This is author version of article published as:

Mathews, Shane W. and Healy, Marilyn J. and Wickramasekera, Rumintha (2005) "From garage to global." An exploration of the Internets influence on international market growth strategies; An Australian small firm perspective. In *Proceedings Asia Pacific Decision Science Institute 2005 : Collaborative Decision Making in the Internet Era*, Taipei, Taiwan.

“From garage to global.” An exploration of the Internets influence on international market growth strategies; An Australian small firm perspective

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Abstract

The Internet has the capability to generate geographical international market expansion and future growth for the firm, a concept known as Internetalisation. However, it is yet to be determined as to how much or to what level the Internet influences internationalisation, and thus international market growth. Both international market penetration and the development of new international customers are achievable goals for the Internet enlightened small firm. Thus, the aim of this research is to explore the influence of the Internet on international market penetration and development from the strategic perspective of the small firm. The findings from the research help to better understand how the Internet accelerates the process of internationalisation for small firms. However, although the Internet has given firms the capabilities to become instantly international, an evolved version of network theory may give a superior explanation of internationalisation of small firms in today's digital environment.

Keywords:
Small firms, Internetalisation, internationalisation theory, international market growth strategy, international market penetration vs. development.

Introduction

The powerful global reach of the Internet is altering the international trade landscape. As a consequence of the Internet's influence on traditional international trade theory, the theory of internationalisation is in need of re-examination [1]. The Internet for the most part has evolved into a mechanism that can be used to capture new international market opportunities. As a consequence of transactional and communicational capabilities, the Internet has become an efficient and effective conduit for global trade and International market expansion. That is, to be more precise a firm can either grow by international market penetration of existing customers based in international markets, and/or the firm can develop completely new international markets with existing products. Both of these international market growth strategies are influenced by Internet and are evaluated accordingly.

Internationalisation online is the ability of a firm to utilise the Internet medium to facilitate international market expansion. Also known as *Internetalisation* the phenomenon of internationalisation through the Internet [2] is still in a relative infant stage. More specifically, the body of knowledge is still underdeveloped. Research to date has emphasised predominantly on external and broader factors of international marketing, which although important, are peripheral variables to core corporate strategic decision making in international growth. Thus, the purpose of this research is to explore the question of whether the Internet influences international market growth strategies for small firms, and if so, how and why? The results of this exploratory research suggest that the Internet has an obvious effect on the formulation of international market growth penetration and development strategies, although in a different way. Furthermore, it was found that firms internationalising do not necessarily follow traditional internationalisation theories. Rather, both an integrated virtual and traditional network theory may best explain the internationalisation of these small Australian firms.

With this background, the paper has been segmented into six main sections. The first three sections address the small business issues, macro environmental issues and the internal industry influences on Internet based international market growth. Next, the integration of offline and online marketing is discussed. The fourth section analyses the concept of *Internetalisation*, followed by a methodological discussion in the fifth section. The paper concludes with suggestions for future research. The contribution of this paper is that it develops a firm based strategic focus to the evaluation of the Internets influence on international market growth opportunities for small firms. One possible limitation of this research is that it is involves only six cases with an exploratory focus. As such the theoretical generalisability is narrow. However, given that the purpose of this research was to explore the how and why effects of the Internet, this limitation is minimal as the findings will help guide more precise future research. Having set the scene, the Australian small business will be addressed next.

Small Business in Australia

With an estimated 1.6 million small business operators small business sector account for more than 97% of private business and employs more than 50% of the private sector [3]. As a consequence small business plays a significant role in the private sector and overall Australian economy. Further, the Internets influence on small and medium firms (SME's) internationalising has progressively become a focal point for researchers in the area of international marketing [4][5][6][7][8[[9][10][11]. Not only large firms with sizable capital capabilities have the ability to internationalise through the Internet but also small and medium companies with only moderate investment and infrastructure [5]. As a consequence the Internet gives SME's a more level playing field the international markets. It has been well established that the Internet gives even SME's the capabilities of internationalising where this may not have been possible in the old economy [12][13][10][14]. It has also been hypothesised that capital capability of the firm may perhaps be a barrier to implementation of the Internet to SME's [15], however, recent research in the United

Kingdom has questioned this hypothesis [14]. Thus, there is still some clarity needed in reference to SME resource infrastructure barriers to e-commerce adoption and possible internationalisation.

Macro influences

Although macro environmental influences are seen as somewhat external to strategy, within international markets, these factors do have an impact on decisions made concerning international growth. Macro influences on internationalisation through the Internet have been distilled into three main areas; political, legal and cultural. Firms need *not* have a physical presence in a country or state to feel the effects of that state's pertinent political regime [16]. These political regimes blur the understanding of this medium for international marketers. Indeed, political ideology impacts directly on the international marketer's ability to develop or penetrate into existing markets. Further, international laws can be quite complex for not only the marketer when attempting to create an international web presence [17][16][18] but also will influence marketing strategies online in the international environment [16].

Within cultural environmental influences, language preferences, miscommunications, multi-linguistics, site content, local networks, customs, and trends are important influences as is their impact on the implementation of international marketing activities [19][20][21][22][18]. These cultural complexities play an important role in whether the firm will decide to target international markets. For example, it is generally accepted that customers are more likely to purchase a product online if the website is in their local language. As a consequence cultural diversity still remains an important issue even in a virtual environment.

Internal environmental influences such as human and capital resources, readiness of firms, company size and industry specific factors are considered significant on the marketing efforts when entering the international online arena [19][23][20][5][18]. Internal issues and other micro environmental issues may also be dependent on industry specific elements and product specificity, as some industries are affected by the Internet technology more significantly than are others. For example, information based products and services that are highly intangible, such as the banking, music, publishing, computer software and travel industries, have a decisive advantage online [5]. Some researchers go further to predict that some industries that are less regulated have a higher probability of faster foreign market expansion [1].

Furthermore, marketing managers have an influence on the process of market growth strategy, as their strategic orientation profile becomes a determinant in the internationalisation of the firm online. The internal readiness of a manager can take either a strategic *proactive* internationalisation stance or be *reactive* to the market. This orientation to internationalising the firm online is generally based on the experience and knowledge of the manager [24]. Thus, the international readiness of managers becomes a precursor to internationalisation online. Further, it has been suggested that not only is the proactive view to internationalise important, but also a proactive international customer orientation has a bearing on whether the firm utilises Internet communication and transactional mechanisms in their internationalisation endeavours [10].

Integration

Online marketing involves integrating online and offline tactics that will complement and reinforce each other [25]. New models of strategic thinking are required to integrate the unique elements of online marketing [26]. Classical models must recognise the dynamic role that consumers play in the strategic decision making process [26]. That is, more than ever customers have power over what the firm delivers in respect to product and product information in a dynamic digital environment. Subsequently, companies must look at consolidating strategy in an integrated way. Integration of strategy in an online and offline environment may not mean a consistent strategy. On the contrary, the integration of strategy just in an Internet marketing context implies that the firm commits to the Internet as part of the total strategic approach.

Internetalisation theory

The Internet has become a recognised mechanism in which internationalisation can take place [27]. Consequently the nature of internationalisation has shifted [28][1] and subsequently the components of internationalisation theory have also altered [1][2]. So much so that post-Internet internationalisation has been referred to as *Internetalisation* as opposed to internationalisation by some researchers [2]. Conjecture remains in the literature as to which model of internationalisation truly depicts the Internet's impact on traditional theory, otherwise known as the stages or process models of internationalisation.

In the new Internet economy alternative theories are being proposed for evaluation, however, these alternative theories are predominantly at the conceptual level and are based on more traditional theories such as the stages models [13]. However, two Alternative theoretical explanations of internationalisation post Internet stem from both supply chain management [28] and knowledge-based theory [1]. Theory founded in supply chain management extends on current understandings of network theory. That is, the theory of international supply chain management (ISCM) is proposed as the implementation of the network orientation as a new explanation of internationalisation in an Internet commerce environment [28]. In other words, the Internet has re-emphasised the importance for resource based network orientation through international supply chain relationships online. The premise founding ISCM theory questions internationalisation theory of the traditional stages process, as this more conservative stages theory advocates an ultimate goal of vertical integration for firms [28]. Further, Overby and Min (2001) refute the aspersion that firms are seeking vertical integration, however, the authors do adequately explain the significant disintermediation taking place within many industries presently. That is, some industries and their supply chains have been altered crucially. For example, the airline and hotel industry in Australia now have direct transactional relationships with the end user, as opposed to solely using traditional intermediary such as a travel agent or consolidators. This change in the supply chain due to the Internet highlights the significant emphasis firms are placing on vertically integration, thus contradicting the foundation of ISCM. This is not to suggest ISCM is not without merit. However, there are limitations within this theory to fully explain current internationalisation post Internet.

Further, Petersen, Welch and Liesch (2002) propose a rethink of internationalisation theory in light of significant changes to information dissemination due to the Internet. The capacity and transference of information and knowledge have altered internationalisation due to the Internet, enough so that an exploration of internationalisation theory is warranted [1]. The Internet has reversed conventional understandings of learned knowledge. That is, learned knowledge concerning international markets is traditionally perceived as a slow and cumbersome process [1]. Although the Internet alleviates some of the traditional perceived barriers to internationalisation through information flow efficiencies, this does not give credence for a completely new internationalisation theory. More accurately, the research of internationalisation theory needs to incorporate or modify internationalisation components. Moreover, internationalisation components are affected by the Internet and as a result the impact of these effects on strategic decisions of international growth needs further evaluation.

Current corporate trends however tend to ignore the need for strategy and as a consequence short-term price setting strategies are the predominant focus. Thus, a long-term profit focus is being eroded [29]. Long-term strategic growth is an integral part of international market decisions concerning online strategy. However, due to the lack of emphasis placed on strategy in the area of international marketing online, a research problem has been developed. That is: ***"How has the Internet influenced international market growth strategies for Australian small firms?"***

Further, four *research issues* have been developed to help investigate the research problem surrounding strategy.

RI. 1: Has the Internet altered the internationalisation of the small firm? If so, how and why?

RI. 2: Has the Internet influenced the process of developing international growth strategy for small business? If so, how and why?

RI. 3: Has the Internet accelerated the process of international market penetration for small business? If so, why and how? If not, why not?

RI. 4: Has the Internet accelerated the process of international market development for small firms? If so, why and how? If not, why not?

Methodology

There is a need for more empirical evidence concerning the theoretical understanding of internationalisation online [1]. Therefore, taking a critical perspective in this area from a primary source perspective is prudent. In particular, case study methodology can illuminate or highlight the subject area and extend the current understanding in the body of knowledge. Further, not only does case study research illuminate the current gap in the literature, but also it extends traditional theory concerning international marketing [30][31][32]. Case study analysis has become a recognised methodological tool in the evaluation of areas in Internet marketing [34][4][9]. As a consequence, multiple case study analyses were used in this research so as to give a more holistic perspective of the complex research phenomenon.

Subsequently, six Australian small firms that operate internationally were chosen that use the Internet in their internationalisation process. In-depth interviews were used to analyse strategic decisions concerning international growth and the influence of the Internet. For this purpose experienced international decision makers were identified in these firms as they yield rich data [35]. The sample was chosen for maximum variability to ensure the replication logics. One interview was done in each case as these interviewees were the only ones in each organisation that he/she the relevant knowledge to answer the questions also known as a protocol - unlike a topic such as organisational culture, where multiple interviews within each case would be required. Further, having a set of protocol questions derived from the synthesis of the literature and saturation of cases gives the findings a desirable level of qualitative reliability [36].

Both literal and theoretical replication was achieved through simultaneously analysing similar and different cases through purposeful selection, as seen in table 1.

Table 1: Case selection (replication logic)

Firm type:	**Product type:** Goods	Services
Start up	***Case 1***	***Case 2***
Dotcoms	***Case 3***	***Case 4***
Dotcoms	***Case 5***	***Case 6***

Source: developed for this research

That is, replication logic the yields external validity in case study methodology is achieved through both literal replication (predicted similar results) and theoretical replication (produces contrasting results but for predicted reasons) that gives a level of analytical generalisability to the study [36][37][38]. Literal replication or similar results can be predicted as all firms are small, four cases are dotcoms, two cases are start ups, three cases are goods orientated and three cases services orientated. Conversely, theoretical replication or contrasting results can be predicted as all firms are individual and distinct from each other, there is variation in the type of firm (start up vs. dotcoms) and the product orientation of firm's (goods vs. services orientation). Further, the richer information drawn from international managers helps to formulate a better picture of the business landscape than currently exists.

One of the most difficult aspects of case research is the case analysis [39], yet data analysis is the core of theory-building case studies [30]. The analysis of qualitative data is a 'continuous iterative process' [40p.23]. Following the collection of the data, three steps are suggested in the process; data reduction, data display and data analysis. However, the first step, data reduction, does not necessarily mean the quantification of data. Rather, it is the process of selecting, focusing, simplifying, abstracting and transforming the raw data. Data display, the second step, is the organised assembly that permits a conclusion to be drawn, which is the third and final step of the process (Miles & Huberman, 1994).

Yin (1989) suggests two general strategies for data analysis. The first is the reliance on theoretical propositions, and the second is the development of a description. The second is the less preferred strategy. Nevertheless, these two strategies proposed by Yin (1989) are not exclusive because data analysis should begin with individual case description and then continue with cross-case analysis, thus, gaining a internal validity of the findings [35]. Cross-case analysis facilitates the search for patterns in the data (Eisenhardt, 1989). Furthermore, the key to good cross-case comparison is to look at the data in many divergent ways to overcome the problems described above [30]. The approaches to data analysis espoused by Miles and Huberman (1994) and Yin (1989) were adopted in this research.

Findings

Much has been espoused about the Internet's ability or inability to alter traditional theory. For instance, some commentators suggest that the Internet is but a simple technology and a complimentary device in international transactions. In contrast, others argue that the Internet will have a profound impact on the internationalisation of firms and thus internationalisation theory [28]. This research project highlights the Internet's powerful influence in the formulation of growth strategies in international markets for small business. The findings from the research indicate that although internationalisation online or *Internetalisation* is still in its infancy, alterations have been a consequence of its adoption in the international market expansion of small firms.

So significant are these perceived changes to strategy that some firms viewed the Internet as the 'only' mechanism for internationalisation, whereas, other firms evaluated the Internet as an efficient mechanism for internationalisation and international markets growth, as illustrated in table 2 (seen in appendix 1). Overall, there was a strong theme or pattern of dependency on the Internet for the formulation of strategies of growth in international markets. Moreover, the research issues identified earlier will be explored for further clarification of the overall research question.

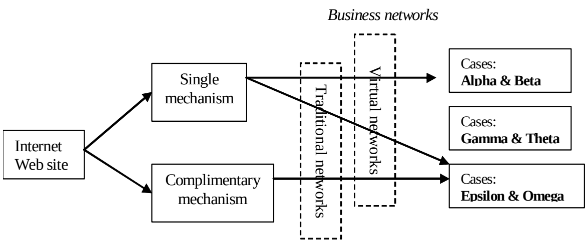
Research issue 1: Has the Internet altered the internationalisation of the small firm? If so, how and why?

The Internet has broadened the international market opportunities for all the small firms that were evaluated. All firms displayed a high level of dependency on the Internet in their international marketing, even if not specifically for growth. That is, both start-ups (Alpha & Beta) and dotcoms Gamma & Theta viewed the Internet as the 'only' mechanism for international market growth. Conversely, other dotcoms utilised the Internet as an efficient conduit for international market growth in an alternative way, that is, by using the Internet as a complimentary tool for growth (Epsilon & Omega). These two firm's Epsilon & Omega by simple having a website felt the site gave them legitimacy in international markets. Further, e-mail allowed these firms to generate relationships and efficiency in processing of international transactions. For example, as the manager for Omega suggests "without a website customers and agents would not believe that we are a real company in international markets".

Further, all firms interviewed saw their international markets as those with the greatest growth opportunity. More specifically, the U.S. market and English language based European markets were seen as much larger customers bases that were more willing to transact online. As it happens, most firms saw the Australian domestic market as too small and with customers that were simply not ready or worth targeting. This is not to argue that the domestic market was not seen to be without opportunity. However, many of the firms generated very little of their overall revenue in the Australian domestic market with some cases generating less than 0-1% of total revenue in Australia from overall turnover. The major barrier identified by firms in the Australian market was the inadequate or strict payment and banking systems. Conversely, foreign markets such as Asian markets were perceived as important for international growth, however, were considered problematic and difficult to cultivate online. That is, Asian markets online were simply perceived as too foreign and costly both intellectually and financially. Although Japan, Singapore and Korea to some extent were considered either consumer mature enough or Internet mature enough to start developing. Overall firms viewed the US and UK markets as desirable and ample enough for the small businesses to gain sustainable growth for the foreseeable future.

Start-ups proactively set the firms up to be instantly international from the outset confirming to some degree the born global or instantly international theory. A phenomenon of the 1990's, born global theory is where a firm creates a new venture that undertakes market expansion in multiple markets simultaneously [42][43][6][8]. That is, firms do not follow the incremental pattern or path of internationalisation where the life cycle of the business starts in the domestic market, matures and then enters international markets thereafter in incremented movements after experience is gained in that market. This finding is significant in so far as firms in their initial infant stages of their business life cycle have the ability to generate growth in international markets instantly. Despite these firms being born global initially, subsequently their international market entry development was incremental, indicating that the stages model still has some relevance, although diminished. More importantly from a growth perspective networks offer a superior explanation for *Internetalisation*. The Internet plays a pivotal role in this network for growth creation and its influence could not be separated from the evolution of those relationships for these firms. Either through virtual networks or traditional personal relationship networks all firms indicated that networks were a mechanism for the creation of international growth. In conclusion, the Internet altered the internationalisation of the firm, primarily because of the role of business networks evolution into virtual environments for many small firms as illustrated in figure 2. The second research issue can now be addressed.

Figure 1The Internet and business networks



Source: developed for this research

Research issue 2: Has the Internet influenced the process of developing international growth strategy? If so, how and why?

Firms utilising the Internet in the internationalisation process can capture international transactions' and communications' operational efficiencies. The Internet has given these firms the ability to have a global presence of its brand instantaneously. In addition, firms saw the web presence as a pivotal element in their operations and all firms were totally dependant on the Internet medium for day-to-day and strategic processes as "down time is just not acceptable for our business and customers in international markets" (Epsilon). That is, due to the large geographical distance between company and customer dependency is prevalent on the Internet to facilitate international trade the Internet has become an integral mechanism in the process of internationalisation for the Australian small business.

It is generally accepted that international orientation has a positive relationship with international expansion of the firm. However, the finding from this project corroborates a recent study by Aspelund and Moen (2004) that infers firms who are more information and communications technology orientated internationalise faster online. That is, the greater the Internet experience the decision makers have the greater propensity the firm has to rely on technology over that of traditional mechanisms for internationalisation. Small firms with Internet experience in this study use and integrate the Internet technology into their strategic actions in international markets more prevalently than those managers that have extensive internationally experience. Therefore, in this new international business environment it may be the case along with international experience that Internet experience plays a very important role in deciding who the strategic decision maker is in the firm. Start-up firm's Alpha and Beta did draw from past human resource experience from previous business employment in information technology and public relations, although, no international experience was evident.

Internationalisation components such as knowledge and information have also been positively influenced. The ability to generate, store and process vast amounts of customer, market and firm information and knowledge was considered unachievable without the Internet. That is, the Internets influence on learned knowledge and information flow of international markets were seen to be influential in the *Internetalisation* literature, for the most part this was found to be confirmed. However, a relationship between the firm's resources and the ability to implement objective learned knowledge was identified. For example, the smaller the firm the less chance there is that they would implement a formal intranet system for international information transference between staff. That is, smaller less resource abundant firms were less inclined to generate objective learned knowledge through formalised intranets and were more inclined to generate this knowledge through less formal e-mail and manual systems.

Further, these less formal structures of information distribution such as e-mail, manual systems and formal structures such as intranets were also seen as excellent mechanisms in some industries for the transference of objective knowledge. For example, internal instant message systems similar to that of MSN messenger service are now being used to transfer this valued objective knowledge, not just within the firm, but, also between strategic alliance companies. Certainly, experiential learned knowledge is more difficult to transfer [1p.210], however, with the introduction of inexpensive new instant message interactive technologies small business can take advantage of these operational opportunities. For example experiential knowledge could be transferred simultaneously between multiple international engineering firm's located at different point in the world developing a plan on a joint tender. Thus, it can be concluded that the Internet has influenced the process of developing international growth strategy: firstly, as firms had a considerable dependency on the Internet in the process of internationalisation; and secondly, through the greater capacity of information concerning internationalisation. The third research issue investigates the process of international market penetration.

Research issue 3: Has the Internet accelerated the process of international market penetration for small business? If so, why and how? If not, why not?

Significant resource efficiencies can be gained by utilising a penetration strategy that capitalises on existing international customers. Both start-ups (Alpha & Bata) use database marketing through there websites. Moreover, firm database profiles and purchased databases were considered by both start-ups as the best way to generate growth. Whereas, the dotcoms Gamma and Epsilon saw moderate importance for databases marketing to penetrate existing international customers. Conversely, dotcoms Theta and Omega did not view databases marketing as a way to generate new growth through existing customers. Internet experience seems to be linked with the adoption of database technology integration. However, all firms did view the website as an excellent way to penetrate existing customers in international markets, either by servicing existing customers with pertinent information on the web site or through database marketing which targeted communications via e-mail to yield a better profit returns from existing customers.

International customers were seen to be difficult to find, let alone retain, therefore, the creation of value adding for existing clientele was seen to be efficient and prudent. Thus, keeping international customers satisfied and capitalising on the loyalty is a cheaper and more reliable way for growth. However, Gamma the Jewellery distributor with a niche products only saw 8% of total revenue generated through the penetration of existing international customers as customers would generally only purchase one product, for example, a wedding ring.

Acceleration of the traditional process of international market penetration is evident. This acceleration is due to the Internets capability of customisation and targeting through international customer information. The power of data processing has made a dramatic difference to the small firm's ability to communicate with customers in international markets. Thus, customers' information is easily stored through Internet databases. Databases, intranets and e-mail were very prominent in the capitalisation of these existing customers as this was seen to create loyalty through value adding. Further, firms can exploit word of mouth marketing from pre-existing clients as this is seen to be a very effective mechanism to generate new international markets. From this finding it be concluded that the Internet accelerates the process of international market penetration through efficiency and storage capabilities online. Now the fourth research issue of international market development will be explored.

Research issue 4: Has the Internet accelerated the process of international market development for small firms? If so, why and how? If not, why not?

Market development was perceived as the greatest benefit of the Internet for these small firms. This finding was predictable for start-ups as these firms see the Internet as a sole mechanism for international growth. Although, case Alpha developed new international markets through more traditional networks established offline in the United Kingdom. These offline new market developments were a direct result of the success and reputation formulated online. Conversely, service orientated firm's saw the Internet as vital but not the most important element when development of markets, as without those pre-established networks international market development is too difficult. Overall the Internet has given small firms the ability to generate international market development where they would have been unable to do so previously. Moreover, start-ups have a much greater level of understanding in the generation of new international markets online. These firms were not looking to generate international markets, but to develop the virtual market. It just so happens that the more profitable markets are international, for example, the United States and United Kingdom. All firms that use the Internet for international market development (Alpha, Beta, Gamma & Theta) found reputation and trust were seen to be pivotal in capitalising on market development opportunities. Further, without generating traffic, market growth was seen as impossible for these start-ups and dotcoms.

However, Epsilon and Omega firms did not see the Internet as the most important element they did view the Internet as an integral part of international market development, as Epsilon stated, "Without the Internet we just could not do what we do". For start-ups and dotcoms with consumer goods traffic, reputation and strategic alliances such as affiliates are vital. Whereas, for dotcoms with services orientated product trading in Asia there is still a dependency on traditional networks for the development of international markets. It is still unclear as to whether product orientation, the international market or both have more influence here as to whether they choose traditional networks for the development of markets. However, market development is only possible due to the Internet as *all* firms indicated that without the Internet as either a primary or secondary source they could either not be international or could not develop so many market. This finding confirms the acceleration of international market development in the internationalisation process of firms.

Conclusion

There is clear evidence from the research that internationalisation is accelerated for firms due to the Internet, clarifying the conceptual predictions by Petersen, Welch & Liesch that this may be the case (2002). However, it was evident that there are still significant limitations for small firms wishing to use a market development strategy online in international markets. That is, limitations in Internet expertise, experience and resource capabilities inhibit *Internetalisation*. Although serendipitous growth was identified it cannot be relied upon to generate any sustainable growth. That is, serendipitous market growth is that international customer acquisition that is unpredicted. Firms identified serendipitous growth as an effect of the World Wide Web, but should not be used as a strategic option as it cannot be forecasted for. However, the use of search engine optimisation (understanding the mathematical algorithms used by search engines so as to manipulate the list to position the firm and product category on the first page), affiliates and public relations strategies will generate the necessary traffic needed for sustainable international market growth.

Further, the argument that deeper penetration needs a physical presence in international markets, as proposed by Petersen, Welch & Liesch (2002), were not evident apart from one firm. Possibly, the new international customers online understand the virtual environment that now exists and are becoming more trusting. However, for the most part the Internet cannot be used as the sole mechanism for dotcoms firms to generate international development of new markets. Trust is imperative to firms wanting to generate Internet users in international markets. Reputation in more traditional channels is essential in creating this trust needed to generate new international markets through networks and should be represented through the companies website. For example, word of mouth and public relations are an effective mechanism for building this reputation. Therefore “if we build it they will come” still remains an inappropriate marketing philosophy for an international online strategy. As, location, location, location may be replaced by traffic, traffic, traffic. Lastly, networks and relationships whether virtual or traditional personal networks are key to accessing traffic for sustainable strategic international growth online no matter whether a start-up or dotcoms.

Contributions & future direction of research

The contributions of this paper are as follows; (a) the findings indicate a range of differing Internet influences on Australian small firms choices of international growth strategies. Either international market choice or the ability of the firm to digitalise the product have been identified as issues that influence the acceleration and decisions concerning international market growth. (b) New virtual networks and changes to traditional networks highlight the importance for a new integrated version of network theory. (c) Lastly, this research extends the current body of knowledge by integrating rich empirical evidence to a body of knowledge that is presently broad and conceptually based. Moreover, this paper illuminates the complexities involved with the Internets influence on the decisions of international growth by small businesses in Australia.

By only analysing six cases however the generalisability is narrowed. Further, by selecting Australian firms, geographically restricts the generalisability of the findings to the Australian small business population. However, this restriction may also give the findings a level of focus. Case study analysis is an exploratory investigation and as a consequence only gives some analytical generalisability. That is, a case study methodology will help to identify and confirm constructs at an analytical level, but cannot give statistical confirmation.

This research has several limitations suggesting opportunities for future research. The results of this study are based on an examination of six firms, hence any broad generalisation is difficult. Therefore, it is suggested future studies examine a larger sample and possibly employ confirmatory techniques. Thus, a more definitive understanding will give a clearer more precise picture of this complex landscape.

Appendix 1

Table 2: Case study analysis matrix

Case Co. code	**Co. type**	**Product orientation**	**Customer type**	**Digitalisation of product**	**Regional focus**	**Intern ional markets % of total business**	**Internet experience**	**Network**	**International growth mechanism**
Case 1 Alpha	Start up	Goods: Bikinis	Business to Consumer	Images used	US/ UK	70%	Highly experienced	Virtual + traditional networks	Sole mechanism
Case 2 Beta	Start up	Service: Images	Business to Business	Total digitalisation	US/ Europe	99%	Expert	Virtual networks	Sole mechanism
Case 3 Gamma	Dotcoms	Goods: Jewellery	Business to Consumer	High quality Images used	US/ UK	35%	Expert employee	Virtual networks	Sole mechanism
Case 4 Theta	Dotcoms	Goods: Artwork, Images	Business to Consumer	High quality Images used	UK/ US	100%	None	Virtual networks	Sole mechanism
Case 5 Epsilon	Dotcoms	Services: Stored value cards	Business to Business	High digitalisation	Asia/ US	75%	Expert	Traditional networks	Complimentary mechanism
Case 6 Omega	Dotcoms	Services: Education	Business to Business	No digitalisation	Asia/ Sth America	100%	None	Traditional networks	Complimentary mechanism

Source: developed for this research

Note: Cases have been given a Greek letters to represent the company, as the anonymity of firms is an imperative ethical consideration. Start up denotes an Internet company that started online. Conversely, a dotcoms is a company that started offline and then entered the World Wide Web at a later date. Digitalisation of the product is the company's ability or capacity to generate as much of the product offerings through the website.

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