Ecommerce drivers and marketing partnerships in successful export marketing of Finnish born globals

Master’s Thesis, Marketing

Author: Jukka Penttinen

Autumn 2015

Supervisors: Outi Uusitalo
Heikki Karjaluoto
This study examines the utilization of ecommerce and marketing partnerships as part of born global internationalization strategies. The study will combine the existing literature of born global internationalization, export marketing strategies and ecommerce as part of internationalization to form an understanding on how two Finnish health and welfare sector born globals internationalize, and how ecommerce drivers affect their internationalization. Because of the explorative nature of the study, the research was conducted as a case study.

The main theoretical background consists of ecommerce and export marketing strategy research (Bell & Loane, 2010; Gregory et al., 2007; Karavdic & Gregory, 2005; Sinkovics et al., 2013), knowledge acquisition and export partnerships (Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011; Khalid & Bhatta, 2015) and the most relevant research over export marketing strategy (Cavusgil & Zou, 1994; Leonidou et al., 2002; Zou & Cavusgil, 2002). The study also seeks to create understanding over the virtuality trap phenomena, first proposed by Yamin & Sinkovics in 2006. Combining the existing theories over born global internationalization, ecommerce and export marketing strategy a new model will be introduced to describe more accurately how different drivers, determinants and actors affect the export marketing strategy and finally the export venture performance of born globals.

Based on the research material several gaps were identified between earlier theories and the internationalization strategies of case companies. Research material indicate that both the ecommerce and export marketing strategy theories were not fully able to illustrate the complex nature of born global internationalization. Moreover, the partnership focus of the studies revealed some notions regarding the born globals’ internal determinants interdependency to sourced export marketing capabilities.

Keywords
Internationalization strategies, export marketing, born global, ecommerce, virtuality trap, export partnerships

Storage
Jyväskylä School of Business and Economics
FIGURES

FIGURE 1 The Uppsala Model ................................................................. 18
FIGURE 2 A contingency model of the antecedents and drivers of export venture marketing strategy ................................................................. 19
FIGURE 3 A contingency model of export marketing strategy and performance ........................................................................................................ 22
FIGURE 4 Internet-based sales channel strategies by Gabrielsson & Gabrielsson ........................................................................................................ 26
FIGURE 5 The combined theoretical model of born global export marketing strategy ........................................................................................................ 38
FIGURE 6 The integrated model of born global export marketing strategy ........................................................................................................ 60

TABLES

TABLE 1 The Interviewees of the study ......................................................... 41
TABLE 2 Themed structure of the case company interviews........................ 42
TABLE 3 Comparison of the key findings of the study ............................... 57
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INTRODUCTION</td>
<td>9</td>
</tr>
<tr>
<td>1.1</td>
<td>Introduction to the topic and justification of the study</td>
<td>9</td>
</tr>
<tr>
<td>1.2</td>
<td>Theoretical background of the study</td>
<td>10</td>
</tr>
<tr>
<td>1.2.1</td>
<td>Export marketing strategy</td>
<td>10</td>
</tr>
<tr>
<td>1.2.2</td>
<td>Ecommerce and export marketing strategy</td>
<td>10</td>
</tr>
<tr>
<td>1.3</td>
<td>Objectives of the study and research questions</td>
<td>11</td>
</tr>
<tr>
<td>1.4</td>
<td>Multiple case study as a research method</td>
<td>12</td>
</tr>
<tr>
<td>1.5</td>
<td>Key concepts of the study</td>
<td>13</td>
</tr>
<tr>
<td>1.5.1</td>
<td>The global internationalization environment and exports</td>
<td>13</td>
</tr>
<tr>
<td>1.5.2</td>
<td>Ecommerce</td>
<td>14</td>
</tr>
<tr>
<td>1.5.3</td>
<td>Defining born globals</td>
<td>15</td>
</tr>
<tr>
<td>1.6</td>
<td>Structure of the study</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>ECOMMERCE AND EXPORT MARKETING STRATEGY</td>
<td>17</td>
</tr>
<tr>
<td>2.1</td>
<td>The role of ecommerce in born global export marketing strategy</td>
<td>17</td>
</tr>
<tr>
<td>2.1.1</td>
<td>Ecommerce drivers</td>
<td>18</td>
</tr>
<tr>
<td>2.1.2</td>
<td>Export marketing strategy</td>
<td>21</td>
</tr>
<tr>
<td>2.1.3</td>
<td>Internet as a sales channel</td>
<td>25</td>
</tr>
<tr>
<td>2.2</td>
<td>Export venture performance and ecommerce</td>
<td>28</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Marketing strategy and export performance</td>
<td>29</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Ecommerce drivers and export performance</td>
<td>33</td>
</tr>
<tr>
<td>2.2.3</td>
<td>Virtuality trap and export performance</td>
<td>36</td>
</tr>
<tr>
<td>2.3</td>
<td>The combined theoretical model of born global export marketing strategy</td>
<td>38</td>
</tr>
<tr>
<td>3</td>
<td>METHODOLOGY</td>
<td>40</td>
</tr>
<tr>
<td>3.1</td>
<td>Research material sampling</td>
<td>40</td>
</tr>
<tr>
<td>3.2</td>
<td>Research method justification</td>
<td>41</td>
</tr>
<tr>
<td>3.3</td>
<td>Semi-structured theme interviews</td>
<td>42</td>
</tr>
<tr>
<td>3.4</td>
<td>Research material analysis</td>
<td>44</td>
</tr>
<tr>
<td>3.5</td>
<td>Validity of the study</td>
<td>44</td>
</tr>
<tr>
<td>4</td>
<td>FINDINGS</td>
<td>45</td>
</tr>
<tr>
<td>4.1</td>
<td>‘Clean Air Inc.’</td>
<td>45</td>
</tr>
<tr>
<td>4.2</td>
<td>Yoogaia</td>
<td>51</td>
</tr>
<tr>
<td>4.3</td>
<td>Summary of the results</td>
<td>57</td>
</tr>
<tr>
<td>5</td>
<td>CONCLUSIONS</td>
<td>61</td>
</tr>
<tr>
<td>5.1</td>
<td>Key findings</td>
<td>61</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

1.1 Introduction to the topic and justification of the study

This study focuses on the interpretivist exploration of born global export internationalization and the utilization of ecommerce and marketing partnerships through a comparative case study of two Finnish startups with very opposite background – one is highly digitalized born global operating in the B2C market while the other is more conventional exporter in the B2B industry. In the field of marketing, ecommerce is still a rather new phenomenon and many researchers argue that it is highly under-researched, especially from the perspective of internationalization strategies (Gabrielson & Gabrielson, 2011; Sinkovics et al. 2013). Moreover, the technologies of digital marketing and ecommerce are developing rapidly and therefore new understanding should be created in order to keep up with the change (Bell & Loane, 2010). As per the method of internationalization, this study will focus on the export strategies as they are the most significant ways to internationalize, especially for born globals with limited amount of capital.

The main research goal of the study is to fill out the knowledge gaps in the internationalization and ecommerce literature of born globals. Earlier research in the subject can be described as incoherent and only few areas of export marketing and ecommerce as an internationalization medium have received nearly undebatable agreement. Also, the existing literature is very general and not necessarily aligned to the special aspects of born globals.

The importance of a deeper understanding towards ecommerce utilization and internationalization strategies of born globals can be rationalized from the dramatic change within the European economies. In 2013 the GDP of European countries was 16.4 trillion euros, of which internet economies created a steady 2.2%. Although still a rather conservative number, it is expected to double by the year 2016 and triple by the year 2020, approaching nearly 7% of total GDP (eCommerce Europe, 2014). Besides the traditional B2C ecommerce, more solid B2B markets are also increasingly starting to adapt ecommerce as an alternative channel to support and conduct sales (Forrester, 2014; Frost & Sullivan, 2014).

Startups, namely born globals, are especially interesting object to study for several reasons. First, born globals tend to be more flexible and explorative with their internationalization strategies (Loane, 2006). Second, startups and SMEs are in high importance in the economic development of European countries (European Union, 2003). For example, the economic growth of Finland has relied strongly on the growth of SMEs as the main source for new work and revenue growth has been created by SMEs in the 2000s. Over half (55%) of the private sector came from SMEs in the year 2015 and within the years 2001-2012 SMEs created 101 000 new jobs, compared to 7 000 created by large companies (Stat, 2008; The Federation of Finnish Enterprises, 2015).
This research will build upon several earlier studies in the areas of born
global internationalization, ecommerce internationalization and export
marketing strategy. The studies of Loane (2006), Bell & Loane (2010), Gabrielsson
& Gabrielsson (2011), and Gabrielsson et al. (2012) will be used to get insight on
the born global point-of-view of internationalization. Earlier studies of Gregory
et al. (2007), Karavdic & Gregory (2005), and Gabrielsson & Gabrielsson (2011)
will lay foundation to the ecommerce perspective of internationalization. The
role of partnerships will be discussed through the research of Freeman et al.
(2006), Gabrielsson & Gabrielsson (2011) and Khalid & Bhatti (2015). Finally, the
and Sousa & Lengler (2009) will be used to illustrate to effects of export marketing
strategy to the export venture performance.

1.2 Theoretical background of the study

1.2.1 Export marketing strategy

The study will combine existing knowledge of the export marketing research by
presenting key findings of past research in the field of export marketing strategy.
Cavusgil & Zou’s (1994) and Zou & Cavusgil’s (2002) theories on export
marketing strategy have been used as a basis for most of the latest export
marketing strategy research, and therefore marketing mix approach has been in
the centre of existing literature. Most commonly the export marketing strategy
discussion has been revolving around the companies’ need to adapt their
marketing strategy when expanding to new markets. Some studies emphasize
the importance of highly adapted strategies (Cavusgil & Zou, 1994; Leonidou et
al., 2002; Karavdic & Gregory, 2005) whereas others argue for the benefits of more
standardized approach (Gabrielsson et al., 2012; Li & Xie, 2012; Sousa & Lengler,
2009; Zou & Cavusgil, 2002).

1.2.2 Ecommerce and export marketing strategy

Ecommerce as an internationalization method has received only a limited
amount among the scholars of research within in past decade. This study will
build up on the two studies of Karavdic & Gregory (2005) and Gregory et al. (2007)
which have linked ecommerce to the theories of export marketing strategy. These
theories link up companies’ external and internal ecommerce drivers and
ecommerce and ecommerce export experience to the earlier models of export
marketing theories. In addition, the studies of Sinkovics et al. (2013), Loane & Bell
(2010), Hsu & Pereira (2008), Yamin & Sinkovics (2006) lay further understanding
on the phenomena of ecommerce utilization in internationalization and export
venture performance.
The knowledge transfer and organizational learning in the internationalization process will be addressed through the virtuality trap hypothesis (Sinkovics et al., 2013; Yamin & Sinkovics, 2006). Virtuality trap means that an exporting company that operates mostly via online channels might get biased or inaccurate market knowledge which then leads towards inadequate decision making and ultimately to lower export venture performance. Many studies state that the knowledge acquisition from export market and internationalization activities is one of the most decisive factors in the successfulness of the export venture (Freeman et al., 2006; Khalid & Bhatti, 2015; Hsu & Pereira, 2008). These studies emphasize the importance of facilitating organizational learning and the use of international partnerships in the knowledge acquisition within the new export markets.

1.3 Objectives of the study and research questions

The goal of this study is to create new understanding around the internationalization of Finnish health and welfare startups. More closely, the focus was channelled to the utilization of marketing partnerships, ecommerce and digital channels in the process of export marketing management. Based on previous studies around the internationalization of companies (Bell & Loane, 2010; Gabrielsson & Gabrielsson, 2011; Gabrielsson & Kirpalani, 2004; Loane, 2006; Zou & Cavusgil, 2002), export marketing mix (Cavusgil & Zou, 1994; Karavdic & Gregory, 2005; Sousa & Lengler, 2009) and ecommerce utilization in export marketing (Gabrielsson & Gabrielsson, 2011; Gregory et al., 2007; Sinkovics et al., 2013; Yamin & Sinkovics, 2006) the following research questions were formed:

Primary research question:

What are the critical factors in ecommerce utilization in export marketing strategy of Finnish health and welfare startups?

This primary research problem is supported by three additional research questions:

What kinds of marketing related partnerships are being used in internationalization?

How internal and ecommerce drivers are affecting the export marketing strategy of born globals?

What are the perceived of measured benefits of ecommerce in born global internationalization?
These questions will be used as a foundation for the research material acquisition through semi-structured theme interviews of the two case companies. Multiple case study setting of this research will be discussed more thoroughly in the next section.

1.4 Multiple case study as a research method

This study is built on a qualitative research approach using a multiple case study setting (Yin, 2011). Explorative case study was selected as the primary research method because the earlier research was highly fragmented, and no general theoretical agreement can be derived to the context of internationalization, ecommerce and startup’s export marketing strategy. Eriksson & Kovalainen (2010, 93-97) argue that case study as a research method in business and management is especially viable when the aim is to generate new insight and knowledge to build foundation for new theories. In the case study typology of Stake (1995, 3-5), this study can be described as a collective case study, where multiple cases are being examined to form new understanding.

According to Eriksson & Kovalainen (2010, 95), case studies are usually being utilized in a context where quantitative research cannot, or can only partially, create understanding in a ‘…unique, rare, and atypical companies and organizations as well as complex and dynamic events and processes.’ Moreover, Eriksson & Kovalainen (2010, 97) argue that ‘… [case studies’] advantages relate to the possibility of generating new theoretical constructs and testing theory in a way that is more sensitive to the social, cultural, and economic context compared to quantitative research approaches.’ The internationalization and export marketing strategies of health and welfare startups can be rationalized to be included in this definition. Firstly, the internationalization strategies are rarely a static process that is constructed the same manner in every organization. Secondly, since the case companies are startups, the decision making and its justification is most likely affected by a relatively small group of professionals who do not necessarily have a background in the academic field of marketing. Thirdly, since startups are commonly described as rather dynamic and entrepreneurial organizations (Gabrielsson & Kirpalani, 2004; Loane, 2006) they do not share the same rationalization and structured process that might occur in larger and more traditional companies.

The research material is a combination of case study companies’ interviews, case study companies’ financial data, earlier research on the subject and other market-related sources like internet penetration and buyer data. The objective of using various data sources is to increase validity of the research through triangulation of sources (Yin, 2011).
1.5 Key concepts of the study

1.5.1 The global internationalization environment and exports

The general definition of internationalization is broad and the internationalization phenomenon of companies is highly complex. Even though this research focuses on the export marketing strategy, export partnerships and ecommerce utilization on a company level, it is vital to discuss the concept of globalization and internationalization in macroeconomics scale to fully understand the landscape around the fore mentioned company level.

Many studies claim that there’s a lack for a comprehensive and holistic view of the internationalization landscape and framework (Grünig & Morchett 2012; Laufs & Schwens, 2014). To understand the big picture and complexity of internationalization, we need to define the basis of international landscape, which in this study will be used with the term globalization. World Bank defines the globalization as following (Soubbotina & Sheram, 2000, 66):

“Globalization refers to the growing interdependence of countries resulting from the increasing integration of trade, finance, people, and ideas in one global marketplace. International trade and cross-border investment flows are the main elements of this integration.”

One of the most practical and comprehensive tools for illustrating the internationalization in a holistic context is the KOF Index of Globalization. KOF Index of Globalization which is considered as one of the most notable means to measure the extent of globalization among the sovereign states (Grünig & Morchett, 2012). The KOF index offers a framework for globalization where it can be defined and measured via three sub-categories:

1. Economic Globalization, taking in to account of trade, FDI and the barriers for international trade like tariffs and regulations
2. Social Globalization, which consist of personal contact, information flow and cultural proximity
3. Political Globalization, which is defined by the presence of embassies and various international organizations

The phenomenon of economic internationalization can be seen from two perspectives. Firstly, the economic internationalization can be seen as (1) international economics, the economic actions of and structures between sovereign states and governmental institutions. The internationalization as an economic interaction between the sovereign states represents the environmental structure of international trade and sets the foundation and framework for individual organizations to act in. Secondly, internationalization can be examined as (2) the international operations and international trade of organizations and institution between the sovereign states. From organizational (later just ‘company’) point-of-view the internationalization can occur via FDI,
foreign direct investment, or export. (IMF, 2008; Oberhofer & Pfaffermayr, 2012; OECD, 2007; Soubbotina & Sheram, 2000, 66-73)

Under the theories of macro-level globalization and internationalization there are several schools of thought studying the internationalization phenomena on organizational level. On the organizational and evolutionary level the framework of this study is based on the Uppsala model (Johansson & Wiedersheim-Paul 1975; Johansson & Vahlne, 1977) and the resource-based view (RBV) theory. These views have been widely used as a base for the earlier studies of SME internationalization and export channel selection (Barney et al., 2001; Gabrielsson & Gabrielsson, 2011; Gabriëls et al., 2012; Karavdic & Gregory, 2005; Sinkovics et al., 2013; Yamin & Sinkovics, 2006).

The Uppsala model for internationalization suggests that companies tend to progress step-by-step in their internationalization operations starting from more distant and conservative approach when entering new markets and develop more robust operations as the degree of internationalization matures. This can start by utilizing irregular exports to new markets, and as time passes, establishing distribution channels and eventually subsidiaries in the more mature stages (Johanson & Wiedersheim-Paul, 1975; Johansson & Vahlne, 1977). Along with the resource-based view, the Uppsala model has been one of the key theories behind the modern research of internationalization channel theories (Gabrielsson & Gabrielsson, 2011; Moen, 2002; Sinkovics et al., 2013; Yamin & Sinkovics, 2006). While in the latter stages of internationalization, the Uppsala model takes into account both the FDI and export strategies of internationalization, in this study the focus is solely on the export management and marketing strategy side of internationalization. Also, it is worth noting that several studies have argued that born globals do not internationalize through stages, like the Uppsala model suggests (Freeman et al., 2006; Kirpalani & Gabriëls, 2004).

Resource-based view (Barney et al. 2001) and its implications to the export marketing theories has been utilized, for example by Karavdic and Gregory (2005) and Gregory et al. (2007) in the contingency model of export marketing strategy and performance. As one of the first holistic models which includes the impacts of ecommerce to the existing framework of export management, this model has also parts that are derived from the theories around industrial organization (IO) and transaction cost economics (TCE).

1.5.2 Ecommerce

The most general definition of ecommerce goes as broad as Wigand et al. (1997) describing ecommerce as ‘...any form of economic activity conducted via electronic connections’ (Zhuang & Lederer, 2005, 252). Gregory et al. (2007) argue that ecommerce poses a universal and ever-present online marketplace which is relevant to all economic transactions and trade-related parties. According to Amit & Zott (2001), internet offers a platform for companies which pose a nearly unlimited global reach.
For this study we will be using more specific definition of ecommerce suggested by Karavdic & Gregory (2005, 77):

‘...ecommerce is defined as an environment for presenting, trading, distributing, servicing customers, collaborating with business partners, and conducting transactions using electronic technologies.’

This definition takes into account the main aspects of ecommerce regarding the research paradigm around export marketing management, ecommerce and ecommerce drivers. Moreover, in a multichannel environment it is often hard to define to borderlines between conventional sales and sales that have occurred in online context. Therefore it can be justified to approach ecommerce in very broad, conversion-driven view point.

Amit & Zott (2001) argue that ecommerce and electronic business in general poses a great opportunity especially to the entrepreneurial companies and startups. This view has later received further support in born global and SME internationalization research (Bell & Loane, 2010; Gabrielsson & Kirpalani, 2004; Loane, 2006; Sinkovics et al., 2013).

1.5.3 Defining born globals

In marketing literature born globals are generally defined as a newly established company which seeks for international markets from its inception (Gabrielsson & Kirpalani, 2004). Some definitions of born globals filter startups by their international sales percentages from revenue to distinguish born globals from ‘normal’ internationalizing startups. Knight & Cavusgil (1996), for example, use financial determinants to define born globals as companies which have, along with the international drive and strategy, international sales revenue of more than 25% of total revenue, with 50% of these international sales extending outside to home continent of the born global company.

For this study a broader definition of born global company will be used. Following Gabrielsson & Kirpalani (2004) born global is defined as a company that has a well-established drive to go international from the very beginning of its operations, without preceding a long process of domestic or international period. Typically born global companies lack the managerial and financial resources that more mature and conservative companies have. In addition, born globals usually lack the credibility and profitability, and thus are not able to obtain those resources from conventional sources. (Gabrielsson & Kirpalani, 2004)

Majority of born globals fall under the broader definition of SME (small and medium sized enterprise) as stated by the European Union (2003, 5). European Union defines SMEs as following:

‘The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro.’
In line with the national economic figures of Finland (Statistics Finland, 2008; The Federation of Finnish Enterprises, 2015), the European Union (2003, 3) identifies European SMEs as a notable group of small companies which have major impact on the competitiveness, employment and welfare of European economies:

‘Micro, small and medium-sized enterprises (SMEs) are the engine of the European economy. They are an essential source of jobs, create entrepreneurial spirit and innovation in the EU and are thus crucial for fostering competitiveness and employment.’

1.6 Structure of the study

The remainder of the study is organized as follows. We begin by presenting the aspects of export marketing strategy and the role of ecommerce in internationalization. The next section will also discuss the known benefits and performance implications of different ecommerce related factors and export marketing strategy. In what follows, we first present the conceptual framework of born global export marketing strategy. Subsequently, we present methodology and results. We conclude with a discussion of the findings’ conceptual implications, the ways the findings might alter marketing practice, and directions for further research.
2 ECOMMERCE AND EXPORT MARKETING STRATEGY

2.1 The role of ecommerce in born global export marketing strategy

Internet and ecommerce have shaped drastically the global business environment since its inauguration for public audience in the early 1990s. The current export marketing literature widely acknowledges that it has had a significant altering impact on the existing export marketing theories and management (Bell & Loane, 2010; Gabrielsson & Gabrielsson, 2011; Hamill, 1997; Karavdic & Gregory, 2005; Sinkovics et al., 2013; Yamin & Sinkovics, 2006). Behind the shift is the disrupting power that ecommerce has on the markets. Ecommerce affects the relative power of customers, suppliers and intermediaries as it lowers the costs of obtaining and distributing market information. Ecommerce also allows more suppliers to offer their goods via internet, which are substitutive by nature to conventional channels. It is widely proposed that ecommerce has the ability to enhance the export marketing operations and accommodate more efficient management of export marketing. (Gregory et al. 2007; Karavdic & Gregory, 2005; Sinkovics et al. 2013)

From export marketing strategy side, many authors see export marketing strategy as an interpretation of company’s domestic marketing strategy, which is then specifically fitted to match the different requirements of export target market (Cavusgil & Zou, 1994; Czinkota & Ronkainen, 2011; Sousa & Lengler, 2009). However, Morgan et al. (2011) argue that simply aligning marketing strategy to export marketing targets is not enough to have an impact on the target market or to achieve financial success. The internationalization process often involves external actors like distribution partners, strategic alliances and marketing partnerships that bring in the lacking capabilities to and further extend the boundaries of exporting companies (Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011; Khalid & Bhatta, 2015).

Although the use of McCarthy’s (1964) 4P in marketing strategy literature and research has generally decreased in recent decades, and many of current internationalization theories support the networking view of marketing (Gabrielsson & Gabrielsson, 2011; Johansson & Vahlne, 1977), the 4P based marketing mix school of thought has been widely utilized to illustrate export marketing strategy even in most of the recent export marketing studies (Cavusgil & Zou, 1994; Gregory et al., 2007; Karavdic & Gregory, 2005; Leonidou et al., 2002; Sousa & Lengler, 2009).

The Uppsala model suggests that companies tend to first learn in their domestic markets and develop their operations before entering international markets. Initial international operations are usually aimed at culturally similar and geographically close markets, though after this companies are ready to
gradually move towards more culturally and geographically distant markets. Uppsala model (see figure 1) argues that internationalization usually starts with occasional sales outside companies’ home markets. This is followed by regular sales to the closest markets and gradually exporting via distribution agencies or sales subsidiaries. The final stage of internationalization takes place when companies invest (FDI) in to the target markets by establishing production and other subsidiaries. (Johansson & Wiedersheim-Paul, 1975; Johansson & Vahlne, 1977)

Sousa and Lengler (2009) argue that exporting is the particularly compelling strategy for internationalization as it does not require the same amount of investment and resource allocation as joint ventures or FDI. According to Sinkovics et al. (2013), utilizing ecommerce in internationalization strategies is even more attractive for born global companies as it usually does not require as much resource allocation as conventional exports.

2.1.1 Ecommerce drivers

Gregory et al. (2007) argue that exporting companies’ ecommerce related factors moderate the success of their export marketing strategy. These factors, namely ecommerce drivers (figure 2), have a significant effect on the marketing strategy and also, improve companies’ capabilities to adapt their export marketing strategy to the target market conditions. Varadarajan & Yadav (2002) argue that ecommerce can serve as a channel which utilizes greater potential of information
flow, allowing companies to better react to export market changes with their strategies.

Ecommerce drivers describe the factors which affect and moderate the ecommerce integration to export marketing strategy. As ecommerce drivers have both internal and external drivers, the main theories around ecommerce drivers derive from both industrial organization and resource-based view theories. This is because the drivers to ecommerce selection as an export medium can be driven by the internal competencies of the company, or the external determinants regarding the export environment. Also, besides the direct effects on export marketing strategy, ecommerce can have a moderating effect on the internal and external determinants of export marketing. (Gregory et al. 2007)

FIGURE 2 A contingency model of the antecedents and drivers of export venture marketing strategy (Gregory et al., 2007)

Gregory et al. (2007) labelled internal ecommerce drivers as product online transferability and ecommerce assets. Product online transferability describes the perks of product or service offerings that are able to associate with digital aspects of value creation. In practice, this can mean adding digital or ecommerce related components to otherwise non-digital products or services. Moreover, this can
refer to transferring traditional offline products or services completely into digital and online form. Product online transferability has the potential to enhance promotion adaptation, communication efficiency and distribution support and efficiency. Karavdic & Gregory (2005) argue that product online transferability is dependent on the intangibility or digitizability of the product. Higher level of product online transferability can allow marketers to better adapt their offerings to the diverse needs in various international markets.

Ecommerce assets refer to companies internal resources around ecommerce. These resources are both technological ecommerce assets and human resources related capabilities to use these technological assets. Ecommerce assets take also into account companies’ ability to invest in and acquire resources that are crucial for technological or HR ecommerce assets (Karavdic & Gregory, 2005). Gregory et al. (2007) suggest that ecommerce assets have a strong direct impact to five of the six marketing strategy elements, the only minor effect being on the product adaptation. Also, they argue that ecommerce assets drive management commitment to ecommerce.

As an external driver, ecommerce infrastructure refers to the extent of ecommerce enabling business environment in given market. This can include the amount of internet usage in the target market and customers’ ability to interact with companies via internet (Gregory et al., 2007). Karavdic & Gregory (2005) typify ecommerce infrastructure via four categories: infrastructure for internet access, internet infrastructure as software enabling online transactions, development of internet media to support advertising and companies offering web-based transaction services. Also, Servais et al. (2006) argue that internet’s role in marketing can be presented as a channel for information sharing, interaction, transaction and integration. Gregory et al. (2007) suggest that ecommerce infrastructure has the greatest impact as a moderator, rather than directly affecting or altering the export marketing strategy.

Demand for ecommerce signifies the degree of demand for ecommerce from different parties in the export processes. For example, this can mean the extent of demand from importers’ point-of-view to utilize ecommerce in their operations (Karavdic & Gregory, 2005). Gregory et al. (2007) argue that demand for ecommerce has a positive relation to three of the six aspects of export marketing strategy: communications efficiency, distribution efficiency and price competitiveness. Moreover, demand for ecommerce drive exporting companies to further develop their IT-business capabilities to match the state of demand from the target market export business parties.

Ecommerce drivers have also a notable effect on several internal determinants. Gregory et al. (2007) found the strongest link between management commitment and export marketing strategy, which was moderated by ecommerce assets. Strong management commitment is argued to be the foundation for the ecommerce investment and thus poses a strong link to export marketing strategy. This view is supported by previous studies emphasizing the general importance of management commitment to export marketing strategy and its success (Cavusgil & Zou, 1994; Leonidou, 2002; Sousa & Lengler, 2009).
Gregory et al. (2007) argue that ecommerce export experience is significantly moderated and enhanced by product online transferability, ecommerce assets and export market’s ecommerce infrastructure. In line with Varadarajan & Yadav (2002), Gregory et al. (2007) suggest that experience in ecommerce export allows companies’ to better utilize the enabling forces of internet and their ecommerce assets in their export marketing strategy.

In line with previous studies (Gabrielsson & Gabrielsson, 2011; Hamill, 1997; Sinkovics et al., 2013), Gregory et al. (2007) argue that the existing ecommerce infrastructure has a direct and positive impact on the export market transaction efficiency. Also, when ecommerce infrastructure is well developed in the market, ecommerce experience has a strong moderating effect on both distribution efficiency and price competitiveness.

According to Gregory et al. (2007), all ecommerce drivers (product online transferability, ecommerce assets, ecommerce infrastructure and demand for ecommerce) have a moderating effect on the internal determinant of product uniqueness and promotion adaptation. They argue that ecommerce allows marketers to adapt their promotion more effectively to the different needs of the export target market. In contrast to Gregory et al., some past studies (Cavusgil & Zou, 1994; Sousa & Lengler, 2009) question the benefits of promotion adaptation on the export venture and export marketing strategy.

2.1.2 Export marketing strategy

Marketing strategy and its implementation in export management performance was comprehensively proposed by Cavusgil and Zou (1994). They presented an operational model of export marketing strategy and performance which ties together the factors from resource-based view, industrial organization and transaction cost economics to form a holistic operational view for senior management. Cavusgil and Zou divide the determinants of export marketing strategy to external determinants, like export market competitiveness, brand familiarity in the export markets and technological orientation of the industry, and to internal determinants like cultural specificity of product, product uniqueness and companies’ experience with the product, both of which serve as determining factors for export marketing strategy. External determinants are drawn from the industrial organization theories, whereas internal drivers derive from resource-based view of organization. These factors affect the export marketing strategy which consists of product adaptation, promotion adaptation, support to distributor and price competitiveness. Marketing strategy is initially determining the export marketing performance. The performance is also moderated with two additional factors, international competence and management’s commitment to the export venture. (Cavusgil & Zou, 1994)

Due to the emerge of ecommerce technologies and its impact on the markets, Karavdic and Gregory (2005) argue that there is a need for change in the export marketing paradigm, and therefore there is a fundamental need to adjust Cavusgil’s and Zou’s (1994) model to make a better fit to a modern export environment. To integrate ecommerce to export marketing strategy framework,
Karavdic & Gregory (2005) propose a new contingency model of export marketing strategy and performance. In their revised model export and ecommerce export experience and management’s commitment to export operations were added along with the external and internal drivers. However, the cultural specificity of the product, company’s experience with product and brand familiarity in the export markets are not included as significant factors. Instead, the model presents that legal and regulatory barriers together with export market infrastructure should be included. (Karavdic & Gregory, 2005)

In Karavdic’s and Gregory’s (2005) revised model (figure 3) factors around the ecommerce and ecommerce markets were introduced to moderate internal and external determinants’ linkage to export marketing strategy and performance. Ecommerce internal drivers, like product online transferability and ecommerce assets, and external drivers, like export market ecommerce infrastructure and demand for ecommerce in the export market, serve as moderating drivers to export marketing strategy. The marketing strategy consists of product adaptation, communication efficiency, promotion adaptation, distribution support, distribution efficiency and price competitiveness. (Karavdic & Gregory, 2005)

![Contingency model of export marketing strategy and performance](image-url)
The export marketing strategy is affected by the internal and external determinants which moderate the sub-parts of export marketing strategy (Cavusgil & Zou, 1994; Karavdic & Gregory, 2005).

In the past research by Cavusgil & Zou (1994) export experience was found to be an important internal determinant for both the export marketing strategy and export performance. With the ecommerce related paradigm change, Gregory et al. (2007) integrated the ecommerce export experience to the internal determinants. They argue that companies with greater amount of regular export and ecommerce export experience are more likely to be able to adjust to and notice the opportunities in export markets.

Management commitment to export venture describes how well companies’ management is bound to and motivated to do well with the export ventures. Management commitment is one of the strongest determinants to export and export marketing strategy performance (Cavusgil & Zou, 1994; Gregory et al., 2007). Product uniqueness refers to how exporting company’s offerings are able to provide added value over their competitors in the selected markets. Also, products or their features with unique value to the customers should be hard to copy by competitors (Leonidou, 2002). Although commonly considered as one of the most important determinant to export performance, Hsu & Pereira (2008) argue that product uniqueness has little or no direct impact at all on the export venture performance. However, they argue that product uniqueness is something that sets the foundation for internationalization and often only precedes internationalization.

According to Gregory et al. (2007), as of external determinants for export venture, technology orientation of industry stands for the technology intensity in the selected markets. Export market competitiveness refers to the degree of competitors in the given export industry and markets. Export related legal regulations and barriers consist of taxes and legal regulations, and standards related to trade in general or technical features of products (Cavusgil & Zou, 1994). Export infrastructure refers to the level of general infrastructure for trade and marketing (Gregory et al. 2007).

According to Cavusgil & Zou (1994), product adaptation consists of the means to customize product or service to better fit the special needs of target market. Leonidou et al. (2002) argue that product adaptation has three positive effects on export marketing. Firstly, it indicates that company has a good end-customer orientation to its internationalization operations, and thus will be able to learn and adjust according to the target market. Secondly, product adaptation can lead to better profitability because it allows offerings to better match the needs of target market. Thirdly, as company seeks to adapt its products to target export market, it might lead to development of totally new products. Several studies have revealed that product adaptation is highly related to successful export marketing (Cavusgil & Zou, 1994; Leonidou et al., 2002; Karavdic & Gregory, 2005; Sousa & Lengler, 2009). Karavdic & Gregory (2005) argue that ecommerce enables exporting companies to better mass customize their offerings.
by utilizing modern CRM and client data. Conversely, Gabrielsson et al. (2012) argue that born global companies tend to utilize less adapted offerings.

Promotion adaptation refers to export marketing strategy where companies adjust their marketing communication in order to fit better to the new markets (Cavusgil & Zou, 1994). The role of promotion adaptation has received very conflicting findings in the past research (Sousa & Lengler, 2009). For example, Cavusgil & Zou (1994) did not find correlations between promotion adaptation and export marketing success. However, Leonidou et al. (2002) argue that promotion adaptation is strongly connected to export performance, and thus has a significant positive impact in economic success. Also, Gabrielsson et al. (2012) claim that born global companies particularly use more standardized promotion strategies and therefore are unlikely to utilize high extent of promotion adaptation.

According to Karavdic & Gregory (2005) ecommerce has the potential to increase exporting companies’ communication efficiency and overall export operations performance. Ecommerce as marketing communication medium has changed the measurability and targeting of marketing communications greatly compared to traditional channels. Ecommerce also enable large scale two-way interactions between marketers and customers, thus creating a new effective moderator for customer communications (Gabrielsson et al., 2012). Loane (2006) argues that internet offers a medium for SMEs to promote their offerings and support international stages even in early stages of development.

Price competitiveness derives from company’s ability to adjust its prices to fit the needs of international markets and competitive environments (Cavusgil & Zou, 1994). In export marketing, price competitiveness is affected by numerous unique factors that would not occur in domestic markets. When exporting products internationally export tariffs, taxes, transportation, channel costs and competitive environment affect the pricing decisions of exporting company, and thus affects the price competitiveness of the exporting company (Leonidou et al. 2002). Also, ecommerce affects the pricing strategies as internet lowers the barriers of trade and customers search costs, leading towards more price competitive marketplace (Gregory et al. 2007).

Distribution support consists of the means how company aims to reach its clients internationally. Distribution support can consist of local distributors in the export markets, or multi-national distributors who take care of exporting companies’ distribution in several markets (Cavusgil & Zou, 1994). Leonidou et al. (2002) argue that distribution support refers to companies’ choices on how to adjust distribution strategies to fit export market environments. Most of the modern researches agree that distribution adaptation is important to the overall export venture performance (Cavusgil & Zou, 1994; Gabrielsson & Gabrielsson, 2011; Gregory et al., 2007; Leonidou et al., 2002), though some researches argue that more standardized approach (Sousa & Lengler, 2009).

Many researchers argue that well executed long-term channel and distribution partnerships can lead to significant positive effects on export marketing performance (Cavusgil & Zou, 1994; Gabrielsson & Gabrielsson, 2011).
On the contrary, with the emergence of e-commerce many researcher have argued that intermediaries might become redundant as producing companies are able to serve their customers globally without intermediaries (Frazier, 1999; Hamill, 1997; Karavdic & Gregory, 2005). More recent studies have established the need for partnerships also in the e-commerce enabled internationalization environment and sales channel strategies (Gabrielsson & Gabrielsson, 2011; Sinkovics et al. 2013; Yamin & Sinkovics, 2006).

2.1.3 Internet as a sales channel

The use of internet as a sales channel has been a hot topic in the academic research from the early years of internet and its adoption as a marketing tool since the mid-1990s. In early studies, it was believed that internet and modern e-commerce platforms would make selling directly from producer of goods or services to end-customers easier, thus making the conventional intermediates like resellers or importers useless in the process (Frazier, 1999; Hamill, 1997; Karavdic & Gregory, 2005). This was a logical proposition to make as one of the internet’s biggest advantages were the enormous global reach. However, since the early days’ studies of internet as a marketing medium and substitutive sales channel, the focus has been directed to a view where internet and e-commerce acts as a part of multichannel sales strategy together with the conventional channels (Cairncross, 2001; Gabrielsson & Gabrielsson, 2011; Sinkovics et. al. 2013; Yamin & Sinkovics, 2006). According to Amit & Zott (2001), one of the most significant characteristics of e-commerce is that internet poses almost unlimited geographical reach among its users.

The use of internet in marketing has been categorized by Angehrn (1997) who divided the role of internet in four sections: internet as virtual information space, virtual communications space, virtual transaction space and virtual distribution space. The four categories of Angehrn were further developed by Servais et al. (2006) who restructured these categories to a format of ‘...information sharing, interaction, transaction and integration’. Buckley et al. (1990) identified function approach to international sales channel strategies where e-commerce has the potential to be used for promotion, customer generation and product fulfilment. (Gabrielsson & Gabrielsson, 2011)

The four categories of Angehrn (1997) and Servais et. al. (2006), together with function point-of-view of Buckley et al. (1990), were used as basis for Gabrielsson & Gabrielsson (2011) quadrant of internet-based sales strategies (figure 4). This quadrant is currently the most holistic and thorough approach to a practical descriptive model to illustrate and integrate internet’s different roles to multichannel approach in marketing strategies. In the quadrant the customer contacts of the producing company or its subsidiaries are conducted solely via internet, hence the multichannel approach comes in practice through the sales channels of producing company’s or its subsidiaries intermediaries. The four different strategies of the quadrant are (1) direct sales channel strategy, (2)
indirect sales channels, (3) dual sales channel and (4) hybrid sales channel (Gabrielsson & Gabrielsson, 2011).

FIGURE 4 Internet-based sales channel strategies by Gabrielsson & Gabrielsson 2011 (Use of internet shown with dotted line)

In direct sales channel strategy the producer of product or service sells directly to its end-customers via internet without using any intermediates or conventional channels in the process. By implementing a direct sales channel strategy the producing company takes care of the promotion, customer generation and product fulfilment functions by itself. In the indirect sales
channels approach the producing company sells directly via internet to the intermediary. The intermediary, namely reseller or distributor, takes care of the marketing to end-customer, hence the intermediary conducts promotion, customer generation and product fulfilment processes instead of the producing company. The actions of intermediary may happen in online or offline context but for producing company the channel for connecting with the intermediary is via internet. (Gabrielsson & Gabrielsson, 2011)

When utilizing the dual sales channel strategy the producer or its sales subsidiary uses reseller and distributor together with its own direct sales channel strategy. In dual sales channel strategy all of these parties take care of the promotion, customer generation and product fulfilment functions individually. Again, reseller and distributor may use conventional brick & mortar channels together with online channels. (Gabrielsson & Gabrielsson, 2011)

Hybrid sales channel strategy is used when the producer or its marketing subsidiary deal with promotion and customer generation via online channel but leaves the product fulfilment functions to distributors and resellers. Like in dual channel strategy the distributors and resellers may use both the conventional channels and online channels in product fulfilment. (Gabrielsson & Gabrielsson, 2011)

Most of the born global companies in Gabrielsson & Gabrielsson (2011) study used a multiple channel approach, ending up with either dual or hybrid strategy. One of the driving factors towards a dual or hybrid are partnership advantages which help born globals to get better access to new markets and to get credibility in the eyes of end-customers. It has also been noted that companies operating in the B2C markets tend to be more prone towards internet-based sales channel strategies than the ones in B2B markets. The reasons behind this are the differences in transactional sizes, which are usually significantly larger in the B2B industries, and the professional involvement and customization needed in the execution of these B2B transactions (Gabrielsson & Gabrielsson, 2011; Loane, 2006).

The relationship building with local channels or multinational corporations, MNCs, has found to be important for the born-global internationalization strategies, putting partner focused approach into the centre of born globals’ indirect, dual or hybrid channel strategies. Contradict to earlier ideas of internet allowing companies to bypass intermediaries, relationship building is key element in utilizing and managing these internet-based strategies just as it is with the more conventional channels. Leveraging the reputation and co-operation with local channels or MNCs is also important for internet-based channel strategies. Partnership advantages like market access and getting end-customer credibility can play a major role, as does avoiding channel conflicts. (Gabrielsson & Kirpalani, 2004; Gabrielsson & Gabrielsson 2011; Johanson & Vahlne, 2003)

Sinkovics et al. (2013) identify internet as a significant medium for internationalization, especially for SMEs. In successful utilization of ecommerce in internationalization, exporting companies need to have well-established data processing systems. Moreover, the global reach via internet channels and rapid
geographical expansion opportunities make ecommerce very attractive medium for SMEs.

In an analysis of ecommerce adaptation, Loane (2006) found that unlike in the Uppsala model’s incremental method of internationalization, there was not any indication towards similar kind of step-by-step adoption of internet channels in internationalization of companies. Instead, the adoption of internet channels and ecommerce were more driven by the general business needs than the companies’ export strategy. Loane found companies using internet more as a communication medium than a platform to convert sales or product fulfilment. Also, Internet was seen as an important medium for partnership related communication within the international operations. Moreover, Loane argue that in intensively competitive international markets, using online channels might be a prerequisite for success.

2.2 Export venture performance and ecommerce

Within the past decades, the relation between export marketing strategy and export venture performance has been widely investigated. Most of the latest research agree that every sub-parts of marketing strategy have a strong direct or moderating effect on the performance of export marketing venture (Cavusgil & Zou, 1994; Leonidou et al., 2002; Gregory et al. 2007), though some studies place more support to the organizational learning based approach where exporting companies’ internal information processing capabilities to observe and act based on the differences between the markets is in key role to export venture success (Hsu & Pereira, 2008; Johansson & Vahlne, 2003; Sinkovics et al. 2013; Yamin & Sinkovics, 2006). On the contrary to these adaptation focused theories, there is evidence that more standardized approach might have greater positive impact on the export marketing, especially with SMEs and startups (Gabrielsson et al., 2012; Sousa & Lengler, 2009).

Cavusgil & Zou (1994) were one of the first to establish quantified linkage between export marketing strategy and export venture performance. They argue that marketing strategy and its implementation to the specific requirements of the export market is essential to performance of export venture. Different adaptation strategies have been widely under review (Karavdic & Gregory, 2005; Leonidou et al. 2002) though few more recent studies emphasize the importance of standardization strategies instead (Li & Xie, 2012; Sousa & Lengler, 2009; Zou & Cavusgil, 2002).

Some authors emphasize the importance of organizational learning and companies’ information processing capabilities in export marketing and export venture performance (Hsu & Pereira, 2008; Sinkovics et al. 2013; Yamin & Sinkovics, 2006). This school of thought pinpoints the importance of companies’ ability to distinguish the differences between domestic markets and export markets, and also, the ability to process this information to better adapt their operations to the export target markets. These observed differences and
similarities between domestic markets and export markets are commonly described as psychic distance (Yamin & Sinkovics, 2006). Many studies also emphasize the importance of partnership networks in internationalization. Moreover, the benefits from international partnerships bear a special importance to born global companies that often have resource constraints and limited existing networks in export target markets. (Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011).

Gregory et al. (2007) suggest that adopting ecommerce as part of the export marketing strategy has the enabling potential to allow companies to perform better in export target markets. Gabrielsson & Gabrielsson (2011) establishes the link between born global sales channel strategies and export venture performance, suggesting that companies in early development stages can significantly benefit from internet and sales channel partnerships. However, Yamin & Sinkovics (2006) and Sinkovics et al. (2013) propose that too much reliance on online channels may expose companies export ventures to virtuality trap, thus leading to a decline in export venture performance.

### 2.2.1 Marketing strategy and export performance

Export marketing strategy affects significantly the economic outcome of export venture. Moreover, the relation between different sub-parts of marketing strategy and export venture performance has been increasingly under examination within the past three decades. Export marketing strategy is widely presented via marketing mix approach and therefore the performance relation examinations have been examined through aspects of export marketing mix. Majority of these studies emphasize the importance of specific export market adaptation of marketing mix and its sub-parts (Cavusgil & Zou, 1994; Czinkota et al., 2011, 295; Leonidou et al., 2002; Karavdic & Gregory, 2005). Although most studies agree that adaptation of marketing strategy is important to the export venture performance, not all agree on to which extent companies should adapt their operation and offerings. Moreover, some researchers support the importance of more standardized overall export marketing strategy in correlation to better export venture performance (Gabrielsson et al., 2012; Li & Xie, 2013; Sousa & Lengler, 2009; Zou & Cavusgil, 2002).

Marketing mix based theories have a strong focus on the resource-based view of the exporting company, and thus indicate that the export performance is moderated by companies’ ability to utilize their internal resource to gain competitive advantage over their competitors on the export markets (Cavusgil & Zou, 1994; Leonidou et al., 2002; Sousa & Lengler, 2009). Many studies have also found strong support for the partnership strategies where companies use international networks outside of their own organization to get market access, market knowledge, effectiveness and marketing-related capabilities (Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011; Khalid & Bhatti, 2015).

Product adaptation and export marketing performance is the most researched subject regarding export venture performance (Leonidou et al., 2002).
Cavusgil & Zou (1994) argue that product adaptation has a significant moderating effect on the export venture performance. By customizing their offerings, companies can make a better fit between their products and export market needs, which ultimately will drive better export venture performance. According to Sousa & Lengler (2009), product adaptation strategies usually origin from market adapted mind-set, which is already on its own a good indication towards better export venture performance. Moreover, Li et al. (2012) suggest that overall R&D focus and offering related innovations have direct positive relation to the export performance of technology intensive born globals.

Leonidou et al. (2002) focused on the product related attributes and their effect on the export venture performance. Based on their research, product design was found to have a significant effect on export performance when the target audience was on the B2C sector. While product quality had an impact on the export performance, it was not found to be as important as emphasized in the previous studies. Closely related to promotion adaptation, branding of the products was found to have a notable effect on the export performance. Customer service and product warranties were found to have a significant impact in overall export venture performance, but did not have strong correlation in sales growths. Leonidou et al. argue that product related innovations over competitors, such as luxury, prestige and quality, are consistently associated with all other export performance indicators but profit contribution.

Similarly to Lee & Kim's (2005) integrated model of outsourcing, Walker et al. (2009) found that in intercollegiate marketing context, the three staged behavioural factors were affecting the successfulness of outsourced marketing partnerships. Shared knowledge, mutual dependency and organizational linkage form the key factors that affect the success of outsourced marketing functions.

Cavusgil & Zou (1994) found that distribution adaptation has a positive effect on export marketing performance. This was found to be somewhat a consequence for management commitment to export venture, leading to more robust and adapted distribution strategy. However, Sousa & Lengler (2009) did not find support for the hypothesis that distribution adaptation would have a positive influence on export marketing performance. They suggest that focusing on smaller amount of distributors can lead to a more effective way of managing distribution based partnerships, thus favouring a less adapted distribution strategy. Also, Leonidou et al. (2002) received mixed results regarding distribution adaptation in specific business operations, though they argue that the overall effect on export performance was positive.

Johansson & Vahlne (2003) argue that long-term relationship building within the network of distribution parties can lead to better performance though partnership advantages. This view has also been supported by Gabrielsson & Gabrielsson (2011) who underline that born globals can benefit greatly from partnerships in their distribution network. They suggest that relationship building with MNCs and local distributors are in similar kind of importance with online (ecommerce) channels as they are with the conventional channels.
Price adaptation, or price competitiveness as stated by Cavusgil & Zou (1994), have a significant impact on export marketing strategy and performance. According to Leonidou et al. (2002), the environmental and competitive force of the export market often force companies to use price adaptation in export markets. They also suggest that price adaptation is imperative to any kind of export venture and its success. In contrast to Cavusgil & Zou (1994) and Leonidou et al. (2002), Sousa & Lengler (2009) found pricing adaptation to be negatively related to export venture performance. They suggest a more standardized approach to pricing strategy has positive effect on the export venture performance. Still, Leonidou et al. (2002) and Sousa & Lengler (2009) both agree that pricing adaptation is important in market penetration strategies. This view argues that during the early stages of export market access, the performance relation of pricing adaptation is positive and high.

As stated earlier, the promotional adaptation has received very mixed results regarding its importance to export venture performance. Some authors, like Cavusgil & Zou (1994), argue that not only does promotional adaptation have a positive linkage on export venture performance, but also affects negatively to it. On the contrary, Leonidou et al. (2002) found that promotional adaptation correlate with export venture performance. This view was also supported by Sousa & Lengler (2009) who noticed a similar effect of promotion adaptation to the export venture performance of Brazilian international companies. In a study of high technology born globals, Li et al. (2012) did not find a direct impact of advertising intensity to companies overall international performance. However, when born globals delivered high innovation (R&D outcomes), advertising intensity became a significant factor to the international performance.

A study of Zou & Cavusgil (2002) propose that a more standardized approach to global marketing strategy leads to better export venture performance. The benefits of more standardized global marketing strategy are related to economies of scale in the marketing operations and product offerings. They note that marketing adaptation can be utilized to some extent in response to specific needs and situations in the export markets, but the overall strategy should follow the global marketing strategy. However, it is worth noting that standardized channel structure and concentration of marketing activities were not significant factors affecting export venture performance. Czinkota et al. (2011, 297) argue that successful export marketing consist of balancing between the standardization and adaptation of export marketing mix.

According to Gabrielsson et al. (2012), born globals tend to use more standardized approach in their overall marketing strategy. One distinctive feature of born globals is also the more narrow product offering. Gabrielsson et al. (2012, 41) argue that export venture’s strategic and economic performance is a result ‘...from the fit between the degree of standardization of marketing strategy and the contextual factors.’ Moreover, Zou & Cavusgil (2002) suggest that companies with global goals or strong experience in international operations should move towards a more standardized global marketing strategy.
Organizational learning and export market knowledge acquisition is generally seen as decisive factor in internationalization to new markets. Zou & Cavusgil (2002) argue that obtaining international competencies and creating environment for international learning is important factor for export marketing and export venture performance. Exporting companies’ ability to gather and process information of the export markets is commonly seen as crucial for export venture performance. Exporting companies need to be able to act based on their perception of the psychic distance between domestic and export markets. Many studies consider that organizational learning and internal structures and internal capabilities are key in this process (Cavusgil & Zou, 2002; Hsu & Pereira, 2008; Johansson & Vahlne, 2003; Sinkovics et al., 2013; Yamin & Sinkovics, 2006; Zhang et al., 2013).

Born globals are often seen as economic actors which do not have sufficient internal assets or capital to make requisite investments in to extensive export functions to give adequate support to their internationalization activities. Therefore international partnerships are often used to fulfil the gaps in born global internationalization operations. Besides the existing profound research in distribution partnerships and market access benefits of international networking, many of more recent studies have emphasized the benefits of market knowledge acquisition and sourced international marketing capabilities. The benefits of global networks related to export performance are most significant in the early stages of internationalization when the internationalizing company builds up knowledge of the new markets. In the more mature stages of born global internationalization, the interaction and information flow between partners becomes more decisive factor and general importance of international marketing partnerships decreases (Camisón & Villar, 2009; Freeman et al., 2006; Khalid & Bhatti, 2015).

The internal determinants and drivers of export marketing strategy have significant indirect effect on export marketing performance. Especially, the management commitment to export venture has found to have a notable moderating effect on export venture performance (Cavusgil & Zou, 1994; Gregory et al. 2007). In an analysis of Spanish exporting companies, Navarro et al. (2010) identified a direct link between management commitment and export performance. They presented that export market orientation, EMO, is a major driver of long term export venture commitment and performance. EMO has a strong link in exporting companies’ ability to adapt their marketing strategy.

Experience in export marketing is considered to be an important driver of export venture performance (Cavusgil & Zou, 1994; Gregory et al., 2007; Zou & Cavusgil, 2002). Cavusgil & Zou (1994) argue that higher degree of experience in export operations allows companies to better optimize their export marketing strategy to the different need of export target market. Thus, export venture experience is a key competence with both adaptation and standardization approach to export marketing strategy. On contrary though, based on a research on high technology startups Li et al. (2012) suggest that the international experience of the exporting company has a U-shaped curve, meaning that early
internationalization is positively affected by either very low or high international experience. This finding implies that companies with low international experience might have more open attitude towards internationalization, whereas the more experienced companies tend to be more cautious with their international expansion. Overall, Li et al. suggest that the early stage born global internationalization has a positive impact on the performance of the company.

As stated above, different marketing strategy approaches and their performance implications are highly debated. On the other hand, partnerships advantages in born global internationalization has received nearly unanimous positive agreement. In the next section the ecommerce drivers’ and online environments’ effects on export marketing performance will be discussed.

2.2.2 Ecommerce drivers and export performance

The attributes of internet and ecommerce have the ability to significantly improve the export venture performance. However, there are still a lot of mixed findings regarding the exact performance effects of different ecommerce drivers and export marketing (Amit & Zott, 2001; Gabrielsson & Kirpalani, 2004; Gregory et al. 2007; Hamill, 1997; Loane, 2006; Sinkovics et al. 2013).

According to Gregory et al. (2007), all internal and external ecommerce drivers have significant positive linkage to export marketing strategy. Especially, product online transferability has found to have strong effect on both distribution and promotion adaptation. Online channels offer a cost-efficient medium to interact with customers and transfer knowledge within the distribution network, thus leading to cost efficiencies in these processes. These findings of Gregory et al. support the earlier proposition of Varadarajan & Yadav (2002) and Gabrielsson & Kirpalani (2004). Also, based on their study of SME internationalization, Bell & Loane (2010) suggest that Web 2.0 based communication offers a cost-efficient way to facilitate customer interactions in international markets. In fairly recent study by Dinner et al. (2014) a strong link was found between the performance and online promotion. Dinner et al. argue that the ROI of online promotion (paid search and display) is significantly higher than on the offline promotion. Moreover, they found online promotion to drive both online and offline sales, meaning that online promotion has the ability to convert sales also in the offline channels.

Companies’ ecommerce assets have strong moderating link with all aspects of export marketing mix, other than product adaptation. Ecommerce assets allow exporting companies to gather and process export marketing information, allowing companies to better understand the target market. This results in a better performance in adaptation strategies (Gregory et al., 2007). However, Li & Xie (2012) argue that standardization of ecommerce functions and product offering, along with customer experience focus, leads to better performance when using online channels.

Sinkovics et al. (2013) argue that IT-related resources cannot alone be considered as a source of competitive advantage. They suggest that other internal capabilities, besides the IT-resources, need to be taken into account when
utilizing the enabling functions of ecommerce. Also, Hsu’s & Pereira’s (2008) study offers partial support to their finding. They argue that technology-related learning does not support export venture performance when examining American multi-national enterprises (MNEs). Although they argue that technological learning itself does not moderate export marketing performance, they agree that thorough cultural and market learning is important in the success of export venture.

In an IT-oriented study of Chinese and U.S. born global internationalization, Zhang et al. (2013) found IT capabilities to significantly improve born globals’ international performance. Organizational learning was found moderate the role of IT capabilities on internationalization performance. In their study, however, no significant moderating effect was found between market orientation and companies’ IT capabilities. In a study of born global internationalization, Bell & Loane (2009) propose that open standards in IT, including ecommerce, allow companies to create new business more effectively. Bell and Loane also suggest that “pay as you go”, nowadays generally described as “as-a-service” (IaaS, SaaS, PaaS), services like cloud computing enable young internationalizing companies to go to new markets, regardless of financial constraints.

Based on their study of born global internationalization, Gabrielsson & Kirpalani (2004) propose that born global companies rely partly on internet and ecommerce in order to reach international markets rapidly and cost-efficiently. Yamin & Sinkovics (2006) suggest that internet and online internationalization offers a cost-efficient way to obtain social, cultural and market information through online dialogue, though this can lead to misinterpretations of this information and decline in performance. Moreover, Luo et al. (2012) found ecommerce experience, together with management’s experience from export, to affect the speed of internationalization. They argue that ecommerce enabled companies have the ability to reach new markets more effectively. Unsurprisingly, Loane (2006) suggests that SMEs can have considerably well-established knowledge of how to utilize ecommerce in the internationalization and export marketing strategy.

Ecommerce infrastructure of the target market has a strong moderating link between marketing strategy and export venture performance. Gregory et al. (2007) argue that in export markets that have highly developed ecommerce infrastructure, exporting companies can leverage their ecommerce capabilities especially when competing with price. This finding is in line with Amit’s & Zott’s (2001) earlier research which argues that internet has the potential of simplifying and lowering the costs of transactions.

Demand for ecommerce in the export target market has two direct effects on the export marketing performance: higher communications and distribution efficiencies. When demand for ecommerce is high, exporting companies tend to serve their clients in the most suitable manner, thus favouring ecommerce based communication and distribution media. (Gregory et al. 2007)

Besides the direct effects of ecommerce drivers, Gregory et al. (2007) suggest that all four ecommerce drivers have a moderating linkage between the
uniqueness of product and product adaptation. For example, the unique features of products are more easily to transfer to export market’s needs if both the internal and external ecommerce drivers moderate this operation. Management commitment to ecommerce has also significant moderating effects on the export marketing mix. On a research of smaller internationalizing companies, Sinkovics et al. (2013) found that entrepreneurial approach can lead to more robust adoption of ecommerce in export marketing.

Sinkovics et al. (2013) argue that the overall impact of ecommerce and online sales strategy to SME export venture performance is positive. Using internet as a primary internationalization medium has the benefit of facilitating greater market responsiveness and allowing SMEs to generate new customers more effectively. Online sales channels that are supporting the conventional channels, rather than substituting them, have the potential of improving SME’s export performance. Also, when entering new export markets, utilizing ecommerce does not require as large amount of capital as establishing conventional channels, therefore leading to more attractive entry medium for SMEs. This finding is in line with Gabriellsson & Gabrielsson (2011) study which found born globals, also classified as SMEs, to be benefiting from dual and hybrid sales channel strategies. Jean et al. (2008) propose that IT capabilities have a significant impact on the distribution efficiency of B2B born globals, potentially leading towards better performance in export ventures. From the distributor side, the findings have been similar. Reinartz et al. (2011) suggest that retailing companies should utilize ecommerce as part of their business. Besides the efficiencies gained through online channels, they argue that capitalizing online customer data to offer better customer experience. Moreover, the C2C (customer to customer) communication allows retailers to gain communication efficiencies and utilize the dialogue between customers to develop better service.

Based on their study of ecommerce strategies and corporate performance, Torres & Lisboa (2014) argue that ecommerce is nowadays almost a necessity for all businesses, and thus should not be treated as a separate function. Torres & Lisboa found that marketing and innovation are the significant performance advantages of ecommerce. Their findings also suggest that the cost-efficiencies gained through ecommerce do not indicate a long-term performance advantages. Similar to the study of Reinartz et al. (2011), the differentiation and innovation through ecommerce is a better indicator for ecommerce performance than just cost-related factors. These findings are partially supported by Boso et al. (2013) who argue that in competitive markets innovation and organic organization structure are one of the key indicators for export performance. A detailed study of ecommerce and company’s performance was conducted by Saeed et al. (2005), stating that ecommerce has the potential of facilitating short-term increase in performance when it comes to obtaining new customers. However, the differentiation and post-purchase activities came to greater importance when examining the performance relation on longer scope.

Much of the research of ecommerce and export marketing has led to mostly positive findings (Sinkovics et al. 2013). This aspect of ecommerce effects on
export marketing performance is unarguably highly debatable. Yamin & Sinkovics (2006) and Sinkovics et al. (2013) offer partial support to Hsu’s & Pereira’s (2008) findings, by stating that too extensive reliance to online channels in export marketing can lead companies to virtuality trap. This proposition will be discussed further in the next chapter.

### 2.2.3 Virtuality trap and export performance

Information processing in the export markets has commonly seen as the key to success in export venture. Deeper cultural and market knowledge allow exporting companies to better adapt their marketing functions (Loane, 2006; Sinkovics et al. 2013; Sousa & Lengler, 2009; Yamin & Sinkovics, 2006; Zou & Cavusgil, 2002) and manage their partnership networks in the most efficient way (Gabrielsson & Gabrielsson, 2011; Johansson & Vahlne, 2003; Kalm, 2014). Although the enabling power of internet and the performance effects of ecommerce can unarguably be positive, too much reliance on the online channels may expose internationalizing companies to virtuality trap (Sinkovics et al. 2013; Yamin & Sinkovics, 2006).

In the research of internet utilization in SME internationalization, Yamin & Sinkovics (2006) found over reliance on online channels to have a connection to alienation from the export markets. Although Yamin & Sinkovics agree that internet is a powerful tool on knowledge acquisition, they propose that internet may affect negatively management’s perception of psychic distance between domestic markets and export target markets, therefore possibly leading to inaccurate decision making and decline in overall performance.

This proposition was further investigated by Sinkovics et al. (2013) with further evidence on virtuality trap hypothesis. Although Sinkovics et al. found online internationalization to be positively related to export performance, they argue that using internet as substitute to conventional channels did not lead to better performance. Sinkovics et al. linked virtuality trap especially to born globals that utilize online channels in very early stages of their internationalization operations. For more mature international venture the risk of falling into virtuality trap was not as significant.

The logic behind virtuality trap hypothesis can be easily justified via multiple researches in the internationalization, psychic distance and organizational learning theories. The importance of thorough market, cultural and environmental knowledge has commonly agreed to have a significant effect on the performance of international operations, and thus failure to obtain, interpret or utilize this information will cause decline in export performance (Candogan, 2009; Magnusson et al., 2013; Hsu & Pereira, 2009; Johansson & Vahlne, 1977; Yamin & Sinkovics, 2006; Zou & Cavusgil, 2002). When examining Brazilian exporters, Sousa & Lengler (2009) found psychic distance to have a positive relation to the export venture performance. Their finding indicates that export markets with larger psychic distance usually lead to better performance of the export venture. This can be a result of exporting companies’ tendencies to
ignore the small differences of the export markets that are relatively close to the domestic market. Based on their study of American (U.S.) MNEs, Hsu & Pereira (2008, 200) propose that ‘…technological learning does not moderate the link between internationalization and performance.’ Instead, Hsu & Pereira argue that organization’s ability to facilitate market and social learning are more important to the export venture performance.

Griffith & Dimitrova (2014) approach psychic distance from dyadic perspective. They examine psychic distance separately via business and cultural psychic distance. Griffith & Dimitrova argue that when business-related psychic distance is higher, exporting companies tend to rely on partnerships on these markets. In line with Sousa & Lengler (2009), Griffith & Dimitrova found cultural psychic distance to have a direct positive effect on the export venture performance. In very recent study of internationalizing entrepreneurial companies, Khalid & Bhatti (2015) found that knowledge transfer in the exporting companies’ partnership network has positive effects on the export venture performance.

Although the virtuality trap may cause decline in overall performance, many researchers have not taken it under consideration in their studies. For example, Gregory et al. (2007) propose that ecommerce drivers have a moderating effect on the export performance. They suggest that ecommerce drivers have the ability to significantly increase exporting companies’ ability to execute promotional adaptation strategies, thus indicating that ecommerce drivers improves companies’ ability to observe psychic distance between the markets and act on it. Moreover, Prasad et al. (2001) argue that ecommerce improves exporting companies’ market orientation and therefore leads to better export marketing performance. According to Bell & Loane (2010) about SME internationalization and the utilization of Web 2.0 strategies, social media can offer a medium for more thorough and effective communication in the international markets. In addition, social media channels have the potential of moving information between companies and their customers and therefore serving as platform to innovation advantages.

On the other hand, the virtuality trap origins from companies’ ability to perceive psychic distance and adapt their export marketing strategy accordingly (Sinkovics et al. 2013; Yamin & Sinkovics, 2006). This proposition has its foundation on the market adaptation strategies, of which usefulness for born globals has especially been under debate. From marketing mix point-of-view, a global standardized marketing strategy approach has found to be positively related to export venture performance (Zou & Cavusgil, 2002). Also, Sousa & Lengler (2009) found more standardized distribution strategy to have positive influence on export venture performance. Moreover, on a research of born global internationalization, Garbrielsson et al. (2012) found more standardized export marketing strategies to have positive relation to export venture performance.
2.3 The combined theoretical model of born global export marketing strategy

The existing export marketing literature is fragmented and no holistic model exists that would illustrate the determinants’, drivers’ and different partnership actors’ linkage to the export marketing strategy, and further to the export venture performance. Gregory et al. (2007) ‘contingency model of the antecedents and drivers of export venture marketing strategy’ is the most thorough and extensive model currently presented in the past examinations of export marketing. To fully understand and illustrate to complex and extensive phenomena of born global export marketing strategy and its sub-parts, a combined model will be formed on the present theories of export marketing strategy and ecommerce by Gregory et al. (2007) and partnership and knowledge acquisition theories by Freeman et al. (2006), Gabriëls & Gabriëls (2011), Khalid & Bhatta (2015) and Sinkovics et al. (2013). The presented model of the research takes in to consideration the importance of partnerships and knowledge acquisition, which both have been found to be integral part of export marketing and export venture performance of born globals. The combined theoretical model of born global export marketing strategy is illustrated more thoroughly in figure 5.

FIGURE 5 The combined theoretical model of born global export marketing strategy

The theoretical model of born global export marketing strategy extends Gregory et al.’s (2007) model to include marketing partnerships as a moderating driver to export venture marketing strategy. Moreover, the model extends the view of
marketing-related partnerships from distribution partnerships to more versatile marketing partnerships that will go beyond being just distribution actors. Marketing partnership drivers are further segmented in to three sub-parts: knowledge acquisition (Freeman et al., 2006; Khalid & Bhatti, 2015), marketing capabilities (Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011) and market access (Gabrielsson Gabrielsson, 2011).

The presented model will only take in to consideration the linkage of its different sub-parts, without making any claims on the correlation or direct and moderating effects of its sub-parts. The aim is to present the complex phenomena in an integrated model so that a more holistic understanding could be formed over the highly scattered phenomena of born global internationalization and export marketing strategy. This framework will be used as a guiding principle in the data collection.
3 METHODOLOGY

3.1 Research material sampling

We used purposive sampling to select the cases and informants for this study. In purposive sampling, the sample of case study is selected consciously by the researchers in order to find the most suitable research material. Purposive sampling is regarded as a suitable method for case studies as the researchers will be able to gather as relevant and rich material as possible (Yin, 2011). The case companies for this study were selected from the investment project database of Tekes, the Finnish Funding Agency for Technology and Innovation.

The criteria for the case companies was to match three requirements:

1. The broader definition of startup, presented in Chapter 1
2. The international drive to expand business and general export orientation
3. Utilization of ecommerce in at least one part of Karavdic & Gregory’s (2005) definition of ecommerce

Two Finnish-based health and welfare industry startups were selected for the study. Both of the companies fulfil the criteria described above, and more importantly, both of the companies have different kind of approaches to ecommerce utilization and export marketing strategy which will provide richer research material. The research material included background data of the case companies, the internet-based platforms of the case companies, and in-depth interviews with key persons who have the majority of marketing responsibilities within these two organizations.

First case company is a health and welfare company providing air quality improvement solutions for B2B customers and will be addressed with a pseudonym ‘Clean Air Inc.’, because of the sensitive subject and timing of the study. ‘Clean Air Inc.’ was founded in 2011 and has its headquarters in Central Finland with total employees of around 30. The main product of ‘Clean Air Inc.’ is a physical product with only little amount of digital services and software included. The company’s product offering is rather complex by nature and often needs many assessments of the client’s needs before purchase. By the time of this study, ‘Clean Air Inc.’ has generated irregular exports to Russian markets. Though being only at the very early stages in their internationalization, ‘Clean Air Inc.’ has a very strong focus towards a rapid internationalization. ‘Clean Air Inc.’ is on the verge of extending their operations to Sweden via Stockholm, UK via London, Dubai and to China’s largest cities. The interview of ‘Clean Air Inc.’ was conducted with one of the partners of the company, young female professional in late 20s. Her responsibilities are in the tasks of Key Account Management & Communication. The interviewee has academic background in
Second case company, Yoogaia, is a health and welfare company which offers subscription-based live yoga, pilates, mindfulness and other exercise-related lessons online. Yoogaia was founded in 2013 and has its main operations in the Helsinki Capital region. It also has subsidiaries in London and Hong Kong. Yoogaia has 12 full-time employees excluding yoga instructors who are not employed by Yoogaia, but sourced on demand. Yoogaia’s offering is fully digitalized and its services are delivered only through online channel which is facilitated through their company website. Yoogaia’s client base is already highly international with customers from approximately 50 different countries, though majority of revenue (90%) still originates from company’s home country, Finland. From Yoogaia, person who was interviewed is one of the company’s founders, currently working as Chief Commercial Officer in the company. The experienced female interviewee has academic background in marketing and international business, and over 15 years of earlier experience from general marketing operations and international marketing.

| TABLE 1 The interviewees of the study |
|--------------------------------------|-------------------------------|
| **Demographics**                     | ‘Clean Air Inc.’               |
| Age: late 20s                        | Age: Middle-aged              |
| Sex: Female                          | Sex: Female                   |
| **Role**                             | **Yoogaia**                   |
| Partner, Key Account Management &    | Founding partner, Chief       |
| Communications                       | Commercial Officer            |
| **Education**                        | **Marketing and international**|
| Masters’ degree, Communication and   | business studies              |
| business studies                     | Master’s degree, Marketing    |
| **Marketing experience**             | and international business    |
| 2 Years of experience, major         | 15 years of general           |
| marketing experience from current    | marketing and international   |
| position                            | marketing experience from     |
|                                    | several positions in different |
|                                    | industries                    |
| **Length of the interview**          | Approximately 1h 15 minutes   |
|                                    | Approximately 1h 5 minutes    |

3.2 Research method justification

The basis of the research is explorative and interpretivist. As seen from the earlier research on internationalization strategies, there appears to be vast amount of
differing findings on the subject. This study seeks to form a detailed understanding of health and welfare startups’ internationalization strategies, and therefore interpretivist approach is chosen. As Carson et al. (2001, 63) suggest, ‘…interpretivist research into aspects of the marketing planning process will seek to determine actual and specific planning processes in a few enterprises.’ Case study was selected as the exact research method because it is, according to Yin (1994, 23), especially useful method when the 4Ps (place, period, people, process) are known in the beginning of the study. Also, the context where the phenomena occurs is highly dynamic and needs multiple research material sources. Moreover, case study approach is justified because of the complex and dynamic setting that derives from earlier research and the selected research problems (Eriksson & Kovalainen, 2010).

The research material were gathered through semi-structured themed interviews, which suit well the interpretivist approach of the study. Carson et al. (2001, 62-73) argue that interpretivist research is very often semi-structured by nature, which also confirms the utilization of semi-structured themed interview as a method to obtain research material.

### 3.3 Semi-structured theme interviews

In-depth interviews will be conducted via approximately 60 minutes interviews with the exporting companies’ key marketing contacts and decision makers. The nature of the interviews is positivist, meaning that the interviews will aim to gather as factual material as possible (Eriksson & Kovalainen, 2008, 78-97). Interviews will be executed as semi-structured themed interviews. In semi-structured interviews, the same questions will be asked from all of the interviewees. The themed structure (Table 1) is based on the main concepts in the existing literature in export marketing, born global internationalization and e-commerce utilization in internationalization. The themed structure will also serve as coding scheme for the qualitative analysis of research material.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Sub-themes</th>
<th>Theoretical background</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Companies’ export profile</strong></td>
<td>Startups’ export characteristics</td>
<td>Loane, 2006; Gabrielson et al., 2012</td>
</tr>
<tr>
<td><strong>Internal ecommerce drivers</strong></td>
<td>Ecommerce assets</td>
<td>Karavdic &amp; Gregory, 2005; Gregory et al. 2007; Bell &amp; Loane, 2010</td>
</tr>
<tr>
<td></td>
<td>Product online transferability</td>
<td>Karavdic &amp; Gregory, 2005; Gregory et al. 2007</td>
</tr>
<tr>
<td>External ecommerce drivers</td>
<td>Ecommerce infrastructure</td>
<td>Karavdic &amp; Gregory, 2005; Gregory et al. 2007</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Demand for ecommerce</td>
<td></td>
<td>Karavdic &amp; Gregory, 2005; Gregory et al. 2007</td>
</tr>
<tr>
<td>Internal determinants</td>
<td>Export experience</td>
<td>Cavusgil &amp; Zou, 1994; Karavdic &amp; Gregory, 2005; Gregory et al. 2007</td>
</tr>
<tr>
<td></td>
<td>Ecommerce experience</td>
<td>Karavdic &amp; Gregory, 2005; Gregory et al. 2007</td>
</tr>
<tr>
<td>Export marketing strategy</td>
<td>Product adaptation</td>
<td>Cavusgil &amp; Zou, 1994; Karavdic &amp; Gregory, 2005; Gregory et al., 2002; Leonidou et al., 2002</td>
</tr>
<tr>
<td></td>
<td>Promotion adaptation</td>
<td>Cavusgil &amp; Zou, 1994; Karavdic &amp; Gregory, 2005; Gregory et al., 2007; Leonidou et al., 2002</td>
</tr>
<tr>
<td></td>
<td>Distribution adaptation</td>
<td>Cavusgil &amp; Zou, 1994; Karavdic &amp; Gregory, 2005; Gregory et al., 2007; Leonidou et al., 2002</td>
</tr>
<tr>
<td></td>
<td>Price adaptation</td>
<td>Cavusgil &amp; Zou, 1994; Karavdic &amp; Gregory, 2005; Gregory et al., 2007; Leonidou et al., 2002</td>
</tr>
<tr>
<td>Export marketing partnerships</td>
<td>Marketing partnerships</td>
<td>Freeman et al., 2006; Khalid &amp; Bhatti, 2015</td>
</tr>
<tr>
<td></td>
<td>Distribution partnerships</td>
<td>Freeman et al., 2006; Gabrielsson &amp; Gabrielsson, 2011; Khalid &amp; Bhatti, 2015</td>
</tr>
<tr>
<td>Benefits of ecommerce for exporting startups</td>
<td>Perceived and measured benefits of ecommerce for export marketing</td>
<td>Hamill, 2001; Karavdic &amp; Gregory, 2005; Gregory et al. 2007; Gabrielsson &amp; Gabrielsson, 2011; Bell &amp; Loane, 2010</td>
</tr>
</tbody>
</table>

According to Carson et al. (2001, 62-73), semi-structured themed interviews are a suitable method of research material acquisition in case study based qualitative research. Semi-structured themed interviews allow researchers to gather rich data from the interviewees and their relation to the research problem. Financial data will be gathered from the startups directly, but will also be supported by indirect sources from public financial data.
3.4 Research material analysis

The research material analysis will be conducted by content analysis method following a coding scheme created from the themes in existing literature (Eriksson & Kovalainen, 2008, 174-193). In content analysis of the research material, all material from in-depth interviews and external sources will be systematically examined and analysed through the main themes of the study. This means that the gathered material will be typified under the themes of the coding scheme, and then analysed and reflected to the existing theories of the themes. To secure the consistency of the analysis, all parts of research material analysis will follow coding scheme of the themes. The results of the study will be presented as per the themed structure.

3.5 Validity of the study

Several means are taken in order to secure the validity of the research. Triangulation of sources has been considered when selecting the method for research material acquisition. According to Simons (2009, 116-135) combining evidence around the phenomena from at least three different sources is needed to qualify as a qualitative research triangulation. This prerequisite has been met in the research material acquisition by obtaining research material from various sources around the phenomena of startup internationalization and ecommerce. Firstly, in-depth interviews are being conducted with the most relevant contacts in the case companies. Secondly, company data and ecommerce profile are further supported by external sources such as financial data from public sources, internet articles and companies’ own web site and ecommerce related assets. Thirdly, earlier theories have been used as a research material to support the highly fragmented field of study. Fourthly, market data from ecommerce external determinants are used to better illustrate the effects and environment of case startups’ internationalization.

Internal validity of the study is considered via careful setting in the interviews and in the analysis of findings. Both the research material acquisition and the analysis of research material are conducted as per the recommendation of academic research. Coding scheme and themed structure will be consistently present in the analysis and explanation of the results. (Simons, 2009, 116-135)
4 FINDINGS

4.1 ‘Clean Air Inc.’

Company’s export profile

‘Clean Air Inc.’ is on the early stages of internationalization with only irregular exports to Russian markets. Regardless of this, ‘Clean Air Inc.’ aims to establish exports and sales operations in London, Stockholm, Dubai and Chinese markets, namely Shanghai and Peking in the very near future. ‘Clean Air Inc.’ approaches internationalization through a city-focused approach, rather than using sovereign states as the determining geographical factor. As per the propositions from Johansson & Vahlne’s (1977) stage model, ‘Clean Air Inc.’ started their internationalization through irregular exports, followed by more mature international operations such as well-established regular export operations and foreign subsidiaries.

What is slightly differing from Johansson & Vahlne’s model is that irregular exports do not come from one of the markets that ‘Clean Air Inc.’ is expanding their operations to. Instead, ‘Clean Air Inc.’ has rather aggressive go-to-market plans for London and Stockholm expansion, followed by major Chinese cities and Dubai. ‘Clean Air Inc.’ sees the irregular exports and expansion within the domestic markets as a vital chance to exercise how to establish operations to new markets.

Well, obviously we have our main markets in Finland, but in addition we have have some exports to Russia as well. It wasn’t that much planned, but eventually we turned out be trading to Russia... [in internationalization] our main strategy is more driven by cities rather than countries. We are seeking to settle in few of the major cities in Europe, with the same method we’ve been practicing with Helsinki here in Finland. Basically this means establishing local sales and marketing teams to our target cities.

- Partner, ‘Clean Air Inc.’

Internal determinants

From the beginning, ‘Clean Air Inc.’ did not have very much of earlier experience from export operations or from internationalization of company. However, ‘Clean Air Inc.’ has always had intentions to expand to international markets and therefore export and internationalization capabilities have been obtained externally by recruiting new personnel with substantial export experience just recently. Also, company’s management team has a senior member of board who has broader experience from export operations. Based on the Gregory et al. (2007) model the company’s export experience can be described to be on an average level at the moment, with a notion of potential to increase in the future.
... our founder does not have [experience from exports], he’s considerably young and running he’s first internationalizing company, but this has driven us to hire a specific person with experience from export business within a very large multinational company. He’s primary role is to plan the go-to-market operations. Also, the new chairman of the board is very experienced exporter whose role is also to bring insight on the successful export strategies.

- Partner, ‘Clean Air Inc.’

Management’s commitment to export operations is on very high standard with a lot of personal involvement and passion backing up the success. ‘Clean Air Inc.’’s goals for the near future are especially in the international expansion and global growth of the company. Management’s commitment has found to be very significant for the performance and success of export ventures (Cavusgil & Zou, 1994; Gregory et al., 2007).

Well, to be honest it [global expansion] means the world to them. I’d say it’s our management’s main goal in their life at the moment...

- Partner, ‘Clean Air Inc.’

From ecommerce experience side, ‘Clean Air Inc.’ did not have any notable resources. However, ‘Clean Air Inc.’ has identified the knowledge gap and is investigating different options to better understand ecommerce potential in export venture and export marketing. This argues that management commitment to ecommerce might not be on a very high level, but also, that ecommerce has not been totally neglected in the consideration.

I think that at first we didn’t understand the importance of ecommerce and digital marketing that much, and to be honest we didn’t have that well-organized marketing a year ago. This was mainly because many of us lack the experience from marketing. But now we’ve started to truly understand the importance of it [ecommerce and marketing], especially when thinking about internationalization.

- Partner, ‘Clean Air Inc.’

The lack of commitment and resources would not indicate especially good results in for the export performance, though some studies (Gabrielsson & Gabrielsson, 2011) argue that the impact of ecommerce is not as high in the B2B sector as it is in B2C sector. On the other hand, majority of studies argue that falling behind in ecommerce might not indicate a good export venture performance for born globals. Jean et al. (2008) found that IT capabilities have a very strong impact on the distribution efficiencies of B2B born globals. Also, Sinkovics et al. (2013) argue that ecommerce could significantly boost new customer acquisition. Moreover, Luo et al. (2012) propose that ecommerce would speed the internationalization of SMEs.

None of us really have [experience from ecommerce or digital marketing]... At the moment there isn’t really anybody who would have strong background from digital
marketing, which frankly is a little problem for us. But on the other hand, we’ve been planning on obtaining this kind of capabilities now that we have started our internationalization. Now it’s only a matter of getting new investors and capital to be able to invest in these capabilities… it’s clearly a big investment to make [recruiting].

- Partner, ‘Clean Air Inc.’

One of the reasons for the lack of more robust ecommerce utilization has been the challenges on human resources and the difficulties of selling expensive B2B products online. Gabrielsson & Gabrielsson (2011) also noted that the transaction size is one of the key difficulties for B2B ecommerce.

**Internal ecommerce drivers**

‘Clean Air Inc.’ has a mixed amount of ecommerce assets at their disposal. As ecommerce experience outlines, ‘Clean Air Inc.’s ecommerce assets related to internal skills are minimal. On the other hand, ‘Clean Air Inc.’ has been using partnerships via sourced services related to digital marketing and ecommerce. The main issue with sourced marketing services have been the difficulty of fully understanding the benefits from them, and further connect the sourced marketing functions to the business cases and sales force.

… [sourcing digital marketing] it’s something that we’ve been considering lately, especially how to improve the efficiency of digital marketing. We’ve been sourcing social media marketing and online analytics, but one thing we’ve found difficult is how to connect that to our business. The problem is that we don’t have anyone who’d be an expert in these matters and even buying sourced service might not be as effective as it could be if we don’t see the big picture within our organization.

- Partner, ‘Clean Air Inc.’

‘Clean Air Inc.’s website does not support product fulfilment in online environment, though it offers a channel to generate B2B leads and make conversions to the sales funnel of the B2B sales force, which is one of the most common ecommerce-related B2B sales method. This should be considered as a vital B2B ecommerce technic even though it might not fit perfectly to Gabrielsson & Gabrielsson (2011) quadrant of internet sales channel strategies. ‘Clean Air Inc.’ utilizes online customer service and sales via chat application and contact forms on their website. The functionality of these channels has been questioned because of the poor quality of traffic on the ‘Clean Air Inc.’s website. Most of the leads gained through company’s own website are inferior in quality.

We get leads from our online customer service/sales but it’s not very relevant source of new business. It might be because we don’t have B2C product in the markets yet, that the traffic of relevant B2B buyers is so low that it’s only a minor source of good leads. Also the same applies to the lead forms on the website – it’s hard to get relevant leads with insufficient traffic. So in short, our main source of new pipeline comes from traditional channels like our active sales force.

- Partner, ‘Clean Air Inc.’
From product online transferability side, ‘Clean Air Inc.’s product offering is not very easily transferable to online channels. The physical nature of the products make it hard to digitalize offerings. Also, the complexity and transaction size are one of the reasons which make it hard, or merely impossible, to make transactional conversion online.

In my honest opinion, it’s very hard [product online transferability]. The products are rather expensive and transactions are counted in thousands, in addition to what is a very new and rather complex innovation. Most of our new clients have never heard of our company’s solutions and therefore it’s very hard to see new customers turning into conversion purely in online context.

- Partner, ‘Clean Air Inc.’

External ecommerce drivers

In general, ‘Clean Air Inc.’ has not evaluated any of the external ecommerce drivers when it comes to the international expansion. The company seeks to outsource digital marketing and other related services through partnerships, and in general sees external ecommerce drivers as rather insignificant factor to their export marketing strategy. The evaluation process has been very light and based on a lot of subjective ‘gut-feeling’.

Well, in short: those [external ecommerce drivers] haven’t been considered. Our evaluation is based on only few conversations and basically a gut-feeling. Mainly we’ve considered which kind of partnerships we would need from digital marketing side, especially for our internationalization plans.

- Partner, ‘Clean Air Inc.’

Export marketing strategy

The overall approach of ‘Clean Air Inc.’s export marketing strategy is highly localized, quite the opposite to the other company of the study, Yoogaia. The marketing and sales decision making and operations are planned to be led within each local city-specific organization. Marketing operations will be organized thoroughly from the ground up so that marketing communication, sales, logistics, pricing and marketing partnerships will be customized for each location. Company’s website will be also localized in order to match the linguistic and content changes of different markets. Moreover, social media channels and content marketing will also reflect to the linguistic and content needs of international markets.

We’ll be customizing our company’s website and social media sites for each language we are focusing on with our exports. Also we are planning to have a corporate website for other affairs. We are planning to have a person responsible to maintain these sites in respective languages too.

- Partner, ‘Clean Air Inc.’
Localized strategy for marketing communication is seen as very vital to maximize its effectiveness. Zou & Cavusgil (2002) also noted that standardized export marketing strategy creates the highest benefits when the degree of internationalization is high. In the case of ‘Clean Air Inc.’ the degree of internationalization is still very limited, and the export target markets are narrow as well. ‘Clean Air Inc.’ believes that B2B marketing communication cannot be managed in an optimal manner from Finland, and if done so, the company would fail to make use of all the small cultural and business details that bear importance to effective B2B marketing communications.

As I said earlier, Finland is rather small and different from the countries we plan to expand, so naturally we don’t think that we’d have the know-how and cultural understanding to create effective marketing communications to our export target markets. We see it so that we’d always need some native speaker of given language to create effective and formidable content that catches the nuances of the specific export markets.

- Partner, ‘Clean Air Inc.’

‘Clean Air Inc.’ has a mixed approach to distribution. The main channel for sales is the local sales force in each market which will take care of the primary distribution. However, the local sales force of ‘Clean Air Inc.’ is supported by local partnerships which will vary by locations. Partnerships are being used to gain entry to different buyers via distributors like architects and interior designers. In practice, sales force will be approaching buyers directly to solve problems related to exact customer issues, whereas the distributors offer a channel to propose ‘Clean Air Inc.’s solutions as small part of bigger projects.

We’ve considered several options to broaden our distribution. One thing is to use green interior decoration retailers and B2B companies as a complementary channel, even though their offerings are a bit different from the functionality point-of-view. This is actually also something that we’ve been practicing when expanding to the Helsinki capital region in Finland. … [the biggest benefit] it’s mostly because these kind of companies offer different kind of reach compared to our own client base, and we believe that the combination would work well in export markets as well.

- Partner, ‘Clean Air Inc.’

‘Clean Air Inc.’ has a rather standardized approach on the product adaptation. Cultural differences in European cities were observed to be only minor ones and therefore insignificant to the product offerings, hence the psychic distance was seen as very low. On the other hand, when expanding to the Chinese markets some adaptation will be made.

One reason [for expanding to European cities first] is because of the cultural similarities between the countries, and naturally lower demand for product adaptation. Basically no adaptation will be made for European cities, but for Chinese markets well surely be taking some customization to our products. Our go-to-market specialist has given us insight on the exact measures of how to adapt our offerings, but we’ve been closely in talks with potential partners as well who’ve been a source for information regarding the product adaptation. Also our guys have been to China to get insight on the local markets.
Price adaptation was seen in a rather similar manner as product adaptation: European cities did not pose as much demand for different pricing, but on the other, in China and Dubai the pricing adaptation was seen as must.

In Finland, and in Europe, we think that our product offering is approached in a more utilitarian way and our products are seen more through their measurable functionalities, whereas in China and Dubai our products are seen more as a luxury product, which of course will reflect on our pricing decisions in these export markets.

Perceived and measured benefits of ecommerce

‘Clean Air Inc.’ has been very conservative in its ecommerce strategy and mainly for that cause the benefits of ecommerce have remained to be at low standard. The company does not have adequate skills or technological assets to support robust ecommerce strategy or even full-scale digital marketing. The main reason behind this could be the lack of experience of and commitment to the ecommerce exports, and subsequently the allocation of scarce resources of rapidly expanding born global. ‘Clean Air Inc.’ appears to believe that ecommerce cannot bring enough outcomes for the investments and therefore tends to rely on the capabilities that are already within the company, such as human sales force, technological know-how and business and industry knowledge.

Export marketing partnerships

As stated earlier, ‘Clean Air Inc.’ faced problems with its marketing partnerships, though it is wort noting that these were mainly caused by the lack of internal assets and marketing capabilities. The company sees export-related marketing partnerships as vital part of gaining market access and cultural knowledge of the target markets. In more detail, the distribution partnerships are seen as important actors especially because of their already established client base and general knowledge of business in the given export market. Marketing partnerships, on the other hand, are seen crucial from cultural and linguistic aspects. ‘Clean Air Inc.’ believes that local marketing agencies have superior understanding of the small differences in the communication with clients, and therefore sees these agencies as important actors to make an impacts on the export target markets. In general, ‘Clean Air Inc.’ appears to look for market access and knowledge acquisition on cultural, business and linguistic side of marketing from its export marketing partnerships. One thing worth noticing is that ‘Clean Air Inc.’ seeks to build local, smaller partnerships over the MNEs.
4.2 Yoogaia

Company’s export profile

Yoogaia has had a highly international client base from the start of its business with customer origin from approximately 50 different nations by the time of the research. Besides Finland, Yoogaia has extended its operations to London and Hong Kong. Foreign subsidiaries serve as small teams that offer capabilities to produce live lessons to the different time zones to match the global demand. Moreover, these teams have operational and marketing responsibilities to their respective duties. The overall international marketing approach of Yoogaia can be described to be very standardized. Fully digitalized service offering with unrestricted reach makes Yoogaia’s services accessible anywhere without any other limitations than potential technological ones related to connectivity. Yoogaia approaches the export markets from a very broad linguistically-driven segmenting where the geographical markets and sovereign states are not commonly used as the basis for export market segmenting. Yoogaia does not use any intermediaries and delivers their service only through their own webpages.

Yoogaia’s internationalization path does not fit into Uppsala Model’s (Johansson & Vahlne, 1977) either as the company has been global from the start. This is on par with Loane (2006) earlier findings which showed that born-globals do not share the traditional evolutionary path of the Uppsala Model. When examined by the Gabrielsson & Gabrielsson (2011) internet sales channel strategies, Yoogaia is utilizing purely direct sales channel strategy even though some affiliative channels have been used earlier. Yoogaia’s approach to different sales channels can be described as very flexible, even though the actual ‘storefront’ or the place of consumption is always through their website. By the time of spring 2015, 90% of Yoogaia’s revenue came inside the domestic markets. The global drive of the company can be seen through their ambitious goals to turn international revenue around within the next two years.

We have two main short-term goals for our business in the near future which are simply to increase to number of unique visits on our services, and of course, increase the rate of conversion of these visits to paying customers. Of our paying customers 90% are from Finland, meaning that the rest of 10% comes from abroad. But the objectives from the internationalization side is to turn around the ratio between Finnish and international customers.

- CCO, Yoogaia

Yoogaia’s interview did not bring up any strong evidence that would point to the virtuality trap (Yamin & Sinkovics, 2006). One explanation for this could be the difficulty to observe virtuality trap. On the contrary though, Yoogaia has extended its operations to other countries as well which might lower the risk of misinterpreting social and cultural feedback. Also, Yoogaia has very standardized approach where adjustments and adaptation to the export
marketing strategy are not being made that much by the cultural and social demands of the target markets. Interestingly enough, Yoogaia relies also a lot to the social media channels in their marketing communications and customer interactions which might have an impact on proneness to the virtuality trap. As per Bell & Loane (2010), this might increase the customer interactions and help internationalizing companies to generate new knowledge of the international operations, and mainly affect the factors that might cause lead the company to suffer from virtuality trap.

To conclude, it is very hard to tell if Yoogaia is suffering from the virtuality trap. With a fully virtual service in online environment only there clearly is a risk for the virtuality trap, but on the other hand that could be seen as ‘cost of doing business’ for companies operating solely via internet and e-commerce.

**Internal determinants**

Gregory et al. (2007) suggest that experience in both the export and e-commerce export should have a moderating effect on the export marketing strategy and export venture performance. In general, the team members of Yoogaia have a very strong and versatile background in international marketing and digital services businesses. These international capabilities derive through previous experience in large global B2C companies with roles varying from both marketing operations and service development in digital context.

Very many of us [Yoogaia’s personnel] have background from marketing and sales within big multinational corporations. My own background is with Heineken and I’ve accumulated a lot of experience from international marketing and how to create customer experiences and international brands.

- CCO, Yoogaia

Yoogaia’s management can be described to be highly committed to the international expansion. The company’s goal to turn around the international revenue stream is one strong indicator of this. Moreover, Yoogaia’s CEO will be moving abroad to London’s subsidiary to better boost international growth. Altogether, Yoogaia can be described as very low hierarchy and dynamic organization, which fits to the earlier research of the characteristics of startup companies (Gabrielsson & Kirpalani, 2004; Loane, 2006).

Our whole team is very committed to internationalize the company from top to bottom. One good example is our CEO who’s moving to London with his family to boost our business internationally. We are going to keep our key functions here in Finland but otherwise the whole team is being encouraged to move around our locations to get the best out for international expansion.

- CCO, Yoogaia

From e-commerce and digital marketing perspective, Yoogaia has few internal capabilities that can be seen as key resources for internationalization and e-commerce utilization. Also, it is worth noting that Yoogaia has its own
international partnerships to bring in competencies needed in foreign expansion that might not be available within the organization itself.

[...] we have many people that have background from digital service development and digital marketing. Aside from the digital marketing guys with agency background, our product manager has background with Rovio and Sulake, so that’s bringing us a lot of experience especially from the digital services and mobility side. And of course we are benefitting from our London-based digital marketing agency, which is a globally functioning agency.

- CCO, Yoogaia

**Internal ecommerce drivers**

Yoogaia has well-developed ecommerce assets at its disposal. Vast majority of the earlier research (Amit & Zott, 2001; Gregory et al., 2007; Reinartz, 2009; Torres & Lisboa, 2014) argue that the technology-related assets are crucial in ecommerce internationalization. Yoogaia has all the necessary skills and assets needed for successful ecommerce development. Many of these assets are within the organization with the support of some digital marketing competencies which have been sourced from international partnerships. Moreover, as fully digitalized service proves, the product online transferability is on high standard.

We are using a marketing automation tool called Mixpanel together with Google products and some of our own proprietary analytics.

- CCO, Yoogaia

Yoogaia is utilizing digital marketing monitoring systems, social media and search-based digital marketing channels and their proprietary ecommerce platform which is tailored for the requirements of company’s core offerings, the live classes. These findings might indicate a similar kind of pattern which Gregory et al. (2007) formed between marketing communications efficiency and internal ecommerce drivers. Moreover, in their study a strong link was found between management’s commitment to ecommerce and ecommerce assets, which furthermore could moderate a positive effect on the export venture performance.

As described earlier, Yoogaia has also obtained human resources that support the development of their fully digitalized service. The quality of their professionals is adequate enough, but Yoogaia has found it to be very difficult to acquire new professionals that would have the required skills to support the service development and ecommerce, especially on the mobile platforms.

Well, our know-how and capabilities are in a good level, only thing is that we need more people to match the workload. We are continuously seeking for people who can code and do mobile application development, mainly and iOS developer. We are currently releasing our new mobile application and we’ve discussed about the need for talented developers. It’s very hard to find the right people as even the companies like Supercell and Rovio have hard time finding the talent. Luckily we’ve been able to find sourced head [from a sourcing service provider] who is at the moment is working only for us, full-day.
Yoogaia sees its core offering as very easy to transfer to online context. Not only are the classes offered online transaction-wise but the idea of transferring traditional physical yoga, and related welfare and exercise, classes, fully to online environment has been the fundamental source of product innovation. Therefore, Yoogaia’s product online transferability can be described to be on a very high level.

I think our services are rather modern solution for the challenges [time and location] many of our clients face in their everyday life, and our services aren’t restricted to yoga only – we are offering a lot of versatile exercise lessons like Pilates and heat-sessions. Basically, you don’t need that much space to attend our lessons from home or whatever location you want, so yeah, usually it’s very static and suitable for online lessons. One thing that we’ve considered though is that people also tend to have external motives when going to yoga lessons like showing off to other people about their healthy lifestyle, or stature, and these perks can’t be transferred to our service if you are doing the workout at home. These are some of the things that we’ve considered especially regarding the internationalization and other cultures than Finland.

Having online yoga studio allows Yoogaia to have a lot more customers on a single given online class than on a traditional yoga class. This, and nearly unlimited reachability of the service via internet (Amit & Zott, 2001; Gabrielson & Gabrielson, 2011), forms the key competitive advantage to Yoogaia’s offering and could give competitive edge on the export of these services to new markets. On the contrary though, it is worth noting that going to yoga classes often contain external motives, such as showing off your lifestyle to other people in public, which cannot be transferred to online context. This indicates that even though the functionalities of the service are transferrable, not all aspects of the physical yoga lessons can be transferred to online context.

... there are the external motives that can’t be transferred to online lessons, and also social aspects as well. And also the cultural differences, which we should bear in mind, but in general I think our offering has been easy to transfer to this kind of digital form.

To conclude, the quality of ecommerce and technology-related competencies are more than sufficient to support successful international expansion through export, though some concerns can be raised on the quantity side of these capabilities. On the other hand, Yoogaia seeks to expand its assets by continuously seeking after new talents in these areas.

**External ecommerce determinants**

Yoogaia has taken very narrow approach to the evaluation of ecommerce infrastructure. As Gregory et al. (2007) suggest, these determinants have been affecting the export marketing strategy. Online transactions are covered through...
global companies like Paypal and Stripe, which allow a lot of flexibility and global reach to the payment options. Yoogaia has also considered internet penetration and cultural sides of consumers’ behavior in online context. For example, the broadband connection speed and general perceived trust towards ecommerce transactions have been considered to be major factors in external ecommerce determinant evaluation. Even though Yoogaia does not use geographical market segmenting, the internet penetration on the linguistic areas of Yoogaia’s segments (English, Finnish, German and Swedish) is very high (Internet World Stats, 2015). One example of this is the company’s decision to temporarily withdraw from the expansion to Chinese markets, mainly due to lower degree of high speed internet connectivity and uncertainty on the quality of internet connections.

Currently we are using global platforms, Paypal and Stripe, as payment options. We are moving more and more to continuously billing and the importance of Stripe is rising. But in general, we are considering the external ecommerce determinants in a broad perspective, and for example regarding the Chinese markets we’ve been very cautious because of the risk from infrastructure side. We did some market research and found that demographically it’s very tempting market but we concluded that there’s not enough high quality internet connectivity to support our services.

- CCO, Yoogaia

Also, it’s worth noting that Yoogaia’s approach to global markets is oriented more towards linguistic demographics of the customers than any specific geographical areas, like sovereign states. Moreover, the values of the customers also define where and how to reach them and internet offers a powerful medium to target the customers based on the data available for example from social media channels.

Yoogaia have not considered any demand factors for their ecommerce based offering. In general, these were not considered as useful or appropriate factors when evaluating the internationalization strategy and target markets. One of the main reasons were found to be the disruptive and unique product offering, which makes it hard to compare and analyse these factors.

Export marketing strategy

The overall marketing strategy approach of Yoogaia is standardized. As Gabrielsson et al. (2012) argued, born globals tend to be favouring a more standardized export marketing strategy than more traditional companies. Zou & Cavusgil (2002) also noted that when the degree of internationalization is high, companies will benefit more from a standardized export marketing strategy. With high level of global expansion, Yoogaia’s export marketing strategy is in line with the standardized approach, similarly how these two studies argue.

Yoogaia’s marketing communications are highly standardized with the only adaption being the small adjustments in choice of words or imaging for different customer segments. Standardized approach is used especially to make
the company feel and sound the same brand-wise within the international marketplace.

We are definitely using a standardized approach, and actually we are very strict about how our brand looks, as it should be the same in every markets.

- CCO, Yoogaia

The distribution is also standardised even though Yoogaia has made some affiliative marketing. This has not proven to be as effective as using own channels though. Again, Yoogaia’s product offering itself is very much standardized as well. The only adaptation is done linguistic-wise and time-wise as Yoogaia offers their classes in many different languages and within many different time zones.

We’ve produced some classes to Sweden in Swedish, but those have been done more in a test manner. But language is the part of our service which we are going to adapt into specific markets.

- CCO, Yoogaia

Pricing strategy is, along with the overall international marketing strategy, very standardized. The only variation comes from the different currency options but otherwise all the prices are the same globally. Yoogaia sees the unified global pricing to be part of transparency in their actions. Moreover, the different medium like the Yoogaia.com website and upcoming Yoogaia app, combined with different internet routing like the VPNs and changing geographical location of the customers, it would be hard to maintain a well-functioning price differentiation strategy.

Pricing is very standardized. I think that the consumers are nowadays rather well-informed about pricing and it’s hard to justify different areal pricing. Small variation comes from the different currencies, but that’s all.

- CCO, Yoogaia

**Perceived and measured benefits of ecommerce**

Yoogaia sees the benefits of ecommerce adoption as crucial for both their business model and for the effectiveness of international marketing. As the online yoga studio is fully virtual and operates in the online marketplace only, ecommerce is the only option to commercialize Yoogaia’s innovation. Besides the obvious benefits in the foundation of the business model, Yoogaia sees ecommerce, and more accurately, digital marketing as a key to success in their operations. Social media channels and unlimited reach have made it viable to act globally with such a niche offering that Yoogaia has. Ecommerce has enabled huge economies of scale for the company as its classes are accessible to multiple times more attendees than traditional ‘offline’ classes.

Besides the business model and perceived benefits of ecommerce, Yoogaia keeps track on the cost of customer acquisition (CPAs) and measure the
performance of their marketing actions. Also, this allows to calculate the ROI of their operations and make data-driven adjustments if necessary. Yoogaia has had many talks with new investors as well to increase capital and further support their international ambitions. Moreover, according to the study of Bell and Loane (2010), technology and web 2.0 oriented startups might be able to achieve better outcome from negotiations with venture capitalist.

**Export marketing partnerships**

The partnership focus, along with the general export marketing strategy of Yoogaia, is very standardized. The company has a marketing agency partnership set up to London, which mainly helps the company in global digital marketing. This partner is highly global company which offers diverse marketing communication resources and knowledge to Yoogaia. Even though many of Yoogaia’s personnel are very fluent English speakers, also the cultural and linguistic knowledge that is achieved through this partner are seen as vital. The company believes that having a natively English speaking partner helps greatly on the efficiency of communications in the English speaking export markets. Yoogaia has had experiments with distribution related partnerships, but these have proven to have only limited benefits, if any.

> Our partner is a global agency which has very good networks around the world, a truly global agency. We’ve noticed that they are very experienced and capable, and also have good tools and assets to create beneficial projects to our needs.
>
> - CCO, Yoogaia

### 4.3 Summary of the results

The two case companies had very different approaches in their internationalization strategies and export marketing. Companies with similar kind of size and industry, but with very different kind of offering and personal background brought very different results regarding the internationalization strategies, and especially, the utilization of ecommerce and digital marketing. The findings of the research placed under comparison through the summarized the table 2.

**TABLE 3 Comparison of the key findings of the study**

<table>
<thead>
<tr>
<th>Theme</th>
<th>‘Clean Air Inc.’</th>
<th>Yoogaia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company’s export profile</strong></td>
<td>Founded: 2011</td>
<td>Founded: 2013</td>
</tr>
<tr>
<td></td>
<td>Revenue: ~400k€</td>
<td>Revenue: ~100k€</td>
</tr>
<tr>
<td></td>
<td>Personnel: 30</td>
<td>Personnel: 12</td>
</tr>
<tr>
<td></td>
<td>Export markets: 1</td>
<td>Export markets: ~50</td>
</tr>
<tr>
<td></td>
<td>Export target markets: 4</td>
<td></td>
</tr>
</tbody>
</table>
Export target markets: global, linguistically targeted

<table>
<thead>
<tr>
<th>Internal ecommerce drivers</th>
<th></th>
<th>Proprietary ecommerce platform for the fully digitalized service, versatile HR and technological capabilities related to ecommerce, web and mobile development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecommerce assets</td>
<td>Ecommerce assets support inbound marketing, though in general the internal HR assets very limited, technological resources limited and resources from partnerships are not very well functioning</td>
<td>Highly transferable and digitalizing the offering has been key source for their product innovation, however, there are aspects of the service that have been harder to transfer to online context</td>
</tr>
<tr>
<td>Product online transferability</td>
<td>On a low level, product is difficult to transfer online because of the physical nature and complexity of buying decision</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External ecommerce drivers</th>
<th></th>
<th>Infrastructure has been evaluated in export market expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecommerce infrastructure</td>
<td>Not thoroughly evaluated, seen as rather insignificant</td>
<td></td>
</tr>
<tr>
<td>Demand for ecommerce</td>
<td>Not thoroughly evaluated, seen as rather insignificant</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal determinants</th>
<th></th>
<th>Strong experience in export, international marketing and brand management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export experience</td>
<td>No earlier experience, though good level of export experience acquired through new team and board members</td>
<td></td>
</tr>
<tr>
<td>Management commitment to export venture</td>
<td>Very high level of personal and professional commitment</td>
<td>Very high level of personal and professional commitment</td>
</tr>
<tr>
<td>Ecommerce experience</td>
<td>No experience from ecommerce or digital marketing, but the knowledge gap has been identified</td>
<td>Experience from digital services and digital marketing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export marketing strategy</th>
<th></th>
<th>Highly standardized, only small linguistic adaptation has been made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product adaptation</td>
<td>Standardized in Europe, small adaptation to other markets</td>
<td>Fully standardized which is seen as very important for building the brand</td>
</tr>
<tr>
<td>Promotion adaptation</td>
<td>Fully adapted and to be led by each export marketing and sales organization locally, and by the different marketing partners</td>
<td></td>
</tr>
<tr>
<td>Distribution adaptation</td>
<td>Sales force strategy is standardized but</td>
<td>Highly standardized, only a few affiliative channels have</td>
</tr>
</tbody>
</table>
The table above points out the main differences between the two case companies. Only theme that produced very similar findings with both of the companies was the internal determinants regarding export experience and management commitment to export venture, and the role of export marketing partnerships.

The research material brought up more detailed understanding about the nature and role of export related partnerships. Earlier theoretical examinations were mostly focusing on the distribution role and strategic alliances of export partnerships. Contradict with these findings, the two case companies seemed to rely extensively on the overall marketing partnerships and their cultural, business, market and linguistic knowledge. With a fully physical offering ‘Clean Air Inc.’ saw export market distributors still as an important partners, but Yoogaia found only mixed relevance from external distributors with their fully digitalized offering. To emphasize, export marketing partners were seen as very

| Price adaptation | distribution partnerships are highly adapted by location | Standardized in Europe, high degree of adaptation in other markets | Fully standardized
| Perceived and measured benefits of ecommerce | No benefits observed, not enough experience from ecommerce to be able to evaluate | Ecommerce and digital marketing are seen as crucial for their business model, measured benefits have been observed through the marketing metrics and data |
| Export marketing partnerships | International marketing partnerships were seen as very important. Benefits from linguistic, export market, cultural and business knowledge side. | International marketing partnerships were seen as very important. Benefits from linguistic, export market, cultural and business knowledge side. Distributors were not seen as important. Experiences from distribution partners were poor, though big global distribution partnerships are being sought after. |
| Distribution partnerships | Local distribution partners were seen as very important. Benefits were especially in market access and client base. | |
| Virtuality trap hypothesis | The reliance in online channels is limited and therefore no indication of virtuality trap was observed | The reliance in online channels was very high, but no clear indication towards virtuality trap was observed, however virtuality trap cannot be excluded though |

The table above points out the main differences between the two case companies. Only theme that produced very similar findings with both of the companies was the internal determinants regarding export experience and management commitment to export venture, and the role of export marketing partnerships.

The research material brought up more detailed understanding about the nature and role of export related partnerships. Earlier theoretical examinations were mostly focusing on the distribution role and strategic alliances of export partnerships. Contradict with these findings, the two case companies seemed to rely extensively on the overall marketing partnerships and their cultural, business, market and linguistic knowledge. With a fully physical offering ‘Clean Air Inc.’ saw export market distributors still as an important partners, but Yoogaia found only mixed relevance from external distributors with their fully digitalized offering. To emphasize, export marketing partners were seen as very
important and integrated actors which influence the export marketing strategy of the exporting born globals. Based on the empirical material, few corrections are proposed to the combined model of born global export marketing strategy, which was presented earlier in the study. In general, it seems that Finnish health and welfare born globals seek to establish marketing partnerships that bring more marketing related capabilities to their network than the existing research acknowledges. The model presented earlier has been modified to include the observed corrections, and presented now in a form of integrated model of born global export marketing strategy (see figure 6). In the revised model, the marketing functions of partnerships are presented in a more detailed manner which reflects to the actual relationships and content of exporting born globals and their export marketing partnerships.

**FIGURE 6** The integrated model of born global export marketing strategy

To summarize, the research material from case companies’ ecommerce and digital presence, combined with in-depth interviews provided a sufficient sample to create answers to the main research questions.
5 CONCLUSIONS

5.1 Key findings

The major goal of the study was to form new understanding on a considerably new and yet still rapidly changing phenomena of startup internationalization and the utilization of partnerships and ecommerce. The empirical analysis led to findings especially from the partnership perspective. It appears that there might be interdependencies between the benefits of sourced marketing capabilities and internal marketing assets and export marketing experience. In the case of ‘Clean Air Inc.’, the sourced digital marketing functions were not as beneficial for them since they lacked internal assets that would tie these functions together with their website (ecommerce) and physical sales force, whereas Yoogaia, a team which had very strong marketing background, clearly felt that the digital marketing partnerships were important and well-functioning for them. Consequently, these findings extended the combined theoretical model (see figure 5), leading to the integrated model of born global export marketing strategy (see figure 6).

The performance linkage between internal assets and marketing partnerships should be examined further with more thorough and focused research. Interestingly, export marketing related partnerships were seen as important especially from marketing communications side, and related knowledge acquisition in the areas of cultural, market, business and linguistic information. This finding is slightly differing from the distribution-driven and generalized view presented in the earlier research of export marketing partnerships (Camisón & Villar, 2009; Freeman et al., 2006; Gabrielsson & Gabrielsson, 2011; Khalid & Bhatta, 2015).

From the marketing literature part, the implicit qualitative study raised also a lot of questions over the main theories of the internationalization strategies, the role of internet and ecommerce and the evolution of internationalization of born globals. Firstly, the internet-based sales channel strategies of Gabrielsson & Gabrielsson (2011) was not completely supported. Secondly, not all parts of the Gregory et al. (2007) model were supported by the qualitative analysis. Thirdly, the study did not find clear evidence of the virtuality trap phenomena (Yamin & Sinkovics, 2006) though Yoogaia could potentially have symptoms of it. Fourthly, the Uppsala model of internationalization (Johansson & Vahlne, 1977) was not supported as the born global international evolution path by the research.

5.2 Theoretical implications

Gabrielsson & Gabrielsson’s (2011) four internet-based sales channel strategies did not match the ones used by ‘Clean Air Inc.’ and had some restrictions on the
applicability on Yoogaia as well. This might indicate that internet-based sales channel strategies are more fluid and flexible nowadays and born global startups can make more diverse and versatile strategies that are not covered by the Gabrielsson & Gabrielsson model. Also, based on the theoretical analysis and the empirical evidence from research material, some questions can be raised on the applicability of Garbrielsson & Gabrielsson quadrant of internet-based sales channel strategies. In the B2B marketing the actual transaction, or namely ‘product fulfilment’, might not happen in the online context even though the pre-sales and conversion had taken place through company’s website. In other words, Gabrielsson & Gabrielsson model does not take into account the modern B2B inbound marketing strategies that are highly driven by ecommerce, but where the initial transaction might happen through conventional channels.

One interesting finding of the study was that external determinants of demand for ecommerce (Gregory et al., 2007) was not used in any extent by the two case companies. ‘Clean Air Inc.’ did not see it as a significant factor to be analysed, and Yoogaia found it redundant as well as the company has not set any narrow geographical boundaries to their export target markets. On the other hand, the internal determinants and internal drivers were clearly observed from the research material. Even in the qualitative analysis of the study the impact of internal determinants and internal drivers could be seen on the startups strategy, channel selection and overall orientation to the ecommerce utilization in international expansion. Also, the whole model of Gregory et al. (2007) should be tested with modern-day open economy startups to confirm its applicability to practice.

The virtuality trap hypothesis (Sinkovics et al., 2013; Yamin & Sinkovics, 2006) could not be clearly observed from the research material. ‘Clean Air Inc.’ had a strong focus on the offline-sales and also were in the very early stages of internationalization. On the other hand, Yoogaia could pose a threat of falling in to the virtuality trap. The essence of failing to perceive and act on the psychic distance was found very hard to be defined by the interviewees, and also by the researcher from the initial research material. However, this research was not found to be extensive enough to find any clear evidence for the phenomena, and it still remains as a good foundation for more thorough qualitative and quantitative research.

Neither of the case companies’ internationalization paths were evolved as per the Uppsala Model (Johansson & Vahlne, 1977). Yoogaia presented a rapid born global internationalization and was truly global from the very start of its operations. ‘Clear Air Inc.’ had similar kind of patterns in their expansion as the Uppsala model presents, though the company did not expand their exports to the irregular export market but to completely new markets, hence not following the Uppsala model path.

Based on the research material, both companies seemed to be relying on international partnerships in their marketing functions. The motives were also the same as both companies were aiming to gain better market impact with socially, culturally and demographically more competent marketing partners.
Interestingly, cost-related factors were not seen as important. Although the importance of partnerships have been noted by earlier research, it would be beneficial to further explore the performance implications of born global companies relying on this kind of sources capabilities versus the born globals relying more on their in-house resources.

Surprisingly, ‘Clean Air Inc.’ did not see ecommerce as particularly important factor in their internationalization. This is clearly a contradic finding with the earlier studies (Bell & Loane, 2010; Sinkovic et al., 2013) which emphasize the importance of ecommerce to startups seeking for rapid international expansion. Moreover, the market studies of Forrester (2014) and Frost & Sullivan (2014) show that the importance of ecommerce is steadily rising. On the other hand, some studies have noted that the positive impact of ecommerce to export venture performance is not as high among the B2B companies (Gabrielsson & Gabrielsson, 2011; Loane, 2006). ‘Clean Air Inc.’ prioritized the personal contact of the human sales force as important factor and highly adapted marketing strategy, which raises questions for further quantitative analysis: Does the B2B business’ more people-oriented essence drive the startups to use more adapted strategies? Could the personal contact and transaction size crave for more trust and personal contact in the marketing and sales?

From B2C side, Yoogaia raised some questions as well on the marketing strategy side that should be placed under further quantitative analysis. Firstly, many of the most recent research emphasize the benefits of a standardized approach to export marketing strategy (Gabrielsson et al., 2012; Sousa & Lengler, 2009), and some studies have even examined the performance effects of them (Li & Xie, 2012; Zou & Cavusgil, 2002). However, there is still very limited amount of understanding on the performance drivers of the standardized strategies. More thorough research should be conducted to unveil the actual performance drivers of a standardized approach.

To conclude, the study was able to raise a lot of questions on the existing theoretical research of both internationalization and ecommerce, and the born global internationalization. Agreeing with Bell & Loane (2010), the stunning pace of technological advancements place a huge challenges to the academic research of ecommerce-related topics. Even though the findings of the study bear only limited amount of applicability to other context, the study was able to identify a lot of potential knowledge gaps in the past literature, especially when it comes to the internationalization of born globals.

5.3 Managerial implications

One of the key findings of the studies that might have some applicability to other settings is the potential linkage of internal assets and the benefits from marketing partnerships. Especially with born global startups, sourcing marketing related capabilities might be the best option to keep capital investments and risk at low
level. However, without experienced personnel and other marketing related assets, the companies might not be able to harvest the benefits from international marketing partnerships. Also, the integrated model of born global export marketing strategy offers a holistic framework for a strategical planning in practice.

B2C companies, like Yoogaia’s, with product offering which is highly transferable to online context which allows to achieve greater efficiencies through online marketing channels (Karavdic & Gregory, 2005). Earned media strategies could be used to generate viral effects and inbound traffic, and lower the CPA of new visits and conversions. Moreover, it should be noted that the highly virtual service will enable efficiencies in paid marketing communications too, which should be the basis for decision making. From the product adaptation side, one remark is that although Yoogaia operates in highly standardized approach, product adaptation is still one of the few elements in export marketing mix which has received nearly undebatable positive findings to the overall export venture performance. The planned linguistic expansion of the services could followed by linguistic-specific customer service to fully exploit the benefits for communications efficiencies from product adaptation. The biggest gain could be the reachability through SEM and SEO, in addition to the linguistically customized and targeted content.

Also, from the product online transferability side, company like Yoogaia could try to enhance the mobility of their service in the eyes of customers, especially now that the mobile application has rolled out. In practice this could mean giving customers new ideas how to enjoy their yoga lesson in a public, for example in recreational areas and parks via the mobile interfaces. This could help to neglect the negative effect of not being able to ‘show off’ while using online yoga services at home. Moreover, this could give a good source for value co-creation and content marketing for social media channels and crave for communications efficiencies through earned media strategies.

A company operating in highly virtual environment like Yoogaia should also evaluate the potential risk of virtuality trap as the study could not effectively rule it out. The risks for virtuality trap are obvious but the symptoms of suffering from badly perceived psychical distance are often hard to observe. However, it’s worth noting that the offices in London and Hong Kong might help to reduce these risks. Also, good interaction with the customers in social media channels might have the potential to lower the risk of virtuality trap (Bell & Loane, 2010).

A B2B company like ‘Clean Air Inc.’ should invest more to the ecommerce assets and try to acquire talented professionals to increase to speed and reachability of their internationalization via ecommerce (Jean et al., 2008; Sinkovics et al., 2013). Also, the importance of B2B ecommerce is rising as the overall demand for ecommerce in B2B industries are believed to be increasing rapidly (Frost & Sullivan, 2014; Forrester, 2014). In practice this could mean obtaining a talented professional who would know how to set up sourced inbound marketing services and integrate these service into the pipeline marketing of the company. However, this would crave for more structured
methods to drive ecommerce created pipeline to sales force. When penetrating to completely new markets, a company with similar kind of profile like ‘Clean Air Inc.’ could achieve better ranks in search engines via more robust ecommerce assets and also gain the benefits from communications efficiencies through digital marketing and especially social media interactions. Online channels and ecommerce offers a very good areal targeting options for B2B customers as well which should be exploited to gain efficiencies and measurability to the marketing communications. Digital marketing, inbound marketing and ecommerce could increase the information flow of the company and its customers, and increase the company’s ability to innovate as well, just as Hsu & Pereira (2008) and Bell & Loane (2010) argue.

5.4 Suggestions for further research

In line with Bell & Loane (2010), this study also acknowledges the gaps in the current research regarding the internationalization of born globals and ecommerce utilization and export marketing management in the internationalization process. Based on the study, the most relevant topics for further investigations would be to identify more thoroughly the impact and significance of marketing partnerships for born globals’ export venture performance. Also, it should be examined how the internal assets and internal determinants presented by Gregory et al. (2007) reflect to the performance output from the marketing partnerships. The integrated model of born global export marketing strategy could be further examined with larger sample and with different methodology.

The study also found that the internet-based sales channels (Gabrielsson & Gabrielsson, 2011) did not reflect to the B2B inbound sales strategies, which are then again highly driven by the ecommerce assets of the companies. From marketing strategy point-of-view, further research could determine the sources of performance benefits of standardized strategies. These could derive from communications efficiencies, overall costs, better reach, scarcity of resources needed for adaptation or better impact on brand.

The virtuality trap phenomenon (Sinkovics et al., 2013; Yamin & Sinkovics, 2006) was not clearly found in the case companies. However, since the e-business continues to grow (eCommerce Europe, 2015), the performance effects and the relevance of virtuality trap hypothesis should receive more attention in the near future. Virtuality trap should be placed under more extensive qualitative and quantitative research to truly determine its significance to the export venture performance and export marketing strategy of internationalizing companies.
5.5 Limitations of the study

As the research was conducted as an interpretivist qualitative case study, the results of the research have only very limited applicability to other contexts. Because of the research methods and the explorative nature of the study, the biggest contribution of the research was the recommendations for further exploration in the context of ecommerce and born global internationalization. Also, the theoretical background of the study is strongly in the literature of SMEs and born globals, and other entrepreneurial companies, and therefore might have limited applicability to the context of larger companies. However, some of the results may be applicable to startups origin from similar kind of open economies as Finland and which operate within similar kind of industry. This research should mainly be used to gain insight on the research gaps in the earlier theories, thus serving the purpose for future studies in the subject.
SOURCES


APPENDIX

Themed semi-structured interviews were conducted with the framework bellow:

1 Company’s export profile

How would you describe the general landscape of your company’s export and internationalization functions?

How many export markets does the company have?

How many people your company employs in Finland and abroad? Does the company have foreign subsidiaries?

What kind of recent developments there has been in the company’s export activities?

How big percentage of your company’s revenue comes from foreign markets? From which markets exactly?

What kind of general challenges your company has faced in its export activities? What do you think are the causes behind them?

Does your company’s export functions follow a unified internationalization strategy and export marketing strategy? Why/why not?

Who are the key decision-makers behind the company’s internationalization strategy and export marketing?

What kind of previous export and internationalization strategy experience these decision-makers have?

2 Ecommerce drivers and external determinants

2.1 The utilization of digital marketing and sales channels in internationalization

What kind of customer journey your clients usually have? What parts of it are maintained through online channels? Why?

How would you describe the digital marketing and sales channel utilization in your company’s internationalization strategy?
What kind of previous experience your company’s employees have from ecommerce or digital marketing in export venture? And how about in domestic markets?

To which extent the company uses its internal resources in digital marketing and ecommerce? To which extent marketing partnerships are being utilized in them? Why?

2.2 Internal ecommerce drivers

What kind of internal resources your company has in the areas of digital marketing and ecommerce? What kind of technological know-how and other assets your company has? How sufficient these resources are and how well the suit the purpose of company’s objectives?

How easy it is to transfer your offering to online contexts? Why/ why not?

How would you describe your company’s management commitment to export and ecommerce utilization?

2.3 External ecommerce drivers

How does the company evaluate its export target markets from ecommerce infrastructure point-of-view?

What kind of online business and ecommerce criteria are being used in the export target markets? Why?

How does your company evaluate the demand for ecommerce in its export target markets?

3 Export marketing strategy

3.1 Marketing communication

What marketing communication channels the company uses in its export marketing strategy? Why?

How does the domestic marketing communication vary from export marketing communication? Why?

To which extent export marketing communication is being conducted by company’s own personnel? To which extend marketing partnerships are being used in these?
3.2 Distribution

What kind of distribution channels the company uses in its export markets? What are the pros and cons of these channels?

How big percentage of sales comes from different channels?

3.3 Product

How the company’s product offering is being customized to export markets? Why?

How would you describe the competitive environment in company’s export markets? In which way your company’s product offering is unique?

What kind of features the company’s offering has that support the utilization of digital marketing and sales channels?

3.4 Price

How would you describe the pricing decision-making between domestic and foreign markets?

What factors affect the pricing decisions? Why?

From which kind of sources the company obtains pricing information?

4 The benefits and challenges of digital channels in export marketing

4.1 The benefits of digital marketing channels in export marketing

What kind of perceived or measured benefits the digital marketing channels bring to the export marketing functions?

How the company evaluates the effects of digital marketing on the export venture performance? Why?

4.2 The benefits of digital sales channels in export marketing

What kind of perceived or measured benefits the digital sales channels bring to the export marketing functions?

How the company evaluates the effects of digital sales on the export venture performance? Why?
4.3 The challenges of digital marketing and sales channels in export marketing

What challenges your company has faced with the digital marketing functions in export markets?

What challenges your company has faced with the digital sales functions in export markets?