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Research Note

The development of international e-commerce in retail SMEs: An effectuation perspective

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ABSTRACT

There is an urgent need in the field of international entrepreneurship to elucidate how SMEs can pursue new opportunities in a digital international business environment. The purpose of this study is to examine, by using effectuation theory, the processes by which retail SMEs develop international e-commerce in foreign markets. This research is based upon qualitative data from three Swedish retail-SMEs. This study makes a theoretical contribution to international entrepreneurship research by providing more granular insights into the actual drivers of e-commerce internationalisation. In particular, this study illustrates how capabilities underlie the processes of international e-commerce development.

1. Introduction

It has become an increasingly accepted idea that entrepreneurial activity amongst small and medium-sized enterprises (SMEs) is a key engine for the economic development of nations (The Organization for Economic Co-operation and Development, 2017). The rules of the game regarding international expansion for these SMEs have arguably changed in an era of rapid transitioning towards digital and more automated business transactions, increasingly niched demand, and a service-based economy (The Organization for Economic Co-operation, Development, 2017). Recent studies in the field of international entrepreneurship indicate that the adoption of e-commerce can enable further growth for SMEs by opening up opportunities in new markets and enabling access to untapped customer segments (Melén Hånell, Rovira Nordman, Tolstoy, & Özbek, 2019; Ojala, Evers, & Rialp, 2018; Tolstoy, Jonsson, & Sharma, 2016). Scholars in international entrepreneurship acknowledge the need for more studies of how companies use digital sales efforts to pursue international opportunities (Schu, Morschett, & Swoboda, 2016). Many SMEs must be able to navigate and pursue opportunities in a digital international business environment to ensure their long-term survival; thus, research relating to digital sales is necessary.

One industry where the digital transitioning and the importance of e-commerce is particularly pronounced is the retail industry. Digital modes of establishment, such as commercial websites, are substantially replacing or complementing physical modes of establishment in this industry, such as stores (Hagberg, Sundstrom, & Egels-Zandén, 2016). Consumers now make new demands, such as self-service alternatives, attractive online sales platforms, convenient payment options, and quick and cheap deliveries (Kim, Dekker, & Heij, 2017). E-commerce, here defined as the "trading of goods or services over computer networks such as the Internet" (Eurostat, 2017), has arguably created new international business opportunities for retail SMEs. Many retail SMEs, however, are still challenged by scarce resources, which may affect their abilities to leverage e-commerce sales channels (Quinn, Hutchinson, Alexander, & Doherty, 2009; Schu et al., 2016) in a beneficial way. Some studies also argue that SMEs lag behind larger companies in the adoption and usage of sophisticated digital technologies and e-commerce (Abebe, 2014; The Organization for Economic Co-operation Development, 2017). One explanation for this is that e-commerce requires a major reconfiguration of familiar business models and activities (Luo, Zhao, & Du, 2005). Therefore, older and more well-established SMEs may consider the implementation of digital technologies to be expensive, time-consuming, and technically demanding (Melén Hånell et al., 2019; Tiessen, Wright, & Turner, 2001). There is great learning potential in studying how retail SMEs use e-commerce to expand internationally

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(Melén Hånell et al., 2019; Schu et al., 2016) since the retail industry is rapidly becoming a digital industry (Hagberg et al., 2016).

The purpose of this study is to examine, by using effectuation theory, the processes by which retail SMEs develop international e-commerce in foreign markets. By examining this, we seek to fill the gap in international entrepreneurship research relating to how companies use digital sales efforts to pursue international opportunities (see Schu et al., 2016). The theoretical basis is effectuation theory due to its suitability for exploring the processes by which retail SMEs develop particular capabilities to create international e-commerce abroad. In their thematic analysis of international entrepreneurship research between 1989–2009, Jones, Coviello, and Tang (2011) highlighted that international opportunities are understudied, yet such opportunities can be captured by the application of an effectuation logic (Jones et al., p. 648). Other scholars have similarly called for research that could apply effectuation theory to further understand the international opportunities process and its behaviour (Mainela & Puhakka, 2009; Tabares, Chandra, Alvarez, & Escobar-Sierra, 2020).

This study makes a theoretical contribution to international entrepreneurship research by providing more granular insights into the actual drivers of e-commerce internationalisation. In particular, we examine whether the development of international e-commerce in the investigated retailing companies either support or deviate from the process-based effectuation framework. In addition, we illustrate how capabilities underlie the processes of international e-commerce development. This study empirically contributes to international entrepreneurship literature by focusing upon retail SMEs, which represents an important yet understudied sector within the field of international entrepreneurship.

1.1. International entrepreneurship and e-commerce

During the last two decades, international entrepreneurship literature has focused upon exploring how small companies can already pursue foreign business opportunities from inception, emphasising the phenomenon of early and rapid internationalisation patterns (McDougall, Shane, & Oviatt, 1994; Oviatt & McDougall, 1994). In such studies, the purpose has often been to understand the patterns of internationalisation among smaller entrepreneurial companies (Acedo & Jones, 2007; Musteen, Francis, & Datta, 2010; Rovira Nordman & Melén, 2008). An emerging stream of research in the field has shifted the focus from early and rapid internationalisation to core business issues: i.e. by studying the actual pursuit of cross-border business opportunities (Cavusgil & Knight, 2015;Oviatt and McDougall (2005), p.7 definition of international entrepreneurship captures this: "The discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services". Our work builds upon this idea by conceptualising international entrepreneurship as the pursuit of opportunities in foreign markets (Reuber, Knight, Liesch, & Zhou, 2018).

Other studies have also conceptualised international entrepreneurship as an opportunity-focused activity (e.g. Chandra, Styles, & Wilkinson, 2012; Fraccastoro, Gabrielsson, & Chetty, 2020; Mainela & Puhakka, 2009; Mainela, Puhakka, & Sipola, 2018; Rovira Nordman & Melén, 2008). Consequently, opportunity discovery and opportunity exploitation have become central concepts in international entrepreneurship literature (Lindstrand & Melén Hånell, 2017; Tabares et al., 2020). Therefore, it is somewhat surprising that both the topics of opportunity discovery and exploitation is still underexplored. Back in 2009, Chandra, Styles, and Wilkinson (2009) stated that international opportunity recognition is the beginning of the internationalisation process, thus, deserving more systematic research attention than it has received so far. Other scholars have also indicated that the exploitation of international business opportunities remains an underexplored area (Jones et al., 2011; Knight & Liesch, 2016). Lindstrand and Melén Hånell (2017) argue that, while international entrepreneurship literature has given much attention to how small entrepreneurial firms access knowledge about initial business opportunities abroad, the question of how such firms continue to exploit new business opportunities during internationalisation has received less attention. Our understanding of international entrepreneurship as an opportunity-focused activity becomes even more limited when it is put in the context of the current digital international business environment.

A common argument in international entrepreneurship research is that the development of Information and Communication Technologies (ICTs) has endowed small and newly started companies with the capacity to pursue opportunities on a worldwide scope (De Cock, Andries, & Clarysse, 2020; Knight & Liesch, 2016). By using the internet, these firms can both acquire and interpret external knowledge (Coviello, Kano, & Liesch, 2017; Williams, Du, & Zhang, 2020), thereby providing cheaper access to a greater variety of foreign markets (Jean, Kim, & Cavusgil, 2020; Williams et al., 2020; Zahra, 2020). Despite a recent emphasis on the digital context amongst scholars in the field (e.g. Coviello et al., 2017; Fraccastoro et al., 2020; Jean et al., 2020; Williams et al., 2020; Zahra, 2020), we still know little about the way in which internationally entrepreneurial companies use digital platforms and sales channels to pursue opportunities in foreign markets (Ojala et al., 2018). E-commerce, however, provides new international opportunities for retail companies: particularly, in helping them to reach new foreign customers and allowing for cost reductions (Colton, Roth, & Bearden, 2010; Tolstoy et al., 2016). Many retailers are presently enjoying rapid growth by encroaching different foreign markets simultaneously while using digital sales platforms (Macchion et al., 2017; Melén Hånell et al., 2019). A reason for this is that digital technologies have matured significantly during the last couple of years. Such drivers of this maturation process include the following: the rollout of broadband, more advanced digital content, more convenient payment methods, and carefully tailored customer journeys. All of these factors contribute to more satisfying customer e-commerce experiences (see: Pousttchi & Hufenbach, 2014; Vakulenko, Shams, Hellström, & Hjort, 2019). Logistics, which is the very backbone of e-commerce, has also improved. Order fulfilment technologies and logistics specialists have paved the way for a more seamless and transparent process: from the point of purchase to the time of delivery (Nguyen, de Leeuw, & Dullaert, 2018).

Although digital technologies have matured, some studies show that online internationalisation can be a challenging process for specific retail companies since it requires a drastic shift of the core business logic. For example, some companies have had difficulties setting up logistical infrastructure systems in offshore markets (Yu, Wang, Zhong, & Huang, 2017). In fact, Kim et al. (2017) state that advances of e-commerce, by no means, imply that "distance is dead"; cross-border sales must be supported by systems that enable retailers to effectively serve geographically dispersed customers. Moreover, it takes resources and well-planned communication strategies to establish brand awareness among new customer segments without physical presence in local markets (Guercini & Runfola, 2015). Sui and Baum (2014) empirically demonstrate that companies pursuing strategies of broad and rapid internationalisation - which is inherently often the case for international e-commerce ventures - are dependent upon the possession of slack resources from the outset. This enables companies to adequately cope with the new market conditions with which they are faced.

1.2. An effectuation perspective on international e-commerce

Smaller companies may not be able to plan internationalisation according to rational schemes and market forecasts due to resource constraints and heightened uncertainty (Sarasvathy, Kumar, York, & Bhagavatula, 2014). Effectuation, rather, suggests a procedural perspective on opportunity exploitation, which may be especially relevant in new business settings: such as internationalisation through e-commerce. Effectuation theory builds upon the idea that companies attempt to control risk and deal with uncertainty by using four

entrepreneurial principles (Sarasvathy, 2001). The first principle involves building upon resources that are within the reach of the company: that is to say, building business of resources that they actually can get hold of rather than using resources that perhaps would be ideal, yet are difficult to access. The second principle involves leveraging external resources: for example, by taking an active role in engaging with stakeholders to develop the markets they operate in (Chetty, Ojala, & Leppäaho, 2015; Galkina & Chetty, 2015). From this perspective, the company and market are not separate, yet are actually intertwined in market-shaping processes (Dew, Read, Sarasvathy, & Wiltbank, 2009). Through networks of suppliers and customers, for example, companies can develop relevant capabilities, detect opportunities, and access knowledge about foreign markets which, in turn, are used to move the ventures forward (Fraccastoro et al., 2020; Rovira Nordman & Melén, 2008). Furthermore, the use of external resources is also a way for entrepreneurs to mitigate risk by distributing labour and investments among multiple actors. Correspondingly, the third principle of effectuation is described as "affordable loss" and is linked to the notion of taking appropriate risks when developing business (Sarasvathy, 2001; Sarasvathy, 2008). This implies that companies may not always choose the calculated optimal strategic alternative (c.f. Buckley & Casson, 1976); instead, they may gravitate toward a satisficing alternative (Simon, 1978) where the potential downsides are tolerable, and the companies can stay in the game. The final principle in the effectuation framework involves embracing adversity (Sarasvathy, 2001;Sarasvathy, 2008). Companies will inevitably face unforeseen events since the internationalisation for smaller companies is, in essence, an emergent process. Therefore, it is important that companies' stay flexible, embrace contingencies, and are always prepared to respond to new opportunities and develop their businesses in new directions. This may require company specific resources and capabilities, which give enough slack for companies to stay innovative and adaptive (Sui & Baum, 2014).

According to Sarasvathy et al. (2014), the effectuation-based framework developed by Schweizer, Vahlne, and Johanson (2010) makes an important contribution to international entrepreneurship research by providing a procedural view on opportunity exploitation and zeroing in on the importance of developing specific capabilities. According to Schweizer et al. (2010), effectuation is a dynamic process; as companies utilize resources, they may simultaneously improve their network reach. Access to new relationships within the network reinforces their firm-specific capabilities, thereby, extending their resource bases. Hence, companies will continually develop and improve the means available to them throughout the effectuation process that, in turn, can influence their discoveries of new business opportunities. International entrepreneurship research and studies on SME internationalisation have repeatedly demonstrated that various propriety resources (Tolstoy & Agndal, 2010) and capabilities (Knight & Cavusgil, 2004; Sapienza, Autio, George, & Zahra, 2006) are essential in driving the internationalisation processes among entrepreneurs and smaller firms. Capabilities can be understood as configurations of routines and resources that allow an organization to achieve its goals (Nelson & Winter, 1982). Managerial capabilities (Bahl, Lahiri, & Mukherjee, 2020; Graves & Thomas, 2006), marketing capabilities (Kotabe, Srinivasan, & Aulakh, 2002), networking capabilities (Sullivan Mort & Weerawardena, 2006), and internationalisation capabilities (Pinho & Prange, 2016) are variations of the capability concept that may undercurrent the international expansion of companies. In line with the purpose of this article, we seek to explore the nature of such resources and capabilities and how they are exerted in effectuation processes related to internationalisation. This reasoning is reflected in the following research questions, which guide the empirical inquiry and analysis of data:

How do retail companies' international e-commerce align with or deviate from the process-based effectuation framework?

Which resources and capabilities in retail companies are used in the effectuation processes related to international e-commerce development?

2. Method

2.1. Research design

In this study, a qualitative case study research design is chosen because of its suitability to derive theory from understudied phenomena (Eisenhardt, 1989). Moreover, qualitative studies allow for in-depth understanding when investigating process-related issues (De Cock et al., 2020; Knight & Liesch, 2016), and organisational activities such as: decision making, resource mobilisation, and investments made to develop international e-commerce. A historical process view is particularly beneficial in investigating such micro-level organizational activities and to provide a deep understanding of actors' behaviours during specific processes over time (Pettigrew, Woodman, & Cameron, 2001). Hence, this study followed a qualitative case study research design with a historical process perspective.

2.2. The case companies

The empirical data in this paper describes the development of international e-commerce in Swedish SMEs in the retail business. The cases that have been chosen for this study are derived from the Business Retriever database. The first step in identifying suitable cases was to extract 18 651 companies with the SNI industry code 47: that is to say, containing Swedish retail businesses with the exception of motor vehicles and motorcycles. A subsample was chosen among these companies, which only consisted of retail companies with the following criteria: 1) SME status (companies with 10–249 employees); 2) headquarters in the Stockholm region (encompassing 25 % of the total number of Swedish retail companies); and 3) documented ability to achieve longitudinal international growth (the included companies had to be older than 20 years, and generate at least 10 % of their turnover from international sales).

Using this criterion, a total of 19 companies were identified as being suitable case study candidates. The researchers proceeded to contact these companies via mail and phone; the first three companies agreed to participate in the present study. The three case companies are anonymised and are called the Design Company, the Baby Company, and the Auction House. Once the case material for these three cases was obtained, we continued to collect and code data from two more cases because a number between 4 and 10 cases usually works well (Eisenhardt, 1989). Due to space limitations, we provide data from all five cases in Tables 1 and 2; but we use the three first cases as exemplary ones in this study. The reason for this is that, with regard to e-commerce adoption, the last case-studies (called the Fashion Company and the Book Company) follow similar patterns as do the Baby Company and the Design Company: see Table 1.

The cases described in this study portray different approaches to e-commerce use. Even so, these cases were not only chosen for their revelatory potential; they were also chosen for their information richness and accessibility. Consequently, the cases investigated in this study are not representative of all other retail firms. Relevance rather than representativeness is the key principle determining case selection (Stake, 1994). Since only a limited number of cases are investigated, contributing with generalisable results is not an object of this study. Instead, the cases can yield contextualised understanding of how different kinds of retail SMEs develop international e-commerce in foreign markets.

2.3. Data collection and analysis

This study is built upon a combination of archival and primary data: that is to say, semi-structured interviews with key-employees at the case companies. Archival research is an important, yet often overlooked tool in case study research (Welch, 2000). The procedures described based on archival data in earlier internationalisation studies were followed in

Table 1
Companies Studied.

Case	Founded	Turn-over 2017 (MSEK)	Employees 2017	% of Turnover From Foreign Markets	International Operations and E-Commerce Use
Baby Company (Case 1)	1964	627	99	Approx. 95 %	Products are sold internationally via a global reaching network of distributors and wholesalers, and webstores. The extent of e-commerce use as a direct sales channel is limited, used mostly for marketing and communication.
Design Company (Case 2)	1992	81	36	Approx. 60 %	Products are sold internationally via wholly-owned stores, franchise stores, and shop-in-shops. Besides this, products are sold directly to about 300 customers/agents in Europe and 50 customers/agents in Asia and North America. No use of e-commerce as a direct sales channel.
Auction Company (Case 3)	1991 (in present form)	204	174	Approx. 30 % from non-Scandinavian markets	The company has a sales subsidiary in Finland. Other international customers are reached via the webstore and a few sales representatives in Europe and North America. The extent of e-commerce use as a direct sales channel is substantial.
Fashion Company (similar to Case 1)	1986	630	152	Approx. 30 %	The company sells internationally through distributors and franchised and company-owned stores, wholesalers and webstores. Similar to Case 1, the extent of e-commerce use as a direct sales channel is limited, used mostly for marketing and communication.
Book Company (similar to Case 2)	1994	154	76	Approx. 15–20 %	The company sells internationally through its own stores primarily in travel locations in Sweden, Finland, Germany, and UK. Similar to Case 2, the company does not use e-commerce as a direct sales channel.

Table 2
Summary of Archival and Interview Data in the Case Companies.

Cases	Archival Data			Interview Data	
	News Items		AR*	Interviewees	Interview Occasion
	Found	*Downloaded*			
Baby Company	5 670	994	17	Executive Vice President Founder/owner**	May 24th, 2017 (58 min) May 6th, 2019 (92 min)
Design Company	3 900	349	17	Founder/CEO & Sales Director Communication Strategist	April 24th, 2017 (55 min) March 29th, 2018 (25 min)
Auction House	32 305	2 234	17	Head of Marketing Expert Evaluator***	April 26th, 2017 (37 min) March 27th, 2018 (20 min)
Book Company	2 526	517	17	Sales Director Sales Director Sales Director	April 3rd, 2017 (55 min) March 28th, 2018 (26 min) April 26th, 2019 (29 min)
Fashion Company	7 171	688	17	Business Development Director	April 5th, 2017 (56 min)

* Annual reports.
** All other face-to-face interviews were conducted at the companies' headquarters; however, this interview was conducted at another location.
*** This interview was conducted via the telephone; all other interviews were face-to-face.

the data collection and analysis processes of this study (Ekman, Hadjikhani, Pajuvirta, & Thilenius, 2014). The archival data sources chosen for this project include company annual reports, news articles, press releases, and company websites (see: Table 2).

Members of the research group conducted a systematic review of documents by using the case companies' websites and the database Retriever Business in order to collect the archival data. In the latter, searches were made for the names of the case companies. The database revealed all articles that mention the case companies anywhere in the text. One research group member read all articles that mentioned the companies and saved all news items that were deemed to be relevant for building extensive case studies. Articles that provided business analyses of the case companies or provided citations of employees and so on were deemed to be highly relevant; articles that just mentioned the companies in passing was discarded (see: Table 2).

After collecting the relevant data sources, the data was chronologically arranged by using the qualitative analysis software tool NVivo. The data was coded systematically after event, the date of the event and the data source: for example, the opening of a new store. The events represent core activities in the life cycles of the companies. Data analysis was conducted in several steps in an iterative manner once the archival data had been arranged. The first step was to construct a chronological timeline for each case company. This timeline, indicating examples of critical events, was used as a basis for the interview guides that were used at the different case companies: see Appendix A for examples of critical events. Members of the research group conducted face-to-face interviews with the key-respondents between 2017 and 2019: in teams of two investigators per team. The persons that conducted the interviews are all PhDs and trained in qualitative data collection. Information from the archival data was used to find the key respondents: those who had the most experience in international expansion and online retail processes. One interview was conducted via telephone: see Table 2. Researchers assured confidentiality to increase the likelihood that respondents would answer questions truthfully.

Based upon the archival data, the interviews were conducted as in-depth conversations about actions in the past, whereas the interviewees were asked to provide further details and comment in hindsight about specific events. This context specific interview style enhanced the value of the study's interviews. The interview times ranged from 20−92 min: see Table 2. After the interviews had been conducted, the members of the research group sent the interview transcriptions to interviewees to ensure that nothing was misunderstood. Some complementary interviews were performed to add more information to the case studies: see Table 2.

This study builds upon an inductive approach where the investigators analyse a wide range of qualitative information in order to detect interesting patterns and irregularities in the investigated cases (Sammut-Bonnici & McGee, 2015). In inductive studies, it is typical that the case-studies are written by using an iterative process in which the data is constantly revisited (Eisenhardt, 1989). When all data had been

collected, the data analysis progressed gradually through the iterations between coding, writing narratives, and revisiting the literature around the domain of international entrepreneurship and e-commerce. Content analysis first sorted and transformed the data into chronological individual case histories. Two researchers were involved in screening and coding the interview data. In-depth individual case stories were written based upon the initial coding of both the archival and interview data. The investigators included all instances in the rich data material concerning the case companies' processes of expanding their international online sales (see Corbin & Strauss, 2008). Hence, the process described was not only based upon the empirical facts; it was also determined by the thick descriptions of the context and the relationships between events, which took place overtime. The case histories were then used to make tabular within-case analyses, which focused upon aspects of digital transformation processes and international change patterns. The data coding for this paper continued with the examination of the data material from an effectuation perspective. The data was first content analysed in order to classify it into a set of themes (see Reynolds & Gutman, 1988): the process and the capabilities (see: Fig. 1 and Appendix B). Initially, the categories closely followed the data; it was grouped into the process theme or the capabilities theme. Descriptive codes were directly induced from the data. They were then grouped into categories by using effectuation logic. For example, all resources connected to e-commerce were first grouped and labelled as "available resource use". Thereafter, they were categorised according to the demonstration of the effectuation principle: "building on what you have". One researcher conducted the coding of the more clear-cut archival data, whereas the coding of the interview data was done by a team effort by two researchers. A discussion between the coders and the other people in the research group resolved any disagreements concerning the coding, so that all relevant responses were classified in a suitable category. Since those who conducted the interviews were also involved in coding, we checked whether this might have introduced some bias toward specific categories. In instances where disagreements occurred, coding was checked with the other persons in the research group, thus, ruling out the possibility that one interviewer coder could unduly influence the coding process. The level of disagreement was generally low, due to the clear separation of response categories and constructs.

Once the initial analytical steps had been commenced and in order to uncover any inconsistencies, the investigators revisited the data structure in several rounds until agreement about the categories was reached: see Fig. 1. Once the distinct categories were finalised, cross case comparisons were made by utilizing tabular displays between each case so as to clearly identify similarities and differences between the companies (Yin, 2003).

3. Case findings

3.1. The baby company

In the early 1960s, the Swedish market for baby equipment lacked variety. The Baby Company's founder had just returned home to Sweden after a sojourn abroad and noticed a gap in the market. The founder succeeded to sell two units of the company's first baby product to a department store: a baby chair. When the founder interacted with the department store, he understood the market for baby equipment was conservative and that safety came first. The founder contacted some paediatricians to ensure the Baby Company's products were safe. His interaction with the paediatric community taught him that current research highlighted the importance of close physical contact between parents and infants in order to maximize the bonding process. He used this knowledge to develop a new product: namely, a baby carrier.

The baby carrier was released in the 1970s and its minimalist design stood out from contemporary baby equipment (often in the pastel colour spectra). The baby carrier offered a stylish alternative to urban parents that wanted a smooth, nurturing, and safe way to transport their babies.

The company already started to export products to other markets in the 1960s. Back in the 1970s, Germany was one of the first markets the founder had targeted. Sales began in 1982 via a distributor in the United States, rapidly becoming one of the most successful markets. The company invested in marketing and sales in many new markets during 2008 and 2009, such as South Korea, Malaysia, Hungary, and Israel. The company started to market products in India, China, and Brazil in 2011. Although sales subsidiaries are set up in some markets, the main internationalisation mode the company uses is still sales via distributors, which are chosen with care. Although the distributors run their own business, they must be aligned with the Baby Company's vision and brand profile. In an interview from 2017, the Baby Company's Vice President (VP) was quoted saying:

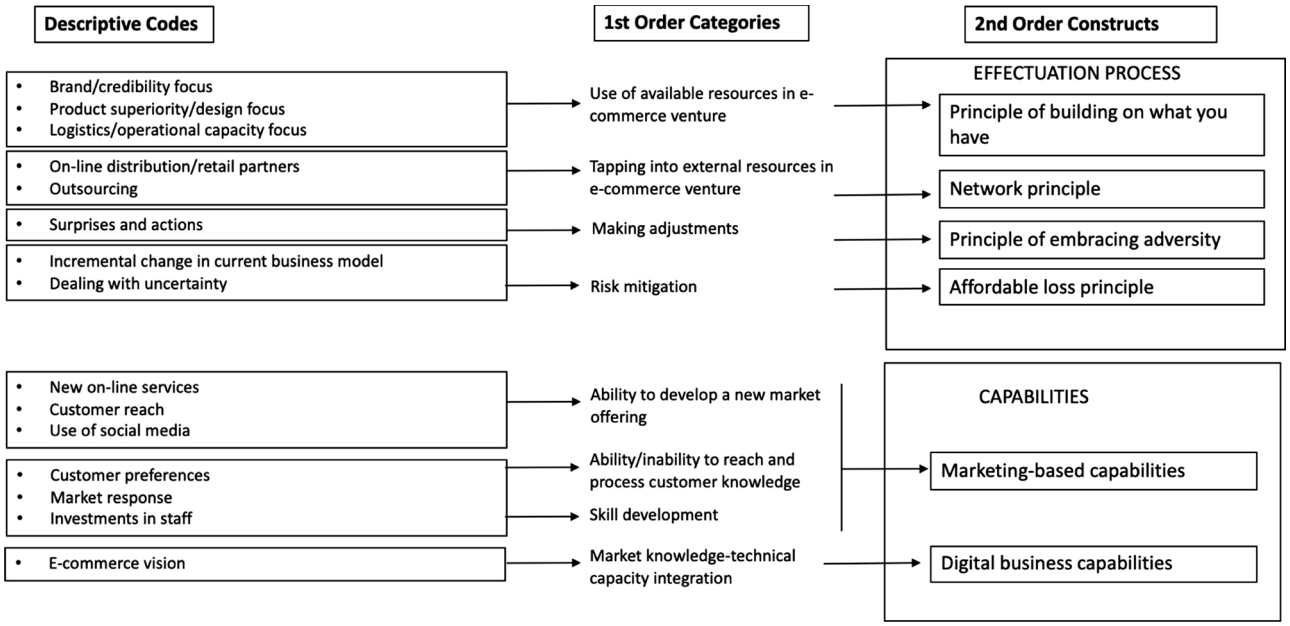

Fig. 1. Data Structure.

There is an old Chinese saying about partnerships which can be translated into "one bed – two dreams". It is important that you share the vison.

Social media and online shopping influence the Baby Company to rethink its business model. Small distributors and local retail outlets are disappearing, to be replaced by "big-box" retailers such as Amazon. Since the turn of the century, the Baby Company has invested a lot of resources into making their website more adapted to customers. The staff is trained to write texts on the website that are search engine optimized to provide customers with the information they seek, while increasing interest in the brand and the products. A newspaper article from 2014 reports the Baby Company appears among the most googled brand names in USA, especially in the most affluent parts of the country. The company's PR manager says this result is surprising; one reason may be that parents of young children spend a lot of time searching for baby-related information, which triggers excessive googling. In an interview from 2017, the Baby Company's VP acknowledges that e-commerce is becoming increasingly important and that the transition to e-commerce has come on very rapidly. He says:

We have worked with distributors for a long time… but because of e-commerce it has become harder to keep this business model. It [e-commerce] creates fantastic opportunities to have a direct contact with the consumers.

The VP explains the company wants more contact with the consumers to better understand customer preferences and to increase control of all commercial decisions. This strategic transformation is supported by some structural changes. An online shop opened in 2015, which offers the full assortment of Baby Company products to international customers. A lot of resources are put into the online shop to position the Baby Company as an innovative lifestyle brand. The company's web page is continuously updated with new content specifically aimed at parents: seasonal craft ideas and invitations to participate in contests, such as review-submission contests for new products and stylish dad contests. Parents are also encouraged to participate in the Baby Company's user community by submitting their own content (typically pictures of babies using the products). The content that the customers submit can be used to market the products and can be displayed on the webpage and/or via the Baby Company's other social media channels: for example, Facebook and Instagram.

By 2018, the online shop had grown and ships products to most European markets. Regional online stores have also opened for important markets: such as, for example, France, Germany, Spain, North America, and Australia. The company is also considering emerging markets to a greater extent. The VP of Marketing relates that exciting new opportunities are emerging in India, South America, and Africa and that consumer behaviours for baby products are similar in these markets. Digital channels will, therefore, be important in these markets too.

Since the start, the Baby Company has had a successful international journey. Their products are profiled as being innovative and stylish, and the brand has a strong following among consumers. Still, it is direct export that accounts for about 95 percent of the company's total sales. Although e-commerce is an important marketing component of the export strategy, sales from international e-commerce only account for approximately five percent of the total sales. The Baby Company's VP suggests that one explanation for this is that parents like to try out more expensive baby products - such as baby carriers - in a physical store before they make a purchase decision. Thus, the willingness to purchase baby products online may be hampered in comparison to other consumer products.

3.2. The design company

The Design Company's business is focused upon design production and retail sales of interior design and fashion products. The company works as a publishing house for designers that want to realise their design ideas and bring products to market. For a part of the profit, the Design Company handles production, distribution and sales, thereby, commercialising the creators' design visions.

The Design Company's products were solely sold in international markets from the beginning. The founder had access to a rich network of international business contacts that he had developed prior to the start of the company. During the first couple of years, the company was financed on a made-to-order basis. This meant the company had a low risk approach and only produced the products that were ordered in advance. The founder had a knack for picking out commercially successful design objects and the business grew. In 1997, the Design Company launched its first own product collection. One of the first design objects that was produced generated a lot of interest internationally. The Design Company built on this momentum and used it to open up its own chain of branded stores: focusing upon busy urban locations in some large cities in Europe, USA, and Japan. Relatively soon, however, it became evident to the management team that this strategy was unsatisfactory. The most successful stores were not the stores that were located in busy shopping streets; they were the shop-in-shops that were located inside the high-end department stores. Thus, the Design Company's focus was re-directed to managing wholesale activities and opening shop-in-shops. Consequently, many of the company's own shops were closed down and today only four stores remain: three in Sweden and one in Great Britain. Besides this, the Design Company is connected to two franchised stores - one in Sweden and one in Germany - and the products are sold via 20 shop-in-shops in Sweden and 10 foreign shop-in-shops. International customers are also reached via a large agent network, which consists of approximately 300 retailers in Europe and 50 retailers in Asia and North America.

Contrary to many other actors in the design industry, the Design Company does not operate its own online store. The company's products, however, are available online via their online retail partners' websites. Online sales currently generate about 30 % of the Design Company's total sales; however, this part of the business is rapidly growing. In an interview from 2017, the Design Company's sales director comments that it is not so important for customers to see the products in a physical store anymore. The manager says:

Still it can be the case that you visit a store to touch and look at the products, but increasingly the products are sold directly online.

One reason the company does not have the same need as before to market products in physical stores is the company is already strongly positioned in the mind of consumers that are interested in Scandinavian design. In an interview from 2017, the founder explains that these customers know the brand well and can, therefore, buy products online. Anonymous products are much harder to market in a similar manner.

By cooperating with online-retail partners, the Design Company can reach customers on an international scale. Online retailers also invest a lot of resources that make the products appealing to customers who visit the web shop: for example, in producing high-quality photos. One way they work with strengthening the brand is that they show inspirational pictures of how the Design Company's products can be combined: for example, in a stylish table-setting scenario. The online retailers also invest many resources in offering their customers easy navigation options, safe payment solutions, and rapid delivery options.

By cooperating with online retailers, the Design Company can avoid problems connected to international distribution systems and customer contact issues: e.g. returns. There are also disadvantages. Besides giving up part of the profit for every product sold, they must compete for the attention with other Scandinavian brands. The founder explains that, when it comes to Scandinavian design, the market has traditionally consisted of a few companies that have struggled for the same shop-in-shop retail space in the "Scandinavian design" parts of the department stores. This competitive pattern is repeated in web sales. Although online retailers can take in more brands than the department stores (due to more limited expenses connected to warehousing and shelf-space), there is still online competition among the brands for the customers' attention.

Another drawback of not operating a webstore is that the company cannot gain access to the same kind of in-depth information about

customers as they would otherwise receive. In the markets where the Design company still is physically present, the firm gains access to first-hand customer feedback. Because the firm does not operate its own webstore, a lot of information is lost about important e-commerce segments. More information about how much is sold via physical stores versus online stores would allow the Design Company to analyse the customers' buying behaviour and custom fit new offers to them. Concerning the risk of using online retailers, the sales manager says:

They do not have to buy in large quantities and take large risks…they can try which products that work, and which do not. We, however, have to consider how many products we shall produce and stock. How can we find out which products that will sell?

The lack of information about online customers makes it harder for the Design Company to personalize the relationship with its customers, to anticipate their needs and wants, and to scale up the sales. Because of this, the Design Company has considered the possibility of opening its own web store. One obvious risk with this is that sales could decrease for their business partners: that is to say, the online retailers. Because interest in Scandinavian design blooms and the present business model works well, the Design Company has no immediate plans to open an online store of its own.

3.3. The Auction House

With roots stemming back to the 1800s, the Auction House has become a classical Swedish institution for fine arts and unique vintage objects. Today, the Auction House offers both traditional in-house auctions, online auctions, and private sales on an international scale. Although the Auction House focused upon a local customer base for a long duration, it has ventured since the late 1970s more on international markets. The Auction House opened a sales subsidiary in Finland in the 1970s, which was followed by other subsidiaries in Switzerland, Norway and Denmark. The Auction House has also sold objects via international agents in some European markets and in the United States. Even though the subsidiaries and agents generated increased international growth, the Auction House's greatest international success is with the help of online auctions.

The Auction House was early to implement online auctions, starting to stream live auctions online already in 1997. News articles from this time, however, indicates that the current CEO was reluctant to implement a total digital business model. In an interview from 1999 he says:

We are still a little cautious about starting with on-line bidding. But, it's only a matter of time before we will.

It actually took the Auction House about ten years from the start of streaming live auctions to launching an online bidding application. This application, however, generated a steady increase in international customers. Many of the new customers came from emerging and "booming" economies: such as China and Russia. These customers had the means for conspicuous consumption and were interested in buying goods that signalled membership in an upper class. From the time of the online bidding launch in 2008, the turnover from online auctions increased rapidly. In 2017, nine years after the launch, web-based turnover stood for more than half of the total turnover.

Since the auction business was slow changing with a conservative customer base, the Auction House's employees were surprised to see how fast they have been able to grow the online business. In an interview from 2017, the marketing manager says:

Customer behaviours changed, and the customers turned out to be more and more willing to sell and buy expensive items online. They were not willing to do this when the online business started.

Since the customers became more motivated to buy and sell online, this changed the Auction House's business model. Online marketing enables the daily sales of objects to geographically dispersed foreign customers. Online auction technology also offers new possibilities to reach larger groups of new and younger customers. Online auctions also have the advantage of giving consumers additional time to decide if they want to place a bid (typically for about one week). New bids can be made anytime from the time at which an object becomes visible on the auction homepage to the deadline of the auction.

A problem associated with the digitalized business model is that a customer (who cannot visit the show room) is unable to scrutinize the object he/she is interested in via the web as well as he/she can in the show room. This reduces the trust that objects are of the expected quality. To solve this problem, the Auction House has made heavy investments in their online portrayal of the objects. All objects are in high resolution photography taken from different angles so the customer can make a decision based upon this information. The company's webpage also has a zoom effect, so that the customers can see the object up close, revealing all of its eventual flaws. The Auction House can see from its web statistics that customers look very closely at the pictures and follow the lines of objects in precise manners. Another way to reduce uncertainty about the quality of a product is to include expert-generated information about the object on the company's website (both in Swedish and in English). Even though it is expensive to have every object assessed expertly, it enhances the legitimacy of the object evaluation. The expert status of the evaluators (whose names and phone-numbers are displayed on the Auction House's homepage) is seen as a comparative advantage for the Auction House and enhances its international reputation. One expert evaluator comments that about 25 % of the calls that he receives comes from abroad:

Customers may have questions about how worn the product is, the grounds for its appraisal, or its history. It depends on the product really…My role is not to act as a salesman, but as an expert. Full disclosure and credibility are everything in this business.

Having expert evaluators employed is costly and the Auction House has high sales commissions in comparison to many other auction houses on the Scandinavian market. The marketing manager explains that the firm's advantage rests upon its esteem among customers and the high credibility of the evaluators.

Relating to the importance of security and credibility, the Auction House also spends a lot of resources protecting the privacy of customers. All personal data relating to customers is protected by a strict privacy policy. Encryption is used of all registry information as well as during transport.

The archival data shows that the Auction House generally gets high prices for the objects. Moreover, the Auction House only accepts to sell objects of a high standard that are handpicked and carefully curated by the expert evaluators. This ensures the customers are buying something that is exclusive and that has a sustainable value. The selection of objects that are displayed on the webpage are carefully organized under easily searchable object-categories, which help the customers find the objects for which they are looking. Every aspect of the webpage is designed to create a smooth customer experience, which helps customers navigate the assortment and easily access content that matches their preferences. Moreover, the objects are frequently marketed in specific theme auctions, catering to specific tastes: such as art from a specific era or jewellery auctions.

The online-auction business model works well to carefully present the objects to a wider customer base; however, it creates new problems when it comes to managing supply chains. The Auction House must ensure that objects bought by international customers can reach them in a timely manner and that they are not damaged in the distribution process. The Auction House currently works with partners to ensure safe transports both in Sweden and internationally. Over the years, the company has increased its investments to improve logistics and transport capabilities in-house and employing more people with e-commerce expertise. Partly due to the success of online sales, the Auction House has trimmed down its international market establishment. Today, only one of the subsidiaries remain - in Finland - and that subsidiary only has online auctions. The Auction House still works with international agents in some markets.

4. Discussion

We will now explore and discuss the internationalisation patterns of e-commerce in the studied retail SMEs based upon the perspective of effectuation theory. The results answer RQ1 by providing evidence that both align with, and deviate from, process-based explanations on how e-commerce internationalisation unfolds (e.g. Sarasvathy et al., 2014; Schweizer et al., 2010). In relation to RQ2, the results also provide insight into why the patterns of e-commerce development differ in these companies (see: Guercini & Runfola, 2015) by highlighting the effects of certain resources and capabilities on companies' internationalisation processes.

4.1. Marketing capabilities driving international e-commerce

By endeavouring into e-commerce on an international scale, the Baby Company had to make substantial initial investments to develop the website and logistics related to online sales; it is worth noting that the level of incrementality and low risk-acceptance that is suggested by effectuation models in relation to investments (e.g. Sarasvathy, 2001) is not applicable in this case since the company committed strongly to the e-commerce strategy. The original intention of the website was to propel the total sales and facilitate deeper penetration into key markets. The company, however, did not fully take into account the shopping preferences of its customers: e.g. that parents in many markets still like to try out products in physical stores, such as baby carriers (see Appendix B). While not working as a driver of direct sales, managers of the Baby Company found another way of creating value from the website. The investment has paid off since the website has become a powerful marketing tool, thus, spurring brand recognition and product awareness: e.g. by involving customers in communities. The company has not been forced to undertake costly coordination of online sales activities across markets and has been able to focus upon building a globally coherent and standardized brand. Controlling the website has also mitigated transactional risks in the distribution chain by enabling the company to closely monitor how its brand is used and communicated online. In line with Sarasvathy et al's (2014) insights of how entrepreneurs deal with uncertainty and contingencies in international ventures, the case suggests that the Baby Company uses its online presence not so much as a trigger for e-commerce, but as a branding mechanism. No divestments have been necessary since the logistic system of e-commerce is handled by pre-existing distributors. The Baby Company had to marshal new resources (related to e-commerce) and face risk in the early stages of developing and launching its international e-commerce strategy. This is the contrary to what would have been expected by effectuation frameworks (Sarasvathy et al., 2014; Schweizer et al., 2010). As the venture developed, the process of developing international e-commerce has become more incremental and risk adverse; it has leveraged initial adversity by making small, yet continual subsequent adjustments in its website to better resonate with customer needs, along with acquiring more knowledge about customer behaviour.

While it is not clear whether strategic decisions related to the e-commerce channel at every instance is optimal from an economic rational point of view, the Baby Company clearly illustrates that the capabilities developed in the process have at least propelled the venture (Sarasvathy et al., 2014). In particular, the company has learned that the website can effectively complement and provide synergies with in-store sales by using it as a platform to provide content about parenting, communicating the brand, and directing customers to physical stores. The ability to make well-informed decisions in this regard are based on experiences developed in current business interactions (Schweizer et al., 2010). This underscores the idea that the effectuation process is not unilateral, yet develops in collectives involving producers, consumers, and other stakeholders (Chetty et al., 2015). This process is illustrated by the dynamic cycle of the effectuation framework in both the Schweizer et al. model (2010) and the Sarasvathy et al. model (2014). Both of these demonstrate that as the means base accumulates the company can develop and extend its international operations. With this increase, the company can also take greater risks: e.g. use e-commerce not only as a way to increase sales through market penetration, but also through market diversification. The company's recent endeavours to build business in Asian and African markets illustrates this; the product does not yet enjoy brand recognition to the same extent as in Western markets.

4.2. Existing assets driving international e-commerce

The international e-commerce strategy of the Baby Company was largely determined by a desire to control the marketing communication associated with the brand; the internationalisation of the Design Company started out from a different vantage point. In comparison to the Baby Company, the Design Company did not have a brand that enjoyed a similar strong international recognition. The case suggests that the company, therefore, perceived it to be too risky to mobilise resources and raise investment capital to pursue cross-border sales using its own online sales channel. The company's choice of using a partner for distribution is aligned with Schweizer et al. (2010); because of inherent uncertainty, international entrepreneurs have an aptitude to tap into external resources to access external competence and reduce financial risks. In contrast to the Baby Company case, the "affordable loss-principle" was also prevalent in the early stages of the development of the venture. Due to a younger and less sophisticated international logistic system and a less known brand to the general public, the case suggests that the Design Company perceives that it would be too risky to open its own international webstore. The broader SME internationalisation research clearly suggests that extensive market commitment is required for building international retail brands (Hutchinson, Quinn, & Alexander, 2005). Developing logistical systems requires substantial financial backing (Tolstoy et al., 2016): something that is difficult for the Design Company to muster. The core competence of the company, which is the design concept that comprises certain aesthetics, style, and functionality takes time to get across to customers. Judging from data available, the company has taken few measures to turn around its international sales performance. A plausible reason for this, which is also suggested in the interviews, is that the company's managers did not have enough e-commerce experience to spur international web sales. The lack of knowledge to adapt e-commerce sales services to customers in different countries hampers the business development because first-hand experiences are essential driving forces for international expansion (Melén Hånell et al., 2019).

Piggybacking onto online-retailers enabled entry into several new foreign markets and, thereby, increased the company's range of distribution (Westhead, Ucbasaran, & Binks, 2004). This also cut the company off from gaining in-depth intelligence about offshore customers. The company's approach of managing international e-commerce indirectly and remotely has, thus, seriously hampered the company's ability to develop relevant capabilities (cf. Melén Hånell et al., 2019) and gain traction in international e-commerce. The case suggests that a high-quality product or service is not enough to enable e-commerce success in foreign markets. The case suggests companies that wish to be successful in such endeavours need to allow for inflows of knowledge related to customers in foreign markets which is required to develop marketing capabilities (e.g. know-how to process information about customer needs and wants) (Kotabe et al., 2002).

4.3. Digital business capabilities driving international e-commerce

The Auction House has operated on the assumption that the future of auctioning is digital, and the market is global. Therefore, the transformation into the digital business model was an essential strategy for the company to grow both domestically and internationally. The Baby Company's and the Design Company's international e-commerce efforts

only have generated marginal profit contributions; however, the Auction House has used e-commerce to build the company's core business strategy. To avoid mistakes that can be fatal for its valuable brand, the company tries to maintain control of all business activities related to international online sales rather than leaving this responsibility to a partner. The reason for this is that the brand and its credibility were considered to be key assets that needed to be carefully controlled to avoid transaction costs related to protection and misuse of this intellectual property (Buckley & Casson, 1976). Brand-related operations need to be consistent with quality standards and service levels that are aligned with the brand aspirations. This may be difficult to maintain on an international level. Furthermore, controlling sales activities is also important for the company because of its idiosyncratic product assortment. It is essential that all objects are carefully displayed, explained, and curated to attract online buyers. These considerations compelled the company to make substantial initial investments in developing the website, thus, deviating from the affordable-loss principle at this stage (Sarasvathy, 2001).

The case suggests that, since its e-commerce launch, the Auction House has worked relentlessly to improve its online services to both domestic and foreign customers. A bundle of skills is needed to create competence that enables the Auction House to become an outstanding curator of product content in a way that provides value to customers (Barney, 1991). Because this competence is difficult to replicate and transfer across markets, there are efficiencies stemming from the fact that competence can be developed, maintained, and consolidated within the realm of one online sales platform, which is controlled by the company itself. Hence, the case gives a quite novel illustration of a company that develops capabilities of how to integrate customer insight from various markets worldwide with digital technology. The Auction House's capabilities are, thus, not delimited to marketing capabilities; they resemble what Mathews, Bianchi, Perks, Healy, and Wickramasekera (2016) describe as internet marketing capabilities. In line with Chaffey, Hemphill, and Edmundson-Bird (2015), we argue the term "digital business capabilities" is a suitable description of the capabilities exerted by the company, in terms of the integration of technology and marketing skills. Such capabilities would be especially relevant when doing business with customers in cross-border situations where distance can become a factor that negatively affects trust in the sales channel (Zaheer & Zaheer, 2006), especially if the sales channel is not properly designed and managed (Matthyssens et al., 2008). Digital business capabilities may enable companies to acquire and retain foreign market customers by catering to their needs in the digital sphere, which can propel online sales development. Ojala et al. (2018) argue that online sales platforms can be used to maintain consistency in market operations and function as an alternative to market presence and internalisation through equity-owned stores (see: Buckely and Casson 1976). In line with an effectuation logic, the development of sales platforms, which can generate high levels of sophistication in terms of service-levels and service-content, develop gradually as a result of learning by doing. A predictive logic (i.e. planning) is prevalent in the beginning of the venture; effectual logic is becoming more pronounced as the venture unfolds. The considerable investments that went into online sales in the early stages - for example, the Auction House and the Baby Company - also allowed the companies to gain traction in sales as well as enough slack to adapt to various business settings over time (Sui & Baum, 2014). The continual development of e-commerce activities became attuned to effectuation frameworks of internationalisation: e.g. characterized by gradual learning about markets, potential customers, and how to incrementally transform digital technology capacities into attractive customer experiences.

4.4. Three archetypical patterns of international e-commerce development

The development of the case companies' e-commerce channels displays many traits that can be related to the effectuation framework (Sarasvathy, 2001;Sarasvathy, 2008): i.e. resource-constraints, building on pre-existing resources, leveraging adversity, tapping into external resources, and mitigating risk (see Table 3 and Appendix B). Three archetypical patterns of international e-commerce development were identified among the studied retail SMEs. These patterns largely stem from innate variations in effectuation processes which, in turn, provide different levels of support for capability development.

The asset-driven internationalisation pattern is characterized by a product-oriented approach where companies build upon the idea that the pre-existing core assets, they already possess can drive the development of international online sales, thus, lowering the perceived need to make greenfield investments in e-commerce sales systems. According to the effectuation framework, entrepreneurial companies tackle resource constraints and feelings of uncertainty by building upon current resources: i.e. "they dig where they stand" (Sarasvathy, 2001;Sarasvathy, 2008). Companies may transition from this stage by leveraging partnerships and accessing external resources (e.g. Galkina & Chetty, 2015). The Design Company fits into this mould because of its reliance on current resources and the use of a partner to distribute its products internationally. The Book Company also follows a similar pattern of e-commerce use (see Table 1). Consequently, the Design Company and the Book Company have to date been unable to develop relevant capabilities for expediting substantial international sales growth, which is similar to the argument made by Melén Hånell et al. (2019). The market-driven internationalisation pattern (portrayed in the Baby Company case and the Fashion Company case), are shown by companies that are responsive to customer needs and can adjust their online content accordingly in order to spur international expansion thorough online sales. In these cases, however, the sales channels are only partly complementary and not closely integrated. Finally, we have found evidence of a digital capabilities driven internationalisation pattern (displayed by the Auction House case) where companies combine and integrate market insights with digital technological solutions to create business synergies. This enables the company to bridge trust and information gaps to customers in foreign markets and, thereby, create a connection to them that is not hampered by distance.

Greenfield investments in online sales systems enabled e.g. the Auction House and the Baby Company to develop relevant capabilities about international e-commerce. These investments also made the companies flexible enough to adapt their business operations to various market settings. This finding is consistent with Sui and Baum's (2014) notion of the importance of possessing and having sufficient resources to tackle the multitude of particular challenges that will occur throughout the internationalisation process. Significant planning and investments (predictive logic) at the early stages of the venture may allow for learning and adaptations at the later stages of the venture (effectuation logic). Hence, we claim the following:

Proposition 1. Substantial initial investments in relevant resources (e.g. an e-commerce system) and a willingness to undertake risk is a prerequisite for companies to develop capabilities relevant for international e-commerce.

After e-commerce has been launched in foreign markets, companies usually start to encounter problems and challenges that may clash with the e-commerce strategy that was outlined at the outset. At this stage, it appears crucial for companies to have gained enough traction in foreign markets to develop capabilities that support their sales and marketing operations. These capabilities are of various kinds with the common trait they seem to be instrumental to reaching and resonating with online customers in foreign markets. Marketing capabilities enable companies to accurately calibrate their communication and product offerings, so they resonate with various customer segments in foreign markets. Lack of marketing capabilities (e.g. the Design Company) breaks the feedback loops in the effectuation process (Sarsavathy et al., 2014; Schweizer et al., 2010), thus, slowing down growth. Marketing capabilities, however, are not sufficient to create e-commerce concepts that work

Table 3
Analytical Summary.

	Baby Company	Design Company	Auction House
Principle of building upon what you have	The starting point is a brand with worldwide awareness and an established logistic system spanning several foreign markets.	Differentiated propriety resources (i.e. Scandinavian Design) that is believed to have a high potential for international appeal.	Expertise in curating various types of antiques that was considered to be possible to exert on a digital platform.
Network principle	Utilised the established logistic network to support e-commerce sales internationally. Involves customers worldwide in developing the brand.	Attempted to leverage the differentiation advantage internationally through e-commerce distributors.	Seeks to control its competitive advantage by heavily internalizing key e-commerce activities.
Principle of embracing adversity	Dealt with an initial low marginal profit contribution from international e-commerce sales by gradually changing its online strategy from a sales-focus to a brand-building focus.	Has not taken much actions to increase its international e-commerce sales, but considers the possibility of reducing its reliance on e-commerce distributors.	Dealt with an initial low marginal profit contribution from international e-commerce by developing a sophisticated sales platform with more service content.
Affordable loss principle	Substantial investments initially.	Avoids large capital expenditures by not making direct investments in logistics and distribution. Uses collaborators.	Substantial investments initially.
Main driver of internationalisation	Marketing capabilities	Assets (i.e. propriety resources)	Digital business capabilities

effectively in many markets. This implies that they will only have a moderate effect on performance.

Proposition 2. Marketing capabilities have a moderately positive effect on companies' e-commerce development.

In order for e-commerce to become something more than just a marginal business activity, marketing capabilities need to be paired with digital business capabilities. Digital business capabilities are the competences by which companies align digital technology features with customer needs and wants (Chaffey et al., 2015). For example, as the Auction House continually improves its website's content, user experience and service features are based upon analysing customer behaviour and responses. Hence, this capability represents a higher order capability in this business setting: i.e. enabling companies to effectively leverage their market offer and reach out to customers segments in various foreign markets.

Proposition 3. Digital business capabilities have a strong positive effect upon companies' e-commerce development.

5. Conclusion

Even though international entrepreneurship has commonly been conceptualised as an opportunity-focused activity (e.g. Chandra et al., 2012; Mainela et al., 2018), scholars have recurrently identified the topic of opportunity development as one requiring further study (Dimitratos & Jones, 2005; Jones et al., 2011; Knight & Liesch, 2016; Lindstrand & Melén Hånell, 2017). Scholars have specifically called for research applying the effectuation theory to further our understanding about the topic (Jones et al., 2011; Mainela & Puhakka, 2009; Tabares et al., 2020). This study responds to such calls by capturing how companies use digital sales efforts to pursue and exploit international opportunities. By using the effectuation framework, this study can shed light upon the procedural aspects of opportunity exploitation as well as the variance of internationalisation patterns. The case evidence suggests that international e-commerce develops, to a large extent, in accordance with many characteristics and principles of effectuation frameworks: particularly, at the later stages of the development of the ventures. However, notable inconsistences are also featured in the cases, which enable us to contribute with more granular insights about the drivers of e-commerce internationalisation. Specifically, we contribute to international entrepreneurship and effectuation models by highlighting the importance of undertaking risk and developing certain capabilities in processes of pursuing opportunities related to international e-commerce.

It is clear that significant (risk-accepting) investments in online sales websites and the creation of an overall digital user experience are required at the initial stages of the international e-commerce ventures. Companies that have made initial investments into relevant resources will create a sufficient "slack" to be able cope with various foreign market dynamics in its continued internationalisation process (Sui & Baum, 2014). Taking control of e-commerce related technology allows companies to directly reach out to customers and to tap into relevant market data. Companies that strongly commit themselves to an online sales logic by making well-aimed investments will, thereby, be more likely to develop relevant knowledge and capabilities related to international e-commerce. Based upon these capabilities, companies may be able to effectively calibrate their online sales channels and marketing activities to particular foreign market settings which, ultimately, may lead to relatively greater performance in the long-term.

Specifically we found that marketing capabilities – which enable companies to vigilantly keep track of market demand (Kotabe et al., 2002) – are central for companies to fulfil their international e-commerce aspirations. The development of marketing capabilities requires exposure to target markets, meaning that companies need to establish some form of market presence to gather insight about customers and market trends. Investments into e-commerce are not enough. Throughout the internationalisation of the e-commerce, there needs to be a link between market learning and technological development. As our cases suggest, involvement in socio-technological dynamic processes are necessary for successful e-commerce platforms to be built, meaning that companies need to develop particular digital business capabilities (see Chaffey et al., 2015). Companies that possess these capabilities may be better equipped to develop user-centric customer experiences and digital interfaces that match the needs of customers in various markets. The importance of digital business capabilities to act as a bridge between a company's technological capacity and its market capabilities is likely to have a large impact upon the value of the entire marketing offering: i.e. how the company interacts with customers, the design of the business model, and the development of relevant services. Digital business capabilities can enable, integrate, and consolidate sales activities with different foreign markets, thereby, providing scale advantages. It is plausible that insights from our study have external validity beyond the interesting, but delimited, area of international e-commerce. Capabilities are specialised and idiosyncratic, meaning that different capabilities have different functionality and applicability. While our study indicates that digital business capability is an important driver of effectuation processes in the development of e-commerce channels abroad, it is likely the importance of other types of capabilities will be pronounced in other types of ventures.

It is important to note that effectuation theory does not offer a normative framework; it merely describes how internationalisation processes of resource constrained entrepreneurs are likely to unfold. We do not claim the three internationalisation patterns, which we identify are mutually exclusive. In fact, it is quite possible that retail companies will exhibit different internationalisation patterns for different product categories or assortment categories. Furthermore, we do not claim that

these patterns are collectively exhaustive. It seems reasonable that other distinct internationalisation patterns, not represented in our study, could be identified based upon some unidentified capability. We, therefore, recommend further research to look into how the processes of e-commerce internationalisation are conditioned by company-specific and market-specific circumstances. Given that internationalising SMEs are often resource-constrained, scholars have started to highlight how opportunities for crowdfunding can aid the internationalisation efforts of these firms (Bembom & Schwens, 2018; Cumming & Johan, 2015). Such company-specific circumstances could potentially influence retail SMEs' abilities and strategies for developing international e-commerce while expanding abroad. Further research could broaden the framework proposed in this study and offer additional insights.

5.1. Managerial relevance

Previous research has shown that it is important for international and entrepreneurial ventures to have acess to a functioning communication infrastructure for extending their businesses (e.g. Aparicio, Audretsch, & Urbano, 2020). Here developed countries, like Sweden, clearly have an advantage to succeed with their international e-commerce strategies. Still, the results highlight the importance for managers to undertake risks and develop targeted capabilities to succeed in particular foreign market settings.

Adding to the recent emphasis on digital business development in the field (e.g. Coviello et al., 2017; Fraccastoro et al., 2020; Jean et al., 2020; Williams et al., 2020; Zahra, 2020), this study focuses on the actual drivers of e-commerce internationalisation. Insights generated in our study can be leveraged by managers in smaller entrepreneurial companies in order to create space for learning. Smaller entrepreneurial companies are often resource-constrained; the development of capabilities is their chance to move past thresholds for growth. To develop such capabilities, companies need to be prepared to make substantial initial investments, commit themselves to an international e-commerce strategy, be aware of with whom they need to collaborate, and the way in which they can optimally leverage their pre-existing assets. Our study highlights how managers can benefit from getting an overview of how possession of different assets and capabilities result in a diversity of internationalisation patterns.

Declaration of Competing Interest

The authors report no declarations of interest.

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Appendix A Examples of 10 critical events* of the three Case Companies with a specific focus upon internationalisation and e-commerce

Baby Company	Design Company	Auction House
1964 – BC is registered and sells its first product via export	1992 – DC is registered and starts selling products to the North American market. The first customers include two large retail chains and an art-museum shop.	1961 – AC is registered in its present form.
1969 – BC starts a subsidiary in Germany.	2000 – DC opens stores in three Swedish cities and the first franchise store is also opened. Shop-in-shops are opened in department stores in Sweden and Finland.	1979 – AC starts a subsidiary in Finland.
1982 – BC makes a distribution agreement with a USA-based company; other countries follow.	2002 – A wholly owned store is opened in North America.	1986 – AC starts working with representatives in Paris, London, Oslo, and Helsinki.
2001 – BC's products are now sold in over 25 countries. BC starts to adapt the website to better fit consumer preferences.	2005 – Foreign market sales now account for about 50 % of total revenues.	1991 – AC goes through a reorganization and closes down subsidiaries. The company downsizes from 100 employees to 35.
2006 – Manufacturing in China has increased. BC employs a sourcing manager and starts with direct deliveries from China to USA.	2007 – Several new stores are opened in Sweden, Denmark, Norway, and the UK.	1997 – AC launches its website on internet and offers a free-of-charge valuation of items for the first time. Auctions become available to follow live via the internet.
2007– BC's personnel receive education about web search optimization.	2009 – Two franchise stores are opened: one in Germany and one in Sweden.	2000 – The number of visitors at the Auction House's website has reached 50 000 per week, already a higher number than the number of visitors at the showrooms.
2009 – BC starts its own Facebook site, which is soon followed by actions on other online platforms (e.g. YouTube, Twitter, Instagram and Pinterest).	2012 – The company makes a loss. The reasons are attributed to the recession and the low profitability of specific stores.	2008 – AC's subsidiary introduces daily internet auctions
2013 – BC launches a digital guide to help parents to choose the right product.	2013 – A cost-cutting programme of 10 m SEK is implemented and stores are closed down.	2010 – AC separates the business into two operational-units.
2014 – BC recruits bloggers (web ambassadors) to position the company as a lifestyle brand.	2015 – A new sales division for products for public spaces is started.	2011 – AC's revenues for online Auctions increases 53 % and new online competitors enter the market.
2015 – BC starts its own web store and offer the entire product assortment to online customers in Sweden and Denmark. BC also starts a distribution centre in Hong Kong to support sales in the Asian region.	2017– Sales through customers, which focus upon digital sales, have increased from 5 % to 40 % of the total turnover in five years.	2015 – Governmental authorities decide that consumers will get the right to return objects that they have bought via online auctions.

*In this study, events like these were used to construct a chronological timeline for each case company. The timelines showed examples of critical events that was used as a basis for the interview guides. A typical question could be: "In 2015 the authorities decide that consumers will get the right to return objects that they have bought via online auctions. How does this affect your business model?".

Appendix B. Coding structure and exemplary data excerpts (translated from the original Swedish)

Descriptive codes	1st order categories	2nd order constructs	Themes	Applying case(s)	Excerpt from the data demonstrating data coding structure
Brand/ credibility	Use of available resources in e-commerce venture	Principle of building on what you have	EFFECTUATON PROCESS	The Baby Company The Auction House	A recent study about google search shows that US-citizens often searches online for the company's brand. The PR-manager says: "I was surprised by the results, but I see several possible explanations." (Source: News article, National newspaper, 2014-09-06) "I think it's very exciting with many new online auction start-ups coming up; it forces us to be even better. For our part, I think we have an advantage in our knowledge: that we can always guarantee the object is genuine." (Company CEO, Source: News article, Web-based newspaper, 2016-08-22)
Product superiority/ design focus				The Design Company	"Yes, if I may just end by saying that this is not our core business. It is no secret to reveal that we will not continue with this in the future. Our core business is to be a publisher for Scandinavian designers with a wholesale business." (Company Founder/CEO, Source: Personal Interview, 2017-04-24)
Logistics/ operational capacity focus				The Baby Company	"It is mainly e-commerce that is expanding. From the company's central warehouse in Sweden, we distribute directly to customers in Europe. In other countries, such as China and Japan, there is local distribution." (Company CEO, Source: News article, Local newspaper, 2016-11-26)
On-line distribution/ retail partners		Network principle		The Baby Company The Design Company	"The web store is all over Europe since last autumn, so we now sell throughout the EU. Today, we actually got our first web order from Australia. We have found a solution there along with our distributor. So, it is they who send out products from there." (Company Vice President, Source: Personal interview, 2017-05-24) "Basically, we do not have our own online store, but many of our customers have online sales. Some of our customers are purely online businesses and other customers have both physical commerce and online sales." (Company Sales Director, Source: Personal interview, 2017-04-24)
Outsourcing				The Auction House	"For example, to be able to develop the Chinese market; we do not handle the transport ourselves. Then we list the delivery companies we are familiar with and the customers can arrange the transport themselves." (Company Head of Marketing, Source: Personal interview, 2017-04-26)
Surprises and actions	Making adjustments	Principle of embracing adversity		The Baby Company	"We can take Japan as an example. There, we saw that a specific baby product is something, which people like to try and then buy in stores - although they do not need this with other products." (Company Vice President, Source: Personal interview, 2017-05-24)
Incremental change in the current business model	Risk mitigation	Affordable loss principle		The Baby Company The Auction House	When questioned about how digitalization has affected the company, the Vice President responds: "So it has been a change in a lot of what we do, how we work: in how we reach our consumers, what customers we process, and how we process them." (Source: Personal interview, 2017-05-24) A search engine optimization consultant was hired to help the Auction House improve its listing (i.e. appear on top in web-searches). This resulted in hundreds of links to unintended sites. The Administration Manager says: "We are a company with a good brand, which should instil confidence in our customers. We cannot participate in this. We will remove the links immediately" (Source: News article, Web-based technology news, 2005-11-02) When questioned about the web store, the Vice President says: "This was somewhat in line with our ambition to be in direct contact with our consumers. This was in addition to the pure sales ambitions." (Source: Personal interview, 2017-05-24)
Dealing with uncertainty				The Auction House	"The trend is that customers want to buy increasingly expensive items online. At the same time, there is still a big difference between online auctions and conventional auctions". (Company CEO, Source: News article, National newspaper, 2011-11-29) "We are in a transformation period. The digital auctions are attracting more customers to the market, while auction houses all around the world are becoming closer competitors. Being present and being successful online is necessary. At the same time, it is important to preserve the strong brand that the company has." (Company CEO, Source: News Article, Business newspaper, 2014-11-05)
New online services Customer reach	Ability to develop a new market offering	Marketing-based capabilities	CAPABILITIES	The Baby Company	"With this digital guide, we want to make it easier for parents by giving them help in choosing the right carrier that meets

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Descriptive codes	1st order categories	2nd order constructs	Themes	Applying case(s)	Excerpt from the data demonstrating data coding structure
				The Baby Company The Auction House The Auction House	their needs". (Company Director of Communications, Source: Company press release, Web-based PR platform, 2013-02-13) "In order to work more with content for the site, we will publish articles on an ongoing basis. In addition to self-produced material, this will include articles from bloggers, parents, and medical experts to be a source of inspiration… With the new site, we will surprise and inspire our target group while there will be a display window for our web shop and our retail partners." (Company CEO, Source: News article, Lifestyle Magazine, 2016-04-26) An industry newspaper says: The number of visitors on the company's website is now at most 50 000 per week and has already passed the large number of visitors that attend the screenings. (Source: News article, Industry newspaper, 2000-05-19) "People from all over the world bid live online; they see the auctioneer and can feel the atmosphere in the hall. At the last quality auction, we had bids from 50 to 60 countries, which means that the people who submit items have the opportunity to reach more customers." (Company CEO, Source: News article, Web-based technology newspaper, 2011-02-01)
				The Design Company	When questioned about how digital sales has affected the company, the Sales Director says: "This means that we have access to a huge number of customers without needing physical retail in every market." (Source: Personal Interview, 2017-04-24)
Use of social media				The Baby Company The Auction House	"It feels like a fun and humorous campaign with warmth. This is the first time the company is doing a campaign on Facebook. However, it will certainly not be the last." (Company Head of Communications in the Nordic region, Source: News article, Web-based magazine in media sector, 2011-02-11) "We want to increase the knowledge of how an auction works, thus, remove any barrier for young people to visit us." (Company CEO, Source: Web-based business newspaper, 2009-06-26)
Customer preferences	Ability/ inability to reach and process customer knowledge			The Baby Company The Design Company The Auction House	"We want to be where our target group is: the baby's parents. We turn to them for information and it is important for us to be highly ranked when they search." (Company Marketing Manager, Source: Company press release, Web-based PR platform, 2011-03-24) "The online part is the one that is growing the most. Then we will have to guess; it is difficult to be exact because we have many customers who also have online sales…A typical store sells over 30 % of our products on the internet." (Company owner and CEO, Source: Personal Interview, 2017-04-24) "A great advantage of the web is that it is easy to measure online marketing. We have started to work more strategically and analytically with social media…Now we evaluate, learn, and think about what it gives and what we want." (Company CEO, Source: News article, Leadership newspaper, 2015-12-14)
Market response				The Baby Company The Design Company	A press release discussing the new website says: "We want to give our users as good of an experience as possible when they visit our site, whether they are browsing on the mobile, the computer or on the tablet. An increasing proportion of our visitors use mobiles and tablets; it is important to keep up with the development. Our customers expect it and we are there for them." (Company Vice President. Source: Company press release, web-based PR platform, 2013-12-16) "We have customers all over the world. They are very few, but they are there and they are quite definable. The advantage of our brand is that the customer profile is quite clear, so to speak…Whether they live in Tokyo, New York or Paris, they are quite similar. They have probably even met at one of the universities. (Company Founder/CEO, Source: Personal Interview, 2017-04-24)
Investments in staff	Skill development			The Baby Company The Auction House	A press release says: Relevant staff in the company has received training in how to write search engine-adapted texts… A certain knowledge is needed about the requirements of content, design, and technology: such as navigation, text design, word choice, etc. (Source: Company press release, Web-based PR platform, 2007-02-05) An industry newspaper says: The company's future challenges are about increasing interactivity on the internet. As a solution, the company recruited a web editor a couple of years ago who

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Descriptive codes	1st order categories	2nd order constructs	Themes	Applying case(s)	Excerpt from the data demonstrating data coding structure
					has been working with the company website like a newspaper. Every morning, you have editorial meetings to determine the focus. (Source: News article, Industry magazine, 2004-10-21)
E-commerce vision	Market knowledge-technical capacity integration	Digital business capabilities		The Auction House The Auction House	"We have many more bids because the opportunity for real-time online bidding exists. However, the phone remains. Some people want to reach us over the phone." (Company CEO, Source: News article, Web-based technology newspaper, 2011-02-01) "We invest much work in every object that we sell…to get the objects adequately photographed so that the customer can make a decision based on this information" (Company Head of Marketing, Source: Personal Interview, 2017-04-26)

The newspaper sources are anonymised.

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