

Understanding SMEs' internationalization through digital platforms: the role of knowledge sharing and consumer education

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Abstract

Purpose – The aim of this study is to understand how digital platforms and context-specific characteristics of China – such as *swift guanxi* – affect opportunities for small and medium enterprises (SMEs) entering this market.

Design/methodology/approach – This study adopts a qualitative approach based on a multiple-case study of Italian SMEs in the wine industry that have activated international activities in China. Primary data consist of 32 interviews with SMEs' managers, local consumers and other stakeholders involved in firm internationalization.

Findings – The findings of this study highlight that in SMEs' internationalization, the process of knowledge/learning on digital platforms takes place in a bidirectional way thanks to the interactions among multiple stakeholders, which activate consumer education and knowledge sharing.

Originality/value – While previous research has emphasized firms' knowledge acquisition in the internationalization process, this study incorporates both the consumer perspective and the firm perspective, along with considering interactions with various stakeholders.

Keywords China, Digital platforms, SMEs, *Swift guanxi*, Wine

Paper type Research paper

1. Introduction

Digital platforms, such as e-commerce marketplaces and social media, are by their very nature open to diverse and oftentimes global audiences, offering the opportunity to create complex digital ecosystems with multiple interacting stakeholders (Caputo *et al.*, 2022; Song, 2019). While the global connectivity of digital platforms allows marketers to connect with consumers and suppliers, from an international marketing perspective those platforms and the ecosystems built around them also present specificities that need to be considered (Nam and Kannan, 2020; Nambisan *et al.*, 2019). For instance, the degree of use of digital platforms as sales channels will depend on factors such as consumer adoption, consumer engagement, trust in the platform or perceived risk, and those factors can vary across countries (Steinhoff *et al.*, 2023; Thompson and Brouthers, 2021). Similarly, the digital ecosystems created around



platforms will vary depending on the local context, thus those context-specific characteristics will determine how the ecosystem develops and how actors in it interact. As stressed by [Sheth \(2020\)](#), international markets present more contextual factors that moderate, and sometimes mediate, firms' marketing efforts and plans.

Although the international business (IB) literature emphasizes the link between digitalization and internationalization ([Autio et al., 2000](#); [Wang, 2020](#)), it is still necessary to unpack this relation and look more carefully into the knowledge acquisition process. Specifically, most academic evidence on firms' internationalization addresses knowledge acquisition from a firm viewpoint ([Barbosa et al., 2023](#); [Bargoni et al., 2024](#); [Coviello, 2006](#); [Filipescu et al., 2013](#); [Johanson and Vahlne, 1977](#)), whereas the crucial perspective of consumers' knowledge acquisition is often overlooked. In the context of reaching global consumers who may lack awareness and consumption habits related to a firm's product category, the knowledge acquisition process of consumers and how firms approach such consumer education can be critical determinants of the internationalization success. Because of the limited resources that small and medium enterprises (hereafter, SMEs) usually possess, and the potential of digital technologies to enhance interactions with consumers in a cost-effective way ([Bargoni et al., 2024](#); [Lu and Beamish, 2001](#)), consumers' knowledge acquisition and education is a critical area in the successful internationalization of SMEs. Indeed, the increasing relevance of consumers who can now participate in the global markets with an easy access to information has been identified as a key aspect of how digitalization affects IB ([Massa et al., 2023](#)). Moreover, networks play an important role in developing and sharing knowledge that could support SMEs embarking on activities in international markets ([Magni et al., 2022](#)). Digital technology enables companies to quickly connect with suppliers, consumers and channel members globally ([Wang, 2020](#)).

Recent revisions to the internationalization process model ([Coviello et al., 2017](#); [Vahlne, 2020](#)) emphasize the need to include the impact of digitalization, but they still keep the focus on how digital technologies influence the knowledge acquisition process of companies during internationalization. However, digital platforms present opportunities for firms to engage in consumer education, which can impact product/brand awareness, attitudes and adoption/purchase intentions in international markets. Thus, these aspects should be incorporated in the analysis of the microfoundations of internationalization decisions ([Coviello et al., 2017](#); [Schweizer and Vahlne, 2022](#)). Indeed, scholars have emphasized that the internationalization process is not only driven by the firms' market commitments, but it is critically dependent on users' collective interactions ([Feliciano-Cestero et al., 2023](#)). Addressing this gap, we pose the following research questions:

RQ1. How do interactions on digital platforms activate knowledge/learning for SMEs and their international consumers?

RQ2. How does this knowledge/learning affect the internationalization of SMEs?

To answer these questions, we focus on the Chinese digital market with the aim to understand how context-specific characteristics of digital platforms and ecosystems influence opportunities for firms entering this market. The Chinese market provides valuable insights into understanding interactions and learning/knowledge acquisition in the internationalization process for two main reasons. First, China is the largest e-commerce market in the world ([Statista, 2024](#)), offering opportunities for international firms in diversified industries. Second, the Chinese market presents a unique digital ecosystem dominated by local companies ([Wirtz et al., 2022](#)), which makes it paramount for international firms that want to operate here to understand its context-specific characteristics. Our empirical setting involves Italian SMEs that are wine exporters to China. From the point of view of consumer adoption, wine is considered a relatively new (and luxury) product in China as most local consumers lack product knowledge

(Hu and Baldin, 2018; Jiménez-Asenjo and Filipescu, 2019). Therefore, this context is particularly fruitful to examine our research questions, as the lack of consumer habits and knowledge about the product category (luxury wines) requires firms to place special emphasis on educating consumers about the product. Relatedly, the unique digital ecosystem with multiple stakeholders that has developed around this product category in the Chinese market underscores the importance of multiparty interactions and knowledge building. We employed an inductive qualitative approach based on interviews with SMEs' export managers, consumers and several other stakeholders, such as Chinese digital platforms' managers, consultants and chamber of commerce representatives.

Our findings offer three main contributions. First, we highlight the role of multi-party interactions in and around digital platforms for the internationalization process of SMEs. As such, we respond to the call of Coviello *et al.* (2017) and Nambisan *et al.* (2019) for a deeper understanding of the multi-level social and economic processes that facilitate knowledge sourcing in digital platforms through multilateral relationships. More specifically, our findings underline how multi-party interactions in digital ecosystems affect the microfoundations of decision-making by influencing managerial cognitive processes in international markets. By activating knowledge acquisition and sharing on digital platforms, psychic distance is reduced, consequently lowering the perceived risks involved with the activities in international markets. Thus, our findings help to expand the emerging microfoundations approach in international business (Coviello *et al.*, 2017; Schweizer and Vahlne, 2022) and to address recent critiques about the applicability of the model of the internationalization process in an increasingly digital business environment. Second, we illuminate the role of consumers' knowledge acquisition process as a crucial element that needs to be considered along with a firm's knowledge acquisition. This is critically important when companies expand to global consumer segments with little prior exposure to the product category. We offer a model explaining the evolving role of digital platforms in the consumer education process. Third, we shed light on culture-specific characteristics of the internationalization to China through digital platforms by unpacking the role of "*swift guanxi*" and parasocial relationships with influencers/key opinion leaders. Previous research in influencer marketing suggested that when consumers are exposed to a commercial message by online influencers, they may be more critical or have skeptical attitudes towards the brand because they recognize the message as an advertisement instead of the genuine opinion of the influencer (Evans *et al.*, 2017; Van Reijmersdal *et al.*, 2020). However, recent research has found that strong parasocial relationships between influencers and their followers may ameliorate this negative effect (Boerman, 2020; Lou, 2021). We add to the emerging literature on influencer marketing by providing a context in which commercial (brand-sponsored) messages of influencers challenge preconceived notions about negative impacts on brands, and instead contribute positively to consumer education and trust in the brand because of the importance of *swift guanxi*.

The remainder of the paper is organized as follows: Section 2 provides the theoretical background and a literature review on internationalization and digital platforms, and it offers an overview of the Chinese market and digital context. Section 3 presents the methodology that was adopted, followed by the findings of the study in Section 4. Finally, Section 5 concludes with a discussion, implications for theory and practice, and future research directions.

2. Overview on internationalization and digital platforms

2.1 Internationalization theory: an overview of recent developments

Among various internationalization theories (Coviello, 2006; Johanson and Mattsson, 1987), the internationalization process of firms as outlined by the Uppsala model (Johanson and Vahlne, 1977) is still the most referenced one (Mishra *et al.*, 2022). The model seeks to explain a

progressive approach to a firm's international expansion, evolving through stages from sporadic exports to establishing production facilities abroad (Cavusgil, 1980), on the basis of psychic distance, understood as the perceived distance between two markets in terms of their familiarity and similarity (Dow and Karunaratna, 2006; Sousa and Bradley, 2006).

Given the continuous change that the business environment has been facing since then, Johanson and Vahlne's work has evolved and expanded over the years (Johanson and Vahlne, 2009; Vahlne and Johanson, 2017, 2020). However, the authors have consistently emphasized the importance of experiential learning, psychic distance, gradual internationalization and the role of knowledge in IB operations. The concept of psychic distance is integral to the Uppsala model because it influences a manager's perceptions of foreign markets. Firms are more likely to enter markets with lower psychic distance initially and gradually expand into markets with greater psychic distance as they gain knowledge and experience in international operations (Vahlne and Johanson, 2017). As highlighted by Sousa and Lages (2011), and in line with Dow and Karunaratna (2006), a reduced psychic distance indicates a higher probability of choosing a country due to a better comprehension of the foreign market. Additionally, managers are less inclined to establish business relations with countries perceived as distant. Moreover, according to Steinhoff *et al.* (2023), psychic distance also captures local customers' perceptions of the differences between their country and the foreign company's country of origin with regard to language, cultural norms, economic conditions and political stability. All these elements can impact the psychic distance a consumer feels towards a foreign market and its products (Dow and Karunaratna, 2006), thereby influencing the consumer behavior and engagement levels in international settings (Zaheer, 1995).

Psychic distance has been recognized as a key predictor for the selection of international markets and a significant obstacle to firm internationalization efforts (Safari and Chetty, 2019). To overcome this barrier, firms must either acquire knowledge about the target market, as suggested by Falahat *et al.* (2022) and Magni *et al.* (2022), or bridge the factors contributing to psychic distance (Safari, 2024). Among these factors, the cultural, linguistic, normative and legal differences stand out, as well as disparities in business practices and industry landscapes, along with challenges like competition and consumer understanding in the target market. It therefore becomes imperative for firms aiming to internationalize successfully to address them, as they are intricately associated with psychic distance (Liu *et al.*, 2021; Safari and Chetty, 2019).

Knowledge holds a pivotal role in driving firm internationalization. In their internationalization process, firms accumulate knowledge about foreign markets through experiential learning. This acquisition entails understanding diverse markets, cultures and regulations, leading to reduced uncertainty and informed decision-making (Falahat *et al.*, 2022; Magni *et al.*, 2022). It enables firms to adapt products to local preferences, fosters innovation and facilitates the establishment of crucial relationships and networks within foreign markets. By actively seeking knowledge, firms can potentially overcome some of the limitations associated with the Uppsala model, such as slow internationalization pace and missed opportunities in rapidly evolving markets (Coviello *et al.*, 2017). Furthermore, this continuous learning process becomes a source of sustainable competitive advantage for firms, empowering them to navigate complexities and ensure long-term success in international arenas (Filipescu *et al.*, 2013).

Indeed, knowledge appears to be the core of the Uppsala framework. However, more recent academic evidence has highlighted the lack of focus on individual-level knowledge acquisitions with respect to organization-level knowledge acquisition, and an imperative to deepen the understanding of individual experiential learning (Hänell *et al.*, 2021; Schweizer and Vahlne, 2022). Knowledge belongs to various aspects, including market conditions, consumer preferences, cultural nuances, regulatory environments and distribution channels. Moreover, as Welch *et al.* (2016) emphasized, it is acknowledged that learning can be enriched by other means like imitating competitors, acquiring firms (along with their knowledge), or

tapping into the expertise of network partners (Forsgren *et al.*, 2015). Therefore, firms accumulate “internationalization knowledge,” understood as the know-how to effectively manage international operations (Welch *et al.*, 2016).

Another relevant aspect of the internationalization process resides in firms’ liability of foreignness, understood as the risks and challenges firms encounter when entering unfamiliar markets (Johanson and Vahlne, 2009). This liability arises from information gaps, uncertainty regarding market conditions and cultural differences, and the substantial resource commitments required. Thus, it is very much linked with the above-mentioned psychic distance. According to Zaheer (1995), the liability of foreignness presents two main disadvantages: unfamiliarity and discrimination – making it particularly hard for companies to gain legitimacy in the market, but also affecting consumers’ preferences and impacting their purchase decisions. The challenges created may be even greater when doing business in more distant or dissimilar markets (i.e. emerging economies), considering their more opaque and unstable institutional structures (Curran and Ng, 2018; Zhang *et al.*, 2019), therefore firms must first accumulate knowledge and experience in the markets they are familiar with before expanding abroad.

Despite representing a fundamental framework in the IB literature, the Uppsala model is not free of criticism. Some authors argue that it may not adequately address strategic planning and could be overly rigid for firms with more dynamic or non-linear internationalization strategies (Knight and Cavusgil, 2004). Adaptations may also be needed to reflect the rapid internationalization facilitated by digital technologies (Coviello *et al.*, 2017; Vahlne, 2020). Lastly, its applicability to SMEs may be limited due to their unique resource constraints and strategic considerations. For instance, Mishra *et al.* (2022) stressed the relevant role lateral rigidity may play in the internationalization of SMEs, understood as the internal resistance within an organization towards expanding into international markets. Despite these critics, we maintain that the Uppsala model remains applicable to SMEs, particularly in light of the opportunities presented by digitalization. Digital technologies offer SMEs avenues to acquire relevant resources crucial for the internationalization journey. Through digitalization, SMEs can tap into experiential knowledge, a vital source for navigating international markets. Schweizer and Vahlne (2022), along with Hånell *et al.*’s (2021) research, emphasized the significance of experiential knowledge and the non-linear nature of the internationalization process, both of which align with the evolving landscape facilitated by digitalization. Therefore, we argue that the Uppsala model, when adapted to incorporate digitalization dynamics, remains a valuable framework for SMEs embarking on international expansion.

Furthermore, in the digital era, the Uppsala model undergoes significant changes. Digital technologies, like e-commerce marketplaces, enable quicker and more cost-effective market entry (Bhatti *et al.*, 2022). Access to extensive market information through data analytics and online platforms facilitates informed decision-making (Welch *et al.*, 2016). Virtual presence and global branding are attainable without physical infrastructure. However, increased competition and disruptive innovations characterize the digital landscape. Moreover, firms must navigate complex data privacy and regulatory considerations in different countries. This highlights the dynamic interplay between traditional internationalization models and the transformative effects of the digital age (Bhandari *et al.*, 2023).

2.2 The role of digital platforms and knowledge in the internationalization process

According to Coviello *et al.* (2017), digitalization can alter the internationalization process, influencing its speed, timing and rhythm. It also affects choices regarding location, entry modes and learning in foreign markets. In addition, it enhances access to crucial resources

and capabilities in both home and host markets, while aiding firms in managing the challenges of foreignness and outsidership.

With respect to digital technologies, digital platforms are increasingly used in the internationalization of companies. Moreover, they have been found to be especially important in the internationalization of SMEs as they allow to access foreign consumers and partners with moderate investments (Pergelova *et al.*, 2019). Undoubtedly, digitalization has altered the traditional process of firms' internationalization (Bhatti *et al.*, 2022). It comes along with opportunities for firms to connect with consumers worldwide and to lower the capital investments required for an effective foreign market participation. Brouthers *et al.* (2022) highlighted the relevance of virtual entry modes like tailored websites or platform complementors which greatly amplify export potential, broadening the consumer base a firm can access. Digital technologies nowadays have revolutionized the organization of value-adding activities with business stakeholders (Bhatti *et al.*, 2022), thus leading to a decrease of the psychic distance between firms and the foreign markets they operate in, and enhancing real-time and synchronous exchange of knowledge. Furthermore, digital platforms can provide immersive experiences that allow consumers to familiarize with foreign brands, reducing the consumer perceived psychic distance and enhancing their engagement across borders (Steinhoff *et al.*, 2023).

Recent developments in the IB theory have emphasized the importance of including the critical role of digitalization in firms' internationalization (Coviello *et al.*, 2017; Nambisan *et al.*, 2019). Specifically, "platformization" – the shift towards digital platforms as the basis for offering value – has been suggested as a major trend that has significant implications for value creation and delivery in an international context (Nambisan *et al.*, 2019). Nambisan and colleagues emphasized three aspects of digital platforms: they represent new ways of internationalization, new ways of building knowledge and relationships, and new ways of creating and delivering value to global consumers. Wang (2020) argued that digital capabilities strengthen the interconnectivity between all stakeholders involved in firm internationalization, including consumers, suppliers and partners. Critical to our approach in this paper, by acting as a multi-sided marketplace, digital platforms and their associated ecosystems of actors/stakeholders, allow for a broader set of actors with heterogeneous knowledge sets to interact and coordinate activities, thus aiding the internationalization process for SMEs. The knowledge and relationships built through interactions in the digital platforms are a key component that affects the process of internationalization (Nambisan *et al.*, 2019). Furthermore, digital platforms allow for value co-creation with consumers and other partners (e.g. social media influencers) through a dynamic process of learning and relationship building.

The original internationalization process model (Johanson and Vahlne, 1977), along with subsequent revisions of the model (Johanson and Vahlne, 2009; Vahlne and Johanson, 2017; Schweizer and Vahlne, 2022), recognizes the key role of knowledge and stresses that the lack of knowledge about foreign markets is a critical obstacle for internationalization. However, the model assumes that the necessary knowledge needs to be acquired primarily through operations abroad, while it does not take into account new developments in digital platforms and ecosystems, and the interactions of actors within them. Recent developments in the field (Coviello *et al.*, 2017) point to the importance of acknowledging that knowledge development in the internationalization process happens in an increased plurality of market actors within and outside the firm, and digital platforms intervene for both transactional (economic) and relational exchanges in a digitally enabled internationalization. Indeed, digital platforms disseminate information to local consumers that usually have an inadequate product and brand knowledge towards foreign brands (Jiang *et al.*, 2018).

The boundaries between economic and social interactions on platforms are blurred, and interactions can involve one-to-many and many-to-many exchanges, beyond the traditional

buyer-seller exchanges (Coviello *et al.*, 2017). Thus, there are “multi-level social and economic processes through which knowledge is sourced” in digital platforms through multilateral relationships (Nambisan *et al.*, 2019, p. 1476). In this paper, we emphasize the role of such multi-level processes and relationships in building knowledge not only for the firm (learning about foreign markets and customers) but also for the consumer (consumer education through interactions among various actors on platforms), which ultimately lead to new ways of (co)creating value for global consumers. Collaborations between a focal firm and actors within the digital ecosystems can expand the value proposition through bridging local and foreign knowledge, creating new opportunities for consumers to fulfill unmet needs.

The focus on multi-sided relationships also brings the opportunity to examine the microfoundations of the internationalization process, as internationalization decisions and actions are taken by individuals within a network of relationships (Coviello *et al.*, 2017). Importantly, digital platforms and the interactions enabled by them allow SMEs to internationalize faster. This occurs as digital platforms and ecosystems reduce the “incremental commitment rationality because of the potential to share both risks and costs with other ecosystem members” (Nambisan *et al.*, 2019, p. 1475). Collaboration with local (digital) partners lowers the newness-related vulnerabilities for SMEs, and as such can decrease risk perceptions for managers. This is especially important when entering markets with a high degree of psychic distance, which is the case that we examine.

2.3 Cultural differences and digital platforms: a focus on the Chinese market

Another important consideration consists of cultural differences in the shared knowledge creation on digital platforms, as cultural values and norms could encourage or discourage certain behaviors, learning and diffusion of knowledge (Nambisan *et al.*, 2019).

In this context, psychic distance is highly relevant in firms’ internationalization process, but even more so when doing business in emerging markets due to the significant cultural, linguistic, legal and psychological differences between these markets and home countries (Dow and Karunaratna, 2006; Sousa and Bradley, 2006). These variations pose various challenges, which firms must carefully assess and mitigate for a successful market entry and development. Ignoring psychic distance can lead to misunderstandings, operational difficulties and increased business risks and severely limit SMEs’ internationalization (Guercini and Runfola, 2010).

The potential of emerging markets is well-recognized as they provide numerous opportunities for international firms’ market expansion and revenue growth. Specifically, China has experienced rapidly increasing levels of globalization (Mandler *et al.*, 2023). Its GDP growth has augmented consumer purchasing power, enlarging the middle class and elevating quality of life and status. This has driven the demand for luxury Western products among the upper-middle class (Sun *et al.*, 2016). Furthermore, China’s entry into the World Trade Organization in 2001, coupled with subsequent economic reforms, reduced import tariffs and reinforced intellectual property rights protection, make the nation more appealing to foreign enterprises. While the pace of liberalization has moderated in recent years, China remains a pivotal market (Li and Farrell, 2021). Moreover, the growth of the Chinese digital market offers several opportunities for exporters’ market expansion (Hu, 2020).

With 1.092 billion Internet users, China is the country with the largest digital population (CNNIC, 2024). According to the latest Statista (2024) data, China is also the largest e-commerce market in the world reaching USD 1,254 billion online sales in 2023. The specific e-commerce environment in China is considered as one of the biggest factors that influence foreign firms’ internationalization strategies (Jin and Hurd, 2018).

The Chinese market presents a unique digital ecosystem that is dominated by local companies (Wirtz *et al.*, 2022) such as Tencent, Alibaba and ByteDance, which have launched several platforms with distinctive characteristics, where massive business value is created (Guo *et al.*, 2022). Moreover, the local scenario is strongly affected by the country's cultural characteristics (Hu, 2020), which include *guanxi*, i.e. interpersonal connections, being used in businesses as a strategic response to the unpredictability of government action and control (Zhou *et al.*, 2007). *Guanxi* can replace formal institutional support, becoming crucial in relationships where trust is important, especially when a lack of institutional trust and reliable marketplaces makes doing business hard (Ou *et al.*, 2014; Xin and Pearce, 1996). Under these conditions, firms engaging in international activities would find it more rational to exploit *guanxi*-related social networks and to extend them across borders for economic action (Zhou *et al.*, 2007).

Previous literature has examined the possibility to create a *guanxi* network through the social media engagement of users (Shao and Pan, 2019), as social interaction and the feeling of a common goal are fostered. These two elements represent the main components of a strong *guanxi* network, which directly affects the enhancement of user participation (Yang, 2019). Moreover, digital platforms are a promising marketing tool for firms and have enormous potential to deliver branded content and engage with Chinese-speaking consumers (Guo *et al.*, 2022).

Among digital platforms, social media plays a key role in the Chinese context. On social media, Chinese users establish *swift guanxi*, which refers to a buyer's perception of a swiftly formed interpersonal relationship with a seller in the online marketplace (Ou *et al.*, 2014). *Swift guanxi* represents an extension of traditional offline *guanxi*, which has potential to influence consumers' decision-making processes in social commerce (Lin *et al.*, 2019). *Swift guanxi* is considered a form of parasocial relationships, which are defined as pseudo friendships with influencers that can positively affect consumers' social commerce intentions (Chen *et al.*, 2022). In the Chinese market, these influencers with "professional knowledge" critical for decision making are called KOLs (Key Opinion Leaders) and KOCs (Key Opinion Consumers) (Bu *et al.*, 2019). KOLs can be mega-influencers, whereas KOCs typically have a smaller follower base. While influencer marketing through live streaming is still limitedly used in the U.S. and Europe, in China it has become one of the most popular advertising strategies (Nam and Kannan, 2020). Indeed, two-thirds of Chinese consumers have purchased products via live streams (Arora *et al.*, 2021).

3. Methodology

To generate an understanding on the role of digital platforms in SMEs' internationalization and the complexities of the consumer education process through digital interactions, we adopted a theory building and case study design (Eisenhardt, 1989; Yin, 2009). Specifically, this paper is based on a multiple-case study, which usually yields a more robust and testable theory than single-case research (Eisenhardt and Graebner, 2007). Regarding the number of case studies, it has been advocated that no less than four case studies should be considered to avoid issues in the theory development (Eisenhardt, 1989; Glavas *et al.*, 2019). In this study, 11 Italian wine SMEs that activated internationalization processes in China were analyzed. As in previous IB studies focused on SMEs (Dimitratos *et al.*, 2010), we followed a purposeful sampling based on criterion sampling (Patton, 2015). Criterion sampling entails the selection of cases that satisfy a set of *a priori* criteria important to the research. In our study, analyzed firms had to: (1) operate in the same industry, which is the wine sector; (2) employ fewer than 250 employees; and (3) have international experience in China as we aimed to explore SMEs that were familiar with the characteristics of this market. The choice of Italian firms as the setting of our analysis is justified by the fact that Italy is home to a high portion of internationalizing SMEs. In Italy,

SMEs make up nearly the entire business landscape, accounting for 99.9% of all companies in the country (OECD, 2022). Wine industry was chosen as the focus to address the research questions about the role of knowledge (both from the points of view of SMEs and consumers) in the process of internationalization. Wine holds a high importance in IB and international marketing as it was one of the first commodities to be bartered by early civilizations engaged in international trade (Bisson *et al.*, 2002). Regarding wine production, Italian companies are selected as Italy is the world's leading country, producing 49.8 million hectoliters in 2022, followed by France and Spain (Statista, 2023).

In total, 32 semi-structured interviews were conducted between July 2020 and December 2023, involving 26 professionals and six consumers. We interviewed different stakeholders engaged in the SMEs' international activities in China to understand multiple facets connected to firm internationalization (e.g. cultural characteristics of the market, regulatory aspects, challenges and opportunities) and how firms interact with consumers and other audiences on digital platforms. Table 1 presents the descriptive data of the interviewed professionals, which have been anonymized for privacy reasons. These key informants possessed a high expertise in the wine industry, with experience up to 28 years. In detail, we interviewed: 11 Italian wine SMEs, which are all wine producers; three managers working for leading Chinese digital platforms; two local Chinese wine importers; three Italian governmental institutions, which support local companies in their exporting processes; five Italian consultancy companies and intermediaries, which offer support to companies in marketing and distribution activities; one key informant from a trade exhibition company; and a professional working for a wine consortium.

Based on the relevant literature about SMEs' internationalization (e.g. Billore and Billore, 2020; Glavas *et al.*, 2019; Safari and Chetty, 2019; Zhou *et al.*, 2007), we built a research protocol for the interviews with professionals that included open-ended questions acting as a mechanism for guiding conversation related to the topic but without limiting interviewees' responses (Matanda and Ewing, 2012). The main sections of the interview protocol include three topics as follows:

- (1) Background information related to the respondent (job role, years within the industry) and to the firm (firm size, degree of internationalization, etc.);
- (2) Firm internationalization in China: entry mode, main actors involved in firm's international activities, characteristics of the market, role of *guanxi*, challenges and opportunities of the market; and
- (3) Role of digital platforms: firms' adoption of online marketplaces, specialized platforms, social media platforms and influencers, and main objectives and results of recent campaigns on digital platforms.

Regarding consumers, who were contacted with a snowballing technique, they range from light or occasional drinkers (i.e. they drink wine up to a few times per month) to heavy drinkers (i.e. they drink wine multiple times per week). Consumers were asked to describe their purchase and consumption habits, in particular occasion and frequency of wine consumption, most used communications channels and sales channels, and the role of influencers and personal connections in the product purchase decision. Table 2 presents the descriptive data of the interviewed consumers.

Primary data was collected through video and phone calls with an average duration of 60 min per interview. With interviewees' consent, interviews were recorded and transcribed. Data collection was terminated when we reached theoretical saturation, which is the situation when themes begin to re-occur in the interviews and therefore qualitative researchers should stop collecting more data (Crick, 2021; Styles and Hersch, 2005).

Key informant	Role	Years of experience in the industry	Type of company	No. of employees
1	Export manager Asia/Pacific	14	Wine company	190
2	Export manager	13	Wine company	170
3	Export manager	8	Wine company	192
4	Export manager Asia and America	16	Wine company	196
5	Export manager	21	Wine company	50
6	Export manager Area Asia/Pacific	9	Wine company	170
7	Export manager	18	Wine company	166
8	Export manager	9	Wine company	232
9	Export manager Area Pacific	28	Wine company	167
10	Export manager Europe and Asia	10	Wine company	150
11	Digital advertising specialist	10	Trade exhibition company	124
12	Sales director	10	Wine importer	<100
13	CEO	9	Consultancy company	<10
14	CEO	16	Consultancy company	<50
15	Export manager	16	Consultancy company	<10
16	Importer	12	Wine importer	<50
17	Trade commissioner	21	Trade agency	<1,000
18	Food and beverage representative	10	Chamber of commerce	<50
19	Head of partnership and channel	12	Internet-based platform company	>100,000
20	Business development and marketing manager	23	E-commerce company	>200,000
21	Office coordinator	3	Chamber of commerce	<50
22	Area manager China	9	Wine company	111
23	Co-founder and digital export manager	12	Intermediary	<10
24	Content manager	15	Specialized wine digital platform	<500
25	Event manager and wine ambassador	12	Consortium	9
26	CEO	15	Intermediary	<10

Source(s): Created by authors

Table 1.
Descriptive data of interviewed professionals

Theory was built from the multiple-case study (Eisenhardt and Graebner, 2007) following the Gioia methodology (Gioia *et al.*, 2013), which is a qualitative research approach that continuously compares data and theory, seeking greater rigor than unstructured case study designs with no methodical data-coding and data-analysis techniques (Magnani and Gioia, 2023). We added to the theoretical framework over the course of the analysis, triangulating evidence from the interviews with secondary data (e.g. sector reports and data banks). Data coding took place in two stages with the support of the software NVivo. In the first stage, the case description was built by analyzing interviews' full transcripts to understand the SMEs'

internationalization in China. First-order concepts were identified through open coding (Strauss and Corbin, 1998). In the second stage, themes that emerged from the data were developed. By comparing empirical findings and existing theories, connections between first-order codes, second-order themes and aggregate dimensions formed the basis of data structure (Gioia et al., 2013) (Figure 1).

4. Findings

The data analysis allowed to identify three aggregate dimensions in the internationalization of Italian wine SMEs in China, namely:

- (1) Digital platforms in SMEs' internationalization;
- (2) Consumer education to reduce psychic distance; and
- (3) *Swift guanxi* and parasocial relationships in the consumer purchase process.

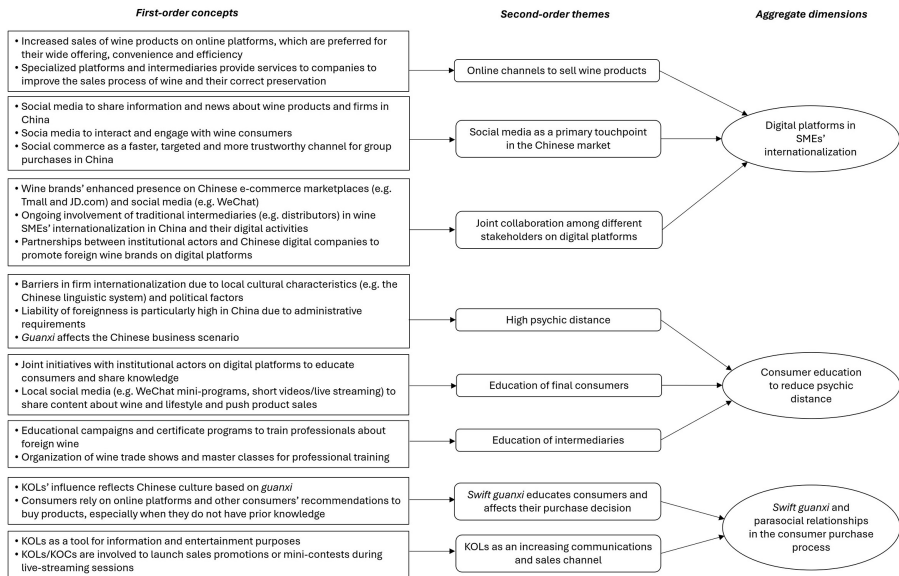
Table 3 presents a selection of evidence from the interviews for each second-order theme.

Table 2. Descriptive data of interviewed consumers

Consumer	Gender	Age	Job	Type of user
A	F	33	Financial planner	Light
B	M	35	Lawyer	Light
C	F	40	In-house legal counsel	Heavy
D	F	28	Senior consultant	Heavy
E	M	35	Healthcare investment employee	Heavy
F	M	39	Strategy director	Light

Source(s): Created by authors

Figure 1. Data structure



Second-order themes	Selected evidence on first-order codes
Online channels to sell wine products	<p>“There is a boom represented by online sales and the collapse of sales in the traditional channel and, therefore, in catering, HoReCa.” (Key informant 9)</p> <p>“Chinese consumers, for convenience, speed and efficiency, are increasingly making their wine purchase online.” (Key informant 14)</p> <p>“Specialized platforms dedicated to selling wine can be considered within a selection of channels that must be exploited to reach the final consumer in an increasingly widespread way.” (Key informant 17)</p>
Social media as a primary touchpoint in the Chinese market	<p>“There are consumer groups with existing consumers who are in the group chat, because there is also a salesman . . . Our specialized importer handles sales online and via social media, so he also deals with how to keep consumers informed in the group chat, giving information about specific promotions or activities.” (Key informant 1)</p> <p>“[Chinese consumers] do anything on WeChat . . . You see the advertisements in the chat or you scan a QR code, which is linked to some advertisements or events, so they can go to the website and buy.” (Key informant 4)</p> <p>“We keep Chinese consumers updated on news and events that involve the winery. The dedicated profile on social commerce becomes the company’s showcase and, at the same time, it allows for greater interaction and participation from the consumer.” (Key informant 14)</p>
Joint collaboration of different stakeholders on digital platforms	<p>“Some [consumers] are afraid of buying fake products . . . These [group chats] are perceived as more reliable.” (Key informant 21)</p> <p>“We are on Tmall, Jindong and WeMall, through our importer, we do not have the direct management. Always through our importer, we sell on WeChat. Our importer has a virtual shop on WeChat from which you can purchase all products.” (Key informant 1)</p> <p>“For several months now, we have launched a whole series of projects to facilitate the participation of Italian companies in some of the main Chinese e-commerce platforms. About two years ago, we started to build a virtual flagship store on Alibaba’s Tmall Global, then we developed important e-commerce projects, one with WeChat and one on JD.com creating two Italian pavilions within these two platforms.” (Key informant 17)</p> <p>“We’re creating a mini-program [on WeChat] of the group of food and beverage companies of the Chamber [of Commerce] . . . You can access products, but there is also space for content and live streaming. The mini-program was created for the purpose to disseminate content.” (Key informant 18)</p> <p>“Nowadays, China uses social media more and more . . . We support companies by opening their official account on WeChat, we can manage live sessions if necessary. Therefore, even sales or promotion on live streaming are really booming in China, especially on TikTok . . . [Companies] should first add material on social media, then introduce themselves to the market, so when [consumers] look for you or have seen you at an event, they know who you are, where to find you, they have information.” (Key informant 23)</p>

*(continued)***Table 3.**
Selected evidence on
first-order codes

Second-order themes	Selected evidence on first-order codes
High psychic distance	<p>“The biggest obstacle is a linguistic obstacle in the sense that if you have no way of knowing their language everything becomes more complicated . . . Then it also takes time to understand their way of thinking, they definitely have a culture and, therefore, an approach that is very different from ours in both business and personal relationships.” (Key informant 4)</p> <p>“The main difficulties are first of all bureaucratic, due to technical-administrative procedures that are expensive in terms of time and money. Tariff and language barriers are not less so, as well as the difficulty in finding the right partner/importer.” (Key informant 14)</p> <p>“Before entering the market, I initially encountered difficulties with the language, and also cultural ones obviously. Chinese have <i>guanxi</i> which are very important for maintaining commercial relationships, in short. At the beginning, you have to understand how to earn trust, and this is a difficulty.” (Key informant 15)</p> <p>“Not all companies that do exports, especially in China, know about this new law that requires you to have this registration. So maybe you bring the product and then it is blocked at customs because this company registration is missing on the Chinese customs’ website.” (Key informant 22)</p>
Education of final consumers	<p>“The main focus for Italian companies should be developing communication and information to educate Chinese consumers to the culture of wine, through a strategic use of storytelling.” (Key informant 3)</p> <p>“Wine product is promoted via social commerce through a targeted communication strategy that aims to educate the Chinese consumer on a great variety of Italian wines and their value. We help wineries in the creation and management of dedicated WeChat accounts, through which we tell the story of the winery and its characteristics of production, but not only that.” (Key informant 14)</p> <p>“We made an agreement with the Italian Trade Agency for B2C and B2B . . . We select a target user, who visits this Italian pavilion page [on the e-commerce marketplace] through an advertising campaign . . . It’s an education page for the Chinese user about the Italian market and within this page, there are about 300 Italian brands.” (Key informant 20)</p> <p>“On TikTok, there are a lot of short videos introducing different kinds of wine. I think that kind of marketing or way of introducing wine is very efficient because they can reach a lot of different people, who can learn about wine and know wine in any kind of spare time which is very, very convenient. So that is why TikTok is so popular in China for the entry level consumers . . . For the video part, we focus on the knowledge, we’re teaching knowledge via our public account. So they are more education channels, not sales channels.” (Key informant 24)</p> <p>“The more knowledge about wine, terroirs, firms, the higher the demand, the online search, and then purchase.” (Key informant 26)</p> <p>“I would focus more on the sales volume, the sales record, instead of scrolling all the comments, which is too time consuming now. So if the price is good, the brand that I’m familiar with. First of all, I focus more on the brands that I know.” (Consumer F)</p>

Table 3.

(continued)

Second-order themes	Selected evidence on first-order codes
Education of intermediaries	<p>“For us, both the tastings and the wine dinners that are held, as well as the tastings on the occasion of fairs or international activities, such as Decanter Shanghai or VinExpo Hong Kong, could be very important because they allow us to deliver a message that would be very difficult to have only with the bottle on the shelf.” (Key informant 1)</p> <p>“Investing in social commerce and e-commerce platforms can be an important card to play. A real trade war is taking place between Australia and China, and Italy could take advantage of this situation. The appeal of ‘Made in Italy’ is certainly strong in China, but to obtain effective and lasting results, investments are needed in terms of marketing, promotion and training of operators and consumers.” (Key informant 3)</p> <p>“Alongside this B2C campaign for the promotion of Italian wine, we continue with a training campaign called ‘I love Italian wines.’ They involve professionals: importers, distributors, sommeliers, wine connoisseurs and specialized media who are carefully selected.” (Key informant 17)</p> <p>“In China, there is the so-called herd effect, it’s very strong . . . In China, it’s cool if you drink what everyone else drinks or what you may have seen in the advertising on TV or on its social networks, of course.” (Key informant 5)</p> <p>“If you want to talk about creating marketing tools to influence choice and consumption, you absolutely have to communicate with standards and with faces that are within these <i>guanxi</i> circles.” (Key informant 12)</p> <p>“Chinese culture is undeniably connected to the sense of belonging to a group, so I believe that when a KOL or an influencer in general [is involved], a relationship between the user and this influencer is established. . . . In Chinese society, individuals indeed have a strong cultural need to feel part of a group and to receive approval, seeking recognition around a figure who can be a KOC, a KOL, and this significantly determines the fact that the KOL from whom you feel represented can become a driver for your purchases. In China, it is absolutely essential to work with a KOL because it refers to that human and cultural dimension that is very difficult for us as Westerners to attain without the human intermediation of a person who translates and interprets all that the brand carries with it.” (Key informant 19)</p>
<i>Swift guanxi</i> educates consumers and affects their purchase decision	

(continued)

Table 3.

Second-order themes	Selected evidence on first-order codes
KOLs as an increasing communications and sales channel	<p>“We activate local KOLs rather than national KOLs, so we use key opinion leaders specific to the city or even the province . . . what we would call micro bloggers who have a smaller follower base but a stronger hold on that small follower base.” (Key informant 7)</p> <p>“In China, KOLs are very effective. They can do a live streaming on TikTok for two hours and they can sell 10,000 bottles of wine; you build up your audience, you have people who are following and you allow people to follow and do what you are recommending.” (Key informant 11)</p> <p>“Since April, we have launched a massive campaign to promote Italian wine on China’s most important social media, using KOLs, KOCs, infographics, small and long videos, live streaming and therefore all the inbound marketing techniques that are now widespread in the Chinese market, without which we say it is difficult to build a storytelling, to engage interlocutors and, above all, final consumers.” (Key informant 17)</p> <p>“I follow a KOL on Bilibili. The KOL introduces a lot of types of wine, then whisky and beer, red wine and also sparkling wine . . . it’s really interesting for me to have a basic experience of wine. Sometimes they introduce different types of wine, sometimes they go to bars that rank first, so they will give some comments on the wine.” (Consumer B)</p> <p>“Influencers are powerful in all kinds of products. They sell a lot of things online . . . everything. So I think this channel is more acceptable by young people.” (Consumer C)</p>

Table 3. Source(s): Created by authors

4.1 Digital platforms in SMEs’ internationalization

Digital platforms play a central role in wine SMEs’ internationalization in China. Accordingly, three second-order themes were identified after the analysis of first-order concepts: online channels to sell wine products, social media as a primary touchpoint in the Chinese market, and joint collaboration among different stakeholders on digital platforms.

Regarding the first second-order theme, interviewees stressed that for firms that want to operate in China, digital platforms are key to fostering the relationship with consumers and partners (Wang, 2020) and strengthening their international presence in China. Chinese consumers prefer the wide offering, convenience and efficiency of purchasing wine online rather than using physical channels (Gong *et al.*, 2013). Evidence from primary data is confirmed by a recent consumer survey, which shows that comprehensive e-commerce websites are the main channel used for buying wine and spirits among high-income consumers (Ruder Finn Asia, 2023).

In China, wine is sold online on generalistic e-commerce platforms, specialized platforms and through social commerce. Moreover, specialized platforms not only manage product sales, but they also provide companies with services that aim at improving the overall sales process and wine products’ preservation. For instance, Key informant 24 explained that they developed specific methods to control the temperature of the warehousing facilities “to make sure the wine quality will not be affected.”

Regarding the role of social media as a primary touchpoint in China, key informants mentioned that on social media, it is possible to provide consumers with information

(Jiang *et al.*, 2018) about product characteristics and news related to the company, and activate consumer engagement. Moreover, social media facilitates sales with existing consumers thanks to targeted communication and group chats:

We keep Chinese consumers updated on the news and events that involve the winery. The dedicated profile on social commerce becomes the showcase of the company and, at the same time, it allows for greater interaction and participation by consumers. (Key informant 14)

Another motivation behind the widespread use of social commerce through group chats is that it is perceived as more trustworthy than generalistic marketplaces (Lu *et al.*, 2016).

Some [consumers] are afraid of buying fake products . . . These [group chats] are perceived as more reliable. (Key informant 21)

Consumer trust in local digital actors thus becomes an important factor that allows for consumer education and relationship building.

Regarding the last second-order theme of the first aggregate dimension, digital platforms involve the joint collaboration among different stakeholders. Indeed, SMEs reported that their digital activities are usually managed by traditional intermediaries such as their local importers.

Our specialized importer handles sales online and via social media, so he also deals with how to keep consumers informed in the group chat, giving information about specific promotions or activities. (Key informant 1)

Importantly, such interactions with stakeholders in the digital ecosystem allow wine export managers to gain knowledge and perceive the market as more “within reach,” reducing the perceived psychic distance.

Nowadays, China uses social media more and more . . . We support companies by opening their official account on WeChat, we can manage live sessions if necessary. Therefore, even sales or promotion on live streaming are really booming in China, especially on TikTok . . . [Companies] should first add material on social media, then introduce themselves to the market, so when [consumers] look for you or have seen you at an event, they know who you are, where to find you, they have information. (Key informant 23)

Other actors involved in the SMEs’ activities implemented on digital platforms are institutional entities. For instance, the Italian Trade Agency and the Italian Chamber of Commerce in China launched joint initiatives together with Chinese digital companies to support wine firms, reducing their direct investments. Key informant 17, who acts as a trade commissioner, explained:

For several months now, we have launched a whole series of projects to facilitate the participation of Italian companies in some of the main Chinese e-commerce platforms. About two years ago, we started to build a virtual flagship store on Alibaba’s Tmall Global, then we developed important e-commerce projects, one with WeChat and one on JD.com creating two Italian pavilions within these two platforms.

Also WeChat mini-programs are implemented at institutional level to support wine firms. Key informant 18 explained that the chamber of commerce created a mini-program for the food and beverage member companies, so that they could do live streaming and disseminate content online.

The support of institutional activities is also crucial for enhancing the trustworthiness of companies in China. For instance, the Italian Chamber of Commerce provides a certificate to the member companies to demonstrate that they sell authentic products.

Collectively, the collaboration and interactions with diverse stakeholders involved in the digital ecosystem reduce the uncertainty and perceived liabilities of entering a new international market.

4.2 Consumer education to reduce psychic distance

Regarding the second aggregate dimension, three second-order themes have been identified: high psychic distance, education of final consumers and education of intermediaries.

The Chinese market is characterized by a high psychic distance for wine exporters (Shao *et al.*, 2020), which presents barriers to firm internationalization. Several key informants reported that local cultural characteristics (e.g. a very different linguistic system) and political factors, for instance wine tariffs, pose obstacles to expanding into the Chinese market.

Moreover, it was stressed that liability of foreignness is particularly high in China due to complicated administrative procedures, which can hinder product exports and sales. This is in line with Curran and Ng (2018) and Zhang *et al.* (2019), who highlighted the need of a firm to accumulate knowledge and experience in the markets they are familiar with before expanding abroad due to opaque and unstable institutional structures.

Not all companies that do exports, especially in China, know about this new law that requires you to have this registration. So maybe you bring the product and then it is blocked at customs because this company registration is missing on the Chinese customs' website. (Key informant 22)

Therefore, firms rely on intermediaries that are specialized in managing bureaucratic tasks. Key informant 26 reported:

Many companies are facing challenges with the customs clearance of wines, leading to a significant number of shipments being halted at ports and airports. This is because the Chinese bureaucracy is very precise and is also very demanding . . . Therefore, you must have the documents precisely in place, strictly adhere to provided instructions, and avoid any errors. To accomplish this, we rely on a dedicated working group solely responsible for verifying all documents.

Aside from regulations, China's business scenario is strongly affected by *guanxi* making it more difficult for foreign firms to penetrate the market:

Before entering the market, I initially encountered difficulties with the language, and also cultural ones obviously. Chinese have *guanxi* which are very important for maintaining commercial relationships, in short. At the beginning, you have to understand how to earn trust, and this is a difficulty. (Key informant 15)

To reduce consumer psychic distance in China, it is central for foreign companies to implement consumer education and knowledge sharing activities targeting both final consumers and intermediaries. For instance, through an effective communication and cultural adaptation in online settings, digital platforms can bridge this gap by providing consumers with accessible information about foreign markets (Chen and Kim, 2021).

In particular, joint initiatives on digital platforms are effective. Thanks to institutional support, SMEs can be present on digital platforms to build awareness with a lower investment than the one required if they directly created a digital page on the platform. Key informant 20 reported:

We made an agreement with the Italian Trade Agency for B2C and B2B . . . We select a target user, who visits this Italian pavilion page [on the e-commerce marketplace] through an advertising campaign . . . It's an education page for the Chinese user about the Italian market and within this page, there are about 300 Italian brands.

In this process, the role of digital platforms evolve depending on the level of consumer knowledge towards wine products. Therefore, companies adopt various digital tools in order to reach different consumer segments. In the initial phases, when consumers have limited or no prior experience, consumer education is mainly implemented on social media like WeChat or TikTok/Douyin to provide information and entertainment.

On TikTok, there are a lot of short videos introducing different kinds of wine. I think that kind of marketing or way of introducing wine is very efficient because they can reach a lot of different people, who can learn about wine and know wine in any kind of spare time which is very, very convenient. So that is why TikTok is so popular in China for the entry level consumers . . . For the video part, we focus on the knowledge, we're teaching knowledge via our public account. So they are more education channels, not sales channels. (Key informant 24)

Once consumers decide to purchase the product, then social commerce through group chats is perceived as more trustworthy and allows for more targeted campaigns.

Complex WeChat groups can host up to 500 people, you are added to these groups and then there are admins who occasionally say: 'Today we have this, tomorrow we have that.' There are all these dynamics that take place in private groups, but with respect to this type of sales, it can be said that they are professionals who do e-commerce without having a shop. (Key informant 6)

The wine product is promoted via social commerce through a targeted communication strategy that aims to educate the Chinese consumer on a great variety of Italian wines and their value. (Key informant 14)

In the case of expert consumers, the influence of digital platforms and influencers becomes less relevant in purchase decisions as this type of consumers rely on their own experience. One of the interviewed heavy consumers reported:

For me, I have my own taste, I don't want to follow up with them. (Consumer C)

Experienced consumers see digital platforms primarily as a purchase channel, rather than an informative one. Indeed, these consumers turn to digital platforms to select products with a higher sales volume, or brands they are already familiar with.

I would focus more on the sales volume, the sales record, instead of scrolling all the comments, which is too time consuming now. So if the price is good, the brand that I'm familiar with. First of all, I focus more on the brands that I know. (Consumer F)

Educational activities target final consumers but also intermediaries, who will transfer knowledge and expertise to the former. Key informant 3 stressed:

Investing in social commerce and e-commerce platforms can be an important card to play. A real trade war is taking place between Australia and China, and Italy could take advantage of this situation. The appeal of 'Made in Italy' is certainly strong in China, but to obtain effective and lasting results, investments are needed in terms of marketing, promotion and training of operators and consumers.

The main educational activities for intermediaries include offline activities like masterclasses and trade shows to transfer knowledge about Italian wine and lifestyle in general. Key informant 1 reported:

For us, both the tastings and the wine dinners that are held, as well as the tastings on the occasion of fairs or international activities, such as Decanter Shanghai or VinExpo Hong Kong, could be very important because they allow us to deliver a message that would be very difficult to have only with the bottle on the shelf.

4.3 *Swift guanxi and parasocial relationships in the consumer purchase process*

The third aggregate dimension considers two second-order themes: *swift guanxi* educates consumers and affects their purchase decision, and KOLs as an increasing communications and sales channel.

Establishing key relationships with intermediaries and digital platforms can help reduce psychic distance and implement education activities. In particular, in China's social commerce context, *swift guanxi* represents an important element in the relationship between a seller and a buyer, highlighting an interpersonal aspect within the relationship (Lin *et al.*, 2019). Therefore, to build *guanxi* in China, firms activate *swift guanxi* on digital platforms through influencers specialized in wine, who support consumer education and boost sales through specific campaigns. Chinese influencers, namely KOLs and KOCs, play a primary role in the digital context since they can help firms to build *swift guanxi* and influence consumer purchases, driving profitability (Zhang *et al.*, 2023). Key informant 11 reported that thanks to live streaming, KOLs have the ability to sell online "10,000 bottles of wine" within two hours. Influencers can strongly affect the purchase decision as they reflect the local culture based on *guanxi*:

Chinese culture is undeniably connected to the sense of belonging to a group, so I believe that when a KOL or an influencer in general [is involved], a relationship between the user and this influencer is established . . . In Chinese society, individuals indeed have a strong cultural need to feel part of a group and to receive approval, seeking recognition around a figure who can be a KOC, a KOL, and this significantly determines the fact that the KOL from whom you feel represented can become a driver for your purchases. In China, it is absolutely essential to work with a KOL because it refers to that human and cultural dimension that is very difficult for us as Westerners to attain without the human intermediation of a person who translates and interprets all that the brand carries with it. (Key informant 19)

As mentioned, not only are KOLs important communications channels, in China they act as a sales channel in specific wine firms' campaigns, something that is less common in Western countries. Therefore, firms must carefully select influencers based on their perceived authority among the target.

We activate local KOLs rather than national KOLs, so we use key opinion leaders specific to the city or even the province . . . what we would call micro bloggers who have a smaller follower base but a stronger hold on that small follower base. (Key informant 7)

Since April, we have launched a massive campaign to promote Italian wine on China's most important social media, using KOLs, KOCs, infographics, small and long videos, live streaming and therefore all the inbound marketing techniques that are now widespread in the Chinese market, without which we say it is difficult to build a storytelling, to engage interlocutors and, above all, final consumers. (Key informant 17)

The importance of *swift guanxi* and parasocial relationships is central in China (Lin *et al.*, 2019), making consumers rely on influencers for the purchase decision of wine, a product category in which consumer knowledge is limited. Thus, Chinese consumers have developed a high level of trust towards KOLs and tend to follow their suggestions together with the ones of their personal connections. Interviewed consumers reported:

I follow a KOL on Bilibili. The KOL introduces a lot of types of wine, then whisky and beer, red wine and also sparkling wine . . . it's really interesting for me to have a basic experience of wine. Sometimes they introduce different types of wine, sometimes they go to bars that rank first, so they will give some comments on the wine. (Consumer B)

Influencers are powerful in all kinds of products. They sell a lot of things online . . . everything. So I think this channel is more acceptable by young people. (Consumer C)

5. Discussion and implications

The findings of this study highlight that in the internationalization of Italian wine SMEs in China, the process of consumer education is activated on digital platforms reducing the perceived psychic distance of the foreign market. Figure 2 presents the summary of our findings which are discussed next.

The main roles of digital platforms in international markets concern: access to product information, entertainment, the creation of *swift guanxi* and, finally, sales of products. Thanks to the interactions activated on digital platforms, changes in consumer education lead towards product adoption encompassing three stages: (1) A first stage of non-user with no prior experience with the product category; (2) A second stage in which consumers build trust towards firms' intermediaries, digital channels or KOLs; and (3) A final stage, represented by experience, in which consumers build trust towards the brand they have purchased.

Digital platforms favor knowledge acquisition for both firms and consumers in contexts characterized by a high psychic distance. On the firm-side, digital platforms help SMEs in their internationalization process even before firms start to approach the foreign market to acquire knowledge about consumers, intermediaries, competitors, etc. On the consumer-side, digital platforms are central in consumer education activities as they enable foreign consumers to access information on local and overseas websites and apps, overcoming knowledge barriers (Jiang *et al.*, 2018). Consumer education can involve other parties such as institutional actors, building altogether knowledge about the product category and country of origin. Digital engagement in social media stimulates knowledge-acquisition among consumers (Scheinbaum, 2016) in an interactive way, not only with firm-owned channels but also with other consumers or influencers. In China, which is still considered an emerging

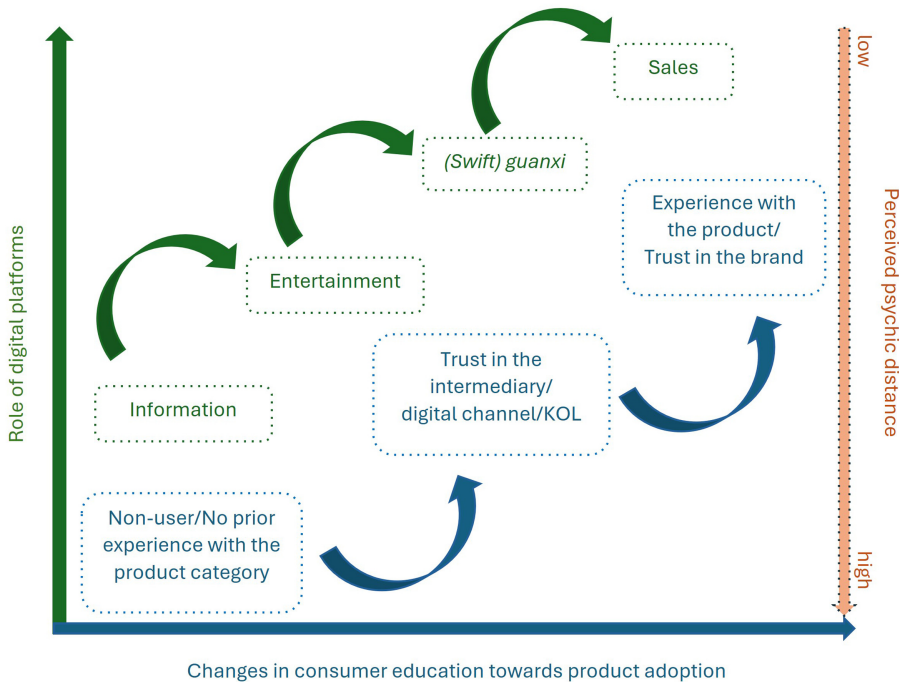


Figure 2.
The evolution of the relationships between digital platforms and consumer knowledge among international markets

Source(s): Created by authors

country, users with an accessible global identity – such as wine consumers – seem to demonstrate a high hedonic motivation to participate on digital platforms and social media (Makri *et al.*, 2019).

Thus, digitalization provides new opportunities for firms to reach foreign consumers and reduce capital investments needed to successfully compete in foreign markets (Meyer *et al.*, 2023). For instance, virtual entry modes in the form of firm-specific websites or, more often in China, mini-programs on WeChat and virtual stores on e-commerce platforms, enhance exporting opportunities, expanding the potential customer base a firm can reach (Brouthers *et al.*, 2022; Meyer *et al.*, 2023). The proper use of digital platforms also allows firms to better understand the characteristics of the targeted foreign markets (Katsikeas *et al.*, 2020), reducing risks connected to internationalization.

Examining the impact of digitalization and internationalization on firm performance is relevant because strategic investments in these areas are essential for achieving competitiveness (Bhandari *et al.*, 2023; Shaheer and Li, 2020).

5.1 Theoretical implications

The paper provides the following key contributions to the academic literature on internationalization. First, by offering a multiple-stakeholder view of the interactions around Chinese digital platforms, we highlight how culture-specific aspects of digital platforms shape actions within them, alongside the available pathways for firms to use digital platforms for their internationalization. As digital platforms are inherently socially embedded and based on intensive social interactions (Sussan and Acs, 2017), cultural specificities permeate both business and relational aspects of the use of platforms for internationalization. While the business models of platform businesses have been discussed in the literature (e.g. Brouthers *et al.*, 2016), the way cultural specificities affect smaller players such as SMEs is less well understood. Our findings underscore the importance of building multilateral relationships on and off digital platforms. Building a network of strategic partners, including KOLs, chambers of commerce, trade exhibition companies and local intermediaries is a crucial element of the wine SMEs' internationalization process. Nambisan *et al.* (2019) suggested that digital platforms offer new forms of connectivity among diverse international partners who are more loosely structured and flexible. The findings of this study confirm the importance of a careful selection of partners within this loosely structured digital market, attending not only to the affordances of platforms but also the local specificities of what combination of platforms, intermediaries (e.g. influencers, import-export companies, government support organizations) and online and offline activities bring the best positioning for SMEs. Since digital platforms mark a shift from bilateral to multilateral relationships (Nambisan *et al.*, 2019), our multi-stakeholder approach illuminates the importance of stakeholder interactions and understanding the role each of them plays. As argued by Fiedler *et al.* (2017), the collaboration in mutual learning processes that require knowledge exchange among different stakeholders can lead to the co-creation of new competencies, favoring SMEs' internationalization. Thus, it is confirmed that digital technologies play a very important role in facilitating the internationalization process for SMEs, allowing them to leverage experiential knowledge and improve the international exposure. In line with Schweizer and Vahlne (2022) and Hånell *et al.*'s (2021), we contribute by integrating digitalization dynamics into the Uppsala model and strengthening its relevance as a valuable framework for SMEs venturing into international expansion. We also contribute to the emerging microfoundations view in IB (Coviello *et al.*, 2017; Schweizer and Vahlne, 2022) by illuminating how stronger interactions on digital platforms reduce the perceived psychic distance for firms and consumers, thus lessening market risks and aiding internationalization.

Second, we contribute to the IB theory by highlighting the bidirectional process of knowledge/learning among firms and their international customers on digital platforms. Consumer knowledge, networking and cultural knowledge are particularly relevant for foreign SMEs in the initial stages of internationalization towards market orientation (Billore and Billore, 2020). SME owners/founders can acquire and utilize knowledge for internationalization via digital platforms (Glavas *et al.*, 2019) and *swift guanxi* (Lin *et al.*, 2019). While academic research tends to emphasize firms' knowledge acquisition (Coviello, 2006; Filipescu *et al.*, 2013; Vahlne and Johanson, 2017), the consumer perspective is often overlooked. Recent revisions and critiques of the Uppsala model have called for more attention to the role of digital technologies in the process of internationalization (Schweizer and Vahlne, 2022). However, they still keep the focus on the firm's knowledge acquisition and have not unpacked the role of consumer knowledge. Our study shows that shared knowledge and trust arise when companies engage with consumers through digital platforms, offering a significant advantage. As consumers become better informed, they achieve more confidence and are likely to make frequent purchases, driving company growth and global expansion (Chen and Kim, 2021). Digital platforms play a pivotal role in disseminating knowledge and facilitating dynamic stakeholders' interactions, contributing to the expansion of IB activities (Bhatti *et al.*, 2022; Wang, 2020). Shared knowledge emerges when companies actively inform and engage consumers about their brands and products through digital platforms (Jiang *et al.*, 2018). This collaborative knowledge-building process greatly benefits the company and its partners as a whole. As consumers become more informed about the company and its offerings through digital platforms and *swift guanxi*, they are inclined to make more frequent and confident purchases. This, in turn, fuels the company's growth and facilitates its expansion into international markets (Bhandari *et al.*, 2023).

Third, we provide novel insights on the role of *guanxi* in a digital ecosystem and the way *guanxi* relationships manifest in digital platforms by enhancing trust among actors in the SMEs' internationalization process. Our results have implications for international consumer engagement and promotion strategies on digital platforms. Firms can communicate online with consumers in a direct way (e.g. via the official accounts on social media like WeChat or TikTok/Douyin) and in an indirect way (e.g. via KOLs or group chats in social commerce). In particular, through live streaming commerce, influencers play a role of "shopping guide" (Guo *et al.*, 2021), activating interpersonal interactions in the form of *swift guanxi* that effectively influences consumer purchase decisions in the Chinese market (Chen *et al.*, 2022). This is due to the high liability of foreignness and cultural intricacies. Hence, this research offers new insights to the field of influencer marketing. In this area, studies have underscored the importance of parasocial relationships between influencers and their followers for the effectiveness of marketing campaigns. However, while early research suggested that posting commercially-motivated messages might challenge the perceived "friendship"/parasocial relationship and negatively affect parasocial interactions (Boerman *et al.*, 2017; Colliander and Erlandsson, 2015), more recent research has revealed that consumers might see sponsored influencer posts as a way to learn about new products (Boerman, 2020; Lou, 2021). We complement those findings by contributing an international perspective, and demonstrating that in China, not only are influencers' commercial posts not perceived as negative by consumers in our context; on the contrary, they are a key motivator for consumer learning and expansion of their product and brand knowledge. Therefore, our findings challenge the assumptions of the persuasion knowledge model by Friestad and Wright (1994), which argues that consumers' persuasion knowledge (knowing that a message is an advertising/paid sponsorship) may induce negative attitudes (Evans *et al.*, 2017; Van Reijmersdal *et al.*, 2020). Instead, joining a recent wave of research (Boerman, 2020; Lou, 2021), we demonstrate that strong parasocial relationships can be a key mechanism for expansion into the Chinese markets because of the importance of *swift guanxi* for local consumers.

5.2 Managerial implications

From this study about the wine industry, SMEs can derive several advantages from digital platforms in their internationalization process. As our study highlights, e-commerce and social commerce represent primary touchpoints for Chinese consumers to purchase wine due to local habits and several advantages, e.g. convenience and wide offering. Therefore, international SMEs should develop a strong digital presence in China that allows them to reach potential customers and increase sales.

Moreover, findings highlight the educational purposes of digital platforms for wine consumers in China, from providing information to entertainment, creating *swift guanxi* and favoring the purchase decision. Chinese consumers mainly perceive wine as a foreign product as they are not traditionally used to drinking it (Hu and Baldin, 2018; Jiménez-Asenjo and Filipescu, 2019), therefore digital platforms are key in enabling educational activities. Foreign firms should activate awareness and knowledge about their products and brands, through specific digital campaigns on their social media official accounts, institutional pages, or using unconventional channels such as local influencers and group chats. As stressed by Key informant 26, “the more knowledge about wine, terroirs, firms, the higher the demand, the online search, and then purchase.”

International companies that operate in China should develop their strategies considering the characteristics of the local digital context and actors. Digital platforms and influencers help to build trust in the Chinese market (Jin and Hurd, 2018). For SMEs, building trust is particularly challenging since they are usually characterized by limited resources and international experience (Lu and Beamish, 2001) as compared to MNEs. Therefore, digital platforms can facilitate the internationalization process for SMEs even before they enter a new market. This is extremely important in China since the business environment is affected by *guanxi*, which takes a long time to establish and is traditionally mediated by local intermediaries (Guercini and Runfola, 2010). In the new digital scenario, *guanxi* can also be considered in a digital way – not just personal connections but also digital connections built through social media and KOLs and KOCs as in the case of *swift guanxi*. Thus, investing in digital platforms before accessing the international market can activate consumer learning and create *swift guanxi*, which affects consumer decision process.

Finally, in distant markets like China, institutional actors and intermediaries can support companies' internationalization and the establishment of *guanxi/swift guanxi* by providing the necessary expertise and trust in the market. For instance, initiatives on e-commerce platforms or social media promoted by governmental institutions can accelerate the consumer education process, reducing the number of investments that would be necessary should an SME approach foreign markets individually. This becomes even more relevant for product categories for which the country of origin represents a key attribute affecting quality perception and purchase decision, such as in the case of wine in China. Other strategies could be initiated by wine associations and consortia, which act as representatives for different firms, enhancing educational effects in their communication that does not have a direct sales objective.

5.3 Limitations and future research directions

The limitations of this study are related to the nature of the data and sample. Since a qualitative approach was adopted considering only a limited sample of SMEs operating in the same industry and their internationalization in one foreign country, i.e. China, results might not be generalizable to other industries or international markets. As wine is still considered a luxury product in China, our findings may have implications for other luxury products but not for other products/sectors which consumers do not consider luxury such as mass products. However, it is not only about being a luxury product, but also because the wine

industry has some specific dynamics which may not fully represent other sectors. For example, the purchasing decision for wine may involve the consideration of prestige, taste and cultural factors, whereas the decision-making process for consumer electronics might prioritize other features such as functionality, price or technology. Therefore, in future research it would be interesting to analyze how digital platforms affect the internationalization of SMEs operating in other product categories and in different markets other than China, especially those that present digital scenarios dominated by local players like other Asian countries (e.g. Indonesia). In such contexts, it would be interesting to adopt the relational perspective to understand how digital marketing capabilities affect firm performance in international markets (Wang, 2020).

Moreover, in this study we interviewed only a limited number of consumers sharing similar demographics characteristics that correspond to the ones of the main target of foreign wine in China. Therefore, habits of other clusters (e.g. older generations) might be different. Future studies could investigate how digital platforms and *swift guanxi* affect consumer adoption and knowledge process by adopting quantitative methods, like surveys, to analyze different clusters of wine consumers and other aspects of consumer adoption, i.e. privacy issues related to the information shared on digital platforms, which we did not tackle in this study. Rapid changes in technology, consumer behavior and market dynamics could impact the relevance and applicability of the findings over time and it would be very interesting to analyze a longer period of time to seize the effects of these changes.

Lastly, despite adding to firms' internationalization theory by focusing on consumer education and market access, the current study does not consider other factors which could influence SMEs' internationalization via digital platforms, such as cybersecurity risks. Future research could take into account economic conditions of the host country and reach deeper insights.

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