

## Executive Summary

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### **E-Commerce Firms' Geographic Scope: Roles of Intangible Resources and Country-Specific Moderators**

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E-commerce firms, which provide physical goods to consumers through online shops and platforms, rapidly expand their geographic scope, i.e., number of foreign markets (with country-specific online shops). They are assumed to internationalize differently than traditional firms. Thereby, e-commerce firms such as Zalando and Esdemarca develop distinct geographic scopes depending on their acquired resources over time. Therefore, our study examined the types of intangible resources, which drive e-commerce firms' geographic scope and how such resources are affected by different host country contexts. Building on extant literature and resource-based theory, we first identified relevant intangible resources for e-commerce firms. Subsequently, we developed an extensive framework to test the hypotheses using a longitudinal dataset of the leading firms active in Europe.

This study extends the scarce literature on e-commerce firms in general (there are only nine empirical studies on the various research topics in International Marketing and Management) and their geographic scope decisions in particular and contributes to the application of the Resource-Based View (RBV) in this context. This study contributes to our understanding of how experiential and consumer-related intangible resources affect the geographic scope of e-commerce firms (referring to calls) and further advances research by showing that the effects depend on important local host country boundaries.

Our results reveal the details of the effects of e-commerce firms' international online experience, website traffic, and social media use on geographic scope. Firms' intangible resources are critical drivers of their foreign expansion. We underscore the relevance of international online experience, i.e., knowledge acquired over time is an important base for e-commerce firms' ability to exploit opportunities and transfer their business to foreign markets. However,

consumer-related intangible resources unique to the online context are more important. Website traffic, i.e., firms' customer relations and online shop popularity, is found to be a valuable resource, as is social media use in particular firms, which enable firms to exploit and transfer their communications and promote services across borders.

We shed light on the important role of local host country contexts, which affect e-commerce firms' resource transfer to foreign markets (referring to calls): host countries' rule of law, country development, and logistics performance. By applying multilevel modeling with cross-level interactions, we methodologically account for the nested data structure, which reveals the relative importance of each moderator. They affect international experience and social media effects differently, but they do not affect the website traffic effects. E-commerce firms can best transfer their resources to increase geographic scope by entering host countries with a strong rule of law, a high degree of country development and, most importantly, high local logistics performance (explaining 43.2% of the country-level variance).

E-commerce firms need to be aware of which intangible resources are most valuable for international expansion. Understanding host country environments is relevant for transferring these resources to increase geographic scope and exploiting them optimally (country portfolio in this study provides critical information for managers of e-commerce firms). Managers of e-commerce firms are advised to enter host markets with a strong rule of law, a high degree of country development, and, most importantly, high logistics performance. Ultimately, these findings may hold important insights for the successful expansion of e-commerce firms, as the example of Zalando shows, which underpins our conclusions.