

International Market Entry Strategies: Relational, Digital, and Hybrid Approaches

George F. Watson IV, Scott Weaven, Helen Perkins, Deepak Sardana, and Robert W. Palmatier

ABSTRACT

The adoption of digital communications, facilitated by Internet technology, has been among the most significant international business developments of the past 25 years. This article investigates the effect of these new technologies and the changing global business environment to understand how relational approaches to international market entry (IME) are changing in light of macro developments. Despite substantial resources in business practice dedicated to combining relational strategies in digital settings, this analysis of extant literature reveals that fewer than 3% of peer-reviewed research articles in the international marketing domain examine digital contexts. To address this gap, the authors assess 25 years of literature to provide (1) a description of the evolution of IME research; (2) a review and synthesis of pertinent literature that adopts relational, digital, and hybrid approaches to IME; (3) a taxonomy of IME strategies; and (4) directions for further research.

Keywords: international market entry, relationship marketing, digital marketing, hybrid strategies

Modern digital communications, facilitated by Internet technology (IT), account for approximately 22% of global economic output (Manyika et al. 2016). Advances in communications, logistics, and IT—combined with shrinking economic distances among nations, cross-border economic integration, and convergence in customer tastes and preferences—have fundamentally altered firms' ability to identify and sell to customers in international markets (Brun, Durif, and Ricard 2014; Mathews et al. 2016). Reflecting the importance of these developments, among its research priorities, the Marketing Science Institute (2016) asks of researchers, "How will we reach the marketplace of the future?" Yet fewer than 3% of articles in our review of the international marketing (IM) domain examine this future and its digital contexts, even as

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companies devote increasingly substantial resources to them. For example, companies offering digital customer relationship management (CRM) software grew their revenues by 12.3% to \$26.3 billion in 2015 (Poulter 2016). It remains unclear how these broader advances in digital and business environments affect international market entry (IME). In response, this article seeks to identify the effects of the changing global business environment on IME strategies and analyze the conditions that might influence the success or failure of different IME strategies (i.e., relational, digital, or hybrid).

Our discussion of the emergence of digital technologies in IME strategies tracks contemporary business developments and highlights the shortage of attention to the intersection of relational and digital approaches to IME. Of the 6,045 internationally oriented articles published in 29 prominent peer-reviewed marketing and business journals since 1994, approximately 60% contain relational topics. Such articles

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also account for a little more than 60% of the total citations attributed to IM research in this period. Relatively few IM publications (159, or 3%) and citations (2,776, or 1%) out of the total work in international relationship-marketing research examine digital topics. In contrast, 1,004 domestic market articles, accruing 41,626 citations, examine hybrid (i.e., relational and digital simultaneously) topics across these same 29 journals in the same time period.

To inform this under-researched area, we begin with an assessment of the emergence of digital technologies in international relationship-marketing research to highlight its relative absence from contemporary academic thought. Next, we analyze the evolution of IME strategies, to provide a temporal overview of the effects of prior changes in global environments, as well as emerging IME approaches and contexts. In a third step, we review and synthesize literature pertaining to key relational, digital, and hybrid approaches by examining the legal, logistical, market, and cultural considerations for each; in so doing, we explicate some theoretical and empirical insights. Finally, we develop a taxonomy of IME approaches that reflects the combined use of relational and/or digital strategies, identified in our literature review and reflected in illustrative business case examples, to provide a framework for effective IME strategies. With the insights gained across these four perspectives, we delineate three major trends: the ubiquity of data-rich environments, marketing automation, and artificial intelligence. Each trend provides opportunities for impactful research due to its implications for firm learning and knowledge, as well as interorganizational trust and commitment.

In turn, we offer three main contributions. First, our review of relevant research into relational, digital, and hybrid approaches to IME provides a holistic overview of an underdeveloped domain. Digital interactions with channel partners and customers occur in substantially different environments than those described in traditional relationship-marketing literature. In particular, hybrid approaches to IME require the adaptation of relational tactics to exploit new opportunities afforded by digital platforms. Interpersonal interactions may be missing, but Internet-mediated channels offer the unique benefits of convenience, speed, and even an ability to avoid salespeople entirely (Bhatnagar and Ghose 2004). In such environments, hybrid approaches need to address core relational issues such as trust, privacy, security, information sharing, bilateral communication, and shared learning, all in new ways (Creed, Zutshi, and Ross 2009). Rather than relying on person-to-person interactions or artificial boundary spanners, firms need to establish effective online relationship-building strategies with channel partners (Kozlenkova et al. 2017).

Second, our taxonomic classification of IME strategies helps define the domain of inquiry and identifies the conditions in which each approach is likely to be most effective. We provide a classification of various approaches (e.g., licensing, joint ventures, pure digital delivery), discuss likely determinants of their success or failure in each context, and offer illustrative cases to highlight key managerial considerations across distinct business environments. The value of relational approaches appears to increase with greater risk, particularly when the need arises to safeguard tangible firm assets (e.g., supply chains, distribution channels) and intangible customer assets (e.g., proprietary information, location data, usage behavior) in the face of novel legal, logistical, market, and cultural realities in a new foreign market. Success demands the appropriate adaptation of relational approaches in physical and digital contexts, especially as the rate of technological change accelerates and new technologies disrupt established practices.

Third, we offer directions for research, based on our assessment of extant literature and emerging practices in response to contemporary developments in IME practice. Considering the inherently uncertain environment of digitally mediated buyer–seller exchanges, new technologies that facilitate online relationship-marketing strategies can help mitigate cross-border market entry risks. Data-rich marketing environments, which are generally on the rise, feed into developments in marketing automation and artificial intelligence; yet despite their significant potential to alter relationship building in digital environments, they remain relatively understudied in IME literature.

DIGITAL TECHNOLOGY AND INTERNATIONAL RELATIONSHIP MARKETING: KEYWORD ANALYSIS

International relationship-marketing literature, and IM research more generally, consists of “thousands of publications that examine various aspects of the exchange between international buyers and sellers” (Samiee, Chabowski, and Hult 2015, p. 2). Considering the breadth of this literature, we propose using the keywords published with the articles as a good proxy for authors’ collective sense of the past and present interests of the field (Mela, Roos, and Deng 2013). Analyses of these keywords, as well as citations of the articles in which they are contained, can reveal the share-of-mind for a particular subject or theme (Watson et al. 2015b). Extant citation-based analyses focus on marketing thought more generally (Baumgartner and Pieters 2003; Mela, Roos, and Deng 2013; Samiee and Chabowski 2012; Tellis, Chandy, and Ackerman 1999) or subdomains of the

field, such as international relationship marketing and customer relationship management (Kevork and Vrechopoulos 2009; Samiee, Chabowski, and Hult 2015). To advance this research legacy, we investigate business-to-business (B2B) interorganizational contexts in particular. Rather than reproduce the overall knowledge structure of international relationship-marketing literature, we use these techniques to assess the extent to which digital themes have taken hold within academic research since the arrival of relationship marketing and IT.

Consistent with recent methodological best practices, we developed three lists of pertinent keywords to use in drawing data from the Web of Science (Chabowski, Mena, and Gonzalez-Padron 2011; Samiee and Chabowski 2012; Samiee, Chabowski, and Hult 2015).¹ Within this database, we searched the publication title, abstract, author-provided keywords, and reference list for each article (Thomson Reuters 2009)² published in 29 management, marketing, and international business journals (Samiee and Chabowski 2012; Samiee, Chabowski, and Hult 2015).³ We eliminated from consideration book reviews, editorials, and other nonprimary research. The articles for potential inclusion were published after 1994, which is the year Morgan and Hunt's (1994) seminal article appeared and essentially founded relationship-marketing research (Palmatier et al. 2006). This date also marks the beginning of the "intermediate period" in international relationship-marketing literature (Samiee, Chabowski, and Hult 2015, p. 5) and is an early point in the widespread expansion of Internet communications (Elmer-Dewitt and Jackson 1994).

¹Scholars summarize their work through their choice of title, abstract, and keywords to help other scholars determine whether their article is of interest. We use a broad list of keywords and follow recent studies employing similar methods (e.g., Samiee, Chabowski, and Hult 2015; Watson et al. 2015b) such that this approach should capture this literature stream well.

²The exact syntax for the search queries is available on request.

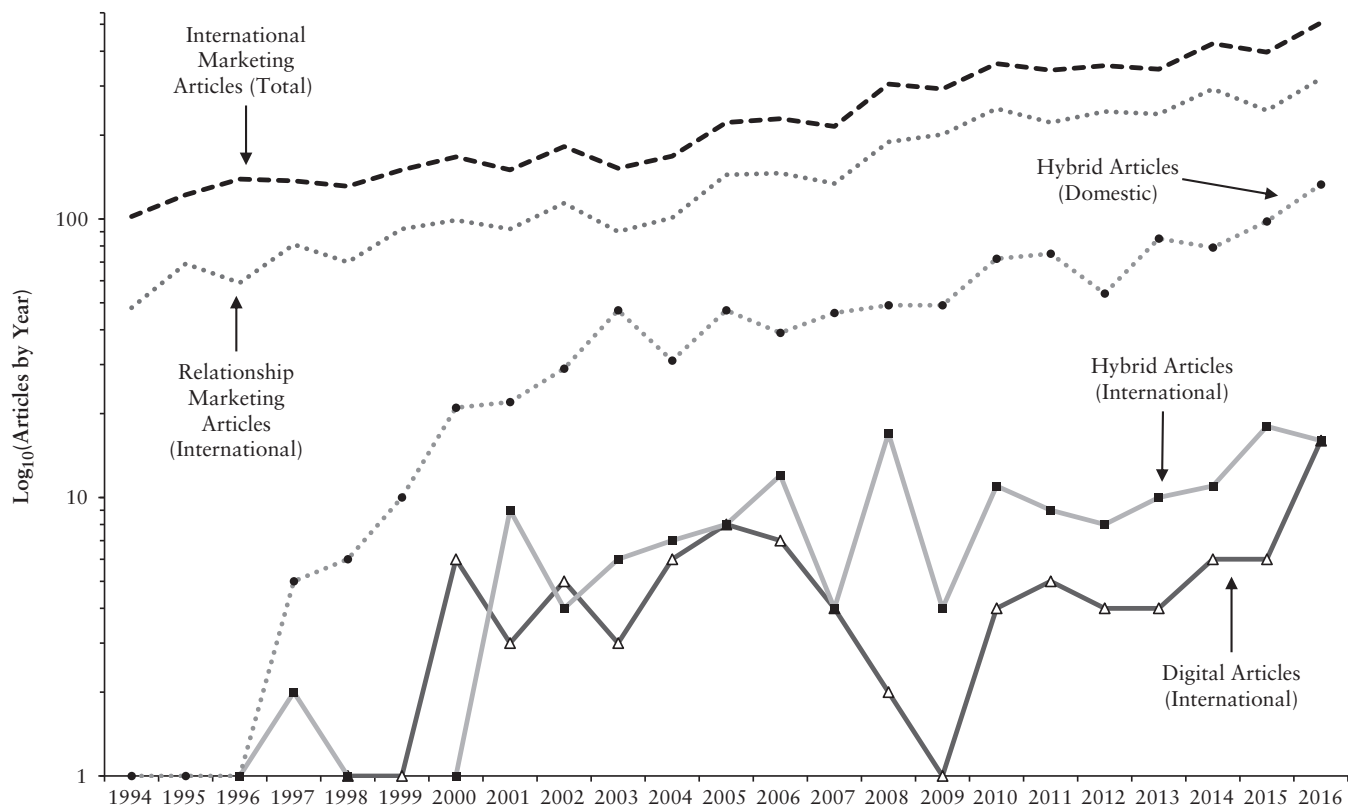
³The 29 journals were *Academy of Management Review*, *Administrative Science Quarterly*, *British Journal of Management*, *California Management Review*, *(Columbia) Journal of World Business*, *Decision Sciences*, *European Journal of Marketing*, *Industrial Marketing Management*, *International Business Review*, *International Marketing Review*, *Journal of the Academy of Marketing Science*, *Journal of Business*, *Journal of Business & Industrial Marketing*, *Journal of Business Research*, *Journal of International Business Studies*, *Journal of International Marketing*, *Journal of Management*, *Journal of Management Studies*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Product Innovation Management*, *Journal of Public Policy & Marketing*, *Journal of Retailing*, *Long Range Planning*, *Management International Review*, *Management Science*, *Marketing Science*, *Organization Science*, and *Strategic Management Journal*.

With a comprehensive list of keywords, we sought to capture the full breadth of research across related domains, not just IME strategies. Therefore, we determined whether an article was international in nature (henceforth, category 1) by whether it contained keywords such as "international," "global," "foreign," "cross-national," "cross-cultural," "developed country," "developing country," "emerging country," "emerging market," "export," and "import" (Samiee and Chabowski 2012). Next, to discern whether an article focused on relationship marketing (category 2), we searched for keywords such as "relationship marketing," "governance," "dependence," "exchange," "inter-firm," "interdependence," "dyadic," "buyer," "seller," "supplier," "opportunism," "cooperation," "trust," "commitment," "conflict," "power," "reciprocity," "norms," and "asset specificity" (Palmatier et al. 2006; Samiee, Chabowski, and Hult 2015). Finally, we investigated whether an article focused on digital contexts and topics (category 3), with search terms such as "digital," "internet," "online," "internet commerce," "cyberspace," "cyber-security," "world wide web," "web 2.0," "m-commerce," "mobile commerce," "e-commerce," "electronic commerce," "e-retailing," "mobile," "wireless," and "smartphone." By combining and excluding these three keyword lists using Boolean operators, we could determine whether a particular article published in the international domain across the 29 journals of interest was primarily relational (classified into categories 1 and 2 but not 3), primarily digital (classified into categories 1 and 3 but not 2), or hybrid (classified into all categories 1–3).

This search identified 6,045 articles that received 218,055 citations. Of these, 3,693 relational articles accounted for 133,723 citations; the 94 digital articles, 2,776 citations; and the 159 hybrid articles, 4,070 citations. Due to disparities in the number of published articles across categories, we chart the logged annual number of published articles attributed to these categories in Figure 1, to offer greater readability (Watson et al. 2015b).

In particular, the 3,693 relational articles account for more than 60% of international literature published over this more than 20-year period, as well as more than 60% of the citations. In stark contrast, barely 3% (159) of the publications and 1% (2,776) of total citations of international relationship-marketing research examine digital topics. For comparison, we note that 1,004 domestic (rather than international) articles, with 41,626 citations, examine hybrid topics (i.e., relational and digital simultaneously) across these 29 journals in the same period. Yet, as we noted previously, modern digital communications facilitated by IT account for approximately 22% of global economic output (Manyika et al. 2016), suggesting the substantial need for international relationship marketing to

Figure 1. Article Count: International Marketing 1994–2016



Notes: Article count is based on 29 peer-reviewed business and marketing journals. For the complete list, see footnote 3. Articles were counted if a keyword of interest based on previous literature (e.g., Samiee, Chabowski, and Hult 2015) appeared in the publication title, abstract, author-provided keywords, or article reference identifiers, available in the Thomson Reuters (2009) Web of Science Database. Category 1 (international): “international,” “global,” “foreign,” “cross-national,” “cross-cultural,” “developed country,” “developing country,” “emerging country,” “emerging market,” “export,” and “import.” Category 2 (relationship marketing): “relationship marketing,” “governance,” “dependence,” “exchange,” “inter-firm,” “interdependence,” “dyadic,” “buyer,” “seller,” “supplier,” “opportunism,” “cooperation,” “trust,” “commitment,” “conflict,” “power,” “reciprocity,” “norms,” and “asset specificity.” Category 3 (digital): “digital,” “internet,” “online,” “internet commerce,” “cyberspace,” “cyber-security,” “world wide web,” “web 2.0,” “m-commerce,” “mobile commerce,” “e-commerce,” “electronic commerce,” “e-retailing,” “mobile,” “wireless,” and “smartphone.” By combining and or excluding each of these three keyword lists with Boolean operators, we determined whether a particular article was primarily relational (categories 1 and 2 but not 3), primarily digital (categories 1 and 3 but not 2), or primarily hybrid (categories 1, 2, and 3) within international research. Due to the large disparities in the sizes of these categories, we logged the article count by year, for enhanced readability.

devote more attention to these important topics. In particular, as digital markets cross physical borders, the importance of managing relationships across foreign contexts grows, especially in light of continued technological developments. To encourage such investigations, we detail the evolution of IME research next, then review pertinent literature that describes the legal, logistical, market, and cultural considerations firms might encounter when entering foreign markets. We base these analyses on our assessments of the content, works cited, and article lists contained in comprehensive reviews (Samiee and Chabowski 2012; Samiee, Chabowski, and Hult 2015), meta-analyses (Leonidou et al. 2014; Palmatier et al. 2006; Samaha, Beck, and Palmatier 2014), and well-cited articles related to each approach (Morgan and Hunt 1994).

EVOLUTION OF IME STRATEGIES

The past 30 years have witnessed significant shifts in IM research and practice, driven by increasing dynamism, global competitiveness, and altered international trade environments (Samiee, Chabowski, and Hult 2015). Most research takes a relational exchange perspective to examine the interactions between buyers and sellers in international contexts (Hoppner and Griffith 2015; Samiee, Chabowski, and Hult 2015), but historical views of IME strategies entail three major approaches, according to their level of relationalism: transactional, relational, or hybridized. Table 1 depicts the evolution of these IME approaches, in terms of key theories, trends, and insights.

Table 1. Evolution of International Market Entry Approaches

	Transactional Approaches			Relational Approaches	Digital Approaches		Hybrid Approaches
	Pre-1980s	1980s	1990s		2000s	2010s	
Influential theories	Classical economics	Transaction cost economics; power dependence theory; agency theory	Social exchange theory; commitment-trust theory	Dynamic capabilities; resource-based view	Network theories; commitment-trust relationship; resource-based view		
Unit of analysis	Dyadic	Dyadic; channel structure	Organization-to-organization boundary spanners	Task-oriented electronic individual transactions	Network structure; technology-mediated marketplaces; direct-to-customer marketing		
Key trends and disruptions	Manufacturer exporting; reductions in trade barriers and tariffs	Foreign competition entering domestic markets	Globalization of markets; customer retention, loyalty, and satisfaction; rise of service economy	E-commerce; digital delivery, SaaS; logistic and communication technology infrastructure	Multichannel; social media; mobile shopping; virtual reality		
Key insights	Profit maximization logic dominated; analyses were focused on resource commitments and controllable market entry decisions.	The focus was on firms located in developed nations that expanded their operations into countries with similar economic environments.	Expanding operations into culturally, economically, and legally dissimilar environments shifted focus from dyadic views of buyer and seller interactions to the broader influence of interpersonal relationships on firm success.	Diffusion of control over communication and products, from the firm to the marketplace, disrupted nondigital business models due to rapid technological development.	Technological and trade developments present new market opportunities by reducing geographic, temporal, and informational barriers to entry but increase the complexity of global exchanges.		
Illustrative articles	Vernon (1966); Wind, Douglas, and Perlmutter (1973)	Anderson and Coughlan (1987); Anderson and Narus (1990); Williamson (1985)	Dwyer, Schurr, and Oh (1987); Ganesan (1994); Morgan and Hunt (1994)	Creed, Zutshi, and Ross (2009); Pavlou, Liang, and Xue (2007); Varadarajan and Yadav (2002)	Keeling, Keeling, and McDrick (2013); Pagani (2013); Yadav and Pavlou (2014)		

1980s and Prior: Transactional Era

Transactional IME approaches focus primarily on a set of profit-maximizing, risk-minimizing channel structure decisions (physical and/or digital) to deliver goods and services to an international market. Early IME research considered the increasing internationalization of business that accelerated in the late 1970s. Globalization came to the forefront of managerial concern; the notion of profit maximization, as derived from neo-classical economics, dominated academic thought, such that early IM literature mainly relied on transaction cost economics and related perspectives (e.g., Williamson 1985). The studies examined manufacturing–distributor exchanges, product life cycles, and managerial perceptions of IM, often in the context of foreign-market entry (Anderson and Narus 1990; Teece 1986). Accordingly, the focal points of interest in these early studies of dyadic buyer–seller exchanges involved resource commitments; controllable market-entry decisions; and the use of wholly owned subsidiaries, acquisitions, or equity stake holdings (Anderson and Coughlan 1987). Key concerns were the bounded rationality of managers, partner opportunism, monitoring (e.g., agency theory), and optimal governance choices, reflecting the less integrated international community. The perspective also strongly implied that firms in developed nations expanded their operations into culturally and economically comparable countries (Hoppner and Griffith 2015). However, such a focus on control and short-term exchanges attracted considerable criticism (Dwyer, Schurr, and Oh 1987), citing the deficiencies that arose from failing to account for relationalism in both domestic and international markets.

1990s: The Rise of Relationship Marketing

In response to these criticisms, insights into relationship marketing joined the transaction cost arguments, with the idea that “the pursuit of caring associations and continuity” in business relationships was critical to effective IME (Samiee, Chabowski, and Hult 2015, p. 2). Relational IME approaches focus primarily on a set of strategies that seek to establish, maintain, and develop effective and mutually beneficial relationships between exchange partners (Leonidou et al. 2014; Skarmeas, Zeriti, and Baltas 2016; Zhuang and Zhang 2011). By the late 1980s, academic research entered an open debate about whether the field was experiencing a paradigm shift toward relationship marketing (Grönroos 1990), which exerted strong influences throughout the 1990s (Möller and Halinen 2000). Accordingly, IM research expanded to address the implications of employing a relationship-marketing lens to understand cross-border business. It also acknowledged that businesses located in developed nations were increasingly

entering developing rather than developed economies; that is, they were expanding into culturally, economically, and legally dissimilar environments, in which local relationships proved immensely important for success (Hillman, Zardkoohi, and Bierman 1999; Samaha, Beck, and Palmatier 2014).

To safeguard tangible business investments in riskier foreign markets, having good relationships emerged as a critical factor (Jap and Ganesan 2000). Weak legal environments in developing economies complicated the kind of contract enforcement necessary for the transactional governance described by the transaction cost literature (Sheng, Zhou, and Li 2011). For example, foreign firms that sought to enter the Chinese domestic market were required to partner with a local, often government-owned enterprise (Faccio 2006), and the resulting transfer of proprietary intelligence and resources weakened firms’ competitive advantage, by design (Nee, Oppen, and Wong 2007). A more dyadic view of buyer–seller interactions also assisted in revealing the role of interpersonal relationships (Kogut and Singh 1988). Substantial research focused on the use of firm resources to encourage ongoing commitment and trust in marketing channel arrangements, such as strategic alliances and joint ventures (Calantone and Zhao 2001). The developments reflected the importance of the exchange in interfirm relationships, diverging from prior work on the singular firm’s decisions as the unit of analysis (Achrol and Kotler 2012).

2000s to Present: The Merger of Digital and Relational Marketing

Hybrid IME approaches focus on determining the appropriate mix of relational strategies employed within a channel structure that makes use of digital communication technologies to deliver the firm’s product or service in a foreign market. Changes in global markets since the early 2000s, due to advances in information technology, domestic market saturation, and increasing competition in developing economies, have brought about a third wave in the development of IME approaches. Technological disruptions, in particular, have outsized impacts on firm behavior (Ashraf, Thongpapanl, and Auh 2014). Logistics and communication technology infrastructure enable firms to reach customers through task-oriented, human-to-technology transactions, though these channels often reduce levels of trust and loyalty (Keeling, Keeling, and McGoldrick 2013). Such changes also create new challenges, such as when they enable channel partners (e.g., intermediaries, manufacturers) to sell directly to customers through channel disintermediation and thereby increase levels of competition and the potential for conflict (Kozinets et al. 2010).

Accordingly, many firms combine digital technologies and relational interactions in hybridized approaches to customer engagement to develop enduring customer involvement, trust, commitment, and loyalty toward online brands (Simmons 2008). Such hybrid approaches have naturally proven popular in markets with high Internet and mobile penetration (e.g., Japan, South Korea) but are also growing in use in the United States and other developed markets (Kim et al. 2011). As the price of smartphones continues to drop, these approaches are likely to continue expanding in middle- and lower-income economies as well (Saadi 2017). The continued drop in smartphone prices has enormous implications for hybrid approaches in lower-income economies, in that it enables easy and frequent multichannel contacts, without requiring the purchase of relatively expensive computers to access the Internet. The potential for digital development is highest in Southeast Asia, Latin America, and parts of sub-Saharan Africa, due to their relatively low market saturation (Chakravorti, Tunnard, and Chaturvedi 2015).

Whether the approach is transactional, relational, or hybrid, IM clearly has evolved into what Brun, Durif, and Ricard (2014) call “e-relationship marketing.” This form of marketing is key for realizing value in digital exchanges; it consists of integrated marketing communication facilitated by Internet-enabled technology platforms that engender trust, build commitment, improve satisfaction, and increase loyalty levels among exchange partners. However, poor applications can degrade relational outcomes (Jackson 2014), so navigating this shift to hybrid approaches to IME is not entirely straightforward.

LITERATURE REVIEW: RELATIONAL, DIGITAL, AND HYBRID APPROACHES TO IME

Despite the imbalance of literature, with far greater coverage of relational approaches to IME relative to digital or hybrid approaches, we provide assessments of extant literature pertaining to all three approaches (see Tables 2–4, respectively). For each approach, we highlight the key concepts and definitions, determinants of IME, and research findings. In this analysis, we also address four vital macroeconomic considerations with substantial influence on the success or failure of IME approaches (Dunning 2009): legal (Cavusgil, Deligonul, and Zhang 2004; Theodosiou and Katsikeas 2001), logistical (Bowersox and Calantone 1998; Douglas and Craig 2011), market (Anderson and Coughlan 1987; Cano, Carrillat, and Jaramillo 2004), and cultural (Samaha, Beck, and Palmatier 2014) considerations. In this sense, our focus in this section is on the external factors

endemic to a foreign market “that are important determinants in the development of the firm’s competitive advantage and its investment decisions” (Uddin and Boateng 2011, p. 548).

Relational Approaches to IME

Relational IME approaches primarily center on the set of strategies that seek to establish, maintain, and develop effective, mutually beneficial relationships among exchange partners (Leonidou et al. 2014; Zhuang and Zhang 2011). In particular, trust, defined as “confidence in an exchange partner’s integrity and reliability” (Morgan and Hunt 1994, p. 23), and commitment, or the “enduring desire to maintain a valued relationship” (Moonman, Zaltman, and Deshpandé 1992, p. 316), are major determinants of exchange performance and lasting keystones of relationship marketing in international environments (Samiee, Chabowski, and Hult 2015).

Legal Considerations. In economies with stronger legal environments, firms can benefit from the careful use of contractual governance as a formal means to clarify channel member roles and expectations in new buyer–seller relationships to mitigate IME risk (Keeling, Keeling, and McGoldrick 2013). Contractual negotiation offers a conduit that enables goal sharing, dispute resolution, information exchange, explicit knowledge transfers, and management of expectations between parties, increasing the levels of transparency and accountability in the relationship (Griffith and Zhao 2015). In some contexts, however, formal contracts with specific requirements and extensive monitoring may signal mistrust, ignore the need for flexibility in the market, and undermine relationship efficacy, thereby encouraging (rather than discouraging) opportunism (Poppo and Zenger 2002; Zhuang and Zhang 2011). The successful implementation of relational approaches can address higher-risk environments by increasing the levels of customer trust, engagement, loyalty, and satisfaction (Brun, Durif, and Ricard 2014; Palmatier et al. 2006), particularly when weaker legal environments (as often characterize developing economies) complicate contract enforcement as a means to safeguard tangible assets, as anticipated by transaction cost economics (Sheng, Zhou, and Li 2011). Firms that adjust their contract specificity and formality to suit local legal characteristics and contractual norms, perhaps by adopting more relational governance methods (e.g., trust-enhancing strategies) and greater tolerance for minor contractual breaches, are more likely to achieve enhanced exchange performance in foreign markets (Yang, Su, and Fam 2012).

Logistical Considerations. Channel structures and information flows in new markets can influence the success of relational approaches to IME. For example, delays or

Table 2. Relational Approaches to International Market Entry: Review of Key Literature

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Legal determinants	<ul style="list-style-type: none"> • Legal system: Foreign laws and regulations will differ from those in the home market, influencing firm preferences for contractual vs. relational governance. • Stability: Exchange partners need to articulate terms of reference when operating in volatile environments. • Enforcement: Legal enforceability may be uncertain in terms of how local laws influence the nature of economic transactions. • Cost and speed: Differing business legal environments will determine the costs and speed associated with business setup and operations in business relationships. 	<ul style="list-style-type: none"> • Contract customization: Contract with foreign partner incorporating tailored obligations, responsibilities, benefits, and administrative arrangements to minimize threats of future misunderstandings. • Contract specificity: The level of explicitness, specification, and precision of contract terms. • Contract monitoring: Governance process that oversees and assesses a partner's compliance with the contract. • Contract violation: Deviation from contractual stipulations and features. 	<p>Contract specificity and contract monitoring are more effective in reducing contract violations in countries with low business risk and globalized markets because they do not require the same level of flexibility or (rapid) adaptation due to mutual understanding of expectations, contracts, and the importance of firm reputation. In countries with high business risk, contract specificity and monitoring are less effective for minimizing violations, in that high specificity does not offset volatility in international markets (i.e., reduced flexibility).</p>	<p>Cannon, Achrol, and Gundlach (2000); Griffith and Zhao (2015); Leonidou et al. (2017); Lusch and Brown (1996); Yang, Su, and Fam (2012)</p>
Logistical determinants	<ul style="list-style-type: none"> • Channel competition: The number of and access to potential channel partners influence the effectiveness of relationship marketing. • Channel networks: The group of associated suppliers, distributors, and retailers that deliver to end users an offering brought about by the coordinated channel efforts of the focal firm, which affects approaches to relationship marketing. • Service-dominant logic: The roles of exchange partners are not distinct, so value is always cocreated, jointly and reciprocally. 	<ul style="list-style-type: none"> • Relationship-specific investments: Exchange partners' idiosyncratic investments, not easily transferable beyond the bounds of the relationship. • Institutional distance: Prevention, delay, or distortion of information exchanged in a relationship that keeps parties apart. • Network characteristics: Embeddedness is the degree to which firms are enmeshed in a network with overlapping social and economic ties that lead to repeated transactions. Density is the level of interconnectedness among network members (strong vs. weak ties). Centrality is the number of direct ties between a firm and others, and authority is power in decision making. 	<p>Relationship-specific investments such as customized transaction procedures strengthen relational bonds and create value through lower interaction costs and scope for innovation. Firm abilities to access and/or develop foreign-channel networks can offer superior information processing, knowledge creation, and adaptive abilities. Institutional distance in foreign channels will influence perceptions of legitimacy and market ambiguity, which in turn inform optimal governance choices to minimize any adverse performance impacts.</p>	<p>Akaka, Vargo, and Lusch (2013); Leonidou et al. (2014); Palmatier, Dant, and Grewal (2007); Skarameas, Katsikeas, and Schlegelmilch (2002); Yang, Su, and Fam (2012)</p>

Table 2. Continued

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Market determinants	<ul style="list-style-type: none"> • Environmental turbulence: Economic and political (in)stability may enhance the benefits of relational approaches in high-risk business environments. • Market concentration: Relational investments need to be considered within the context of firm brand/competitive positioning because dependence may restrict movement to/from foreign partners. • Psychic distance: Customers' subjective assessment of differences between home and foreign-market firms may act as barriers to relationship formation. 	<ul style="list-style-type: none"> • Opportunism: Self-interested behavior with guile. • Power: The capability of one firm to exert influence over another (includes noncoercive and coercive elements). • Coercion: A firm's influence on another through the imposition or threat of harsh sanctions for noncompliance. • Dependence: A firm's need to maintain a relationship with another to achieve its goals. 	<p>Markets with higher uncertainty may require more relational marketing effort and increased levels of communication to engender trust, minimize perceived opportunism, and focus on relational approaches to increase perceptions of trustworthiness. Economic and political instability may favor a relational market orientation with less reliance on formal contracts and formal planning due to the need for more flexibility (e.g., Chinese cultural preferences for relational approaches to business management).</p>	Griffith and Zhao (2015); Palmatier, Dant, and Grewal (2007); Sousa and Bradley (2006); Zhuang and Zhang (2011)
Cultural determinants	<ul style="list-style-type: none"> • Individualism–collectivism: Cultural emphasis in which individuals are expected to be self-reliant and distant from others (individualism), rather than mutually dependent and closely tied to others (collectivism). • Power distance: Cultural acceptability of inequalities between more and less powerful members of society. • Uncertainty avoidance: The propensity of societal members to feel threatened by ambiguous or unknown situations. • Masculinity–femininity: The degree to which “tough” (masculine) characteristics are valued over “tender” (feminine) characteristics in a culture. 	<ul style="list-style-type: none"> • Trust–commitment: Trust is confidence in an exchange partner's reliability and integrity, and commitment is an enduring desire to maintain a valued relationship. • Relational market orientation: All activities of the firm to establish, develop, and maintain relationships with customers and other parties at a profit by mutual exchange and the fulfillment of promises. • Cultural sensitivity: Awareness of and willingness to manage differences between domestic and foreign business practices. • Adaptation: The extent that one party makes substantial adjustments to fit the needs of a foreign exchange partner. 	<p>Cultural sensitivity is linked to enduring commitment, so firms should invest in cultural training programs and hire managers educated in other cultures. Relational market orientations, cross-cultural training, and frequent visits to foreign exchange partners reduce the psychic distance to promote more accurate assessment of differences between home and foreign markets, as well as greater willingness for interaction in foreign-country contexts (standardization vs. adaptation strategies), ultimately leading to performance gains.</p>	Conway and Swift (2000); Hofstede (1980); Rothaermel, Kotha, and Steensma (2006); Samaha, Beck, and Palmatier (2014); Skarmeas, Katsikeas, and Schlegelmilch (2002);

Table 3. Digital Approaches to International Market Entry: Review of Key Literature

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Legal determinants	<ul style="list-style-type: none"> Government regulation: Local governments exhibit varying degrees of openness to foreign firms freely operating online. Transactional rule of law: The strength of foreign-market regulation that may affect online transactional integrity. Anti-piracy environment: Firms must be able to protect digital offerings from copying and protect themselves against fraud. 	<ul style="list-style-type: none"> Digital engagement metrics: Measures to assess digital marketing effectiveness. Big data: Large, complex data sets, difficult to process using traditional tools or applications. Digital espionage: Illegally attempting to access nonpublic information about a firm's customers, employees, technologies, and trade secrets for the purpose of damaging the target's business practices. 	<p>A strong legal environment in a foreign market benefits new market entrants by reducing uncertainty in expected legal protections, through higher transparency and stability of the boundaries of acceptable behavior. It also lowers reputational costs to honest businesses by effectively punishing transgressors, and it increases trust in digital exchanges. However, strong government intervention may require the transfer of proprietary technology and practices, weakening the competitive position of new entrants.</p>	<p>Oxley and Yeung (2001); Schu and Morschett (2017); Tiago and Verissimo (2014)</p>
Logistical determinants	<ul style="list-style-type: none"> Digital infrastructure: Accessibility of high-speed wireless networks, high Internet penetration rates, high mobile communication penetration, and digital technology for sales channels. Physical infrastructure: E-tailers; ability to find reliable channel partners to ensure product availability, efficient order processing, and transportation. IT capabilities: Firm information resources and information technology skills influence the likelihood of adopting digital marketing strategies. 	<ul style="list-style-type: none"> Computer-mediated environment: The dynamic, distributed, potentially global network enabling firms and consumers to communicate and access digital content. Two-sided market: An electronic market-making intermediary (informationary) that facilitates negotiation and transactions between buying and selling firms. B2B auctions: Online reverse auction mechanisms, typically used for procurement, in which sellers compete to obtain the buyer's business by lowering their prices. 	<p>Information network navigation, search, integration, decision making through new modalities, and multiple synchronized devices are increasingly the norm. Trends toward marketing-mix and distribution innovation are enabled by improved technology capabilities and cost reductions. Firms motivated to improve their efficiency with IT resources when entering online exchanges tend to gain most. In some B2B markets utilizing auctions, price transparency (open format) can actually damage long-term relationships by arousing supplier suspicions of buyer opportunism, while non-transparent auctions (sealed-bid) surprisingly avoid this problem.</p>	<p>Deng and Wang (2017); Jap (2003, 2007); Leeftang et al. (2014); Varadarajan and Yadav (2002); Yadav and Pavlou (2014)</p>

Table 3. Continued

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Market determinants	<ul style="list-style-type: none"> Platform adoption: The prevalence, medium (e.g., desktop, mobile), and comfort with which potential customers complete digital exchanges. Product offering: Products and services that are readily digitizable facilitate the adoption of digital marketing strategies. Market concentration: High concentration or market actors or intermediaries increase the risk of collusion and price fixing. Market size and increasing complexity determine the business structure. 	<ul style="list-style-type: none"> Foreign-market orientation: A firm focuses all activities and processes on creating customer value by leveraging its knowledge about foreign markets. Entrepreneurial orientation: A firm's aggressive competitiveness, inclination to take risks, and preference for change and innovation. 	Competitive advantage and performance outcomes depend on the firm's ability to leverage valuable and inimitable resources. Firm resources (e.g., brand strength, supplier relations) mediate the positive influence of both firm-market orientation and foreign-market orientation on financial performance outcomes. An entrepreneurial orientation does not appear to influence competitive advantages or firm performance.	Colton, Roth, and Bearden (2010); Pagani (2013); Sultan, Rohm, and Gao (2009)
Cultural determinants	<ul style="list-style-type: none"> Internet commerce readiness: The mix of optimism, innovativeness, discomfort, and insecurity exhibited toward using the online exchange among a market's population. Cultural distance: Markets that are culturally similar (e.g., that share a language) are easier for foreign firms to enter. Firm reputation: Influences e-retail competitive advantages and thus the effectiveness of the digital strategy in a global marketplace. 	<ul style="list-style-type: none"> International network capabilities: Relational capabilities such as mutual exchange knowledge, trust, cooperation, and social interactions for customer and international business network relationship development. International strategic orientation: Openness to, appreciation of, and understanding of other cultures, and strong commitment to international markets. 	International strategic orientation and foreign-market information, leveraging Internet-enabled marketing activities, develops information and knowledge capabilities that can reduce the business liability of foreignness in unfamiliar cross-border and cross-cultural environments. Empirical evidence supports the indirect influence of Internet marketing capabilities on international firm performance (e.g., international sales, market growth) through positive effects on information availability and international network capabilities.	Ashraf et al. (2017); Kotha, Rindova, and Rothaermel (2001); Mathews et al. (2016)

Table 4. Hybrid Approaches to International Market Entry: Review of Key Literature

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Legal determinants	<ul style="list-style-type: none"> Information security laws: International privacy and information security laws affect how online consumer information is managed with associated costs. Data collection laws: Laws governing the type and amount of customer-related information that can be collected, or is required to be collected, by firms. Data breach disclosure requirements: Requirements governing the disclosure of data breach events involving customer information. 	<ul style="list-style-type: none"> Consumer privacy concerns: The perceived risk related to loss of control and security of personal information. Opt-out information control choice: Consumers take action to protect their information. Opt-in information control choice: Firms gain permission from consumers to use and share information. 	Concerns over consumer privacy stem from the creation of large integrated databases containing comprehensive individual-level information. Offering consumers control over the dissemination and use of their personal data mitigates privacy concerns and builds trust and commitment to the online brand. The choice between opt-out and opt-in control does not seem to matter; the simple offer of some control through choice may be enough to build trust.	Eastlick, Lotz, and War-rington (2006); Martin, Borah, and Palmatier (2017)
Logistical determinants	<ul style="list-style-type: none"> Advanced Internet infrastructure: International availability of enhanced Internet functionality and interactivity across international boundaries. Dynamic capabilities: Firm (and industry) preparedness to embrace technology development, continuous improvement, and e-relationship strategy. Geographic distance: Increases the time and material costs associated with delivering physical goods from digital transactions. 	<ul style="list-style-type: none"> Organizational alignment: Inter-firm and intraorganizational coordination of activities and priorities. Quality: Site reliability, privacy, efficiency, value-added services, and information usefulness. Image: Site reputation for offering more value-added services than competition. Cooperation: Parties work together to achieve mutual goals, leading to outcomes beyond those that would be achieved if they acted solely in their own interests. 	The most important antecedent of customer loyalty and competitive advantage is perceived quality of the site, including its reliability, privacy, usability, design, access, information availability, value-added services to complement transactional activities, and information usefulness (up-to-date, credible, trustworthy). The second most important contributor is site image, assuming it provides better added value than the competition.	Ashraf et al. (2017); Colton, Roth, and Bearden (2010); Janita and Miranda (2013); Pardo, Ivens, and Wilson (2013)

Table 4. Continued

Determinants	Conditions Conducive to Approach	Key Concepts and Definitions	Key Findings	Articles
Market determinants	<ul style="list-style-type: none"> • Price consciousness: Suppliers need to remain cognizant of customers being price driven over relationship driven, such that costs and pricing considerations are central to relationship-building efforts. • Incumbent firms: Emerging threats from multinational firms originating in developing countries may disrupt operations in developed nations or produce significant barriers to entry in foreign markets. • Competitive intensity: Online customer acquisition via the web can be expensive and difficult because competition is a click away. 	<ul style="list-style-type: none"> • Brand relationship: The long-lasting bond between brand and consumer as a function of emotional connection and communication. • Online brand: The digital brand is both a technology and a product, where the user is also the consumer. • Online brand experience: The inter-subjective and holistic response to contact with an online brand. 	<p>Disruptions to existing marketing channel structures due to the emergence of service economies, market uncertainty, globalization, and growth in Internet-enabled communications technologies and big data induce multichannel retailing, vertical integration strategies, and relational governance. Increasingly advanced digital infrastructure and mobile usage enable direct communication with customers. Real-time collection of customer preference and purchase data and the development of closer retailer–customer relationships place additional pressure on traditional retail channels and increase market competition.</p>	<p>Kozlenkova et al. (2017); Lacastra and Lages (2006); Morgan-Thomas and Veloutsou (2013); Watson et al. (2015b)</p>
Cultural determinants	<ul style="list-style-type: none"> • Information sharing: Cultural differences and communication norms may influence intended decoding of communication methods, messages, and images. • Shared cultural values: The ideals that guide or qualify a boundary spanner's personal conduct, interaction, and involvement with other exchange partners. • E-service quality: The extent to which a digital interface facilitates efficient and effective exchanges. 	<ul style="list-style-type: none"> • Relational schema/performance scripts: Expectations of the nature of interactions in a relationship. • Social presence cues: Social representations designed to compensate for a lack of interpersonal interaction. • E-relationship marketing: Establishing, maintaining, enhancing, and commercializing networked customer relationships. • Satisfaction: Perceived customer focus, simplicity and ease of e-experience, information accessibility and availability, and visible commitment to e-relationship and e-commerce. 	<p>Technologically mediated relationships are seen as less friendly, less cooperative, and more task oriented than face-to-face relationships. Internet-mediated channels suffer from a lack of interpersonal interactions yet offer unique benefits of convenience, speed, and social avoidance, if desired. Efficacy of social presence cues online depends on their type; avatars are poorly received in e-tailing. It is important to enhance the overall customer experience through careful scripting of online interaction sequences to improve perceptions of friendliness in an online environment.</p>	<p>Berthon et al. (2008); Brun, Durif, and Ricard (2014); Jap and Mohr (2002); Keeling, Keeling, and McGoldrick (2013)</p>

distortions in information exchanges due to the institutional dissimilarities in foreign channels will influence perceptions of legitimacy and market ambiguity between channel partners, which in turn inform the optimal governance choices for minimizing adverse performance impacts (Leonidou et al. 2014). To help overcome institutional distance and unfamiliarity, relationship-building activities can strengthen channel networks of associated suppliers, distributors, and retailers that deliver market offerings to end users through a better coordination of focal firm efforts, as well as by insulating these networks from competitive forces (Palmatier et al. 2006). Similarly, firms' abilities to access or develop foreign-channel networks can offer superior information processing, knowledge creation, and adaptive abilities (Rothaermel, Kotha, and Steensma 2006). Relationship-specific investments can assist in alleviating these difficulties by strengthening relational bonds, creating value, lowering exchange costs, and providing an avenue for innovation and cocreation of knowledge to improve exchange performance (Akaka, Vargo, and Lusch 2013; Skarmeas, Katsikeas, and Schlegelmilch 2002).

Market Considerations. Physical and psychological distance, risk of opportunism, environmental turbulence, risk of communication misunderstanding, and even the threat of outright deception tend to be substantial in cross-border interfirm relationships. A willingness to adjust to the market is key; if a market is characterized by intense competition and low uncertainty, relying too much on relational ties may prove problematic (Kostova 1997). Taking a more transactional approach that acknowledges competitive market forces, customizes channel contracts, and includes additional monitoring thus may be a better short-term strategy. Economic and political instability (i.e., environmental turbulence) may favor a relational market orientation with less reliance on formal contracts and formal planning, due to the need for greater flexibility. Markets characterized by higher levels of uncertainty also may require more relational marketing effort and increased levels of communication to engender trust, minimize perceived opportunism, and increase perceptions of trustworthiness (Samaha, Beck, and Palmatier 2014). Consequently, the relational capabilities of firms operating in complex international markets play a critical role in determining market growth and financial performance, in part due to their risk mitigation effects (Griffith and Zhao 2015; Samiee, Chabowski, and Hult 2015).

Cultural Considerations. Cultural differences may lead to misinterpretations of specific business practices, communication styles, institutional/power structures, or governance mechanisms (Yang, Su, and Fam 2012). Cultural factors, such as individualism–collectivism, acceptance of

power distance, preferences for uncertainty avoidance, and dominance of masculinity or femininity values in social interactions, can have profound impacts on the effectiveness of relational approaches (Samaha, Beck, and Palmatier 2014). Although channel partners acting in the best interest of committed, well-trusted sellers discourage opportunistic behavior, “outsider” firms that seek to enter lower-trust societies often find that a relational orientation is appropriate only for “insiders” (Wang 2007). Relational market orientation, cross-cultural training, and frequent visits to foreign exchange partners reduce psychic distance and can promote more accurate assessments of differences between home and foreign markets, as well as a greater willingness to interact in foreign-country contexts (with standardization or adaptation strategies), which ultimately should lead to performance gains (Conway and Swift 2000; Skarmeas, Katsikeas, and Schlegelmilch 2002). However, patience, time, and substantial resources are also required to build managerial ties and genuine personal relationships with key stakeholders (i.e., relationship-specific investments). Should managers decide to make such investments, the resulting relational approaches can increase firm credibility and ultimately improve exchange performance (Voldnes, Gronhaug, and Nilssen 2012).

For relational approaches to IME to succeed, managers must recognize, understand, and adapt to the contextual factors of a foreign market, which inform the relative effectiveness of relational strategies in transactions characterized by geographic distance and economic, cultural, and political differences (Samaha, Beck, and Palmatier 2014). Logically, international exchange relationships should include elements of both relationship-building strategies and prudent contractual governance for optimal performance because they represent complementary rather than mutually exclusive orientations (Seshadri and Mishra 2004). For example, relational governance may take precedence over contractual governance in uncertain markets, to incorporate appropriate levels of flexibility and tolerance (Griffith and Zhao 2015), but transactional approaches may tend to work better in stable markets or when the investment costs of relational strategies substantially outweigh their potential benefits.

Digital Approaches to IME

Internet communication technologies have a significant and growing influence on business transactions in many markets (Janita and Miranda 2013; Mathews et al. 2016). These communication advances enable businesses to identify and exploit market opportunities faster and across wider geographic areas than was previously possible (Creed, Zutshi, and Ross 2009). Although

entrepreneurs have developed entirely new business models to exploit these technological developments, such business environments are also fraught with substantial risk and widespread influence, as demonstrated by the dot-com boom (and bust) of the early 2000s.

Legal Considerations. Advances in digital technologies prompted a multitude of new considerations for marketing managers in this domain, especially in relation to the availability and dissemination of information (Varadarajan and Yadav 2002). Legally, these new information flows are subject to varying regulations across markets. Local government regulations may exhibit varying degrees of openness to foreign firms operating freely online, differing levels of transactional integrity, and divergent approaches to the protection and enforcement of digital piracy. Moreover, firms may find themselves subject to digital espionage attempts from foreign-market firms and even government agencies (Reinmoeller and Ansari 2016), all of which necessitate a strong understanding of the legal protections available to firms entering new foreign markets, as well as avenues for protecting intangible firm assets.

Logistical Considerations. Other features also differentiate digital environments from traditional IME settings, such as the reduced (electronic) proximity between buyers and sellers and varying temporal distances (i.e., time between purchase and receipt is greater for physical goods but lesser for digital products) (Simmons 2008). As information availability and dissemination has enabled increased firm learning and knowledge about new markets and new customers, it has also had profound effects on the decentralization of channel structures and the development of interorganizational networks (Gupta 2008; Yadav and Pavlou 2014). Digital infrastructures enable both the ability to find new channel partners in foreign markets (Petersen, Welch, and Liesch 2002) and new, digital-only business models that easily cross national boundaries (e.g., software as a service [SaaS]). For example, start-up businesses operating within the digital space automatically have the potential to be born global, due to the very nature of the digitally mediated, real-time communication channels that connect buyers and sellers from all over the world (Watson et al. 2015b). Furthermore, the physical infrastructure of channels has become more distributed and accessible, due to developments in technological platforms such as cloud computing (e.g., Amazon Web Services, Microsoft Azure, Google Cloud Platform) and point-of-sale online payment processing (e.g., Square, Shopify) that previously were prohibitively difficult or expensive to adopt. Accordingly, firms that are motivated to improve their capabilities with IT resources tend to gain more (Yadav and Pavlou 2014).

Market Considerations. For customers, Internet-enabled technologies make comparisons easier and support competitive evaluations, by offering multiple sources of credible information about the price and nonprice attributes of potential channel partners. Firms and customers that rely on digital technologies in their marketing and purchasing practices benefit from rich information, obtained with lower search costs (Häubl and Trifts 2000), which can reduce the information asymmetry between buyers and sellers and mitigate the potential for opportunism and conflict. For example, because digital approaches to marketing can serve as both distribution and promotion channels, they can reduce firms' marketing costs and increase their marketing efficiency (Varadarajan and Yadav 2002). The result is a more effective buyer-seller match, though there is a concomitant threat of increased competition, only a click away. Continued technological developments in digital communication technologies and the accessibility (and decreasing prices) of smartphones have had enormous implications for expanding straight-to-customer IME strategies in lower-income economies (via channel disintermediation); yet firms still need to adapt their mobile IME strategies to match the readiness of local markets (Ashraf et al. 2017; Mathews et al. 2016). The average global selling price of smartphones has fallen by approximately 25% since 2011 (Saadi 2017), and this price trend has enormous potential to extend levels of digital economic development in developing markets, thus enabling firms to access millions of potential new customers.

Cultural Considerations. Finally, digital approaches to IME represent a firm resource that can establish a foundation for specific marketing capabilities. Empirical evidence supports the indirect influence of Internet marketing capabilities on international firm performance (e.g., international sales, market growth) through positive effects on information availability and international network capabilities (Mathews et al. 2016). When combined with foreign-market information, these capabilities help reduce liabilities in unfamiliar cross-border and cross-cultural environments (Kotha, Rindova, and Rothaermel 2001). The effective use of digital information technologies also can facilitate valuable learning about foreign markets and potential international customers, including cultural, political, and economic contexts, which may help assuage information asymmetry and the sense of "foreignness" (i.e., cultural distance) (Mathews et al. 2016). Managers develop firm resources when they combine existing marketing processes, skills, and information with IT resources to enhance capabilities pertaining to sales force systems, channel management and support, competitive intelligence, operational efficiency, and marketing-mix decisions tailored to new markets (Ray, Barney, and Muhanna 2004; Gabrielsson and Gabrielsson 2011).

For example, web-based technologies can build an international customer base, provide information, enable price-based competition, and facilitate CRM (Verma, Sharma, and Sheth 2016). Improved technology capabilities and cost reductions enable trends toward greater market customization of product, promotion, pricing, distribution, and innovation (Pazgal and Soberman 2008). Yet, customers also perceive digital approaches as riskier and less trustworthy than face-to-face settings (McCole 2002), so the application of traditional relationship-marketing strategies through digital means (i.e., hybrid approaches) may have substantial value for firms, especially in complex and competitive international marketplaces.

Hybrid Approaches to IME

Hybrid approaches to IME blend relational and digital strategies, increasing the potential complexity of firm efforts to enter a market. Not only must firms overcome risks associated with the local market, they must do so within the constraints of digital environments that can limit the level of interpersonal interactions that help build strong buyer–seller relationships.

Legal Considerations. A substantial function of CRM is to procure timely, accurate information about customers, so legal stipulations relating to the ability to gather, use, and protect digital metrics of customers may pose substantial operational difficulties and compliance costs (Sen and Borle 2015). In part, this challenge reflects concerns about customer data privacy stemming from the creation of large, integrated databases that contain comprehensive, individual-level information. Offering consumers control over the dissemination and use of their personal data mitigates privacy concerns and builds trust and commitment to the online brand (Tucker 2014). The choice between opt-out versus opt-in methods does not seem to matter; the simple offer of some form of control to the customer may be sufficient to build trust (Martin, Borah, and Palmatier 2017). Yet, some basic level of trust in the reliability and security of Internet-enabled communications systems must exist; nascent relationships can deteriorate quickly following even minor breaches of intangible customer assets, such as account and usage information (Eastlick, Lotz, and Warrington 2006; Martin, Borah, and Palmatier 2017).

Logistical Considerations. In digital environments, the perceived quality of the site, including its reliability, privacy, usability, design, access, information availability, value-added services to complement transactional activities, and information usefulness (up-to-date, credible, trustworthy data) represent primary antecedents of customer loyalty and

competitive advantage (Janita and Miranda 2013). That is, a well-executed digital environment provides the foundation for hybrid strategies, but rapid rates of technological change necessitate constant reevaluations of hybrid approaches. Central to such ongoing assessments is the maintenance of close channel-member relationships, which are critical for executing the accurate, reliable, logistically challenging fulfillment of products and services in digital exchanges (Colton, Roth, and Bearden 2010). These buyer–supplier relations can be a source of competitive advantage if they are imperfectly imitable, which becomes increasingly difficult to achieve in the face of more distributed and accessible value chains in the channel. Furthermore, the accessibility of end users to upstream firms increases with the proliferation of Internet access provided by increasingly affordable computers and smartphones (Ashraf et al. 2017), which heightens the need for effective multichannel strategies to prevent conflict with existing channel relationships, as well as effective management of new end user relationships after disintermediation (Srinivasan and Moorman 2005).

Market Considerations. Early relationships in digitally mediated contexts often feature a transactional approach, with low levels of engagement and trust, a strong emphasis on price, a high tendency to switch, and greater risk perception (Brun, Durif, and Ricard 2014; Zhang et al. 2016). In highly competitive digital markets, incumbent firms in the local market tend to be better attuned to local conditions. However, as exchange frequency increases—supported by transparent, effective, reliable, secure, Internet-enabled communication systems—trust in the company and engagement levels rise, while perceived risk and switching tendencies decrease (Conway and Swift 2000). Beyond technical capabilities, brand strength offers another means to mitigate the uncertainty, turbulence, and potential confusion of digital markets (Morgan-Thomas and Veloutsou 2013). Hybrid approaches can have distinct effects for various firm outcomes. For example, online platform providers generate much of their revenues from pay-per-click search advertising, pay-per-impression display advertising, and membership fees. High-trust, committed customers generate less search advertising revenue than low-trust, organic visitors, but they are more effective for generating display advertising and membership fee revenue, due to their greater engagement and time spent on the platform (Kozlenkova et al. 2017). By creating customer bonds, through connections to a brand’s emotionally laden values, firms can produce relational experiences, even in digital settings (Wang, Pauleen, and Zhang 2016). A strong brand reputation also decreases psychological barriers and increases feelings of technological self-efficacy, which should enhance the perceived ease of use of online exchanges (Song et al. 2010).

Cultural Considerations. Cultural differences across markets can alter the effectiveness of relational strategies used in digital settings, so firms must acknowledge the advantages and shortcomings of their technological choices. Relational approaches through digital settings often lack the interpersonal interactions that tend to drive trust, but they generate advantages associated with increased levels of convenience, speed, and efficiency (Bhatnagar and Ghose 2004). Moreover, channel partners may perceive technologically mediated exchanges as less friendly and more transaction focused than face-to-face exchanges, because the lack of human interaction eliminates various tangible and sensory cues (Keeling, Keeling, and McGoldrick 2013). To overcome these concerns, firms have sought to expand the functionality, flexibility, and feedback opportunities in their digital interactions (Keeling, Keeling, and McGoldrick 2013), as well as social cues, by implementing relational schema and performance scripts (Bickmore and Picard 2005). The extent to which such interactions produce transparency, accountability, feedback opportunities, and expectations of reciprocity defines their influence on customer perceptions of quality, friendliness, and satisfaction in the exchange (Keeling, Keeling, and McGoldrick 2013). Ultimately, establishing interactions with customers remains a primary goal of firms that employ hybrid approaches to IME, for which engagement, trust, and commitment still constitute the central elements of effective CRM in digitally mediated exchanges.

Digitally mediated channels have led to the development of new business models of international buyer–seller value exchanges (Janita and Miranda 2013; Mathews et al. 2016) that recognize the need to adapt extant relational strategies to leverage the advantages available through these technologies. As this review and synthesis of literature highlights, digital interactions with customers occur in substantially different environments than the conventional settings addressed by extant relationship-marketing literature. To exploit the multitude of opportunities afforded by digital platforms, hybrid approaches can adapt relational tactics to accommodate unique business environments. In particular, they should concentrate on core relational issues (e.g., trust, privacy, security, information sharing, bilateral communication, shared learning)—which are relatively more difficult to achieve with digital IME strategies.

TAXONOMY OF RELATIONAL, DIGITAL, AND HYBRID MARKET ENTRY STRATEGIES

Taxonomic analysis in marketing originates in strategic management literature and is useful to identify and describe strategies for firms in competitive markets (Jap and Mohr 2002; Namiki 1994; Porter 1980). Taxonomies are based

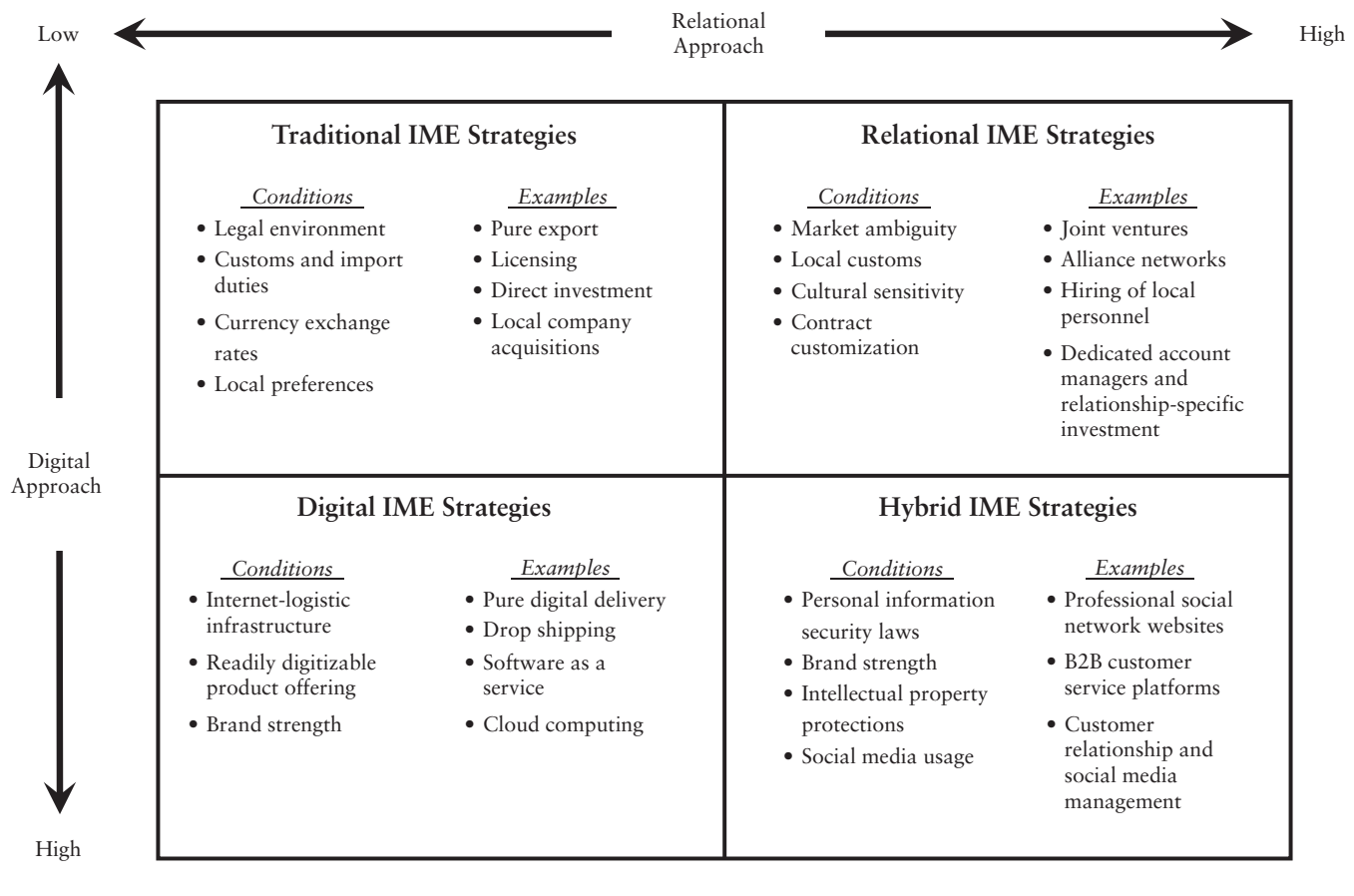
on the principle that the strategies adopted by firms in different classifications indicate relatively heterogeneous strategic behaviors, but firms in the same classification demonstrate homogeneous strategic behaviors (Cavusgil, Chan, and Zhang 2003). In this section, we propose a taxonomy of IME strategies based on a firm's simultaneous implementation of digital and relational approaches, as a basis for our topological identification. Figure 2 provides a visual representation of our IME taxonomy, which crosses high and low levels of digital and relational IME strategies to define four main categories: traditional, relational, digital, and hybrid. In line with each type, we provide concrete examples of IME approaches (e.g., licensing, joint ventures, pure digital delivery, SaaS), discuss relevant conditions that influence success or failure in each context, and offer short cases to illustrate the managerial considerations in both successful (Table 5) and unsuccessful (Table 6) implementations.

In line with each type, we provide concrete examples of IME approaches (e.g., licensing, joint ventures, pure digital delivery, SaaS), discuss relevant conditions that influence success or failure in each context, and offer short cases to illustrate the managerial considerations in both successful and unsuccessful implementations. Figure 2 provides a visual representation of our IME taxonomy, which crosses high and low levels of digital and relational IME strategies to define four main categories: traditional, relational, digital, and hybrid.

Low Digital–Low Relational: Traditional Strategies

Traditional IME strategies refer to planned systems of delivering and distributing goods and services to an international market through foreign-channel intermediaries. Before the development of Internet-enabled communications, conventional IME strategies focused on manufactured goods and the need to secure tangible firm assets and monitor international partners, so they gave rise to approaches designed to bridge or avoid differences across countries (Akaka, Vargo, and Lusch 2013). For example, with a pure exporting strategy, a firm can sell and ship its domestically manufactured goods to a foreign distributor in the desired market without requiring a physical presence in the country. Licensing agreements (e.g., Microsoft Enterprise Agreements) and franchising (e.g., Hertz corporate car rentals in Europe) also allow firms to enter international markets by assigning most of the capital risk to local agents. If the firm's offerings demand complex manufacturing techniques, it may prefer fully integrated production, such as through the purchase of a local firm, or foreign direct investment to build physical assets in foreign markets. Such options are prevalent in the services sector, too, such as when a consulting firm sets up offices abroad

Figure 2. Taxonomy of IME Strategies



to ensure control over its output to international customers (e.g., the Berlin offices of McKinsey & Co.).

Such traditional IME strategies must account for distinctions between foreign and domestic environments, including differences in culture (language, tastes), currency, legal concepts, import duties and customs, and physical distance (Akaka, Vargo, and Lusch 2013). Culture largely determines whether firms can sell their products “as is” or instead should make significant changes or develop new offerings specific to the chosen market (Cavusgil, Deligonul, and Yaprak 2005). For example, UPS initially entered the Chinese market in 1988 on the strength of its export–import B2B services and chose to partner with local carriers for domestic delivery to learn the market, rather than directly transplant its U.S. model by purchasing its own Chinese air routes and acquiring local distributors (Gao and Prime 2010). Although this choice limited UPS’s short-term growth, it was able to avoid the risks of what was then a volatile market, prior to China’s entry into

the World Trade Organization, while also learning that Chinese business customers preferred customized logistic services over standardized offerings. By 2002, Chinese exports helped UPS grow its revenues by 60%. Fluctuations in exchange rates can also render firm offerings prohibitively expensive or, alternatively, so inexpensive that supply stock-outs become an issue. The varying legal and regulatory requirements across markets may also add costs (e.g., Japanese vs. U.S. environmental regulations) or threaten to put a firm in violation of legislation (e.g., European antitrust lawsuits against Microsoft).

Low Digital–High Relational: Relational Strategies

Relational IME strategies refer to firm actions that aim to build strong relationships with exchange partners to overcome exchange risks associated with foreign markets, including physical and psychological distance, opportunism, relational instability, communication difficulties, and deception

Table 5. Successes: Illustrative Examples of Taxonomies of International Market Entry

	Low Digital–Low Relational: Traditional IME	Low Digital–High Relational: Relational IME	High Digital–Low Relational: Digital IME	High Digital–High Relational: Hybrid IME
	Embraer Aircraft (Worldwide)	Fleetguard Filters (India)	Blackboard Educational (Australia)	Google SMEs (India)
Context	<p>Empresa Brasileira de Aeronautica SA (Embraer) was established in 1969 by the Brazilian government to manufacture planes, primarily for the Brazilian Air Force and, later, nonmilitary regional aircraft. However, the company fell into bankruptcy by the early 1990s and was subsequently privatized to an investor group in 1994. Under private leadership, the company restructured and entered new product segments in the regional commercial aircraft market underserved by larger manufacturers like Boeing.</p>	<p>Fleetguard Filters Pvt. Ltd., a subsidiary of Cummins Filtration Inc., is a leading original equipment and aftermarket auto component manufacturer of heavy-duty air, fuel, lube, hydraulic filters, air intake systems, coolants, and chemicals for commercial engines. It is an International Organization for Standardization Technical Specification–certified filter company that services automotive and industrial engine and equipment manufacturers through distributors, sales representatives, and retailer networks throughout India.</p>	<p>Blackboard Inc., based in the United States, is one of the pioneer providers of learning management system solutions to educational institutions such as high schools, community colleges, and universities across the globe. It holds the largest market share for learning management systems in the United States and Australia.</p>	<p>The Indian market is both large (>1 billion people) and high-growth (four times the world average), so capturing the Indian B2B digital advertising market was a central goal in Google’s global market strategy. Containing more than 47 million small and medium-sized enterprises (SMEs), the Indian market was given explicit priority as a strategic market by senior leadership.</p>
IME strategy	<p>Success in the aeronautics industry depends on design and manufacturing competence, price and operational costs of aircraft, and postsales services provided to relatively few customers spread around the world. At the time of its reorganization, Embraer decided to venture into the then-underserved market for jets flying regional routes, characterized by roughly 50-seat jets flying routes of approximately 1 hour and 600 miles in length. Its exported product, the ERJ-145, hit the market in 1996 as a lighter, cheaper, and 15% less expensive to operate alternative to its main rival, the Bombardier CRJ-200.</p>	<p>Although Fleetguard focuses on developing innovative new products for its clients, much of its success has been attributed to building strong relationships with channel partners. Removing conventional strategies based on sales and incentive targets, Fleetguard has instead invested in long-term loyalty programs for distributors, resulting in reductions in (distributor) stock holding periods by more than half in comparison with its closest competitors. Central to its high-relational approach is building channel partner trust, ongoing commitment, and satisfaction by adopting a “theory of constraints” management methodology and ensuring that Fleetguard managers maintain a close and active role in communicating and managing inventory levels with individual distributors.</p>	<p>Since it was founded in 1997, the company has been aggressive in its international growth and used its early-entry advantage in this market, combined with its consolidation strategy, to buy out its direct competitors. With such a dominant position in the market, it primarily uses a digital approach to sell its learning management platforms to its global customers, typically educational institutions. It has a relatively small physical office presence in the Asia–Pacific region, to save on costs, and relatively few channel partners, with none in Australia. Customer support is primarily provided through low-cost phone and email communications.</p>	<p>Google hosts more than 175,000 websites for small businesses in 8,000 cities in India, free of charge. With its Digital Unlocked program, Google supports a Digital India campaign, promising to conduct more than 5,000 online workshops for small businesses to be jointly certified by Google and the Indian School of Business. Through Google’s Launchpad Accelerator, it has recruited experts to assist start-ups, and it provides its My Business App to allow small businesses to develop their websites. To promote customer engagement, Google also provides free Wi-Fi in hundreds of railway stations.</p>

Table 5. Continued

	Low Digital–Low Relational: Traditional IME	Low Digital–High Relational: Relational IME	High Digital–Low Relational: Digital IME	High Digital–High Relational: Hybrid IME
	Embraer Aircraft (Worldwide)	Fleetguard Filters (India)	Blackboard Educational (Australia)	Google SMEs (India)
Performance implications	The new EJR-145 secured its first contract with a regional operator of Continental Airlines in 1996, and by September 2000, Embraer delivered its 300th ERJ-145 with British Regional Airlines. In comparison, it took Canada's Bombardier almost seven years to deliver 300 of the EJR-145's nearest competitor. By 1998, Embraer had returned to profitability, and by 2002, exports accounted for 90% of total sales and led worldwide unit sales for regional aircraft. By the end of 2004, Embraer was the second-largest regional jet manufacturer in the world, after Bombardier, and it registered net profits of \$380 million.	Fleetguard's dominance in the original equipment and aftermarket automotive sector has resulted from its focus on traditional approaches to relationship marketing to drive cost efficiencies and continually improve service outcomes. Moreover, it has an explicit strategy of retaining staff (even in periods of economic uncertainty) to minimize potential disruptions to existing relationships with channel partners. Such approaches have seen substantial growth in Fleetguard's network, which has grown to 60,000 outlets and a network of over 2,000 distributors in 2016, with considerable growth in turnover from ₹5,600 million (\$87 million) in 2011 to over ₹9,230 million (\$144 million) in 2017.	The approach taken by Blackboard has resulted in good performance, primarily due to its leadership within the learning management systems market. In July 2011, Blackboard agreed to a \$1.64 billion buyout led by Providence Equity Partners, which ramped up the company's approaches. As of 2016, the company brought in more than \$565 million in revenue from 16,000 clients located in more than 90 countries worldwide.	Google has made significant inroads in the Indian market and continues to achieve high profits in its sales of B2B advertising, including triple-digit advertising growth in 2011 and 2012, as a testament to the success of its 2012 "India: Get Your Business Online" campaign. Continued success looks likely considering the country's continued online and mobile growth, where its app market ranked first in Google Play downloads worldwide.

Table 6. Failures: Illustrative Examples of Taxonomies of International Market Entry

	Low Digital–Low Relational: Traditional IME	Low Digital–High Relational: Relational IME	High Digital–Low Relational: Digital IME	High Digital–High Relational: Hybrid IME
	Dubai Ports World (United States)	Michel’s Patisserie Franchises (China)	eBay Small Business (China)	Adobe SMEs (India)
Context	Based in Dubai, United Arab Emirates, Dubai Ports World (DP World) operates multiple related businesses in marine port management, maritime services, logistics, and technology-driven trade solutions. Its operations span 70+ marine and inland terminals across 40 countries in six continents in both developed and developing economies, and it was looking to expand operations into the United States. The company is owned by the government of Dubai through a holding company.	Founded in Sydney, Australia, in 1988, Michel’s Patisserie utilized a franchise concept to establish several retail formats, including high street and strip positions, inline shopping center stores, and kiosks. It remains one of the most successful retail food concepts in Australia, serving more than 20 million cups of coffee and 9.5 million slices of cake each year. However, by the mid-2000s, the company recognized it was close to market saturation and investigated options to grow the brand internationally.	eBay entered the Chinese market in 2004 to capture customers, but in pursuit of success, its business model entailed enlisting small business owners and traders who would use eBay’s platform to sell products to end users. At the same time, Alibaba saw major competition in eBay and responded with a competing website, Taobao, for small business owners and traders to sell online to end customers.	Software piracy is a major issue in developing countries, particularly in India, which is highly connected but relatively low income. Adobe and its competitors are also impacted by piracy, and products priced for developed markets do not translate well to developing economies. Yet Adobe considered India an important growth country and a key market.
IME strategy	In February 2006, the stockholders of the Peninsular and Oriental Steam Navigation Company (P&O), a British firm, agreed to a sale of that company to DP World in which they would assume the leases of P&O to manage major U.S. facilities at the Port of New York and New Jersey, Port of Philadelphia, Port of Baltimore, Port of New Orleans, and Port of Miami, as well as operations in 16 other ports outside the United States. The deal was approved by the U.S. Committee on Foreign Investment, but domestic businesses affected by the merger raised concerns about foreign ownership of economically important ports, which quickly became a political controversy, due to fears of foreign control over strategic U.S. assets related to concerns about terrorism and illicit trafficking.	Michel’s initially expanded to culturally similar markets (e.g., New Zealand, Singapore, Malaysia) but also recognized the potential of the Chinese market. The firm’s IME strategy typically involved establishing “turnkey” stores and centralized bakery operations outside of the expensive city center; a third-party joint venture arrangement between a local Chinese entrepreneur added an additional layer of complexity. Corporate headquarters maintained close relational ties with their head franchisee in China but had minimal involvement with the territorial licensing and day-to-day operations. Lower than expected sales, suboptimal store locations, and government regulation put pressure on the brand, necessitating conversions of franchise stores to company ownership at great cost.	The approach taken by eBay was primarily transactional, rebranding itself in China as “eBay EachNet” and spending heavily to advertise online. eBay signed exclusive advertising rights with major portals to outbid Taobao. Still, eBay EachNet lost market share to Taobao, primarily due to its limited contextual understanding and misapplication of its high-digital and low-relational approach. Although EachNet tried to dominate digital advertising, Taobao understood that Chinese small business owners at the time spent more time watching TV than browsing the Internet, and it advertised accordingly. Additionally, EachNet charged customers relatively high rates, whereas Taobao’s services were offered free of cost to small traders and business owners.	Adobe has extensive networks of channel partners and retailers to sell its various products to individuals and small and micro businesses. Adobe provides extensive and costly digital support to its channel partners while trying to build relationships with them. Yet it often encounters problems when individuals and small businesses use pirated versions of its software. To address this piracy issue, the company often lends its network and legal support to its channel partners to enforce punitive measures. Channel partners, in collusion with institutional authorities, often raid and audit individuals and small businesses to check for piracy.

Table 6. Continued

	Low Digital–Low Relational: Traditional IME	Low Digital–High Relational: Relational IME	High Digital–Low Relational: Digital IME	High Digital–High Relational: Hybrid IME
	Dubai Ports World (United States)	Michel's Patisserie Franchises (China)	eBay Small Business (China)	Adobe SMEs (India)
Performance implications	<p>Despite support from then-President George W. Bush and significant business publications, a Congressional House Panel voted 62–2 to block the deal, essentially forcing DP World to sell its P&O-acquired U.S.-based assets to a “U.S. entity.” Eventually, it went to American International Groups’ asset management division for an undisclosed sum and was renamed Ports America. Despite its best efforts, DP World was unable to overcome the domestic politics and legal maneuvering of interested parties in the local market.</p>	<p>While Michel's Patisserie experienced domestic success through maintaining close working relationships with franchisees, by abrogating decision-making authority to its master franchisee and territorial licensee in China, its ability to respond to challenges was curtailed. Strategic changes came too late, and by 2007, franchise operations were sold to the Retail Food Group Ltd., as Michel's exited the Chinese market.</p>	<p>Knowledge of local and cultural issues also worked in favor of Taobao. For example, Taobao realized that most of its consumers were not sophisticated enough to utilize options for auctions, and they needed simple and intuitive sales function. In contrast, eBay applied the auction function that worked well for it in the United States. eBay quit the Chinese market in 2006, leaving its remaining customers to shift their allegiance to Taobao, whose philosophy was to let its customers profit first.</p>	<p>While it is incorrect to state that Adobe is performing poorly in India, individuals and small businesses are not happy customers because they feel coerced and harassed to buy legal products to conduct their business. One of the reasons is the faulty pricing strategy in a poor and developing country like India. Prices for Adobe's products in India are on par with those in highly developed countries, such that its products are deemed unaffordable by even the most genuine users in India.</p>

(Leonidou et al. 2014). Principally, relational approaches attempt to enhance commitment and trust (i.e., informal governance), often through relationship-specific investments or contractual obligations tailored to the local market (i.e., formal governance). These approaches take many forms, including joint ventures, alliance networks, cooperative planning, and hiring local personnel (Yang, Su, and Fam 2012). They encourage information sharing, flexibility, and solidarity, and in conjunction with flexible contracts, they can provide a foundation for establishing legitimized practices (Poppo and Zenger 2002).

In turn, various conditions influence the success of relational-focused IME strategies. Market ambiguity or dynamic business environments often require increased communication, to engender trust and minimize perceptions of opportunism that may arise from the internal uncertainty that firms experience when entering foreign markets (Yang, Su, and Fam 2012). However, the scope and magnitude of relationship-specific investments must reflect the firm's competitive positioning in the marketplace because these investments could restrict expansion with other foreign partners or limit alternative opportunities (Skarmeas, Katsikeas, and Schlegelmilch 2002). Legal considerations include procedures to govern information sharing, joint codes of conduct and monitoring, mediation, responsibility guidelines, and ethical codes that align with the local market (Leonidou et al. 2014). Cultural sensitivity to laws and legal practice is also paramount to success and may explain why relationship-marketing activities achieve varying levels of effectiveness across international borders (Samaha, Beck, and Palmatier 2014). For example, collectivist cultures often favor more relational flexibility, to ensure agility in uncertain political and economic environments. Accordingly, investments in cross-cultural training can promote better assessments of differences between domestic and foreign markets (Skarmeas, Katsikeas, and Schlegelmilch 2002).

High Digital–Low Relational: Digital Strategies

Digital IME strategies involve the arm's-length delivery and distribution of goods and services to a foreign market through Internet-enabled communication technologies. Through Internet-enabled communications, modern businesses can identify and exploit market opportunities faster and across wider geographic areas (Creed, Zutshi, and Ross 2009), as well as develop new business models to connect sellers and buyers interested in transactional exchanges of both goods and services. For example, manufacturers can sell through multiple international online affiliates that provide independent expertise, reviews, and information in a commission-only model (Gilliland and Rudd 2013).

Technology developments also facilitate purely digital approaches, such as SaaS (e.g., Dropbox) and pure digital delivery (streaming video subscriptions, multiplayer gaming), which often derive revenues from pay-per-click search advertising, pay-per-impression display advertising, or membership fees (Edelman 2014).

Such digital approaches naturally occur for products and services that can be readily distributed through digital platforms and for physical products that benefit from digital augmentation (e.g., exclusive web-based content with purchase of Adobe Analytics). They depend on the accessibility, penetration, capacity, functionality, and efficiency of the Internet and web-based infrastructure (Tiago and Verissimo 2014). Firm experience and internal technological capabilities also determine the success of digital initiatives. Less concentrated industries (i.e., with more and highly fragmented intermediaries) tend to lead firms to embrace direct marketing through e-marketplaces, but high concentration at this intermediary level creates a threat of retaliation, thereby disincentivizing firms from marketing directly to customers (Varadarajan and Yadav 2002). To gain competitive advantages, e-tailers must work closely with suppliers to ensure product availability, efficient order processing, and transportation (Colton, Roth, and Bearden 2010). Brand strength also influences this competitive advantage and the effectiveness of a digital strategy in a global marketplace. If firms rely on foreign-market distributors for the efficient delivery of goods, foreign labor laws will affect their digital strategy (Tiago and Verissimo 2014). Furthermore, firms must protect their digital offerings from piracy and need access to independent third-party audits of search engines to detect fraud. These efforts largely depend on the foreign market's legal statutes and enforcement mechanisms.

High Digital–High Relational: Hybrid Strategies

Hybrid IME strategies refer to firm actions that blend customer relationship building into digital channels of delivery and distribution of goods and services to a foreign market. In a landscape in which digital marketing is fundamental to business (Brun, Durif, and Ricard 2014; Mathews et al. 2016), relational strategies require adaptation to exploit modern technological advantages, especially those that facilitate exchanges. Relational approaches integrated into digital environments help alleviate the risk perceptions that arise in purely digital contexts. For example, digital service providers such as ZenDesk help business customers handle their own customer service issues related to digital exchanges. Digital, technology, and social media platforms also make it possible for a new type of firm to help customers

develop professional relationships (e.g., LinkedIn, AngelList) or customer relationships (e.g., Salesforce, HootSuite).

In addition, online retailing and relationship-marketing management help expand foreign markets by combining the advantages of digital approaches (e.g., convenience, availability of information) and relational approaches (e.g., risk mitigation, governance). Hybrid approaches can supplement or replace offline relationship-marketing efforts (Keeling, Keeling, and McGoldrick 2013), such as when social media encourage e-relationship and brand development or increase customers' readiness to engage with digital communication and transaction technologies (Brun, Durif, and Ricard 2014). Firm technology that demonstrates trustworthiness (e.g., minimizes security risks, increases price consistency) can generate cooperation and commitment. Because digital purchases also involve transactions of sensitive information, legal considerations also can be substantial. Depending on the local market, laws surrounding privacy and personal information security will affect the management of online customer data, particularly in markets in which governments monitor online activities (Eastlick, Lotz, and Warrington 2006). International marketers must define desirable levels of transparency for both data and technology across different markets while combating leakage to competitors; weak or nonexistent legal protection for intellectual property can threaten the survival of firms entering international markets (Wang, Pauleen, and Zhang 2016). Cultural factors also warrant consideration (Morgan-Thomas and Veloutsou 2013). For example, managers should design and test communications for receptivity by customers to ensure they are acceptable in different cultural contexts. Social media and other digitally delivered relational approaches also should include appropriate social cues, images, and communications to avoid misunderstanding or relationship damage.

Taxonomic Summary

Increasing customer familiarity with (and use of) technology-mediated firm interactions presents both risks and opportunities for firms entering foreign markets. In particular, the value of relational approaches increases, due to the enhanced risk, which in turn is a result of the legal, logistical, market, and cultural realities of the local environment. Whether firms need to safeguard their tangible firm assets to enter a foreign market (e.g., supply chains, distribution channels) or must protect intangible customer assets (e.g., personal information, location data, usage behavior), they must consistently establish and maintain customer trust. Thus, relational approaches are well suited. However, a core difficulty for marketers lies in finding ways to adapt their relational approaches to accommodate growth in the use of digital

interfaces, particularly considering the accelerating rate of technological change.

RESEARCH AGENDA AND DIRECTIONS

Despite their enormous influence, Internet-enabled technologies remain at a relatively nascent stage of development; they stand poised to exert even greater impacts on business strategy and practice in the next 30 years. Our review and analysis of prior literature leads us to believe that three main topics are likely to establish important avenues for research: the ubiquity of data-rich marketing environments, marketing automation, and artificial intelligence. Each area has potentially vast implications for developing trust and commitment in buyer–seller relationships, as well as expanding firm knowledge and learning. Along these lines, they hold potential to substantially influence various measures of firm performance across multiple time horizons.

Data-Rich Environments

Modern businesses can capture, integrate, and use data from multiple sources, which provides opportunities to gain insights into current marketing practices and develop firm knowledge as a basis for establishing new marketing strategies (Sun 2006). Analyzing data from multiple sources can be advantageous in terms of gaining new customers and improving the engagement of existing customers, through a deeper understanding of their needs. Likewise, firms can better understand the influences of competitors, foreign markets, and new product opportunities—all in real time. Data-rich marketing environments enable firms to include more parameters in their analyses of new customers or market opportunities (e.g., trend mining with marketing analytics), extract more value, and more accurately measure advertising campaign results (Weinberg, Davis, and Berger 2013). Relatedly, they facilitate quick historical comparison to past product-market performance benchmarks such as unit sales, as well as customer behavior like acquisition and retention metrics, for more effective managerial decision making (Katsikeas et. al 2016). The collection, analysis, and exchange of big data should extend firms' relational capabilities in international markets and elicit greater trust and relational commitment, due to increased transparency (e.g., communication) and more in-depth customer knowledge. This, in turn, may also improve the speed and success of international expansion by increasing local market legitimacy (Wu and Zhou 2017). However, some caveats to the use of big data remain. Companies such as Amazon and Facebook note increasing concerns about how customers perceive their data collection approaches, with the recognition that excessive data collection may create customer

(and community) reactance and dissent that could harm profitability and brand value (Swant 2016). It also would be valuable to examine potential power and dependency changes in international business relationships when one channel partner controls the bulk of the exchange information, as is the case with infomediaries, two-sided platforms, B2B auctions, and other electronic marketplaces (Gal-Or and Gal-Or 2005; Lancaster and Lages 2006). Such informational advantages may destabilize international relationships if less dependent (more powerful) relational partners exhibit opportunistic behaviors (Geyskens et al. 1996).

Marketing Automation

Marketing automation extends traditional marketing methods by gathering information from multiple data sources and then altering marketing content rapidly as needed (Hunter and Perreault 2007). In turn, data availability is critical for the effective automation of firm learning and knowledge implementation, which requires accurate assessments of dynamic customer preferences (Heimbach, Kostyra, and Hinz 2015). Marketing automation makes it possible to customize or personalize marketing-mix elements to targeted customer segments and seamlessly manage channel partner logistics; yet it can be difficult to execute complex operations in digitally mediated environments (Heimbach, Kostyra, and Hinz 2015). Customers respond to customized offerings with greater involvement or engagement, due to the relevance of the marketing information (Järvinen and Karjaluoto 2015). In this case, the benefits include enhanced customer conversion rates, cross- and up-selling outcomes, and improved customer retention rates. Similarly, customer experience with automated services is likely to impact real-time customer mindset performance outcomes like satisfaction and attitudinal loyalty (Katsikeas et al. 2016), both of which are linked to accounting and financial performance of the firm (Watson et al. 2015a). Automation holds promising advances for sales force management as well. For example, Hunter and Perreault (2007) find that using sales technologies to analyze and communicate information has a positive effect on salespeople's customer relationship-building performance but a negative effect on their administrative performance (e.g., submitting required sales reports). They posit that such effects imply a trade-off between selling and nonselling responsibilities. Considering that marketing automation leverages relevant, timely information, automating certain *internal* marketing processes may prove beneficial for leveraging digital and hybrid IME relationship-building strategies.

To date, relatively little research has investigated the implications of increased uses of automation in marketing or

its effect on buyer-seller relationship quality, suggesting potentially fruitful avenues for research. For example, do greater levels of automation stress relationship quality because the partner increasingly is serviced by automated, digital processes rather than account managers? Can automated processes focused on one market work well in an international expansion? Studies of how international partners might share responsibilities for the design and administration of automated content—especially from power, dependence, and information asymmetry perspectives—are likely to be insightful. On a related note, many firms have outsourced or offshored their CRM processes, precisely in response to the emergence of global, low-cost, high-speed communication and information processing networks (Kalaiganam and Varadarajan 2012), yet the effects of automation are still not well known over the customer life cycle. For example, some call centers offer varying levels of customer service depending on a customer's profitability and will assign customers with lower lifetime value to automated, menu-based service (Zeithaml, Rust, and Lemon 2001). Accordingly, we suggest the need to investigate the extent that automating potentially important relationship-building interactions may help or hinder customer expansion and retention across multiple sociocultural contexts.

Artificial Intelligence

There is ample scope for the practical application of artificial intelligence (AI) to IM, precisely due to its potential to exploit the ubiquity of data-rich marketing environments for firm learning and knowledge. For example, self-organizing maps based on artificial neural networks can assist small businesses in making decisions about optimal overseas market locations (Fish and Ruby 2009). To advance such insights, researchers might consider ways that AI can supplement managerial decision making about market entry, channel partner selection, product optimization, pricing decisions, and advertising strategies. Effectively implemented, AI systems are likely to outperform statistical-based tools for complex, qualitative, or difficult-to-program marketing problems and decision scenarios (Martínez-López and Casillas 2013); yet researchers and practitioners are still working to realize this promise. Relatively little literature links the use of AI to marketing applications (Casillas and Martínez-López 2009), such as the use of AI to analyze massive, user-generated data or support finer judgments about customer groups in diverse international market contexts (Cooke and Zubcsek 2017). Likewise, AI holds substantial promise pertaining to forward-looking operational performance gains, such as forecasting and evaluating new-product success or market entry timing decisions (Katsikeas et al. 2016; Wu and Zhou 2017).

Nor is there sufficient research into the opportunities for using AI systems to interact with and enhance interorganizational trust and commitment in business settings. For example, how might AI supplement or replace customer service representatives and salespeople? Early studies describe how AI helps salespeople target and acquire new customers more efficiently (D'Haen and Van den Poel 2013), but they ignore its potential for carrying out relationship-building activities. To what extent might the use of AI by boundary spanners hinder or enhance trust and commitment? Moreover, marketers and researchers lack clear guidelines about the contexts in which AI is more appropriate or effective for building customer relationships and whether customers will be receptive to these technologies, especially if they minimize human interactions. Avatars (i.e., digital simulations of salespeople or assistants) might increase social presence cues and facilitate trust, and some evidence suggests that their use can improve the overall customer online experience (Holzwarth, Janiszewski, and Neumann 2006). However, evidence of the acceptability and influence of avatars in virtual environments is equivocal, and some findings challenge the universality of customer acceptance or perceived usefulness in various transnational contexts (Mahdjoubi, Koh, and Moobela 2014).

Conclusion

The adoption of digital communications technologies has been one of the most significant developments in business since the mid-1990s. With the development of the Internet and its penetration into developing economies, dramatic increases in the globalization of media, culture, and thought have prompted firms to bypass local relational infrastructures and enter foreign markets with a digital (transactional) or hybrid digital-relational strategy. This article provides context and direction for academic researchers and marketing professionals working on IME topics, by highlighting the development of academic research in this domain; reviewing and synthesizing pertinent theory associated with relational, digital, and hybrid approaches to IME; providing a taxonomy of modern IME strategies and illustrative case studies; and suggesting potentially impactful areas for research based on their implications for firm learning and knowledge, as well as interorganizational trust and commitment.

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