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Digital Internationalization of Traditional Firms: Virtual Presence and Entrepreneurial Orientation

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ABSTRACT

While digital technologies like the internet offer new and less cost-intensive ways to seize international opportunities, when it comes to traditional firms selling tangible products, little is known about their use of online channels for servicing foreign markets. This is especially the case for their choice between customized (active) or general (default) forms of corporate internationalization websites (viz. virtual presence modes). Building on the entrepreneurial orientation literature, we propose that firms that are more entrepreneurially orientated are more likely to capture internationalization opportunities with active internationalization websites. We further suggest that the threat of competitive pre-emption will moderate this relationship. Using a sample of Austrian SME exporters, we find support for the positive effect of entrepreneurial orientation on the use of active internationalization websites, but do not find a significant moderating effect of competitive pre-emption. In this way, we add to the growing research on digital internationalization by explaining the circumstances in which traditional firms choose between different internationalization website formats.

1. Introduction

The rapid growth of the internet has provided new opportunities for firms to do business internationally (Alcácer et al., 2016; Jean and Kim, 2020; Petersen et al., 2002; Reuber and Fischer, 2011) by offering a less cost-intensive way to reach foreign customers (Brouthers et al., 2016; Katsikeas et al., 2020; Loane, 2006; Morgan-Thomas and Bridgewater, 2004). Online internationalization is an important method of taking advantage of these international opportunities by making a firm's products/services available to customers in foreign markets via websites (i.e. via virtual presence instead of physical presence entry modes). Websites are especially important for traditional product-based small and medium sized enterprises (SMEs) because they can provide a low-cost method of foreign market entry that allows firms to showcase their products and services to potential customers around the world via the internet (e.g. corporate websites, third-party platforms, etc.) and can be used as a means of corporate communication (Okazaki and Rivas, 2002), or as a direct sales outlet (Gabrielsson and Gabrielsson, 2011; Sinkovics et al., 2013).

While there are numerous studies exploring online internationalization, most look at whether firms participate or not (Bennett, 1997; Nguyen and Barrett, 2006), or how to expand participation (Brouthers et al., 2016). Some early work looks at online entry modes used by traditional firms, but most of these papers are either theoretical (Pezderka and Sinkovics, 2011) or qualitative (Gabrielsson and

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Gabrielsson, 2011; Plakoyiannaki et al., 2014; Yamin and Sinkovics, 2006). A number of recent papers have focused on online internationalization via third-party platforms (e.g. Deng and Wang, 2016; Gao et al., 2016; Jean et al., 2020; Jin and Hurd, 2018). When it comes to internationalization through corporate websites, the few quantitative studies that exist look at large European airline websites (Shneor, 2012) or investigate the determinants of the use of internationalization websites – as an alternative to and as an addition to physical internationalization channels (Sinkovics et al., 2013).

What appears to be missing from this discussion of online internationalization is an explanation of how SMEs choose between different types of corporate websites. Yamin and Sinkovics (2006) distinguish between “active” and “default” online internationalization (viz. active vs. default internationalization websites). Active internationalization websites exhibit a degree of local specificity regarding design and content and are thus connected with significant investment (Kotha et al., 2001; Singh et al., 2004; Yamin and Sinkovics, 2006), whereas default internationalization websites are home-country focused websites. While both can serve as a gateway to international markets, we suggest that website choice is important because this can influence a firm's ability to take advantage of internationalization opportunities (Singh et al., 2004).

For traditional SMEs, an important determinant of this choice might be the level of a firm's entrepreneurial orientation (EO). The reason for this is that EO influences firm recognition of entrepreneurial opportunities (Filser et al., 2020; Song et al., 2017) as well as the decisions a firm makes about taking advantage of entrepreneurial opportunities, including international opportunities (Covin and Miller, 2014; Zahra and Garvis, 2000). The EO literature helps to explain firm differences and why some firms (higher EO firms) take more proactive, innovative, and aggressive risk-taking strategies when approaching new opportunities while others (lower EO firms) prefer more traditional, conservative approaches (Covin and Slevin, 1991). A firm's level of EO has been linked to different outcomes, such as firm performance (Rauch et al., 2009), firm growth (Moreno and Casillas, 2008), innovation (Avlonitis and Salavou, 2007; Kollmann et al., 2021), degree of internationalization (Javalgi and Todd, 2011; Liu et al., 2011; Ripollés-Meliá et al., 2007), degree of born globalness (Kuivalainen et al., 2007), international new entry (Hakala et al., 2016), international opportunity development (Karami et al., 2020), international export mode choice (Kalinic and Brouthers, 2022), and international performance (Brouthers et al., 2015; Chen et al., 2020). Furthermore, existing literature has also discussed firms' marketing program adaptation in foreign markets as a response to their entrepreneurial orientation (Baker et al., 2020).

In this paper, our focus is on one specific element of firms' marketing program, their web presence, which – as we suggest – has important implications on the exploitation of entrepreneurial opportunities (viz. internationalization opportunities). We build on and extend the EO literature to help explain the choice between active versus default internationalization websites. More specifically, we theorize and test the notion that firms with greater EO are proactive in their digital offerings and will create innovative websites for each particular market they enter (Mostafa et al., 2005). Higher EO firms are willing to take the financial risks associated with the customization of the website, expecting greater rewards for this proactive and innovative action. Thus, these firms will tend to use active internationalization websites that are customized for different international markets, making changes in language and content to more accurately reflect national differences in taste and culture. In contrast, more conservative, lower EO firms are less innovative in their strategies (Pérez-Luño et al., 2011), less proactive in their internationalization efforts (Liu et al., 2011) and are less willing to undertake the financial risks associated with developing multiple websites. Therefore, these firms will tend to internationalize using default internationalization websites that reflect the language of their country of origin and present content appealing mainly to the home-country audience or migrants from the home country.

We also theorize that the choice of these two different online formats will be contingent on the level of competition managers perceive. When firms expand to new international markets, they are exposed to greater competition (Cuervo-Cazurra et al., 2007) and this increases the likelihood of competitive pre-emption. Competitive pre-emption takes place when an advantageous competitive position in a market can be reached by being the first one to enter it (Hart, 1995). Thus, a threat of competitive pre-emption is present when firms risk losing such a beneficial position to competitors. Competitors might preempt “the ability of pioneering firms to earn positive economic profits” (Lieberman and Montgomery, 1988, p. 41), which are normally associated with the first firm offering products or services in a particular foreign market (Frynas et al., 2006; Luo and Peng, 1998).

When the threat of competitive pre-emption is high, firms are likely to pursue strategies that either beat the competitor to the market or abandon the market to the potential competitor (Ghemawat, 1986; Ma, 1999). We suggest that the level of competitive pre-emption a manager perceives internationally will moderate the relation between EO and the internationalization website choice. More specifically, we propose that under high threat of competitive pre-emption, more entrepreneurially orientated firms are more likely to invest in active internationalization websites while less entrepreneurially orientated firms are more likely to maintain default internationalization websites. We test these ideas using a sample of Austrian manufacturing SME exporters (i.e. traditional firms selling tangible products in the consumer goods and industrial goods markets), and find mixed support for our predictions.

In this way, we make an important contribution to knowledge. While the opportunities related to digital internationalization have been stressed in the literature (Alcácer et al., 2016; Petersen et al., 2002; Reuber and Fischer, 2011), to the best of our knowledge, no paper so far has discussed how traditional (product-based) SMEs choose between alternative virtual presence entry strategies, i.e., active and default internationalization websites. Yet, this choice of website design can have significant implications. As customers move from more traditional methods of identifying potential sources of goods and services to online systems, having a properly designed international website that is responsive to the increase in online and offline competitive rivalry (Katsikeas et al., 2020; Porter, 2001) has become critically important. By developing theory about how this choice is made, we advance our knowledge of online internationalization.

2. Theory and hypotheses

Entering foreign markets is associated with significant uncertainty and considerable investment (Ahsan and Musteen, 2011; Brouthers and Hennart, 2007; Slangen and Van Tulder, 2009). This can create an important barrier to internationalization, particularly for SMEs (Leonidou, 2004). Compared to large firms, SMEs are confronted with additional hurdles when internationalizing, exhibited in a lack of crucial resources (financial, human, etc.) necessary for internationalization (Burgel and Murray, 2000; George et al., 2005). Consequently, managing the costs and uncertainty of internationalization is particularly relevant for SMEs.

The introduction of the internet has brought new and less cost-intensive ways to access foreign customers (Brouthers et al., 2016; Katsikeas et al., 2020; Loane, 2006; Morgan-Thomas and Bridgewater, 2004). This particularly benefits small firms, given their resource limitations (Cenamor et al., 2019; Katsikeas et al., 2020; Pezderka and Sinkovics, 2011). Yamin and Sinkovics (2006, p. 342) acknowledge that “[b]y launching websites, firms virtually and instantaneously ‘enter’ multiple foreign markets”. However, the authors also stress that “the creation of a website does not necessarily indicate an intention to internationalise” (p. 342) and consequently they distinguish between ‘active’ and ‘default’ online internationalization (websites). Firms with active internationalization websites have adapted their design and content, to some degree, to the needs of the local market, but this requires a significant investment (Morgan-Thomas and Bridgewater, 2004; Singh et al., 2004; Yamin and Sinkovics, 2006). At the same time, however, the investment into locally adapted websites is likely to be smaller than that of traditional (non-virtual) market entry modes (Brouthers et al., 2016), like export channels or FDI-based entry modes. Moreover, whereas traditional market entry investments are usually focused on a particular foreign market, online internationalization can be used to enter/service several markets at the same time. Research shows that cultural adaptation of firms' marketing programs in general or websites in particular is a strategy frequently used by MNEs (Baker et al., 2020; Okazaki, 2005; Robbins and Stylianou, 2003; Singh et al., 2004; Sinkovics et al., 2007) and has been shown to be linked with foreign market success (Baker et al., 2020; Theodosiou and Leonidou, 2003; Westjohn and Magnusson, 2017). It is beneficial since it increases the ease of use of the website and is positively linked with customers' purchase intentions (Singh et al., 2004). Based on these findings, we suggest that local adaptation of SMEs' websites can lead to better engagement with their foreign customers and eventually to higher effectiveness of their online internationalization channels.

Default internationalization websites simply take place via the launch of a website (Lituchy and Rail, 2000), without a firm's necessary intention to internationalize (Yamin and Sinkovics, 2006). Firms using default internationalization websites do not adapt those to foreign customers and will therefore be less appealing to them. While locally adapted websites provide a clear signal about a firm's willingness to address foreign clients, this is not the case for default online internationalization (Mavlanova et al., 2012). Although it is true that simply having a website means the firm's products/services are accessible internationally, firms that have not adapted their websites to different cultural, language and social norms may practice what Hennart refers to as ‘accidental internationalization’ (Hennart, 2014). Having a website that is not adapted to foreign markets is much less effective in taking advantage of international opportunities and in attracting foreign customers (Singh et al., 2004, 2006) but the creation of such a website is likely to incur much less cost than active adapted websites. It also reduces the need for managers to understand and tailor their products and services to the specific needs of foreign customers, in turn keeping costs lower than the costs of those firms that do make these changes. For these reasons, firms using default internationalization websites can address some of the issues brought about by the shift to online purchases but may also create an online presence that is less appealing for international customers.

2.1. Entrepreneurial orientation and active online internationalization

For SMEs, internationalization provides opportunities to expand sales and, if done correctly, can result in improved firm performance (Lu and Beamish, 2006; Majocchi and Zucchella, 2003; Schwens et al., 2018). Since internationalization provides “the potential for introducing new goods, services, or organizing methods to a market” (Wood and McKinley, 2020, p. 352), it can be regarded as an entrepreneurial opportunity which firms may perceive and exploit. Internationalization websites may provide a low-cost method of capturing these opportunities. They are the means by which a firm would try to exploit the opportunities it perceives in foreign markets. We argue that active internationalization websites are better situated to take advantage of these opportunities since they address foreign customers directly, whereas default internationalization websites do not. Thus, the choice between active and default internationalization websites is, among other aspects, a matter of recognizing this opportunity (or not) and taking action (or not).

The entrepreneurial orientation literature provides a theoretical lens that explains why some firms recognize and take advantage of such opportunities and why other firms fail to do so (Covin, 1991; Miller, 1983). It suggests that firms differ in their strategic posture; some show higher proactiveness, innovativeness and risk-taking behavior than others, viz. they are more entrepreneurially orientated (Covin and Slevin, 1989; Miller, 1983, 2011). Entrepreneurial firms are more proactive, they persistently seek new opportunities that can provide them with a competitive advantage (Miles et al., 1978; Miller, 1983; Venkatraman, 1989). Because of the constant environmental scanning they engage in (Barringer and Bluedorn, 1999; Hambrick, 1982), entrepreneurial firms are more likely to detect opportunities that emerge when doing business internationally. Moreover, due to their proactive and innovative nature, they are more amenable to new technologies (Gupta et al., 2016; Pérez-Luño et al., 2011) and consequently are in a better position to estimate the value of active internationalization websites to the firm. Furthermore, the higher risk-taking attitude of entrepreneurial firms makes them more likely to take risks associated with using internet technologies (more specifically corporate websites) for internationalization, e.g. reputational risk, data protection risk, financial risk (Katsikeas et al., 2020), particularly given their greater awareness for the respective opportunities such investments bear (Abebe, 2014). Because of their proactive nature, higher EO firms are likely to identify more international entrepreneurial opportunities and take the risks in creating multiple/multi-lingual websites. They are more likely to accept the higher investment costs incurred when adapting a firm's web presence to foreign customers because they

believe the benefits are greater than the costs.

In addition, because of their proactive, innovative and risk-taking nature, entrepreneurial firms are also more likely to have developed dynamic capabilities, i.e. “the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker(s)” (Zahra et al., 2006, p. 918). These capabilities are relevant when having to deal with uncertain or unknown environments. By using active internationalization websites, firms expose themselves to a much larger variety of customers, which might have unforeseen demands. Dynamic capabilities allow entrepreneurial firms to better manage these unexpected demands and to more successfully deal with a potentially large number of inquiries from foreign clients. Not being able to address foreign clients' needs appropriately could potentially damage an internationalizing firm's reputation. However, because entrepreneurial firms are equipped with dynamic capabilities, they will be more confident that they can handle these demands, hence be more inclined to invest in active internationalization websites.

In contrast, firms that are more conservative, i.e. those that have lower levels of EO, are reactive, non-innovative and risk-averse in their strategies (Covin, 1991; Rauch et al., 2009). These SMEs will have a lower likelihood of detecting and consequently exploiting opportunities that internationalization through active websites can provide. Because these firms are reactive and show a reluctance to innovate (Covin and Slevin, 1989; Miller and Friesen, 1982), they do not actively engage in environmental scanning and are thus less successful in discovering new market opportunities. Moreover, because of their higher risk aversion (Covin and Slevin, 1991; Lumpkin and Dess, 1996), when assessing new ways for entering or operating in foreign markets, conservative firms' attention will focus more on the associated risks and less on the respective benefits. Internationalization website design risks include not only the costs incurred in building the multi-language or multi-country websites but also reputational risks (related to the lack of competencies to properly manage multiple webpages), dependency risks (related to technology and software providers), legal risks and adverse effects on relationships with existing sales and distribution partners in foreign markets (Grant et al., 2014; Katsikeas et al., 2020). More conservative, lower EO firms are less likely to embrace new technologies (Lefebvre et al., 1991). Hence, they will more strongly focus on avoiding the potential risks associated with establishing multiple variants of any online presence, since this requires the adoption and use of innovative new technologies and the investment of funds, the return on which is uncertain. As a consequence, lower EO firms will be less willing to make the investments necessary to establish websites that are capable of servicing the needs of customers in multiple countries, instead focusing their attention on setting up a website to service existing home country-based customers. Consequently, we suggest that lower EO firms are more likely to use default internationalization websites. Based on these arguments, our first hypothesis states:

Hypothesis 1. Firms that are more entrepreneurially orientated are more likely to invest in active internationalization websites while more conservative, lower entrepreneurially orientated firms will prefer default internationalization websites.

2.2. The moderating effect of competitive pre-emption

As we know from past decision-making literature (Bateman and Zeithaml, 1989; Papadakis et al., 1998), especially when it comes to internationalization decisions (Child et al., 2017; Dimitratos et al., 2011; Elbanna et al., 2020), context matters. This is also true for the implementation of entrepreneurial strategies (Pankov et al., 2021; Russell and Russell, 1992; Ucbasaran et al., 2001). One major contextual issue in internationalization is competition (Hutzschenreuter and Gröne, 2009; Wiersema and Bowen, 2008). Because of the reduction of barriers to international trade, firms of all sizes and from all over the world now race to access and service customers in multiple markets (Javalgi et al., 2012; Leonidou, 2004). However, while the “new digital era” has brought an increase in market competition in general (Katsikeas et al., 2020, p. 407; Porter, 2001), internationalizing SMEs may face different degrees of threats emanating from potential competitors. This, among other reasons, may be due to the observation that many SMEs are smaller niche players (Chen and Hambrick, 1995).

It is important to consider the threat of competitive pre-emption on SMEs' internationalization strategies (including their website design) because such threats can significantly impact the ability of a firm to be successful in foreign markets as it may lead to a loss of an advantageous position in the market (MacMillan, 1983). As evidenced by Tixier (2005) and Shneor (2012), competition or the threat emanating from it positively affects firms' decision to adapt their websites to foreign markets.

This can occur for several reasons. Competitors might preempt “the ability of pioneering firms to earn positive economic profits” (Lieberman and Montgomery, 1988, p. 41), which are normally associated with the first firm offering products or services in a particular foreign market (Frynas et al., 2006; Luo and Peng, 1998). In the case of a high threat of competitive pre-emption, an SME might not enter the market fearing a loss of first mover advantage or it might be induced to penetrate the market quickly in order to obtain a beneficial strategic position before the competition. Competitive pre-emption can also impact a firm's ability to gain economies of scale in a market, thereby creating an unprofitable entry for the firm. As Porter (1980) suggests, intense competitive rivalry and threats of new entrants can create a situation where none of the firms has sufficient market share to generate profitable operations. With this potential outcome in mind, a firm might decide not to enter the market at all or it might decide to take an aggressive entry position and hope to capture a profitable portion of the market before competitors.

Besides these direct effects, we suggest that the threat of competitive pre-emption has a moderating effect on the relationship between a firm's entrepreneurial orientation and the type of internationalization website an SME establishes. More specifically, we argue that a high threat of competitive pre-emption promotes high-EO firms' reliance on entrepreneurial strategies because this context will make them see even greater need for identifying and exploiting opportunities in order to stay competitive. Hence, when it comes to internationalization website choice in particular, while we have proposed that firms possessing higher entrepreneurial orientation would tend to prefer and use active internationalization websites, this effect should be even stronger for SMEs facing a high threat of

competitive pre-emption. There are a number of reasons for this behavior.

First, a high threat of competitive pre-emption should boost an EO firm's reliance on its innovative and proactive capabilities for strategizing and exploiting new opportunities. Higher EO firms are more proactive and innovative in the solutions to business problems and more aggressive in the strategies they undertake (Covin, 1991; Miller, 1983). These capabilities will lead to a stronger focus on entering new markets and attracting new customers ahead of competition, a process facilitated by active internationalization websites.

In addition, an EO firm's exposure to a high threat of competitive pre-emption may increase perceptions of risk (Miller, 1993), but higher EO firms are more willing to undertake risky ventures if they have the promise of potential returns. Thus, the bigger the threat of competitive pre-emption, the more likely this signals a good market opportunity and therefore the better the chance that higher EO firms will be willing to exploit this international opportunity. Active internationalization websites can provide a means to address a large base of international customers swiftly (Sinkovics and Penz, 2005; Yamin and Sinkovics, 2006) and to create a competitive advantage (Samiee, 2008). Hence, investing in active internationalization websites can help an EO firm to take a strategically beneficial position in the market and thus secure long-term success.

In contrast, more conservative SMEs, those with lower levels of EO, will tend to use default internationalization websites when the threat of competitive pre-emption is high. These SMEs lack the proactive and innovative capabilities necessary to engage with competitors. Instead, they will remain in their home country and try to strengthen their position in the home-country market. Just the threat of aggressive competition might be enough to deter these SMEs from making an investment into new international markets (Lee and Ng, 2007). Furthermore, because firms with lower EO are more risk averse, they will see the threat of competitors as a critical factor that would require the firm to fortify its present position through a home-country focused online presence, but not undertake a more risky foreign operation. Because of this, we suggest that when faced with high levels of competitive pre-emption, lower EO SMEs will rely even more strongly on conservative, home country-focused strategies, thus increasing their tendency to use default internationalization websites. Based on these arguments, our second hypothesis states:

Hypothesis 2. Threat of competitive pre-emption has a moderating effect on the relationship between entrepreneurial orientation and the type of website such that under high threat of competitive pre-emption, more entrepreneurially orientated firms are more likely to invest in active internationalization websites while less entrepreneurially orientated firms are more likely to undertake default internationalization websites.

3. Methods

To test our hypotheses, we collected data from a sample of traditional product-based Austrian exporting SMEs. The Austrian market provides a good context for studying SMEs' internationalization; it is a very open market (more than 50% of its GDP is created by exports) (Außenwirtschaft Austria, 2020), exhibiting a large share of SMEs (99.7% of all firms) (KMU Forschung Austria, 2019). Since SMEs have been suggested to benefit most from new technologies such as the internet for expanding their business globally (Alcácer et al., 2016; Katsikeas et al., 2020), it makes sense to focus on this particular type of firm.

We used the *Aurelia* (Bureau Van Dijk, 2017) database for identifying Austrian manufacturing exporting SMEs according to EU classification, i.e. having less than 250 employees and an annual turnover not exceeding 50 million Euros and/or an annual balance sheet total of less than 43 million Euros (European Commission, 2020). From this sampling frame, we drew a random sample of about 1000 firms. Data were gathered between April and December 2016. Firms were contacted via telephone to identify the person most versed in the company's international activities, who was then asked to participate in a survey (via e-mail or mail, depending on their preference). Given that our sample firms are mostly family-owned SMEs with very centralized decision-making (Martin et al., 2016), most respondents were in fact the CEOs of the respective firms, leading to high consistency in the individual responding. We sent two reminders to collect answers from non-respondents. Overall, we obtained 213 completed questionnaires of which we needed to exclude 37 from the analysis because of either missing data or violation of the sample selection criteria. This led to a final usable sample of 176 SMEs.

3.1. Dependent variable

Our dependent variable was a measure of the type of internationalization website the firm had established, based on the approach by Yamin and Sinkovics (2006). Yamin and Sinkovics (2006, p. 342) suggest that active online internationalization “usually involves a degree of local specificity in the design and content of websites”. They differentiate active internationalization websites from what they call ‘default’ internationalization websites, i.e. “situations where the creation of a website does not necessarily indicate an intention to internationalize”. Based on this logic, exporting firms were classified as having active internationalization websites (i.e. classified as “1”) if they provided multi-lingual or multi-country webpages (e.g. company.at, company.uk) and as default internationalization websites (i.e. classified as “0”) otherwise. Notably, by “providing multi-lingual webpages”, we do not mean Google-translated websites (i.e. those with a Google translate button) but corporate websites that provide different webpages for different languages. In contrast to a translation provided by Google, official (human) translation involves substantial time and effort, provides more accurate results and can thus entail significant resource investment (Afshin and Alaeddini, 2016; Läubli and Orrego-Carmona, 2017). What is important to note here is that the objective of this binary measurement was to be able to differentiate between websites designed primarily for home country-based customers and those designed to (also) address foreign customers. Hence, while we could have used other, more fine-grained measures of local adaptation, since the objective of this paper was not to determine the degree of adaptation to foreign markets but whether an adaptation to foreign markets took place or not, this measure is appropriate.

Data on our dependent variable were collected through visiting the firms' respective websites. The firms' webpages were listed in the *Aurelia* database. In order to find out if the webpage is available in different languages or in multiple countries, we looked for a language switcher/country switcher in the header or footer of the webpage or looked for multi-language, multi-country websites set up by the firm.

3.2. Independent and moderating variables

Data on the independent variables come from our survey of Austrian manufacturing SME exporters. In order to measure entrepreneurial orientation, we used the 9-item EO measure by [Covin and Slevin \(1989\)](#) (Cronbach's alpha: 0.83). This measure is widely used in the entrepreneurship field to understand firm-level differences in entrepreneurial capabilities ([Rauch et al., 2009](#)). While different measurement approaches or conceptualizations of entrepreneurial orientation exist (e.g. [Anderson et al., 2015](#); [Covin and Wales, 2012](#)), we follow the majority of EO literature and conceptualize EO as a reflective construct.

Nine semantic differential questions (measured on a 7-point scale) are used to measure firm innovativeness, proactiveness, and risk-taking, and include: 1) "In general, the top managers of my firm favor a strong emphasis on the marketing of tried-and-true products or services/a strong emphasis on R&D, technological leadership and innovations", 2) "How many new lines of products or services has your firm marketed during the past 5 years?", 3) "Changes in product or service lines have been mostly of a minor nature...", 4) "In dealing with its competitors, my firm initiates actions to which competitors then respond...", 5) "In dealing with its competitors, my firm is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc...", 6) "In dealing with its competitors, my firm typically seeks to avoid competitive clashes, preferring a 'live-and-let-live' posture...", 7) "In general, the top managers of my firm have a strong proclivity for low-risk projects (with normal and certain rates of return)..." 8) "In general, the top managers of my firm believe that owing to the nature of the environment, it is best to explore it gradually via timid, incremental behavior...", 9) "When confronted with decision-making situations involving uncertainty, my firm typically adopts a cautious, 'wait-and-see' posture in order to minimize the probability of making costly decisions...". Although results from exploratory factor analysis suggested that EO loads on two factors, following previous research ([Kalinic and Brouthers, 2022](#); [Rauch et al., 2009](#); [Wales et al., 2013](#)), we generated a single EO variable.

Following [Jiang et al. \(2009\)](#), we use a perceptual measure to estimate the threat of competitive pre-emption. As [Jiang et al.'s \(2009\)](#) study is focused on technology licensing, we adapted their 3-item measure. We changed item one, "Similar technologies impact licensee performance" ([Jiang et al., 2009](#), p. 568) to "Similar products impact the export venture's performance". Item two, "Similar strategies of others threaten the success of our licensing strategy" ([Jiang et al., 2009](#), p. 568) is changed to "Similar strategies by other firms threaten the success of our export strategy" and item three, "Entry of similar technologies intensifies competition" ([Jiang et al., 2009](#), p. 568) is transformed to "The entry of similar products intensifies competition". Exploratory factor analysis indicated that this variable loaded on one factor (Cronbach's alpha: 0.77).

3.3. Control variables

We included a number of control variables taken from previous market entry and (online) internationalization studies. Based on [Klein et al. \(1990, p. 1\)](#), we measured asset specificity by asking respondents to estimate on a 7-point Likert scale how much they agree with the following six statements: 1) "It is difficult for an outsider to learn our ways of doing things", 2) "To be effective, a salesperson has to take a lot of time to get to know the customers", 3) "It takes a long time for a salesperson to thoroughly learn about our product (s)", 4) "A salesperson's inside information on our procedures would be very helpful to our competitors", 5) "Specialized facilities are needed to market our product(s)", and 6) "A large investment in equipment and facilities is needed to market our product(s)". Since exploratory factor analysis suggested a two-factor model, we generated two variables, i.e. *human asset specificity* (items 1–4; Cronbach's alpha: 0.65) and *physical asset specificity* (items 5–6; Cronbach's alpha: 0.66).

In addition, we included controls for firms' international (exporting) experience in terms of intensity (years) and diversity (countries) ([Brouthers et al., 2015](#); [Sinkovics et al., 2013](#)). Furthermore, we controlled for the firm's *export ratio* ([Klein et al., 1990](#)) and *industry* (consumer goods vs. industrial goods; [Jiang et al., 2009](#)). Lastly, we include *firm size* (number of employees; [Brouthers et al., 2008](#)), *firm age* ([He et al., 2013](#)) as well as *R&D and marketing intensity* ([Li et al., 2017](#)) as control variables.

3.4. Common methods and non-response bias

In order to deal with potential common method variance, we applied several techniques as recommended by Podsakoff and colleagues ([MacKenzie and Podsakoff, 2012](#); [Podsakoff et al., 2003](#)) and [Chang et al. \(2010\)](#). As suggested in these papers, the best way to tackle the common method issue – because it can help to avoid it – is in the design stage. Thus, in order to avoid CMB, we used several ex-ante design measures. Specifically, we designed our questionnaire so that it includes different response formats (e.g. Likert-type scales and open-ended questions). Moreover, we asked not only for perceptual, but also for objective measures (e.g. firm age, firm size etc.). Most importantly, our dependent variable, online internationalization channel (active vs. default), was collected manually and verified by the research team. In addition to these procedural measures, we also performed several ex-post tests. First, we ran Harman's single-factor test, which showed a four-factor solution in which the largest factor accounted for 18% of total variance, showing no indication for common methods bias. Second, we performed confirmatory factor analysis including all variables, the results of which suggest a poor model fit (TLI = 0.41, CFI = 0.52; RMSEA = 0.10; SRMR = 0.10). Hence, common method bias does not appear to be a problem. To test for potential non-response bias, we performed *t*-tests to compare early and late as well as usable and

Table 1

Means, standard deviations and correlations.

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Active online internationalization	0.625	0.486	1												
2 R&D ratio	6.149	7.695	0.196**	1											
3 Marketing ratio	3.978	5.222	0.112	0.196**	1										
4 Industry (consumer good)	0.307	0.462	0.006	0.024	0.232**	1									
5 Export ratio	44.774%	34.070%	0.354**	0.207**	0.170*	−0.132	1								
6 Firm size	59.324	60.875	0.236**	0.036	−0.080	−0.054	0.212**	1							
7 Firm age	59.460	76.302	0.109	−0.108	−0.103	0.118	−0.037	0.205**	1						
8 Human asset specificity	4.848	1.226	0.029	0.082	−0.099	−0.263**	0.098	0.181*	−0.079	1					
9 Physical asset specificity	2.892	1.633	−0.001	0.016	−0.074	−0.073	0.018	0.078	0.004	0.307**	1				
10 Export experience (years)	20.719	16.573	0.159*	0.038	−0.009	−0.093	0.407**	0.288**	0.326**	0.058	0.058	1			
11 Export experience (countries)	14.483	22.883	0.327**	0.064	0.034	0.065	0.494**	0.180*	0.099	−0.051	0.015	0.335**	1		
12 Entrepreneurial orientation	3.970	1.074	0.192*	0.227**	0.140	−0.016	0.142	0.070	−0.126	0.149*	0.062	−0.074	0.035	1	
13 Threat of competitive pre-emption	3.159	1.017	0.102	−0.076	−0.076	−0.161*	0.143	0.068	−0.094	0.000	0.119	0.148	0.002	−0.094	1

Notes. n = 176.

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Table 2

Binomial logistic regression analysis: Comparing active online internationalization vs. default online internationalization.

Independent variables	Model 1			Model 2			Model 3			Model 4		
	B	(SE)	[p]	B	(SE)	[p]	B	(SE)	[p]	B	(SE)	[p]
Step 1: Control variables												
Constant	1.248	(0.431)	[0.004]	1.288	(0.446)	[0.004]	1.454	(0.466)	[0.002]	1.429	(0.474)	[0.003]
R&D ratio	0.537	(0.271)	[0.048]	0.279	(0.284)	[0.326]	0.386	(0.303)	[0.202]	0.333	(0.302)	[0.270]
Marketing ratio	0.166	(0.226)	[0.463]	0.106	(0.233)	[0.648]	0.167	(0.240)	[0.487]	0.156	(0.242)	[0.519]
Industry (consumer good)	0.020	(0.444)	[0.965]	−0.157	(0.458)	[0.732]	−0.080	(0.464)	[0.864]	−0.110	(0.468)	[0.814]
Export ratio	0.243	(0.261)	[0.353]	0.227	(0.273)	[0.405]	0.164	(0.277)	[0.553]	0.149	(0.281)	[0.595]
Firm size	0.532	(0.249)	[0.032]	0.407	(0.251)	[0.105]	0.401	(0.255)	[0.116]	0.415	(0.255)	[0.104]
Firm age	0.435	(0.299)	[0.145]	0.664	(0.341)	[0.051]	0.815	(0.348)	[0.019]	0.852	(0.349)	[0.015]
Human asset specificity	0.053	(0.210)	[0.799]	−0.076	(0.224)	[0.733]	−0.016	(0.230)	[0.945]	−0.031	(0.231)	[0.894]
Physical asset specificity	−0.009	(0.207)	[0.964]	0.033	(0.215)	[0.877]	−0.030	(0.223)	[0.892]	−0.025	(0.225)	[0.912]
Export experience (Years)	−0.282	(0.241)	[0.242]	−0.262	(0.256)	[0.307]	−0.354	(0.271)	[0.191]	−0.354	(0.276)	[0.199]
Export experience (countries)	2.335	(0.782)	[0.003]	2.784	(0.871)	[0.001]	3.095	(0.909)	[0.001]	3.205	(0.944)	[0.001]
Step 2: Entrepreneurial orientation				0.606	(0.232)	[0.009]	0.672	(0.241)	[0.005]	0.682	(0.248)	[0.006]
Step 3: Threat of competitive pre-emption							0.468	(0.213)	[0.028]	0.406	(0.221)	[0.066]
Step 4: EO x Threat of competitive pre-emption										−0.274	(0.220)	[0.212]
−2 log-likelihood	176,077			168,731			163,576			161,924		
Chi ²	56.794			64.139			69.294			70.946		
Degrees of freedom	10			11			12			13		
Pseudo-R ² (Nagelkerke)	0.376			0.416			0.444			0.452		
Max. VIF	1.687			1.696			1.732			1.737		
n	176			176			176			176		

Table 3

Binomial logistic regression analysis: Comparing active online internationalization vs. default online internationalization (matched sample).

Independent variables	Model 1			Model 2			Model 3			Model 4		
	B	(SE)	[p]	B	(SE)	[p]	B	(SE)	[p]	B	(SE)	[p]
Step 1: Control variables												
Constant	1.614	(0.559)	[0.004]	1.575	(0.576)	[0.006]	1.746	(0.594)	[0.003]	1.777	(0.615)	[0.004]
R&D ratio	0.386	(0.295)	[0.190]	0.183	(0.308)	[0.552]	0.345	(0.343)	[0.315]	0.333	(0.346)	[0.335]
Marketing ratio	0.079	(0.242)	[0.745]	0.056	(0.245)	[0.820]	0.111	(0.252)	[0.658]	0.106	(0.255)	[0.678]
Industry (consumer good)	0.201	(0.557)	[0.719]	−0.027	(0.572)	[0.962]	0.159	(0.595)	[0.790]	0.187	(0.606)	[0.757]
Export ratio	0.326	(0.314)	[0.299]	0.284	(0.323)	[0.378]	0.228	(0.327)	[0.487]	0.175	(0.340)	[0.607]
Firm size	0.413	(0.310)	[0.183]	0.266	(0.310)	[0.390]	0.263	(0.318)	[0.407]	0.293	(0.319)	[0.358]
Firm age	0.043	(0.630)	[0.945]	0.231	(0.699)	[0.741]	0.203	(0.710)	[0.775]	−0.011	(0.707)	[0.988]
Human asset specificity	0.111	(0.260)	[0.669]	0.000	(0.273)	[0.999]	0.122	(0.290)	[0.674]	0.128	(0.295)	[0.665]
Physical asset specificity	0.121	(0.244)	[0.620]	0.166	(0.252)	[0.509]	0.070	(0.268)	[0.794]	0.081	(0.273)	[0.766]
Export experience (years)	−0.044	(0.357)	[0.901]	−0.032	(0.377)	[0.933]	−0.104	(0.393)	[0.791]	−0.016	(0.401)	[0.968]
Export experience (countries)	2.684	(1.119)	[0.016]	3.307	(1.232)	[0.007]	3.529	(1.263)	[0.005]	3.822	(1.367)	[0.005]
Step 2: Entrepreneurial orientation				0.520	(0.269)	[0.053]	0.562	(0.278)	[0.043]	0.534	(0.290)	[0.066]
Step 3: Threat of competitive pre-emption							0.519	(0.259)	[0.045]	0.551	(0.267)	[0.039]
Step 4: EO x Threat of competitive pre-emption										−0.417	(0.289)	[0.149]
−2 log-likelihood	128,502			124,555			120,214			117,939		
Chi ²	41.720			45.667			50.008			52.283		
Degrees of freedom	10			11			12			13		
Pseudo-R ² (Nagelkerke)	0.373			0.403			0.434			0.450		
Max. VIF	1.897			1.926			1.963			1.980		
n	133			133			133			133		

non-usable respondent groups on our twelve study variables (Armstrong and Overton, 1977). These tests did not reveal any evidence for non-response bias in our study.

4. Results

Given that our dependent variable is binary, we used binomial logistic regression to test our hypotheses. Table 1 shows the means, standard deviations, and correlation coefficients for all variables under study. SMEs in our sample, on average, have 59 employees, show 21 years of exporting experience in 14 countries and export 45% of their sales. The sample includes firms of different ages, with a median of 36 years, a mean of 59 years and a range between 3 years and 756 years (see robustness test section for a test concerning potential age-related outliers). The majority of firms in our sample constitute family firms (87.5%) and are active in different manufacturing industries, the largest of which being fabricated metal products (18.8% of observations), mechanical engineering (16.5%) and food (6.8%). In robustness tests, we investigate the effect of including these variables in the analysis. About 70% of the firms sell industrial goods, while the remaining 30% sell consumer goods. Our sample firms' R&D ratio, on average, amounts to 6% and their marketing ratio totals up to approximately 4%.

Of the 176 firms, 110 had active internationalization websites and 66 firms had default internationalization websites. In the process of fitting our regression model, we also tested for potential multicollinearity (Field, 2013). The biggest variance inflation factor (VIF) was 1.74, i.e. well below the cut-off of 10 as recommended by Hair, Black, Babin, Anderson, and Tatham (2006), suggesting that multicollinearity is not a concern.

We conducted the regression in four steps using standardized variables to allow for easier comparison of variables across different scales (Field, 2013). The first model (Table 2) only contains the control variables and was significant ($p = 0.000$, Nagelkerke's $R^2 = 0.38$). Three of the control variables were significant: R&D ratio, firm size, and export experience (countries) are positively related to investment in active internationalization websites.

The second model (Table 2) tests our hypothesis that firms exhibiting higher entrepreneurial orientation are more likely to invest in active internationalization websites. This model was significant ($p = 0.000$, Nagelkerke's $R^2 = 0.42$). The increase in Chi^2 over the first model was also significant ($p = 0.007$). Entrepreneurial orientation is significantly positively associated with investment in active internationalization websites ($B = 0.61$, $p = 0.009$), as was predicted in hypothesis one. Therefore, a one-unit change in entrepreneurial orientation raises the odds of investing in active internationalization websites by a factor of 1.83 (95% confidence interval for $\text{Exp}(B)$: lower bound: 1.16, upper bound: 2.89).

In the third model, the direct effect of the threat of competitive pre-emption variable is tested. This model was significant ($p = 0.000$, Nagelkerke's $R^2 = 0.44$), as was the increase in Chi^2 over the second model ($p = 0.023$). Threat of competitive pre-emption is significantly positively associated with investment in active internationalization websites ($B = 0.47$, $p = 0.028$). Accordingly, a one-unit change in the threat of competitive pre-emption will increase the odds of investing in active internationalization websites by a factor of 1.60 (95% confidence interval for $\text{Exp}(B)$: lower bound: 1.05, upper bound: 2.43).

Finally, the fourth model (Table 2) tests our hypothesis that the level of threat of competitive pre-emption a firm faces will moderate the relation between EO and the type of internationalization website a firm will use. This model was significant ($p = 0.000$, Nagelkerke's $R^2 = 0.45$). However, the increase in Chi^2 over the third model was not significant ($p = 0.199$). Furthermore, the interaction between EO and threat of competitive preemption was not significant ($B = -0.27$, $p = 0.212$). Thus, we find no support for hypothesis two.

4.1. Robustness tests

We performed several tests to assess the robustness of our results. First, in order to address potential endogeneity stemming from sample selection bias, we used propensity score matching (Jean et al., 2016; Reeb et al., 2012; Zaefarian et al., 2017). This technique seeks to correct for non-randomization in observational studies by matching "treated" and "untreated" units (Rosenbaum and Rubin, 1983). Following recent IB publications (El Ghoul et al., 2017; Huang et al., 2018), we first created a dummy variable designating whether a firm was part of the treatment or non-treatment group, viz. whether it was entrepreneurial ("treated") or non-entrepreneurial ("untreated"). We classified firms as entrepreneurial if their EO score was bigger than the sample mean and as non-entrepreneurial otherwise. In a next step, using the `psmatch2` command in Stata, we regressed the entrepreneurial-firm dummy on all control variables as well as the competitive preemption variable to calculate predicted probabilities (propensity scores) for all observations. We then matched each observation from the treated-firm sample to an observation from the non-treated firm sample with the closest propensity score. This procedure generated a subsample of 133 firms, on which we tested our hypotheses (Table 3). Using the matched sample, we continue to find that entrepreneurial orientation is positively linked with active online internationalization (at the 5%-level in model 3 and at the 10%-level in models 2 and 4, see Table 3).

Furthermore, we performed a robustness test using an operationalization of the dependent variable that takes account of the degree of adaptation to foreign buyers. More specifically, instead of using a binary classification of homepages as active or default online internationalization websites, we used a ratio-scaled measure that captures the number of languages a firm's website is officially (i.e. not via a Google translate button) available in. Using this new dependent variable, we employed linear regression and obtained results similar to our results from logistic regression (available upon request). We find a significantly positive effect of entrepreneurial orientation as well as threat of competitive pre-emption on the number of locally-adapted websites (i.e. number of languages a website is available in). As in our logistic regression, we do not find a significant interaction effect of EO and threat of competitive pre-emption on this alternatively specified dependent variable.

We also tested whether the inclusion of additional variables might affect the results of our study. More specifically, we tested whether family ownership, firm age at internationalization or industry affiliation (adherence to fabricated metal products, mechanical engineering or food; the largest three industries in our sample) may affect our findings. However, the results of our hypotheses tests are robust to the inclusion of these variables.

Since our sample includes a small number of observations with a high reported firm age, in order to test for the influence of these potential outliers on our findings, we performed three additional robustness tests. First, we excluded all observations with a firm age of larger than 200 years (5 observations). Second, we excluded all observations with a firm age of larger than 150 years (11 observations). Third, we replaced all firm age values of larger than 150 years (11 cases) with a value of 150 years. The results of our hypotheses tests are robust to these modifications.

5. Discussion, limitations and conclusion

When firms internationalize, they normally choose from equity and non-equity modes of entry to access customers in foreign markets (Brouthers and Hennart, 2007). Yet, with the introduction and expansion of the internet, internationalization seems to be much simpler. In theory, firms just need to set up a website and they become international in an instant (Kotha et al., 2001). Yet, the reality of online internationalization is more complex, as research is starting to show (Brouthers et al., 2016; Chen et al., 2019). When thinking about internationalization and setting up a website, firms have two basic choices: they can use a multi-language active online method or establish a single-language (home country-focused) default online presence (Yamin and Sinkovics, 2006). In this paper, we suggest that firms make this choice between internationalization website design (or type of virtual presence) based in part on the level of entrepreneurial orientation the firm possesses and in part on the level of competitive pre-emption it faces.

We theorized and found that firms that are more entrepreneurially orientated will be more likely to invest in active internationalization websites. We also suggested but did not find support for the contention that under high threat of competitive pre-emption, high EO firms will be more likely to invest in active internationalization websites. However, it is interesting to note that the threat of competitive pre-emption was directly and positively related to the investment in active internationalization websites. We believe this indicates that, irrespective of the nature of the SME, whether it is entrepreneurial or conservative, the mere threat of competitive pre-emptive activity stimulates the SME to pursue an active internationalization website. Earlier, we suggested that based on the resource constraints in internationalization, under the threat of competitive pre-emption, SMEs might either pursue aggressive online internationalization or remain focused domestically. Our findings shed some light on this issue. It may be due to the nature of online internationalization as a relatively low-cost foreign operation mode, we find a higher likelihood of SMEs in general pursuing a more aggressive online internationalization presence under the threat of competitive pre-emption.

Our findings constitute an interesting starting point for future research to explore the choice and performance consequences of internationalization website design. While we explored two important issues related to the choice of online presence, there could be other factors that influence this choice. For example, it could be that firms with greater international experience make different online decisions compared with firms only recently expanding abroad. Looking at how international experience of the firm (and managers) influence the internationalization website choice would add to our knowledge. Furthermore, we did not examine the performance consequences of making this internationalization website design decision. If the threat of competitive pre-emption makes firms invest in active internationalization websites, irrespective of their entrepreneurial orientation, researchers may investigate whether the performance effects of active internationalization websites differ between firms that are more or less entrepreneurially orientated. We would assume that more entrepreneurially orientated firms are better able to benefit from active internationalization websites than their more conservative counterparts, but it is up to future research to test this assumption.

Our research contributes to the literature on digital internationalization by investigating how traditional (product-based) SMEs choose between alternative online entry or virtual presence strategies, i.e., active and default internationalization websites. We make a theoretical contribution by explaining how SMEs' choice of internationalization website design is linked with the identification and exploitation of international entrepreneurial opportunities and in which way firms' entrepreneurial orientation and threat of competitive pre-emption act as important determinants of this choice.

For (SME) managers, our study provides insights about the internationalization opportunities active corporate websites bear and thus may help them design opportunity-oriented digital internationalization strategies. Our study may also provide valuable insights for policymakers who seek to increase SMEs' participation in international markets or that try to foster SMEs' digitalization processes. Understanding the determinants of SMEs' choice of active online internationalization may help them design better strategies to support SMEs' digitalization and internationalization processes.

5.1. Limitations

Despite these positive aspects, our study suffers from a number of limitations that may indicate directions for future research. First, our sample consists of manufacturing SME exporters from Austria. Hence, the findings might not be generalizable to other types of firms, e.g. large firms, service firms, or purely digital companies (Brouthers et al., 2016; Monaghan et al., 2020), as well as firms located in other countries. Moreover, while our data allowed us to differentiate between industrial and consumer goods industries, future research may also investigate whether the type of customer influences the choice of website design, viz. whether the firm is active in B2B or B2C (Singh et al., 2005a). As concerns data collection, we had addressed our survey to the person most versed in the company's international activities. Since different types of respondents might cause inconsistency in the responses, future research may ensure consistency in the individual responding by addressing the survey to the CEOs of the firms.

When it comes to our dependent variable, internationalization website, we relied on an existing binary classification as active vs. default online internationalization (Yamin and Sinkovics, 2006), i.e. whether firms adapted their websites to local content or not. We classified firms having multi-lingual or multi-country websites as active online internationalizers and as default online internationalizers otherwise. We do acknowledge the fact that the “default internationalization website” category may include firms that only intend to address home country-based customers but also firms that, in addition, want to address foreign customers that speak the language of the home country. This constitutes a limitation of our variable operationalization. Despite this limitation, we consider this binary measure appropriate for investigating whether a firm actively targets foreign customers through their websites or not. However, had we also been interested in the performance consequences of this choice, a more fine-grained operationalization of local adaptation may generate additional insights. Future research may thus differentiate between various degrees or dimensions of adaptation (e.g. Okazaki, 2005; Singh and Matsuo, 2004; Singh et al., 2004, 2005a, 2005b), consider additional aspects of adaptation such as (graphical) design (e.g. Sinkovics et al., 2007; Tixier, 2005) or differentiate between local adaptation in terms of website design and content (Robbins and Stylianou, 2003).

Further, our paper only focused on one type of online internationalization or virtual presence channel, i.e. company-owned websites. However, firms may also use third-party websites for internationalization (Jean and Kim, 2020; Jean et al., 2020). Future research might thus investigate the entirety of online channels firms may choose from when internationalizing to find out under which circumstances each of these channels is chosen, if and how firms combine these channels, and which consequences this has for firms (e.g. in terms of performance, foreign market knowledge, control, risk etc.). This may also include the investigation of other digital activities used by firms, such as the use of social media, which were not highly used in 2016, but have increased in popularity over the last few years (OECD, 2022).

Another limitation is that we did not theorize about the concurrent use of online and offline internationalization channels. There is evidence that online channels are often co-used with traditional channels in foreign markets (Gabrielsson and Gabrielsson, 2011; Gabrielsson et al., 2002). This might be because, as the CEO of an Austrian SME put it: “The web is big, and you can sell to anywhere, but it is also so big that nobody knows you.” (Zotter, Personal communication) or similarly stated by Samiee (2008, p. 5), who argued that “[a]lthough the Internet can be an important tool for accommodating and promoting international business activities, unless the firm is known to its potential customers, it is unlikely that it would see much international activity through its web site.” Hence, more traditional channels might be necessary to make customers aware of a company and thus to make online channels effective. Consequently, studying foreign entry/operation mode packages (Benito et al., 2009) might yield additional interesting findings.

Likewise, investigating virtual presence entry modes and mode package composition over time might be worthwhile. However, owing to the cross-sectional nature of our dataset, we are unable to test such longitudinal effects. What is more, many firms that are active in international business will have existed and started internationalizing already before the introduction of the internet. Consequently, studying how firms (co)use online channels in already entered market vs. in markets not yet entered might constitute an interesting avenue for future research, particularly in view of the fact that research suggests that the use of online channels may have adverse effects on existing relationships with foreign intermediaries (Houghton and Winklhofer, 2004).

Relating to the topic of online channel effectiveness, another question that we have not touched upon in our paper is whether online internationalization channels can act as a substitute for traditional channels of foreign market entry. While companies might reach customers globally via internationalization websites, this might not be enough of an endeavor to capture all the opportunities available when entering foreign markets. Sinkovics et al. (2013) provide evidence that firms do use active internationalization websites as an alternative to physical presence in foreign markets, but they find that the use of these channels is not positively linked with export performance. Consequently, future research might develop theory about other aspects that a firm needs to undertake, besides website format, to successfully enter and do business virtually in international markets.

To conclude, we offer a new perspective on online internationalization by exploring how traditional firms make the decision about an online international presence. Building on the entrepreneurship literature, we suggest and find that the choice of international website design is based on the level of EO a firm possesses. Because of their proactive, innovative nature, entrepreneurial firms prefer to establish active internationalization websites, while more conservative firms tend to use default (home-country focused) internationalization websites. We also note that the perception of competitive pre-emption had a direct impact on this decision, leading to more aggressive active internationalization website use. In this way, we make a valuable contribution to our understanding of how traditional firms are dealing with the new digital marketplace.

Declaration of competing interest

None.

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