

Chapter 39

The Degree of Internationalization and the Use of Social Media in Marketing Communication: The Case of SMEs in Poland

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ABSTRACT

The development of new technologies combined with constantly increasing access to the Internet, facilitates the usage of social media in the business, including firms' operations in foreign markets. The main aim of the article is to identify the relationship between the degree of internationalization and social media usage within different forms of marketing communication in foreign markets. Data was gathered from individual interviews conducted among 334 companies that operate on the Polish market and which are active internationally in terms of marketing communication. Two key findings emerge from the research. First, the strongest correlation between the form of internationalization and the use of social media was obtained as far as advertising (as a form of marketing communication) is concerned. Second, the number of foreign markets a company operates is correlated with the use of social media in terms of all forms of marketing communication.

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1. INTRODUCTION

Small and medium enterprises are the backbone of national economies and simultaneously they are more and more involved in the international expansion. Thus, we need to better understand their internationalization. The imperative to investigate their international expansion is related to the emergence of new factors that have visible impact on operations of firms and often facilitate their internationalization. The pool of these factors embraces the access and exploitation of new communication technologies, efficient transportation solutions and the omnipresence of Internet (Acs & Preston, 1997; Knight, 2001; Lu & Beamish, 2001). Internet and other computer-based information system (CBIS) technologies are accelerators of firm internationalization (e.g. Ekeledo & Sivakumar, 2004; Petersen, Lawrence & Liesch, 2002) since they allow to easier acquire information on foreign markets (Mathews & Healy, 2007), reduce costs arising from the spatial distance and diminish travel costs (Arenius, Sasi & Gabrielsson, 2006). The significance of these factors for international expansion is high for each company, but the highest for SMEs that usually are recognized as entities that suffer from the liability of smallness. But thanks to the Internet and new communication solutions, size itself is not an issue for some SMEs (Wolff & Pett, 2000), and they are even born global companies or follow the path of accelerated internationalization (Oviatt & McDougall, 1994; Autio, 2005; Zahra, 2005). Nowadays communication between individual entities is being 'done' more and more via the Internet (Walther, 1996; Di Blasio & Milani, 2008; Okdie & Guadagno, 2008). Companies also use new solutions in order to initiate and maintain contact with other market participants (Valos, Habibi, Casidy, Driesener & Maplestone, 2016). New theoretical approaches, e.g. Marketing 3.0 and 4.0, social marketing or marketing 360, appear for which the stimulus are new technological solutions (Finne & Grönroos, 2017; Kotler, Kartajaya & Setiawan, 2017). As a result, new forms and channels of both individual and marketing communication (e.g. advertising on social media) continue to be created. However, successful international growth is still a challenge for many of SMEs and the use of new communication solutions could be a remedy against the lack of knowledge on foreign markets and particular capabilities.

The way companies employ new technologies and new Internet instruments (e.g. social media) in their activities in the international market depends on many factors (Smith & Zook, 2016). Sometimes these factors stem from the accepted strategy of a given company and the necessity to adjust, as well as cooperation between IT and marketing departments. In other situations, the nature of media and their technological advancement are conditioned by the peculiarity of a foreign market or is about to enter (e.g. Hsu, Tien, Lin & Chang, 2015).

The environment – i.e. the conditions prevailing in a particular foreign market – as a variable influencing the use of Internet and social media, is a well-researched field (e.g. Erkan & Evans, 2016; Davies, Musango & Brent, 2016).

The studies on internationalization often focus on existing internationalization theories (e.g. Forsgren & Hagstrom, 2007), motivations, foreign market selection, and entry modes (Loane & Bell, 2002; Loane, McNaughton, & Bell, 2004) explain the speed of internationalization (e.g. Luo et al., 2005) and determinants of the propensity to go abroad (Kotha, Rindova & Rothaermel, 2001). And there are relatively few analyses on the level of internationalization of companies and the relation of this to the use of the new media, especially social media, in marketing communication.

Internationalization understood as the international engagement of a company, is very often a dependent variable analyzed in research, which is influenced by other factors, such as the size of a company (e. g. Knight & Cavusgil, 2004; Jankowska, 2015), searching for new markets, strategic partnerships,

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