could be more fittingly described as an International New Venture (INV). Oviatt and McDougall (1994) have defined INVs as "business organizations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries." The difference of these INVs compared to BGs can be seen in that the internationalization of INVs includes a broader range of activities, such as upstream activities, whereas BGs mostly concentrate on outward type of internationalization (Knight and Liesch, 2015). The very foundation of company B's business model includes international manufacturing partners (upstream activities) and international customers (downstream activities), supporting the definition of an INV.

#### 6.1.2. Internetization

A more up-to-date discussion in the IE literature regarding this research is the discussion of internetization and the role of the Internet in internationalization. Etemad et al. (2010) have introduced the term internetization to describe the use of Internet-based technologies as the foundation of internationalization processes, especially in smaller innovative entrepreneurial firms. Of the companies interviewed,



maybe the clearest role of the Internet in internationalization is in the case of company C, as the existence of the Internet is a prerequisite for the existence of company C: Company C is a mobile application that exists in the virtual world, meaning that it is global from inception (Katz et al., 2003). Katz et al. (2003) refer to these types of firms that are formed on top of certain structures and structured processes on the Internet as Virtual Instant Global Entrepreneurship (VIGE). Although company C can be classified to be global from inception, the VSMs (VIGE Supportive Marketplaces) that it was launched in have the possibility to geographically restrict the downloading of the application. For the first couple months, company C was soft-launched and available for download only in Finland. This was due to Finland being a test market and a springboard for a wider audience. (Goodnewsfinland, 2016) Officially the application was opened for public download during March 2017, together with wide digital media coverage.

Another great example of internetization is the internationalization process of company A. Company A's internationalization process is a bit more mature as it has been in existence since 2013, compared to company C and company B whom have launched in 2016 and whose internationalization processes can still be seen as fresh, on-going processes. When company A officially launched its product, it was done so globally from the get-go: the product was launched through a crowdfunding campaign on an online crowdfunding-platform, from which company A obtained customers from 35 countries (Kauppapolitiikka, 2016). From this information, parallels can be drawn with company A's internationalization and what Etemad et al. (2010) have described as internetization: company A is clearly using Internet-based technologies as the foundation of their internationalization process.

According to company B's representative, their internationalization process began by recruiting a three-person team from Vietnam, the country that was planned to use for manufacturing since the inception of the firm. Choosing Vietnam as the source country for their garment manufacturing was no coincidence, as two out of the four founding members are originally from Vietnam. (Kylteri.fi, 2016) Recruiting in Vietnam was at first done based on the founders' contacts and it was done with the help of the Internet and a telephone. Parallels can be found with this and the role of knowledge in internationalization literature: Kundu and Katz (in press) have

stated that (born international) firms that have had exporting activities seem to have initially started their internationalization efforts based, and depended, on knowledge that the owner had acquired via overseas studies, travel or other personal experiences. Two of the founders have possessed the kind of knowledge that has allowed them to start internationalization from Vietnam. After recruiting the Vietnamese team, company B simultaneously began the search for manufacturing partners in Vietnam and potential customers from the Western world. This customer search was done by Google searches followed by cold calling, meaning that Internet was used to assist internationalization, but perhaps was not used as the foundation of their internationalization process.

However, it is not solely the Internet that has been used in the internationalization processes of these companies. For company C, the internationalization process had in fact already begun before officially launching their product worldwide. This was done by visiting trade fairs worldwide and exhibiting their application to international players. The same goes for company B, as they have also visited trade fairs to approach international customers before and after the launch of their service.

#### 6.1.3. Foreign Entry Mode

Two out of three interviewed firms, company A and company B, sell actual physical products, whereas the third firm, company C, provides an online platform where physical products are traded. Due to the nature of exporting being one of the easiest, least costly and least risky ways of international market penetration, it is one of the most commonly used entry modes, especially in manufacturing companies (Welch et al., 2007; Terpstra and Sarathy, 1994). The two companies that manufacture physical goods, company A and company B, can be categorized as having entered foreign markets by export as an entry mode by own exporting. The third firm, company C, has an intangible product or service, a mobile application, and the duplication of this application does not have any costs. This application must have distributors, however, which in this case are the Apple App Store –platform and Google Play –platform. These platforms that distribute so-called applications exist

on the Internet, meaning that they are not necessarily location-bound, but the downloading of applications from these platforms can voluntarily or involuntarily be location-restricted. Katz et al. (2003) define these type of platforms as VIGE Supportive Marketplaces (VSMs). Company C can be defined as a VIGE that is distributed by a VSM. In this sense, it can be seen that the company C -application is being distributed by a third party and this third party can be seen as existing in each country that the application is downloaded from. Thus, the distribution of company C could be described as direct exporting, when trying to fit this rather new type of business into a more traditional categorization of foreign market entry modes. (Welch et al., 2007) Perhaps further research and theory-formation on how the Internet is affecting foreign market entry modes is in order.

<b>Company</b>	<b>A</b>	<b>B</b>	<b>C</b>
Year of internationalization	2014	2016	2017
Type of internationalization	Born Global	International New Venture	VIGE
Internetized	Yes	No	Yes
Foreign entry mode	Own exporting	Own exporting	Direct exporting

*Table 9. Summary of internationalization of case companies*

## **6.2. Internet Marketing Capabilities**

Findings by Loane (2006) and Moen et al. (2008) suggest that marketing communications, customer relationship management, marketing channels and market research are the most important uses of the Internet for an Internet-enabled firm, apart from using e-mail for communication. From the literature parallels can be drawn with what have been described as the most important uses of the Internet for a firm and with what has been defined as the use of Internet marketing capabilities (Loane, 2006; Moen et al., 2008; Mathews et al., 2016). Some of these themes have

also arisen as the most important use-cases of the Internet in the internationalization for case companies. However, online-advertising was clearly the biggest use-case for case companies.

Although the Internet provides a low-barrier path to internationalization, at the same time it introduces an increasingly competitive environment for SMEs resulting in the importance for a firm to have competitive advantage when internationalizing. According to the resource-based view, this kind of competitive advantage can be obtained by internet marketing capabilities, for example. (Barney, 1991; Trainor et al., 2011; Wernerfelt, 1984) Furthermore, implementing different e-mail marketing tools and plugins, paid Facebook advertising and other Internet technologies to be used for successful online-advertising resulting in competitive advantage requires the resources and/or capabilities to do so.

There is said to be a supportive organizational culture of introducing new Internet-based technologies and processes (ITAPs) within company B, but the implementation/discarding a new Internet-based technology seems to not always be so analytical but rather intuitive: sometimes the benefits of a new Internet-based technology are so clearly visible, that it gets implemented instantly, but sometimes the proposed ITAP is kind of quietly forgotten about. Henderson and Venkatraman (1993) argue, that for a new technology to be successfully implemented, the top executives need to show the need and support for said technology. There is said to really not be hierarchy within company B, which could be a reason for sometimes lacking implementation of ITAPs. Company C is also said to not really have a hierarchical structure within the firm and that the organizational culture regarding ITAP implementation/discarding is supportive and inclusive; all team members are said to have had an influence on what ITAPs are in use.

According to the conceptual model by Trainor et al. (2011) Internet marketing capabilities consist of three complementary resources: IT resources, human resources and business resources. Mathews et al. (2016) propose that Internet marketing capabilities is the application of Internet-based technologies to traditional marketing capabilities such as online advertising, online sales, online after sale service, market research and purchasing/procurement. This chapter describes the observations made about case companies' different resources that make up for

Internet marketing capabilities. The observations are based on the findings in chapter 5. This consists of findings made on case companies' IT resources, human resources and business resources and the different combinations of these different resources. The observed combinations of these resources, called capabilities, are put into the context of different e-marketing activities such as online advertising, online sales, online after sale service, market research and purchasing/procurement. Due to the nature of the data collected from interviews, the main discussion will be around online advertising because the answers from the interviewees seemed to revolve around online advertising more than anything else. Discussion around online sales, online after sales service, market research and procurement was unfortunately mostly ignored by interviewees. This, however, may indicate that online-advertising is seen as one of the most important use-cases of the Internet for a company in the context of internationalization.

#### 6.2.1. Online Advertising

Company B's, company A's and company C's representatives all mention, that the most important use for the Internet in internationalization has been for customer acquisition. company A's representative states, that the Internet is "the main thing we are working on in every possible way when it comes to customer acquisition". However, this customer acquisition is being done differently among case companies.

The importance and challenges in successfully combining different resources to form meaningful capabilities seems to have been realized within company A: it is mentioned that plenty of different advertising channels exist, but it is the talent to run all these channels that is most important. According to internet marketing capability theory, when talking about these Internet technologies, the tool or platform alone is not sufficient to reach a competitive advantage as they are often quite easily and rapidly imitated by other firms. (Wu et al., 2006) It is highlighted in numerous studies that these tools need to be combined with other complementary resources

to be more successful and to achieve competitive advantage. (see: Bharadwaj, 2000; Menguc and Auh, 2006; Powell and Dent-Micallef, 1997; Trainor et al., 2011).

As most of their sales are coming from countries other than Finland, international customer acquisition is essential for company A. This customer acquisition is being done by online advertising, one of the proposed outcomes of Internet marketing capabilities (Mathews et al., 2016). Paid Facebook advertising is mentioned as working very well for company A. In company A's case, it seems that the founders' tech-savviness as a resource has supported the successful implementation of different Internet –based marketing technologies as well as the overall IT strategy, resulting in meaningful internet marketing capabilities. The expertise within the co-founders is what has allowed the implementation of all the different software and applications that company A has in use, and it is seen as a competitive advantage they have against traditional food-entrepreneurs. Their competitors, so-called traditional food-entrepreneurs, are said to lack the skillset and mind-set of thinking about Internet as being the main customer acquisition channel, giving company A their competitive advantage. It is even said, that the founders' tech-savviness has impacted the entire way company A has built the business.

Regarding company C, all of its advertising is in digital format. It is worthy to note, that company C has two types of customers: 1. designers that sell their goods and 2. consumers that purchase these goods. For now, it has been more important for company C to attract international designers, as this is seen to have a positive effect on the amount of interested international consumers. It is e-mail that is seen as the most important technology for designer acquisition, as 94% of the application's designers have been acquired via e-mail. Although e-mail is mentioned to be the most important designer acquisition tool at the moment, company C is also successfully using online advertising for consumer acquisition. Online-advertising is done mainly by Facebook-advertising. It is indeed Facebook-advertising that is mentioned as the most important Internet-enabled tool for company C's internationalization. The online-advertising strategy of company C also implies the realization of the importance of combining resources to form meaningful internet marketing capabilities. This can be seen for example from the online marketing campaigns that company C runs, which include a plethora of different online-

marketing mediums combined with designer collaboration, all designed to complement each other to reach an international audience. The business resources, which include clear support for IT strategy, together with the human resources, which include the talent to run such campaigns, allows for the wide use of these Internet-resources resulting in Internet marketing capabilities. However, company A's and company C's representatives both point out, that being noted in big international online and offline publications, such as Elle, Blue Wings, Time Magazine, Wired, Business Insider and so on, has played an important role in international customer acquisition.

Company B, on the other hand, has not given a lot of attention for Facebook-advertising and other social media outlets. Instead, company B's representative describes Google searches followed by cold calling to have played a major role in their customer acquisition and in the search of manufacturing partners, especially in the beginning. Regarding online marketing, Google Search Engine Optimization (SEO) is mentioned being their strategy for automating customer acquisition, so that the team does not have to cold call and meet up with every single lead. However, company B CFO states, that social media marketing is something that they will be looking into in the near future as they are still a very young start-up. Internet marketing capabilities are not as evident within company B as other case companies. For example, the use of online-advertising, which has been minimal, has been delegated to a certain team member due to him "enjoying it more than other team members and being somewhat good at it" rather than having a clear strategy on the use of these Internet-resources. This could also be one of the reasons why online-advertising and the use of other Internet has not yet been an essential part of company B's online presence.

It is worthy to note that the importance of e-mail in internationalization is brought up by all of the interviewed companies. Company B's representative notes that one of the biggest roles that the Internet has played in their internationalization in addition to customer acquisition has been in the use of e-mail for communication with foreign customers. Company C's representative also mentions, that e-mail has been very important in their customer acquisition, as the majority of their designer-acquisition has happened via e-mail. Company A's representative mentions using e-mail with

various different e-mail marketing tools and plugins as an important tool. All of the interviewed companies mention having Mailchimp in use, which is an e-mail marketing tool. Also, all of the interviewed companies use mostly Slack for communication within the company, rather than e-mail or other technologies.

#### 6.2.2. Online Sales, Online After Sales Service and Market Research

**Online sales.** All of the interviewed companies indeed have online sales. For company A, the Internet is the main channel for sales and they have an e-commerce platform on their website, through which they sell 95% of their products. Company C on the other hand is an e-commerce platform in itself, meaning that 100% of their sales are online sales. Company B also has an internet-based platform, from which a customer may place an order. The use of these is however not further disclosed by interviewees.

**Online after sales service** is also something that all of the interviewed companies do via the Internet. company A's representative dives into this topic a little bit and this is discussed later in the benefits –section of this chapter. Other interviewees do not further disclose this topic.

**Market research.** Research done by Loane (2006) argues, that market intelligence gathering and competitor analysis are a significant part of how the Internet is used in small firms. All of the companies said to have done market research with the help of the Internet but, rather surprisingly, using the Internet for market research was not something that any of these companies mentioned as being significant. For example, company B mentions that they have used the search engine Google only to get a sense of market size, but for the most part their market intelligence gathering has been done by going to different trade shows and talking with customers and their needs. Other interviewees do not further disclose this topic.



### **6.3. Benefits of Internet in Internationalization**

Regarding the benefits for the smallest of firms, Cuneo (1995), Herbig and Hale (1997), and Coltman et al. (2001) state that the Internet enables or lowers the possibilities to compete with larger companies (reduced importance of economies of scale), cuts down international marketing costs and increases contact between buyers and sellers as well as offers new ways to maintain and develop client, channel partner, supplier and network partner relationships. Company C can actually in itself be seen as a provider of these benefits for a small company: they are trying to lower the barriers for smaller designers to compete with larger ones, increase the contact between small designers and consumers as well as providing a new way to develop customer relationships.

As for the benefits the Internet provides for company C internationalization, one of the largest advantages is the speed of doing things over the Internet. It is specifically good for fast responsiveness to customers; data from the company C application is forwarded to the team members' Slack –chat, which allows for fast responsiveness to anything happening within the application. Another seen advantage for company C is the possibility to quite precisely target customers in Facebook. Marketing campaigns can be translated into several languages at a time and targeted to each target group accordingly, allowing for a customer to easily understand what company C is about.

Company B also finds the speed of doing things over the Internet as one of the most important benefits. In addition, the easiness of using Internet-based technologies and global reach are mentioned as being benefits. Regarding global reach, an important aspect has been Google SEO together with their website as well as e-mail for communication with foreign customers.

Benefits of e-commerce have been split by Turban et al. (2015) into three categories: 1) benefits to organizations, 2) benefits to consumers and 3) benefits to society. The benefits for organizations include global reach, lower communication

costs and improved customer service and relationship. Tapping into global markets instantly is one of the benefits mentioned by company A's representative, too. Decreasing the cost of communication, decreasing the amount of labour needed and decreasing the costs for both the company as well as the consumer are mentioned as key benefits for case company A as well. company A's representative states, that enabling a direct relationship with a customer with the help of e-commerce is super helpful and important. Increasing contact between buyers and sellers and offering new ways to maintain and develop client relationships are some of the benefits that the Internet provides for the smallest firms mentioned in the literature (Cuneo, 1995; Herbig and Hale, 1997; Coltman et al., 2001). Selling a product over the Internet is contrasted with selling a product by a retailer: when a customer buys a product from a retailer, the product's manufacturer does not receive any meaningful information about the customer. This means that the manufacturer does not have any idea about who is buying the product, whereas when a customer buys a product from an e-commerce platform, the manufacturer may receive the customer's name, e-mail address and so on. This means, that the manufacturer can stay in contact, build a relationship, encourage to buy more and encourage to buy other products, for example.

#### **6.4. Challenges Regarding Internet Marketing Capabilities in Internationalization**

Company A's representative states, that the key challenges in using Internet-based technologies for internationalization are seen to be mainly related to the human resources aspect of things. The continuous growth of e-commerce has opened up large potential for companies, but at the same time there are a lot of different and continually evolving channels related to this. The talent and skills needed to efficiently and creatively utilize these different technologies as well as keeping up with the latest trends is said to be lacking, especially in Finland.

Some of the other biggest challenges of using the Internet in internationalization that have been mentioned are communication and international customer acquisition, although they have been also mentioned as the key benefits. Company B's representative brings up the issue of communication, both within the company as well as communication with customers. Communication within the company is related to the time differences and language barriers within the team, but also to the use of Internet-based technologies. It is seen as difficult to have a standardized manner of doing things and communicating in a certain manner within a project managing platform called Trello. Challenges in communication with customers via Internet-based technologies are also seen as an issue. When conversing with a customer face-to-face, there is no perceived problem, but conversing via e-mail is seen as a problem. Communication via e-mail may sometimes lead to the information being too incomplete for company B, and answering detailed questions might take even weeks. Conversely, communication via Internet-based technologies has been found to be very functional for company C. Since three out of five members live in Barcelona and the remaining two in Helsinki, all of their communication is done with ITAPs. Slack is used for everyday conversation and a Google Hangout video meeting is carried out each morning.

Regarding international customer acquisition, a challenge is to receive the right type of leads: potential customers that have spontaneously been in contact with company B have often reached out with requests that company B are not able to fulfil. This can be seen as relating to the challenge of appropriate targeting, which is also mentioned as a challenge. Company C perceives international customer acquisition as the most challenging aspect of using the Internet in their internationalization, although it is also seen as a key benefit. Getting international consumers to be interested in unknown Finnish brands and downloading the app is a challenge. This is related to Facebook-advertising, as it is said to be challenging to "boost" these online adverts. Looking into the future, challenges are seen in entering the new international markets of Asia. It is said that, for example in Japan, "no one" uses Facebook, which means that company C needs to find a new way to advertise online when entering Japanese and other Asian markets.

## 7. Conclusions

The main objective of this study is to describe the use of internet marketing capabilities in small internationalizing Finnish companies. The two previous chapters presented the multiple case study and the accompanying discussion. This chapter will answer the research questions and highlight other results. The objective of this study is approached by the following research questions:

The main research question is:

*How are Internet marketing capabilities used in supporting the internationalization processes of small entrepreneurial companies?*

The sub questions that complement the main research questions are:

*What are the perceived benefits of Internet marketing capabilities in the context of internationalization of Finnish companies?*

*What are the challenges of Internationalizing Finnish companies regarding the use of Internet marketing capabilities?*

### 7.1. Theoretical Implications

The theoretical framework of this study presented themes of internationalization and the Internet in internationalization. Themes such as foreign market entry, internetization and Internet marketing capabilities have been described and these themes have been used as the basis of the interview questions. Thus, these themes have also guided the empirical part of the research. A synthesis has been made with SME internationalization literature and an Internet marketing viewpoint of the resource-based view and capabilities perspective and the findings are viewed from this perspective to find answers to the research questions. Many of the themes that seemed important in the theory were not given much attention by the interviewees, such as using the Internet for market research. However, many of the results do

enforce existing theory. The selected literature and theories provide a view on a relatively new research topic and gives direction to answering the research questions:

*1. How are Internet marketing capabilities used in supporting the internationalization processes of small entrepreneurial companies?*

This study uses a synthesis of Internet marketing capabilities –theory and SME internationalization theory as a basis to describe the usage of Internet marketing capabilities in the internationalization processes of small entrepreneurial companies. Based on the conceptual model by Trainor et al. (2011) on e-marketing capabilities, Internet marketing capabilities are seen as a multidimensional construct comprised of IT resources, human resources and business resources. To create meaningful Internet marketing capabilities and thus a competitive advantage, these resources need to be complementary (Trainor et al., 2011). IT resources in this case refer to the different Internet-based technologies that may be used for online advertising, online sales, online after sale service, market research and procurement. Human resources refer to the organizational culture that embraces the deployment of these IT resources as well as the tech-savviness of employees and/or entrepreneurs. Business resources refer to the scope of IT strategy linked to overall business process of a firm. (Trainor et al., 2011; Mathews et al, 2016) The capabilities that these complementary resources create are viewed in an e-marketing context of online-advertising, online-sales, online after-sales service, market research and procurement (Mathews et al., 2016).

This concept is synthesized with SME internationalization literature creating a unique way to look at how Internet marketing capabilities are used in the internationalization of small Finnish firms. In this study the internationalization of a firm is delimited to mean exporting. When examining Internet marketing capabilities in the context of internationalization, what is meant is the combination of these previously mentioned resources to form capabilities to support export-activities. This support may be in the form of online advertising, online sales, online after sale service, market research and procurement.

Internet marketing capabilities seem to have played a significant role in the internationalization of company A. Firstly, they have a wide variety of IT resources in use that are meant to serve for international customers in these different use-cases. Especially Facebook-advertising is said to be working very well for online-advertising. Furthermore, the information about customers obtained from online-sales is said to facilitate the enabling of better relationships with customers compared to retail-sales. This helps cross-selling, for example. It is important to note, that for the successful and meaningful implementation of online-advertising and online-sales the advertising and/or sales –platform alone is not sufficient. According to IMC theory, a firm can gain a competitive advantage only by combining e-marketing technologies with other complementary resources, as e-marketing technologies are already widely and easily adopted by firms (Trainor et al., 2011). For case company A, the implementation and use of IT resources is supported by the organizational culture of the company. According to Trainor et al. (2011), the top executives of a company should show support, provide leadership and clearly articulate the need for the technology across the organization. This is seen in company A as the co-founders embrace the deployment and use of these IT-resources, which seems to be a result of founders' tech-savviness. Furthermore, the whole customer acquisition strategy of company A is completely reliant on the Internet, meaning that the IT strategy is linked to overall business processes. This is also an important factor in creating Internet marketing capabilities, as theory suggests that having an IT strategy is critical for the success of IT initiatives (Trainor et al., 2011). For company A, the complimentary use of different resources has resulted in Internet marketing capabilities. The customer acquisition of company A is done mostly in foreign markets, meaning that company A seems to use Internet marketing capabilities to support their internationalization. This support is done by online-advertising, online-sales as well as customer relationship management. Even the official launch of their product was done in the Internet realm using a crowd-funding platform and this helped spring-boarded their online sales initially.

For company C, it is similarly true that Internet marketing capabilities have had a significant role in internationalization. Similar to company A, company C also has a plethora of different Internet-based technologies in use for international online

advertising. Facebook is also said to be working the best in this context. Other Internet-based technologies supporting company C's internationalization are Instagram, blog, e-mail marketing and push-messages. As proposed in the IMC literature, to gain a competitive advantage and successfully implement these IT resources, they need to be complemented by other resources (Trainor et al., 2011). There seems to be executives support for Internet-technology implementation as well as an organizational culture that supports Internet-technology integration. It is highlighted in the IMC literature that the top executives' support for the implementation of IT resources is important for successful implementation (Trainor et al.). The supportive organizational culture of company C is observed by claims made by the respondent about the tech-savviness of their CTO and the implementation as well as disuse of Internet-technologies. The role of Internet-technologies also seems to be integrated into the overall goals and strategies of the firm. This business resources dimension of IMCs is also an important factor for success of IT initiatives (Trainor et al., 2011). A clear IT strategy can be observed from company C's advertising-strategy. The online-advertising strategy of company C is comprehensive, including clear objectives for international customer acquisition. Furthermore, the advertising-strategy of company C includes only digital advertising. For company C this combination of resources has resulted in Internet marketing capabilities and they have been mainly used for online advertising in foreign markets. Also, similar to company A, the international launch of company C's product has been done in the Internet realm. The product is a mobile application which has been distributed via VSMs, or VIGE supportive marketplaces making it instantly global (Katz et al., 2003).

For company B, there is not as clear indication for Internet marketing capabilities as in other two case companies. Internet-based technologies have been used mainly for online sales in the context of internationalization, but complementary resources for IT resources are not as evident. The IT resources in use within company B to support internationalization has been mainly Google searches and Google SEO. There seems to be organizational support for the implementation of Internet-based technologies, but this implementation seems to not always be successful. As Clemons and Row (1991) note that firms' IT-based advantages are often quite easily

and rapidly imitated by other firms, which is why the successful implementation of IT resources, and thus gaining a competitive advantage, needs complementary resources (Trainor et al., 2011). For company B, sometimes the benefits of a new Internet-based technology are so clearly visible, that it gets implemented instantly, but sometimes when an ITAP is implemented, it is kind of just quietly forgotten about. This may indicate, that the top executives may not show enough support and clearly articulate the need for the technology across the organization. Similarly, the IT strategy of company B seems to still be looking for its place and cannot be seen to be integrated, as clearly as with other case companies, with overall internationalization goals, strategies and strategic planning processes of the firm. This integration, also known as IT strategy, is also an important factor in successful implementation of IT resources. The lack of IT strategy is supported by the observation that even though the team has witnessed Internet-technologies being positively related to customer acquisition, the ITAPs have so far gotten little attention and are not being actively utilized. It is said that in the future Internet-based technologies, such as social media, will be looked into more. For company B, the formation of Internet marketing capabilities and use of these for internationalization have not been as clear as for other case companies. Internet-based technologies such as e-mail have been used mainly for online sales in this context.

A remark can be made at the maturity of case companies' internationalization processes. Company A being the oldest company seems to have the most comprehensive understanding of their internationalization process as well as IT strategy. Company B is the youngest of the bunch, and seems to be still searching for the best practices regarding their whole internationalization process as well as IT strategy. Company C is in between, with clear strategy regarding online advertising in Europe, but still early in their internationalization process to other parts of the world, especially Asia. Table 10 summarizes the theoretical implications for main research question.



Company	A	B	C
<b>Implications for Internet marketing capabilities in internationalization</b>	1. Use of a variety of IT resources for supporting exporting; 2. Managerial support and supportive organizational culture for IT resource implementation (tech-savviness of founders); 3. Clear IT strategy linked with internationalization	1. Use of some IT resources for supporting exporting; 2. Managerial support (tech-savviness of CTO), but lacking organizational commitment; 3. No clear IT strategy	1. Use of a variety of IT resources for supporting exporting; 2. Managerial support (tech-savviness of CTO) and supportive organizational culture for IT resource implementation; 3. Clear IT strategy linked with internationalization
<b>Use of Internet marketing capabilities for supporting exporting</b>	1. International launch of product in Internet realm; 2. International customer acquisition by online-advertising, online-sales, online after sales service	1. Web platform for order management; 2. International customer acquisition by online-advertising and online-sales	1. International launch of product in Internet realm (VSM); 2. International customer acquisition by online-advertising

Table 10. Summary of theoretical implications for main research question

2. *What are the perceived benefits of Internet marketing capabilities in the context of internationalization of Finnish companies?*

Benefits regarding Internet marketing capabilities in internationalization are related to the different resources that Internet marketing capabilities are comprised of and their use in different e-marketing applications (Mathews et al., 2016; Trainor et al., 2011). According to the literature, a benefit of the Internet is that it serves as a platform for extremely flexible exchange and communication of ideas and information (Freed and Derfler, 1999; Gilmore and Pine, 2000; Slater, 2000; OECD, 2001, Weill and Vitale, 2001) Company C and company B both mention that the speed of doing things over the Internet is one of the most important benefits of the Internet in internationalization. Regarding this, company C states that the possibility

for fast customer service is beneficial. Furthermore, relating to the flexible exchange of information, the possibility to quite precisely target possible customers for online-advertising with Internet-based technologies is seen as a large advantage by two case companies.

Company B and company A mention that the possibility to instantly tap into global markets with Internet-based technologies is seen as a large benefit. Other benefits of Internet marketing capabilities in the context of internationalization that are mentioned by company A are decreased cost of communication, decreasing the amount of labour needed and decreasing the costs of the product for both the company and the consumer which are all benefits of e-commerce mentioned in literature (Turban et al., 2015). Furthermore, the possibility to enable a direct relationship with a customer is said to be super important. According to the literature, the Internet increases contact between buyers and sellers as well as offers new ways to maintain and develop client, channel partner, supplier and network partner relationships (Coltman et al., 2001; Cuneo, 1995; Herbig & Hale, 1997). This is also realized as a major benefit by company A. Company A's representative states that when operating in retail, it's a pretty blind space regarding the information you get about your customers. However, when operating online, you may receive the customers address, name, e-mail address and so on. This helps to keep in contact with a customer, build a relationship and possibly cross-sell products.

### *3. What are the challenges of Internationalizing Finnish companies regarding the use of Internet marketing capabilities?*

Challenges regarding Internet marketing capabilities are related to the different resources that these capabilities are comprised of: IT resources, human resources and business resources (Trainor et al., 2011). Company A sees that one of the key challenges regarding Internet marketing capabilities is the usage of Internet-based resources. The successful implementation of IMCs requires the talent to do so (Trainor et al., 2011). It is said by company A representative that finding talent and skills needed to efficiently and creatively utilize these different technologies is a

challenge. Furthermore, keeping up with the latest trends regarding Internet-based technologies is said to be a challenge.

Company B's representative also states that a challenge in internationalization regarding Internet marketing capabilities is the use of Internet-based technologies. This is not so much due to the talent-aspect, but rather to the nature of communication via these technologies. Conversing with international customers via e-mail is seen as a problem because of received information often being too incomplete for company B, especially compared to a face-to-face discussion. This challenge is related to the IT resources aspect of IMCs (Trainor et al., 2011). Also, regarding international communication, a challenge is seen in conversing within the team. As part of the team is Vietnamese, sometimes there is a language barrier. This is a so-called operational barrier, which is one of the four main barriers of SME internationalization listed by Hamill (1997). In addition, receiving the right type of leads is mentioned as a challenge: often customers that contact company B have requests that cannot be fulfilled by the team. This is attributed to the challenge of proper advertising-targeting.

Company C sees international customer acquisition as a challenge regarding international Internet marketing capabilities. The challenge is perhaps more comprehensive in terms of IMCs, as it is related to the functionality of company C's digital advertising. The challenge is to get international consumers to be interested in unknown Finnish brands and therewith download their application.

## **7.2. Managerial Implications**

This research has brought forth managerial implications which could be considered when forming IT strategy for internationalization of an SME. Strong integration of IT planning with overall goals and strategies could be seen in company A's internationalization which clearly formed a competitive advantage and apparent benefits for the firm. Vice versa, the IT strategy, or lack thereof, of company B did not bring forth any apparent benefits for the internationalization of the company. The notion of having a clear IT strategy that is integrated with the overall goals and

strategies of internationalization, rather than adopting Internet-based technologies for their own sake, is an important managerial implication. Furthermore, the managerial support for IT initiatives and open organizational culture are a cornerstone in successful implementation of IT resources across the organization.

Another managerial implication is also related to the Internet-based resources of an internationalizing SME. As noted in the literature, for a firm to gain a competitive advantage, an Internet-based technology alone as an entity is not enough but it is important to combine with other resources. Especially important is the talent to use these IT resources as noted by case company A's representative. Also, the importance of keeping up with all of the relevant latest trends in the Internet realm is said to be challenging and important task.

### **7.3. Limitations and Further Research**

The theoretical part of this research is based on the latest studies on the role of the Internet in international marketing and internationalization. However, there is limited amount of research on the topic of Internet in international marketing especially in the context of internationalization of SMEs. Thus, the theoretical basis of this research is quite novel and the theoretical synthesis may facilitate limitations due to this. The need for further theory formation on the topic of the role of Internet marketing in internationalization came forth. Additionally, interesting further research could be done on foreign entry modes in the context of the Internet as this study came across a situation where it was hard to categorize the foreign entry mode of a VIGE in traditional terms.

The empirical part of this research is based on data collection from three micro enterprises. The sample size is fairly small and additional research on the topic could incorporate a larger sample size. Also, the sample companies were not industry-specific.

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