

## Research Article

# The Influence of Internet Marketing On the Export Growth of SME's in Indonesia

Pria Rahmadani\*<sup>1</sup>, Sorayanti Utami<sup>1</sup>, Iskandarsyah Majid<sup>1</sup>

<sup>1</sup>Magister Management Program, Faculty of Economics and Business, Universitas Syiah Kuala, Banda Aceh, Indonesia

### Article History

Received: 04.02.2020

Accepted: 12.02.2020

Published: 15.03.2020

### Journal homepage:

<https://easpublisher.com/easmb>

### Quick Response Code



**Abstract:** This study investigates the effect of internet marketing capabilities on the growth of SME export markets in Indonesia. The sample used in this study is small and medium enterprises (SMEs) that have exported and are in Indonesia. This research method uses a questionnaire as a research instrument. Purposive sampling is used as a sampling technique. Research using the method of Hierarchical Linear Modeling Baron & Kenny (1986), is used to examine the effect of independent variables with the dependent variable. The results of this study indicate that the internet marketing capabilities has a positive and significant effect on export availability information and export market growth. Variable export availability information also shows a partial relationship, positive and significant to export market growth and business network relationships. This study also shows that the variable internet marketing capabilities has a significant, positive and partial effect on export market growth mediated by the availability of export information. Furthermore, the influence of internet marketing capabilities on export market growth.

**Keywords:** Internet Marketing, Export Growth, SME, Global Market.

**Copyright @ 2020:** This is an open-access article distributed under the terms of the Creative Commons Attribution license which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use (Non Commercial, or CC-BY-NC) provided the original author and source are credited.

## INTRODUCTION

Foreign trade in the current era of globalization is a necessity that cannot be avoided by a country, because without it a country will not be able to survive. Foreign trade is an important means and stimulator for economic growth, namely: increasing the consumption capacity of a country, increasing world output and providing a way for the markets of products throughout the world, which without going through trade will not be possible for poor countries to develop.

Export activities also consider the issue of foreign markets, especially among small and medium-sized companies, which will reduce business risk, where little commitment to resources and the high flexibility of action offered (Young *et al*, in Leonidou, 1996). There is a clear difference in terms of assets and turnover where with a turnover below Rp. 2.5 billion / year is still categorized as a small business and if the turnover is more than Rp.50 billion / new year, SME goes up to the big business class.

The internet is one of the most significant marketing tools in the global market, offering great potential for export businesses (Rodgers & Sheldon, 2002). For example, the Internet can help exporters by increasing access to international markets, increasing

the level and speed of internationalization, reducing transaction costs (Kontinen & Ojala, 2010; Lohrke, Franklin, & Frownfelter-Lohrke, 2006), and improving communication and efficiency of information exchange (Gabrielsson & Manek Kirpalani, 2004; Loane *et al.*, 2004; Mathews & Healy, 2008). Research in Latin America shows that the Internet allows companies to expand their export activities and run their businesses more efficiently (Rohm, Kashyap, Brashear, & Milne, 2004).

This study will discuss the ability of Internet marketing to improve other capabilities such as the availability of export information and international business relations, which positively affect the level of export markets. However, the extent to which Internet resources contribute to the export performance of SMEs through marketing capabilities in the context of Indonesia.

## LITERATURE REVIEW

### Export Market Growth

Some international marketing research considers the influence of the Internet on market growth (Morgan-Thomas & Bridgewater, 2004; Murphy & Bruce, 2003; Toften & Hammervoll, 2011), several stages of evaluating as a whole simply the growth of

export markets Mathews & Healy, 2008). In addition, most research shows that the Internet has a positive impact on the growth of international markets but fails to empirically test these relationships (Clarke, 2008; Hinson & Adjasi, 2009; Moen, Gavlen, & Endresen, 2004; Prasad *et al.*, 2001). The study proposes that the Internet provides opportunities for Indonesia to increase export growth, enabling them to expand their reach beyond their own borders by accessing and disseminating information, and providing opportunities for more frequent interaction with international customers.

### ***Internet Marketing Capabilities***

The ability of internet marketing or generally internet marketing is a subset of internet business where the internet is used to conduct marketing activities and fulfill marketing objectives by the organization. Internet marketing is interactive marketing and mobile marketing is a branch of E-marketing. According to the definitions of David Cotler and Philip Armstrong, marketing is the process of creating beneficial relationships with customers through creating value and achieving customer value.

The internet facilitates increased marketing capabilities such as online sales, advertising, purchasing / procurement, getting feedback from customers, and so on. This capability in turn has an impact on export performance, which consists of export sales in new markets (Bianchi and Mathews, 2016). Ability is defined as "a collection of skills and knowledge, not easily replicated by competitors, and carried out through an organizational process that creates competitive advantage for the company" (Day, 1994).

### ***Export Information Availability***

In an international context, the ability of a company is related to gathering information about markets and customers leading to higher export performance (Hart, Webb and Marian, 1994). Companies that can obtain market information may be aware of export market opportunities and develop marketing knowledge skills (Li and Calatone, 1998). Because foreign markets are very complex and uncertain (Welch and Luostarinen, 1988), the internet can help companies identify new customers and distributors, learn about market trends, research and technology development, and make more informed decisions (Teo and Choo, 2001).

The internet increases the amount of international market information available to companies (Petersen *et al.*, 2002). Some studies note the positive impact of the Internet on the availability of international information (Brock & Yu, 2005; Gibbs & Kraemer, 2004; Hamill, 1997; Hamill & Gregory, 1997). Internet applications for marketing activities allow companies to develop marketing capabilities to collect primary data through tools such as online surveys, web visitor

tracking, advertising measurement, customer identification systems, and email marketing lists (Quelch & Klein, 1996).

### ***Business Network Relationship***

The development of relationships and the ability to build networks has a positive impact on company performance in domestic and international contexts (Morgan-Thomas, 2009; Musteen, Francis, & Datta, 2010). Loane and Bell (2006) suggest that business networks are a valuable resource for small companies with Internet capabilities in their internationalization efforts. Internationalization network theory focuses on the role of business relations in the growth and development of international markets (Coviello & Munro, 1995).

Most come from developed markets and differences may exist in terms of the use and acceptance of Internet technology to establish and maintain business relationships by developing country companies (Andrews & Bianchi, 2013; Grandon *et al.*, 2011; Wresch, 2003). In a high context and collectivist culture, people have a high degree of involvement with one another (Hofstede, 2001).

The internet increases the amount of international market information available to companies (Petersen *et al.*, 2002). Some studies note the positive impact of the Internet on the availability of international information (Brock & Yu, 2005; Gibbs & Kraemer, 2004; Hamill, 1997; Hamill & Gregory, 1997). The Internet also provides a means to obtain secondary data sources, such as newspapers and online journals, statutory data reports, state industry and legislation, and lists of suppliers, agents, distributors and government contacts (Hamill, 1997).

Especially in emerging markets, Internet marketing capabilities can generate large profits for exporters of smaller size and have fewer resources than their partner countries in developing countries. This capability can help other relational capabilities, such as developing business networks, by reducing transaction costs, reducing time to reach international markets, and improving communication (Kontinen & Ojala, 2010; Lohrke *et al.*, 2006).

Internet connectivity and interactivity and the ease of availability of information enhance communication, commitment, satisfaction, and trust among the parties. The internet also improves the quality of business network relationships between small and medium sized companies and suppliers (Bauer *et al.*, 2002) through cross-border capabilities and processes, between organizations (Jean *et al.*, 2010) Piercy *et al.*

The study of Internet implications for marketing shows a positive effect on business performance. Bulan and Jain (2007) show that Internet

marketing capabilities have a positive impact on international performance for exporters. In particular, the authors found that internet marketing research, support services, and promotional activities had a positive relationship with their profits, sales, and market share.

In an international context, the company's ability to collect and utilize information about export markets and customers supports their competitive position and encourages international growth and performance (Hart, Webb, & Marian, 1994). Piercy *et al.* (1998) found a relationship between export performance and information gathering, market sensing, and managerial understanding.

The development of relationships and the ability to build networks has a positive impact on company performance in domestic and international contexts (Morgan-Thomas, 2009; Musteen, Francis, & Datta, 2010). Loane and Bell (2006) suggest that business networks are a valuable resource for small companies with Internet capabilities in their internationalization efforts.

The availability of export information can mediate the relationship between internet marketing capabilities and export market growth. The ability of internet marketing to increase the information available related to export markets, which in turn leads to an increase in export performance. The internet helps build international business networks, which in turn leads to identification and finding export market opportunities. Business network relationships can mediate the relationship between internet marketing capabilities and the growth of export markets.

The framework of thought in this study illustrates the relationship of four variables, namely, Internet Marketing Ability (X) as independent, with mediating / intervening variables is Availability of Export Information (Y<sub>1</sub>) and Network Business Relations (Y<sub>2</sub>) to Export Market Growth (Z) which are variables dependent. The Theoretical Framework of the research can be seen on the figure 1 as follows:

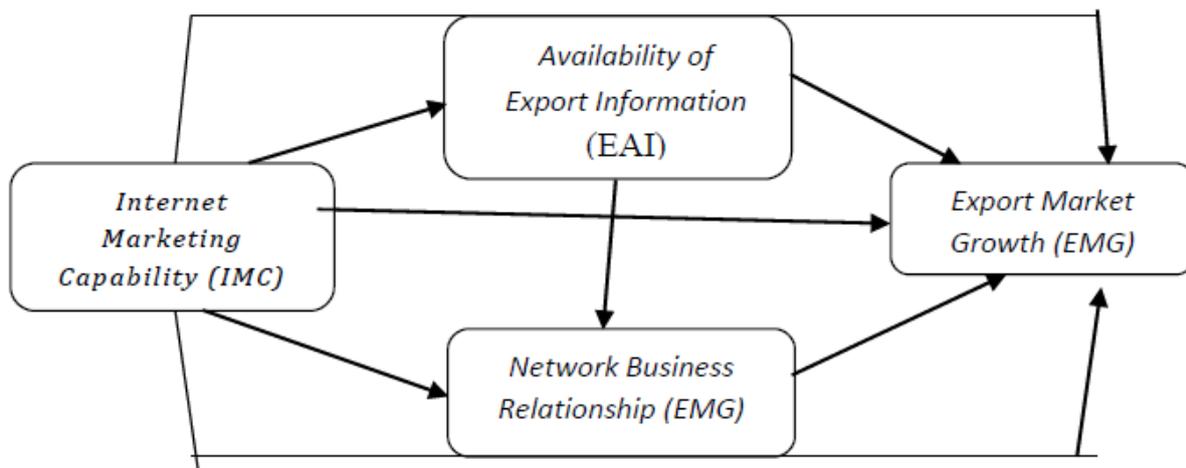


Figure 1: Theoretical Framework

**Based on the study have been described previously, it can be formulated the following hypothesis:**

- H1:**Internet marketing capability has a positive effect on the availability of export information.
- H2:**Internet marketing capabilities positively affect network business relationships.
- H3:**Availability of export information positively affects network business relationships.
- H4:**The ability of internet marketing has a positive effect on the growth of the export market.
- H5:**The availability of export information positively affects the growth of export markets.
- H6:**Network business relations positively affect the growth of export markets.
- H7:**The ability of internet marketing has a positive effect on the growth of export markets with the availability of export information as a mediating variable.
- H8:**The ability of internet marketing has a positive effect on the growth of export markets with network business relations as a mediating variable.

## RESEARCH METHODS

### Location and Object of Research

Research data were collected by distributing questionnaires to the owners of Small and Medium

Enterprises (SMEs). The priority research location is Aceh. For respondents outside Aceh, the author will send an online questionnaire.

**The scope of research**

As for the scope of this research is to see the extent of the influence of internet marketing capabilities on the growth of SME in Indonesia. In general, respondents in this study are SME who have made sales to other countries in Indonesia. This study only focuses on the influence of internet marketing capabilities on the availability of export information, network business relationships & export market growth. This study only focuses on the influence of internet marketing capabilities on the availability of export information, network business relationships & export market growth.

**Population and Sampling**

Sample determination technique is by non-probability sampling method (Nasir, 1999) The type of non-probability sampling method used is judgmental sampling which provides limits on respondents who meet the criteria, namely Respondents living in Indonesia and Respondents are SMEs who have made sales abroad and use the internet.

**Data Collection Techniques**

To obtain the data needed in this study, the authors collected data by means of questionnaires as a series of questions compiled to capture information data about a matter that is needed in the research so that the questions become easily understood and answered by respondents needed a certain clear form / format (Supriyanto, 2009).

**Measurement Scale**

In the questionnaire respondents were asked to state the level of agreement following the measurement scale used in this study that is by using a Likert scale. Determination of the value of the Likert scale by using five levels of answers namely strongly disagree (Score 1). Disagree (score 2), Less agree (score 3), Agree (score 4) and Strongly Agree (score 5).

**Data Analysis Technique**

This Hierarchical Linear Modeling method is used to examine the effect of independent variables with the dependent variable, where this model has 4 (four) steps in building mediation (Baron and Kenny, 1986 & Judd and Kenny, 1981), mathematically the relationship variables can be described as follows :

$$Z = \beta_1 X + e$$

$$Z = \beta_1 X + \beta_1 Y_1 + e$$

$$Z = \beta_1 X + \beta_2 Y_2 + e$$

Information:

- Z = Export Market Growth
- Y<sub>1</sub> = Availability of Export Information
- Y<sub>2</sub> = Network Business Relations
- X = Internet Marketing Ability
- β = coefficient
- e = Error

**Measurement Model**

The measurement model or *measurement model* is a test of the indicators used in a model to confirm whether it is indeed true to define a construct (Hair *et al.*, 2006). The results of the research instrument testing in terms of item-total statistics validity of 160 respondents, each indicator of each construct has a factor load (loading factor) that is significant to the construct measured so that in this study testing the validity of the instrument used is *Confirmatory Factor Analysis* (CFA) . Validity test is obtained by correlating each indicator score with a total score of variable indicators, then the correlation results are compared with the critical value at significant level. If the *loading factor* is > 0.40 (Hair *et al.*, 2006) it can be said to be valid.

**RESULTS AND DISCUSSION**

**Characteristics and Objects of Research**

Data as profiles of respondents who were sampled in this study were as many as 100 export SMEs in Indonesia. Characteristics of respondents in this study as shown in the following table:

Table 1. Characteristics of Respondents

| No. | Variable                  | Frequency | Percentage |
|-----|---------------------------|-----------|------------|
|     | Type of business          |           |            |
| 1.  | Trade Business            | 19        | 19.0       |
|     | Manufacturing Business    | 41        | 41.0       |
|     | Agricultural Business     | 29        | 29.0       |
|     | Fisheries Business        | 11        | 11.0       |
|     | <b>Total</b>              | 100       | 100.0      |
|     | Business Entity           |           |            |
| 2.  | Individual                | 12        | 12.0       |
|     | Fellowship                | 39        | 39.0       |
|     | limited liability company | 30        | 30.0       |
|     | Cooperative               | 19        | 1.0        |

|    |                    |     |       |
|----|--------------------|-----|-------|
|    | <b>Total</b>       | 100 | 100.0 |
|    | Business Duration  |     |       |
|    | < 1 year           | 11  | 11.0  |
| 3. | 1 year - 3 years   | 18  | 18.0  |
|    | 4 years – 5 years  | 39  | 39.0  |
|    | 6 years – 10 years | 18  | 18.0  |
|    | <10 years          | 14  | 14.0  |
|    | <b>Total</b>       | 100 | 100.0 |
|    | Length of Export   |     |       |
|    | < 1 year           | 41  | 41.0  |
| 4. | 1 year - 3 years   | 36  | 36.0  |
|    | 4 years – 5 years  | 15  | 15.0  |
|    | 6 years – 10 years | 8   | 8.0   |
|    | <b>Total</b>       | 100 | 100.0 |

Source: Primary Data, 2018 (diolah)

**Table 2.** Loading Factor Measurement Model

| No                                       | Indicator | Load Factor | Information |
|--|-----------|-------------|-------------|
| Internet Marketing Capability (IMC)      |           |             |             |
| 1  | IMC1      | 0.670       | Valid       |
| 2  | IMC2      | 0.831       | Valid       |
| 3  | IMC3      | 0.860       | Valid       |
| 4  | IMC4      | 0.761       | Valid       |
| 5  | IMC5      | 0.396       | Invalid     |
| Availability of Export Information (EIA) |           |             |             |
| 6  | EIA1      | 0.275       | Invalid     |
| 7  | EIA2      | 0.608       | Valid       |
| 8  | EIA3      | 0.807       | Valid       |
| 9  | EIA4      | 0.544       | Valid       |
| Network Business Relations (BNR)         |           |             |             |
| 10                                       | BNR1      | 0.705       | Valid       |
| 11                                       | BNR2      | 0.734       | Valid       |
| 12                                       | BNR3      | 0.843       | Valid       |
| 13                                       | BNR4      | 0.652       | Valid       |
| Export Market Growth (EMG)               |           |             |             |
| 14                                       | EMG1      | 0.855       | Valid       |
| 15                                       | EMG2      | 0.820       | Valid       |
| 16                                       | EMG3      | 0.524       | Valid       |

Source: Primary Data, 2018 (processed)

Based on the table above it can be explained that all the variables used in this study are all declared valid. The test results show that the 16 items of questions involved in this study have a good correlation construct so that it can be an appropriate measurement, this is seen from the loading factor which has an interval of 0.275 to 0.860 where each question item must have a loading factor greater than 0.40 (Hair *et al.*, 2006). The test results showed that only 16 items of questions involved in this study were declared invalid, namely an indicator of internet marketing ability with a value of 0.396 and an indicator of the availability of export information with a value of 0.275. While 14

question items have a good correlation construct so that they can be the right measurement.

After testing the validity, to find out the reliability, it is necessary to test reliability. A construct or variable is said to be reliable if it gives a cronbach alpha value > 0.60 according to Malhotra (2005). Furthermore, for reliability tests used a tool namely SPSS version 22, the results of testing the research instrument in terms of item-total statistics reliability for 100 respondents of Export SMEs in Indonesia as shown in the following table:

Table 3. Research Variable Reliability (Alpha)

| Variable                                | Cronbach Alpha | Information |
|---|----------------|-------------|
| Internet Marketing Capability (X)       | 0.799          | Reliable    |
| Availability of export information (Y1) | 0.708          | Reliable    |
| Network business relationship (Y2)      | 0.778          | Reliable    |
| Export market growth (Z)                | 0.731          | Reliable    |

Source: Primary Data, 2018 (processed)

In the table above, it can be seen that the measurement of reliability of the research variables shows reliability by showing all variables above 0.60 that meet the criteria for *cronbach alpha*, so that it can be concluded that the coefficients used as measuring instruments in research are feasible to use.

**Proof of Hypothesis and Discussion**

To prove the hypothesis in this study, data processing and research results have been carried out as described below. The following will explain the effect of internet marketing ability on the availability of export information on SMEs in Indonesia by using the t-test as follows:

Table 4. Effect of internet marketing ability on availability of export information (t-test) Coefficients<sup>a</sup>

| Model |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                      | 3.050                       | .366       |                           | 8.334 | .000 |
|       | Internet Marketing Capabilities | .190                        | .093       | .203                      | 2.049 | .043 |

a. Dependent Variable: Export Information Availability

Source: Primary Data (processed), 2018

Based on the table and the regression equation above shows that there is a partial, positive and significant relationship between the variables of internet marketing ability to Availability of Export Information of 0.043 where the value of P <0.05 with  $\beta$  0.203 and

with t count of 2.049 > t table 1.660. The results of the 4.20 table above show that the hypothesis (H<sub>1</sub>) which states the ability of internet marketing has a positive effect on the availability of export information on SMEs can be received.

The following will explain the effect of internet marketing capabilities on network business relationships in SMEs in Indonesia by using the t-test as follows:

Table 5. Internet Marketing Capability of Network Business Relations (T-Test) Coefficients<sup>a</sup>

| Model |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                      | 3.204                       | .329       |                           | 9.732 | .000 |
|       | Internet Marketing Capabilities | .148                        | .084       | .176                      | 1.771 | .080 |

a. Dependent Variable: Business Network Relationships

Source: Primary Data (processed), 2018

Based on the table and the regression equation above shows that there is no significant relationship between the variables of Internet Marketing Capability of Network Business Relationship of 0.080 where the value of P <0.05 with  $\beta$  0.176 and t count of 1.771 > t

table 1.660. The results from the table above show that the hypothesis (H<sub>2</sub>) which states that internet marketing capabilities have no significant relationship to network business relations in SMEs cannot be accepted.

**Table 6.** Effect of Availability of Export Information on Network Business Relations (T-Test)

**Coefficients<sup>a</sup>**

| Model |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                      | 1.765                       | .278       |                           | 6.346 | .000 |
|       | Export Information Availability | .532                        | .073       | .594                      | 7.316 | .000 |

a. Dependent Variable: Business Network Relationships

Source: Primary Data (processed), 2018

Based on the table and the regression equation above shows that there is a partial, positive and significant relationship between the Availability of Export Information variable on the Network Business Relationship of 0.000 where the value of  $P < 0.05$  with  $\beta$  0.594 and t count of 7.316 > t table 1.660. The results from the table above show that the hypothesis ( $H_3$ ) which states that the availability of export information

positively influences network business relations in SMEs can be accepted.

The following table will explain the effect of internet marketing capabilities, availability of export information and network business relationships on the growth of export markets in Indonesian SMEs by using the t-test as follows:

**Table 7.** Effect of Internet Marketing Ability, Availability of Export Information and Network Business Relationship to Export Market Growth (T-Test)

**Coefficients<sup>a</sup>**

| Model |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                      | 1.699                       | .501       |                           | 3.395 | .001 |
|       | Internet Marketing Capabilities | .217                        | .090       | .226                      | 2.398 | .018 |
|       | Export Information Availability | .323                        | .118       | .316                      | 2.747 | .007 |
|       | Business Network Relationships  | .022                        | .131       | .019                      | .169  | .866 |

a. Dependent Variable: Export Market Growth

Source: Primary Data (processed), 2018

**Based on the table and linear regression equation above can be analyzed based on the coefficients. Linear regression equation model:**

$$EMG = 0.226 (IMC) + 0.316 (EIA) + 0.019(BNR)$$

**Information:**

- EMG** = Growth in export markets
- IMC** = Internet marketing ability
- EIA** = Availability of export information
- BNR** = Network Business Relations

There is a partial, positive and significant relationship between the variables of internet marketing ability and export market growth of 0.018 where the value of  $P < 0.05$  with  $\beta$  0.226. Furthermore, there is a partial, positive and significant relationship between the variable availability of export information and the growth of export markets with  $P$  0.007 and  $\beta$  0.316 and the variables of network business relations to export market growth of 0.866 where the value of  $P < 0.05$  so

for this variable has no relationship significant and with a  $\beta$  value of 0.019.

In this variable there is a t count of 2,398 on internet marketing capability, 2,747 on the availability of export information and 0.169 on the network business relations of these three variables having t count > t table with t table of 1,654. The results of the table above show that the hypothesis ( $H_4$ ) which states internet marketing capability has a positive effect on the growth of export markets in SMEs can be accepted. The hypothesis ( $H_5$ ) which states that the availability of export information positively influences the growth of export markets in SMEs can be accepted and the hypothesis ( $H_6$ ) stating that network business relations do not significantly influence the growth of export markets in SMEs cannot be accepted.

The following table will explain the effect of internet marketing capacity on export market growth mediated by the availability of export information on SMEs in Indonesia using the t-test as follows:

**Table.8** Indirect Influence between Internet Marketing Ability to Export Market Growth in Mediation by Availability of Export Information (T-Test)

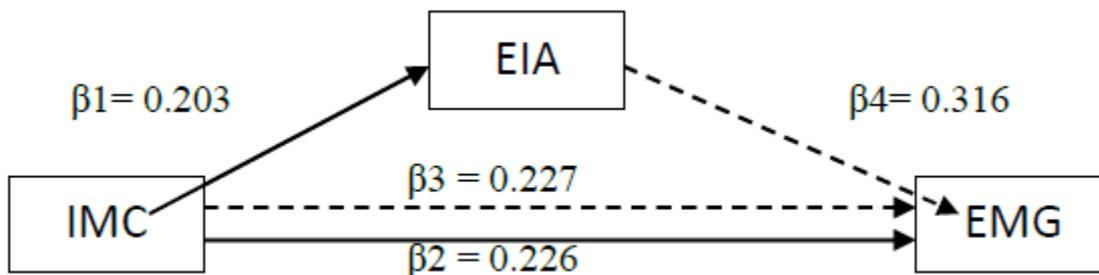
| Model |                                 | Coefficients <sup>a</sup>   |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | Unstandardized Coefficients | Std. Error |                           |       |      |
|       |                                 | B                           |            | Beta                      |       |      |
| 1     | (Constant)                      | 2.755                       | .365       |                           | 7.551 | .000 |
|       | Internet Marketing Capabilities | .281                        | .093       | .293                      | 3.035 | .003 |
| 2     | (Constant)                      | 1.735                       | .452       |                           | 3.841 | .000 |
|       | Internet Marketing Capabilities | .218                        | .090       | .227                      | 2.428 | .017 |
|       | Export Information Availability | .335                        | .095       | .328                      | 3.509 | .001 |

a. Dependent Variable: Export Market Growth

Source: Primary Data (processed), 2018

Based on the results of the hierarchical regression analysis above, the following figure will explain the relationship between internet marketing capability as an independent variable and the growth of

export markets as the dependent variable. Then, this picture will also discuss the influence of mediating variables on the availability of export information between these relationships.



**Figure.2** Proof of Mediation Influence from Variable Availability of Export Information

|           |                         |   |                        |            |
|-----------|-------------------------|---|------------------------|------------|
| EIA       | = 0.203                 | → | R <sup>2</sup> = 0.031 | F = 4.197  |
| EMG (IMC) | = 0.226                 | → | R <sup>2</sup> = 0.164 | F = 7.463  |
| EMG       | = 0.316 EIA + 0.227 IMC | → | R <sup>2</sup> = 0.172 | F = 12.313 |

Based on the picture above, shows that Internet Marketing Ability has a significant effect on the Availability of Export Information ( $\beta_1$  0.203) then, variable internet marketing capabilities have a significant effect on the growth of export markets ( $\beta_2$  0.226) and when the relationship between internet marketing capabilities is mediated by the availability of information Exports to export market growth can be concluded that there is a partial, positive and significant relationship between the variables of internet marketing ability to export market growth mediated by the availability of export information with a P value of 0.017 with  $\beta_3$  0.227 and t count of 2.428 > t table 1.660.

the Availability of Export Information variable on the Export Market Growth with the effect of ( $\beta_4 = 0.316$ ).

Based on the above explanation can be attributed to the method of Baron and Kenny (1986) that the Internet Marketing Ability variable shows a significant influence on Export Market Growth mediated by the Availability of Export Information with a value of 0.017 > 0.05 and the regression coefficient ( $\beta$ ) of 0.227. Thus it can be concluded that the effect of internet marketing capability on the growth of export markets is mediated by the availability of export information in a partial, positive and significant manner so that the hypothesis (H6) is supported.

The description above also provides information about changes in R2 because of the second equation (without mediating variables) around R2 = 0.164 for the third equation (with mediating variables) to R2 = 0.173. The change in R2 is significant (F = change 12,313. Furthermore, the relationship between

The following table will explain the effect of Internet Marketing Capabilities on Export Market Growth mediated by Network Business Relations in Indonesian SME using the following t-test:

**Table.9** Indirect Influence between Internet Marketing Capabilities on Growth of Export Markets in Mediation by Network Business Relations (T-Test).

**Coefficients<sup>a</sup>**

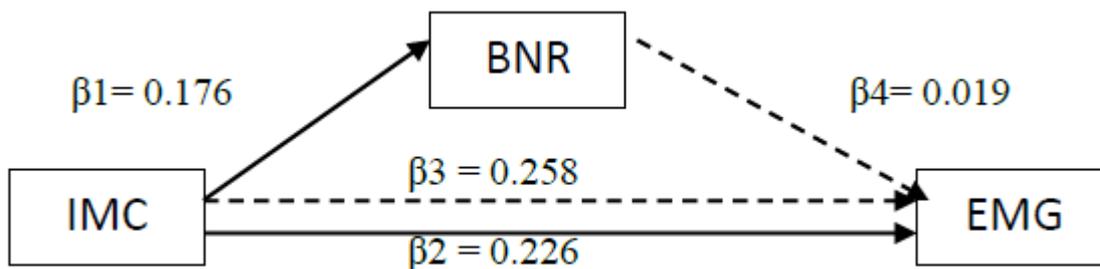
| Model |                                 | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------|---------------------------------|-----------------------------|------------|---------------------------|-------|------|
|       |                                 | B                           | Std. Error | Beta                      |       |      |
| 1     | (Constant)                      | 2.755                       | .365       |                           | 7.551 | .000 |
|       | Internet Marketing Capabilities | .281                        | .093       | .293                      | 3.035 | .003 |
| 2     | (Constant)                      | 2.018                       | .503       |                           | 4.011 | .000 |
|       | Internet Marketing Capabilities | .247                        | .093       | .258                      | 2.670 | .009 |
|       | Business Network Relationships  | .230                        | .110       | .202                      | 2.092 | .039 |

a. Dependent Variable: Export Market Growth

Source: Primary Data (processed), 2018

Based on the results of the hierarchical regression analysis above, the following figure will explain the relationship between brand experience as an independent variable and brand loyalty as the dependent

variable. Then, this picture will also discuss the influence of mediating variables of satisfaction between these relationships.



**Figure 3** Proof of the Mediation Effect of a Network Business Relations Variable

|           |                         |   |                        |           |
|-----------|-------------------------|---|------------------------|-----------|
| BNR       | = 0.176                 | → | R <sup>2</sup> = 0.021 | F = 3.136 |
| EMG (IMC) | = 0.226                 | → | R <sup>2</sup> = 0.164 | F = 7.463 |
| EMG       | = 0.019 BNR + 0.258 IMC | → | R <sup>2</sup> = 0.107 | F = 4.375 |

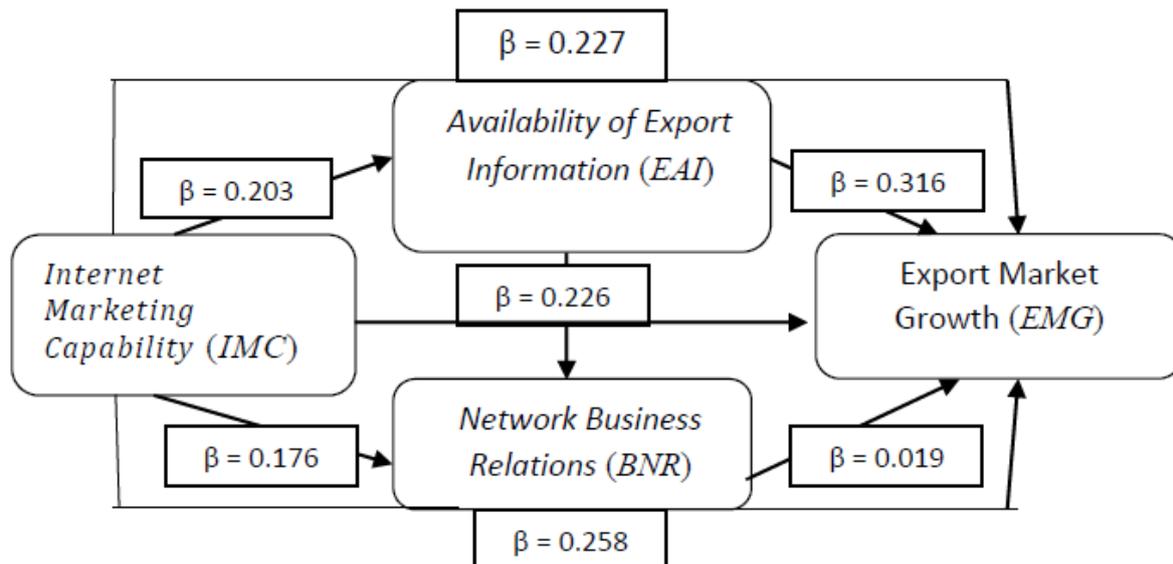
Based on the picture above, shows that Network Marketing Capability has a significant effect on business network relations ( $\beta_1$  0.176) then, variable internet marketing capabilities have a significant effect on the growth of export markets ( $\beta_2$  0.226) and when the relationship between internet marketing capabilities is mediated by business relations the network to the growth of export markets can be concluded that there is a fully mediation relationship, positive and significant between the variables of internet marketing ability to export market growth mediated by network business relations with P 0.009 with  $\beta_3$  0.258 and t count of  $2.670 > t$  table 1.660.

The description above also provides information about changes in R2 because of the second equation (without mediating variables) around  $R^2 = 0.164$  for the third equation (with mediating variables) to  $R^2 = 0.107$ . The change in R2 is significant (F = change 4.375). Furthermore, the relationship between

the variables of the network business relationship to market growth with the effect of ( $\beta_4 = 0.019$ ).

Based on the explanation above, it can be attributed to the method of Baron and Kenny (1986) that the variable internet marketing ability shows a significant influence on the growth of export markets mediated by the relationship of business networks with  $0.009 > 0.05$  and the regression coefficient ( $\beta$ ) of 0.258. Thus it can be concluded that the effect of internet marketing capability on the growth of export markets is mediated by the fully mediated, positive and significant network business relationships so that the hypothesis ( $H_8$ ) is supported.

Based on the results of the statistical analysis, the picture of the relationship / direct effect (indirect effect) rather than the variables constructed in this research model can be seen clearly as in the following figure:



**Figure 4** Significance Conditions of Relationships between Variables in the Model

## CONCLUSIONS

The ability of internet marketing has proven to have a positive and significant relationship with the availability of export information, meaning that the better internet marketing capabilities will have an influence on the availability of export information on SME in Indonesia.

1. There is no positive and significant relationship between the ability of internet marketing to network business relationships, so the need to improve internet marketing capabilities to be better in improving network business relationships in SME.
2. There is a positive and significant relationship between the availability of export information on the network business relationship, so the more available export information is, the better the network business relations in SME.
3. There is a significant relationship between the ability of internet marketing and the growth of export markets, this means that internet marketing capabilities have and have an impact on the growth of the export market of SME in Indonesia.
4. Variable availability of export information has proven to have a positive and significant relationship with the growth of export markets, meaning that the better availability of export information will affect the growth of export markets in SME in Indonesia.
5. There is no significant relationship between network business relations and SME export market growth, the better network business relations do not affect the growth of SME export markets.
6. There is a positive and significant relationship between internet marketing capability and export market growth mediated by the availability of export information. If the ability of internet marketing and the availability of export information is formed, it will have an impact on increasing the growth of the export market of SME in Indonesia.

7. The ability of internet marketing to export market growth mediated by network business relationships has proven to be fully mediation, positive and significant. So if internet marketing capabilities are accompanied by the formation and improvement of customer network business relationships, it will result in the growth of SME export markets in Indonesia.

## RECOMMENDATIONS

1. SME must further enhance their internet marketing capabilities by using the internet for online sales and international marketing management because these are 2 indicators of internet marketing ability that have the lowest mean of 3.85.
2. SME must increase the ability to access the availability of information about international suppliers because it is an indicator with the lowest mean value on the variable availability of export information that is equal to 3.72.
3. SME need to strengthen business network relations especially on indicators using business networks to develop long-lasting business relationships, this is an indicator with the lowest mean value of 3.77.
4. SME need to increase the growth of new customers in the existing international market because this is an indicator of export market growth which has the lowest mean value of 3.80.

## REFERENCES

1. *A three-country comparison*. Journal of Business Research, 59(2), 176–185.
2. Amit, R., & Schoemaker, R. J. (1993). *Strategic assets and organizational rent*. Strategic Management Journal (1986-1998), 14(1), 33.

3. Andrews, L., & Bianchi, C. (2013). *Consumer internet purchasing behavior in Chile*. *Journal of Business Research*, 66(10), 1791–1799.
4. Ansoff, I. (1965). *Corporate Strategy: An Analytic Approach to Business Policy for Growth and Expansion*. New York: McGraw-Hill.
5. Armstrong, S., & Overton, T. (1977). *Estimating non response bias in mail surveys*. *Journal of Marketing Research*, 14(3), 396–402.
6. Barney, J., Wright, M., & Ketchen, D. J. (2001). *The resource-based view of the firm: Ten years after 1991*. *Journal of Management*, 27(6), 625–641.
7. Bauer, H. H., Grether, M., & Leach, M. (2002). *Building customer relations over the Internet*. *Industrial Marketing Management*, 31(2), 155.
8. Bengtsson, M., Boter, H., & Vanyusyn, V. (2007). *Integrating the internet and marketing operations: A study of antecedents in firms of different sizes*. *International Small Business Journal*, 25(1), 27–48.
9. Bennett, R. (1997). *Export marketing and the Internet*. *International Marketing Review*, 14 (5), 324–344.
10. Bianchi, C. (2014). *Internationalisation of emerging market firms: An exploratory study of Chilean companies*. *International Journal of Emerging Markets*, 9(1), 54–78.
11. Bianchi, C., & Andrews, L. (2012). *Risk, trust, and consumer online purchasing behaviour: A Chilean perspective*. *International Marketing Review*, 29(3), 253–275.
12. Booth, M. E., & Philip, G. (1998). *Technology, competencies, and competitiveness: The case for reconfigurable and flexible strategies*. *Journal of Business Research*, 41(1), 29.
13. Brislin, R. (1970). *Back translation for cross cultural research*. *Journal of Applied Psychology*, 1, 185–216.
14. Brock, J., & Yu, Z. (2005). *Organizational use of the Internet, scale development and validation*. *Internet Research*, 15(1), 67–87.
15. Calantone, R. J., Kim, D., Schmidt, J. B., & Cavusgil, T. (2006). *The influence of internal and external firm factors on international product adaptation strategy and export performance*.
16. Clarke, G. (2008). *Has the Internet increased exports for firms from low and middleincome countries*. *Information Economics and Policy*, 20(1), 16.
17. Coviello, N., & Munro, H. (1995). *Growing the entrepreneurial firm: Networking for international market development*. *European Journal of Marketing*, 29(7), 49–61.
18. Cronin, B., & McKim, G. (1996). *Markets, competition and intelligence of the World Wide Web*. *Competitive Intelligence Review*, 7(1), 45–51.
19. Daniel, A., Wilson, H., & Myers, A. (2002). *Adoption of e-commerce by SMEs in the UK*. *International Small Business Journal*, 20(3), 253–270.
20. Day, G. S. (1994). *The capabilities of market driven organizations*. *Journal of Marketing*, 58(4), 37–52.
21. De la Torre, J., & Moxon, R. W. (2001). *Introduction to the symposium e-commerce and global business: The impact of the information and communication technology revolution on the conduct of international business*. *Journal of International Business Studies*, 32(4), 617–640.
22. Dhanaraj, C., & Beamish, P. W. (2003). *A resource-based approach to the study of export performance*. *Journal of Small Business Management*, 41(3), 242–261.
23. Diamantopoulos, A., & Kakkos, N. (2007). *Managerial assessments of export performance: Conceptual framework and empirical illustration*. *Journal of International Marketing*, 15(3), 1–31.
24. Eisenhardt, K. M., & Martin, J. A. (2000). *Dynamic capabilities: What are they?* *Strategic Management Journal*, 21(10/11), 1105–1121.
25. Filatotchev, I., Liu, X., Buck, T., & Wright, M. (2009). *The export orientation and export performance of high-technology SMEs in emerging markets: The effects of knowledge transfer by returnee entrepreneurs*. *Journal of International Business Studies*, 40(6), 1005–1021.
26. Frazer, L., & Lawley, M. (2000). *Questionnaire Design & Administration*. Brisbane: John Wiley & Sons Australia.
27. Gabriellsson, M., & Manek Kirpalani, V. H. (2004). *Born globals: How to reach new business space rapidly*. *International Business Review*, 13(5), 555–571.
28. Gibbs, J., & Kraemer, K. A. (2004). *Cross country investigation of the Determinants of scope of e-commerce use: An institutional approach*. *Electronic Markets*, 14(2), 124–137.
29. Gong, W. (2009). *National culture and global diffusion of business to consumer e-commerce*. *National Culture and Global Diffusion*, 16(1), 83–101.
30. Grandon, E., Nasco, S., & Mykytn, P. (2011). *Comparing theories to explain e-commerce adoption*. *Journal of Business Research*, 64(3), 292–298.
31. Gronhaug, K., & Kvitastein, O. (1992). *Expansion strategies in international markets: An exploratory study*. *Scandinavian International Business Review*, 1(1), 57–70.
32. Hamill, J. (1997). *The Internet and international marketing*. *International Marketing Review*, 14(5), 300–323.
33. Hamill, J., & Gregory, K. (1997). *Internet marketing in the internationalisation of U.K. SME's*. *Journal of Marketing Management*, 13(1-3), 9–28.
34. Hart, S., Webb, J., & Marian, J. (1994). *Export marketing research and the effects of export*

- experience in industrial SMEs*. *International Marketing Review*, 11(6), 4–22.
35. Hewett, K., Money, R. B., & Sharma, S. (2006). National culture and industrial buyer-seller relationships in the United States and Latin America. *Academy of Marketing Science Journal*, 34(3), 386–403.
  36. Hinson, R., & Adjasi, C. (2009). The Internet and export: Some cross-country evidence from selected African countries. *Journal of Internet Commerce*, 8(3), 309–324.
  37. Houghton, K. A., & Winklhofer, H. (2004). The effect of website and e-commerce adoption on the relationship between SMEs and their export intermediaries. *International Small Business Journal*, 22(4), 369–388.
  38. Prasad, V. K., Ramamurthy, K., & Naidu, G. M. (2001). The influence of Internet–marketing integration on marketing competencies and export performance. *Journal of International Marketing*, 9(4), 82–110.
  39. Jaworski, B. J., & Kohli, A. K. (1993). Market orientation: Antecedents and consequences. *Journal of Marketing*, 57(3), 53–70.
  40. Jean, R. J., Sinkovics, R., & Cavusgil, T. (2010). Enhancing international customer-supplier relationships through IT resources: A study of Taiwanese electronics suppliers. *Journal of International Business Studies*, 41(7), 1218–1239.
  41. Kim, D., Pan, Y., & Park, H. S. (1998). High-versus low-context culture: A comparison of Chinese, Korean, and American cultures. *Psychology and Marketing*, 15(6), 507–521.
  42. Kohli, A. K., & Jaworski, B. J. (1990). Market orientation: The construct, research propositions and managerial implications. *Journal of Marketing*, 54(2), 1–18.
  43. Kontinen, T., & Ojala, A. (2010). Internationalization pathways of family SMEs: Psychic distance as a focal point. *Journal of Small Business and Enterprise Development*, 17(3), 437–454.
  44. Leonidou, L. C., & Katsikeas, C. S. (1996). The export development process: An integrative review of empirical models. *Journal of International Business Studies*, 27(3), 517–551.
  45. Li, M., & Ye, L. R. (1999). *Information technology and firm performance: Linking with environmental, strategic and managerial contexts*. *Information Management*, 35(1), 43.
  46. Li, T., & Calantone, R. J. (1998). *The impact of market knowledge competence on new product advantage: Conceptualization and empirical examination*. *Journal of Marketing*, 62(4), 13–29.
  47. Liao, J., Kickul, J. R., & Ma, H. (2009). *Organizational dynamic capability and innovation: An empirical examination of Internet firms*. *Journal of Small Business Management*, 47(5), 263–286.
  48. Lichenthal, J. D., & Eliaz, S. (2003). Internet integration in business marketing tactics. *Industrial Marketing Management*, 32(1), 3–13.
  49. Lituchy, T. R., & Rail, A. (2000). *Bed and breakfast, small inns, and the Internet. The impact of technology on the globalization of small businesses*. *Journal of International Marketing*, 8(2), 86–97.
  50. Loane, S. (2005). *The role of the internet in the internationalisation of small and medium sized companies*. *Journal of International Entrepreneurship*, 3(4), 263–277.
  51. Loane, S., & Bell, J. (2006). *Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand*. *International Marketing Review*, 23(5), 467.
  52. Loane, S., McNaughton, R. B., & Bell, J. (2004). *The internationalization of Internet-enabled entrepreneurial firms: Evidence from Europe and North America*. *Canadian Journal of Administrative Sciences*, 21(1), 79–96.
  53. Lohrke, F. T., Franklin, G. M., & Frownfelter-Lohrke, C. (2006). *The Internet as an information conduit*. *International Small Business Journal*, 24(2), 159–178.
  54. Lu, V., & Julian, C. (2008). *The Internet, strategy and performance: A study of Australian export market ventures*. *Journal of Global Marketing*, 21(3), 231.
  55. Mathews, S. W., Healy, M. J., & Wickramasekera, R. (2012). *The internetalisation of information, knowledge and interaction components of the firm's internationalisation process*. *Journal of Marketing Management*, 28(5-6), 733–754.
  56. Mathews, S., & Healy, M. (2008). *'From garage to global': the Internet and international market growth, an SME perspective*. *International Journal of Internet Marketing and Advertising*, 4(2/3), 179–196.
  57. Melewar, T. C., & Stead, C. (2002). *The impact of information technology on global marketing strategies*. *Journal of General Management*, 27(4), 15–26.
  58. Mitchell, V. W. (1994). *Using industrial key informants: Some guidelines*. *Journal of the Market Research Society*, 36(April), 139–145.
  59. Moen, O. (2002). *The Internet and international marketing: An empirical analysis of small and medium sized Norwegian firms*. *Quarterly Journal of Electronic Commerce*, 3(1), 31–41.
  60. Morgan-Thomas, A., & Bridgewater, S. (2004). *Internet and exporting: Determinants of success in virtual export channels*. *International Marketing Review*, 21(4/5), 393–408.
  61. Murphy, R., & Bruce, M. (2003). *Strategy, accountability, e-commerce and the consumer*. *Managerial Auditing Journal*, 18(3), 193–201.
  62. Musteen, M., Francis, J., & Datta, D. (2010). The influence of international networks on internationalization speed and performance: A

- study of Czech SMEs. *Journal of World Business*, 45(3), 197–205.
63. Nasco, S., Grandon, E. E., & Mykytn, P. P. (2008). Predicting electronic commerce adoption in Chilean SMEs. *Journal of Business Research*, 61(6), 697–705.
64. Overby, J. W., & Min, S. (2001). *International supply chain management in an Internet environment: A network-oriented approach to internationalization*. *International Marketing Review*, 18(4), 392–420.
65. Petersen, B., Welch, L. S., & Liesch, P. W. (2002). The Internet and foreign market expansion by firms. *Management International Review*, 42(2), 207.
66. Peterson, R., Balasubramanian, S., & Bronnenberg, B. (1997). Exploring the implications of the Web for consumer marketing. *Journal of the Academy of Science*, 25(4), 329–346.
67. Piercy, N., Kaleka, A., & Katsikeas, C. S. (1998). *Sources of competitive advantage in high performing exporting companies*. *Journal of World Business*, 33(4), 378–393.
68. Podasakoff, P. M., MacKenzie, S. B., Lee, J. -Y., & Podasakoff, N. P. (2003). *Common method biases in behavioral research: A critical review of the literature and recommended remedies*. *Journal of Applied Psychology*, 88(5), 879–903.
69. Powell, T. C., & Dent-Micallef, A. (1997). *Information technology as competitive advantage: The role of human, business, and technology resources*. *Strategic Management Journal*, 18(5), 375–405.
70. Prasad, V. K., Ramamurthy, K., & Naidu, G. M. (2001). *The influence of Internet-marketing*
71. Reuber, R., & Fischer, E. (2011). *International entrepreneurship in Internet-enabled markets*. *Journal of Business Venturing*, 26(1), 660–679.
72. Rodgers, S., & Sheldon, K. M. (2002). *An improved way to characterize Internet users*. *Journal of Advertising Research*, 42(5), 85–94.
73. Rohm, A. J., Kashyap, V., Brashear, T. G., & Milne, G. R. (2004). *The use of online marketplaces for competitive advantage: a Latin American perspective*. *Journal of Business & Industrial Marketing*, 19(6), 372–385.
74. Saban, K. A., & Rau, S. E. (2005). *The functionality of websites as export marketing channels for small and medium enterprises*. *Electronic Markets*, 15(2), 128.
75. Sinkovics, N., Sinkovics, R., & Jean, R. J. B. (2013). *The Internet as an alternative path to internationalization?* *International Marketing Review*, 30(2), 130–155.
76. Srivastava, R. K., Fahey, L., & Christensen, H. K. (2001). *The resource-based view and marketing: The role of market-based assets in gaining competitive advantage*. *Journal of Management*, 27(6), 777–802.
77. Tallon, P. P. (2008). *Inside the adaptive enterprise: an information technology capabilities perspective on business process agility*. *Information Technology and Management Decision*, 9(1), 21–36.
78. Teece, D. J. (2007). *Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance*. *Strategic Management Journal*, 28,1319–1350.
79. Teece, D. J., Pisano, G., & Shuen, A. (1997). *Dynamic capabilities and strategic management*. *Strategic Management Journal*, 18(7), 509–533.
80. Teo, T., & Choo, W. (2001). *Assessing the impact of using the Internet for competitive intelligence*. *Information Management*, 39(1), 67–83.
81. Tippins, M. J., & Sohi, R. S. (2003). *IT competency and firm performance: Is organizational learning a missing link?* *Strategic Management Journal*, 24(8), 745.
82. Toften, K., & Hammervoll, T. (2011). *International market selection and growth strategies for niche firms*. *International Journal of Entrepreneurship and Innovation Management*, 13(3/4), 282.
83. Trainor, K., Rapp, A., Beitelspacher, L. S., & Schillewaert, N. (2010). *Integrating information technology and marketing: An examination of the drivers and outcomes of e-marketing capability*. *Industrial Marketing Management*, 40(1), 162–174.
84. Zou, S., Fang, E., & Zhao, S. (2003). *The effect of export marketing capabilities on export performance: An investigation of Chinese exporters*. *Journal of International Marketing*, 11(4), 32–55.