

E-commerce in the internet-enabled foreign expansion of Polish fashion brands owned by SMEs

E-commerce in the foreign expansion

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Abstract

Purpose – The aim of this paper is to identify ways and motives of application of e-commerce in the foreign expansion of small and medium enterprises (SMEs) fashion brands.

Design/methodology/approach – A multiple case study was used as the research method. Data were obtained from primarily in-depth interviews with managers of four Polish SMEs – fashion brands owners, whose products are sold in the foreign markets using e-commerce, and secondary sources.

Findings – Through this study the authors identified both strategic-proactive and market-reactive motives of e-commerce applications in SMEs' fashion brands in the internet-enabled foreign expansion and three different models of usage of e-commerce in the foreign expansion of SMEs.

Research limitations/implications – The research was based on the multiple case study of only Polish SMEs in the fashion industry. The conclusions of this study can be applied by fashion companies in their internet-based foreign expansion.

Originality/value – This study contributes to the existing body of literature on the internationalization process of SMEs, and particularly on the application of cross-border e-commerce in the foreign internet-enabled expansion of fashion SMEs by identifying three various models of applying e-commerce, in the internet-enabled foreign expansion and their both proactive and reactive motives.

Keywords e-commerce, Foreign expansion, SMEs, Ways of internet usage, Motives, Fashion brands

Paper type Research paper

Introduction

The phenomenon of Internet-enabled and Internet-based internationalization (internationalization) (Mathews *et al.*, 2012; Nguyen and Barret, 2007; Shneor and Flåten, 2008) is gaining importance (e.g. Bai *et al.*, 2017; Morais and Ferreira, 2020). Literature addressing these issues usually focuses on the process of internationalization of Internet-based firms (pure clicks) which use the internet platforms as the only distribution channel (Forsgren and Hagström, 2007), and the influence of the adoption of the internet tools on the acceleration of the internationalization of Internet-enabled firms (click and mortars) which use Internet platforms as a distribution channel in the foreign markets additional or alternative to offline distribution (Yu *et al.*, 2005), and increasing their geographical coverage

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(Zaheer and Manrakhan, 2001) *inter alia* thanks to the reduction of export barriers, including cultural distance (Sinkovics *et al.*, 2013).

E-commerce is one of the modes of entry on the foreign markets characterized by huge growth prospects (Eduardsen, 2019; Mir-Bernal *et al.*, 2018) and plays an important role in the internationalization of both large and SMEs as it enables to reduce barriers resulting from resource constraints of those companies (e.g. Bianchi *et al.*, 2017; Hånell *et al.*, 2019; Witek-Hajduk and Targański, 2018).

Numerous studies in the field of international business refer to the concept of phased internationalization developed since the 1970s, according to which firm internationalization is an incremental sequential process. These are: the Uppsala model, including the stages-of-development model (Johanson and Wiedersheim-Paul, 1975) and the dynamic model (Johanson and Vahlne, 1977), the Innovation Adoption School (Cavusgil, 1980), as well as Finnish Models mainly concerning internationalization of SMEs (Luostarinen and Hellman, 1994). In turn, studies in the field of international entrepreneurship focusing on SMEs concern mainly a phenomenon of born-global firms and factors on the individual and firm-level determining firm internationalization (McDougall and Oviatt, 2005). These concepts do not take into account the context of digitalization, and especially various forms of e-commerce as modes of Internet-enabled SMEs foreign expansion. Despite growing adoption of e-commerce, there is still little theoretical considerations and empirical evidences explaining the motives and process of e-commerce adoption in the companies' foreign Internet-enabled expansion, especially SMEs that are not online platforms (Wittkop *et al.*, 2018; Jin and Hurd, 2018). Moreover, earlier studies did not include multisided digital platforms (e.g. Amazon, Zalando) as one of the forms of e-commerce applied in SMEs' expansion into foreign markets.

One of the branches in which e-commerce has been used by many enterprises as a form of foreign expansion is fashion industry (Guercini *et al.*, 2020) as clothing is one of the products most frequently purchased online (Jin and Cedrola, 2016). Moreover, nowadays, fashion industry is one of the branches most heavily affected by the crisis caused by COVID-19 pandemic – according to report by BCG (2020), in 2020 the revenues of fashion companies decreased by about 1/3 (BCG, 2020). Restrictions introduced in many countries during the COVID-19 pandemic have led to an increase in the number of consumers shopping online, and – in consequence – to changes in distribution channels of many firms towards an increase of digital channels' share in sales of fashion industry. This trend is expected to continue, and that confirms the importance of research on the use of various forms of e-commerce in the internationalization of companies, also SMEs. Moreover, during the COVID-19 pandemic there is an increasing interest in selling via multi-sided digital platforms (e.g. Galhotra and Dewan, 2020).

Given the identified research gap, the aim of the article is to answer the following research questions:

- RQ1. What are the motives of fashion SMEs for applying e-commerce as a mode of their brands Internet-enabled foreign expansion?
- RQ2. How do SMEs fashion brand owners adopt various forms of e-commerce in the process of their Internet-enabled foreign expansion?

To answer these research questions, multiple case studies of four Polish SMEs – owners of fashion brands sold on foreign markets using various modes of e-commerce were applied. Data were obtained from semi-structured in-depth interviews and secondary sources.

This paper is organized as follows. First, the literature review presenting the theoretical background of this study is summarized, specifically literature referring to the e-commerce use in the foreign expansion of SMEs, including fashion companies. Next, the research method is presented to be followed by a presentation of this study findings. The paper is

summarized with a discussion of results, implications for theory and practice, study limitations and recommendations for the further research.

Literature review and statement of the problem

E-commerce as a distribution channel is still gaining importance (Bai *et al.*, 2017) and is one of the key tools in the hands of entrepreneurs to develop business internationally (Pezderka and Sinkovics, 2011). It is a way to enter a foreign market helping even small enterprises to accelerate their foreign development, while reducing the risk associated with traditional internationalization processes (Mir-Bernal *et al.*, 2018). The SME's characteristics and their flatter organizational structure make them more predisposed to facilitate innovation (Bodorick *et al.*, 2002), and are at the forefront when testing new e-commerce models despite their limited resources (Dongen *et al.*, 2002; Osano, 2019). Based on the literature review Sanchez-Torres and Juarez-Acosta (2019) distinguished three groups of key factors in the adoption of e-commerce in SMEs: (1) organizational or internal (i.e. organizational readiness and ITC, cost, firm's size and innovativeness), (2) environmental (i.e. firm's sector, governmental support, competition, country's infrastructure) and (3) technological (i.e. perceived risk, relative advantage comparing to the competitors, utility, compatibility with information systems and ease of use). The authors considered technological factors as the most important to positively implement e-commerce as a local or international distribution channel.

There are many reasons why SMEs apply e-commerce to enter foreign markets. Most of them are associated with financial benefits (Simpson and Docherty, 2004), although described under various headings. For many companies, e-commerce presents an affordable price to enter global market before establishing major business relationships (Jeffcoate *et al.*, 2002), and facilitates the company's expansion into foreign markets (Jones *et al.*, 2002) while reducing physical liabilities, information gaps and operational threats (Guercini *et al.*, 2020).

E-commerce readiness and adoption vary by industry (Bodorick *et al.*, 2002). The fashion industry is one of the most actively internationalized retail sectors and clothing is by far the most popular product bought online by global consumers (Jin and Cedrola, 2016). Consumers of clothing, footwear and accessories spend much higher amounts of money than any other e-consumer. Still, many fashion websites are informative instead of transactional, which limits the possibilities of generating profits (Marciniak and Bruce, 2004).

Cross-border e-commerce can be a great opportunity for world fashion brands to find new sources of profit (e.g. Guercini and Runfola, 2015). It not only opens new opportunities on the global market with significantly lower financial involvement, but also can help generate higher profits than in the domestic market (Jin and Cedrola, 2016). The use of e-commerce allows fashion companies to develop the overall customer base, expand the brand's scope, and gain greater exposure on websites and increase foreign sales (Ashworth *et al.*, 2006), increase customer loyalty and gather detailed customer information (Nauwelaerts and Chakri, 2016). E-commerce has also proved to be a great tool not only for so-called fast-fashion retailers or brands (e.g. Kim *et al.*, 2018), but also for luxury fashion companies, although the adoption of this mode of entry in the foreign markets in this industry was a slow process and some brands' owners are still trying to avoid it (Mir-Bernal *et al.*, 2018). Researchers (e.g. Guercini and Milanese, 2017; Runfola and Guercini, 2013) still point to export initiatives and foreign direct investment in brick-and-mortar stores as the most effective strategies when it comes to developing or internationalizing a luxury fashion enterprise. On the other hand, in the recent study, Guercini *et al.* (2020) indicate integration of offline and online channels to become the norm for luxury brands, driven more by the market than by the company itself.

Using Internet in sales means also adhering to global trends (e.g. Sinkovics *et al.*, 2013), adapting to the current lifestyle of consumers and facilitating global communication (Guercini and Runfola, 2015). Online stores with international scope, both own online stores of one brand and multi-brand online stores and multi-sided digital platforms, are very attractive

to global consumers because brands and products are unavailable or too expensive on their local markets. The main concerns associated with international online purchases are long delivery times and high shipping costs, as well as the reputation of international platforms (Jin and Cedrola, 2016) among both users and non-users (Mir-Bernal *et al.*, 2018).

Referring to Uppsala model as a concept of phased internationalization, Shneor and Flåten (2008) distinct between Internet-based firms and Internet-enabled companies and indicate four core strategic modes of online market service: web presence, alliances with online agents and distributors, global shop, and market-specific (online) shop. Authors propose two online internationalization paths applied by such companies contrary to traditional offline internationalization paths based on sequential process concepts: 1) global shop -> online agent/global shop distributor -> market-specific (online) shop (Internet-based firms) and 2) e-presence -> global shop -> online agent/global shop distributor -> market-specific (online) shop (Internet-enabled firms). Researchers include in their Internet-enabled firm internationalization model only online modes of foreign expansion, and do not consider the variety of online intermediaries, and the sequence of their adoption in relation to traditional offline forms of foreign expansion.

Guercini and Runfola (2015) distinguish two categories of firms engaged in e-commerce: internationalization-oriented and domestic-oriented. A high degree of internationalization through e-commerce requires overcoming technical, political and cultural problems, as well as good integration with the company's overall internationalization strategy. Enterprises do not differ only in terms of international scope, but also in the process of their internationalization, actions taken and the degree of integration of offline and online operations.

Given the above, we propose two hypotheses:

- H1. Applying e-commerce as a mode of fashion SMEs brands' foreign expansion is motivated by both market (reactive) and strategic (proactive) motives.
- H2. SMEs fashion brand owners differ by the models of inclusion of various forms of e-commerce in the process of their Internet-enabled foreign expansion.

Research method and general characteristics of the studied firms

In order to answer the research questions, an exploratory qualitative approach was applied using multiple case study method (Harrison *et al.*, 2017). The researchers stress that the use of qualitative research, including case studies and in-depth interviews, is justified, when the issues examined are not sufficiently researched (Hennink *et al.*, 2020). It enables insight into managers' opinions on the studied issues (Flick, 2018) and identification of motives and decision-making methods in companies (Dimitrator *et al.*, 2016).

To ensure reliability, researchers used triangulation of data that were obtained from both primary and secondary sources (Czakoń, 2009; Stavros and Westberg, 2009), e.g. company/brand websites, platform websites and industry reports. The primary source of data were individual, direct, semi-structured in-depth interviews conducted in Polish with owners or high-level managers in the studied Polish fashion SMEs, responsible for marketing and foreign expansion strategies of these companies, also using e-commerce tools. Such semi-structured in-depth interviews are recommended in studies on motives and decision-making methods in enterprises (Flick, 2018). Similarly to other in-depth interviews (Holliman and Rowley, 2014), semi-structured questionnaire including open-ended questions was used as a framework for the interviews. A previously prepared interview guide was used to create structure in the interviews, but authors put focus also on conversation, allowing participants to be more relaxed and open in their responses. All interviews lasted about 1–1.5 hours each and were recorded, after which transcriptions of the recordings were prepared. The interviews were conducted face-to-face. The respondents and companies were guaranteed anonymity.

The data was coded line-by-line, using either predetermined (*a priori*) codes resulting from the previous literature review, and emergent codes with categories being determined based on the obtained data (Gläser and Laudel, 2013). The following main categories were distinguished: modes of online and offline foreign expansion applied by SMEs, stages of SMEs foreign expansion, ways of applying e-commerce in the foreign expansion of SME, motives of application of e-commerce in the foreign expansion of SME, including motives of application of own online store and online intermediaries of international scope (multi-sided digital platforms/stores) in the foreign expansion of SME.

This study included a case study of four Polish SMEs, operating in the fashion industry and offering products under their own brands on the Polish and foreign markets. It was decided to limit the study to the fashion market as companies operating within this industry, including Polish ones, often use e-commerce in the process of foreign expansion. As recommended in qualitative studies (Stoian *et al.*, 2016), purposeful sampling was used so that the studied companies represent certain features or processes of interest to researchers. The companies were identified based on the information obtained from the fashion industry experts, press articles and industry reports. When selecting studied companies, both, the heterogeneous approach was applied (they differ in terms of the categories of fashion products offered, the international digital platform where brands are available), and the homogeneous approach (all the companies surveyed are small and medium-sized entities operating in the fashion industry, which sell products under their own brands both, on foreign markets and on the Polish market (Styśko-Kunkowska, 2014).

The overall characteristics of the studied SMEs operating on the fashion market, informants and activities of those companies in the field of e-commerce are presented in Table 1.

The common feature of the studied companies is, e.g. the industry in which they operate (fashion market), manufacturing of products in Poland, small size of enterprises and relatively short experience both on the Polish and foreign market. Moreover, all of them include sales via Internet in their distribution strategies. However, taking into account the number of foreign expansion markets, which of them are the most important for the studied companies and the share of sales via e-commerce in total sales, these companies differ significantly. They differ also due to the branding strategy. Two companies offer premium brands whose names refer to the designers' surnames, whilst remaining brands have artificial or evocative brand names.

Study results

The motives of using various forms of e-commerce in the foreign expansion of brands by Polish fashion SMEs

On the basis of case studies, and in particular interviews with informants from the studied SMEs from the fashion industry, their perceived motives for using e-commerce on local and foreign markets were also identified – see Table 2.

In turn, a summary of the categories of motives together with the quotations justifying them, is presented in Table 3.

The surveyed companies adopt e-commerce as a mode of entry into foreign markets based on both: (1) market-reactive motives, and (2) strategic-proactive motives. They indicate such market-reactive motives as: increased importance of e-commerce on the international market, trends in the fashion industry and fashion products' specifics, foreign consumers' preferences to shopping online and direct contact with the designer via brand online store, and response to an inquiry from an international multi-brand digital platform. In turn, strategic-proactive motives are following: higher efficiency of brand creation on the foreign market applying e-commerce, faster brand internationalization and creation via e-commerce, and greater control over brand creation on foreign markets in the case of selling via brand online store.

Company	PB	PK	PU	PC
Year of establishment	2005	2010	2016	2014
Year of begging export sales	2009	2013	2016	2014
Number of employees	About 50	1	4	10
Product categories offered	Thermoactivated sportswear and underwear, flame redundant clothing	Women's clothing (dresses, coats, blouses etc.)	Underwear, bodysuits, bathing suits	Handbags and accessories (phone and laptop cases, wallets etc.)
Brand name	Corporate name	Designer's surname	Corporate name	Designer's name and surname
Number of export markets	About 50	A few European	More than 20	41
Key export markets	Germany, UK, Chile	Germany, Belgium, Austria	France, USA	UK, USA, Italy, France
Share of foreign sales in total sales	Confidential data	Marginal – single (unit) orders	95%	Data concerning only brand's owner online shop: 10%
Share of e-commerce in total sales in Poland/abroad	10%/data not available (sales in the hands of local distributors)	Almost 100%/single (unit) orders	Data not available (recently opened online store)	100%/data not available (the company does not collect data from foreign partners by distribution channels)
Year of beginning sales via e-commerce in Poland/abroad	2015/2016/data not available (sales in the hands of local distributors)	2010/2013/2014	2019/2019	2014/2014
Number of foreign sales markets via e-commerce/digital platforms'	20/20	Several	Over 20/19	41/data not available
Informant	Marketing Manager (RB)	Owner (RK)	Owner (RU)	Export Manager (RIC) E-commerce Manager (R2C)

Table 1. Overall characteristics of the studied companies and informants

Source(s): Own elaboration

The models of application of various forms of e-commerce by the SMEs fashion brands owners in their internet-enabled foreign expansion

Based on the case studies, surveyed companies apply e-commerce in the process of foreign expansion of their brands, but they differ in terms of the stage of the foreign expansion on which they had started to use e-commerce (a place of e-commerce in the sequence of foreign markets entry modes) in their internationalization in relation to the traditional, offline modes of entry, and e-commerce forms applied by them, see [Table 4](#).

All surveyed companies appreciate the importance of e-commerce as a form of foreign expansion, although they have used this tool to varying degrees:

RIC: "It began with the Polish market, from the beginning we were betting on online sales, we started with an online store. Before the stationary store was opened, for many months we only had an online store".

Table 2.
Motives of application
of e-commerce in the
foreign expansion
of SMEs

Firm	Motives
PB	(1) dynamic growth of sales via the internet (2) possibility of setting higher prices in the brand online store (3) low costs of expanding brand sales using e-commerce
PK	(1) request for proposal from the multi-sided digital platform (2) growing importance of e-commerce in the world (3) ease of creating a brand abroad thanks to e-commerce (4) convenience and speed of online shopping for foreign consumers (5) necessity to develop own online store for specific product categories (6) foreign consumers prefer direct contact with the fashion designer via his online store (7) greater control over brand creation, including its promotion via own online store (8) greater credibility of a brand that has its own online store (9) large number of potential consumers shopping via international e-commerce platforms (10) possibility of rapid positioning of the brand offered via multi-sided digital platforms
PU	(1) economies of scale and reach through international multi-brand online stores (2) rapid creation of brand awareness abroad due to the presence in well-known international multi-brand Internet stores
PC	(1) striving for brand development on foreign markets (2) following the dynamic development of e-commerce worldwide (3) foreign luxury brands benefit from online sales (4) ease of online sales of products of a given category (5) request for proposal from one of the most prestigious multi-brand Internet stores (6) brand availability for many foreign consumers (7) making it easier for foreign customers to purchase products 24/7 (8) lower costs of online sales than creating brand boutiques abroad

Source(s): Own elaboration

RB: "We would like e-commerce to be of greater importance to us. (...) now it is only an add-on and a small part of the channels through which we sell abroad. (...) We are currently in the process of transformation within the company and separating people into the e-commerce department (...) We are planning to improve our website and online store, which will also involve funding for this type of activities. This will be our priority in the budget plans for 2020".

RU: "Now, since two weeks, we are just starting our B2C on-line sales in the country. For now we are focusing on Poland and we will see how it goes. We have just launched a new website (...) We would like this e-commerce to work not only in Poland, but globally".

RK: "I am still working on an online store, it is almost ready (...) I want to position the store in the neighbouring countries where it will be justified. I think of Germany, Belgium, Scandinavia (...)".

Regarding the stage of the foreign expansion on which surveyed firms had started to apply e-commerce in comparison to offline foreign markets entry modes used in their internationalization process, they represent following models:

- (1) The application of e-commerce as the first and the most important mode of entry on the foreign markets (PC, PK),
- (2) The application of e-commerce as one of the first and very important, in parallel with other "traditional" – offline (e.g. stationary stores) modes of entry on the foreign markets (PU),
- (3) The application of e-commerce at the later stage of expansion into foreign markets, and as a form of entry of minor importance.

Table 3.
Motives of application
of e-commerce in the
foreign expansion of a
company

Motives	Selected quotations
<p><i>Market, reactive motives</i> Increased importance of e-commerce on the international market, including in fashion industry</p>	<p>RB: "The Internet sales market is growing very strongly and this is a general trend that will be continued. We want to follow the trends on the market. (...) this is a direction from which there is no escape" RK: "This is the only way (...) This kind of trade will disappear at some point. It all tends to be a web sales"</p>
<p><i>Industry trends and product category specifics</i> (1) foreign luxury brands benefit from online sales (2) the need to have your own online store in the case of brands of certain product categories (3) ease of online sales of certain fashion products</p>	<p>RC2: "For more than 5 years the world has turned so much to e-commerce that there is not really any way out" RC2: "Foreign luxury brands use e-commerce" RC1: "It is a go-to for what is happening on foreign markets and how stores abroad operate" RC2: "Handbags are easier to sell online than clothes, there is no need to measure them" RK: "Every company that has any product such as clothes, bags, creams should have its own online store"</p>
<p><i>Foreign consumers' preferences towards direct contact with the designer via his online store</i></p>	<p>RK: "The customer prefers to order from a designer rather than buying so impersonally"</p>
<p><i>Response to an inquiry from an international multi-sided digital platform/prestigious multi-brand online stores</i></p>	<p>RB: "I was called by Mostrami (...) at that moment it was the biggest and most serious sales platform in Poland. They had plans for foreign sales. At the same time, I was contacted by the Showroom" RC1: "Most of the large foreign Internet portals have reported themselves to us" RC2: "It is one of the most prestigious platforms in terms of online stores"</p>
<p><i>Strategic, proactive motives</i> Higher efficiency of brand creation on foreign markets thanks to e-commerce</p>	<p>RB: "(...) develops without much marketing efforts, almost on its own" RB: "In our online store, prices are a few percent higher than on average at distributors" RK: "It is easier to emerge when you are selling on the Internet" RC2: "No start-up business starts with a boutique that costs a lot, but bets on an online store" RU: "Because it builds scale. They come to us every six months and every six months they choose products for consumers" RU: "Because it is a pretty big medium – Zalando"</p>
<p>(1) low cost of online sales in foreign markets, especially compared to the creation of stationary boutiques (2) economies of scale and coverage via online multi-brand stores (3) possibility of setting higher prices in the online store compared to the prices at distributors</p>	

(continued)

Table 3.

Motives	Selected quotations
<i>Faster brand internationalization and creation</i>	<p>RC1: "We have always wanted to enter foreign markets" RC1: "It is dictated by such an egalitarian approach that everyone has the right to buy (...) giving equal chances to all customers, not just those who come to the stationary store" RC2: "The online store is open 24 hours a day (...) and available anywhere in the world" RK: "It is easier to emerge when you are selling on the Internet" RK: "There are times that you have to have your own online store, because it also makes you reliable" RK: (own online store): "Here I can suggest some stylizations, etc. have more control over it, present my product better, as if introduce the customer into my world" RK: "An Internet platform like N AL brings together people who are avant-garde and want to look unique, so that is where the customer is already (...) There is a lot of brands out there, but at least there is a chance to be seen" RU: "Because it builds brand recognition" RU: "We would like our customers in Zalando to see us at all, because we are so far away"</p>
<p>(1) striving to internationalise the brand (2) reaching a large group of foreign clients of multi-brand Internet platforms (3) making the brand available online to many foreign consumers 24/7 (4) ease of brand creation thanks to e-commerce (5) greater credibility of a brand that has its own online store (6) creation of brand awareness abroad through presence in online stores</p>	<p>RK: "I have greater control over what happens in the case of my own store"</p>
<p><i>Greater control over brand creation on foreign markets in the case of own online store</i></p>	<p>RK: "I have greater control over what happens in the case of my own store"</p>
<p>Source(s): Own elaboration</p>	

		Firm				
	PB	PK	PU	PC		
Foreign markets entry modes applied by SME	(1) Export to distributors on foreign markets who supply this brand products to multi-brand stationary stores, and multi-sided digital platform Amazon (2) Own brand online store	(1) Export to multi-brand stationary stores (2) Foreign multi-sided platforms - multi-brand online stores (3) Own brand online store (in construction)	(1) Export to multi-brand stationary stores (2) Export to multi-brand online stores (3) Own brand online store (since the end of 2019)	(1) Export to multi-brand stationary stores (2) Export to multi-brand online stores (3) Own brand online store		
Sequence of foreign markets entry modes	(1) Foreign distributor (multi-brand stationary stores) (2) Own online store (3) Multi-sided digital platform Amazon (via foreign distributor)	(1) Multi-brand stationary stores (2) International multi-sided platforms and foreign multi-brand online stores (3) Own online store (in construction)	(1) Multi-brand stationary stores and multi-brand online stores (2) Own online store	(1) Own online store (2) Multi-brand online stores		
Forms of e-commerce applied in the expansion in the foreign markets	(1) Brand online store (2) Multi-sided e-commerce digital platforms (Amazon)	(1) Multi-sided digital platforms (2) Multi-brand online stores, Own brand online store (in construction)	Multi-brand online stores Own brand online store	Multi-brand online stores Own brand online store		
Speed of e-commerce-based foreign markets` expansion	Own brand online store (6 years after starting export via multi-brand stationary stores), and then multi-sided digital platform (Amazon)	Own online store, and after 3 years – foreign multi-sided platforms	1st year – multi-sided platforms, and after 2 years – own online store	Own online store, and after 4 years – multi-sided digital platforms		
Brand online store	Own brand online store in Polish, English and Slovak	Own online store under construction	Own brand online store in Polish and English	Own brand online store (since the end of 2019) in Polish and English		
Multi-sided e-commerce digital platforms/ foreign multi-brand online stores on which the brand is/was available	Amazon (since 2017 –foreign distributor)	Not Just A Label (NJAL), ASOS Marketplace, Mostrami Showroom (since 2013)	Zalando, Yoox, Gallery Lafayette.com, Exposed Paris, Scène Discrete (since 2017)	Net-a-Porter Moda Operandi (since 2019)		

Table 4.
The ways of applying e-commerce by the studied SMEs in their foreign expansion

Source(s): Own elaboration

The surveyed Polish SMEs of the fashion industry use e-commerce in their foreign expansion in two forms: (1) sales to foreign markets via their own online store, and (2) via online intermediary of international scope (multi-brand online stores, multi-sided digital platforms). Three of the surveyed companies (PB, PU, PC) had their own online stores of their brands, available not only in Polish, but at least in English (PU only from the end of 2019). In turn, PK company was going to launch its online store addressed also to the foreign customers. In the case of the three surveyed companies, the own online store in languages other than Polish and with the possibility of delivery abroad was the first form of e-commerce used by them in foreign expansion. The study, however, shows that in the case of studied SMEs, a key role in their international expansion among e-commerce channels have played international multi-brand online stores and multi-sided digital platforms such as: Amazon (PB), Not Just A Label (NJAL), ASOS Marketplace, Mostrami, Showroom (PK), Zalando, Yoox, Gallery [Lafayette.com](#), Exposed Paris, Scène Discrète (PU), and Net-a-Porter; Moda Operandi (PC). Some studied SMEs (PU, PK, PC) have used multi-sided digital platforms/multi-brand online stores at the beginning stage of their foreign expansion. Firm PB have applied multi-brand digital platform in their foreign brand expansion on the initiative of the foreign distributor of their brand.

Conclusions, limitations and recommendations for the future research

As a result of the critical literature review and empirical research using the multiple case study method, the study objectives were achieved and research questions were answered.

It can be concluded that the studied companies are aware of the importance of e-commerce in contemporary business, which is also confirmed by results of previous studies (e.g. [Bruno, 2018](#)). Taking collections across the borders can be noticed not only in the case of big fashion retailers ([Mollá-Descals et al., 2011](#)), as SMEs also try to adapt their activities to the current trends of using Internet as one of the distribution channels in the foreign markets (as indicated *inter alia* by [Katsikeas et al., 2019](#)).

Based on the study, there are two categories of motives for application of e-commerce in the foreign expansion of SMEs that are owners of fashion brands: (1) market, reactive motives, and (2) strategic, proactive motives. The most important motives indicated by the informants are two proactive ones referring to the brand itself, i.e. higher efficiency of brand creation on foreign markets thanks to e-commerce and faster brand internationalization and creation on foreign markets using e-commerce, and two reactive ones, i.e. industry trends and product category specifics and response to an inquiry from an international multi-sided digital platform/prestigious multi-brand stores. The remaining motives were indicated only by single SMEs: reactive motives – increased importance of e-commerce on the international market including fashion industry and foreign customers' preference towards direct contact with the designer via his online store, and one proactive motive – greater control over brand creation on foreign markets in the case of own online store.

For the rapidly internationalized SMEs (within one-three years after establishment), the indicated motives of e-commerce application in the foreign market entry were both the proactive ones, referring to the higher efficiency of brand creation on foreign markets thanks to e-commerce and faster brand internationalization, foreign customers' preference towards direct contact with the designer via his online store and greater control over brand creation on foreign markets in the case of own online store, and reactive ones: response to an inquiry from an international multi-sided digital platform/prestigious multi-brand online stores, industry trends and product specifics, and amongst proactive ones: higher efficiency of brand creation on foreign markets thanks to e-commerce and faster brand internationalization and creation. Such motives indicate that brand owners are intensively looking for foreign expansion opportunities. These companies are born global SMEs that from the very beginning have

been oriented towards foreign markets and on brand creation. In turn, for a SME that was late to apply cross-border e-commerce, and moreover, in the case of multi-sided platform – as a consequence of the independent actions of the foreign distributor, such reactive motive as increased importance of e-commerce on the international market, and proactive one as higher efficiency of brand creation on foreign markets thanks to e-commerce, were important.

These results are partially in line with conclusions of previous studies that the specifics of an industry is an important driver of e-commerce adoption (e.g. Sanchez-Torres and Juarez-Acosta, 2019), applying e-commerce is a global trend (Sinkovics *et al.*, 2013), and a result of adapting to the changing lifestyle of consumers (Guercini and Runfola, 2015), and that e-commerce allows the higher efficiency of brand creation on foreign markets (Eduardsen, 2019), generating higher profits than on the domestic market (Jin and Cedrola, 2016), lowering its costs (Sanchez-Torres and Juarez-Acosta, 2019), increasing geographical coverage (Zaheer and Manrakhan, 2001), developing overall customer base and the brands scope (Ashworth *et al.*, 2006), and facilitates global communication (Guercini and Runfola, 2015). Two reactive motives identified due to our research, i.e. foreign consumers' preferences towards direct contact with the designer via his online store and response to an inquiry form an international partner, according to our best knowledge have not yet been discussed in the literature. However, as explained by the informant, that direct contact is helpful *inter alia* in choosing the right product by the consumer, etc. and thus appreciated by consumers. The cooperation with an international multi-sided digital platform or multi-brand online store could be explained by the fact that the brands offered by two studied companies stand out from the competition, e.g. in terms of design, which could have prompted to propose their owners cooperation.

We identified three models of e-commerce use by SMEs that are owners of fashion brands in the process of their foreign expansion, differing due to the stage of the internationalization process at which the company began using cross-border e-commerce in foreign brand expansion and the sequences of using various e-commerce forms in Internet-enabled foreign brand expansion compared to offline modes of entry, and their importance: (1) employing cross-border e-commerce since its inception and at the first stage of internationalization, and as the first form of foreign market or the first in parallel with offline mode(s), (2) employing cross-border e-commerce at relatively early stage of SME foreign expansion, but as a second mode of entry used after traditional offline mode(s), and (3) late employing cross-border e-commerce in the process of SME foreign expansion, and long after traditional offline mode(s). Moreover, according to this study, SMEs from the fashion industry may apply cross-border e-commerce in the foreign Internet-enabled expansion in two forms: (1) the brand's own online store with deliveries abroad and (2) online intermediary of international scope such as multi-brand online stores/multi-sided digital platforms. Nevertheless, as of today, international multi-sided digital platforms or multi-branded online stores play more important role in the foreign expansion of the studied SMEs than their own online stores. This can be explained by referring to the motives for using e-commerce indicated by the examined SMEs, such as, e.g. large number of potential consumers shopping via multi-brand digital platforms, possibility of rapid positioning of the brand offered via multi-sided digital platforms/multi-brand online store, and more rapid creation of brand awareness abroad due to the presence in well-known international multi-brand online stores. However, the surveyed SMEs appreciate also the importance of using the brand's own online store with deliveries to foreign markets, among others due to higher margins and control over brand promotion. Moreover, contrary to the concept of Shneor and Flåten (2008), our study shows that as part of the Internet-enabled internationalization process, a company may first use its own online store with deliveries to foreign customers rather than an online intermediary.

This study contributes to the existing body of literature on the international business, particularly to the development of research on foreign expansion of SMEs and application of

e-commerce in such a process. Two categories of motives for e-commerce application in foreign expansion and three Internet-enabled modes of entry on the foreign markets by fashion SMEs were identified. We identified not only motives previously mentioned in the literature, but also those not yet indicated. For the Internet-enabled internationalization process, our study shows that SMEs – fashion brands owners may shape it in a different way than indicated, e.g. by [Shneor and Flåten \(2008\)](#). We also identified sequences of e-commerce application in a foreign SMEs expansion in relation to the offline modes of entry. According to our study, cross-border e-commerce can be used by SMEs at various stages of the firms internationalization, including at an very early stage, often even right after the company establishment, but also at later stages. Moreover, the use of cross-border e-commerce may precede traditional, offline forms of foreign expansion or be one of the forms applied after offline distribution. Taking into account the COVID-19 pandemic implications and the findings of this study, it can be recommended to fashion brand owners to use e-commerce in the very early stage of internationalization.

The study also has some limitations. The basic one is the number of case studies (four). It would be worthwhile to increase the number of the studied companies and brands in the further research. Moreover, the study was limited to the Polish market and the fashion industry, so in the future it would be valuable to include other countries and industries (e.g. interior design, including furniture, cosmetics). Research could also be considered on the use of international multi-sided digital platforms in the foreign expansion of large companies. It would also be valuable to examine the issue from the perspective of platforms' operators and buyers of products offered via e-commerce.

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