



# Internet marketing and export market growth in Chile



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## ABSTRACT

Previous studies show that the Internet positively influences firms' export activities from developed markets. However, the literature is vague as to whether the Internet has an impact on the export performance of firms from emerging markets. This study tests a conceptual model that includes the effect of Internet marketing capabilities on export market growth in an emerging market. Drawing on a cross-national sample of 204 export firms from a Latin American country (Chile), findings indicate that Internet marketing capabilities positively influence the availability of export information, which in turn impacts the development of business network relationships and export market growth.

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## 1. Introduction

An increasing number of studies emphasize the importance of the Internet in firms' international activities (Aspelund & Moen, 2004; Moen, Madsen, & Aspelund, 2008; Petersen, Welch, & Liesch, 2002). Specifically, the Internet supports the international expansion of exporters (Gabrielsson & Manek Kirpalani, 2004; Loane, 2005; Mathews & Healy, 2008), and increases international market growth of firms (Lu & Julian, 2008). Studies show that the Internet has a positive effect on firm information availability and the development of business networks in international markets, as well as an improvement in firm performance (Morgan-Thomas, 2009; Samiee, 1998; Teo & Choo, 2001). Nevertheless, most research is largely exploratory and examines the potential impact of the Internet from a conceptual viewpoint, without formally testing research hypotheses (Loane, McNaughton, & Bell, 2004; Mathews & Healy, 2008; Samiee, 1998). As such, limited empirical research is conducted on the Internet's impact on export market performance (Sinkovics, Sinkovics, & Jean, 2013).

Furthermore, prior research that examines the use of the Internet for commercial purposes in developed countries may not necessarily be relevant for emerging countries such as Latin America due to differing cultural dimensions and levels of development (Bianchi & Andrews, 2012; Gong, 2009; Nasco, Grandon, & Mykytn, 2008). Emerging market contexts have lower levels of economic development in comparison to developed nations (Wright, Filatotchev, Hoskisson, & Peng, 2005). The

export process of emerging market firms may require different resources and capabilities. Given the above, as well as the importance of exporting to a nation's economy (Leonidou & Katsikeas, 1996) and the increasing use of the Internet in business activities in emerging markets, a study that examines the effect of the Internet on export market growth for Latin American firms is timely.

The current study proposes that the Internet enables the development of Internet marketing capabilities such as online advertising, sales, after-sales support, market research, and purchasing/procurement. These capabilities in turn have an impact on export market growth, which consists of export sales in current and new markets. Capabilities are defined as bundles of skills and knowledge, not easily imitated by competitors, and exercised through organizational processes that create competitive advantages for a firm (Day, 1994). The Internet allows organizations to establish a direct interface with customers and suppliers and provides export marketers with Internet marketing capabilities by strengthening advertising, sales, market research, service, and procurement (Prasad, Ramamurthy, & Naidu, 2001).

The authors develop a conceptual model which postulates that Internet marketing capabilities can impact export market growth by combining or supporting two additional capabilities: (1) the availability of export information and (2) the development of business network relationships. These two capabilities are based on previous research which shows that the Internet can facilitate the development of organizational capabilities, such as marketing research capacity or customer relationship ability. These capabilities are firm-specific and more difficult to duplicate across organizations (Bauer, Grether, & Leach, 2002; Prasad et al., 2001; Saban & Rau, 2005).

This research makes the following theoretical and empirical contributions. First, this study tests the relationship between Internet

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marketing capabilities, export information availability, business network relationships, and export market growth drawing on a resource-based view (RBV) and capabilities approach (Barney, 1991; Teece, 2007; Teece, Pisano, & Shuen, 1997). Second, this research contributes to the relatively scant but increasing number of empirical studies which investigate the link between export marketing strategy and export performance in emerging market contexts (Calantone, Kim, Schmidt, & Cavusgil, 2006). Third, this study contributes to the limited empirical research that advises export managers on how to be more effective in their Internet marketing efforts and practices (Sinkovics et al., 2013). Finally, this study provides descriptive information on Internet marketing activities, export ratio, and an international market of exporters in Chile, an emerging market in Latin America. According to the Pew Research Center, Chile has one of the greatest Internet usage rates (Rainie & Poushter, 2014) and is one of the highest ranked countries in terms of sustained economic growth in the region (WEF, 2014).

The next section reviews the literature pertinent to Internet marketing and exporting, and develops specific hypotheses that relate to Internet marketing capabilities and export market growth. Discussions of the methodology, results, limitations, and future research follow.

## 2. Theoretical background

The Internet is one of the most significant marketing tools in the global marketplace, offering enormous potential for export businesses (Rodgers & Sheldon, 2002). For example, the Internet can aid exporters by enhancing access to international markets, increasing the rate and speed of internationalization, lowering transaction costs (Kontinen & Ojala, 2010; Lohrke, Franklin, & Frownfelter-Lohrke, 2006), and improving communication and efficiency of information exchange (Gabrielsson & Manek Kirpalani, 2004; Loane et al., 2004; Mathews & Healy, 2008). Research in Latin America shows that the Internet allows firms to expand their exporting activities and conduct their business more efficiently (Rohm, Kashyap, Brashear, & Milne, 2004).

Hamill (1997) suggests that the Internet can substantially improve communication with actual and potential international customers, suppliers, and partners. The Internet generates a wealth of information on worldwide market trends and can also be a very powerful promotion and sales tool. The Internet facilitates conducting export business and supports promotion, information delivery, and export revenue growth (Aspelund & Moen, 2004; Bennett, 1997). Additionally, the Internet can be an efficient tool to reduce entry costs and provide relevant information, which may help to increase relationship development. Not only can large firms with sizeable capital resources support their export activities through the Internet but small and medium companies may also do so with moderate investments (Arnott & Bridgewater, 2002).

RBV and the capabilities approach offer a theoretical base for understanding how to achieve and sustain a firm's competitive advantage and superior performance (Barney, 1991; Teece, 2007; Teece et al., 1997). The RBV considers a firm as a bundle of resources and capabilities that are available to deploy and difficult for rivals to imitate (Amit & Schoemaker, 1993). Resources can be organizational or managerial, such as the competitiveness of products, technological and financial resources, international experience, and the leadership qualities of managers (Barney, 2001). On the other hand, capabilities allow firms to acquire and absorb internal and external sources of knowledge and reconfigure a firm's resource base (Eisenhardt & Martin, 2000; Teece et al., 1997). Firms develop and acquire resources and capabilities to expand their source of competitive advantage in new international markets and improve their export performance (Day, 1994; Srivastava, Fahey, & Christensen, 2001). Capabilities generate a competitive advantage and improve export performance in two ways (Piercy, Kaleka & Katsikeas, 1998). First, capabilities allow firms to identify and respond to opportunities by developing new processes, products, or services for international markets that are difficult for competitors to imitate

and have the potential to increase revenue (Zou, Fang, & Zhao, 2003). Second, capabilities improve the speed, effectiveness, and efficiency with which firms operate and respond to new international markets by reducing costs (Tallon, 2008).

Firms apply Internet technology to firm processes in international business activities (Booth & Philip, 1998; Lichenthal & Eliaz, 2003). Reuber and Fischer (2011) find that firm resources such as Internet technology are pivotal in the pursuit of international marketing opportunities. However, accumulating valuable resources is not enough to achieve a competitive advantage (Teece et al., 1997) and investments in information and communication technology may not necessarily benefit firms (Barney, Wright, & Ketchen, 2001). Internet technology as a resource is easily imitable and does not necessarily lead to a competitive advantage for firms (Li & Ye, 1999).

Powell and Dent-Micallef (1997) and Booth and Philip (1998) show that leveraging the value of the Internet requires embedding the Internet in organizational practices and processes or using the Internet in tandem with other unique resources within the firm. Trainor, Rapp, Beitelspacher, and Schillewaert (2010) also argue that focusing on the technology alone is not sufficient. The authors examine the value of technology resources and find that the Internet's impact on other complementary firm-level capabilities positively influences firm performance by improving customer retention and satisfaction. Thus, embedding the Internet within organizational processes can generate a competitive advantage, which in turn impacts a firm's performance (Barney, 2001; Li & Ye, 1999; Tippins & Sohi, 2003). For example, exporters that apply the Internet to marketing activities such as sales and market research can identify and respond to opportunities through new processes which are faster, more effective, lower in cost, and difficult for competitors to imitate (Bengtsson, Boter, & Vanyusyn, 2007; Zou et al., 2003).

The Internet can facilitate the development of marketing capabilities, such as marketing research capacity or customer relationship ability which are firm-specific and more difficult to duplicate across organizations (Bauer et al., 2002; Hamill & Gregory, 1997; Saban & Rau, 2005). Specifically, this study focuses on Internet marketing capabilities: a firm's capability to use the Internet in marketing functional areas to generate value for customers (Morgan, 2012).

Prior research suggests that different marketing capabilities help firms achieve superior performance (Ramaswami, Srivastava, & Bhargava, 2009; Vorhies & Morgan, 2005). The literature identifies two types of marketing capabilities that are particularly relevant to exporters. The first type of marketing capability relates to the export information gathering process through which firms learn about international markets and then use this insight to make appropriate export marketing decisions (Morgan, Zou, Vorhies, & Katsikeas, 2003; Piercy et al., 1998; Teece et al., 1997). These capabilities include the use of routines to gather, process, and interpret export market information, distribute relevant foreign market information to export decision makers and develop export venture marketing strategies (Day, 1994; Vorhies & Morgan, 2005). The second type of marketing capability relates to the export marketing strategy which includes export distribution, post-sales service, marketing communication, network relationships, and selling processes to target customers in foreign markets (Day, 1994). Drawing from the literature, this study considers firm capabilities that relate to export information availability and business relationship networks in addition to Internet marketing capabilities.

Although the previous section helps to explain how the Internet may assist firms in their export growth activities, these studies predominantly investigate the role of the Internet in exportation in developed markets, such as Australia (Mathews, Healy, & Wickramasekera, 2012), the United States of America (USA) (Samiee, 1998), and Europe (Moen et al., 2008). On the contrary, no studies examine the impact of the Internet on export market growth in emerging markets such as those in Latin American. Some research evidence suggests that cultural differences may exist for both consumers (e.g., Andrews & Bianchi,

2013) and firms' acceptance of modern communication technologies in emerging countries (Grandon et al., 2011; Wresch, 2003). For example, Latin American managers may perceive using the Internet as an impersonal way to conduct international business and prefer to gain market information from personal information sources due to their collectivistic and risk-averse nature (Grandon et al., 2011; Hofstede, 2001). Thus, business relationships may be even more significant in emerging country contexts, such as Latin America, for export development and growth (Bianchi, 2014).

This study proposes that Internet marketing capabilities boost other capabilities such as export information availability and international business relationships, which positively influence export market growth. Internet technology as a resource may help firms acquire relevant available export information and aid in the development of business relationship marketing capabilities when operating internationally (Li & Ye, 1999). However, the extent to which Internet resources contribute to export performance through marketing capabilities in a Latin American context remains unclear. With this research aim in mind, Fig. 1 shows the proposed conceptual model and the next section discusses the hypotheses.

### 3. Conceptual framework and hypotheses

#### 3.1. Export market growth

Product market development and penetration are important growth strategies for firms (Ansoff, 1965; Houghton & Winklhofer, 2004). This study uses export market growth as a measure of firm export performance (Dhanaraj & Beamish, 2003). International marketing researchers commonly use dimensions of market growth as dependent variables (Daniel, Wilson, & Myers, 2002; Gronhaug & Kvitastein, 1992; Houghton & Winklhofer, 2004).

More recently, while some international marketing research considers the influence of the Internet on market growth (Morgan-Thomas & Bridgewater, 2004; Murphy & Bruce, 2003; Toften & Hammervoll, 2011), few studies evaluate the Internet's impact specifically on export market growth (Mathews & Healy, 2008). Furthermore,

most studies suggest that the Internet has a positive impact on international market growth but fail to empirically test this relationship (Clarke, 2008; Hinson & Adjasi, 2009; Moen, Gavlen, & Endresen, 2004; Prasad et al., 2001). This study proposes that the Internet provides Latin American firms the opportunity for export growth, enabling them to extend their reach beyond the borders of their own country by accessing and disseminating information, as well as providing opportunities for more frequent interaction with international customers.

#### 3.2. Internet marketing capabilities

When applying the Internet to marketing activities the Internet can be a resource within the organization that becomes a specific marketing capability (Liao, Kickul, & Ma, 2009; Yalcinkaya, Calantone, & Griffith, 2007). This study examines the application of Internet technology to a specific set of marketing activities that the literature commonly mentions: advertising and marketing, online sales, after-sales service and support, market research, and purchasing/procurement (Aspelund & Moen, 2004; Gibbs & Kraemer, 2004; Trainor et al., 2010).

Research suggests that Internet marketing capabilities positively impact firms' exporting outcomes through activities such as market research and relationship/network development (Aspelund & Moen, 2004). For example, the Internet provides rapid access to high-quality market information around the world that supports improved decision-making (Teo & Choo, 2001), facilitates the development of a firm's internal and external relations (White & Daniel, 2004), develops marketing capabilities (Prasad et al., 2001), and has a positive impact on firm performance through e-commerce and online sales (Gibbs & Kraemer, 2004).

Studies on the implications of the Internet for marketing suggest positive effects on business performance. Moon and Jain (2007) show that Internet marketing capabilities positively impact international performance for exporters. In particular, the authors find that firms' Internet marketing research, support services, and promotional activities have a positive relationship with their profit, sales, and market share. Similarly, Hamill (1997) contends that other ways in which the Internet can help improve export performance is by finding the right overseas

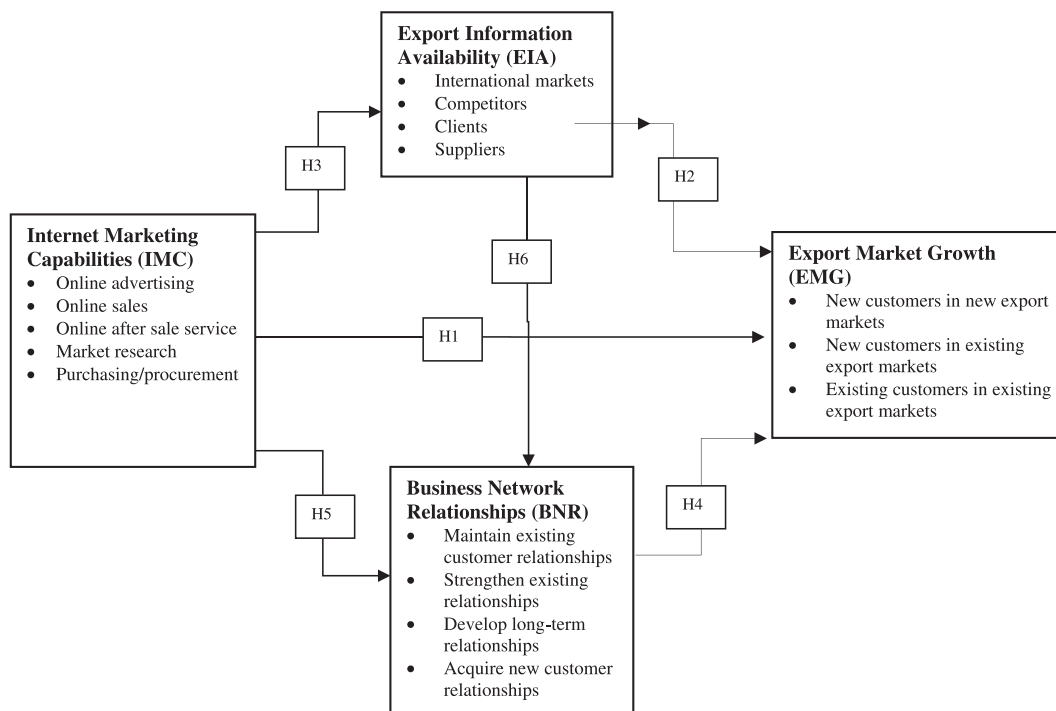


Fig. 1. Proposed conceptual model.

agent, gathering market intelligence to aid export planning, and electronic communication to support networks. Furthermore, the Internet offers interactivity and dynamism that can assist exporting firms to conduct their business both effectively and efficiently (Bennett, 1997). Thus, evidence exists that Internet marketing activities have a positive impact on exporters' sales and profit performance.

The Internet also enables firms to reach potential clients around the world, making the Internet a relatively inexpensive form of marketing (Lituchy & Rail, 2000). This capacity is especially important for firms from emerging markets with less resources, such as those in Latin America (Rohm et al., 2004). Peterson, Balasubramanian, and Bronnenberg (1997) argue that firms use the Internet to generate revenue by selling more to existing customers and by attracting new customers because neither location nor time constrains the Internet. This capacity results in a marketing capability of transaction cost reduction including the costs of executing a sale, costs of procurement, and costs associated with making and delivering a product, leading to an increase in profitability. Thus, H1: Internet marketing capabilities positively influence export market growth.

### 3.3. Export information availability

Market orientation is the extent to which a firm generates, disseminates, and responds to market intelligence regarding customer needs, competitor strategies and actions, channel requirements, and the broader business environment (Kohli & Jaworski, 1990). Drawing on RBV, firms with superior market orientation achieve superior business performance because of a greater understanding of customers' wants and needs, competitor capabilities and strategies, channel requirements, and the broader market environment than their rivals (Jaworski & Kohli, 1993). This capacity represents a know-how capability that enables firms to be both more effective and efficient by providing relevant market information to managers.

In an international context, a firm's capability to gather and utilize information about export markets and customers supports their competitive position and drives international growth and performance (Hart, Webb, & Marian, 1994). Piercy et al. (1998) found a link between export performance and information collection, market sensing, and managerial understanding. Firms access market information to become aware of export market opportunities and develop a marketing knowledge capability (Li & Calantone, 1998). Information about international customers, channel members, and competitors is also important for export marketing activities such as product development and pricing strategies (Day, 1994; Morgan, 2012), which positively impact firm performance (Jaworski & Kohli, 1993).

Export markets are diverse, complex, and uncertain (Welch & Luostarinen, 1988). The Internet aids a firm in identifying new customers and distributors, generate information about market trends, track research and technological developments, and make more informed decisions (Samiee, 1998; Teo & Choo, 2001). For example, the Internet provides access to databases from government agencies, universities, and research centers (Cronin & McKim, 1996). Thus, the availability of information on export markets is a marketing capability that directly relates to a firm's economic objectives and should increase the growth of current and new export markets. Thus, H2: Export information availability positively influences export market growth.

The Internet increases the amount of international market information that is available to firms (Petersen et al., 2002). Several studies note the Internet's positive effects on international information availability (Brock & Yu, 2005; Gibbs & Kraemer, 2004; Hamill, 1997; Hamill & Gregory, 1997). Internet applications to marketing activities enable firms to develop marketing capabilities to collect primary data via tools such as online surveys, web visitor tracking, advertising measurement, customer identification systems, and email marketing lists (Quelch & Klein, 1996). The Internet also provides a means to obtain sources of secondary data, such as online newspapers and journals,

individual country data, industry and legislation reports, and lists of suppliers, agents, distributors, and government contacts (Hamill, 1997). Firms also have access to databases from government agencies, universities, and research centers (Cronin & McKim, 1996).

A general characterization of an emerging market is a country with lower levels of economic development than its counterparts from developed countries (Wright et al., 2005). Firms from emerging markets may experience shortages of financial resources, which hinder the implementation of traditional marketing activities in international markets (Wright et al., 2005). However, the Internet serves as a vehicle for acquiring information with fewer resources and a wider reach (Aspelund & Moen, 2004; Bennett, 1997). Not only large export firms with sizeable capital capabilities have the ability to access available market information through the Internet. Exporters from emerging markets may also do so with a lower financial investment (Arnott & Bridgewater, 2002). Overall, the Internet can configure and develop marketing capabilities through an efficient medium for conducting market research and collecting high-quality market information for more informed decisions (Teo & Choo, 2001). Thus, H3: Internet marketing capabilities positively influence export information availability.

### 3.4. Business network relationships

Relationship development and network building capabilities positively impact a firm's performance in domestic and international contexts (Morgan-Thomas, 2009; Musteen, Francis, & Datta, 2010). Loane and Bell (2006) suggest that business networks are valuable resources for Internet-enabled small firms in their internationalization endeavors. The network theory of internationalization focuses on the role of business relationships in international market growth and development (Coviello & Munro, 1995). The basis of networks is to exchange relationships, which evolve with mutual knowledge and trust, leading to greater international market action and growth (Coviello & Munro, 1995). Personal contact, networks, and social interaction also play an important role in the development and growth of international markets (Wu, Mahajin, & Balasubramanian, 2003). Filatotchev, Liu, Buck, and Wright (2009) find a significant association between the possession of global networks and export orientation and performance.

Nevertheless, this research emanates mostly from developed markets and differences may exist in terms of the use and acceptance of Internet technology for building and maintaining business relationships by emerging country firms (Andrews & Bianchi, 2013; Grandon et al., 2011; Wresch, 2003). In high-context and collectivistic cultures, such as Latin America, people have high involvement relationships with one another (Hofstede, 2001). The bonds between people start with the family and extend to friends, colleagues, business partners, community, and society in general. Studies find that businesses in high-context cultures depend more on connections and relationships (Kim, Pan & Park, 1998). Business network relationships may be very important for export growth in emerging country contexts such as Latin America, which seem to rely even more heavily on international relationships and networks for export development (Bianchi, 2014). Thus, H4: Business network relationships positively influence export market growth.

Internet marketing is a powerful way to reach customers and suppliers anywhere in the world, regardless of a country's remoteness (Bennett, 1997; Lituchy & Rail, 2000). Additionally, the Internet facilitates the integration and coordination of marketing activities due to the ease of use, wide availability, low cost, and common standards. The Internet also allows greater internal information sharing and improving communication with customers and suppliers and ultimately improves a firm's international relationship performance (Jean, Sinkovics, & Cavusgil, 2010). Valadares de Oliveira, McCormack, Bronzo-Ladeira, Trkman, and Van Den Bergh (2011) suggest that the Internet is critically important for establishing and maintaining international business relationships with customers and suppliers.

Particularly in emerging markets, Internet marketing capabilities can generate a great advantage for exporters that are smaller in size and have fewer resources than their counterparts from developed countries. These capabilities can aid other relational capabilities, such as the development of business networks, by lowering transaction costs, decreasing the time to reach international markets, and improving communication (Kontinen & Ojala, 2010; Lohrke et al., 2006). Overall, the Internet contributes to building international business networks, which in turn lead to the identification and exploitation of export market opportunities (Moen et al., 2004; Wu et al., 2003). As Loane and Bell (2006) argue, firms should place more emphasis on capabilities that help build relationships that assist in exploiting international opportunities. Thus, the Internet enhances a firm's existing customer and supplier base, and supports a firm's ability to establish and maintain international business relationships with customers and suppliers. Thus, H5: Internet marketing capabilities positively influence business network relationships.

The connectivity and interactivity of the Internet and the ease of availability of information improves communication, commitment, satisfaction, and trust among the parties. The Internet also increases the quality of business network relationships between small and medium-sized firms and suppliers (Bauer et al., 2002) through cross-border, inter-organizational capabilities and processes (Jean et al., 2010). Piercy et al. (1998) identify that the capability of acquiring relevant export information generates greater customer and market contact and partnering with others. These authors argue that acquiring relevant information improves the learning processes that support export activity and partnership development. Hence, H6: Export information availability positively influences business network relationships.

#### 4. Methodology

The researchers test the hypotheses via an online survey, that is, a questionnaire, applied to Chilean export firms between April and June 2011. The initial sample consists of 2,000 firms from the Prochile database of Chilean exporters ([www.prochile.com](http://www.prochile.com)). The database is the most comprehensive and current database of exporters in Chile available. The unit of analysis for this study is *the firm*, which is consistent with previous studies on the Internet and internationalization (Aspelund & Moen, 2004; Melewar & Stead, 2002; Moen, 2002; Moen, Endresen, & Gavlen, 2003; Morgan-Thomas & Bridgewater, 2004). The survey targets international marketers and decision-makers who are key informants to either complete the survey themselves or pass on to the person responsible for the firm's exporting decisions. Only those respondents with knowledge of the firm's exporting process are eligible to complete the survey (Mitchell, 1994).

Potential participants receive an email invitation letter followed by a reminder email that presented the research objective and an online survey link. As a result of these solicitations, the final sample consists of 210 questionnaires with a response rate of 10%. This response rate is reasonable given poor response rates in business surveys (Frazer & Lawley, 2000). Six cases had extensive missing data and thus were not usable. This process resulted in a final sample of 204 cases to test the relationships in the model.

In the questionnaire, respondents rate their perceptions on seven-point Likert scales about Internet marketing capabilities, export market growth, export information availability, and business network relationships. Specifically, to measure Internet marketing capabilities, respondents indicate the degree to which their firm applies the Internet to marketing activities, such as online advertising, sales to customers, after-sales service and support, market research, and purchasing/procurement (Aspelund & Moen, 2004; Gibbs & Kraemer, 2004; Hamill, 1997). An adaptation from Ansoff (1965) and Gibbs and Kraemer (2004) is the basis of the scale to measure export market growth. This measure considers perceptions of growth of new customers in new international markets, new customers in existing

international markets, and existing customers in existing international markets. Respondents indicate on a seven-point Likert scale the degree to which export market growth (1) significantly decreased, to (7), significantly increased sales over the last 12 months. The measure of "export information availability" is a four-item scale which is a derivative of Hamill and Gregory (1997), Petersen et al. (2002), and De la Torre and Moxon (2001). Specifically, respondents rate on seven-point scales the amount of available information their firm has on: international markets, international competitors, international customers, and international suppliers. Finally, adapting from Wu et al. (2003), a four-item scale measures business network relationships. Participants evaluate on seven-point scales the extent to which their firm uses business networks to maintain international customer relationships, strengthen existing relationships, develop longer lasting relationships, and acquire new customer relationships.

Writing the questionnaire entails a three-step process: questions first are written in English, followed by translating them into Spanish by one of the authors, and then back-translating them by a colleague in Chile (Brislin, 1970). As a result of pre-testing the questionnaire with a convenience sample of five Chilean exporters, minor changes to wording in some questions were included. This study uses a variety of scale anchors to assess for common method variance so that respondents do not simply gloss over questions (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Furthermore, the questionnaire mixes positively and negatively worded items to reduce common method variance. Semantic differential and seven-point Likert-type scales were used to reduce common method bias (Podsakoff et al., 2003).

#### 5. Results

Applying Podsakoff and Organ's (1986) factor analysis procedure to all constructs results in no single or general factor accounting for most of the variance in the independent and dependent variables. Thus, no common method bias variance issues seems to exist. Furthermore, a two-tailed *T* test shows that the data set has no non-response bias issues between early and late respondents (Armstrong & Overton, 1977).

##### 5.1. Descriptive results

The data indicate that firms have an average of 153.7 employees, with 86% of the firms being small to medium sized, with less than 200 employees. Within the sample, manufacturing firms represented 88% and service firms only 12%. Respondents were chief executive officers, vice presidents, or managing directors (10%), international and marketing/sales managers (18%), general managers (24%), administrators (17%), and other managers responsible for international decisions (31%). All respondents have high involvement in their firm's export decision-making. The average age of firms was 21.7 years, with establishment dates ranging from 1875 to 2008. A majority of the firms (82%) were established after 1980. Respondents had a mean of 10 years of experience with the firm and 15.4 years within their industry. The mean age of the respondents was 45.1 years, ranging from 22 to 73 years of age.

Results show that 98.5% of all the firms use the Internet for e-mail communication to some extent, and 82.2% of the firms use e-mail extensively in their business. Furthermore, 25.6% of these firms use a website extensively for international marketing activities and 87.7% use a website to some extent. The data also records that 82.2% of exporters use the Internet for online advertising to international customers and prospects, 51.2% for online sales, 73.9% for after-sales service, 87.7% for market research, and 81.3% for procurement and purchasing. These findings highlight the integration of the Internet into the international marketing activities of these exporters. The average annual revenue for the firms is US\$10.2 million, and the average annual ratio of exports/sales is 65%. The mean number of international markets is eight, with the majority of firms (82.3%) having more than four international

**Table 1**  
Construct measures and CFA results.

Constructs	Measure Sources	Indicators	<sup>a</sup> Std. Est.
Internet Marketing Capabilities (IMC) ( $\alpha = .79$ )	Adapted from Aspelund and Moen (2004); Gibbs and Kraemer (2004)	Online advertising	.66
		Online sales	.65
		Online after-sales service and support	.79
		Market research	.56
		Purchasing	.61
Export Information Availability (EIA) ( $\alpha = .88$ )	Adapted from Hamill and Gregory (1997); De la Torre and Moxon (2001); and Petersen et al. (2002)	Available information in our firm	.94
		Information about international markets	.81
		Information about international customers	.86
		Information about international suppliers	.59
Export Market Growth (EMG) ( $\alpha = .93$ )	Adapted from Ansoff (1965)	Growth of...	.88
		New customers in new international markets	.96
		New customers in existing international markets	.88
		Existing customers in existing international markets	.92
Business Network Relationships (BNR) ( $\alpha = .95$ )	Measure adapted from Wu et al. (2003)	Maintain international business relationships	.98
		Strengthen existing business relationships	.95
		Develop longer-lasting business relationships	.95
		Acquire new international customer relationships	.81

 $\alpha$  = Cronbach alpha.<sup>a</sup> Standardized estimate.

country markets and an average of nine customers in each. The main export markets are the USA, Brazil, Peru, Mexico, Argentina, and Colombia. Excluding the USA, the other five main markets are all in the Latin American region.

## 5.2. Statistical results

Using structural equation modeling (AMOS 19.0) allows for statistical tests of the conceptual model and the hypothesized paths. Results of construct reliabilities, items, and standard estimates are in Table 1. See Table 2 for construct correlations, means, and the standard deviations.

The study model shows good model fit indices (CMIN/DF = 1.725; CFI = .952; TLI = .945; IFI = .953; GFI = 0.90; RMSEA = .060). See Table 3 for results.

Results indicate that Internet marketing capabilities do not directly influence export market growth ( $\beta = .04, p = .66$ ). Thus, the findings do not support H1. In addition, results show that export information availability positively influences export market growth ( $\beta = .34, p < .001$ ) supporting H2. In support of H3, results also indicate that Internet marketing capabilities positively influences export information availability ( $\beta = .47, p < .001$ ). Further, business network relationships have a positive influence on export market growth ( $\beta = .16, p = .04$ ) supporting H4. Additionally, the results indicate that Internet marketing capabilities do not positively influence business network relationships ( $\beta = .06, p = .44$ ). This indicates no support for H5. Finally, in support of hypothesis 6, the results show that export information availability has a positive influence on business network relationships ( $\beta = .50, p < .001$ ).

**Table 2**  
Correlations matrix.

	Mean	Std. Dev.	IMC	EIA	BNR	EMG
IMC	3.3	1.34	1.0	.42 <sup>a</sup>	.24 <sup>a</sup>	.29 <sup>a</sup>
EIA	4.4	1.26	.42 <sup>a</sup>	1.0	.39 <sup>a</sup>	.48 <sup>a</sup>
BNR	4.8	1.47	.24 <sup>a</sup>	.39 <sup>a</sup>	1.0	.36 <sup>a</sup>
EMG	5.0	1.36	.29 <sup>a</sup>	.48 <sup>a</sup>	.36 <sup>a</sup>	1.0

IMC, Internet marketing capabilities; EIA, export information availability; BNR, business network relationships; EMG, international market growth.

<sup>a</sup> Correlation is significant at the 0.01 level.<sup>b</sup> Correlation is significant at the 0.05 level.

## 6. Discussion and conclusions

### 6.1. Discussion of the findings

This study draws on RBV and a capabilities approach (Barney, 1991; Teece, 2007; Teece et al., 1997) to develop and test a conceptual model that considers the impact of Internet marketing capabilities on the export market growth of firms in a Latin American context. Using data from Chilean exporters, this study's findings contribute to previous research which suggests that the Internet has a positive impact on the international marketing activities of firms (Hamill & Gregory, 1997; Loane & Bell, 2006; Petersen et al., 2002; Quelch & Klein, 1996). Additionally, this study extends previous research and identifies specific ways as to how Internet marketing capabilities influence export market growth. In particular, Internet marketing capabilities positively influence export information availability and international business network relationships, which in turn increase export market growth.

The findings show that the application of Internet technology on international marketing activities such as online advertising, sales, and market research do not have a significant direct effect on export market growth. These results are consistent with RBV scholars who argue that some firm's resources or capabilities, such as Internet marketing

**Table 3**  
Model fit and hypotheses testing.

Model	Overall fit					P-value > .05
	Model fit indices					
	$\chi^2/DF$	CMIN	RMSEA	IFI	CFI	
Proposed model	1.827/98	.064	.967	.966	.959	.000 significant
Hypotheses	Path directions	Estimate	CR	P	Result	
H <sub>1</sub>	IMC→EMG	.04	0.44	.66	Not Supported	
H <sub>2</sub>	EIA→EMG	.34	3.65	***	Supported	
H <sub>3</sub>	IMC→EIA	.47	5.42	***	Supported	
H <sub>4</sub>	BNR→EMG	.16	2.01	.04	Supported	
H <sub>5</sub>	IMC→BNR	.06	0.77	.44	Not Supported	
H <sub>6</sub>	EIA→BNR	.50	6.33	***	Supported	

IMC, Internet marketing capabilities; EIA, export information availability; BNR, business network relationships; EMG, international market growth.

\*\*\* Results significant at  $p < .001$ .

capabilities, are important for grasping international marketing opportunities (Reuber & Fischer, 2011); however, they may not necessarily lead to competitive advantage for a firm (Barney et al., 2001). This finding suggests in an international context that leveraging Internet marketing capabilities occur only when firms embed them in other organizational capabilities that relate to specific practices and processes (Booth & Philip, 1998; Powell & Dent-Micallef, 1997) in ways that generate a competitive advantage and impact a firm's export performance (Barney, 2001; Li & Ye, 1999; Tippins & Sohi, 2003).

Further, the findings of this study show a strong significant effect of Internet marketing capabilities on export information availability. This result is consistent with previous studies which support a positive impact of Internet marketing activities on information availability in an international setting (Hamill & Gregory, 1997; Mathews et al., 2012; Petersen et al., 2002). Other researchers also suggest that the Internet positively influences the amount of relevant information available to international firms (Morgan-Thomas & Bridgewater, 2004). Information capacity enriches the firm's capability to generate an understanding of export markets and customers, leading to more positive market growth. Internet marketing capabilities play a role in enhancing other capabilities of information availability related to export markets, which in turn leads to export market growth. This study also strengthens earlier findings by highlighting the importance of Internet marketing capabilities on information availability within a Latin American context.

The findings in this study also demonstrate that Internet marketing capabilities have an effect on export market growth by improving business network relationships indirectly through export information availability. The findings do not show a significant effect between Internet marketing capabilities and export business relationships. The Internet provides international firms new networks for conducting their international business (Petersen et al., 2002). However, in Chile, the results show that Internet marketing capabilities alone do not lead to the development of export business relationship capabilities, but that the capability of export information availability mediates this effect. That is, Internet marketing capabilities increase available information relating to export markets, which in turn lead to a greater acquisition, development, strengthening, and maintenance of business network relationships. Exporters use these capabilities as social capital to achieve export market growth outcomes (Overby & Min, 2001).

Marketing managers must permanently scan for opportunities to serve international markets while simultaneously identifying the capabilities that will enable their firms to develop strong bonds with existing and new customers. This study suggests that managers can foster durable relationships with customers through Internet marketing activities that generate available information about international markets. However, consistent with past research, emphasis should not only be on the technology itself but also on how the firm can embed the technology within marketing capabilities to create value.

Moreover, the results of this study suggest a significant link between export business relationships and export market growth. This finding is in line with previous research that finds business relationships significantly influence export performance (Morgan-Thomas, 2009; Musteen et al., 2010; Petersen et al., 2002). Loane and Bell (2006) also suggest that the Internet has a positive impact on international business relationships for small and medium-sized firms, but they do not test this link. A significant association between export network relationships and export market growth exists, in line with other results stemming from a Latin American context (Bianchi, 2014; Hewett et al., 2006). Firms combine resources and capabilities to internationalize successfully in a Latin American context by developing domestic and foreign business networks (Bianchi, 2014).

Overall, Internet marketing capabilities play a role by improving capabilities of information availability, but they do not directly affect the capability of developing and maintaining business network relationships in Chile. The findings suggest that in a Latin American context, face-to-face interactions are vital in establishing and maintaining

business network relationships due to the collectivistic characteristics of export managers (Grandon et al., 2011; Hofstede, 2001).

## 6.2. Theoretical contribution

The results of this study contribute to the literature by expanding the extant research on Internet export marketing and assessing the impact of the Internet on export market growth in an emerging Latin American context. These results are important because they empirically test theories predominantly originating from studies in first-world countries, in the context of a vigorous, emerging Latin American marketplace which increasingly attracts foreign investment. The findings suggest that researchers should not assume that exporters in less developed countries, particularly those from Latin America, are not utilizing the benefits of Internet marketing.

This study also extends previous research by empirically testing a conceptual model drawing on the RBV and capabilities theory in an emerging market context. Accordingly, this study adds to extant knowledge by examining a new research context to validate these theoretical approaches. Previous research proposes that the Internet has a positive effect on firm information availability and the development of business networks on international markets (Morgan-Thomas, 2009; Samiee, 1998; Teo & Choo, 2001) and increases export market growth (Lu & Julian, 2008). The results of this study extend previous research by showing that in a Latin American context, Internet marketing capabilities do not impact business network relationships or export market growth directly, as previous studies in developed markets suggest. These findings support the theoretical argument that companies from emerging markets can succeed internationally by developing strategies that have distinct resources and capabilities compared to firms from developed countries (e.g., Wright et al., 2005).

## 6.3. Managerial contributions

The findings of this study are complementary to those of Grandon et al. (2011) and Nasco et al. (2008), who examine firms' intentions to adopt Internet technology. The results support the relevance of Chilean export managers moving ahead with the adoption of the Internet and the development of Internet marketing capabilities in order to tap into foreign markets.

This research provides guidance for exporting firms in their quest for growth in international markets. Specifically, exporters must recognize the role that the Internet plays in international marketing strategies. This study shows that Internet marketing activities do matter for export market growth, but only when firms can transform these activities into marketing capabilities that increase available export information and enhance business network relationships for exporters. Practitioners from export firms can use these findings to formulate Internet marketing strategies.

The findings imply that export managers should apply Internet technology to specific marketing activities (online sales, advertising, market research, etc.) to gather relevant information about international customers, suppliers, and competitors. Chilean export managers' perceptions suggest that available information is useful for developing business relationships and growing in international markets. Internet marketing activities do not help develop or maintain business network relationships directly; rather, export managers consider personal or face-to-face interactions more appropriate for establishing and maintaining business network relationships.

## 6.4. Limitations and future research

Some limitations may affect the generalizability of the results of this study. First, the findings consider export managers' perceptions at a single point in time, and thus the study does not capture phenomena that may occur over time. In addition, the response rate of participants was

not very high (10%), but was similar to the response rates from other export performance studies using email-based questionnaires (e.g., Diamantopoulos & Kakkos, 2007). Future research could aim to validate the findings of this study in the context of other Latin American countries.

Several opportunities for future research arise from this study. For example, replicating the study in other Latin American countries where firms have a large uptake of the Internet, such as Argentina, Brazil, or Mexico, can improve the generalizability of the findings. Additionally, one can extend the findings by investigating how other variables act as moderators or mediators to further explain export market growth. Finally, future research examining these constructs with longitudinal data can provide a richer understanding of the relationships between them.

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