

Chapter 9

International Marketing Strategies for SMEs in the Digital World

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ABSTRACT

Digital technologies have totally changed the business world and Small and Medium Enterprises (SMEs) have truly been affected by this change. SMEs, which are the main actors of the world economy as they are main providers of production, employment, and foreign currency. Before the introduction of digital tools, SMEs were not able to compete with multinational companies mainly because of their limited resources. The digital technologies have enabled SMEs to compete with multinational companies in the international markets. Formulating the right international marketing strategies is crucial for SMEs to be successful in international markets in the digital era.

INTRODUCTION

Small and medium enterprises (SMEs) play an important role for all countries in the world in terms of their contribution to industrial production and economic development and they account for around 90 percent of enterprises and 60 percent of the labor force in the world (Glonti et al., 2021). SMEs are especially important in the development of rural economies and in reducing poverty, inequality, unemployment and supporting neglected groups of the society such as disabled, women and uneducated people (Fiseha and Oyelana, 2015). In accordance with the United Nations Sustainable Development Goals, SMEs promote sustainable economic growth and encourage to reduce social inequalities (Fonseca and Carvalho, 2019). The most meaningful benefit of SMEs to the national economies is its utilization of resources, accumulation of savings and chances for self-employment and training opportunities (Asare et al. 2015). Being able to operate in the international markets is one of the best approaches that guarantee success in the long run for SMEs (Kuivalainen et al., 2012). An important number of studies have been conducted to analyze how SMEs discover and exploit the opportunities and risks in the international

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markets although this area is relatively new compared to multinational enterprises (MNEs) internationalization (Korsakienė and Tvaronavičienė, 2012). Managers and owners of SMEs try to figure out the opportunities in international markets and use internationalization as a strategic tool to sustain their company's competitiveness. The main factors which help to gain success in the international markets are of great importance to the researchers and SMEs entrepreneurs (OreroBlat et al., 2020). Zahoor, Al-Tabbaa, Khan and Wood (2020) analyzed the key factors that precede the success of SMEs internationalization and they stated that entrepreneurial ability, collaboration skills, relational embeddedness, environmental ambiguity and availability of institutional capital are the anterior factors of success in internationalization (Reim et al., 2019).

This book chapter is analyzing the digital strategies for SMEs which are used in the international markets. A detailed literature review is conducted mainly from the articles and books established in the last five years about digital strategies that SMEs use in the international markets. In the first section effects of digitalization on SMEs internationalization is discussed and main digital strategies which are social media marketing, search engine optimization, content marketing and paid research are reviewed in detail. The managerial implications of the international digital strategies of SMEs are mentioned before the conclusion of the chapter.

Effects of Digitalization on SMEs Internationalization

Digitalization is gaining more importance in daily life of society and business and it is forcing all the organizations to make profound changes in their business strategy, structure and culture. Parida, Sjodin and Reim (2019) define digitalization as; using digital technologies to innovate novel business models and to provide new value-generating opportunities in industrial ecosystems. However, it should be considered that digitalization is accepted as the common solution to all business development initiatives (Joensuu-Salo et al., 2018; Lee and Trimi, 2018). Development of digital technologies has dramatically changed international business all around the world creating new opportunities and challenges for all companies. Developments in information, communications and transportation technologies with the introduction of digital technologies mainly internet and social media on a global scale accelerated the removal of the barriers for many companies which were operating in their local markets in the past. This is especially important for SMEs which have limited resources which make it very difficult to enter the international markets before the introduction of digital technologies. Digital technologies enabled SMEs companies to become more motivated and flexible to the opportunities and challenges in foreign markets more effectively and efficiently than before. The new digital technologies totally changed the way that the SMEs companies search, target, communicate and serve their potential and current customers in the current and potential international markets (Autio, 2017; Kraus et al., 2018). Digital technologies and digitalization have removed some of the disadvantages that the SME had. As an example, digitalization enabled SMEs to engage in business internationally by using the online marketing tools (Glonti et al., 2021). The main challenges that SMEs face during internationalization are limited resources mainly human, financial and technological resources (Rogers, 1990), difficulty of having legitimacy in foreign markets (Sapienza et al., 2006), and limits to short term resilience (Bradley et al., 2006). SMEs have access to resources such as financial, technological and new target markets by the help of digital technologies (Saunila, 2020).

In today's business world digital technologies are reforming the paradigm of international business. This transformation of internationalization is a must for companies to sustain their competitive advantage not locally but globally. SMEs are facing both new challenges and opportunities in international markets

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